

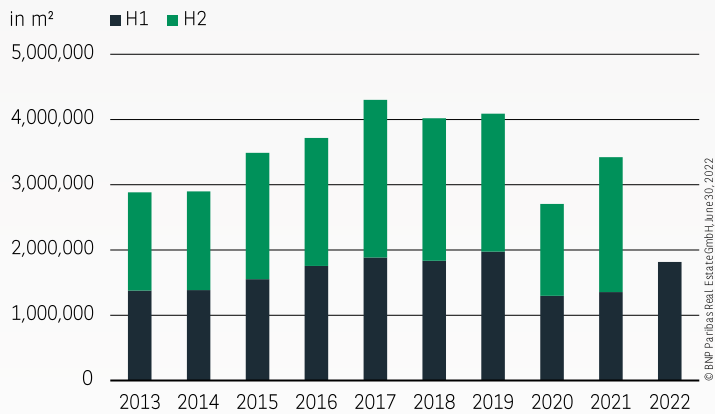


RESEARCH

At a Glance **Q2 2022**

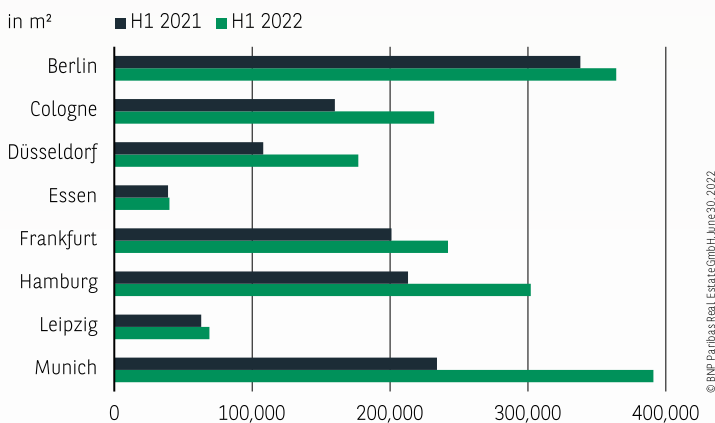
OFFICE MARKET GERMANY

Total take-up of selected office centres*

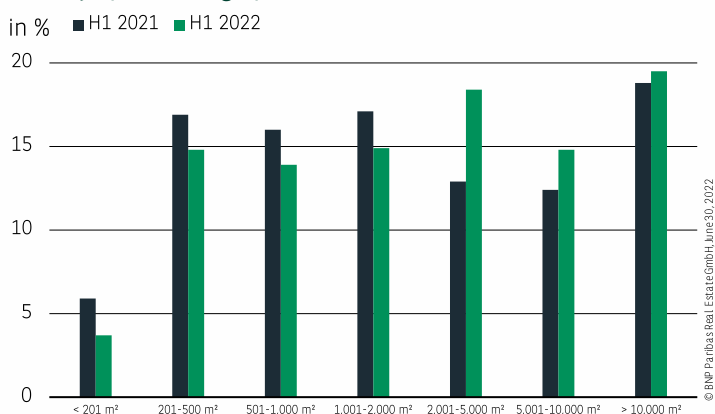


* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in H1 2021 and H1 2022



Take-up by size category



TAKE-UP ABOVE PREVIOUS YEAR'S LEVEL

The German office markets continued their recovery in the second quarter. Despite the significant increase in geopolitical and economic uncertainties since the outbreak of the Ukraine war, letting activity accelerated in the spring. A total of around 1.82 million m² take-up was registered in the first half of the year at the eight locations of Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich. This exceeds the previous year's result by 34% and the current result is just under 10% above the 5-year average as well as 12% above the 10-year average. Worth mentioning is that on average the markets lately perform at a level equivalent to that of 2018.

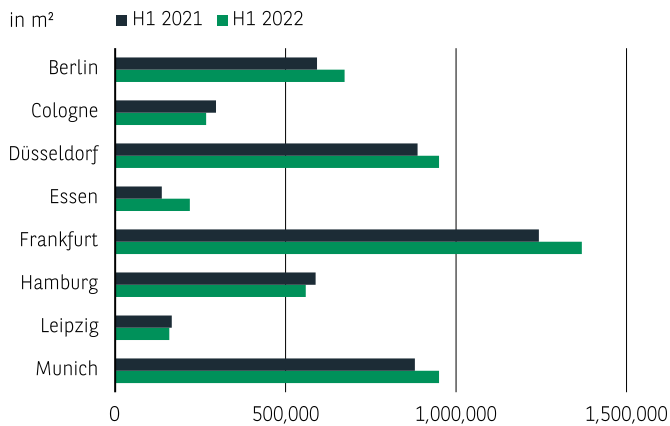
INCREASED TAKE-UP IN ALL MARKETS

An increase in take-up compared with the previous year can be reported for all German office markets. Munich led the field in terms of take-up growth with a rise of 67% and a current result of 391,000 m² of take-up, which is also ahead of the Berlin result. The German capital presents itself stable overall at a high level and registered a take-up of 364,000 m² (+8%). Very strong results continue to be recorded for Cologne (232,000 m², +45%) and Hamburg. A brilliant second quarter contributed to the second-best half-year result in the history of the Hanseatic City, which now stands at 302,000 m² (+42% year-on-year). Frankfurt also reported an above-average volume of 242,000 m² (+20% compared to the previous year), although it was primarily the strong start to the year that made all the difference here.

