

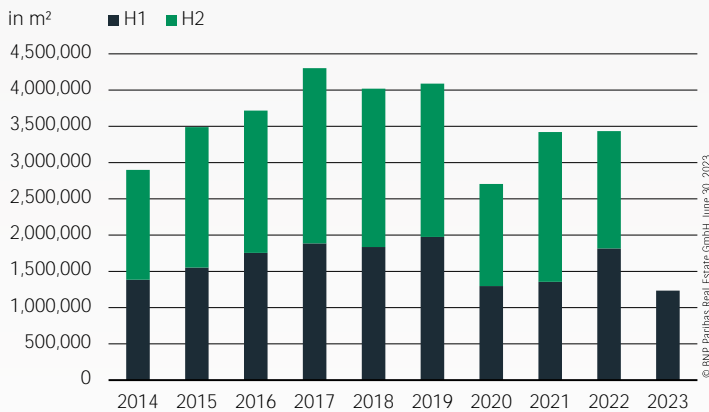


RESEARCH

At a Glance **Q2 2023**

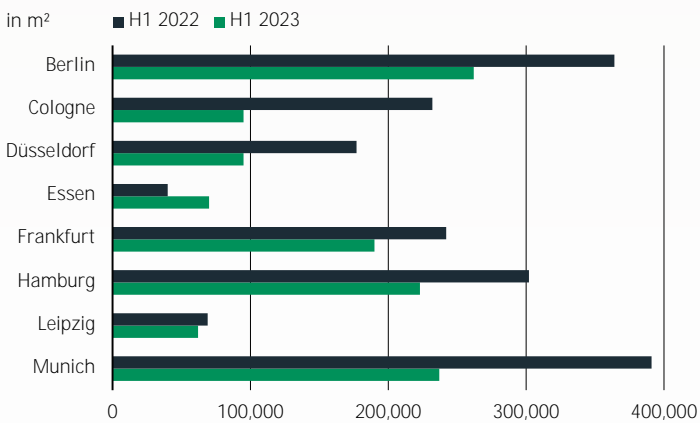
OFFICE MARKET GERMANY

Total take-up of selected office centres*

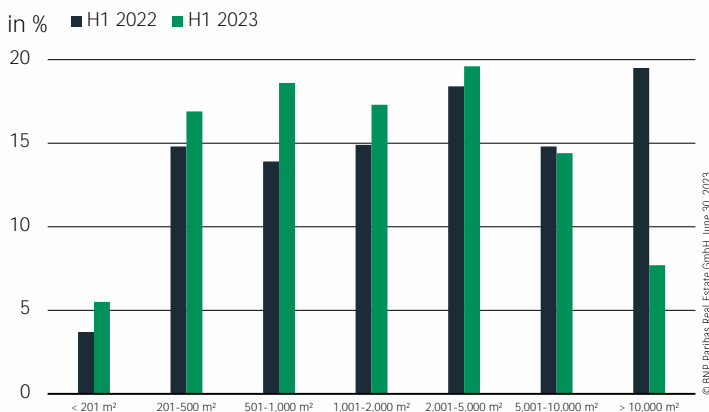


* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

Take-up in H1 2022 and H1 2023



Take-up by size category



WEAK ECONOMY DECELERATE OFFICE MARKETS NOTICEABLY

Letting activity on the German office markets remains below average to date. The take-up of the eight office locations Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich amounted 1.23 million m² in the first half of 2023. Thereby the 10-year average was missed by almost a quarter, and the good result of the previous year was also unmatched. The German economy got through the winter much better than predicted in autumn 2022, but there is still no stability in the system. At the moment there are no major positive signs of departure and dynamic growth. Accordingly, many companies are progressing at a slower pace on their future path and are very selective in renting space for growth.

