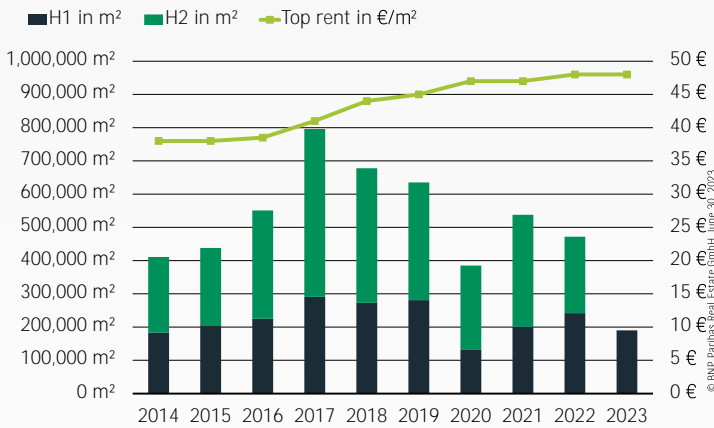




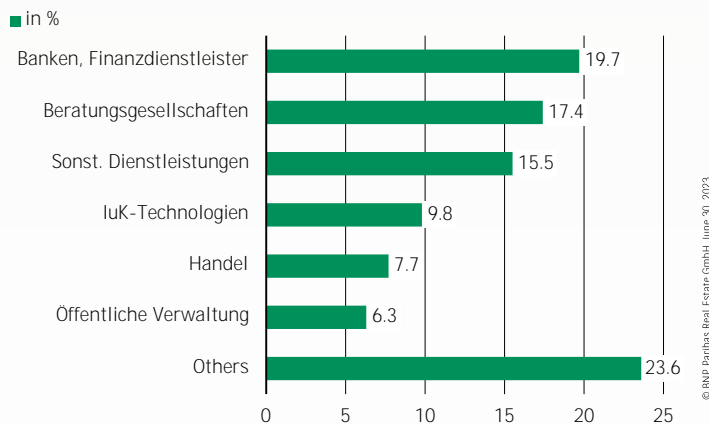
At a Glance **Q2 2023**

OFFICE MARKET FRANKFURT

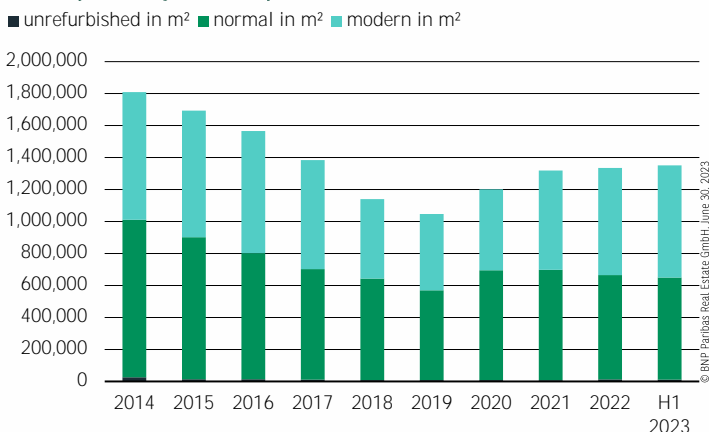
Development of take-up and top rents



Take-up by sector H1 2023



Development of vacant space



➤ MODERATE DECLINE IN TAKE-UP

The sharp setback in the German economy in the past winter half year is currently reflected in a noticeably slower dynamic on the office letting markets nationwide. Accordingly, the Frankfurt office market achieved a take-up of 190,000 m² (174,000 m² in the more narrowly defined gif market area) in the first six months of the year, which is around a fifth lower than in the previous year. Although this corresponds to a below-average result in a long-term comparison, the decline of 14% is comparatively moderate. Of all big six cities, only Hamburg recorded a smaller decline than Frankfurt. In fact the Frankfurt office market failed to achieve an average result because, for the first time since 2006, no major deals in the segment above the 10,000 m²-mark could be recorded by the end of the first half of the year. In the other size categories, take-up is consistently at the usual level. The biggest deal of the year so far is the letting of 9,600 m² by Universal Investment in the Timber Pioneer in the Europaviertel.

