

### MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>605,200</b> Take-up (cum.), m <sup>2</sup>	▲	▬
<b>7.4 %</b> Vacancy Rate	▲	▲
<b>53.00</b> Prime Rent, €/m <sup>2</sup> /month	▲	▲

### LABOUR MARKET

	YOY Chg	12-Month Forecast
<b>463,500</b> Office Employees City of Munich (Dec 2024)	▲	▲
<b>4.9%</b> Unemployment Rate City of Munich (Dec 2024)	▲	▲

Sources: Moody's Analytics, Federal Employment Agency

### ECONOMIC OVERVIEW

The economy in the Greater Munich area remains under pressure, according to the latest survey on the economic situation by the Munich and Upper Bavaria Chamber of Industry and Commerce (IHK). The index remains below the long-term average. After a slight recovery by mid-year, the situation and outlook worsened again in the fall. The greatest risks are seen in domestic demand and economic policy conditions. At the end of the year, Munich's unemployment rate stood at 4.9%, 40 basis points higher than at the end of 2023.

### TAKE-UP

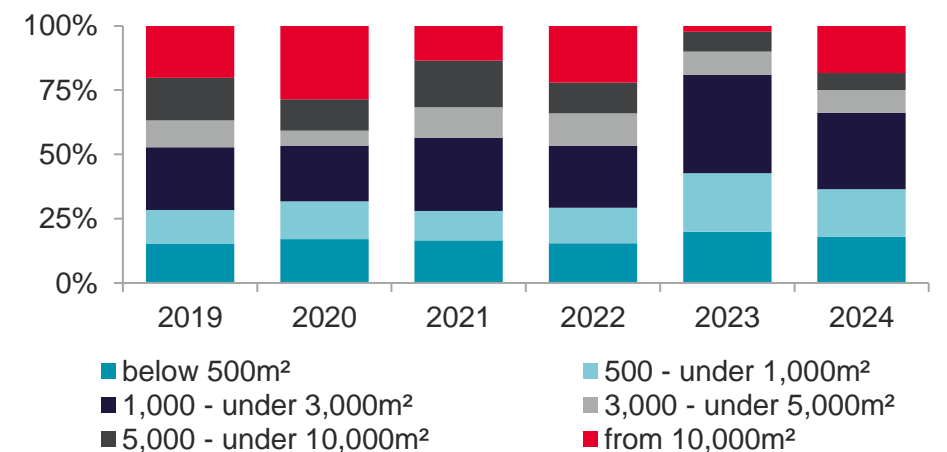
A total of 605,200m<sup>2</sup> of office space was taken up in the Munich market area in 2024, reflecting a 29% increase compared to the previous year. Even pure leasing take-up, excluding owner-occupiers, showed a positive trend, increasing by 24%. The number of transactions also rose by 11%, indicating a general recovery in the market. However, take-up was still 18% below the 10-year average. The fourth quarter, with 163,600m<sup>2</sup>, was the strongest quarter of the year in terms of take-up.

The recovery was primarily driven by the return of large-scale transactions. Seven deals with sizes of 10,000m<sup>2</sup> or more contributed 111,100m<sup>2</sup> to the overall result. By contrast, in 2023, there was only one deal of 10,500m<sup>2</sup>. Additionally, as in the previous year, small and medium-sized spaces continued to play a significant role in the market. The financial and insurance sector accounted for over 13% of total take-up, approximately twice its 10-year average. Large deals, such as those by Bayerische Allgemeine Versicherung and Interhyp, were complemented by a multitude of medium and small leases.

