

RESEARCH

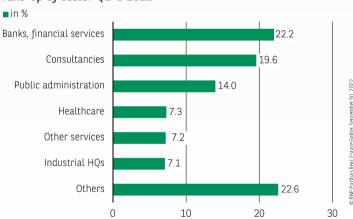
At a Glance **Q3 2022**

OFFICE MARKET FRANKFURT

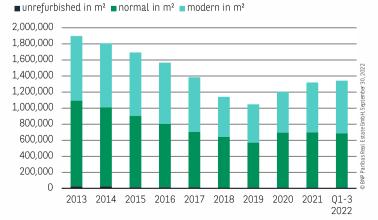
Development of take-up and top rents



Take-up by sector Q1-3 2022



Development of vacant space



FRANKFURT OFFICE MARKET STAYS ON COURSE

The upward trend of the first half year continued in the third quarter. After the first nine months, take-up in the entire Frank-furt market area totaled 362,000 m², of which 304,000 m² was attributable to the more narrowly defined gif area. The result exceeds the long-term average by just under 1%. Compared with the previous year, a 10% increase in take-up was registered. A direct quarter-on-quarter comparison also exhibit a significant increase of 14%. In Q3, take-up of 120,000 m² was achieved (Q2: 105,000 m²), including the letting of around 18,600 m² by a banking and financial services provider in the so-called Executive Building of the Silberturm (Gallusanlage 8). In total, three major contracts have been concluded so far this year, generating a total of around 16% of take-up (around 57,000 m²) and being largely responsible for the year-on-year growth in take-up. Overall, letting activity is currently quite vibrant in all size categories.

BANKS AND FINANCIAL SERVICE PROVIDERS IN FIRST PLACE

Banks and financial service providers have once again taken first place as Frankfurt's leading sector with 22% take-up, relegating consulting companies to second place with around 20%. Banks and financial service providers account for an above-average take-up, to which a large number of deals in the small and midsized segment contributed, as well as the three large-scale contracts with more than 9,000 m² of lettable space each (including CitiBank Europe and Sparda-Bank Hessen). Public administration also has a double-digit market share with 14% (including the largest deal to date of 28,000 m², concluded by GIZ - Gesellschaft für internationale Zusammenarbeit). Healthcare, other services and administration/industry account for a rather small volume of 7% each.

> VACANCY RATE REMAINS BELOW LONG-TERM AVERAGE

The vacancy rate has risen moderately by 4% compared with the same period last year and currently stands at around 1.34 million m². In course of the year, the vacancy volume has remained stable and even declined slightly in the third quarter. This trend can also be seen in vacant space with modern fittings, which totals 655,000 m². It is noticeable that hardly any newbuilding space is available for first-time occupation in the prime locations of Banking District and Westend. The vacancy rate in the market area marks 8.6%, which is a moderate level for Frankfurt overall.

Major contracts

Sub- market	Company	m²
4.6	GIZ - Gesellschaft für internationale Zusammenarbeit	28,000
1.1	Banks, financial services	18,600
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

Trends in important market indicators

Take-up 329,000 m² 362,000 m² 3 Vacant space 1,292,000 m² 1,342,000 m² 7 Space under construction (total) 694,000 m² 678,000 m² 3 Space under construction (available) 412,000 m² 416,000 m² →		Q1-3 2021	Q1-3 2022	Trend remaining year
Space under construction (total) 694,000 m² 678,000 m² 3 Space under construction (available) 412,000 m² 416,000 m² -	Take-up	329,000 m²	362,000 m²	4
Space under construction (available) 412,000 m ² 416,000 m ²	Vacant space	1,292,000 m²	1,342,000 m²	7
	Space under construction (total)	694,000 m²	678,000 m²	7
Top root 47.00.6/m² 40.00.6/m² •	Space under construction (available)	412,000 m²	416,000 m²	→
10p Tent 47.00 €/11F 46.00 €/11F	Top rent	47.00 €/m²	48.00 €/m²	→

Key indicators Q1-3 2022

CONSTRUCTION	VOLUME	REMAINS	HIGH
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Compared with the previous year, construction activity declined slightly by around 2% to 678,000 m² and stagnated compared with the second quarter. Nevertheless, construction activity remains at the usual high level for Frankfurt. 50% of the space is scheduled for completion by the end of 2023, while a further 339,000 m² is currently under construction with a completion date after 2024. This underlines the believe of project developers in the future viability of the financial metropolis despite the challenging conditions in 2022. The City centre, particularly the Banking District and the Inner City, continues its lively construction activity. The pre-letting rate is 39%.

INCREASE IN AVERAGE AND PRIME RENT

While the prime rent has risen by 2% compared with Q3 2021 to now $48.00 \, \text{e/m}^2$, a significant increase of 9% to $23.10 \, \text{e/m}^2$ is registered for the average rent. Thereby the upward trend is continuing impressively, particularly across the breadth of the market, and emphasizes the strong interest in high-quality space.

OUTLOOK

Although further macroeconomic developments will of course be decisive for the Frankfurt office market, there are currently still a number of major requests on the market which, from today's perspective, make an annual take-up of around 500,000 m² appear presumably. At the moment, there are many indications of a moderate increase in vacancies. A rise in prime rents remains realistic due to the shortage of space in the top segment.

		Top re (€/m		Take-up (m²)	,	/acant space (m²)		Space under ((m		Space on offer (m²)	
		from	to	Q1-3 2022	total	modern	of this, since completion	total	available	available	projected
Subr	markets**	1		2	3	4	5	6	7	8 = (3+7)	9
1	City Centre										
1.1	Banking District		48.00	36,100	53,400	52,400	18,000	183,600	104,400	157,800	9,000
1.2	Westend		44.00	29,400	50,900	21,600	500	7,800	7,100	58,000	49,900
1.3	Inner City		41.00	81,100	190,300	145,000	27,600	100,200	46,200	236,500	256,000
1.4	Central Station		27.00	8,200	26,500	8,700	0	25,000	700	27,200	16,200
2	Centre Fringe	22.50 -	25.00	63,800	132,400	70,500	3,600	41,600	18,300	150,700	82,500
3	City Fringe	14.00 -	20.00	15,600	155,200	36,100	1,300	5,300	5,300	160,500	35,700
4	Subcentres	12.00 -	24.00	92,800	450,300	241,700	35,000	267,500	221,000	671,300	466,700
	Total Frankfurt			327,000	1,059,000	576,000	86,000	631,000	403,000	1,462,000	916,000
5	Periphery	14.50 -	20.00	35,000	283,000	79,000	1,000	47,000	13,000	296,000	293,000
	Total			362,000	1,342,000	655,000	87,000	678,000	416,000	1,758,000	1,209,000
N. B.	. gif market area			304,000	963,000	531,000	82,000	615,000	387,000	1,350,000	882,000

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

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