➤ FINANCIAL SERVICES AND CONSULTANCIES IN THE FRONT

The distribution of take-up by sector is led by banks and financial service providers, which contribute around 20% to the result. In addition to the letting of Universal Investment outlined above, another two of the six biggest deals belong to that sector, which are the lettings of American Express (5,000 m²; The Spin) and State Street Bank International (4,900 m²; ONE). Consultancies follow in second place with 17%, which corresponds exactly to their long-term average. The category of other services also makes a double-digit contribution (15.5%). With the letting of 8,800 m² by Eintracht Frankfurt, the largest deal in the second quarter can be attributed to this sector.

➤ VACANCY DECLINES SLIGHTLY IN THE SECOND QUARTER

With an increase of around 16,000 m² since the beginning of the year, the vacancy has only experienced a moderate upward trend (+1%). At the end of the first half of the year, the vacant space totaled 1.35 million m² (gif: 1 million m²), which corresponds to a vacancy rate of 8.7%. The proportion of modern space is currently at 52%. In the top locations Banking District and Westend the vacancy rate stands at low 3.8% and 5.0% respectively.

Major contracts

Sub-market	Company	m ²
1.3	Universal Investment	9,600
3.4	Public administration	9,100
4.4	Eintracht Frankfurt	8,800
1.3	Massif Central Projektgesellschaft	5,800
1.3	American Express	5,000
1.3	State Street Bank International	4,900

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Trends in important market indicators

	H1 2022	H1 2023	Trend remaining year
Take-up	242,000 m ²	190,000 m ²	↗
Vacant space	1,369,000 m ²	1,351,000 m ²	↗
Space under construction (total)	674,000 m ²	753,000 m ²	→
Space under construction (available)	405,000 m ²	495,000 m ²	→
Top rent	47.00 €/m ²	48.00 €/m ²	↗

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➤ CONSTRUCTION ACTIVITY ON RECORD LEVEL

There is currently 753,000 m² of office space under construction in Frankfurt, which is the highest value in the past 20 years. The pre-letting rate is now around one third and thus well below the long-term average (around 50%). Against the background of the economic setback in the past winter months, however, many project developers are already acting noticeably more cautiously. Accordingly, in contrast to the space under construction, the projected volume (625,000 m²) has fallen to one of the lowest values ever registered.

➤ PRIME RENT STILL AT A HIGH LEVEL

The prime rent remained unchanged at 48 €/m² since the beginning of the year and is thus still the undisputed highest among the major German office markets. The average rent is now at 23.70 €/m², which corresponds to an increase of 2% compared to the first quarter.

➤ OUTLOOK

As in all major office markets, the economic slowdown has also left its mark on Frankfurt. Nevertheless, the damper in the Main metropolis has so far been comparatively moderate overall. Another positive sign: There are still several large-scale searches on the market, which are likely to give a significant boost to take-up in 2023. Rental prices supposedly continue to rise slightly in the coming months as well.

Key indicators H1 2023

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 2023	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	48.00		26,100	46,100	43,800	0	163,600	94,800	140,900	32,900
1.2 Westend	46.00		11,400	49,100	30,800	0	3,200	3,200	52,300	47,200
1.3 Inner City	43.00		53,500	231,700	154,000	4,500	83,600	37,100	268,800	101,500
1.4 Central Station	27.00		4,300	27,200	11,100	0	25,000	0	27,200	21,200
2 Centre Fringe	23.00 - 25.00		19,800	143,300	85,000	2,000	78,300	71,500	214,800	0
3 City Fringe	16.00 - 18.50		22,300	118,300	46,100	0	106,200	106,200	224,500	18,300
4 Subcentres	12.50 - 28.00		40,600	470,300	259,200	36,500	235,100	149,200	619,500	117,900
Total Frankfurt			178,000	1,086,000	630,000	43,000	695,000	462,000	1,548,000	339,000
5 Periphery	14.00 - 20.00		12,000	265,000	71,000	1,000	58,000	33,000	298,000	286,000
Total			190,000	1,351,000	701,000	44,000	753,000	495,000	1,846,000	625,000
N. B. gif market area			173,000	999,000	595,000	43,000	679,000	446,000	1,445,000	327,000

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

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

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