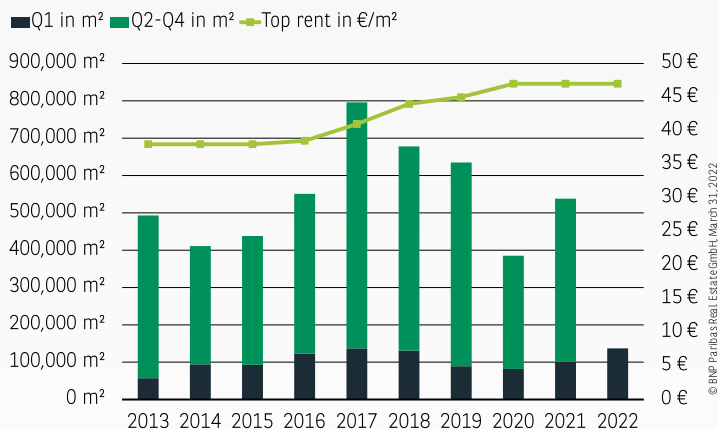




At a Glance **Q1 2022**

OFFICE MARKET FRANKFURT

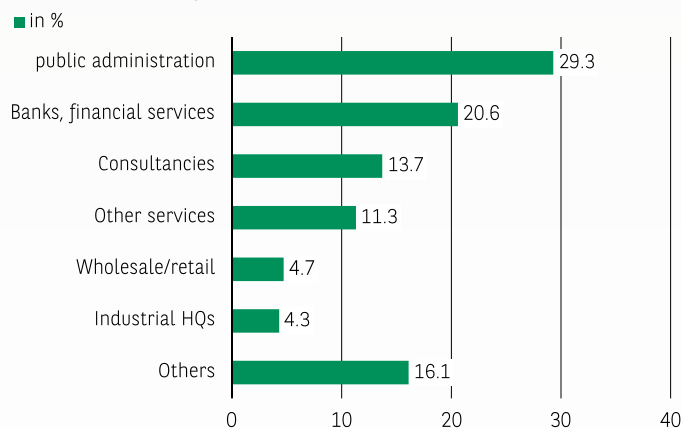
Development of take-up and top rents



➤ VERY SUCCESSFUL START INTO THE YEAR

The Frankfurt office market got off to a strong start in 2022. The take-up totaled 137,000 sqm (in the narrower gif market area: 113,000 sqm). This virtually matched the top result from 2017 with a precision landing and exceeded the 10-year average by almost 32%. Compared with the good start to 2021, a further increase of almost 36% was achieved. With the exception of the 5,001 to 10,000 sqm size class (-30%), market momentum has increased in all space segments. The revival in the 2,001 to 5,000 sqm size segment (+170 %) was particularly positive. The noticeable increase in large deals with leasable space in excess of 10,000 sqm (+90%) is entirely attributable to the owner-occupier transaction concluded by GIZ-Gesellschaft für internationale Zusammenarbeit with 28,000 sqm in Eschborn.

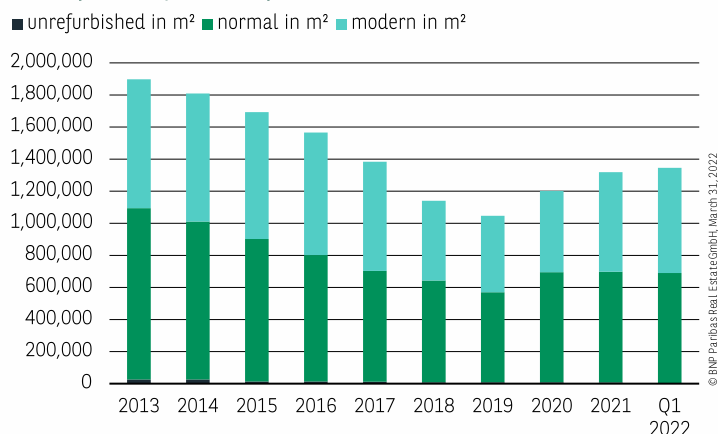
Take-up according to sectors Q1 2022



➤ PUBLIC ADMINISTRATION SURPASSINGLY STRONG

In the first quarter, the public sector not only contributed the largest deal with GIZ, but also attracted attention with numerous deals in the smaller and medium size segment. With take-up of almost 40,000 sqm, its market share is around 29%, which is well above average. Frankfurt's leading sector, banks and financial services, presented itself as very strong in terms of transactions at the beginning of the year in a long-term comparison. Their result of around 28,000 sqm is due not only to the owner-occupier transaction by Sparda-Bank Hessen (9,100 sqm) and the lease by Deutsche Bank (6,100 sqm), but in particular to a large number of smaller deals. The third strongest sector to date has been consulting companies, whose take-up of just under 19,000 sqm has been generated almost exclusively by contracts with lettable space of less than 1,000 sqm.

