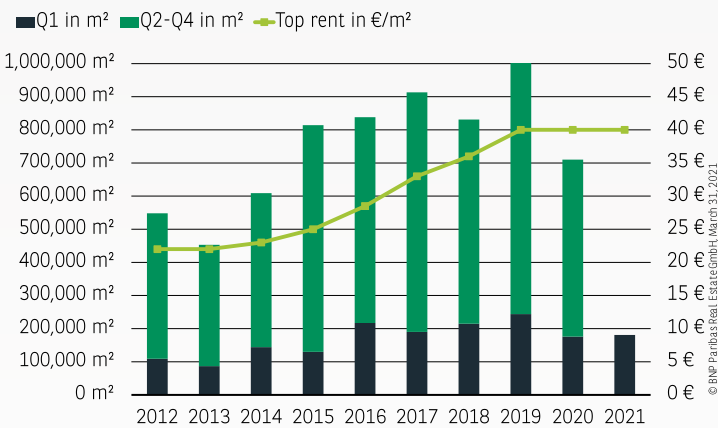




At a Glance **Q1 2021**

OFFICE MARKET BERLIN

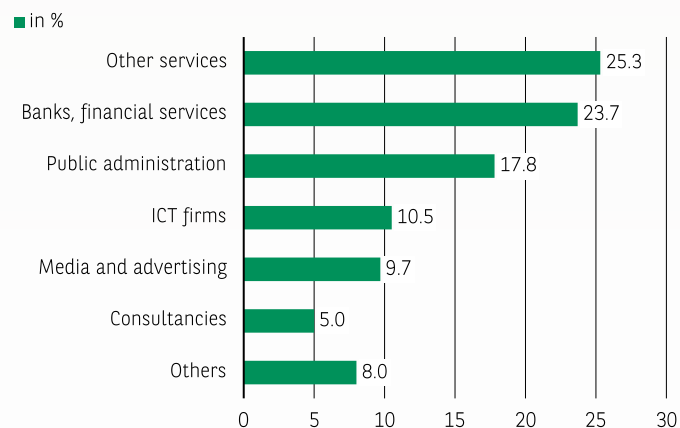
Development of take-up and top rents



IMPRESSIVE START INTO THE YEAR - BERLIN REMAINS TOP

The Berlin office market stays on track. Despite all the uncertainties caused by the ongoing Corona pandemic, Berlin's market participants remain very active. With a take-up of 181,000 m², the capital reported a quite impressive start to the year. The result from the first quarter of 2020 (176,000 m²) was surpassed and the ten-year average was exceeded by almost 7%. Given that the first quarter of 2020 had been almost "normal" until March, this is even more noteworthy. The fact that the latest volume does not match the very strong first quarters of 2016-2019 is hardly surprising in such times of crisis. Actually, current market events underline that Berlin has most likely left the lower letting level that prevailed until 2014 for good. At the end of the first quarter, the German capital is far ahead of the markets in Hamburg, Munich and Frankfurt in a nationwide comparison.

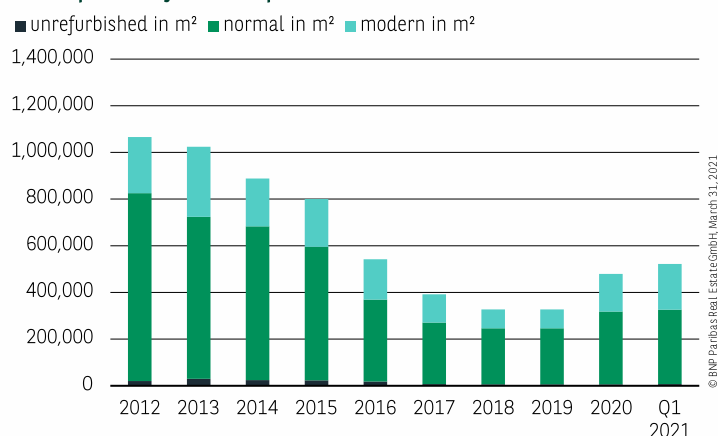
Take-up by sector Q1 2021



SEVERAL SECTORS WITH LARGE DEALS

Already in the first three months, numerous large deals were concluded in Berlin. So far, eight deals beyond 5,000 m² have been registered, including five in the five digits space segment ($\geq 10,000$ m²). This puts Berlin in the lead nationwide. The sectors other services, public administration, banking/financial services, ICT as well as media and advertising have contributed from the increased leasing activity in the large-volume segment. These sectors were also able to record a significant increase in take-up compared to the same quarter of the previous year. Noteworthy is the development in the financial sector which was able to record the largest contract to date: DKB Service has leased around 33,000 m² in the Central Station submarket.

