

YoY
Change 12-Month
Forecast111,500m²

Take-Up (cum.)



4.9%

Vacancy Rate

944,600m²

Under Construction



€44.00

Prime Rent, €/m²/month

LABOUR MARKET

YoY
Change

99.9

Ifo Employment Barometer
Germany (Mar 2023)

458,100

Munich Office Employees
(Mar 2023)

4.4%

Munich Unemployment Rate
(Mar 2023)Sources: ifo-Institut, Moody's Analytics,
Federal Employment Agency

ECONOMIC OVERVIEW

Munich's labour market has remained relatively stable over the past 12 months. The number of people registered as unemployed has increased by 3.9% to 37,900 in March 2023 compared to a year earlier. In terms of the unemployment rate, this is a slight increase from 4.1% to 4.4%. Office employment grew by 2% compared to March 2022. High energy and raw material prices, continuing supply difficulties and material shortages as a result of the Ukraine war, as well as the adaptation to changing office work modes (including desk-sharing, mobile working), present major challenges for companies.

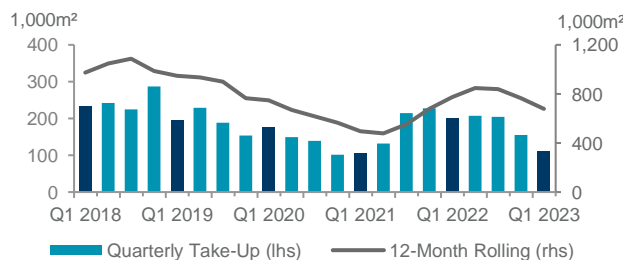
TAKE-UP

With a take-up of 111,500m² in the 1st quarter of 2023, the second-weakest Q1 result of the last ten years was recorded (10-year average of the 1st quarters: 185,700m²). Only the 1st quarter of the pandemic year 2021 was slightly weaker, with take-up of 104,200m². This subdued start to the year is mainly due to the lack of large-scale lettings and owner-occupier transactions. In addition, expected larger deals were postponed until Q2 2023. The majority of lettings (88 of 155 recorded) took place in the less than 500m² segment. The city's surrounding submarkets continue to gain in attractiveness; 35% or 39,500m² of the total letting take-up was achieved here. In the past five years, the average contribution was 29%. The northern surroundings are particularly popular with tenants. This is where by far the highest take-up was recorded, with 22,300m² in Q1 2023. Cushman & Wakefield assumes that, in addition to the city-centre locations that continue to be sought-after, the periphery will continue to gain in importance in the coming quarters, not least because of the increasing number of high-quality properties outside the city boundary.

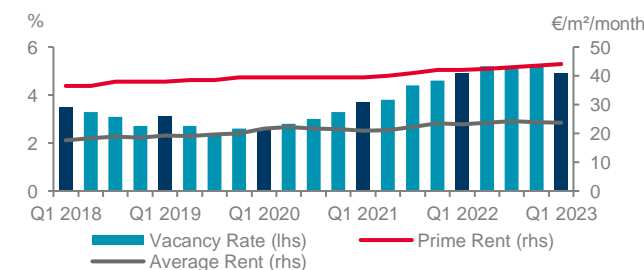
VACANCY

Absolute vacancy at the end of Q1 was 1.05 million m², up 2% on the same juncture last year. The vacancy rate in the market area is currently 4.9% and thus at the same level as in Q1 2022.

TAKE-UP



VACANCY & RENT





COMPLETIONS

In Q1 2023, 122,800m² of office space was completed in the Munich office market area. This figure is significantly above the Q1 10-year average (42,700m²). At the time of completion, 36% of this space was still available. Currently, 944,600m² of office space is under construction. This figure is 39% less than at the same point last year. The pre-letting rate of these development projects is currently at an above-average 52%. There is also currently 1.1 million m² of office space at the planning stage.