Development of vacant space



➤ VACANCY GROWTH CONTINUES TO LOSE PACE

The rise in vacancy that can be observed since 2020 slowed further in the first quarter. Although the vacancy volume rose by 7% year-on-year to 1.35 million sqm, a moderate increase of only 2% has been recorded since the start of the year. Just under 40% of all space has a modern fit-out standard, which is not an unusually high proportion for Frankfurt. The analysis at submarket level shows that the vacancy volume remains relatively limited, particularly in the prime locations of Bankenviertel and Westend. For example, a vacancy rate of 5.6% is recorded in the banking district and only 4.4% in the Westend.

Major contracts

Sub-market	Company	m²
4.6	GIZ - Gesellschaft für internationale Zusammenarbeit	28,000
1.3	Sparda-Bank Hessen	9,100
2.3	Deutsche Bank	6,100
3.4	Galileo Global Education Germany	4,700
5.1.2	LBIH für die Regionale Kriminal Inspektion	4,000
5.1.1	Stadtwerke Bad Homburg	3,700

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Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	101,000 m²	137,000 m²	➔
Vacant space	1,258,000 m²	1,346,000 m²	➡
Space under construction (total)	576,000 m²	653,000 m²	➔
Space under construction (available)	279,000 m²	404,000 m²	➡
Top rent	47.00 €/m²	47.00 €/m²	➔

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➤ CONSTRUCTION ACTIVITY REMAINS AGILE

Around 653,000 sqm is currently under construction. This means that construction activity remains at the usual high level for Frankfurt (10-year average: 655,000 sqm). Compared to the previous year, an increase of 4% and in comparison to the turn of the year of 5% is registered. These values underline that project developers believe in the future viability and, in particular, the long-term opportunities of the banking metropolis despite the challenging framework conditions since 2020. Of the space under construction, 37% has already been absorbed by the market, with significant differences by completion year. Construction activity continues to focus on the central locations, in particular the banking district and the city center.

➤ STABLE PRIME RENT— INCREASING AVERAGE RENT

As in the same quarter of the previous year, the prime rent quoted 47.00€/sqm, which is still the highest rent in Germany. The average rent rose by around 2% over the course of the year to 19.50€/sqm.

➤ OUTLOOK

The stage is set in Frankfurt for take-up at a good average level. However, it remains to be seen whether and how the uncertainties associated with the war in Ukraine will affect the market and how strong the post-pandemic catch-up effects will be. Against the background of high demand for modern space, a further increase in prime rents is likely to occur.

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 City Centre										
1.1 Banking District	47.00		5,400	68,100	67,400	18,000	97,600	39,500	107,600	75,000
1.2 Westend	42.00		9,300	43,000	19,300	1,600	20,400	20,400	63,400	30,900
1.3 Inner City	39.00		27,200	176,500	135,800	11,000	162,300	76,900	253,400	264,500
1.4 Central Station	25.00		1,600	25,600	8,100	0	25,000	3,400	29,000	16,200
2 Centre Fringe	21.00	- 23.00	16,300	153,300	88,900	13,000	41,500	27,800	181,100	82,500
3 City Fringe	13.00	- 20.00	10,400	155,100	26,100	100	5,300	5,300	160,400	35,700
4 Subcentres	12.00	- 24.00	48,800	448,400	237,400	37,300	234,900	192,700	641,100	517,200
Total Frankfurt			119,000	1,070,000	583,000	81,000	587,000	366,000	1,436,000	1,022,000
5 Periphery	13.50	- 20.00	18,000	276,000	73,000	2,000	66,000	38,000	314,000	451,000
Total			137,000	1,346,000	656,000	83,000	653,000	404,000	1,750,000	1,473,000
N. B. gif market area			113,000	986,000	549,000	77,000	571,000	350,000	1,336,000	988,000

* The top rent given applies to a market segment of 35 % in each case.

** The relevant office market zone can be found on our website under "Research".

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