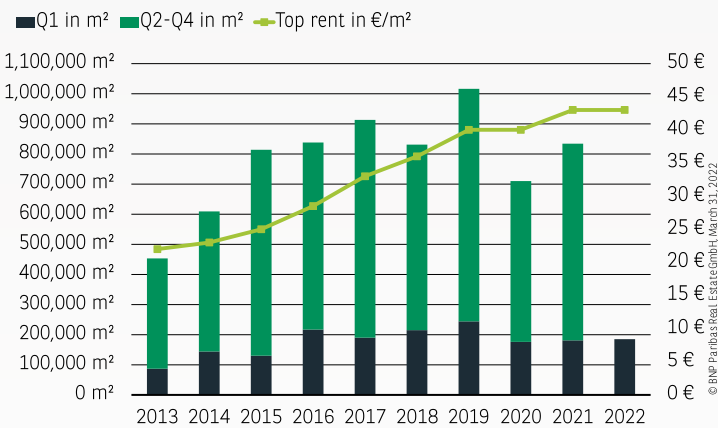




At a Glance **Q1 2022**

OFFICE MARKET BERLIN

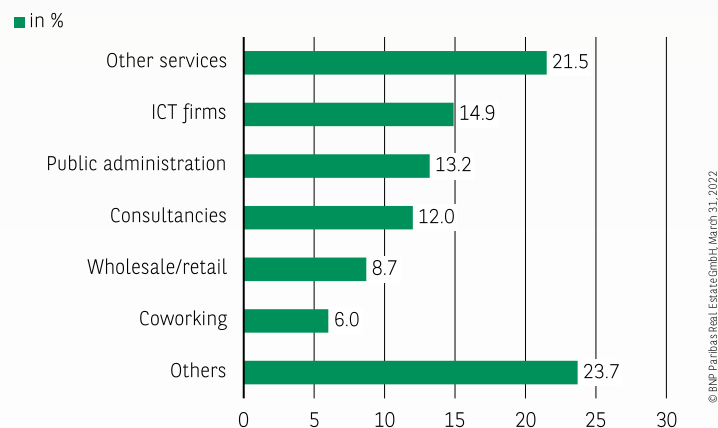
Development of take-up and top rents



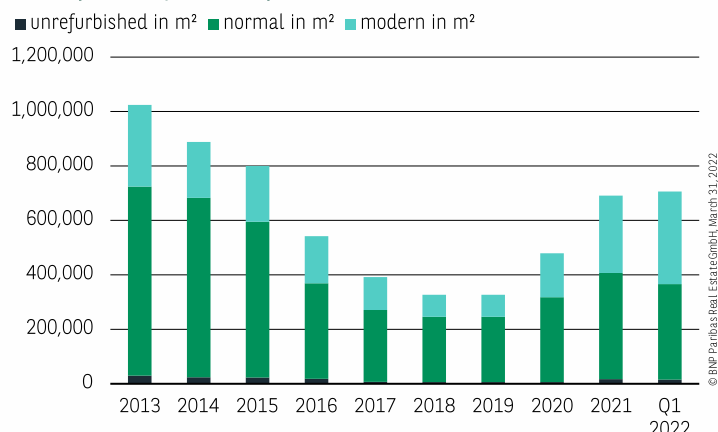
BERLIN OFFICE MARKET OFF TO A GOOD START

With a total take-up of 185,000 sqm in the first quarter of the year, the result for the Berlin office market is just above the results for the two previous years 2020 (176,000 sqm) and 2021 (181,000 sqm). The fact that there are only 5% between this year's result, the two aforementioned comparative years and the long-term average (177,000 sqm) can be seen as a clear indication of the high consistency of the office market in the capital city, even during the Corona crisis. It is noteworthy that, with around three quarters of the volume, a very high proportion is attributable to deals in the smaller and medium size categories of up to 5,000 sqm. While large deals with at least 10,000 sqm, generated around a quarter of the take-up in the last 10 years, they have not yet made an appearance in the first three months of the year. Nevertheless a good balance has been achieved. The office sub-market with the highest take-up continues to be broadly spread across the Berlin market area: According to the take-up of Kreuzberg/Friedrichshain (29,300 sqm), Charlottenburg (22,200 sqm) and Topcity West (20,000 sqm), the submarkets with the highest volumes are located in the city fringe as well as in the city centre and Topcity.

