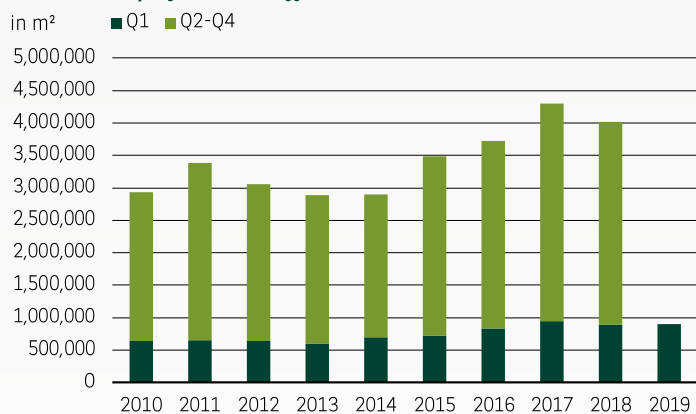




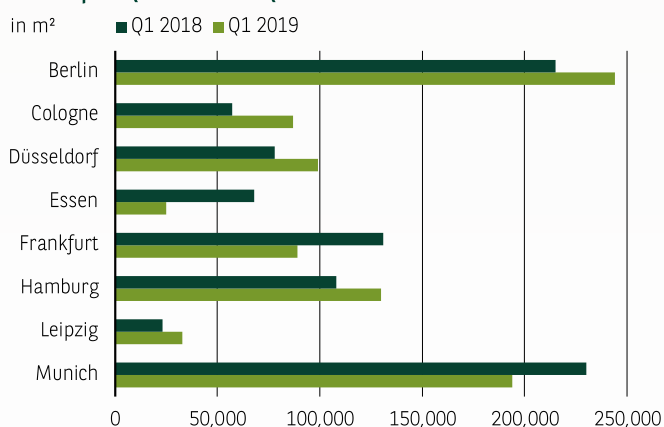
At a Glance **Q1 2019**

OFFICE MARKET GERMANY

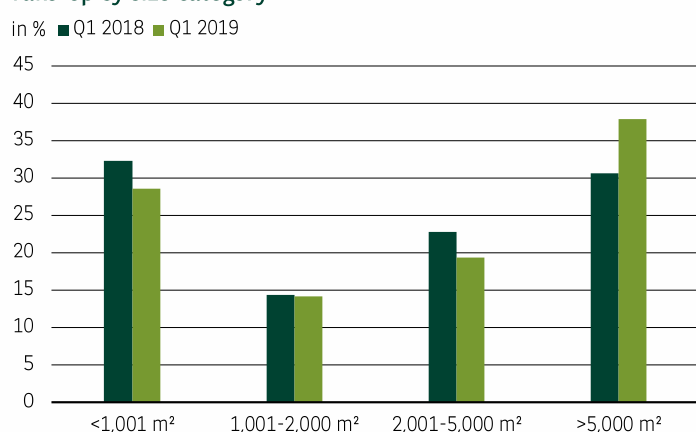
Total take-up of selected office centres*



Take-up in Q1 2018 and Q1 2019



Take-up by size category



➤ SECOND-BEST RESULT IN THE LAST 15 YEARS

In the first quarter of 2019, 901,000 m² of office space were taken up at the eight most important German locations. This exceeded the previous year's value by around 1 % and at the same time achieved the second-best result in the last 15 years. So far, the office markets have defied the declining GDP forecasts and uncertainties in connection with the Brexit, the tariff dispute with the USA and a possible global economic slowdown. The main reason for this is that the economy is still growing, albeit at a slower pace than in previous years. This situation may change due to an external shock triggered by the above-mentioned risks. However, as long as this does not really happen, companies tend to assume a slight economic dip and do not fundamentally change their strategies.

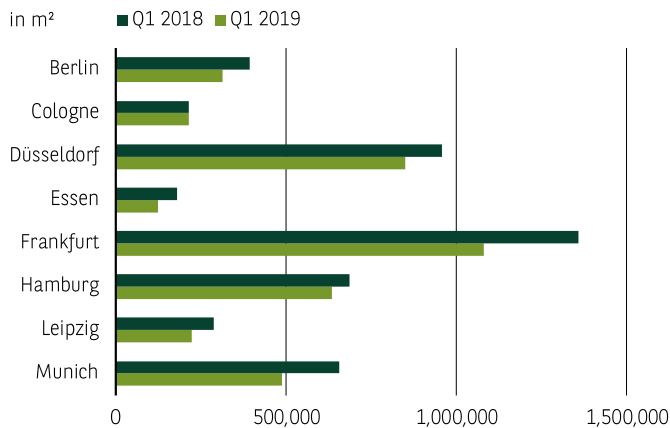
➤ DIFFERENT DEVELOPMENTS AT THE VARIOUS LOCATIONS

As in the investment sector, Berlin has also taken the lead in the office segment and set a new record with 244,000 m². The previous year's extraordinarily good result was again exceeded by almost 14 %. But other cities are also showing a significant increase in take-up. Cologne, where 87,000 m² (+53 %) also represent a new record volume and are 47 % above the ten-year average, as well as Leipzig, where 33,000 m² (+44 %) reached the all-time high set in 2006. Hamburg with 130,000 m² (+20 %) and Düsseldorf with 99,000 m² (+27 %) also recorded an increase in take-up. On the other hand, Frankfurt with only 89,000 m² (-32 %) and Munich with 194,000 m² (-16 %) have to accept significant declines. While the result in the Bavarian state capital is still around 9 % above the ten-year average, the Main metropolis has one of the weakest opening quarters in recent years. The sharpest decline was observed in Essen, where the previous year's result of 25,000 m² was roughly halved.