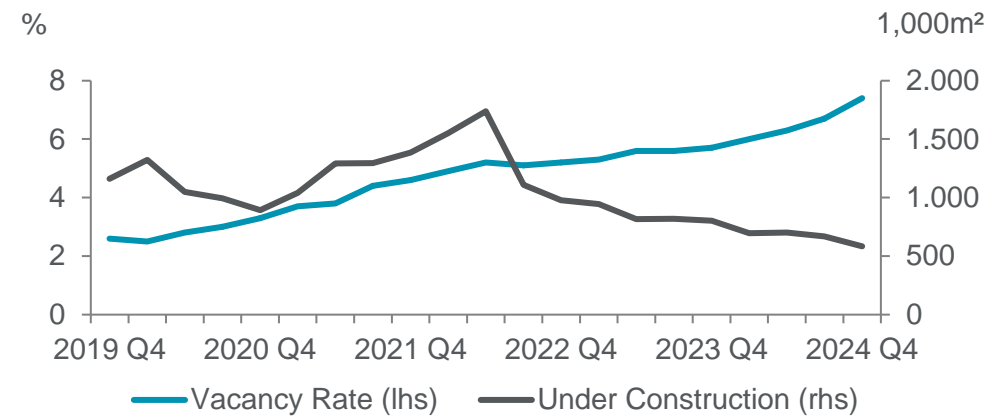
### TAKE-UP



### TAKE-UP BY SIZE CLASS



VACANCY / UNDER CONSTRUCTION



VACANCY

In 2024, vacancy in the Munich market area increased significantly by 30% to 1.6 million m<sup>2</sup>. The vacancy rate rose accordingly from 5.7% to 7.4%. The supply of short-term available sublease space also saw a notable year-on-year increase of 30,900m<sup>2</sup>, reaching 152,400m<sup>2</sup>.

COMPLETIONS

With 233,700m<sup>2</sup> of newly built and core refurbishment space completed, 2024 was 12% below the 10-year average. Compared to the previous year, this represents a 43% decrease; however, the volume in 2023 was exceptionally high. At the time of completion, more than half of the total space was still available. For 2025, a similar total completion volume as in 2024 is expected, but the occupancy rate is already higher at 63%.

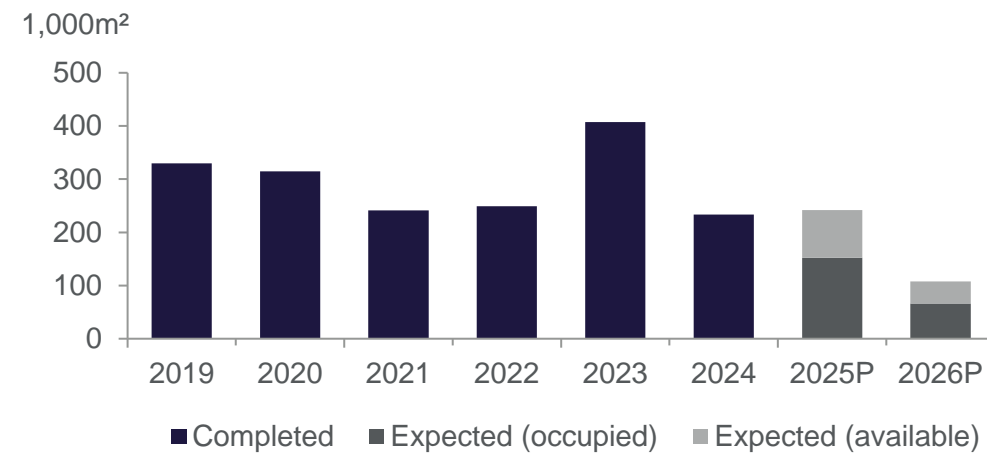
RENTS

Prime rents reached €53.00/m<sup>2</sup>/month by year-end. Growth accelerated in 2024 to 13%, compared to 8% in the previous year. This was driven by high-priced deals from companies in affluent sectors located in Altstadt and Maxvorstadt. The €60 mark was even exceeded in 3 deals. The average rent increased by 5% year-on-year, reaching €25.20/m<sup>2</sup>/month.

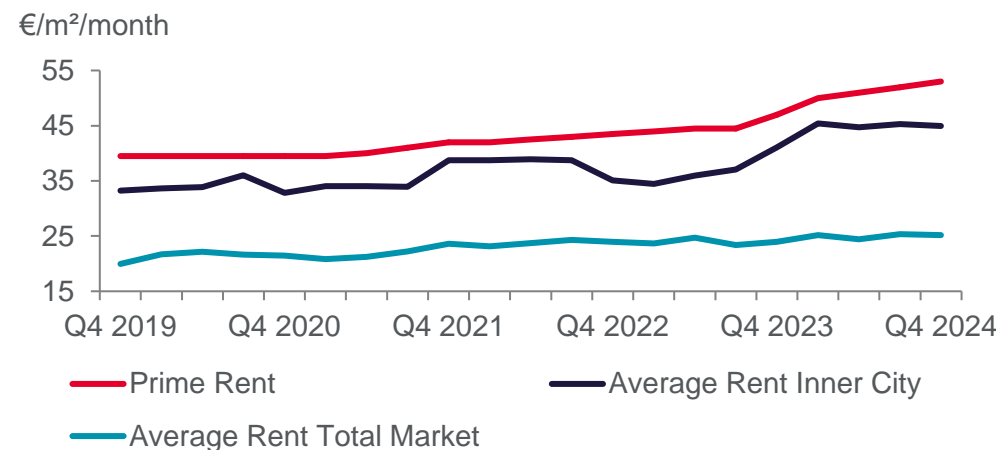
OUTLOOK

- Office take-up in 2025 is expected to remain stable, as weak economic conditions will continue to weigh on market activity.
- Vacancy is likely to increase further due to space reductions and completions. However, the supply of prime properties should remain limited, as the pre-letting rate for ongoing developments is relatively high.
- Strong demand for prime properties in the CBD will continue to drive prime rents higher in 2025, while average rents are expected to remain stable

