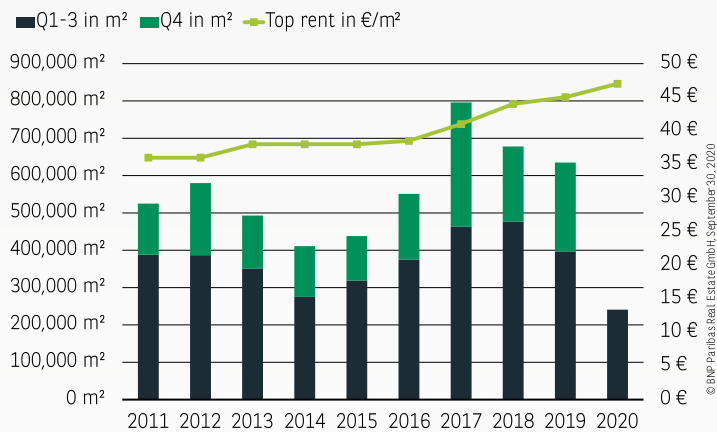




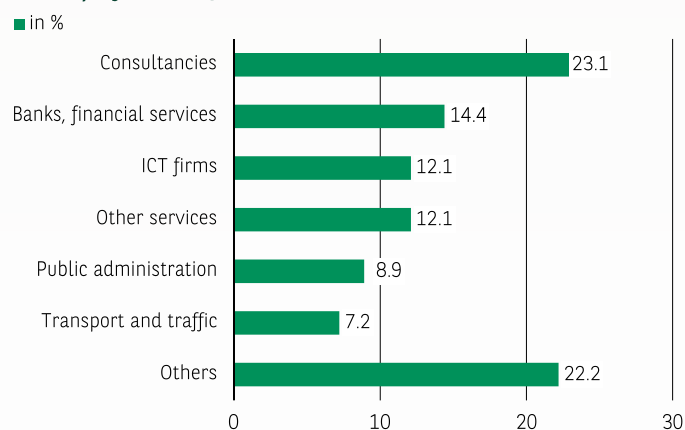
At a Glance **Q3 2020**

# OFFICE MARKET FRANKFURT

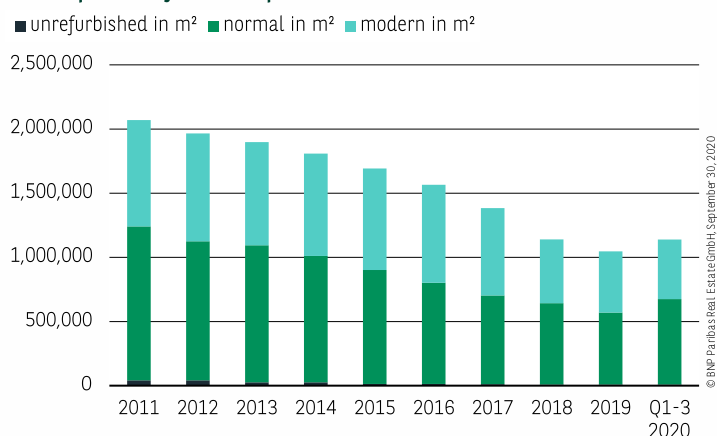
## Development of take-up and top rents



## Take-up by sector Q1-3 2020



## Development of vacant space



## UPWARD TREND IN Q3

In the first three quarters, take-up in the entire Frankfurt market area amounted to 241,000 m². The more narrowly defined gif area accounted for 214,000 m² of the total. This represents a year-on-year decline of a good 39%, which is slightly higher than the national average. Only Hamburg and Düsseldorf recorded stronger declines. The effects of the Corona crisis and the lockdown are thus clearly apparent in the banking metropolis, as a number of major lettings have been postponed or put on hold for an uncertain period. Despite this, however, a slight market upswing was noticeable in the third quarter: with a take-up of 108,000 m² from July to September a much better result was achieved compared to the first two quarters. When analysing this result, it should also be taken into account that the share of large deals involving more than 10,000 m², which are generally of major significance for Frankfurt, has remained disproportionately low at just under 17%. The most important deals include a lease of 16,000 m² from Dek-aBank Deutsche Girozentrale and a contract for 14,500 m² from Freshfields Bruckhaus Deringer, both in the banking district.

