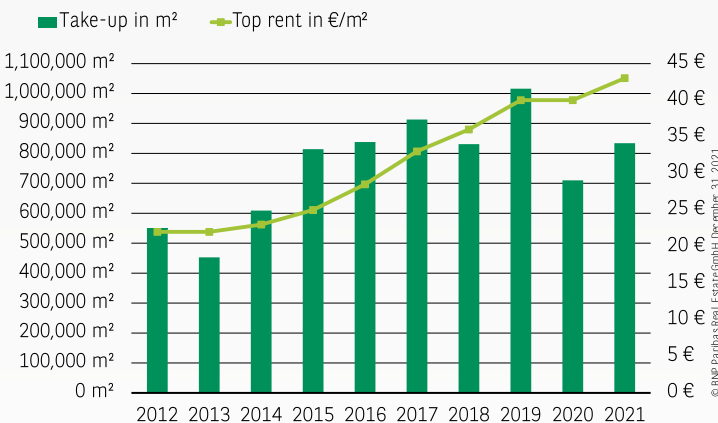




At a Glance **Q4 2021**

OFFICE MARKET BERLIN

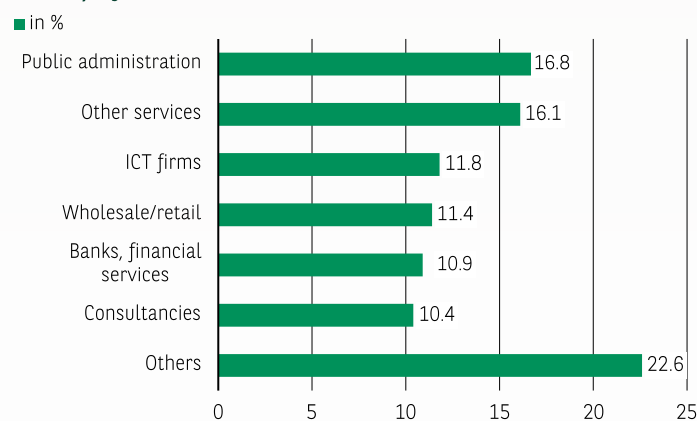
Development of take-up and top rents



BERLIN OFFICE MARKET ON THE WAY TO OLD STRENGTH

The Berlin office market carried the dynamic development from the summer months into the last quarter of the year. With 314,000 m², it achieved an outstanding final quarter. Overall, take-up in the Berlin market (including owner-occupiers) amounted to 834,000 m², an increase of around 17.5% on the previous year, which was heavily affected by the Corona pandemic. In addition, the long-term average was exceeded by a good 10%. For the third year in succession, Berlin has thus secured its position as the strongest office market in Germany, ahead of Munich, which currently registered a significantly lower result of 661,000 m². As such, the capital's success story continues unabated. The city's position is partly due to a record number of leases in excess of 10,000 sqm: There has never been a greater number of leases in this segment. Among the largest are DKB Service, which will occupy 33,500 m² at the Central Station, and deals concluded by the Bundesanstalt für Immobilienaufgaben for 21,400 m² in the Government District and for 19,200 m² in the Wedding/Prenzlauer Berg submarket. At 5%, the proportion of total take-up accounted for by owner-occupiers is at the low level seen in recent years. By far the strongest submarkets in terms of take-up in 2021 were Kreuzberg/Friedrichshain and Wedding/Prenzlauer Berg, with 149,000 m² and 103,000 m² respectively.

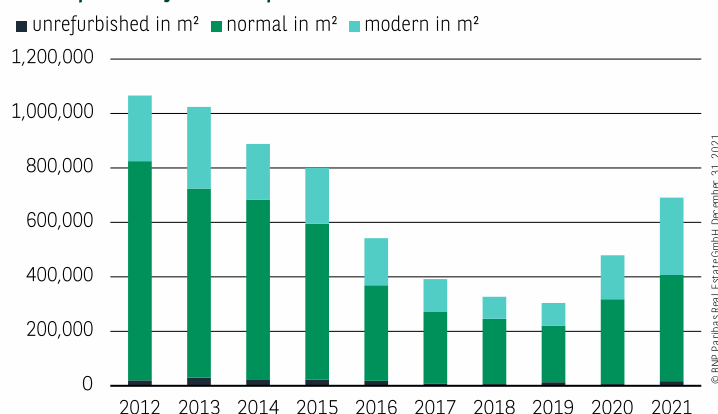
Take-up by sector 2021



TYPICAL BERLIN USER MIX

With no fewer than six sectors making double-digit contributions to total take-up of between 10% and 17%, the demand side is very diversified. Typical sectors for the capital city are in the top positions, led by public administration, which accounted for just under 17% of take-up. Other services generated a further 16%. ICT firms are in third place with around 12%, ahead of wholesale/retail companies, which, like the banking and financial services sector, contribute 11%. At 10%, consultancies also have a double-digit share.

