

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
138,100 Take-up (cum.), m ²	—	—
7.6 % Vacancy Rate	▲	▲
54.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

	YOY Chg	12-Month Forecast
461,300 Office Employees City of Munich (Mar 2025)	—	—
5.0% Unemployment Rate City of Munich (Mar 2025)	▲	▲

Sources: Moody's Analytics, Federal Employment Agency

ECONOMIC OVERVIEW

The economy in the Greater Munich area has continued its downward trend, according to the latest survey on the economic situation by the Munich and Upper Bavaria Chamber of Industry and Commerce (IHK). The business situation has reached its lowest level since the beginning of 2021. The greatest risks are seen in domestic demand and the economic policy environment. Companies' investment and employment plans are also subdued. In March, Munich's unemployment rate was 5.0%, 60 basis points above the previous year's figure.

TAKE-UP

The transaction volume for office space in Q1 2025 amounted to approximately 138,000m², which is 0.5% below the previous year's figure. The 5-year average was undercut by 6% and the 10-year average by 23%.

42% of take-up, or 57,700m², was accounted for by four deals of 5,000m² or more. In the same period of the previous year, this figure was only around 38,000m².

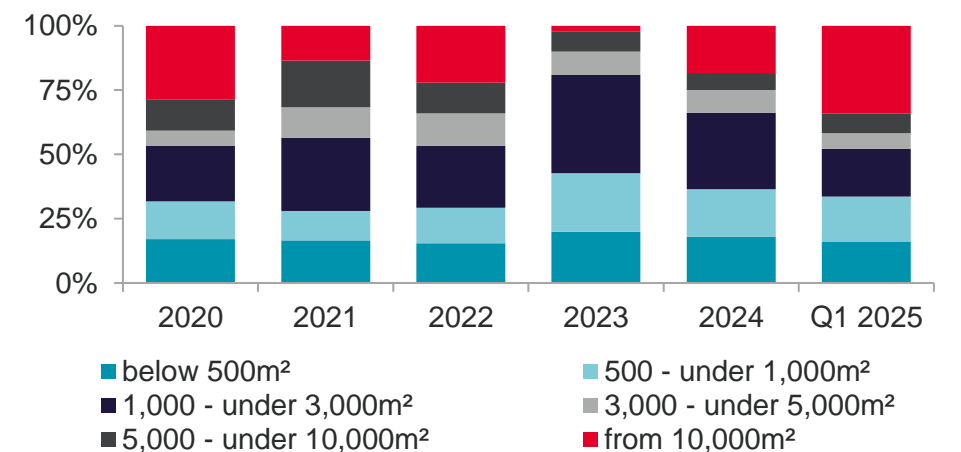
The largest lease was signed by Siemens for 33,000m² in the PANDION OFFICEHOME BEAT project at Werksviertel. Another significant lease transaction above the 10,000m² mark was completed by the energy provider Thüga at Bruckmann-Quartier, with over 16,000m².

The strongest submarket in terms of transaction volume was the Inner City East with 39,000m², followed by Inner City West with around 31,000m² and the Periphery North with about 20,000m². The highest take-up was accounted for by companies from the manufacturing, transport and logistics sector with around 76,000m², with the large-scale letting by Siemens accounting for over 40%. Consulting firms followed in second place with a 13% market share, at a considerable distance.

