

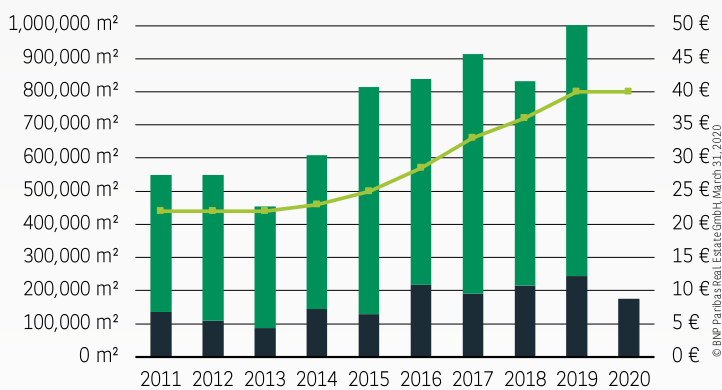


At a Glance **Q1 2020**

OFFICE MARKET BERLIN

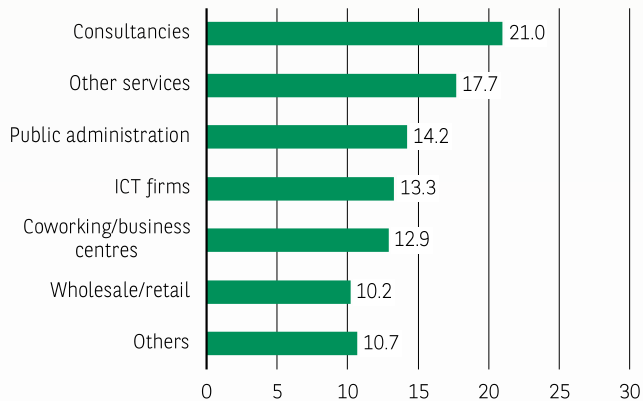
Development of take-up and top rents

■ Q1 in m² ■ Q2-Q4 in m² — Top rent in €/m²



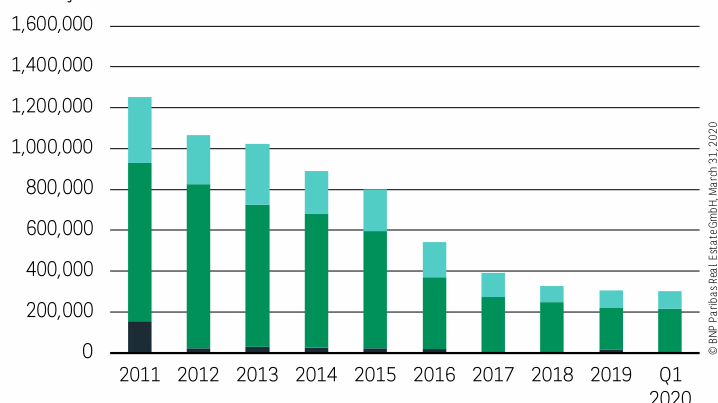
Take-up by sector Q1 2020

■ in %



Development of vacant space

■ unrefurbished in m² ■ normal in m² ■ modern in m²



TAKE-UP ONLY SLIGHTLY ABOVE 10-YEAR AVERAGE

With a take-up of 176,000 m², the Berlin office market started with a slightly above-average result to the year (+7%). However, overall the lowest result since 2015 (130,000 m²) was recorded. Whether the first effects of the corona crisis are already being reflected in this result cannot yet be conclusively assessed. Especially in view of the fact that in all size categories up to 5,000 m² even more space was leased than in the previous year, in which a record quarter was reported. Only in the two largest categories, the segment between 5,000 and 10,000 m² and the segment over 10,000 m², the take-up fell sharply by 64% and 39% respectively. Nevertheless, the take-up in both sub-categories is above the long-term average. This raises the question of how much of the decline in the large contract segment can be attributed to the continuing scarcity of supply in the German capital and to what extent the first uncertainties due to the corona crisis, which gained considerably momentum in March, were decisive.

