

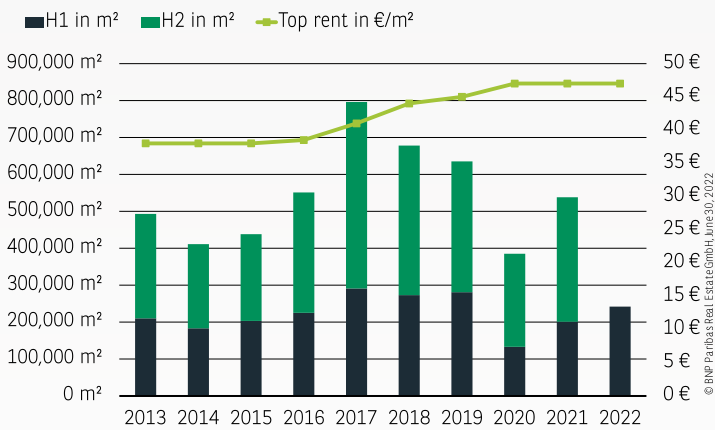


RESEARCH

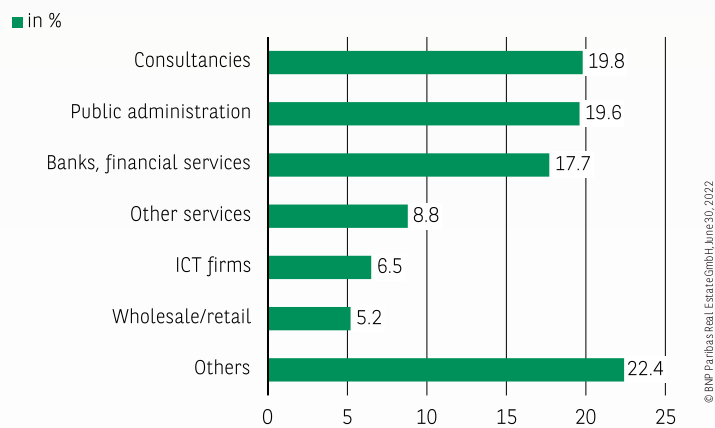
At a Glance **Q2 2022**

OFFICE MARKET FRANKFURT

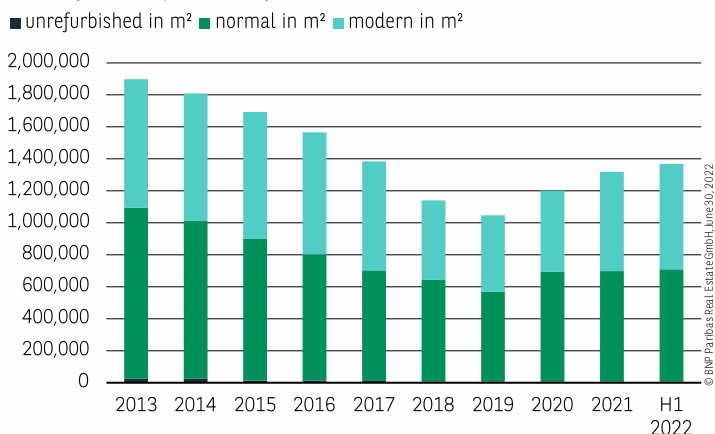
Development of take-up and top rents



Take-up by sector H1 2022



Development of vacant space



FRANKFURT OFFICE MARKET WITH GOOD INTERIM RESULT

In the second quarter, the Frankfurt office market was able to seamlessly continue its successful start to the year and achieved a very good result by mid-year. Expressed in figures, a take-up of 242,000 m² was reached, which is a good 20% higher than the comparable volume of the previous year, and the long-term average was also exceeded by almost 8%. The rising trend in take-up is also reflected in the fact that since the corona-related low point in the first half of 2020 (133,000 m²), the current result marks the second increase in take-up in a row. Market dynamic has risen in particular in the size classes up to 5,000 m², which show an almost 37% higher volume compared with the previous year. However, several deals were registered in the large space segment beyond the 5,000 m² mark, both in and outside central locations and the city area, meaning that take-up in this category was also in line with the long-term average. In terms of the distribution of take-up across the market area, it is primarily the Inner City (BMZ 1.3) that stands out, with major owner-occupier and letting deals concluded by various banks and financial service providers, among others, generating 60,300 m² which reflects around a quarter of the total result.