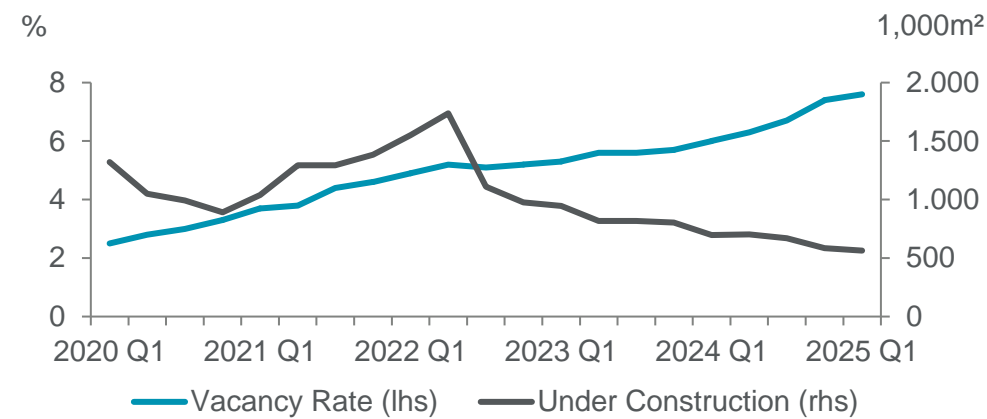
TAKE-UP



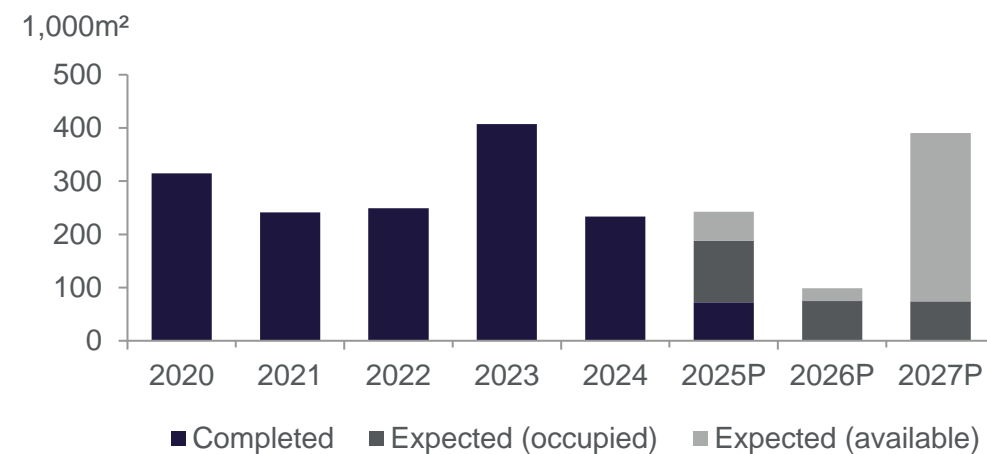
TAKE-UP BY SIZE CLASS



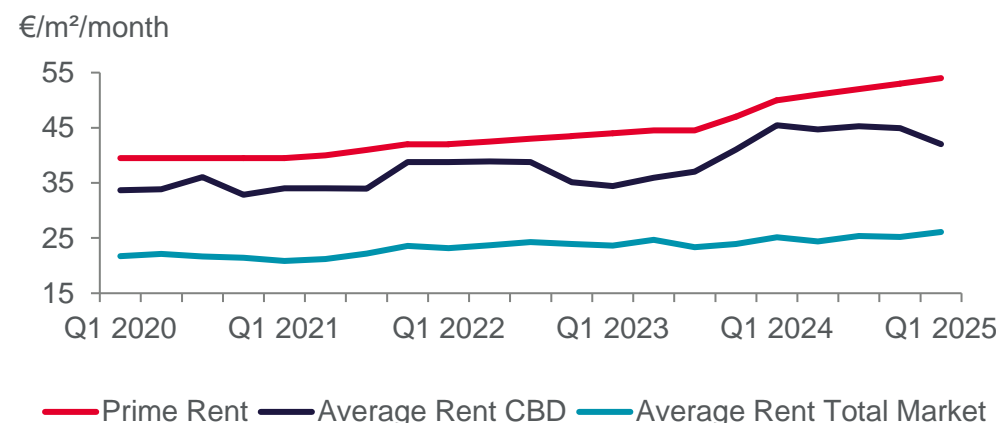
VACANCY / UNDER CONSTRUCTION



COMPLETIONS



RENTS



VACANCY

Compared to the previous quarter, the vacancy rate rose by 20 basis points to 7.6%. At the end of the quarter, more than 1.6 million m² of office space was available on short notice, although this was distributed very unevenly across the market area. While there is hardly any space available in some central locations, vacancy rates in the peripheral submarkets in particular are well above the city-wide average. Sublet space accounted for around 10% of the vacancies or 163,000m².