DEMAND DISTRIBUTION VERY BALANCED

Due to the comparatively low participation of large contracts, the take-up is distributed even more equally among the large sectors of demand. With consultancies (21%), other services (18%) and public administration (14%), Berlin's traditional strong industries occupy the top three positions. However, with 13% each, ICT companies and coworking providers were also strongly represented in the first quarter. In addition, trading companies make a double-digit contribution with a good 10%. All other groups together account for a share of just under 11%.

VACANCY STILL UNDER FLUCTUATION RESERVE

The vacant space is still at an extremely low level. Overall, the vacancy rate is around 1.5% and has thus been well below the fluctuation reserve for several quarters now. It is therefore not surprising that the pace of vacancy reduction is increasingly slowing down: compared to the previous quarter, a decline of just over 1% to 300,000 m² was recorded. Around 85,000 m² or 28% have a modern quality standard that are primarily in demand. Of this, only around 5,000 m² is first-time occupancy. This shows that the majority of the completed office properties are already fully let.

Major contracts

Sub-market	Company	m²
2.1	KPMG	22,500
3.1	Zalando	12,900
3.2	Bundesdruckerei	9,600
2.7	WeWork	7,600
2.7	Design Offices	6,800
3.1	Mc Makler	4,700

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Trends in important market indicators

	Q1 2019	Q1 2020	Trend remaining year
Take-up	244,000 m²	176,000 m²	➔
Vacant space	314,000 m²	300,000 m²	➔
Space under construction (total)	1,011,000 m²	1,377,000 m²	➔
Space under construction (available)	487,000 m²	764,000 m²	➔
Top rent	36.00 €/m²	40.00 €/m²	➔

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➔ SPACE UNDER CONSTRUCTION INCREASED BY A GOOD THIRD

At around 1.38 million m², the amount of space under construction has risen significantly year-on-year (+36%). Slightly more than half of this (764,000 m²) is still available for tenants. Only a good 90,000 m² of space is scheduled for completion this year, and the majority will not be put on the market until 2021. The available supply of space (vacant space + available space under construction) has risen to 1.06 million m² (+33%) year-on-year, primarily due to the increase in available space under construction.

➔ RENT DEVELOPMENT IN THE FIRST QUARTER

Rents in the first quarter were not yet greatly affected by the Corona crisis. Not least because many contracts, especially larger ones, had been negotiated for some time and were about to be concluded. As a result, the top rent is at 40 €/m² and the average rent at 27.50 €/m².

➔ OUTLOOK

Since large parts of the economy are suffering at least temporarily from the effects of the Corona crisis, letting requests and investments are likely to be postponed in some cases. Against this backdrop, take-up is expected to be significantly lower than in 2019, but it is not possible at present to reliably predict how strong the change will be. The same applies to the development of rents, even if significant declines are rather unlikely due to the relatively low supply situation in a long-term comparison.

Key indicators Q1 2020

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2020	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		38.50	7,000	6,500	1,500	0	75,800	43,900	50,400	15,000
1.2 Topcity East		38.00	4,500	7,500	5,000	0	5,700	0	7,500	13,000
1.3 Potsdamer/Leipziger Platz		40.00	3,500	7,500	5,500	0	6,800	6,800	14,300	0
2 City Centre	28.50 - 35.00		84,500	45,000	14,000	3,500	554,600	334,100	379,100	777,000
3 Centre Fringe	26.00 - 36.00		53,000	71,500	27,000	500	585,100	264,000	335,500	1,158,900
4 Subcentres	16.00 - 19.00		23,500	162,000	32,000	1,000	149,000	115,200	277,200	1,418,100
Total			176,000	300,000	85,000	5,000	1,377,000	764,000	1,064,000	3,382,000

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

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