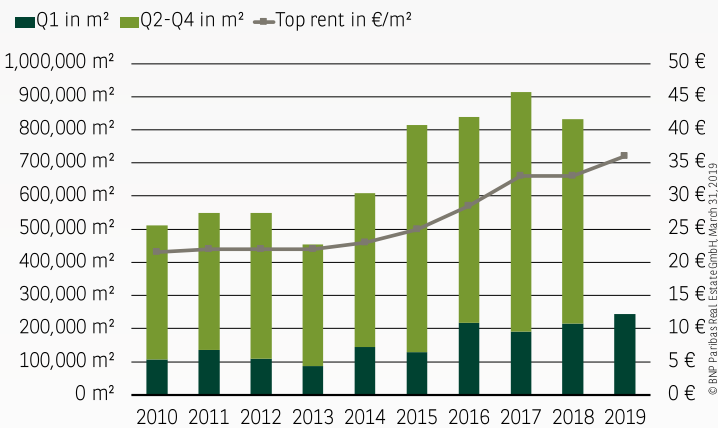




At a Glance **Q1 2019**

OFFICE MARKET BERLIN

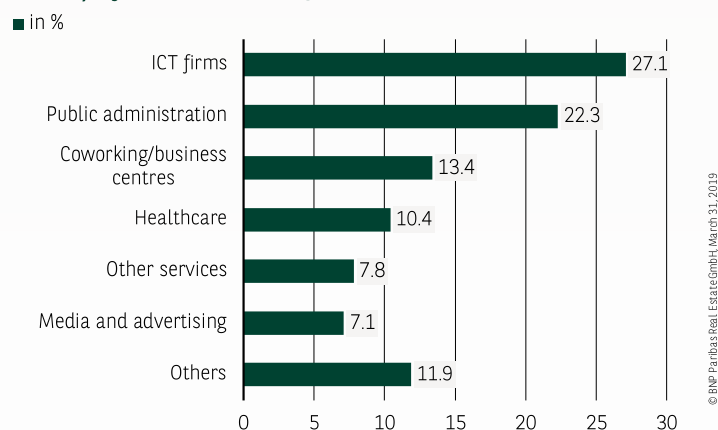
Development of take-up and top rents in Berlin



NEW RECORD AT THE BEGINNING OF THE YEAR

With a take-up of 244,000 m², the Berlin office market is making a brilliant start to the new year. Not only has the performance in the first three months never been better, but first-quarter take-up corresponds to a very good year-end sprint and represents one of the five best quarterly results. A whole series of major deals boosted the result: These include the German Federal Ministry of Health, which has begun the reconstruction of its own 23,200 m² property in the Topcity East, as well as contracts of the fitness company McFit Global Group/RSG Group for 19,500 m² in the Topcity West and the digitisation service provider VW Diconium for 13,900 m² in Mitte. In total, the segments with more than 5,000 m² were heavily occupied in the first quarter: around 59 % of take-up was generated with contracts in this size range. However, these areas are rather seldom found in existing buildings, so that a not inconsiderable share is attributable to new buildings or projects under construction. Within the market area, Topcity Ost achieved by far the highest turnover with 48,000 m², which is also a very good result in a long-term comparison. The city locations, especially Mitte (28,000 m²) and Checkpoint Charlie/Spittelmarkt (26,000 m²), also generated strong volumes.

