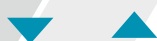


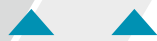
YoY  
Change 12-Month  
Forecast469,500m<sup>2</sup>

Take-Up (cum.)

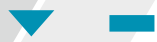


5.7%

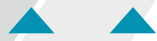
Vacancy Rate

802,500m<sup>2</sup>

Under Construction



€47.00

Prime Rent, €/m<sup>2</sup>/month

## LABOUR MARKET

YoY  
Change

96.5

Ifo Employment Barometer  
Germany (Dec 2023)

455,700

Munich Office Employees  
(Dec 2023)

4.5%

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

## ECONOMIC OVERVIEW

After tredding water in the spring, the Bavarian economy started to sink again in the autumn. The BIHK economic index shrank from 113 to 100 points and is therefore well below the long-term average of 112 points. Rising interest rates, a weak global economy and consumers' loss of purchasing power are causing a noticeable fall in demand for goods and services. Meanwhile, location problems such as a lack of labour, uncompetitive energy costs and excessive bureaucracy continue to cause major problems for companies. The unemployment rate in Munich rose by 40 basis points year-on-year to 4.5% in the 4th quarter, while the number of office workers remained stable.

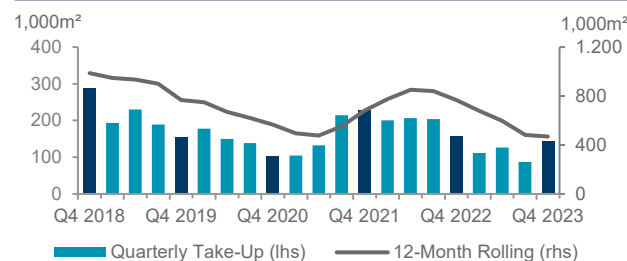
## TAKE-UP

In the 4th quarter, take-up totalled 143,700m<sup>2</sup> (strongest quarter of 2023), bringing the year's total to 469,500m<sup>2</sup>. This is 39 % below the previous year's result and 37% below the 10-year average. This is primarily due to the lack of large-scale lettings and owner-occupier transactions. The focus of lettings in 2023 was on space under 1,000m<sup>2</sup>, where there were 491 lettings, together accounting for 43% (200,200m<sup>2</sup>) of total office take-up. In 2022, the equivalent figure was 29% (224,300m<sup>2</sup>). The lettings to TU Munich (around 9,700m<sup>2</sup>) in LOC46 (municipality of Planegg) and Agile Robots AG (around 9,300m<sup>2</sup>) in ISARWORK were the largest deals in the 4th quarter and in 2023 as a whole. Around 34% of take-up was achieved in the surrounding region in the 4th quarter, compared to 28% for the year as a whole. This figure is above the 5-year average of 21%.

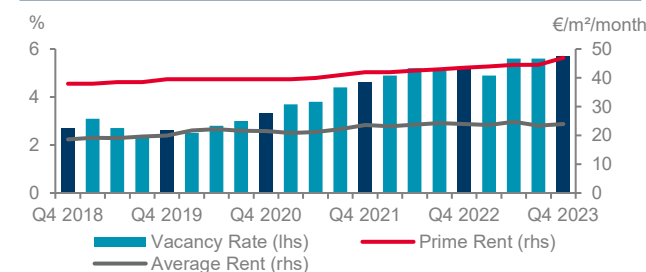
## VACANCY

Office vacancy in Munich stood at just over 1.2 million m<sup>2</sup> at the end of the 4th quarter. This corresponds to a vacancy rate of 5.7% and is 50 basis points higher than the figure at the end of 2022. Compared to the previous quarter, there has been no significant change. Around 121,500m<sup>2</sup> of the vacant space in Q4 2023 is subletting space. This figure has not changed compared to the previous quarter, but is around 9% higher than figure for the 4th quarter of 2022.

## TAKE-UP



## VACANCY &amp; RENT





## COMPLETIONS

In the 4th quarter, 48,000 m<sup>2</sup> of office space was completed (new-build or core refurbishment); in 2023 as a whole, the figure was 407,100m<sup>2</sup>, almost double that of previous years. 51% of this was already let or allocated to owner-occupiers at the time of completion. Around 802,500m<sup>2</sup> of office space is currently under construction, of which 58 % is still vacant. The current project pipeline envisages the realisation of a further 1.0 million m<sup>2</sup> of office space. It remains to be seen whether all planned projects will actually be realised, given the state of the market.

