

Munich Office Market



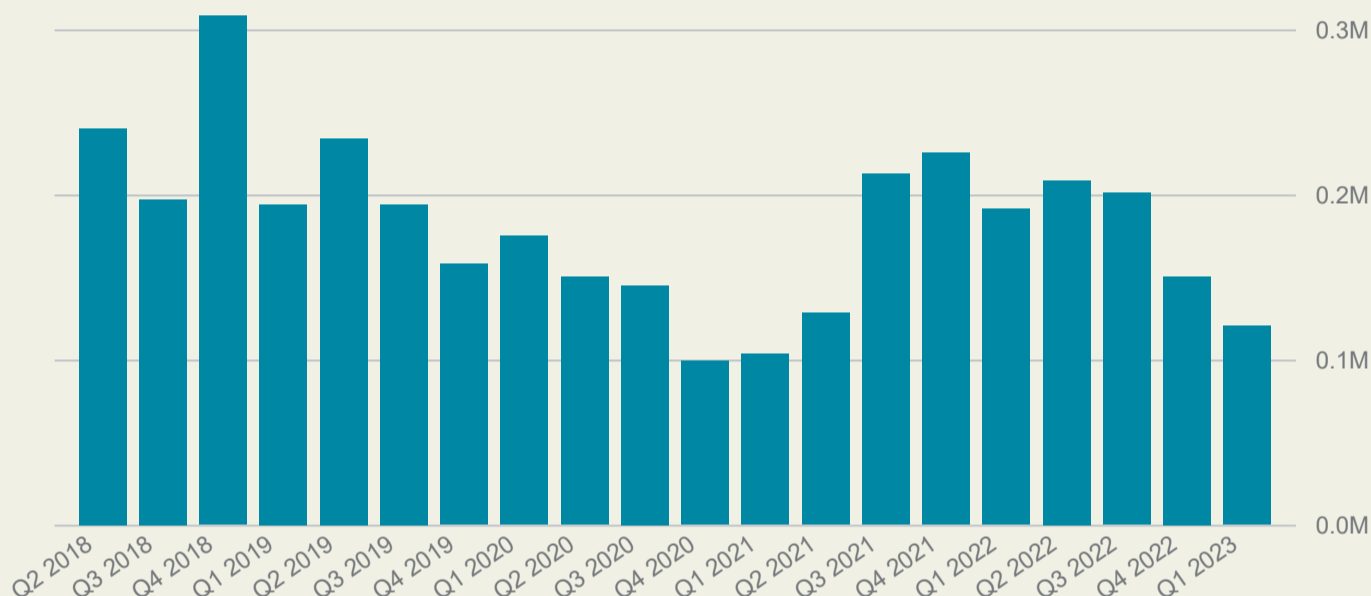
Q1 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

knightfrank.com/research

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

120,200 SQM

Take up

€ 534 PSQM

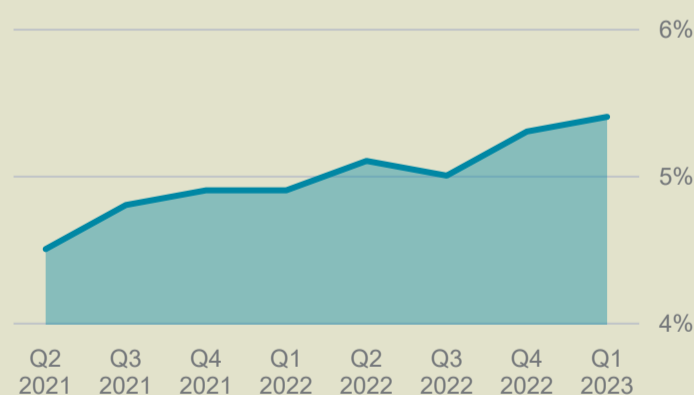
Prime Rent

5.4%

Vacancy Rate

Vacancy Rate

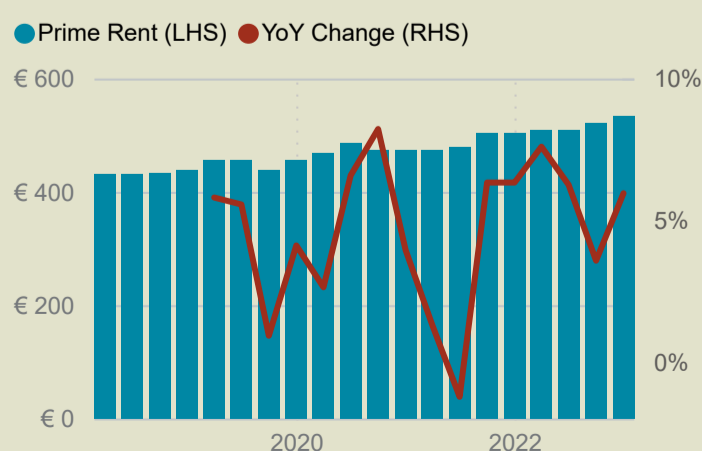
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