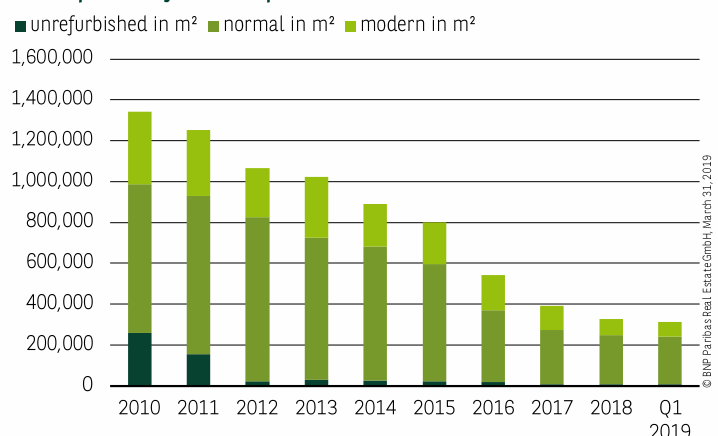
Take-up by sector in Berlin Q1 2019



ICT FIRMS ONCE AGAIN AHEAD

Information and communication technologies are the most important demand group at the beginning of the year, contributing slightly more than 27 %. The public administration is also again strong, contributing a good 22 % to the result. In addition, coworking in Berlin remains a market-driving factor: with around 13 %, this sector ranks third among the largest demanders. In the first quarter, companies from the healthcare sector (10 %), other services (8 %) and the media and advertising sector (7 %) also made significant contributions. All other demanders account for a total of just under 12 %.

Development of vacant space in Berlin



VACANCY: LESS IS HARDLY POSSIBLE

The short-term supply of space in the Berlin market continues to decline. At 314,000 m², it is around one-fifth below the figure from previous year's value and around 4 % lower than at the turn of the year. Only just under a quarter of the volume is of modern quality, which is particularly in demand. The vacancy rate has fallen further accordingly and at 1.6 % is well below the fluctuation reserve required for functioning markets.

Major contracts in Berlin

Sub-market	Company	m²
1.2	Federal Ministry of Health	23,200
1.1	McFit Global Group/RSG Group	19,500
2.5	VW Diconium	13,900
2.5	The Office Group	10,300
3.3	BIM Berliner Immobilienmanagement	10,100
1.2	Google	9,400

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Trends in important market indicators in Berlin

	Q1 2018	Q1 2019	Trend remaining year
Take-up	215,000 m²	244,000 m²	➔
Vacant space	393,000 m²	314,000 m²	➔
Space under construction (total)	557,000 m²	1,011,000 m²	➔
Space under construction (available)	283,000 m²	487,000 m²	➔
Top rent	33.00 €/m²	36.00 €/m²	➔

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➤ SIGNIFICANTLY MORE CONSTRUCTION ACTIVITY

If the demand can hardly be met from the existing stock, only the construction of new buildings remains. Accordingly, space under construction increased significantly and, at 1.01 million m² (+82 %), exceeded the 1 million m² mark again for the first time since the mid-1990s. The fact that almost half (48 %) is still available for the letting market is also positive. However, only around a quarter of these will probably be ready for occupancy next year, so that potential tenants will have to be patient for most of the space. The available space (vacancy + available space under construction) amounts to 801,000 m² (+18 %).

➤ RISING RENTS IN ALL MARKET SEGMENTS

Due to the supply bottleneck, there is no end in sight for the rise in rents. In the office submarkets, both prime and average rents are growing at double-digit rates, in some cases significantly. The prime rent on the market climbed to 36 €/m² within a year (+9 %), the average rent even rose by around 25 % to 25.60 €/m² in the same period. This also reflects the high proportion of lettings in new buildings, which are leased at a corresponding rent.

➤ PERSPECTIVES

The capital city never ceases to amaze. Despite the extremely limited supply, Berlin is again and again setting new records, not at least as more and more tenants accept that lettings are only possible in projects. The shortage of space can only be seen in the development of rents. Forecasts regarding sales are therefore subject to great uncertainty. Only for rents seems a further increase secured.

Key indicators Berlin Q1 2019

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2019	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
Submarkets**										
1 Topcity										
1.1 Topcity West		36.00	29,000	8,500	2,500	0	64,500	28,500	37,000	57,000
1.2 Topcity East		36.00	48,000	8,000	7,500	0	5,700	0	8,000	10,000
1.3 Potsdamer/Leipziger Platz		35.00	1,500	5,500	2,500	0	6,800	6,800	12,300	0
2 City Centre	27.00 - 32.00		92,500	54,500	18,000	0	462,900	189,500	244,000	939,300
3 Centre Fringe	22.50 - 32.00		42,500	41,000	7,000	0	410,400	216,100	257,100	965,800
4 Subcentres	14.50 - 16.50		30,500	196,500	37,500	0	60,700	46,100	242,600	912,900
Total			244,000	314,000	75,000	0	1,011,000	487,000	801,000	2,885,000

* The top rent given applies to a market segment of 35 % in each case.

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