

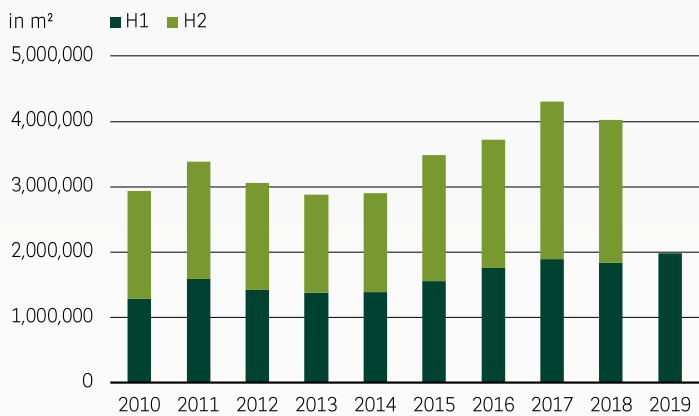


RESEARCH

At a Glance **Q2 2019**

OFFICE MARKET GERMANY

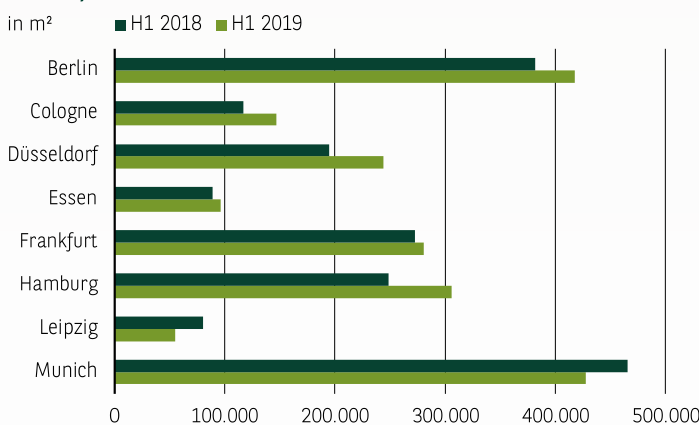
Total take-up of selected office centres*



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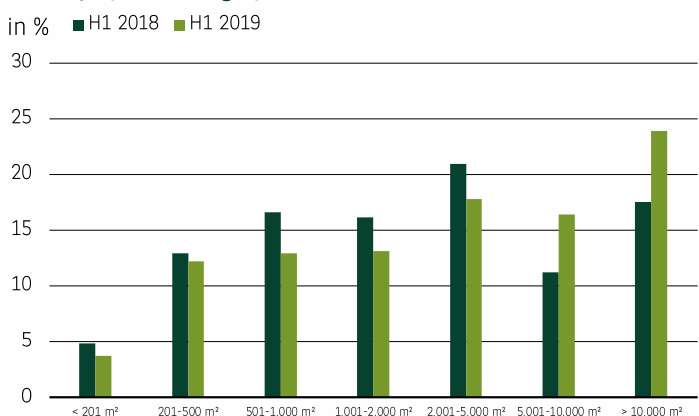
* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in H1 2018 and H1 2019



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Take-up by size category



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NEW RECORD TAKE-UP WITH 1.98 MILLION M²

In the first half of the year the German office markets are proving to be in an impressive shape and are only slightly below the 2 million m² mark. This set a new all-time high and exceeded the previous year's result by 8%. Just how good the outcome is can also be seen from the fact that the ten-year average was topped by an impressive 23%. Despite the weaker economy and lower GDP growth, demand, especially for modern office space, remains at a high level. There are several reasons for this: On the one hand, employment growth is continuing, although at a slower pace. On the other hand, industrial companies are noticeably more affected than the service industries, which is in a much better position.