Take-up by sector Q1 2022



Development of vacant space



BROADLY BASED TOP-GROUP IN SECTOR-RANKING

With four sectors making binary contributions to take-up of between 12% and 22%, the demand side in Berlin is currently as well as traditionally broadly based. The category other services is at the top of the list, contributing just under 22% of take-up and thus achieving an above-average result. Other major contributors to the overall result are ICT firms (almost 15%), public administration (around 13%) and consultancies (12%), which occupy places two to four in the ranking. Retail (just under 9%) and the coworking sector (6%) also account more than 5%. Worthy of note in connection with these two sectors are the contracts signed by Hello Fresh (7,100 sqm) and Mindspace (8,800 sqm), which have each opted for two prominent new-build projects in the form of The Shelf in Kreuzberg and FÜRST in Topcity West.

INCREASE OF VACANCY SLOWS DOWN

The vacancy volume rose by around 184,000 sqm year-on-year to 706,000 sqm (+35%). Around 48% of the vacancy has a modern standard, which is the focus of users. The vacancy rate has risen from 2.6% to 3.4% in a 12-month period, nevertheless it has been able to maintain the level of the end of the year 2021. Within the CBD, it remains at a very low state of 2.5%.

Major contracts

Sub-market	Company	m²
1.1	Mindspace	8,800
2.6	Fraunhofer Institut für Nachrichtentechnik Heinrich Hertz Institut	8,800
1.2	PD - Berater der öffentlichen Hand	8,400
3.2	Hello Fresh Germany	7,100
1.1	Bundesanstalt für Immobilienaufgaben (Bima)	5,500
3.4	Berliner Glas	5,200

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Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	181,000 m²	185,000 m²	↗
Vacant space	522,000 m²	706,000 m²	→
Space under construction (total)	1,261,000 m²	1,286,000 m²	→
Space under construction (available)	755,000 m²	724,000 m²	↘
Top rent	40.00 €/m²	43.00 €/m²	↗

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➤ CONSTRUCTION ACTIVITY REMAINS HIGH

Project developers continue to show great interest in the capital city. Even after two years of the Corona pandemic there are no signs of a decline in construction activity. With a volume of 1.29 million sqm, the total space under construction is slightly above the previous year's level (+2%). Nevertheless, only 724,000 sqm of space is still available, which is a decrease about 56% in comparison to the previous year. Therefore it is not surprising that the project pipeline remains at a very high level with just under 4 million sqm of planned office space. The hotspots of construction activities are the submarkets Mediaspree (177,000 sqm), Kreuzberg/Friedrichshain (155,000 sqm), Hauptbahnhof (150,000 sqm) and Mitte (133,000 sqm).

➤ UPWARD TREND IN RENTAL PRICES

The shortage of modern office space in the most popular locations is well shown by the prime rent, which has risen by €3 to 43€/sqm in the past 12 months. That was achieved for new-building space in topcity east. However, the submarket Potsdamer/Leipziger Platz has also recorded a peak of 42 €/sqm. The fact that the rental price level has continued to rise, not only at the peak but overall, is underlined by the average rent, which currently is at €27.60/m² (+2%).

➤ OUTLOOK

At the end of the first quarter of 2022, the dynamic of letting in the Berlin office market remains high. Thus, even without a major deal of at least 10,000 sqm, a very good overall result was achieved in the first three months of this year. Against this background, a lively second quarter is on the horizon.

Key indicators Q1 2022

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2022	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		20,000	21,000	12,000	5,000	75,800	55,700	76,700	10,000
1.2 Topcity East	43.00		17,000	15,000	13,000	0	7,000	0	15,000	6,000
1.3 Potsdamer/Leipziger Platz	42.00		6,500	27,000	25,000	5,000	0	0	27,000	33,300
2 City Centre	32.00 - 39.50		64,700	189,000	75,000	11,000	525,500	312,700	501,700	780,900
3 Centre Fringe	30.00 - 36.00		49,300	189,000	100,000	35,000	493,700	222,600	411,600	1,344,100
4 Subcentres	18.00 - 20.00		27,500	265,000	115,000	73,000	184,000	133,000	398,000	1,807,700
Total			185,000	706,000	340,000	129,000	1,286,000	724,000	1,430,000	3,982,000

* 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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