RENTS

The achievable prime office rent continued to rise in Q1 2023 and currently stands at €44.00/m²/month, a new all-time high. Compared to a year ago, this is an increase of €2.00/m²/month or 5%. The achievable prime rent is mainly achieved in the Oldtown, City Centre North and City Centre West submarkets. A further slight increase in prime rents is expected by the end of the year.

The area-weighted average rent for new lettings in the past twelve months was €23.65/m²/month in the first quarter of 2023, €0.50/m²/month higher than a year previously.

SELECTED PROPERTY DEVELOPMENT PROJECTS

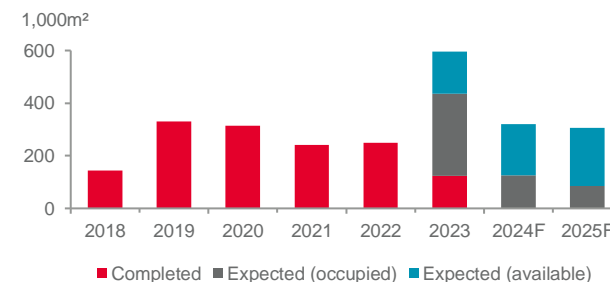
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Optineo	City Centre East	Completed	2023	32,000	Wöhr + Bauer GmbH
SOuth HOrizon	City Area South - South-West	Completed	2023	31,500	Ampega Investment GmbH
HEADS	Periphery East	Under Constr.	2023	41,800	Rock Capital Group GmbH
FABRIK	City Area South - South-West	Under Constr.	2024	21,100	Becken Development GmbH

MARKET STATISTICS

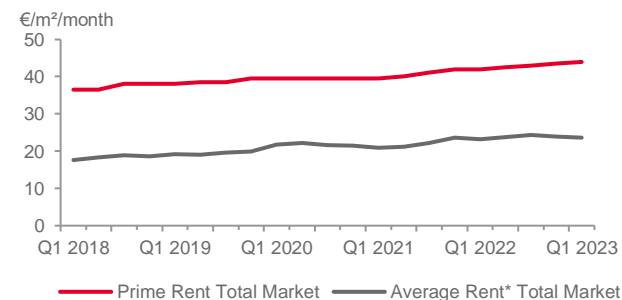
Submarket	Take-Up YTD (m ²)	Completions YTD (m ²)	Space under Construction Current Quarter (m ²)	Prime Rent Current Quarter (€/m ² /month)	Average Rent* Current Quarter (€/m ² /month)
CBD	5,100	0	55,600	44.00	36.00
City Centre	34,800	32,000	539,100	40.50	30.60
Secondary Locations	32,100	90,800	222,200	30.00	19.30
Periphery	39,500	0	127,700	21.50	14.65
Total Market Munich	111,500	122,800	944,600	44.00	23.50

* Weighted Average Rent (12 months)

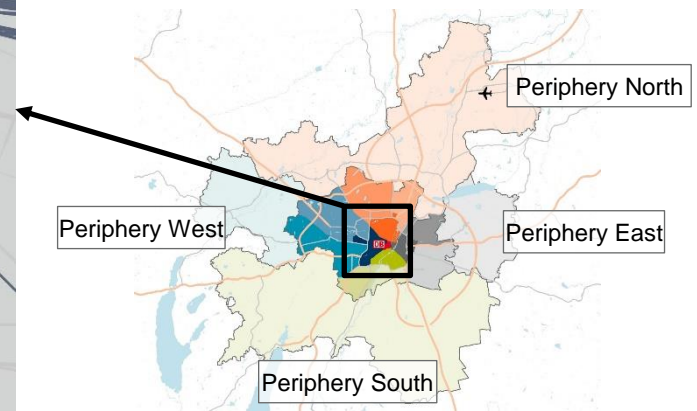
COMPLETIONS



RENTS



RENTAL PRICE RANGES Q1 2023



MARKETBEAT

MUNICH

Office Market Q1 2023



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