

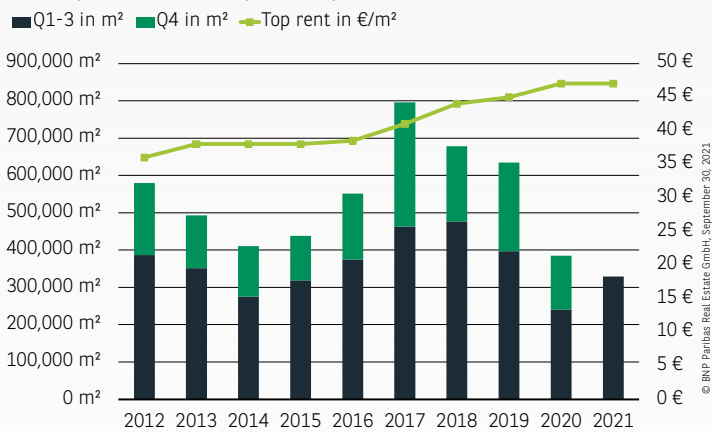


RESEARCH

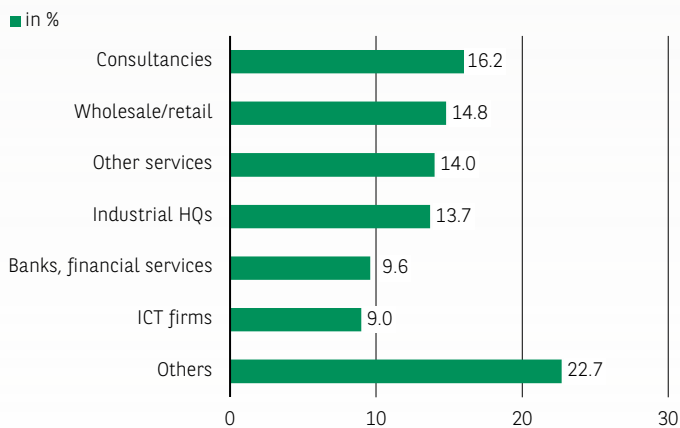
At a Glance **Q3 2021**

OFFICE MARKET FRANKFURT

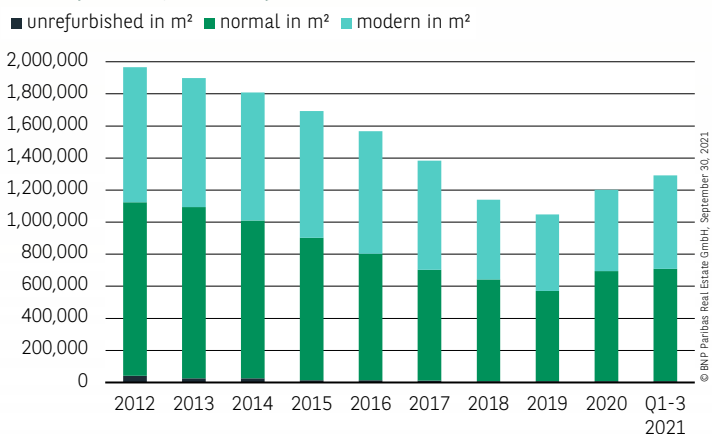
Development of take-up and top rents



Take-up by sector Q1-3 2021



Development of vacant space



UPWARD TREND CONTINUES

The upward trend already observed in the first half of the year continued in the third quarter. Take-up in the entire Frankfurt market area totaled 329,000 m² by the end of September, of which 263,000 m² was attributable to the more narrowly defined gif area. Year-on-year, this represents an increase in take-up of just under 37%, and the ten-year average was only missed by 9%. Taking into account that large parts of the first half of the year were still characterized by a lockdown, the constant recovery movement can be seen as an indication that market activity is increasingly normalizing. This is particularly true in view of the fact that the major deals over 10,000 m², which are important in Frankfurt, are still below average with a share of take-up of just under 11%. By contrast, demand in the smaller classes is now very brisk again. In a national comparison, the banking metropolis ranks fourth and, together with Hamburg and Cologne, is one of the locations that achieved the strongest year-on-year increase in take-up.

