

Munich Office Market



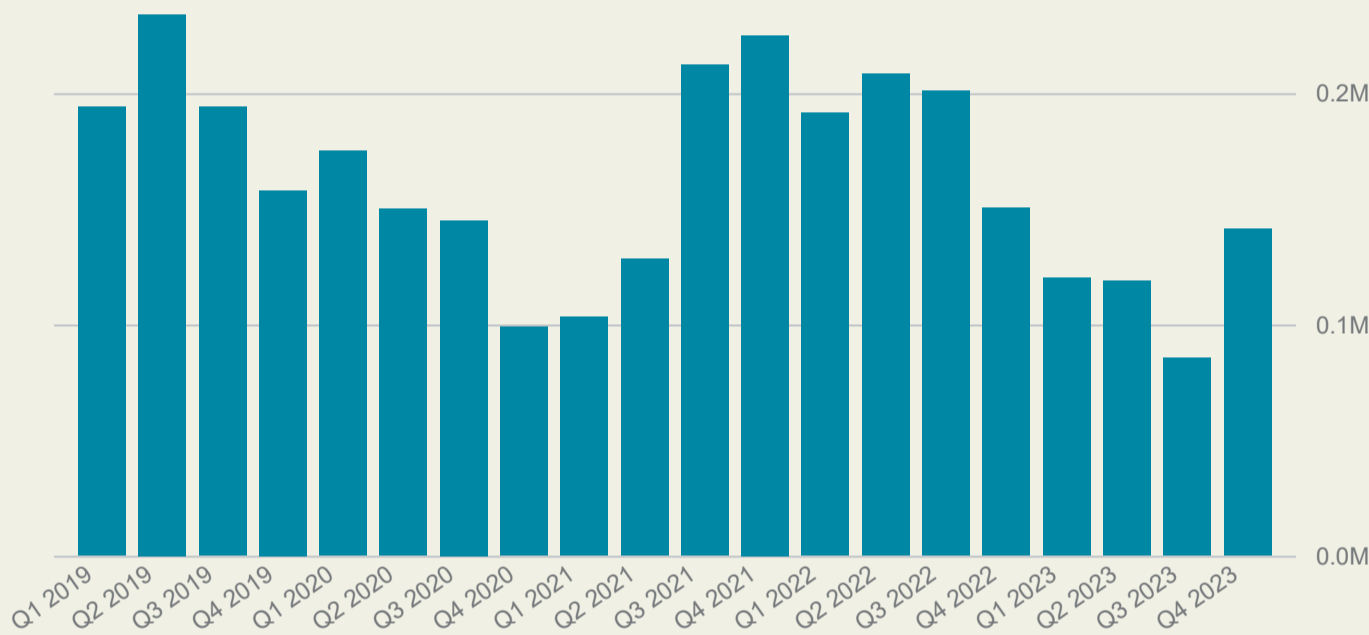
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Q4 2023

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

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

141,300 SQM

Take up

€ 564 PSQM

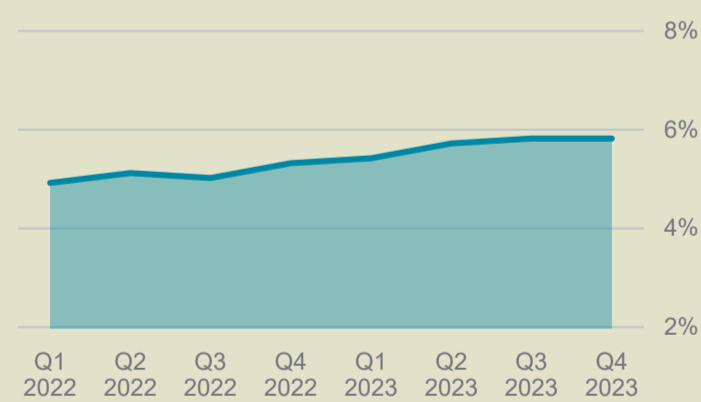
Prime Rent

5.8%

Vacancy Rate

Vacancy Rate

Measured in percentage terms



Source: Knight Frank Research

OCCUPIER HEADLINES

After the downward trend in take up in the first nine months of the year, the Munich office market recorded a take up of 141,300 sqm in Q4, a 65% increase on Q3. This brings the total for the year to 465,800 sqm, which is around 38% below the 2022 result. Take up levels are expected to be higher in 2024, but there is unlikely to be a real rebound effect.

