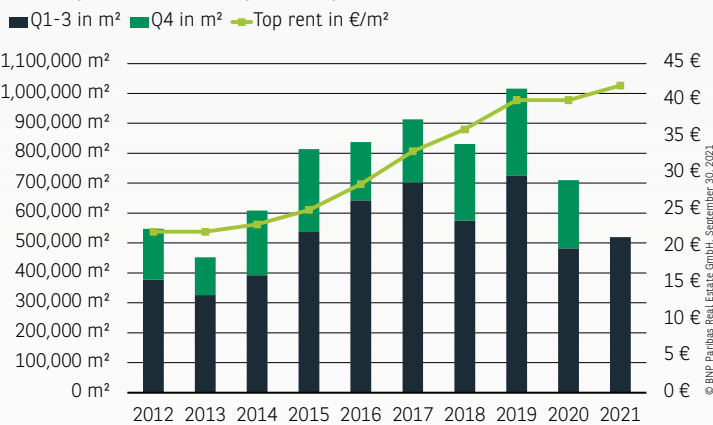




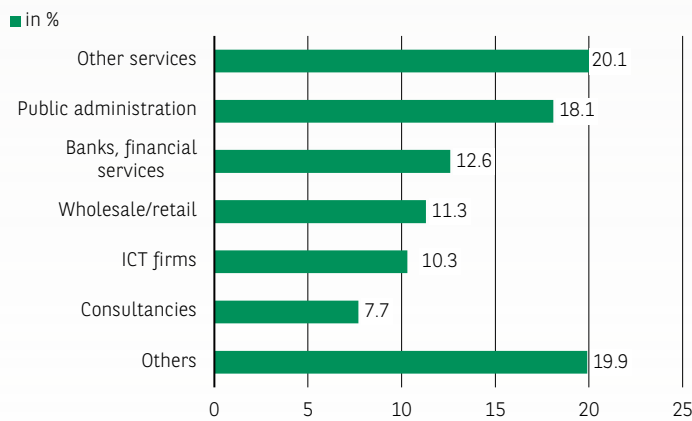
At a Glance Q3 2021

OFFICE MARKET BERLIN

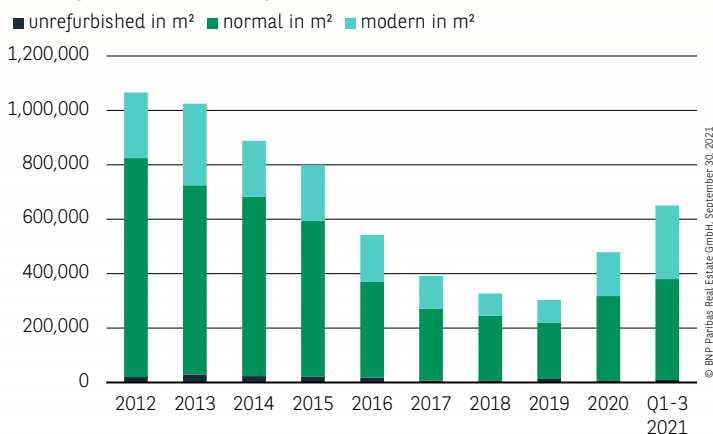
Development of take-up and top rents



Take-up by sector Q1-3 2021



Development of vacant space



➤ INTO THE FINAL QUARTER WITH MOMENTUM

The Berlin office market picked up speed once again during the summer months. Take-up in the third quarter (including owner-occupiers) totaled 182,000 m², bringing the total to 520,000 m² by the end of September. Berlin thus continues to lead the field of Germany's top locations by a wide margin, ahead of Munich (440,000 m²) and Hamburg (345,000 m²). Compared with the previous year's result, an increase of just under 8% can be reported for the capital. The more dynamic development was primarily driven by a significant revival in leasing activity in the mid-sized segment. One example is take-up in the category of 5,001 to 10,000 m², where the figure rose noticeably in the third quarter to 74,000 m², around 12% above the 10-year average. Letting activity in the 1,001 to 2,000 m² (a good 14% market share) and 2,001 to 5,000 m² (around 12% market share) size segments has also recently seen a sustained boost.

