

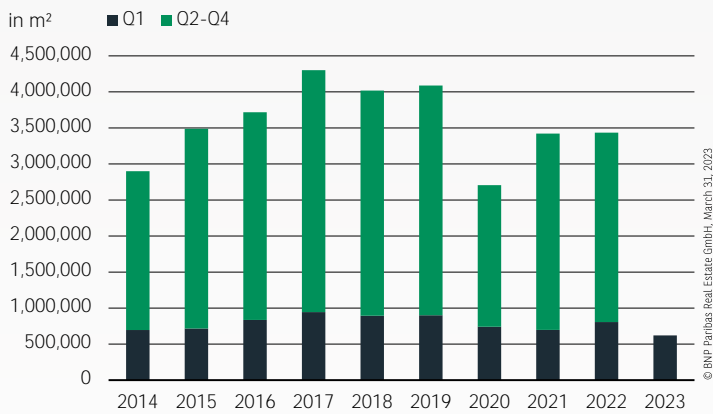


RESEARCH

At a Glance **Q1 2023**

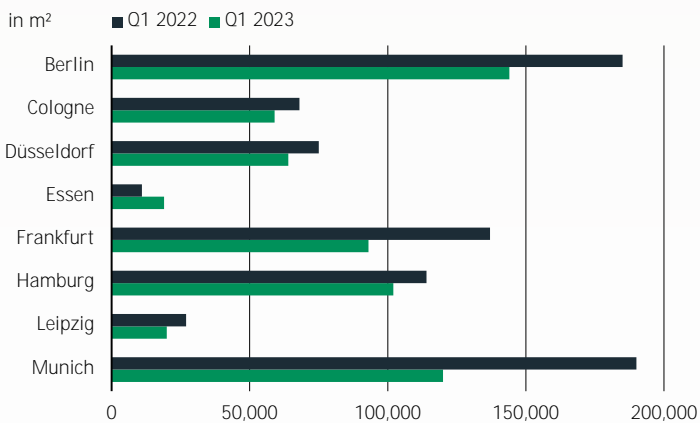
OFFICE MARKET GERMANY

Total take-up of selected office centres*

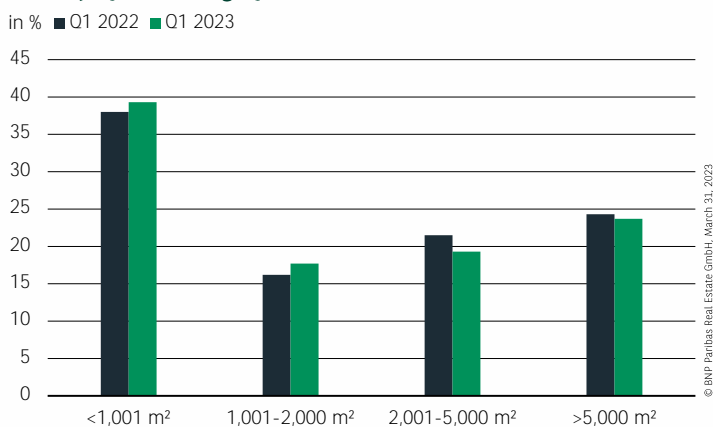


* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in Q1 2022 and Q1 2023



Take-up by size category



OFFICE MARKETS START THE YEAR MODERATELY AS EXPECTED

As expected, the German office markets have made a moderate start to 2023. Take-up in the eight locations of Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich amounted to 621,000 m² in the first quarter. Meaning both the previous year's result and the 10-year average were missed by a good fifth. The weakening economy as a result of the Ukraine war, which was already reflected towards the end of last year in less lettings and declining take-up, remains noticeable on the office markets in the first quarter of 2023. The decline, which at first glance appears to be significant, is of a similar magnitude to that seen, for example, at the beginning of 2009 in response to the global financial crisis and, as a temporary market reaction, can be attributed to an overall difficult environment and not to structural changes in demand.

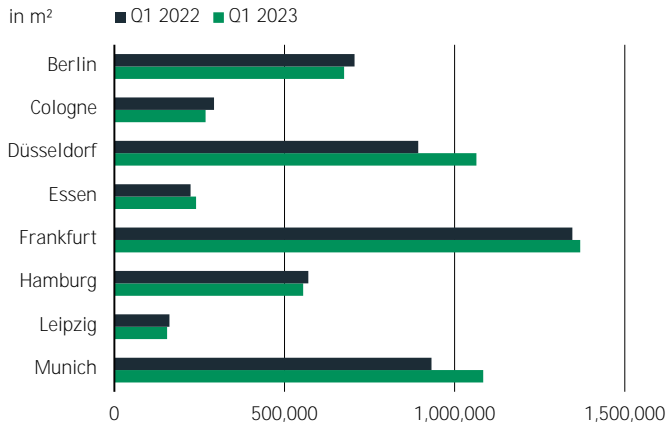
OFFICE MARKETS WITH SUBDUED MARKET DYNAMICS

For the reasons outlined above, letting activity is currently below average in all German office strongholds, although some markets holding up much better than others in this current difficult environment. Berlin once again leads the top locations with a take-up of 144,000 m². The German capital thus missed the previous year's result by 22% and the long-term average by 21%. With a letting volume of 120,000 m², Munich is once again in second place, although the losses in take-up are disproportionately greater at 37% and 33% respectively compared with the previous year and the 10-year average. Hamburg completes the podium with 102,000 m² of take-up. The Hanseatic city of Hamburg is thus the office market that presents itself as one of the most robust in both a short-term and long-term comparison, with a decline of around 11% each. Frankfurt missed the 100,000 m² mark and can report a take-up of 93,000 m², so that the strong result of the previous year remains unachieved.

