

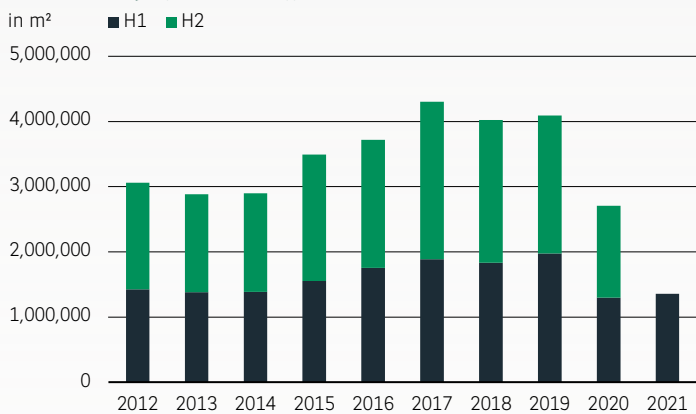


RESEARCH

At a Glance **Q2 2021**

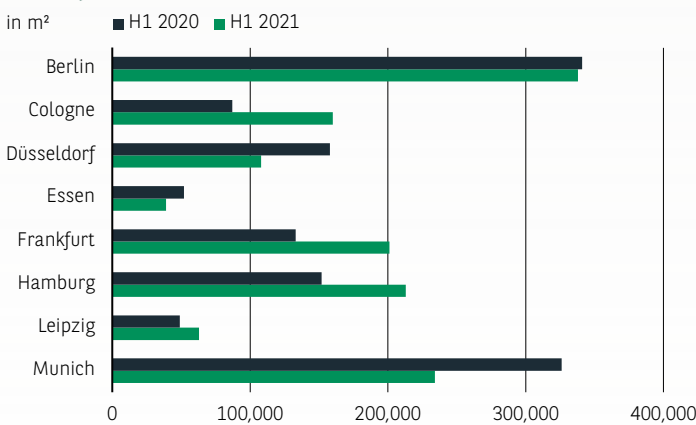
OFFICE MARKET GERMANY

Total take-up of selected office centres*

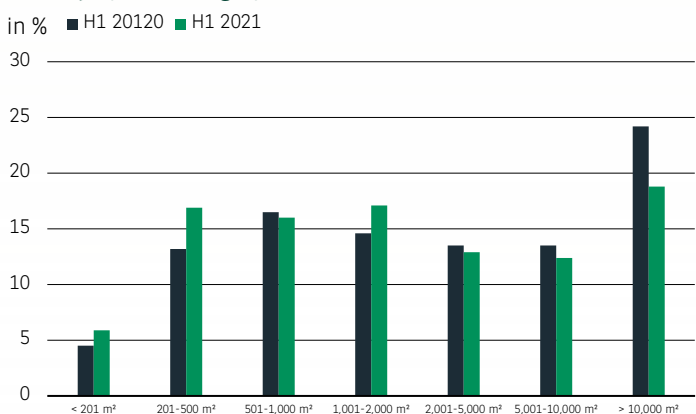


* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in H1 2020 and H1 2021



Take-up by size category



OFFICE MARKETS SLIGHTLY UP YEAR ON YEAR

The eight German office markets of Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich reported take-up of just under 1.4 million m² in the first half of 2021. Despite the large-scale lockdown restrictions, which lasted for many months, the previous year's result was thus exceeded by around 5%. While Berlin remains stable at a very high level, four other markets reported an increase of well over 25%, including Frankfurt and Hamburg. The majority of the locations achieved take-up in line with the long-term average and in some cases even significantly above it. This is particularly remarkable, because the first half of the year was still dominated by the third pandemic wave, which once again affected the country after Easter.

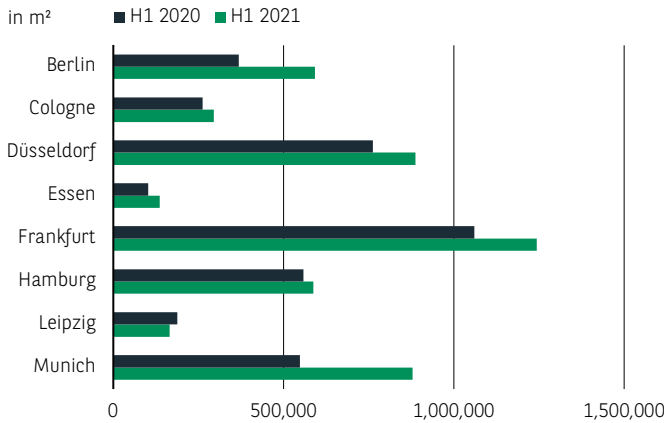
POSITIVE MARKET DEVELOPMENT CONTINUES

Similar to the beginning of 2021, take-up in the different markets varies widely in comparison to the previous year. Once again, Cologne with +84% and neighboring Düsseldorf with -32% set the benchmarks. It is noticeable that the overall positive market momentum of the past months in the second quarter has also reached the locations that started the year very weakly. Market activity is increasing across the board. Once more, the German capital Berlin is the leader in a comparison of take-up nationwide. With around 338,000 m², the latest result is only 1% below the previous year's level and on a par with the 10-year average. Munich follows in second place with 234,000 m². Hamburg manages to hold on to third place with 213,000 m² (+40 % year-on-year).

