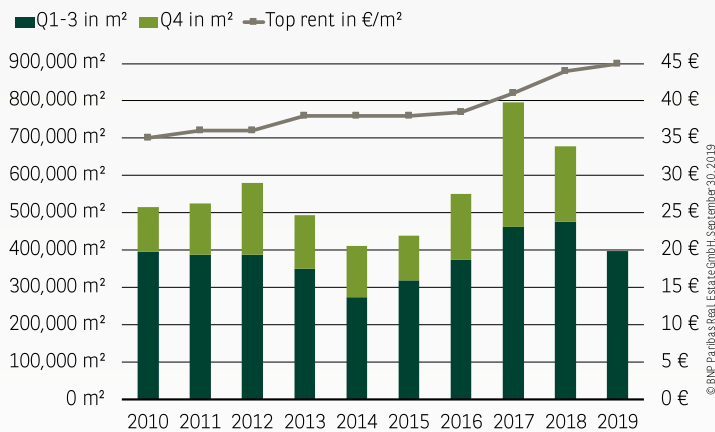




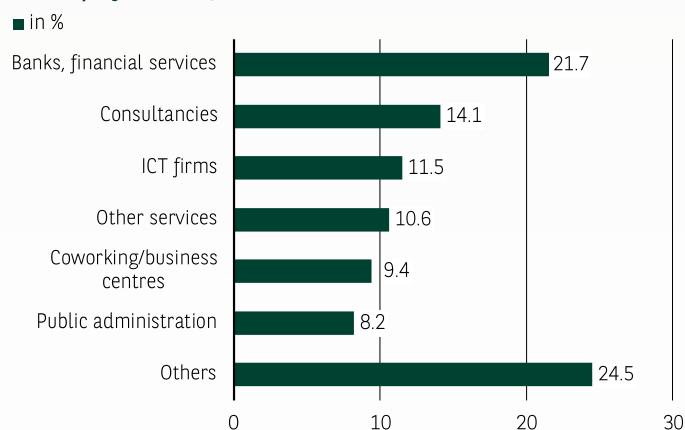
At a Glance **Q3 2019**

OFFICE MARKET FRANKFURT

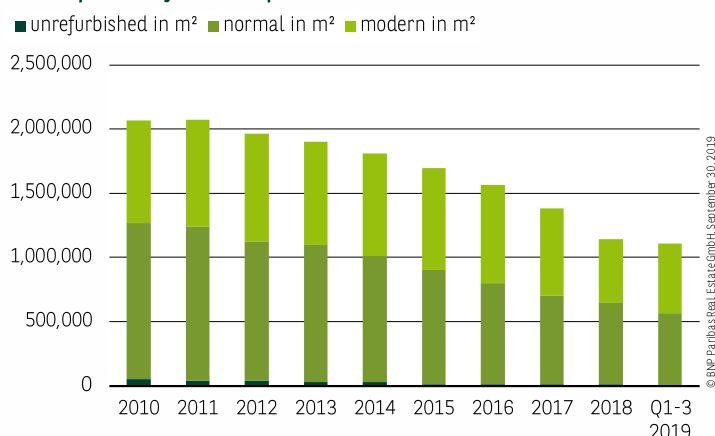
Development of take-up and top rents



Take-up by sector Q1-3 2019



Development of vacant space



SOLID RESULT FOR THE FRANKFURT OFFICE MARKET

In the first three quarters of 2019 Frankfurt recorded a take-up of 397,000 m² in the entire market area. Of this amount, the more narrowly defined gif region accounted for 370,000 m². Although the banking metropolis had to accept a decline of 17% compared to the extraordinary result of the comparable period of last year, the city was still able to exceed the ten-year average by 4% and achieve an overall solid outcome. The central city locations were again particularly in demand, as they contributed more than 151,000 m² to total take-up corresponding to a share of around 38%. Even more outcome was generated in the secondary locations (175,000 m²), for which among other factors a whole series of large deals were responsible. This shows that bigger office unites of modern quality are hardly available in the city area. Examples of large deals in secondary locations include Niederrad (DekaBank, 46,200 m²; DFB, 10,000 m²) and Eschborn (Randstad Germany, 14,800 m²; German Corporation for International Cooperation, 10,600 m²).

