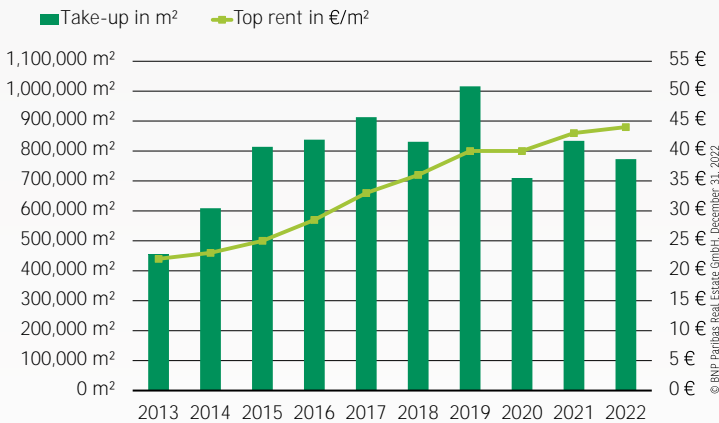




At a Glance **Q4 2022**

OFFICE MARKET BERLIN

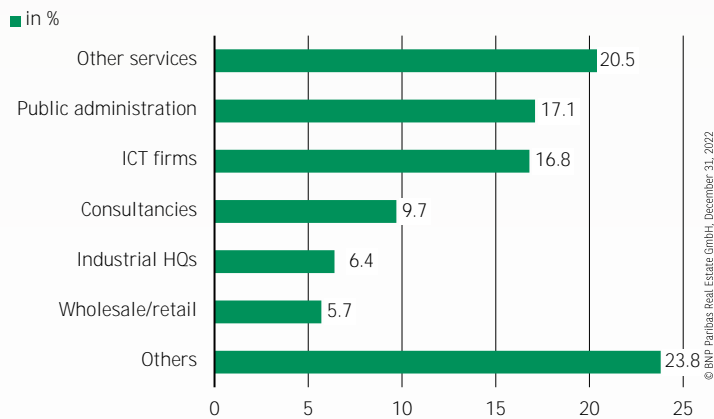
Development of take-up and top rents



BERLIN REMAINS AT TOP NATIONWIDE

With a take-up of 773,000 m², Berlin's office market remains at the top nationwide. For the fourth year in a row, the federal capital thus leads the field of German prime locations ahead of Munich. After outstanding results were achieved in many of the previous years, however, 2022 was somewhat more moderate. Compared to the strong previous year of 2021, in which a high number of deals with more than 10,000 m² of lettable space were registered, the letting volume fell by 7% and the 10-year average was missed slightly by 1%. It was primarily the final quarter in which the market lost pace. After a brilliant third quarter with 263,000 m² of take-up, the traditional year-end rally in Berlin largely failed to materialise this year, and letting performance in the fourth quarter amounted to 146,000 m². Against the background of the still challenging economic environment, the Berlin market seems to be taking a deep breath for the time being. However, with the expected recovery of the German economy in the coming year, rental activity will also pick up again.