## RENTS

In the final quarter of 2023, the prime rent in Munich reached a new all-time high of €47.00/m<sup>2</sup>/month. Compared to the 4th quarter of 2022, this corresponds to an increase of €3.50 (+8%). This is due in particular to the significant increase in tenants' focus on quality, which is accompanied by correspondingly higher rents. The limited supply in the high-quality segment also continues to drive up prices. Prime rents were achieved in the Old Town, City Centre North and City Centre West submarkets.

The area-weighted average rent across new lettings over the past twelve months was €23.95/m<sup>2</sup>/month at the end of December 2023, the same as at the end of December 2022.

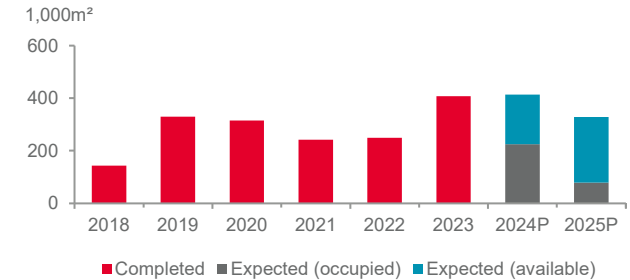
Property/Project	Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
HEADS	Periphery East	Completed	2023	41,800	Rock Capital Group GmbH
Der Bogen	City Centre East	Under Construction	2024	64,300	Giesecke & Devrient GmbH
FABRIK	City Area South – South-West	Under Construction	2024	21,100	Becken Development GmbH
LUMEN MUNICH	Old Town	Under Construction	2024	16,200	Hanseatische Investment GmbH

## MARKET STATISTICS

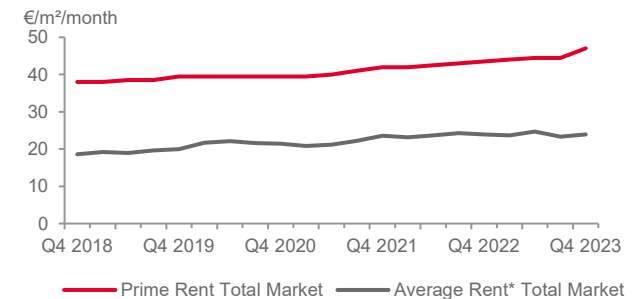
Submarket	Take-Up YTD (m <sup>2</sup> )	Completions YTD (m <sup>2</sup> )	Space under Construction Current Quarter (m <sup>2</sup> )	Prime Rent Current Quarter (€/m <sup>2</sup> /month)	Average Rent* Current Quarter (€/m <sup>2</sup> /month)
Old Town	32,200	16,300	43,300	47.00	40.90
City Centre	176,700	160,800	362,600	42.00	29.30
City Area	129,000	138,200	288,200	28.00	20.70
Periphery	131,600	91,800	108,400	21.00	15.30
<b>Total Market Munich</b>	<b>469,500</b>	<b>407,100</b>	<b>802,500</b>	<b>47.00</b>	<b>23.95</b>

\* Weighted Average Rent (12 months)