FOUR SECTORS WITH DOUBLE-DIGIT SHARES

As in the previous year, the share of take-up accounted by banks and financial service providers, which is often referred to as Frankfurt's leading sector, was once again below average and has so far only amounted to just under 10%. On the other hand, four sector groups were able to achieve double-digit contribution. The traditionally strong consultancies have taken the lead with a good 16%, followed by trading companies with just under 15% and other services with 14%. The leading quartet is completed by the administrations of industrial firms, which account for around 14%.

VACANCIES INCREASED AS EXPECTED

Due to the significantly lower demand in 2020 as well as at the beginning of this year as a result of the pandemic and the lockdowns, Frankfurt's level of vacancies has risen as expected, just like in all other cities. Year-on-year, it is a good 13% higher at now 1.29 million m². In terms of vacancies with modern quality space, the increase even amounts to around a quarter to 584,000 m². Nevertheless, only 45% of the total volume has a fit-out standard preferred by tenants. However, this means that supply is still significantly lower than in the years prior to 2018. The vacancy rate in the market area as a whole is 8.3% and in the gif area 8.4%. In the CBD, which is particularly favored by tenants, it is currently only 5.6%.

Major contracts

Sub-market	Company	m ²
1.4	Nestlé Deutschland	20,000
4.7	Siemens	15,000
1.1	Real Estate company	8,200
2.2	Jobcenter Frankfurt	7,600
5.1.1	telc	7,000
2.3	Mainova	6,900

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Trends in important market indicators

	Q1-3 2020	Q1-3 2021	Trend remaining year
Take-up	241,000 m ²	329,000 m ²	↗
Vacant space	1,139,000 m ²	1,292,000 m ²	↗
Space under construction (total)	676,000 m ²	694,000 m ²	→
Space under construction (available)	263,000 m ²	412,000 m ²	↗
Top rent	47.00 €/m ²	47.00 €/m ²	→

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▶ SPCAE UNDER CONSTRUCTION ON THE RISE

Compared to the previous year, construction activity increased by just under 3% to 694,000 m². The rise in the amount of space still available to the rental market was much stronger, currently standing at 412,000 m², which is almost 57% higher than the previous year's figure. However, at over 40%, the pre-letting rate remains at a comparable level and shows that there is strong demand for new office space. Moreover, 60% of the space will not be completed until 2023 at the earliest.

▶ AVERAGE RENTS UP SLIGHTLY

The upturn in take-up and the supply/demand ratio, which is still quite balanced in a long-term comparison, is also reflected in the development of rents. While the prime rent remains unchanged at 47 €/m², the average rent has picked up by a good 2% over the course of the year to the current level of 21.20 €/m².

▶ OUTLOOK

The rising demand seen in the first nine months is likely to continue in the final quarter, whereby the speed of the overall economic recovery will have major influence. From today's perspective, annual take-up in the range of around 450,000 m², and thus significantly above the previous year's result, appears to be the most likely scenario. At the same time, however, a further moderate increase in vacancies can be assumed. Against this background, the rental levels should remain stable for the remainder of the year.

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 City Centre										
1.1 Banking District	47.00		38,900	55,500	54,900	16,900	97,700	39,400	94,900	9,000
1.2 Westend	42.00		23,500	47,900	25,400	2,000	20,400	20,400	68,300	6,900
1.3 Inner City	37.50		55,000	121,700	78,700	2,600	184,900	87,900	209,600	180,800
1.4 Central Station	31.00		24,300	26,300	8,600	0	25,000	3,000	29,300	21,000
2 Centre Fringe	20.00 - 22.50		39,300	144,000	80,300	8,600	31,800	25,000	169,000	72,000
3 City Fringe	13.00 - 16.50		14,000	160,500	28,100	2,600	5,100	5,100	165,600	35,700
4 Subcentres	12.00 - 24.00		84,000	483,100	246,000	45,300	260,100	183,200	666,300	455,600
Total Frankfurt			279,000	1,039,000	522,000	78,000	625,000	364,000	1,403,000	781,000
5 Periphery	13.00 - 19.00		50,000	253,000	62,000	1,000	69,000	48,000	301,000	530,000
Total			329,000	1,292,000	584,000	79,000	694,000	412,000	1,704,000	1,311,000
N. B. gif market area			263,000	952,000	484,000	74,000	609,000	348,000	1,300,000	747,000

* 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 Frankfurt | Phone +49 (0)69-298 99-0 | www.realestate.bnpparibas.de