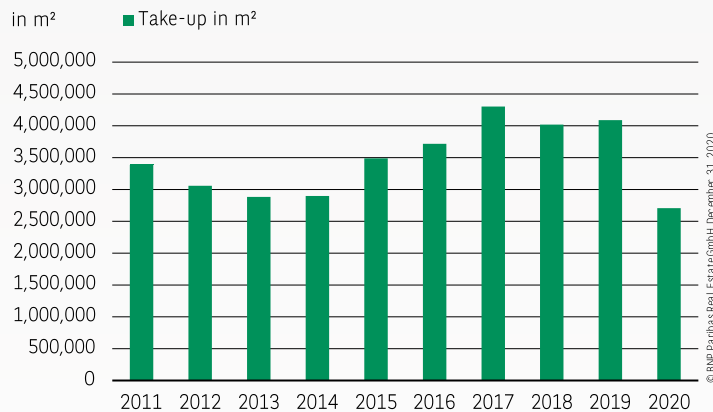




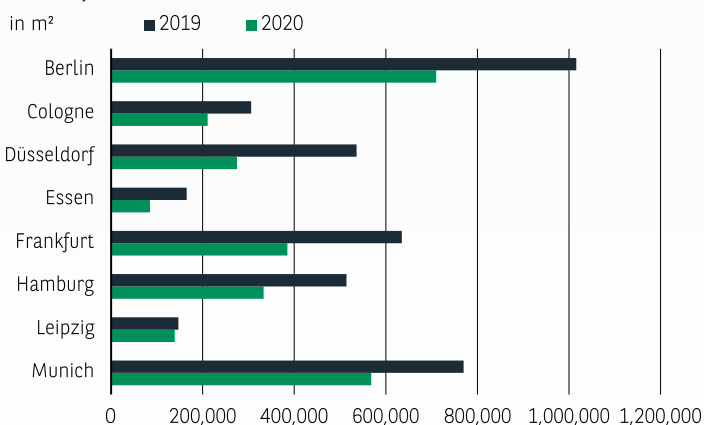
## At a Glance Q4 2020

# OFFICE MARKET GERMANY

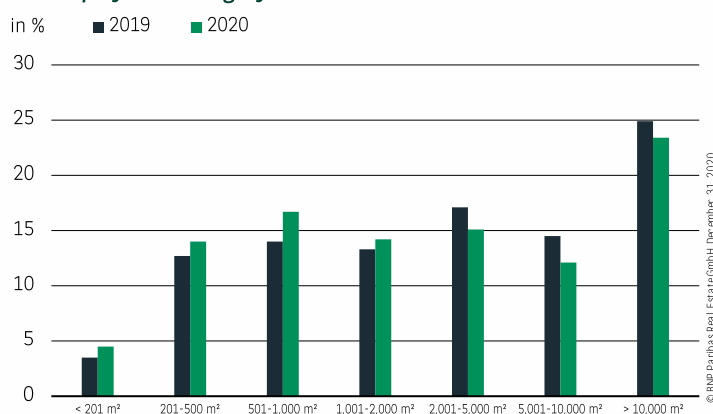
### Total take-up of selected office centres\*



### Take-up in 2019 and 2020



### Take-up by size category



### TAKE-UP ONE-THIRD BELOW PREVIOUS YEAR'S LEVEL

The effects of the Corona pandemic and the ongoing uncertainty about the timing and dynamic of the economic recovery have left their mark on the office markets. With take-up of around 2.7 million m², the previous year's figure was missed by 34%. However, it should be noted that in 2019 an extraordinarily good result was reported. Next to the decline over the year as a whole, the development over the course of the year is also important. A comparison of the separate quarters with the same period last year shows that from the middle of the year the decrease in take-up noticeably lost momentum. In Q2, the volume in 2020 were still 48% lower than in the same period a year earlier. In Q3, it was 39% and in the final quarter "only" 28%.

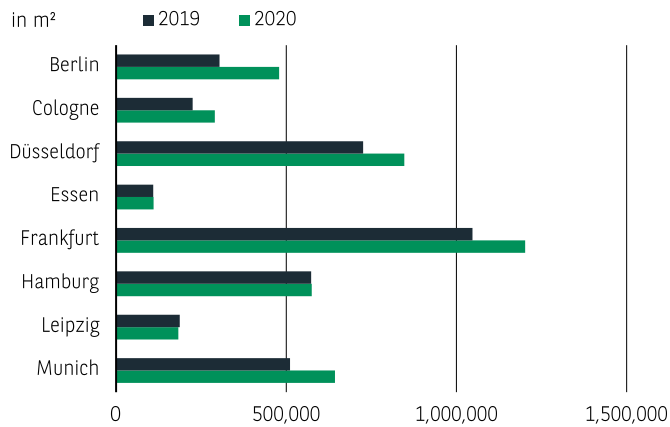
### DECLINE OF TAKE-UP IN ALL CITIES

Given the pandemic's widespread impact, it is not surprising that all cities have suffered declines in take-up. Berlin ranks first in terms of take-up with a volume of 710,000 m². Year-on-year, this represents a decline of 30%. Nevertheless, the result is almost exactly on a level with the ten-year average. Munich follows in second place with 568,000 m². However, with a drop of only 26%, Munich performs well nationwide. The leading trio is completed by Frankfurt, where take-up was down by around 39% year-on-year at 385,000 m². In fourth place is Hamburg with 333,000 m², which represents a decline of 35% for the Hanseatic city. The losses in Cologne are somewhat lower: At 211,000 m², the result is 31% down on the previous year. Due to the extraordinary take-up record in 2019, Düsseldorf suffered disproportionately high declines at 275,000 m² (-49%). The decrease is similar in Essen, where take-up of 85,000 m² was recorded. By contrast, Leipzig performed much better, with 139,000 m² of take-up, just 5% down on the previous year.