## FOUR SECTOR GROUPS WITH DOUBLE-DIGIT SHARES

At the end of the third quarter, the sector distribution of take-up shows a familiar situation. Consultancies have taken the lead with 23% and put the banking and financial services sector in second place with a good 14% share. The third place on the podium, which is occupied by companies of the ICT sector with a good 12%, also goes to an old acquaintance. Thus, the sector groups that also made the most important contributions to take-up in the past are now at the top as well. The category of other services (12%) also accounted for a larger share.

## MODERATE INCREASE OF VANCANCIES

The low level of demand to date has led to a moderate increase in vacancies. At around 1.14 million m², it is a good 7% higher compared to mid-year 2020, partly as a result of several office building completions that have not yet been fully let. However, the share of vacant office space with modern quality, which are particularly preferred, is only 41% (464,000 m²). The vacancy rate in the market as a whole is currently 7.4%, which is still a very low figure for Frankfurt in a long-term comparison. In the CBD, the vacancy rate of 4.5% remains below the usual fluctuation reserve.

## Major contracts

Sub-market	Company	m²
1.1	DekaBank Deutsche Girozentrale	16,000
1.1	Freshfields Bruckhaus Deringer	14,500
2.1	Frankfurt University of Applied Sciences	10,300
4.6	Mobis Parts Europe	9,500
4.4	Eintracht Frankfurt Fußball	6,200
4.5	Condor	5,500

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## Trends in important market indicators

	Q1-3 2019	Q1-3 2020	Trend remaining year
Take-up	397,000 m²	241,000 m²	➔
Vacant space	1,109,000 m²	1,139,000 m²	➔
Space under construction (total)	575,000 m²	676,000 m²	➔
Space under construction (available)	314,000 m²	263,000 m²	➔
Top rent	45.00 €/m²	47.00 €/m²	➔

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## Key indicators Q1-3 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1-3 2020	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 Banking District	47.00		49,600	49,000	48,700	18,500	148,300	72,500	121,500	9,000
1.2 Westend	42.00		14,700	49,800	28,000	8,400	1,800	0	49,800	3,400
1.3 Inner City	37.00		33,600	97,900	68,900	11,000	219,700	77,500	175,400	176,400
1.4 Central Station	24.50		5,500	20,300	5,800	0	50,000	0	20,300	39,000
2 Centre Fringe	20.00 - 23.00		37,800	109,300	52,900	12,000	8,100	8,100	117,400	82,400
3 City Fringe	13.00 - 19.00		16,700	85,900	11,300	1,500	0	0	85,900	35,500
4 Subcentres	15.00 - 24.00		66,100	491,800	190,400	44,600	199,100	82,900	574,700	478,300
<b>Total Frankfurt</b>			<b>224,000</b>	<b>904,000</b>	<b>406,000</b>	<b>96,000</b>	<b>627,000</b>	<b>241,000</b>	<b>1,145,000</b>	<b>824,000</b>
5 Periphery	12.50 - 17.00		17,000	235,000	58,000	1,000	49,000	22,000	257,000	556,000
<b>Total</b>			<b>241,000</b>	<b>1,139,000</b>	<b>464,000</b>	<b>97,000</b>	<b>676,000</b>	<b>263,000</b>	<b>1,402,000</b>	<b>1,380,000</b>
N. B. gif market area			214,000	827,000	377,000	94,000	627,000	241,000	1,068,000	784,000

\* 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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## ➤ DECLINE IN SPACE UNDER CONSTRUCTION

Construction activity has declined due to a number of completions, which have contributed to the slight increase in vacancies. At 676,000 m², the volume of office space under construction is currently almost 6% lower than at the end of Q2. The figure of available space under construction (263,000 m²) even declined by a good 9%. As a result, at the end of the third quarter only 39% of the newly build office space is available for the leasing market. Just one year ago, this figure was still around 55%.

## ➤ RENT LEVELS STABLE

As expected, rental price levels are stable despite the current impact of the pandemic, which is underlined by the fact that the supply situation remains moderate by historical standards. The top rent is still at 47 €/m², just like the average rent, which is unchanged at 20.70 €/m².

## ➤ OUTLOOK

Although a somewhat more lively demand is also expected for the fourth quarter, the predominant uncertainty of many companies regarding the further economic development will still impact the rest of the year. Therefore, total take-up in 2020 will be significantly lower than in previous years. As a consequence, a slight increase in vacancies can be assumed without having a significant effect on the overall relatively balanced supply and demand ratio.