The Munich office market is off to a subdued start in 2023, with take-up of 120,200 sqm registered in the first quarter of the year. This is the third weakest quarterly result in the last 10 years.

Prime rent has risen once again and stands at €534 psqm per annum in Q1 2023, meaning the market has seen prime rental growth of 6% year-over-year since Q1 2022.

The amount of available space is rising moderately, bringing the office vacancy rate to 5.4%, up 10 bps from 5.3% in Q4 2022. This represents a 10% increase when compared to Q1 2022.

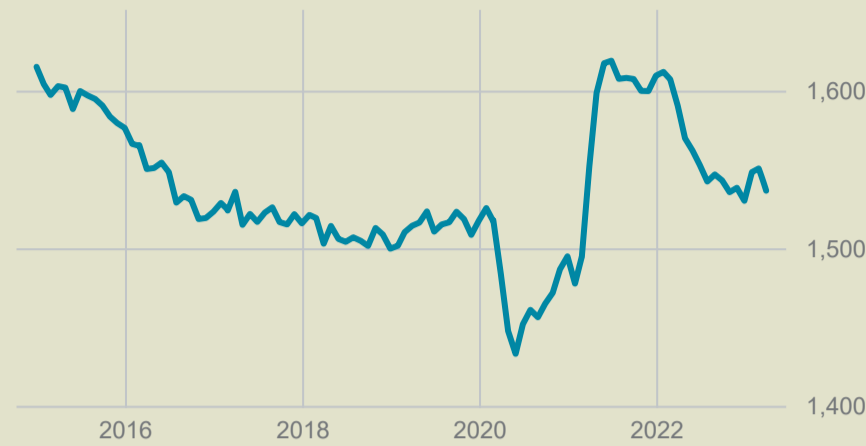
The development pipeline is robust for 2023 to 2025, with more than 1.2 million sqm of completions expected.

Demand for office space will remain subdued in the coming months. The current uncertainty about the economic and financial situation means that take-up will struggle to match last year's levels. Nevertheless, demand for central locations remains high. Prime rents are expected to continue to rise.

ECONOMIC INDICATORS

New Businesses in Germany

12-month Rolling Average

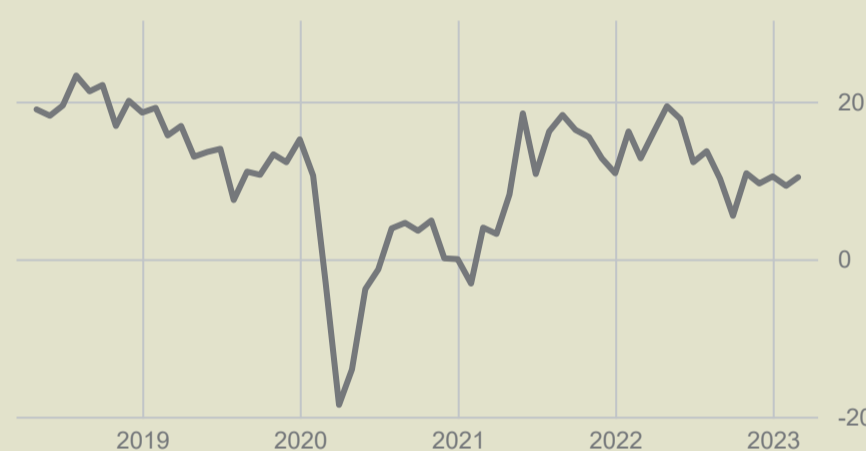


Source: German Federal Statistical Office (Statistisches Bundesamt)

After a slump in new business starts during the pandemic in Germany, activity exceeded pre-COVID normals in 2021 and have since levelled slightly in 2022. Preliminary figures from Q1 2023 show more activity than the 5-year average.