Development of vacant space



SLIGHTLY MORE SUPPLY AVAILABLE

The vacancy volume rose again year-on-year by around 212,000 m² to 691,000 m² (+44%). Of this, around 41% is modern standard, which is in tenants' focus. In the course of the year, for the first time in a while the vacancy rate broke through the 3% mark again. At currently 3.4%, it is slowly approaching towards the fluctuation reserve. However, within the CBD the vacancy rate remains at an extremely low level of 2.1%.

Major contracts

| Sub-market | Company | m² |
|------------|--------------------------------------|--------|
| 2.1 | DKB Service | 33,500 |
| 2.2 | Bundesanstalt für Immobilienaufgaben | 21,400 |
| 3.3 | Bundesanstalt für Immobilienaufgaben | 19,200 |
| 4.4 | Bundesanstalt für Immobilienaufgaben | 14,800 |
| 3.3 | BASF Service Europe | 14,700 |
| 2.8 | Zech Group | 14,500 |

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Trends in important market indicators

| | 2020 | 2021 | Trend 2022 |
|--------------------------------------|--------------|--------------|------------|
| Take-up | 710,000 m² | 834,000 m² | ➔ |
| Vacant space | 479,000 m² | 691,000 m² | ➔ |
| Space under construction (total) | 1,341,000 m² | 1,283,000 m² | ➔ |
| Space under construction (available) | 759,000 m² | 671,000 m² | ➔ |
| Top rent | 40.00 €/m² | 43.00 €/m² | ➔ |

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➔ PERSISTENTLY HIGH CONSTRUCTION ACTIVITY

Project developers continue to show great interest in the capital, and any signs of declining construction activity are not in sight even after almost two years of the Corona pandemic. With a volume of 1.28 million m², space under construction is almost at the previous year's level (-4%). Nevertheless, at 671,000 m², less space is still available than in the previous year (52%). Against this background, it is not surprising that plans for new projects are progressing: At over 4 million m², the project volume has risen by around 15%. Currently, most construction is taking place in the Mediaspree (177,000 m²), Central Station (158,700 m²) and Mitte (142,700 m²) submarkets, with the highest amount of space still available in the last mentioned submarket (108,000 m²).

➔ SIGNIFICANT INCREASE IN TOP RENT

The scarcity of supply with modern quality in the most desired locations is shown by the top rent, which has risen by 3 € to 43 €/m² within the last year. It is achieved for new-build space in the submarket Topcity East. However, Potsdamer/Leipziger Platz is now also recording a prime rent of 42 €/m². The overall rise in prices is also reflected in the average rent, which has increased to 28.20 €/m² (+3%).

➔ OUTLOOK

The Berlin office market is on the way to regaining its former strength after the decline in take-up last year. In particular, the development in rents is almost seamlessly following on from the pre-Corona trend and confirms the market's resistance to the crisis. Against the background of the still low vacancy rate, a further increase in rent levels cannot be ruled out.

Key indicators 2021

| | Top rent* (€/m²) | | Take-up (m²) | Vacant space (m²) | | | Space under construction (m²) | | Space on offer (m²) | |
|-------------------------------|---------------------|----|-----------------|----------------------|----------------|---------------------------|----------------------------------|----------------|------------------------|------------------|
| | from | to | 2021 | total | modern | of this, since completion | total | available | available | projected |
| | 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 = (3 + 7) | 9 |
| Submarkets** | | | | | | | | | | |
| 1 Topcity | | | | | | | | | | |
| 1.1 Topcity West | 38.50 | | 24,500 | 17,500 | 8,000 | 4,000 | 57,200 | 38,300 | 55,800 | 25,800 |
| 1.2 Topcity East | 43.00 | | 20,000 | 18,000 | 16,000 | 0 | 7,000 | 0 | 18,000 | 6,000 |
| 1.3 Potsdamer/Leipziger Platz | 42.00 | | 13,000 | 22,000 | 20,000 | 4,000 | 0 | 0 | 22,000 | 33,300 |
| 2 City Centre | 32.00 - 38.00 | | 314,500 | 184,500 | 66,000 | 7,000 | 568,000 | 310,200 | 494,700 | 768,600 |
| 3 Centre Fringe | 29.00 - 36.00 | | 324,000 | 213,000 | 102,000 | 48,000 | 456,200 | 180,700 | 393,700 | 1,370,600 |
| 4 Subcentres | 18.00 - 20.00 | | 138,000 | 236,000 | 72,000 | 35,000 | 194,600 | 141,800 | 377,800 | 1,810,700 |
| Total | | | 834,000 | 691,000 | 284,000 | 98,000 | 1,283,000 | 671,000 | 1,362,000 | 4,015,000 |

* 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 2021](#)

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