COMPLETIONS



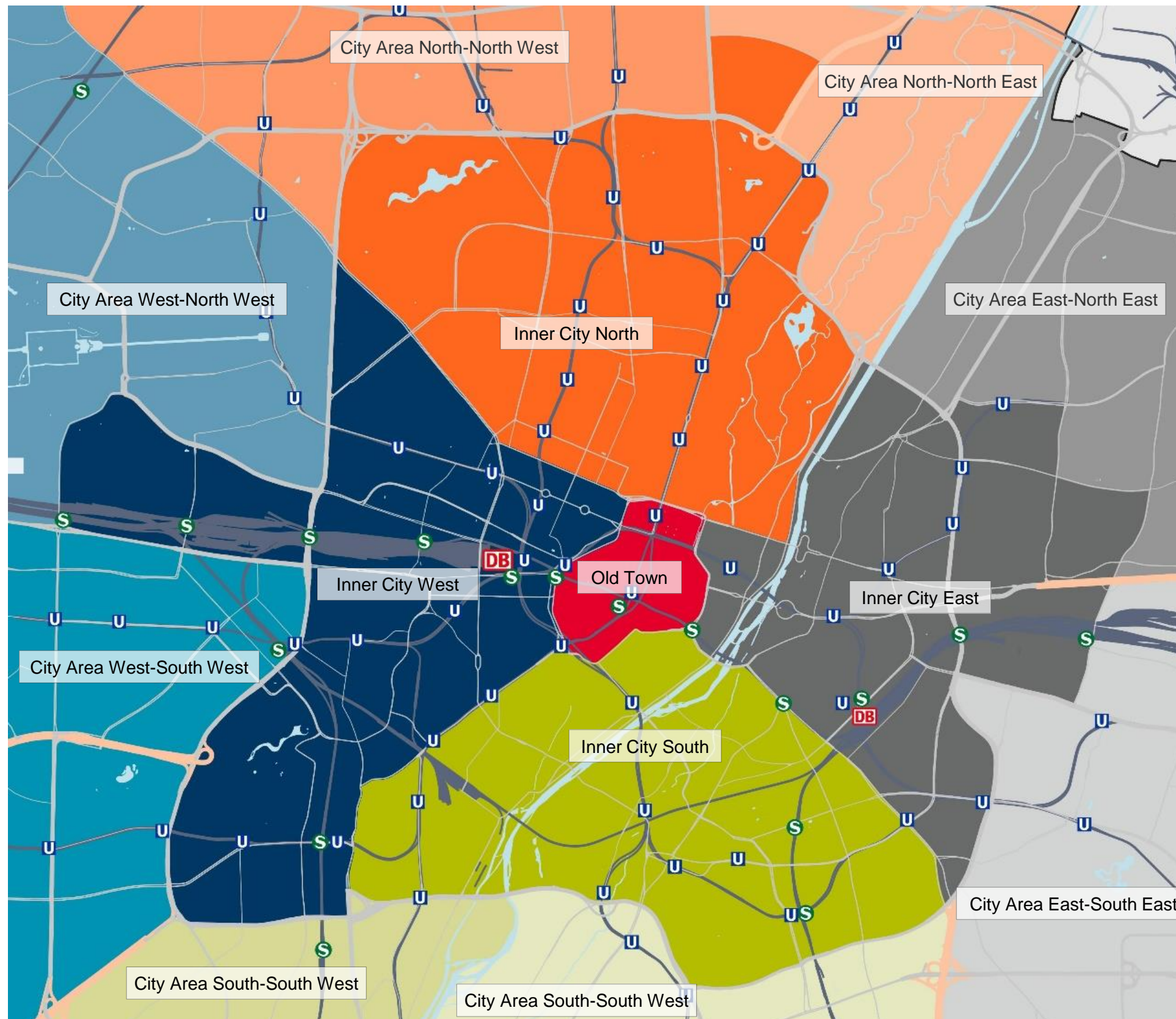
RENTS



SELECTED DEVELOPMENT PROJECTS

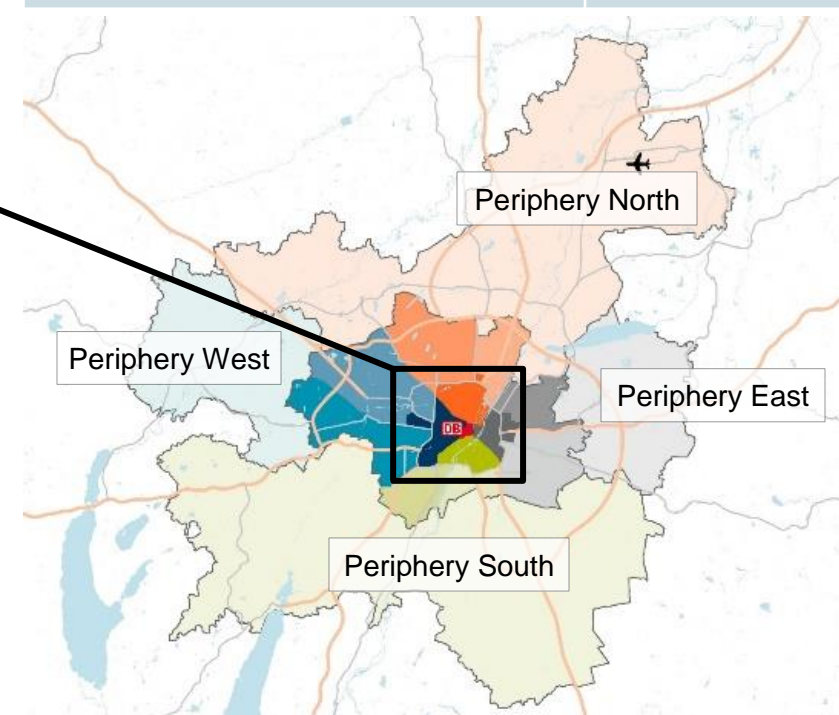
Property	Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
Der Bogen	Inner City East	Completed	2024	64,300	Giesecke & Devrient
Tri.o	Periphery North	Completed	2024	19,000	Grundkontor Projekt
Postpalast	Inner City West	Under construction	2025	33,500	Google
iCampus - i8 Delta	Inner City East	Under construction	2025	21,000	R & S Immobilienmanagement

SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2024

Submarket	€/m <sup>2</sup> /month
Old Town	30.00 – 53.00
Inner City North	15.00 – 41.00
Inner City East	14.00 – 41.50
Inner City South	15.00 – 33.00
Inner City West	17.00 – 49.00
City Area North – North-East	15.00 – 29.00
City Area North – North-West	13.00 – 26.00
City Area East – North-East	10.00 – 16.00
City Area East – South-East	14.00 – 25.00
City Area South – South-East	14.50 – 16.00
City Area South – South-West	15.00 – 27.00
City Area West – North-West	15.00 – 25.00
City Area West – South-West	15.00 – 27.00
Periphery North	8.50 – 22.00
Periphery East	11.00 – 19.00
Periphery South	10.00 – 22.00
Periphery West	10.00 – 13.00



MARKET STATISTICS REPORTING QUARTER

Selected Submarkets	Take-up YTD (m <sup>2</sup> )	Vacancy Rate (%)	Completions YTD (m <sup>2</sup> )	Under Construction (m <sup>2</sup> )	Average Rent (€/m <sup>2</sup> /month)
Old Town	31,000	4.4	30,800	7,000	44.95
Inner City East	108,900	11.0	70,700	225,400	32.35
City Area South-South West	55,200	10.3	23,300	41,000	21.70
Periphery North	78,100	6.3	27,500	29,000	17.00
<b>Munich Market</b>	<b>605,200</b>	<b>7.4</b>	<b>233,700</b>	<b>583,800</b>	<b>25.20</b>

EXPLANATION OF TERMS

**Take-up:** Office space that has been newly let, acquired by owner-occupiers or whose construction has been started for owner-occupation. This also includes subleases, interim leases and expansions. However, extensions do not count.

**Vacancies:** Office space that is unused on the reporting date, ready for marketing and available for occupation at short notice. This also includes sublet space offered on the market by a main tenant for a sublease with third parties.

**Vacancy rate:** Share of vacancies as percentage of total office stock.

**Completions:** Newly built or completely refurbished office space that was ready for occupation in the period under review or is ready for occupation in the short term. Space for which the tenant fit-out only begins once the tenant has been confirmed is considered completed.

**Space under construction:** Space in all new construction and core refurbishment projects that are in the development phase. This begins with the laying of the foundations.

**Prime rent:** The sustainably achievable prime rent is the nominal rent that can be expected for a high-quality space of at least 500 m<sup>2</sup> in the best submarket at the end of the period under review.

**Average rent:** Space-weighted average rent of all new lettings in the past twelve months.

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TOP 5 MARKETS



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