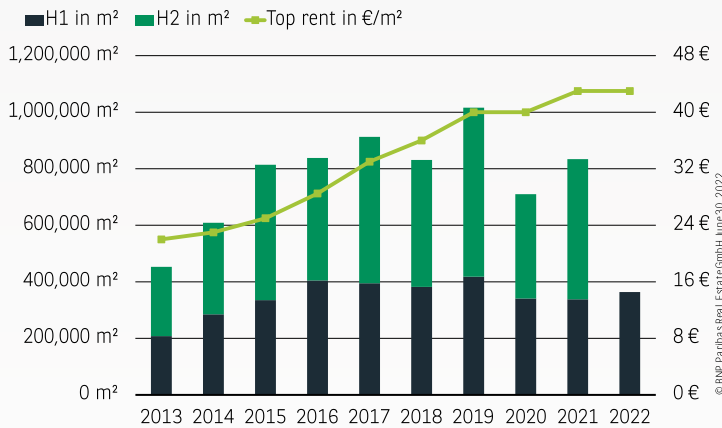




## At a Glance Q2 2022

# OFFICE MARKET BERLIN

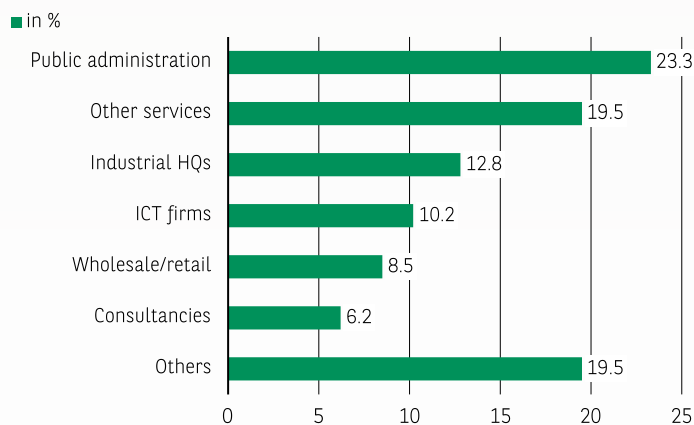
### Development of take-up and top rents



### ➤ BERLIN OFFICE MARKET STABLE IN FIRST HALF OF 2022

The Berlin office market can boast good key indicators for the first half of 2022. At 364,000 m², take-up is around 8% up on the previous year's result and the long-term average is exceeded by 5%. Particularly striking is the great consistency in the year to date, with take-up of 185,000 m² in the first quarter and 179,000 m² recently. Balanced is also the keyword in the distribution across the size classes: Although an absolute mega-deal was recorded in the Mitte submarket with the owner-occupier contract of the State of Berlin for 40,000 m², the market has actually been characterized by lively activity in the small and medium size classes. Including the aforementioned major deal, contracts of more than 10,000 m² accounted for just 16% of take-up, while contracts of less than 500 m² accounted for a full 17%.

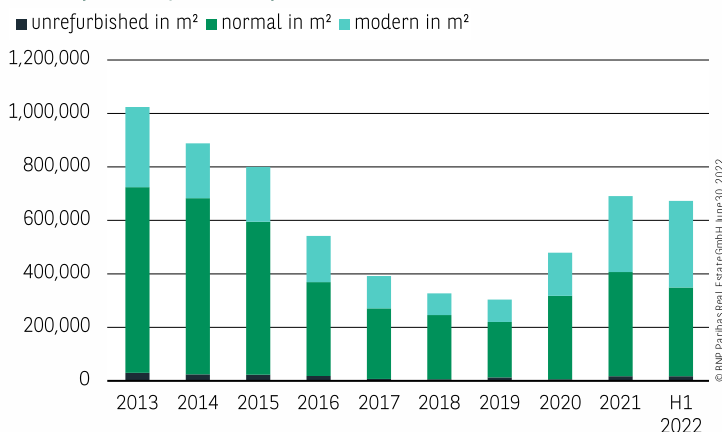
### Take-up by sector H1 2022



### ➤ TYPICAL DISTRIBUTION ON THE DEMAND SIDE

Pushed by the take-up of the state of Berlin, public administration secures first place among the largest demanders of space with a good of 23%. However, other services, a sector typically very strong in the Berlin market, follows in second place and was once again the most diligent in terms of the number of contracts. They contribute around one fifth of the result. Administrations of industrial and construction companies join them at some distance and occupy the last place on the podium with just under 13%. The information and communications technology sector also came in at just over 10%.