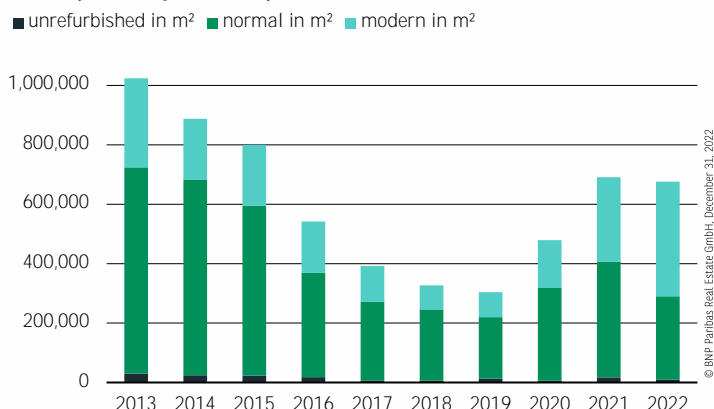
Take-up by sector 2022



WIDE RANGE OF SECTORS

With a market share of a good 20%, other services led the field of take-up by sector last year. It was primarily the large number of small and medium-sized contracts that contributed to this result. Outstanding, however, was the letting by Enpal of 17,100 m² of rental space in the Officehome Ostkreuz Campus project. Public administration ranked second, achieving a result in line with the long-term average with a total of around 130,000 m². The largest completion of the year, the refurbishment of the 40,000 m² office space building "Haus der Statistik" by the state of Berlin and its subsequent use as a location for the tax authority, contributed significantly to this result. ICT firms also made a double-digit contribution to take-up (17%).

Development of vacant space



VACANCY DECLINED YEAR-ON-YEAR

After a continuous reduction in vacancies was observed in the first nine months of the year, a slight increase of around 28,000 m² was recorded in the final quarter. Vacant space thus currently totals around 676,000 m², which nevertheless corresponds to a year-on-year decline of 2%. The vacancy rate in the Berlin market area is therefore 3.2%, which is still the lowest among the German a-cities.

Major contracts

Sub-market	Company	m ²
2.5	Land Berlin	40,000
2.1	Cariad SE (VW)	22,500
3.3	Mercedes-Benz AG [Mbition]	17,400
4.5	Bezirksamt Mitte Berlin	17,400
3.2	Enpal	17,100
4.1	Siemens Mobility	16,000

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Trends in important market indicators

	2021	2022	Trend 2023
Take-up	834,000 m ²	773,000 m ²	➔
Vacant space	691,000 m ²	676,000 m ²	➔
Space under construction (total)	1,283,000 m ²	1,491,000 m ²	➔
Space under construction (available)	671,000 m ²	985,000 m ²	➔
Top rent	43.00 €/m ²	44.00 €/m ²	➔

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➔ CONSTRUCTION ACTIVITY TEMPORARILY AT RECORD LEVEL

Despite the challenging market environment, construction activity reached 1.6 million m² (Q3) in the course of the year, a new record since the turn of the millennium. At the end of the year, space under construction totalled 1.49 million m². Although the projected volume has fallen by around 500,000 m² compared to the previous year, at 3.5 million m² it is still 55% above the 10-year average. In view of the currently comparatively low pre-letting rate of 34% and the high financing costs, some project developers are likely to adopt a more cautious approach in the coming months.

➔ RENTAL LEVEL ON THE RISE

The prime rent has risen by 1 € to 44 €/m² within a year. It was achieved for newly built space in Topcity East. Meanwhile, the average rent has risen by 30 cents to 28.50 €/m². Not least because of the high proportion of modern space and the very low vacancy rate, the average rent level in the capital is still unrivalled nationwide.

➔ OUTLOOK

In view of the economic uncertainties, a noticeably more hesitant attitude of many companies could be observed in the fourth quarter. As a result, demand is currently being driven less by major expansion plans and more by expiring letting agreements, which are often being replaced with higher-quality space. This is keeping the pressure on rents high, particularly in the modern segment. Although this development is likely to continue at the beginning of the year 2023, from today's perspective it is not unlikely that letting activity will gather considerable momentum again from the middle of the year onwards.

Key indicators 2022

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	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	40.00		34,000	18,000	14,000	3,000	85,300	85,300	103,300	0
1.2 Topcity East	44.00		42,000	13,000	10,000	0	0	0	13,000	0
1.3 Potsdamer/Leipziger Platz	42.00		19,500	18,000	16,000	0	0	0	18,000	33,300
2 City Centre	32.00 - 39.50		293,000	227,000	133,500	12,000	537,600	320,900	547,900	703,400
3 Centre Fringe	30.00 - 37.00		262,000	156,000	72,000	12,000	651,600	398,500	554,500	1,166,000
4 Subcentres	18.00 - 20.00		122,500	244,000	140,500	92,000	216,500	180,300	424,300	1,591,300
Total			773,000	676,000	386,000	119,000	1,491,000	985,000	1,661,000	3,494,000

* The top rent given applies to a market segment of 3-5 % in each case.

** The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2022](#)

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