COMPLETIONS

Around 72,000m² of office space was completed in Q1 and has already been fully let. The PANDION OFFICEHOME SOUL development accounts for more than half of the completion volume with 38,500m² of space. A further 170,000m² is scheduled for completion for the rest of the year, of which only 32% is still available. At around 390,000m², an exceptionally high volume of new construction is expected for 2027.

RENTS

Rents are continuing their growth trend and have risen further compared to the previous quarter. The prime rent increased by one euro to €54.00/m²/month. The average rent also increased by €0.90 to €26.10/m²/month as a result of major agreements in high-priced project developments.

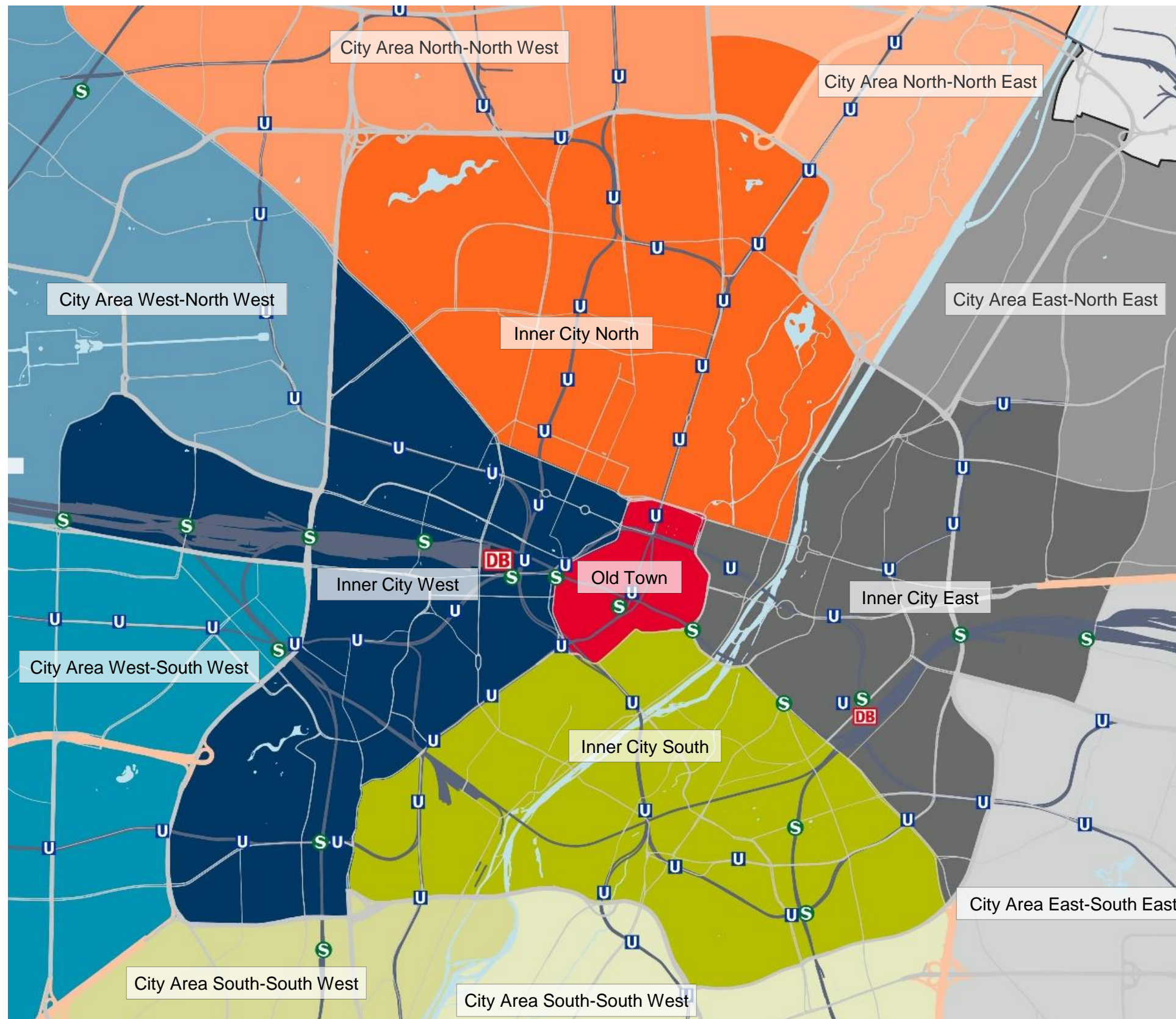
OUTLOOK

- For 2025, we expect total take-up to exceed the 600,000m² mark and thus achieve a result in line with the previous year.
- Reductions in space and the relocation of users to new developments will lead to a further increase in vacancies, particularly in less sought-after locations and older existing buildings.
- The willingness to pay prime rents in CBD locations will continue in 2025. This is likely to lead to further growth in prime rents.