➤ LETTING ACTIVITY DRIVEN BY DIVERSE TENANT BASE

With a market share of around 20%, other services have moved to the top of the sector distribution. The dominance of public administration, which was still apparent last year, is increasingly fading, which is a good sign of a healthy market. Banks and financial service providers also showed strong leasing activity apart from the major deal by DKB Services (around 33,500 m²) and the owner-occupier deal by BerlinHyp (around 12,600 m²). With a take-up of around 66,000 m², they reported a result well above average (a good 21,000 m²). Wholesale/retail companies are also very dynamic, with an above-average result of 59,000 m² (+11.5%). Here, leasing activity is lively in all size categories, although the deals concluded by Home24 (approx. 13,000 m²) and Mister Spex SE (a good 9,800 m²) stand out positively.

➤ VACANCY VOLUME CONTINUES TO RISE AT A REDUCED PACE

Although the volume of vacant space has continued to rise, the pace has recently slowed. Currently, around 650,000 m² is available at short notice in the Berlin market area. This corresponds to a vacancy rate of a low 3.2%. Although the volume of modern vacancies has also risen further, high-quality space remains in short supply in Berlin's top locations. In the prime locations of Topcity West and Topcity East, a total of only around 25,000 m² is currently available in the short term in this quality segment (Q3 2020: 14,500 m²).

Major contracts

Sub-market	Company	m ²
2.1	DKB Service	33,500
3.3	BIMA	19,200
4.4	BIMA	14,800
3.2	Home24	13,000
3.4	SRH Berlin University of Applied Sciences	13,000
2.7	BerlinHyp	12,600

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➤ CONSTRUCTION ACTIVITY REMAINS AT A HIGH LEVEL

With a good 1.3 million m² of office space currently under development, construction activity is on a par with the previous year and continues to be well above average. Project developers' confidence in Berlin as a business location remains unbroken. The proportion of space not yet pre-let in the market area is currently 57%. Construction activity continues to focus on the City Centre with around 532,000 m² and the City Fringe with a good 502,000 m². The high pre-letting rate is characteristic of the Centre Fringe. Here, only 39% of the space under construction is still available. Only Topcity East has a lower rate, with only 20% of space still available for new tenants and 80% already absorbed by the market.

➤ PRIME RENT INCREASES TO 42.00 €/M²

The top rent rose in the third quarter from 40.00 €/m² to now 42.00 €/m². This is the first increase since Q4 2019 and underlines the continuing excess demand for prime space in Berlin's premium locations. The average rent is stable at a high level. It stands at 27.20 €/m² (Q2 2021: 27.30 €/m²) and thus remains the highest nationwide.

➤ OUTLOOK

The momentum of the past few months should even accelerate in the final quarter of the year. A result well above the 700,000 m² mark and thus above the previous year's level is realistic. Against the background of brisk demand, the vacancy volume is unlikely to expand, so that rental price levels in the market area should also remain stable or even rise slightly in the coming months.

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Trends in important market indicators

	Q1-3 2020	Q1-3 2021	Trend remaining year
Take-up	482,000 m ²	520,000 m ²	➔
Vacant space	426,000 m ²	650,000 m ²	➔
Space under construction (total)	1,365,000 m ²	1,311,000 m ²	➡
Space under construction (available)	765,000 m ²	743,000 m ²	➔
Top rent	40.00 €/m ²	42.00 €/m ²	➔

Key indicators Q1-3 2021

Submarkets**	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	Q1-3 2021	total	modern	of this, since completion	total	available	available	projected
	1	2	3	4	5	6	7	8 = (3 + 7)	9	
1 Topcity										
1.1 Topcity West	38.50		18,000	17,000	9,000	4,000	57,200	57,200	74,200	15,800
1.2 Topcity East	40.00		16,000	17,000	16,000	0	7,000	1,400	18,400	6,000
1.3 Potsdamer/Leipziger Platz	42.00		7,000	22,000	20,000	0	8,000	4,300	26,300	33,300
2 City Centre	32.00 - 36.00		161,500	170,000	65,000	1,000	532,400	325,900	495,900	752,400
3 Centre Fringe	28.00 - 36.00		217,500	213,000	97,000	30,000	502,100	197,600	410,600	1,328,900
4 Subcentres	16.00 - 20.00		100,000	211,000	63,000	37,000	204,300	156,600	367,600	1,614,600
Total			520,000	650,000	270,000	72,000	1,311,000	743,000	1,393,000	3,751,000

* 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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