A LOT OF MOTION IN THE MID-SIZE SPACE SEGMENT

Particularly in the mid-size space segment, the market is very stable and in some size categories even with a significant increase. For example, the size class 2,001 to 5,000 m² recorded a growth of 10% in take-up and lettings between 1,001 and 2,000 m² grew by 26%. The plus of 23% for leases between 201 and 500 m² is similarly high. The size category between 5,001 and 10,000 m² remained almost at the previous year's level (-4%), sending a strong signal to the market. In the case of contracts over 10,000 m², the leasing activity has recently picked up noticeably. Although take-up is still 15% below the previous year's result, the first catch-up effects are becoming apparent. The market share of large transactions is likely to increase significantly in the further course of the year.

Vacant space in H1 2020 and H1 2021

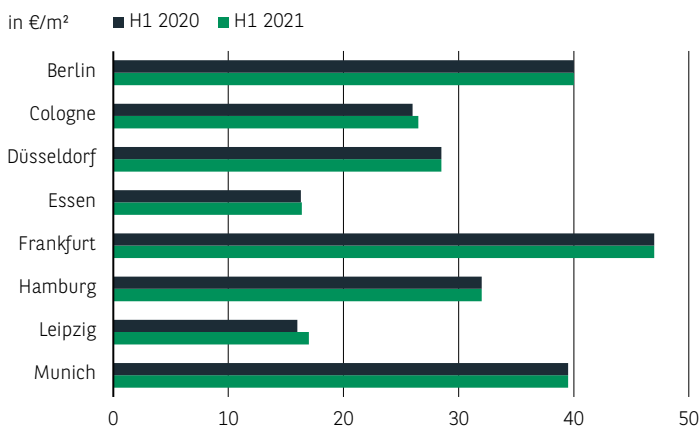


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➤ GROWTH OF VACANCIES AT A SLOWER PACE

The pace of the vacancy rise continued to slow in the second quarter. Currently, the vacancy volume in the analysed cities totals 4.8 million m². This corresponds to an increase of around 24% compared to the previous year's level, although the increase in the single markets is very different. Berlin and Munich both recorded an increase of 60%. Nevertheless, the vacancy rates here remain at a low level. In the German capital, it is 2.9%, and in Munich it reached the 4% mark again for the first time since 2017. Thus, it remains below the fluctuation reserve, which also applies to the markets in Cologne (3.6%), Hamburg (4.1%), Leipzig (4.3%) and Essen (4.4%). Only in Frankfurt (8.0%) and Düsseldorf (9.2%) the vacancy rate is significantly higher.

Top rents in H1 2020 and H1 2021



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➤ PRIME RENTS REMAIN STABLE OR RISE

At mid-year, prime rents in all major office markets continue to be very stable, with the positive exception of Cologne, where an increase to 26.50 €/m² can be reported (plus almost 2%). Compared to the previous year, prime rents nationwide rose by an average of 0.7%, especially in Leipzig (a good 6%) and Cologne (almost 2%).

➤ OUTLOOK

At mid-year, the German office markets are on a very good course towards the 3 million m² mark. Especially the number of large transactions should increase in the coming months and thus lead to a significant increase in take-up. For prime rents, a sideways movement or even a further upturn is the most likely scenario due to the still very limited level of vacancies in prime locations.

Office market indicators H1 2021

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
			H1 2021	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	338,000	592,000	223,000	38,500	2.9%	1,397,000	835,000	1,427,000	3,703,000
Cologne	26.50	160,000	296,000	104,000	6,000	3.6%	179,000	74,000	370,000	484,000
Düsseldorf	28.50	108,000	887,000	196,000	32,000	9.2%	256,000	75,000	962,000	717,000
Essen	16.40	39,000	137,000	29,000	6,000	4.4%	70,000	0	137,000	238,000
Frankfurt	47.00	201,000	1,243,000	552,000	86,000	8.0%	629,000	370,000	1,613,000	1,114,000
Hamburg	32.00	213,000	588,000	122,000	14,000	4.1%	463,000	205,000	793,000	829,000
Leipzig	17.00	63,000	166,000	45,000	1,000	4.3%	73,000	38,000	204,000	346,000
Munich	39.50	234,000	879,000	305,000	87,500	4.0%	892,000	534,000	1,413,000	2,627,000
Total		1,356,000	4,788,000	1,576,000	271,000		3,959,000	2,131,000	6,919,000	10,058,000

* 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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