BROAD DEMAND BASE

Once again, banks and financial service providers are at the top of the demand group distribution, contributing just under 22% to the result and thus remaining at roughly the same level as the previous years Q1-3 outcome. The DekaBank deal was particularly responsible for this achievement. In second and third place there are also two other old familiar players who traditionally have a high proportion of take-up in Frankfurt: consulting companies (14%) and ICT firms (11.5%). However, significant shares are also attributable to the still expanding coworking sector (a good 9%) and public administration (around 8%).

VACANCY REDUCTION HAS CONTINUED

In the last twelve months, the decline of vacant space, that has been observed for a long time now, has continued. At currently around 1.1 million m², the volume is just under 7% lower than a year ago. The modern vacancy segment has also followed this trend, decreasing by around 2% to 544,000 m². As a result, only just under half of the supply is of a high quality which is preferred by tenants. The above mentioned development is also reflected in the vacancy rate, which is 7.2% in the entire market area. Looking only at the CBD, which is particularly popular among tenants, the vacancy rate has now even fallen to 3.6%. The insufficient supply in the central locations thus remains the core problem of the Frankfurt market.

Major contracts

Sub-market	Company	m²
4.4	DekaBank	46,200
4.6	Randstad Germany	14,800
4.6	GIZ German Corporation for International Cooperation	10,600
4.4	DFB German Football Association	10,000
1.3	CHECK24	8,000
1.3	Regus / SPACES	6,900

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Trends in important market indicators

	Q1-3 2018	Q1-3 2019	Trend remaining year
Take-up	477,000 m²	397,000 m²	↗
Vacant space	1,190,000 m²	1,109,000 m²	↘
Space under construction (total)	624,000 m²	575,000 m²	→
Space under construction (available)	319,000 m²	314,000 m²	↘
Top rent	43.00 €/m²	45.00 €/m²	↗

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➤ SLIGHT DECLINE IN CONSTRUCTION ACTIVITY

After a noticeable increase of space under construction in 2018, development activity is now slightly down again and with 575,000 m² around 8% below the comparable figure of the previous year. Of this volume the space still available to the letting market has also fallen by almost 2% to 314,000 m². As a result, only just under 55% of the current space under construction is still available to the market. In the important city zones construction activity is focused on only a few properties.

➤ FURTHER UPWARD MOVEMENT IN RENTS

The upward trend in rents has continued over the past twelve months. Top rents rose by 5% year-on-year to 45 €/m², making Frankfurt the most expensive location in Germany. In the same period the average rent even increased by a good 6% to 19.90 €/m².

➤ OUTLOOK

After a slightly restrained third quarter, strong demand and a noticeable increase in take-up are again apparent for the remaining three months of the year. From today's perspective there are many indications that an annual result of between 550,000 and 600,000 m² is realistic and that the ten-year average will thus be slightly exceeded. The reduction of vacant space is likely to continue, with the next target set to fall below the 7% vacancy rate. Against this backdrop, further slight increases in rents are the most likely scenario for the upcoming quarters.

Key indicators Q1-3 2019

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1-3 2019	total	modern	of this, since completion	total	available	available	projected
	1	2	3	4	5	6	7	8 = (3 + 7)	9	
Submarkets**										
1 City Centre										
1.1 Banking District	45.00		31,900	51,100	50,900	25,100	144,700	114,300	165,400	24,000
1.2 Westend	42.00		32,500	35,700	17,000	5,500	10,200	4,400	40,100	3,300
1.3 Inner City	38.00		82,000	73,400	47,500	11,800	165,500	52,000	125,400	69,400
1.4 Central Station	24.00		4,900	9,500	2,200	0	50,000	0	9,500	0
2 Centre Fringe	20.00 - 22.00		26,300	114,100	63,600	1,500	38,200	24,900	139,000	56,100
3 City Fringe	13.00 - 17.00		24,600	143,900	66,000	1,300	21,300	21,500	165,400	47,500
4 Subcentres	11.00 - 28.00		174,800	444,300	237,800	19,800	137,100	93,900	538,200	552,700
Total Frankfurt			377,000	872,000	485,000	65,000	567,000	311,000	1,183,000	753,000
5 Periphery	11.00 - 16.50		20,000	237,000	59,000	1,000	8,000	3,000	240,000	542,000
Total			397,000	1,109,000	544,000	66,000	575,000	314,000	1,423,000	1,295,000
N. B. gif market area			370,000	796,000	452,000	63,000	558,000	305,000	1,101,000	704,000

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

** The relevant office market zone can be found on our website under "Research".

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