## COMPLETIONS



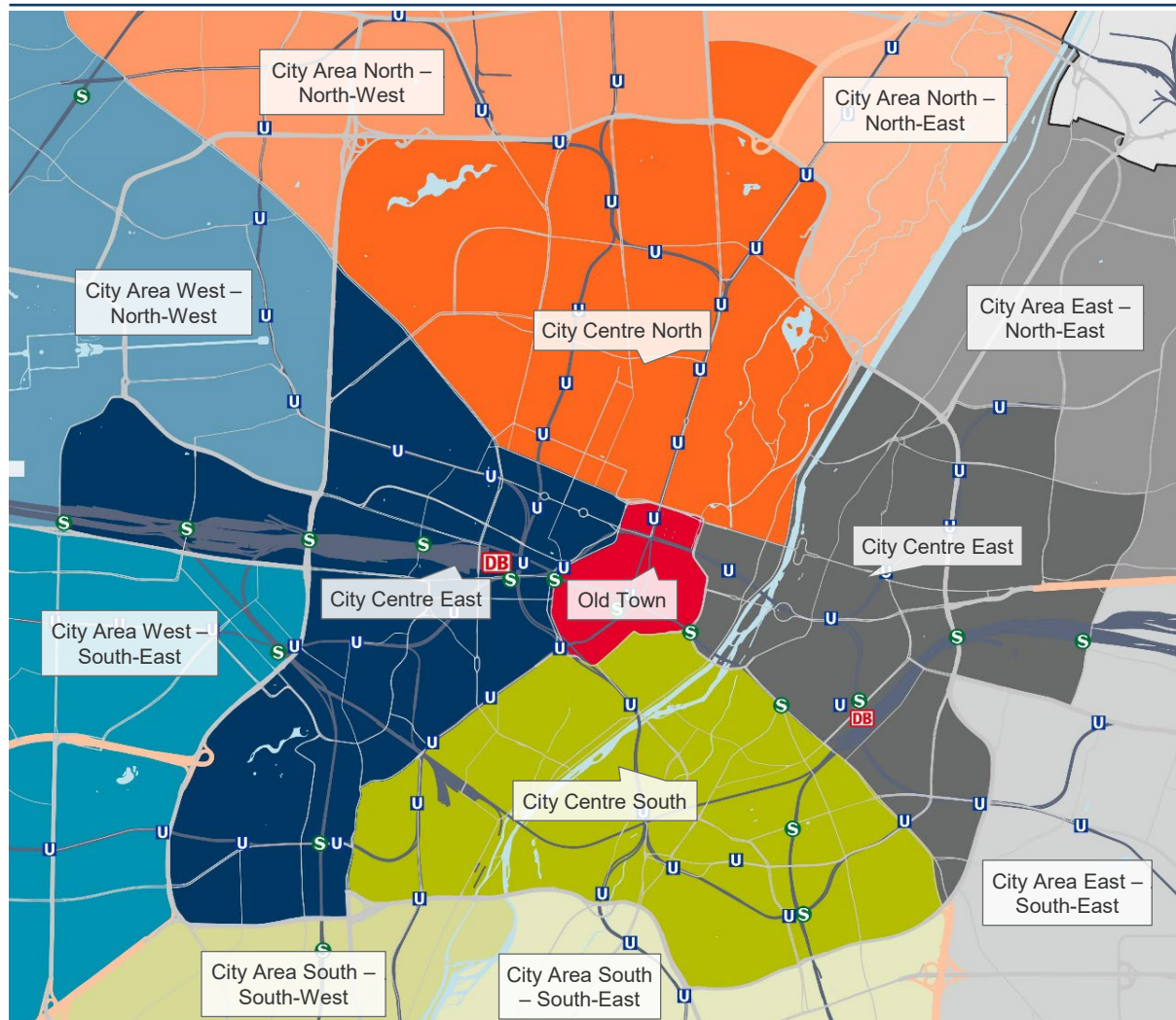
## RENTS





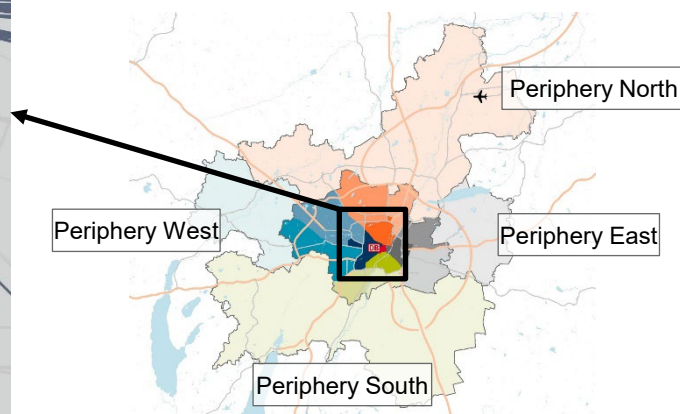


## SUBMARKET OVERVIEW



## RENTAL PRICE RANGES Q4 2023

Submarket	€/m <sup>2</sup> /month
Old Town	30.00 – 47.00
City Centre North	17.00 – 40.00
City Centre East	16.00 – 38.00
City Centre South	13.00 – 30.50
City Centre West	17.00 – 42.00
City Area North – North-East	13.00 – 28.00
City Area North – North-West	13.00 – 25.00
City Area East – North-East	11.00 – 16.00
City Area East – South-East	14.00 – 20.00
City Area South – South-East	14.00 – 18.50
City Area South – South-West	14.00 – 26.00
City Area West – North-West	13.50 – 26.00
City Area West – South-West	14.00 – 26.00
Periphery North	8.00 – 21.00
Periphery East	11.00 – 18.50
Periphery South	10.00 – 19.50
Periphery West	9.50 – 14.50





MARKETBEAT

# MUNICH

Office Market Q4 2023



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