### Development of vacant space



### ➤ SLIGHT DECLINE IN VACANCIES SINCE TURN OF THE YEAR

The expansion of the very low vacancy volume, which is generally positive for Berlin, has come to a standstill somewhat since the turn of the year. Currently, around 673,000 m² is available on the market in the short term, of which just under half is allocated to the modern standard that is primarily in demand. Although this is almost 14% more than in a 12-month comparison, it represents a decline of around 3% since the start of the year. And - in terms of demand - still significantly less than the average annual take-up over the past 10 years. Accordingly, the vacancy rate of 3.2% is the lowest among the major office locations.

## Major contracts

Sub-market	Company	m <sup>2</sup>
2.5	Land Berlin	40,000
4.1	Siemens Mobility	16,000
1.1	Mindspace	8,800
2.6	Fraunhofer Institut für Nachrichtentechnik	8,800
1.2	PD - Berater der öffentlichen Hand	8,400
3.2	Hello Fresh Deutschland	7,100

© BNP Paribas Real Estate GmbH, June 30, 2022

## Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	338,000 m <sup>2</sup>	364,000 m <sup>2</sup>	➔
Vacant space	592,000 m <sup>2</sup>	673,000 m <sup>2</sup>	➔
Space under construction (total)	1,397,000 m <sup>2</sup>	1,452,000 m <sup>2</sup>	➔
Space under construction (available)	835,000 m <sup>2</sup>	894,000 m <sup>2</sup>	➔
Top rent	40.00 €/m <sup>2</sup>	43.00 €/m <sup>2</sup>	➔

© BNP Paribas Real Estate GmbH, June 30, 2022

## ➔ MINIMAL INCREASE IN CONSTRUCTION ACTIVITY

Construction activity remains at a high level. There is currently around 1.45 million m<sup>2</sup> of office space under construction (+4%), of which just over half is still available to the market (894,000 m<sup>2</sup>). However, the shorter the time horizon, the less available space is under construction: of the space forecast to be available by the end of 2022, only around 127,000 m<sup>2</sup> has not been pre-let yet. With a share of a good 77%, the development focus is primarily on the city centre and centre fringe locations. The total available space (vacancy plus available space under construction) increased year-on-year to 1.57 million m<sup>2</sup>.

## ➔ FURTHER RISE IN RENT LEVELS

In view of the high demand and limited supply, particularly of modern space, rents have risen further year-on-year. Prime rents are now at €43/m<sup>2</sup> (+8% vs. Q2 2021). In terms of average rents, the capital is in a league of its own at €28.20/m<sup>2</sup>. The level is unrivaled nationwide. However, at around 3%, the increase in Berlin is relatively moderate.

## ➔ OUTLOOK

In recent weeks, many companies in the German capital have slowed down their pace of expansion in view of the gloomy economic outlook. At the same time, however, the Berlin market continues to be affected by extensive catch-up effects from the Corona pandemic. It is almost certain that letting activity will be at least in line with the long-term average by the end of the year. The continuing very low vacancy level and, in particular, the shortage of modern space in prime locations are likely to keep rents under pressure.

## Key indicators H1 2022

	Top rent* (€/m <sup>2</sup> )		Take-up (m <sup>2</sup> )	Vacant space (m <sup>2</sup> )			Space under construction (m <sup>2</sup> )		Space on offer (m <sup>2</sup> )	
	from	to	H1 2022	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 Topcity										
1.1 Topcity West	38.50		26,000	16,000	11,000	4,000	75,600	56,700	72,700	10,000
1.2 Topcity East	43.00		26,500	14,000	13,000	0	7,000	0	14,000	0
1.3 Potsdamer/Leipziger Platz	42.00		9,000	28,000	24,000	3,500	0	0	28,000	33,300
2 City Centre	32.00 - 39.00		157,000	182,000	76,000	15,000	547,200	323,200	505,200	759,200
3 Centre Fringe	30.00 - 36.00		81,000	182,000	92,000	27,000	568,500	330,000	512,000	1,179,200
4 Subcentres	18.00 - 20.00		64,500	251,000	108,000	64,500	253,700	184,100	435,100	1,474,300
<b>Total</b>			<b>364,000</b>	<b>673,000</b>	<b>324,000</b>	<b>114,000</b>	<b>1,452,000</b>	<b>894,000</b>	<b>1,567,000</b>	<b>3,456,000</b>

\* 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".

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.06.2022

Further Information BNP Paribas Real Estate GmbH | Branch office Berlin | Phone +49 (0)30-884 65-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)