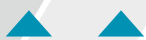


YoY Change 12-Month Forecast

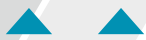
**681,300m<sup>2</sup>**

Take-Up (cum.)



**4.5%**

Vacancy Rate



**1,383,900m<sup>2</sup>**

Under Construction



**€42.00**

Prime Rent, €/m<sup>2</sup>/month



## LABOUR MARKET

YoY Change

**102.9**

Ifo Employment Barometer Germany (Dec 2021)



**444,600**

Munich Office Employees (Dec 2021)



**4.0%**

Munich Unemployment Rate (Dec 2021)



Sources: ifo-Institut, Moody's Analytics, Federal Employment Agency

## ECONOMIC OVERVIEW

With more than 1.6 million inhabitants, the Bavarian capital is one of the largest cities in Germany. Its economic success is reflected in its unemployment rate, which at just 4.0% (Dec 2021) is well below the national average of 5.1%. Compared to the same point last year, the unemployment rate has decreased by 0.8% points.

## TAKE-UP

229,500m<sup>2</sup> of take-up was registered for the Munich office market in the 4th quarter of 2021, bringing the 2021 to 681,300m<sup>2</sup>. The overall result is thus 20% below last year's figure, and around 17% lower than the 5-Year average. In addition, as well as 11% below the 10-year average (764,800m<sup>2</sup>).

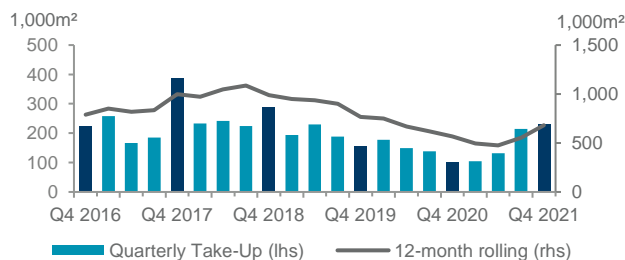
The CBD recorded particularly strong growth in office take-up in 2021 with around 56,900m<sup>2</sup>, 44,400m<sup>2</sup> more than in the previous year. In the city centre, 303,000m<sup>2</sup> of office space was registered. Its share of total take-up is 44% (2020: 51%). Within the city area, 176,400m<sup>2</sup> of office space was let during the year. This share thus rose from 21% in the previous year to 26%, while it declined from 26% to 21% in the peripheral submarkets. There, only 145,000m<sup>2</sup> of office take-up was registered in the past twelve months.

In 2021, 92,000m<sup>2</sup> of take-up was achieved via five deals above the 10,000m<sup>2</sup> mark. This is far below the level of the previous year, when over 162,000m<sup>2</sup> was attributable to this size category. The IT sector accounted for the largest proportion of take-up (19%). In 2021 this sector registered 129,200m<sup>2</sup> via 129 leasing transactions. The industrial sector followed in second place with a 15% share of take-up.

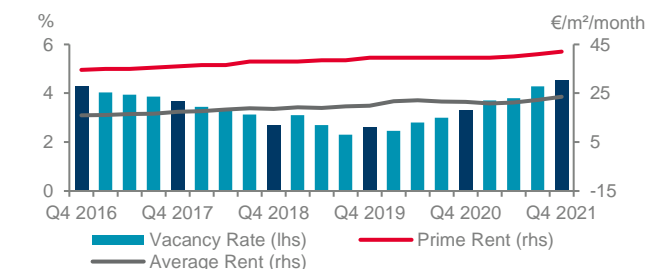
## VACANCY

Compared with the previous year's figure of 550,800m<sup>2</sup>, the absolute vacancy figure has risen by 36% to 962,100m<sup>2</sup>. The vacancy rate in the Munich market area is thus now 4.5%. Due to the declining volume of new lettings vacancy has increased particularly strongly in the region surrounding Munich: from 4.5% in Q4 2021 to 7.6%.

## TAKE-UP



## VACANCY & RENT



## COMPLETIONS

Around 73,200m<sup>2</sup> of new office space was completed in the 4th quarter. Of this, 58% is still available. This brings completion volume thus far in 2021 to 250,100m<sup>2</sup> (2020: 314,400m<sup>2</sup>). In addition, 1.4 million m<sup>2</sup> of office space is under construction and is scheduled for completion by the end of 2025. 57% of development projects are ongoing in the city centre of the Bavarian capital.

## RENTS

The achievable prime office rent has risen steadily since Q2 2021. At €42.00/m<sup>2</sup>/month, it is currently at the highest level ever and €2.50 higher than at the end of 2020. In addition, the average monthly rental price of new leases has increased over the past twelve months and now amounts to €23.60/m<sup>2</sup>/month. This is €2.15 (10%) higher than a year ago.