Employment Expectations in the Service Sector in Germany

Over the next 3 months, %

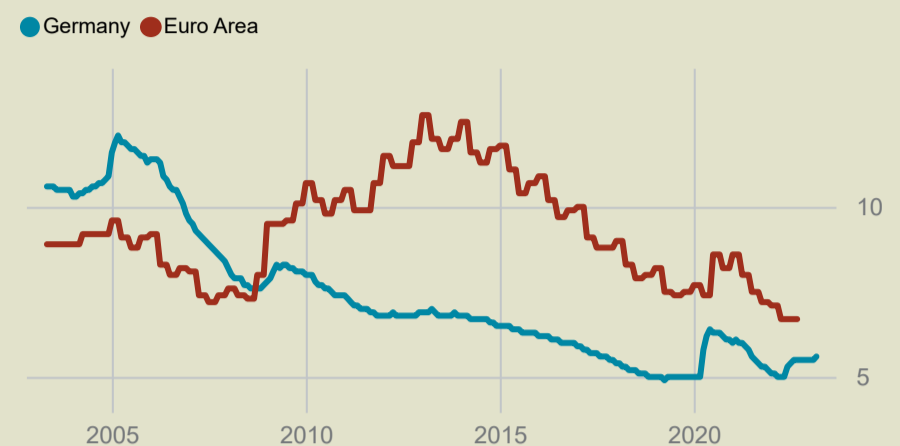


Source: European Commission (DG ECFIN)

Employment expectations in the German service sector fluctuated in Q1 2023, coming to 10.4 in March. This is below the 5-year average for the metric but well above negative levels seen in 2020.

Unemployment Rate in Germany

vs Euro Area, as a Percent of Civilian Labour Force, %

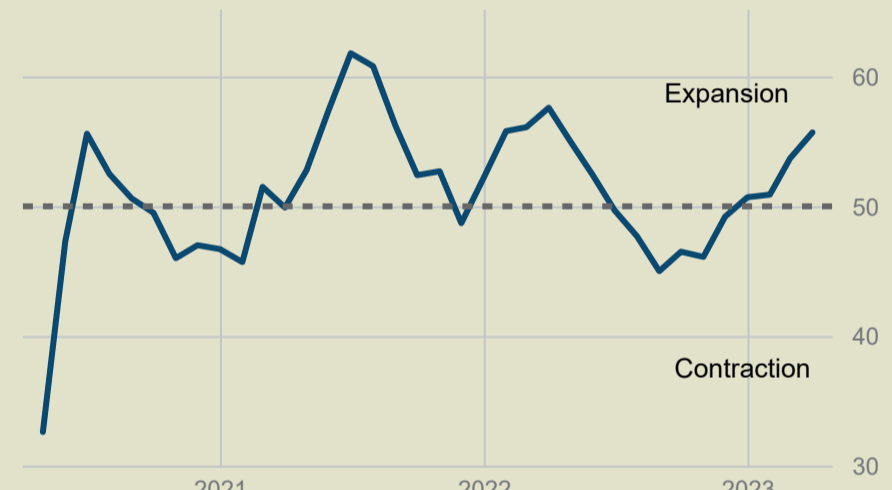


Source: Eurostat/ German Federal Employment Agency (Bundesagentur fuer Arbeit)

The unemployment rate in Germany increased to 5.6% in March 2023 after staying firm at 5.5% since August 2022. The highest jobless rates were reported in Bremen and Berlin, and the lowest in Bayern and Baden-Württemberg.

Services PMI in Germany

Services PMI for the last 5 years, Index



Source: S&P Global

The service sector PMI in Germany continued to improve in Q1 2023 after the positive trajectory in Q4 2022. It reached 53.7 in March, returning to expansionary territory. This latest reading suggested there was an acceleration in services activity growth, supported by a pick-up in underlying demand.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

LOCAL RESEARCH CONTACT

Dennis Beißer
Senior Consultant Research
dennis.beisser@knightfrank.com
+49 89 83 93 12 190

LOCAL OFFICE OCCUPIER CONTACT

Viktoria Reiser
Director Agency
viktoria.reiser@knightfrank.com
+49 89 83 93 12 122

LONDON CONTACT

Colin Fitzgerald
Head of Occupier Strategy & Solutions EMEA
colin.fitzgerald@knightfrank.com
+44 20 7861 1203



© Knight Frank LLP 2023 – This presentation has been prepared for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this presentation. As a general presentation, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this presentation in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.