SELECTED DEVELOPMENT PROJECTS

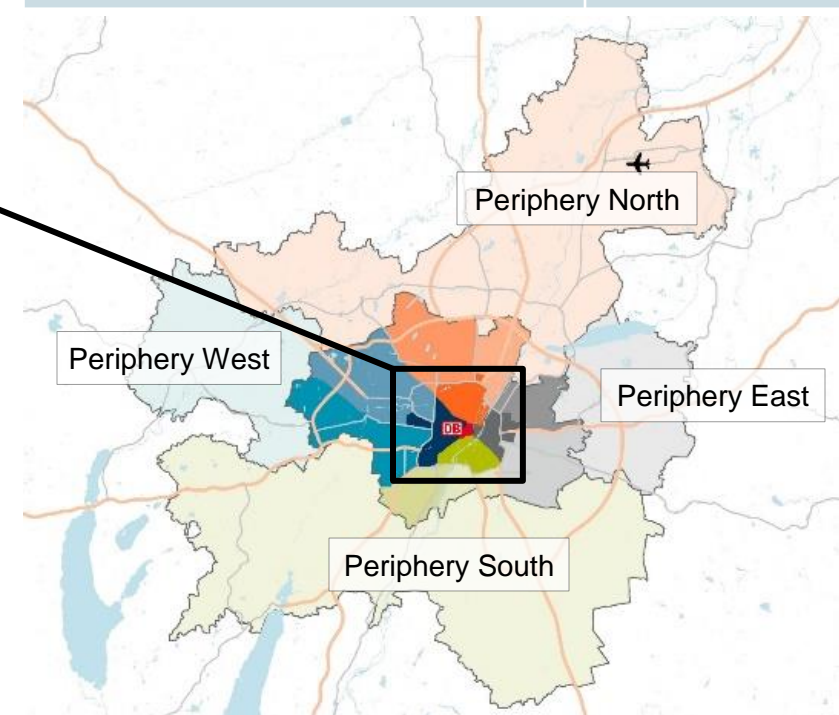
Property	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
SYN	Periphery North	Under construction	2025	8,200	Swiss Life
The Stack	Inner City West	Under construction	2026	14,000	Axa Investment Managers
PANDION OFFICEHOME BEAT	Inner City East	Planned	2027	33,000	PANDION
Tridea	Inner City East	Under construction	2028	65,000	Bayerische Versorgungskammer

SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q1 2025

Submarket	€/m ² /month
Old Town	30.00 – 54.00
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 – 49.50
City Area North – North-East	15.00 – 28.00
City Area North – North-West	13.00 – 26.00
City Area East – North-East	10.00 – 15.00
City Area East – South-East	14.00 – 25.00
City Area South – South-East	14.50 – 16.50
City Area South – South-West	15.00 – 28.00
City Area West – North-West	15.00 – 26.00
City Area West – South-West	15.00 – 28.50
Periphery North	8.50 – 20.00
Periphery East	11.00 – 19.00
Periphery South	10.00 – 23.00
Periphery West	10.00 – 12.50



MARKET STATISTICS REPORTING QUARTER

Selected Submarkets	Take-up YTD (m ²)	Vacancy Rate (%)	Completions YTD (m ²)	Under Construction (m ²)	Average Rent (€/m ² /month)
Old Town	9,700	4.7	0	10,600	41.95
Inner City East	39,000	10.2	62,400	163,000	33.45
City Area South-South West	4,100	12.2	0	41,000	21.00
Periphery North	22,500	5.8	0	31,300	16.85
Munich Market	138,100	7.6	72,300	563,900	26.10

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 m² 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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