## SELECTED PROPERTY DEVELOPMENT PROJECTS

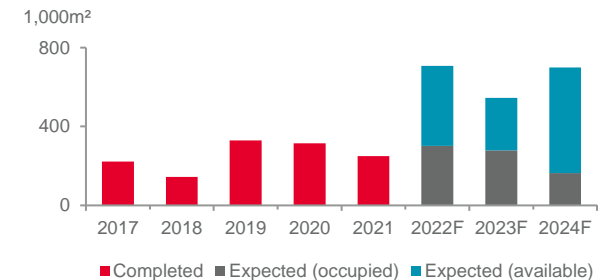
Property/Project	Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
Campus Neuried	Periphery South – South-West	Completed	2021	37,500	TONI Neuried KG
The Run	City Centre East	Completed	2021	9,600	neuplan
Weisses Quartier	City Centre South	Under Construction	2022	126,000	InfraRed Capital Partners Limited
Elementum	City Centre West	Under Construction	2024	58,000	Credit Suisse AG

## MARKET STATISTICS

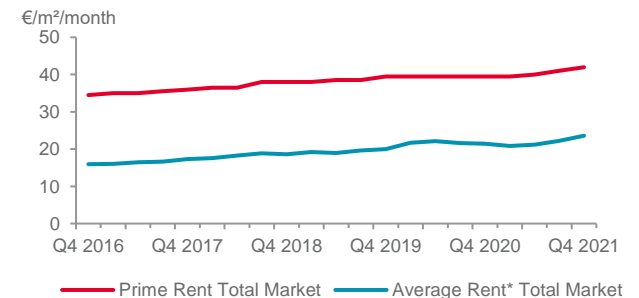
Submarket	Take-Up Q1-4 2021 (m <sup>2</sup> )	Completions Q1-4 2021 (m <sup>2</sup> )	Space under Construction Q4 2021 (m <sup>2</sup> )	Prime Rent Q4 2021 (€/m <sup>2</sup> /month)	Average Rent* Q4 2021 (€/m <sup>2</sup> /month)
CBD	56,900	0	44,100	42.00	38.60
City Centre	303,000	90,700	749,000	39.50	27.20
Secondary Locations	176,400	95,200	392,800	26.00	19.55
Periphery	145,000	55,300	198,000	19.00	13.70
<b>Total Market Munich</b>	<b>681,300</b>	<b>241,200</b>	<b>1,383,900</b>	<b>42.00</b>	<b>23.60</b>

\* Weighted Average Rent (12 months)

