

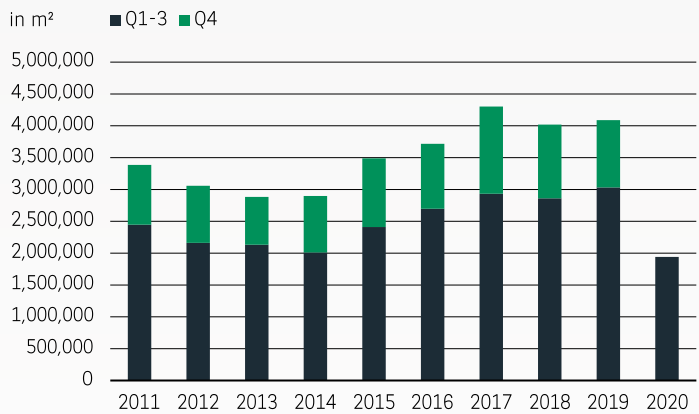


RESEARCH

At a Glance **Q3 2020**

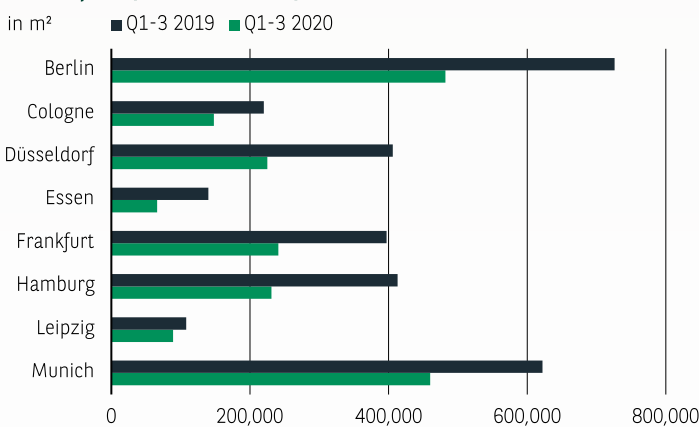
OFFICE MARKET GERMANY

Total take-up of selected office centres*

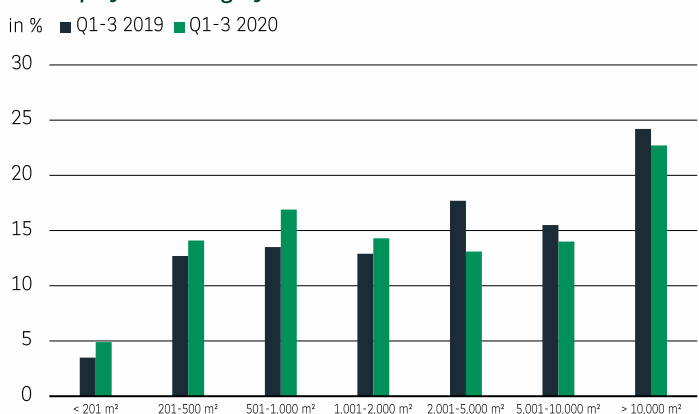


* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in Q1-3 2019 and Q1-3 2020



Take-up by size category



TAKE-UP A GOOD THIRD BELOW PREVIOUS YEAR'S FIGURE

As expected, the Corona situation and the lockdown continue to have an impact on the office markets in the third quarter. Although an increase of 16% was recorded from July to September to 644,000 m² compared to Q2, in which the lockdown took place, the total take-up of almost 2 million m² in the first three quarters was almost 36% lower than in 2019. However, against the background of the almost double-digit GDP decline in Q2 and the difficult economic situation of many companies, demand was expected to remain very restrained. If the ten-year average is taken into account, the result is "only" 21% lower. It should also be mentioned that during the financial crisis in 2009, a decline of almost 30% in take-up was recorded, too.

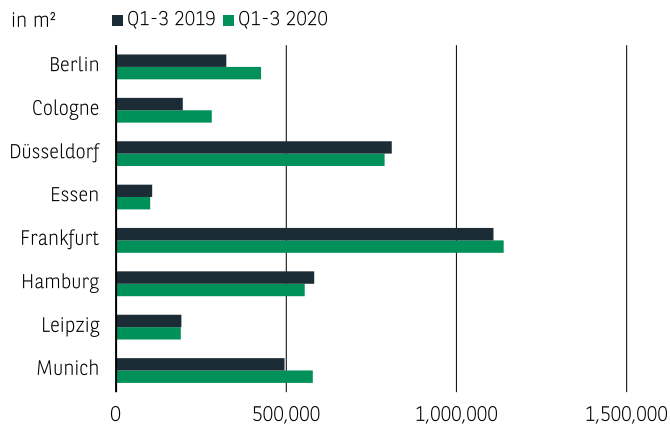
ALL CITIES WITH NOTICEABLE DECLINES IN TAKE-UP