MOST MOVEMENT IN LARGE SIZE SEGMENT

While in the small size segment below 200 m² a decline in take-up of 16% compared to the previous year can be registered, especially the large space segments of the market present themselves extremely stable. In some size classes, even a significant increase is recorded. For the size class 2,001 to 5,000 m², a growth in take-up of a whopping 91% is noted. This sends a strong signal to the market. Take-up of rental size category between 5,001 and 10,000 m² also increased by a strong 60% year-on-year. The growth of 39% for lettings larger than 10,000 m² is similarly substantial. In this size segment, leasing activity has recently picked up noticeably.

Vacant space in H1 2021 and H1 2022



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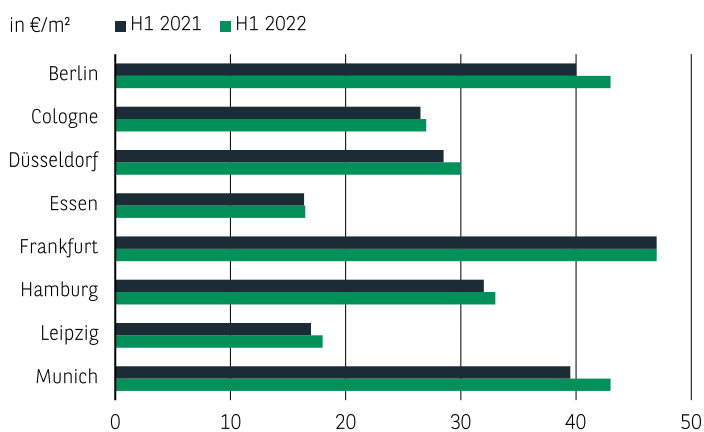
FURTHER SLOWDOWN IN VACANCY GROWTH

Although vacancy volumes rose by 7.5% year-on-year to the current level of around 5.1 million m², the pace of the increase slowed further in the second quarter. In the majority of locations, vacancy levels have even fallen again for the first time in the past three months. Vacancy rates are currently still below the fluctuation reserve of 5% in Berlin (3.2%), Cologne (3.3%), Hamburg (3.9%), Leipzig (4.1%) and Munich (4.3%), which impressively underlines the low vacancy volume also by international standards. Only in Essen (7.0%), Frankfurt (8.8%) and Düsseldorf (9.8%) is the vacancy rate at a significantly higher level.

PRIME RENT STABLE TO RISING

With the exception of Frankfurt, where the prime rent remains at €47.00/m² as in the previous year, an increase in the prime rent has been recorded for all other locations over the past twelve months. The growth is particularly noticeable in Munich (+9% to €43.00/m²) and Berlin (+7.5% to €43.00/m²). The development in average rents impressively underlines the rise in general rental levels. A rise in average rents has been reported for all German office locations since summer 2021.

Top rents in H1 2021 and H1 2022



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OUTLOOK

It is obvious that uncertainty has returned to the markets with the outbreak of the war against Ukraine at the end of February, and for the moment it is difficult to assess which fairway the German economy will enter towards the end of the year. Nevertheless, the German office markets present themselves as very robust in the first half of 2022 with very good fundamental data. Thus total take-up is expected to be in line with the 10-year average. Rental levels are likely to continue to trend upwards.

Office market indicators H1 2022

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)			Vacancy rate	Space under construction (m²)		Space on offer (m²)	
			H1 2022	total	modern		of this, since completion	total	available	available
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	43,00	364.000	673.000	324.000	114.000	3,2%	1.452.000	894.000	1.567.000	3.456.000
Cologne	27,00	232.000	267.000	78.000	0	3,3%	258.000	120.000	387.000	352.000
Düsseldorf	30,00	177.000	950.000	252.000	40.000	9,8%	399.000	234.000	1.184.000	747.000
Essen	16,50	40.000	219.000	56.000	5.000	7,0%	33.000	10.000	229.000	163.000
Frankfurt	47,00	242.000	1.369.000	660.000	79.000	8,8%	674.000	405.000	1.774.000	1.258.000
Hamburg	33,00	302.000	559.000	108.000	32.000	3,9%	346.000	111.000	670.000	952.000
Leipzig	18,00	69.000	159.000	39.000	1.000	4,1%	160.000	55.000	214.000	362.000
Munich	43,00	391.000	950.000	338.000	92.000	4,3%	893.000	453.000	1.403.000	2.692.000
Total		1.817.000	5.146.000	1.855.000	363.000		4.215.000	2.282.000	7.428.000	9.982.000

* 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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