Development of vacant space



MODERATE INCREASE OF VACANCY

The pace at which vacancies rose has continued to lose momentum to a noticeable extent in the first quarter. There is currently around 522,000 m² available for short-term letting, of which only 38% has a modern fit-out standard. In the Berlin office market, a large part of the space under construction is still absorbed well before completion. The vacancy rate has risen slightly to 2.6% and thus remains considerably below the fluctuation reserve. Vacancies continue to be scarce in Berlin, especially in the prime locations (vacancy rate Topcity East: 1.0 %).

Major contracts

Sub-market	Company	m²
2.2	DKB Service	33,500
3.4	SRH Berlin University of Applied Sciences	13,000
3.2	Universal Music	12,400
4.1	Gegenbauer Holding/RGM Facility Management	10,600
4.5	Deutsche Rentenversicherung Bund	10,000
4.3	BIMA - Bundesarchiv	7,000

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Trends in important market indicators

	Q1 2019	Q1 2020	Trend remaining year
Take-up	176,000 m²	181,000 m²	➔
Vacant space	300,000 m²	522,000 m²	↗
Space under construction (total)	1,377,000 m²	1,261,000 m²	➔
Space under construction (available)	764,000 m²	755,000 m²	↗
Top rent	40.00 €/m²	40.00 €/m²	➔

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➤ SPACE UNDER CONSTRUCTION DECLINES SLIGHTLY

For the third quarter in a row, a modest reduction in the volume of space under construction can be reported. Currently, there is around 1.26 million m² of space under construction, which represents a decline of a good 8% compared to the same quarter of the previous year. The pre-letting rate is still at a relatively high level of just over 40%. Demand for new space remains strong, as evidenced by the large contracts recently signed: the four largest contracts were all for projects, irrespective of location.

➤ RENT LEVEL WITH GREAT STABILITY

Berlin's rent level is currently characterised by a very high degree of stability. The prime rent stands at 40.00 €/m² since Q4 2019. The average rent, which had previously risen sharply, has also entered calmer waters in 2020, after temporarily fluctuating slightly depending on the available supply. It is still by far the top level nationwide and currently stands at 27.20 €/m².

➤ OUTLOOK

Companies' confidence in Berlin as a business location is demonstrated by the successful start into the year. Many decision-makers have apparently already emerged from the pandemic and are now setting the course for their future in the capital. In the wake of an accelerated vaccination campaign and the ending of broad contact restrictions, increased leasing activity is expected in the coming quarters. An annual result above the previous year's level and thus above the long-term average (728,000 m²) is quite realistic. Rents are likely to move only moderately.

Key indicators Q1 2021

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2021	total	modern	of this, since completion	total	available	available	projected
	1	2	2	3	4	5	6	7	8 = (3 + 7)	9
Submarkets**										
1 Topcity										
1.1 Topcity West		38.50	2,500	14,000	6,000	0	73,700	46,600	60,600	15,800
1.2 Topcity East		39.50	2,500	14,500	12,000	0	0	0	14,500	13,000
1.3 Potsdamer/ Leipziger Platz		40.00	500	13,000	11,500	0	8,000	8,000	21,000	0
2 City Centre	30.00 - 36.00		61,000	124,000	49,000	1,000	494,400	341,500	465,500	808,700
3 Centre Fringe	26.00 - 36.00		69,500	180,500	74,500	14,000	508,400	211,400	391,900	1,386,500
4 Subcentres	16.00 - 20.00		45,000	176,000	43,000	12,000	176,500	147,500	323,500	1,442,000
Total			181,000	522,000	196,000	27,000	1,261,000	755,000	1,277,000	3,666,000

* The top rent given applies to a market segment of 3-5 % in each case.

** The relevant office market zone can be found on our website under "Research".

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Further Information BNP Paribas Real Estate GmbH | Branch office Berlin | Phone +49 (0)30-884 65-0 | www.realestate.bnpparibas.de