### SIMILAR DEVELOPMENT IN ALL MARKET SEGMENTS

The pandemic has left its mark on all market segments, which becomes apparent when looking at the size class distribution of take-up. With a share of a good 23%, large contracts over 10,000 m² have taken the lead. All other categories, with the exception of small contracts up to 200 m², which contribute around 5%, have a share between 12% and 17%. This represents a similarly uniform distribution to the long-term average. Accordingly, it cannot be stated that single submarkets are suffering particularly from the effects of the pandemic.

## Vacant space in 2019 and 2020



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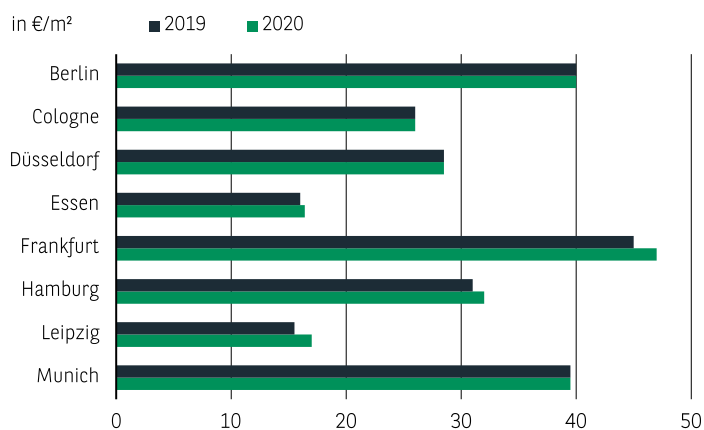
## ➤ VACANCY RATE ON AVERAGE ONLY 4.5%.

As expected, the lower take-up led to an increase of vacancies. However, due to the very moderate starting level at the beginning of the pandemic, the supply of space at the end of 2020 is still at a low level in a long-term comparison. Across all markets, the vacancy rate at the end of the year was 4.5%. This represents an increase of only 60 basis points within a year compared with the historic low at the end of 2019. In absolute terms, the volume of vacant space is only slightly above the level at the end of 2018.

## ➤ RENTS REMAIN STABLE

Despite the weaker take-up, rents have remained stable to date. Responsible for this development is the supply situation, which is still relatively low by long-term standards, especially in the segment of modern office space. In a year-on-year comparison, the top rent across all locations has therefore once again picked up slightly by 2%. In the final quarter of 2020, however, top rents remained stable, with the exception of Leipzig, where a further increase was observed.

## Top rents in 2019 and 2020



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## ➤ OUTLOOK

The further development of the office markets will continue to be driven by the effects of the Corona pandemic. Against the background of unchanged high infection figures and the extension of the second lockdown, the markets are likely to face a difficult first half of the year 2021. However, rising vaccination rates in the coming months should be followed by a noticeable improvement in overall economic sentiment. From today's perspective, an increase of around 20-25% in take-up can be expected in the next year. Although a return to pre-crisis level is unlikely in 2021, the year should mark the start of a sustainable recovery.

## Office market indicators 2020

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
			total	modern	of this, since completion	Vacancy rate	total	available	available	projected
1	2	2020	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	40.00	710,000	479,000	161,000	14,000	2.4%	1,341,000	759,000	1,238,000	3,496,000
Cologne	26.00	211,000	290,000	44,000	1,000	3.6%	201,000	83,000	373,000	480,000
Düsseldorf	28.50	275,000	847,000	197,000	32,000	8.8%	249,000	70,000	917,000	572,000
Essen	16.40	85,000	110,000	25,000	4,000	3.6%	70,000	9,000	119,000	256,000
Frankfurt	47.00	385,000	1,202,000	507,000	79,000	7.8%	616,000	285,000	1,487,000	1,432,000
Hamburg	32.00	333,000	575,000	116,000	26,000	4.1%	407,000	193,000	768,000	1,186,000
Leipzig	17.00	139,000	183,000	54,000	3,000	4.8%	67,000	32,000	215,000	211,000
Munich	39.50	568,000	643,000	177,000	54,000	3.0%	1,013,000	552,000	1,195,000	2,609,000
<b>Total</b>		<b>2,706,000</b>	<b>4,329,000</b>	<b>1,281,000</b>	<b>213,000</b>	<b>4.5%</b>	<b>3,964,000</b>	<b>1,983,000</b>	<b>6,312,000</b>	<b>10,242,000</b>

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

\*\* The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2020](#)

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**Further Information** BNP Paribas Real Estate Germany | Marcus Zorn, CEO | Telephone +49 (0)69-298 99-0 | [marcus.zorn@bnpparibas.com](mailto:marcus.zorn@bnpparibas.com) | [www.real-estate.bnpparibas.de](http://www.real-estate.bnpparibas.de)