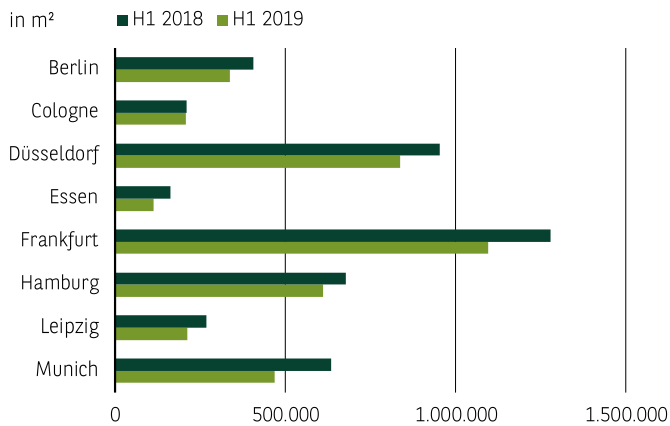
STRONG DEMAND AT ALL LOCATIONS

It is particularly noteworthy that strong demand was observed at all locations. Only two cities suffered declines in take-up compared to the previous year. On the one hand Munich, where the result of 428,000 m² volume is around 8% below the extraordinary result of the previous year. On the other hand, Leipzig where 55,000 m² were recorded, almost a third less than in the previous year. Berlin lands just behind the front-runner Munich with 418,000 m² (+9%). This represents a new take-up record, underlining the fact that the dynamic development of the capital is continuing. Hamburg secures third place with 306,000 m² (+23%). This is the first time that the Hanseatic city has exceeded the 300,000 m² threshold and is also setting a new all-time high. The Frankfurt market grew by almost 3%, achieving a take-up of 281,000 m². With Düsseldorf (244,000 m²; +25%) and Essen (96,000 m²; +32%), two further cities have participated in the record race and also set new benchmarks. In Cologne, volume rose by almost 26% to 147,000 m².

HIGH TAKE-UP CONTRIBUTION FROM MAJOR DEALS

Overall, demand was again broadly diversified across all market segments and size categories. However, it has been shown that new record take-ups can only be achieved with the support of large-scale deals. As a result, the share of large contracts over 5,000 m² amounts to a total of about 40%, which is around ten percentage points above the long-term average. However, even in some cases of the small-scale segment, e.g. between 200 and 500 m², in absolute terms a higher take-up was recorded than in the same period of the previous year.

Vacant space in H1 2018 and H1 2019



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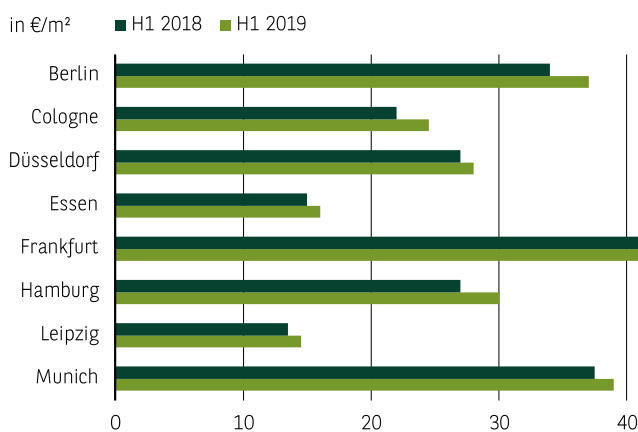
VACANCY STILL BELOW THE 4 MILLION M² MARK

The dynamic vacancy reduction of recent years has continued over the past twelve months. The total vacancy across all locations fell by just under 16% and, at a good 3.87 million m², is now well below the 4 million m² threshold, as it was already in the first quarter of 2019. Vacancy has fallen in all cities, even though at different levels. As a result, the current vacancy rate across all locations is only 4.1%.

RENTAL PRICES STILL ON THE RISE

The very strong demand and simultaneously declining supply of space is reflected in rents. Top rents have risen by an average of a good 6% across all cities. The strongest increase was in Hamburg to 30 €/m² and Cologne 24.50 €/m² with 11% growth each. This means that both cities are even more dynamic than Berlin. At 37 €/m², the prime rent in the capital is just under 9% above the comparable figure of the previous year and is approaching the 40 € mark with big steps.

Top rents in H1 2018 and H1 2019



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OUTLOOK

Despite many risks, there are several reasons to believe that the market will continue to develop dynamically in the second half of the year. The main cause for this is to be seen in the fact that the majority of companies assume from today's perspective that the current slowdown in economic growth will only be a dip. Against this background, everything points to a take-up of well over 3.5 million m². Therefore, a further moderate reduction in vacancy is quite likely. However, it seems certain that rents will continue to rise.

Office market indicators H1 2019

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)			Vacancy rate	Space under construction (m²)		Space on offer (m²)	
			total	modern	of this, since completion		total	available	available	projected
		H1 2019	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	37,00	418.000	336.000	98.000	5.000	1,7%	1.047.000	541.000	877.000	2.913.000
Cologne	24,50	147.000	206.000	48.000	11.000	2,6%	194.000	45.000	251.000	323.000
Düsseldorf	28,00	244.000	837.000	217.000	10.000	8,8%	222.000	39.000	876.000	456.000
Essen	16,00	96.000	112.000	30.000	1.000	7,1%	66.000	12.000	124.000	231.000
Frankfurt	44,00	281.000	1.094.000	484.000	43.000	7,1%	638.000	318.000	1.412.000	1.223.000
Hamburg	30,00	306.000	611.000	141.000	38.000	4,4%	338.000	67.000	678.000	920.000
Leipzig	14,50	55.000	211.000	41.000	0	5,6%	84.000	9.000	220.000	157.000
Munich	39,00	428.000	467.000	111.000	19.000	2,2%	1.288.000	548.000	1.016.000	2.218.000
Total		1.975.000	3.874.000	1.170.000	127.000		3.877.000	1.579.000	5.454.000	8.441.000

* 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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