No city was able to escape the negative consequences of the weak economy and the lockdown, with the result that all markets reported significantly lower take-up. Berlin and Munich competed for the first place in an exciting race. The capital city just barely won with a take-up of 482,000 m² (-34%). The Bavarian state capital followed with 460,000 m² and recorded the smallest loss of the major cities with -26%. Ranks three and four are occupied by Frankfurt with 241,000 m² (-39%) and Hamburg with 231,000 m² (-44%). One reason for the sharp decline in the Hanseatic city is the fact that not a single lease for more than 10,000 m² has been recorded to date. Similar decreases were seen in Düsseldorf, where a result of 225,000 m² (-45%) was reported. The development was somewhat more moderate in Cologne, where 148,000 m² represents a drop in take-up of one third. The most significant decline was evident in Essen with only 66,000 m² (-53%). Top performer was Leipzig with 89,000 m², where take-up was only just under 18% below the previous year's figure.

SMALLER DEALS ARE BECOMING SLIGHTLY MORE IMPORTANT

The impact of Covid-19 has spread to almost all sectors of the economy as shown by the fact that there has been little change in the size category distribution of take-up. However, smaller leasing contracts showed a tendency to be postponed slightly less compared to larger deals. Major leases of 10,000 m² or more make the largest contribution to the result, at just under 23%. The share of smaller contracts up to 2,000 m² is somewhat disproportionately high. They account for a good half of the total and record a rise of almost 8 percentage points compared to last year.

Vacant space in Q1-3 2019 and Q1-3 2020



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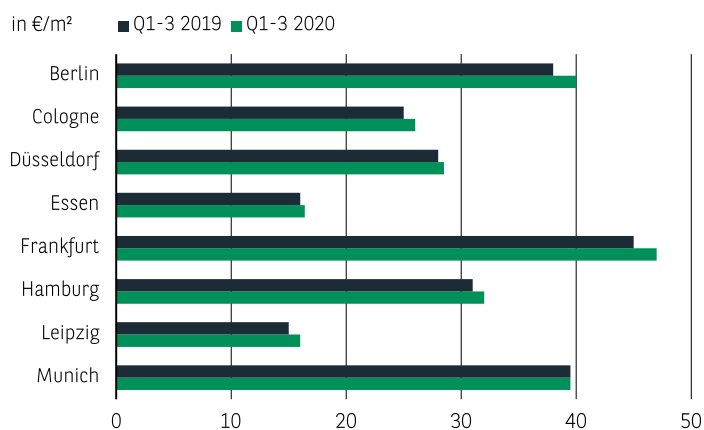
➤ VACANCY RATE INCREASED ONLY SLIGHTLY TO 4.2%

The supply and demand ratio is currently much more balanced than in previous crises, as shown by the fact that the average vacancy rate across all locations is still only 4.2% at the end of Q3. Even after the very weak take-up in Q2 and Q3, it is only 30 basis points higher than at the end of last year. In absolute terms, vacancies have increased by only a good 6% in the last 12 months and are thus at a comparable level to 2018.

➤ RENTS STILL UNCHANGED

As expected, rents remain stable, as the supply situation has not changed significantly. Although top rents continued to increase in some cities in the first quarter (i.e. before the pandemic started) they have been stable in all locations since. This is also due to the fact that modern space in central locations is still scarce in several cities.

Top rents in Q1-3 2019 and Q1-3 2020



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➤ OUTLOOK

The further performance of the German office markets will be determined to a large extent by the development of the Corona pandemic. As it is not yet foreseeable how the Covid-19 infection trend will develop in the fall and winter months and to what extent temporary or local measures will have on emerging economic recovery, the demand side will continue to be faced with major uncertainties. Against this background, that indicates weak and below average take-up in the fourth quarter.

Office market indicators Q1-3 2020

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
			Q1-3 2020	total	modern	of this, since completion	Vacancy rate	total	available	available
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	40.00	482,000	426,000	140,000	9,000	2.1%	1,365,000	765,000	1,191,000	3,457,000
Cologne	26.00	148,000	281,000	43,000	1,000	3.5%	195,000	87,000	368,000	427,000
Düsseldorf	28.50	225,000	789,000	193,000	34,000	8.2%	244,000	67,000	856,000	618,000
Essen	16.40	66,000	100,000	25,000	4,000	3.2%	53,000	8,000	108,000	246,000
Frankfurt	47.00	241,000	1,139,000	464,000	97,000	7.4%	676,000	263,000	1,402,000	1,380,000
Hamburg	32.00	231,000	554,000	102,000	31,000	3.9%	463,000	196,000	750,000	1,434,000
Leipzig	16.00	89,000	190,000	35,000	5,000	5.0%	66,000	28,000	218,000	202,000
Munich	39.50	460,000	578,000	140,000	58,000	2.7%	929,000	490,000	1,068,000	2,512,000
Total		1,942,000	4,057,000	1,142,000	239,000	4.2%	3,991,000	1,904,000	5,961,000	10,276,000

* 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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