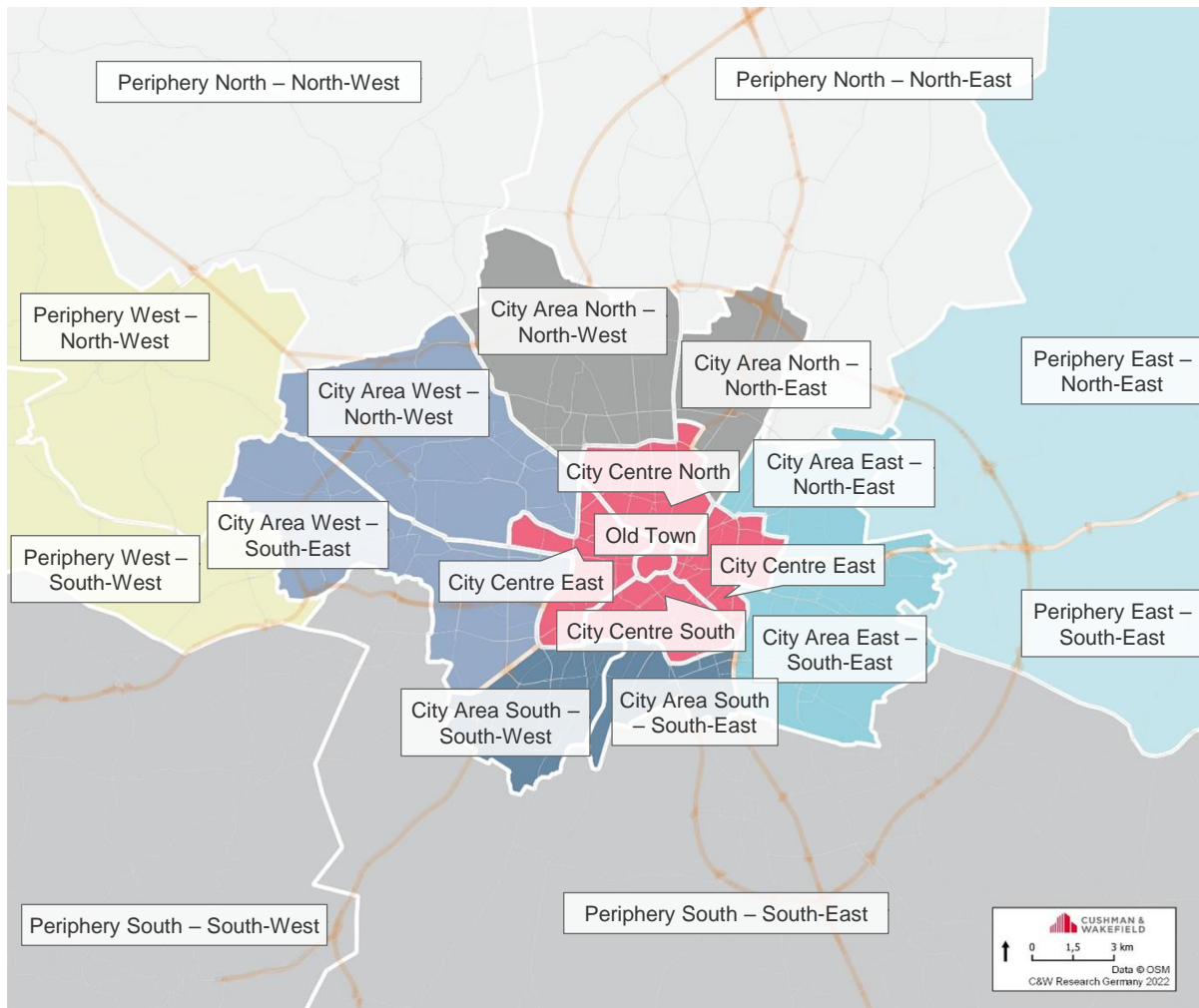
## COMPLETIONS



## RENTS



## SUBMARKET OVERVIEW



## RENTAL PRICE RANGES Q4 2021

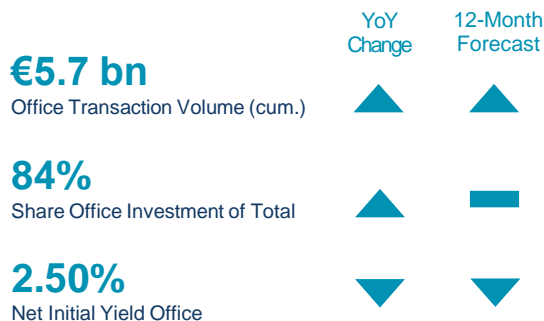
Submarket	€/m <sup>2</sup> /month
Old Town	21.42 – 42.00
City Centre North	16.50 – 39.00
City Centre East	13.50 – 36.50
City Centre South	15.00 – 30.50
City Centre West	15.00 – 39.50
City Area North – North-East	13.00 – 30.00
City Area North – North-West	12.50 – 24.00
City Area East – North-East	11.00 – 16.00
City Area East – South-East	11.00 – 18.00
City Area South – South-East	12.50 – 18.50
City Area South – South-West	12.50 – 23.00
City Area West – South-West	13.00 – 25.00
City Area West – North-West	13.50 – 26.00
Periphery North – North-East	8.00 – 19.00
Periphery North – North-West	9.00 – 16.00
Periphery East – North-East	8.50 – 13.00
Periphery East – South-East	9.50 – 15.00
Periphery South – South-East	7.50 – 18.50
Periphery South – South-West	11.00 – 17.00
Periphery West – North-West	8.50 – 11.00
Periphery West – South-West	8.50 – 13.00

## OFFICE INVESTMENT MARKET

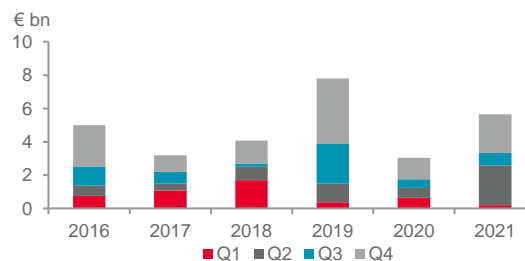
The investment market for commercial real estate recorded a transaction volume of around €2.8 billion in the 4th quarter of 2021, bringing the annual total in Munich to around €6.7 bn in 2021. Compared to the previous year, this corresponds to an increase of 29%. In 2021 as a whole, there were 16 transactions each in excess of €100 m, together contributing 68% of the total volume - making it the largest driver of the Munich investment market. Office properties were clearly in investor focus and, with a share of 84 % of the commercial transaction volume, were the dominant asset class.

The net initial yield for core office properties in very good central locations was 2.50% at the end of 2021. Compared to the previous year, this corresponds to compression of 10 basis points. For office properties in non-central locations, the yield is currently 3.20% - 10 basis points below the level of twelve months ago.

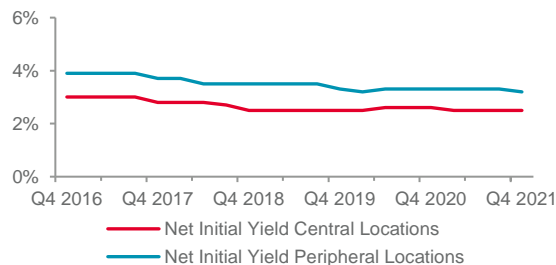
### KEY FIGURES



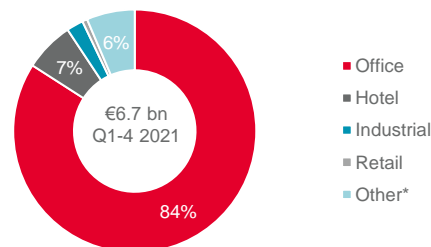
### OFFICE TRANSACTION VOLUME



### PRIME OFFICE YIELDS



### TRANSACTION VOLUME BY ASSET CLASS



\*Mixed-use Property, Development Sites, Nursing Homes etc.

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