THREE SECTORS DRIVING THE MARKET

The sector distribution of take-up at mid-year is dominated by three groups of demanders, which together account for a good 57% of the result. The consultancies, which are benefiting from the letting of Noerr (8,500 m²) in Frankfurt's Westend, and public administration, where the owner-occupier deal of the GIZ in Eschborn (28,000 m²) is decisive, are at the top of the ranking (almost 20 % market share each). Banks/financial service providers were once again strong in terms of take-up (just under 18%). In addition to these three industries, other services (9%), ICT firms (7%) and wholesale/retail (5%) also contributed more than 5 % of total take-up.

VACANCY GROWTH CONTINUES TO LOSE PACE

The rise in vacancy seen since 2020 slowed in the first half of the year. Although the vacancy volume rose by 10% year-on-year to 1.37 million m², the increase since the start of the year has been much more moderate at less than 4%. Around 48% of all space has a modern fit-out standard, which is not an unusually high proportion for Frankfurt. The vacancy rate for the market as a whole is noted at 8.8%, while in the Westend and the Banking District it is only 5.0% and 5.8% respectively.

Major contracts

Sub-market	Company	m ²
4.6	GIZ	28,000
1.3	CitiBank Europe	10,100
1.3	Sparda-Bank Hessen	9,100
4.5	Scientology Kirche	8,900
1.2	Noerr Partnerschaftsgesellschaft	8,500
2.3	Deutsche Bank	6,100

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Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	201,000 m ²	242,000 m ²	↗
Vacant space	1,243,000 m ²	1,369,000 m ²	↘
Space under construction (total)	629,000 m ²	674,000 m ²	↔
Space under construction (available)	370,000 m ²	405,000 m ²	↘
Top rent	47.00 €/m ²	47.00 €/m ²	↔

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Key indicators H1 2022

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	H1 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		13,500	70,400	69,600	18,000	97,600	39,500	109,900	75,000
1.2 Westend	44.00		20,300	48,700	23,000	1,500	20,400	20,400	69,100	30,100
1.3 Inner City	40.00		60,300	171,700	130,200	10,700	167,400	66,600	238,300	258,000
1.4 Central Station	26.00		5,800	27,200	9,400	0	25,000	700	27,900	16,300
2 Centre Fringe	21.00 - 23.00		28,200	158,000	88,000	10,100	41,500	26,700	184,700	82,500
3 City Fringe	13.00 - 20.00		12,500	164,100	27,000	1,300	5,300	5,300	169,400	35,900
4 Subcentres	12.00 - 24.00		75,400	452,900	240,800	35,400	264,800	221,800	674,700	467,200
Total Frankfurt			216,000	1,093,000	588,000	77,000	622,000	381,000	1,474,000	965,000
5 Periphery	14.00 - 20.00		26,000	276,000	72,000	2,000	52,000	24,000	300,000	293,000
Total			242,000	1,369,000	660,000	79,000	674,000	405,000	1,774,000	1,258,000
N. B. gif market area			197,000	1,005,000	551,000	73,000	606,000	365,000	1,370,000	931,000

* 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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➤ CONSTRUCTION VOLUME INCREASED; 40% PRE-LET

There is currently around 674,000 m² space under construction. This implies that the volume of space under construction has risen by 7% year-on-year and by 3% compared with the previous quarter. These figures underscore that project developers believe in the future viability and, in particular, long-term opportunities of the banking metropolis, despite the challenging framework conditions since 2020. Of the space under construction, 40% has already been absorbed by the market, with significant differences by construction completion year. Construction activity continues to focus on the central locations, in particular the Banking District and the Inner City.

➤ PRIME RENT REMAINS STABLE; AVERAGE RENT RISING

As at the end of H1 2021, the prime rent marks at 47.00 €/m², which is by far the highest prime rent in the German office market. The average rent rose by a good 5% over the course of the year to 21.70 €/m².

➤ OUTLOOK

It remains to be seen what impact the economic and financial market-driven uncertainties will have on the office markets in the medium term. However, it is a fact that the Frankfurt office market can look back on a very good first half of the year and, in view of the good demand situation, is has a promising second half ahead. There appears to be further room for a rise in average rents, while prime rents are likely to see a sideways movement in the months to come.