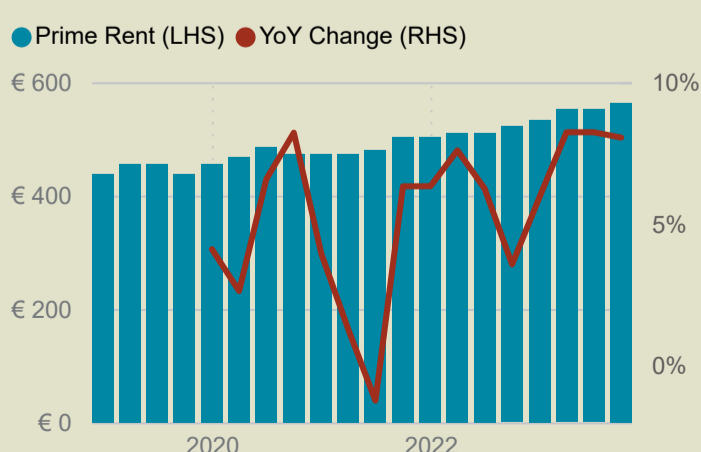
The vacancy rate remained stable at 5.8%. That translates to a vacant space of around 1.32 million sqm. In central locations the vacancy rate remains at a very low level of 2.5%. The vacancy rate is unlikely to exceed the 6% mark in 2024 supported by a pick up in demand and a stable development pipeline.

Prime rents increased to € 564 psqm per annum in Q4 and are expected to reach a new high in 2024 due to ongoing demand for best-in-class office space. The stability of letting behaviour will have a positive impact on rental and vacancy trends. Rents are expected to continue to rise and the amount of available space will likely remain stable or even decline moderately.

Around 277,200 sqm of office space was completed in 2023, a 14.4% increase compared to the previous year. The office space that is currently under construction amounts to 339,500 sqm.

Prime Rent

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



Source: Knight Frank Research

ECONOMIC INDICATORS

New Businesses in Germany

12-month Rolling Average

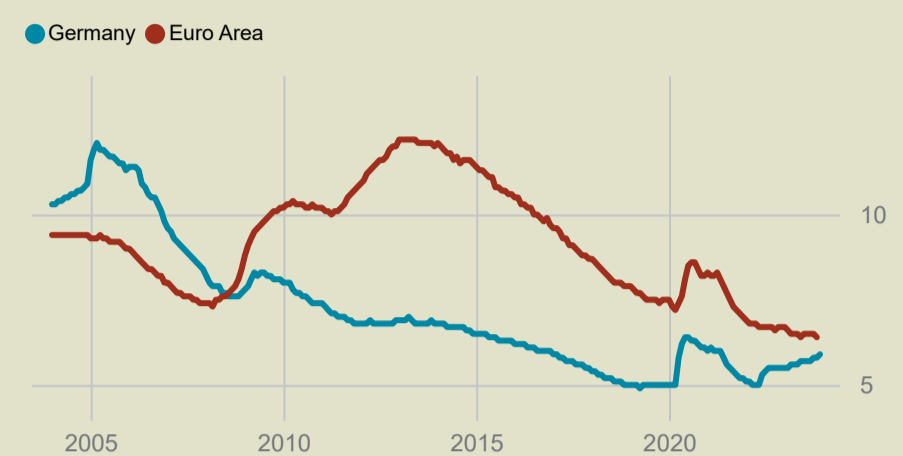


Source: German Federal Statistical Office (Statistisches Bundesamt)

The pace of new business starts in Germany has remained strong in Q4 2023, above the five-year average, despite weakness in the broader economy.

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 ticked up to 5.9% at the end of Q4 2023. Despite the cooling labour market, the unemployment rate remains well below the LTA of 8.2%.

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 slightly improved in December, compared to Q3 2023 but remain well below levels seen in 2022. Overall, this indicates a weaker labour market.

Services PMI in Germany

Services PMI for the last 3 years, Index



Source: S&P Global

The German service sector PMI remained in contractionary territory at the end of Q4 2023 due to weakness in the broader economy. Clients were hesitant as a result of the political uncertainty and the geopolitical tension weigh on the service sector. Moreover, service providers reduced staff numbers at the quickest pace since June 2020 amid an effort to cut costs.

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

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