➤ DEMAND ACROSS ALL SIZES

The overall stable demand, in which all sector groups are involved, is also supported by the relatively homogeneous distribution across all size classes, in which only slight changes can be observed compared with the same quarter of the previous year. Only the large-area segment above 5,000 m² contributes a little more than last year with a share of just under 38 % in take-up and is also slightly above the long-term average. In the other categories, on the other hand, there were only minor shifts. At the start of the year, the result is therefore the product of broad-based demand in all market segments.

Vacant space in Q1 2018 and Q1 2019



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VACANCY FALLS BELOW THE 4 MILLION SQUARE METRE MARK

The reduction in vacancies has continued. The volume across all locations fell by 17 % and, at 3.92 million m², slipped below the 4 million m² threshold for the first time since 2001. In Berlin, vacancies fell by 20 % to 314,000 m². The rate is now only 1.6 %. Munich (488,000 m²; -25.5 %) and Frankfurt (1.08 million m²; -20.5 %) also saw a further reduction in supply. At 2.3 %, Munich has the second lowest vacancy rate. Only in terms of the municipal area 1.6 % are registered, which corresponds with the level in the German capital.

RENTAL PRICES CONTINUE TO RISE AS EXPECTED

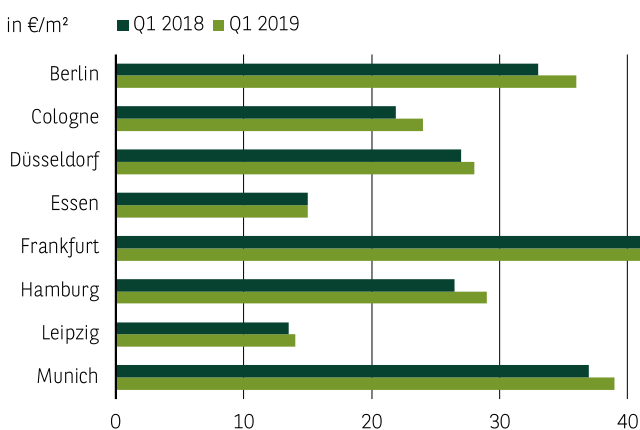
As expected, rents continued to rise. On average, prime rents have risen by a good 6 % year-on-year. While Berlin in particular has recorded above-average growth in recent years, this is now the case in several cities. In Cologne the top rent rose by 10 % to 24 €/m² and in Hamburg (29 €/m²) and Berlin (36 €/m²) the increase was hardly lower at around 9 %. In Munich (39 €/m²) and Frankfurt (44 €/m²), the growth was around 5 % each. The development in Düsseldorf (28 €/m²) and Leipzig (14 €/m²) was somewhat more moderate, each with a plus of just under 4 %.

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PERSPECTIVES

From today's standpoint, there are also strong indications that market activity will remain lively in the further course of the year and that take-up will be disproportionately high compared with the long-term trend. However, the risks to overall economic development have increased. But even with a stronger economic downturn, everything points for a result of at least 3.5 million m². At the same time, the pace of vacancy reduction is likely to slow and rents will continue to rise in the coming quarters.

Top rents in Q1 2018 and Q1 2019



Office market indicators Q1 2019

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
		Q1 2019	total	modern	of this, since completion	Vacancy rate	total	available	available	projected
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	36.00	244,000	314,000	75,000	0	1.6%	1,011,000	487,000	801,000	2,885,000
Cologne	24.00	87,000	213,000	55,000	14,000	2.7%	177,000	46,000	259,000	310,000
Düsseldorf	28.00	99,000	849,000	232,000	10,000	8.9%	178,000	76,000	925,000	455,000
Essen	15.00	25,000	124,000	54,000	0	3.9%	57,000	14,000	138,000	285,000
Frankfurt	44.00	89,000	1,080,000	467,000	50,000	7.0%	659,000	342,000	1,422,000	1,232,000
Hamburg	29.00	130,000	634,000	143,000	30,000	4.5%	280,000	66,000	700,000	894,000
Leipzig	14.00	33,000	222,000	38,000	0	5.9%	76,000	7,000	229,000	135,000
Munich	39.00	194,000	488,000	122,000	24,000	2.3%	1,203,000	500,000	988,000	2,211,000
Total		901,000	3,924,000	1,186,000	128,000		3,641,000	1,538,000	5,462,000	8,407,000

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

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