BRISK DYNAMISM IN THE SMALLER MARKET SEGMENT

Compared to the previous year, the number of lettings has fallen across all size categories. In the space segment between 5,000 m² and 10,000 m², however, only a comparatively slight decline was recorded. At around 115,000 m² the result is in line with the long-term average and the previous year's result was only missed by 5%. Only for lettings above 10,000 m² the result marks significantly below the long-term average, with only 32,000 m².

Vacant space in Q1 2022 and Q1 2023



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➤ MODERATE INCREASE IN VACANCY

The vacancy volume in the eight major office locations currently totals 5.4 million m² and is thus slightly up on the previous year (+5.5%). However, the development of vacancies varies in the top office markets. In Berlin, the vacancy rate has fallen both in comparison to the end of 2022 as well as in comparison to the previous year, and the vacancy rate is at a low 3.2%. The development in Hamburg (3.9%) and Cologne (3.3%) is corresponding. In Leipzig, the vacancy rate decreased over the past 12 months to 4%. Rising vacancy rates, both in annual and direct quarterly comparison, are registered for Munich (4.8%), Düsseldorf (10.8%), Frankfurt (8.8%) and Essen (7.6%).

➤ PRIME RENTS STABLE TO RISING

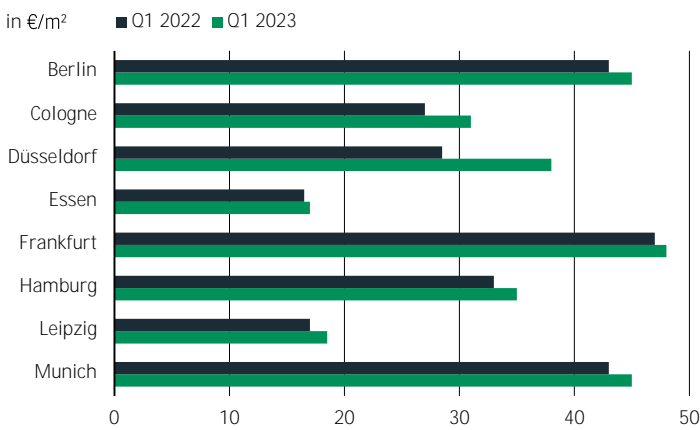
Compared to the previous year, prime rents have risen in all office strongholds. In Berlin, the prime rent has climbed by 1 €/m² to 45 €/m² (+5% year-on-year), thus reaching Munich's level again (45 €/m²; +5% year-on-year). Driven by further contracts concluded for premium space along Königsallee, the prime rent in Düsseldorf rose again at the beginning of the year by 12% to currently 38 €/m². Frankfurt remains the most expensive market of the top locations with 48 €/m² (+2% compared to the previous year).

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➤ OUTLOOK

In the course of the coming months, letting activity on the German office markets is likely to pick up increasingly in the slipstream of a recovering German economy, even if this will probably not yet show up in the second quarter but only in the second half of the year in form of significantly rising take-up.

Top rents in Q1 2022 and Q1 2023



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Office market indicators Q1 2023

	Top rent* (€/m ²)	Take-up (m ²)	Vacant space (m ²)				Vacancy rate	Space under construction (m ²)		Space on offer (m ²)	
			Q1 2023	total	modern	of this, since completion		total	available	available	projected
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11	
Berlin	45.00	144,000	675,000	383,000	22,000	3.2%	1,292,000	791,000	1,466,000	3,820,000	
Cologne	31.00	59,000	268,000	78,000	0	3.3%	230,000	76,000	344,000	306,000	
Düsseldorf	38.00	64,000	1,064,000	390,000	30,000	10.8%	347,000	220,000	1,283,000	892,000	
Essen	17.00	19,000	240,000	32,000	0	7.6%	28,000	8,000	248,000	158,000	
Frankfurt	48.00	93,000	1,369,000	707,000	49,000	8.8%	750,000	542,000	1,911,000	727,000	
Hamburg	35.00	102,000	555,000	116,000	25,000	3.9%	314,000	96,000	651,000	914,000	
Leipzig	18.50	20,000	155,000	41,000	1,000	4.0%	182,000	82,000	237,000	489,000	
Munich	45.00	120,000	1,084,000	457,000	179,000	4.8%	861,000	334,000	1,418,000	2,836,000	
Total		621,000	5,410,000	2,204,000	306,000		4,004,000	2,149,000	7,558,000	10,142,000	

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

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