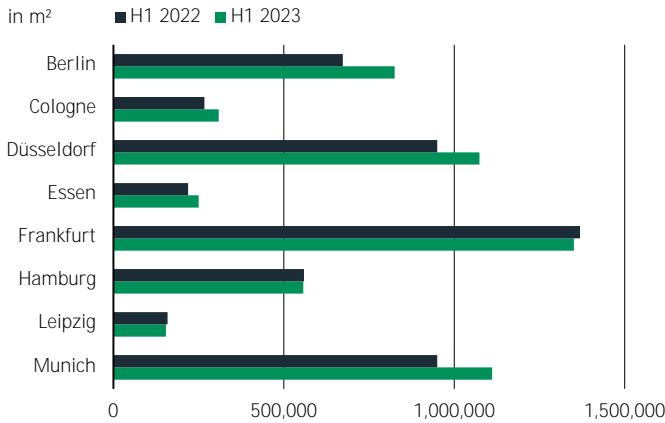
BERLIN REMAINS AT THE TOP

Although the take-up in the capital city fell by around 28% compared to the strong result of the previous year and the 10-year average was missed by a good quarter, Berlin remains at the top of the German office markets with 262,000 m². Munich ranks second with a total of 237,000 m² but cannot match the overall strong half-year result of 2022 (-39%) and, like the majority of German office strongholds, is currently at a below-average level in a long-term comparison. Hamburg successfully holds third place with 223,000 m² of take-up. Among the top 5 locations, Hamburg occupies a positive exceptional position: The letting dynamic increased in the second quarter and the long-term average was missed by just under 10% in the first half of the year.

LOW VOLUME OF MAJOR LETTINGS

Large contracts of more than 10,000 m², which are generally an important pillar of take-up, only contribute just under 8% to the current result. To date, their volume in the top markets nationwide has only added up to just under 100,000 m². The long-term average is three times higher. The lack of these big deals can only be partly compensated. As in the previous year, the second-largest category of 5,000 – 10,000 m² achieved a share of a good 14%. As a result, take-up has so far been pillared primarily by the four medium-sized space segments between 200 and 5,000 m², which together account for a whopping 72%.

Vacant space in H1 2022 and H1 2023



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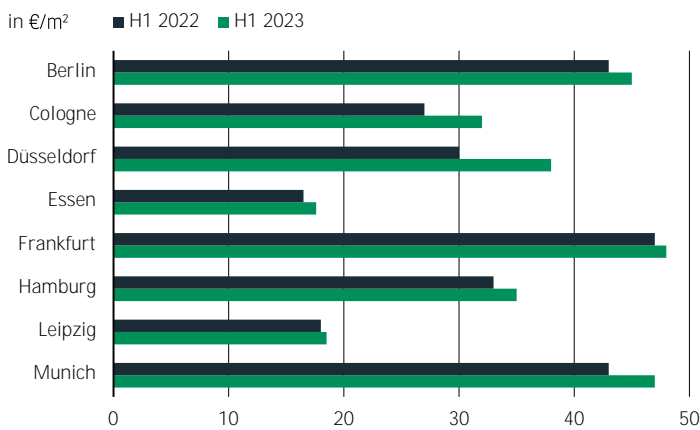
VACANCY CONTINUES TO RISE

In the first half of the year, the vacancy volume in the office strongholds totalled 5.6 million m², which corresponds to an increase of a good 9% compared to the previous year. However, the pace of the increase varies significantly between markets. In Berlin, the vacancy volume has risen to 825,000 m² over the course of the year, and the vacancy rate is still below the 4% mark at 3.9% despite the great momentum. This beam also remains untouched in Cologne (3.8%), Leipzig and Hamburg (3.9% each). In Munich, for the first time since 2015, there is located a 5 before the decimal point, but the current value of 5.0% in the long time series is still moderate. Essen (7.9%), Frankfurt (8.7%) and Düsseldorf (10.9%) continue to rank at the bottom.

FURTHER RISE IN RENTAL PRICES

Prime rents have risen in all office markets since the summer of 2022, with most markets in the top segment recording stable rents since the beginning of this year. The exceptions here are Munich, Cologne and Essen, which will report a further increase in the second quarter of 2023. In Munich, the prime rent rose by 2.00 €/m² to 47.00 €/m² in spring 2023. This sets a record in the Bavarian capital. Frankfurt remains the most expensive market at 48.00 €/m².

Top rents in H1 2022 and H1 2023



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OUTLOOK

The German office markets are currently moving in the wake of a weakening economy. Below-average take-up remains the most likely scenario for the second half of the year, and a further, even though moderate, rise in vacancies cannot be ruled out. Due to the healthy demand for modern and ESG-compliant space, further rent increases are to be expected.

Office market indicators H1 2023

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
			H1 2023	total	modern	of this, since completion	Vacancy rate	total	available	available
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	45.00	262,000	825,000	469,000	39,000	3.9%	1,071,000	683,000	1,508,000	3,774,000
Cologne	32.00	95,000	309,000	96,000	0	3.8%	221,000	72,000	381,000	377,000
Düsseldorf	38.00	95,000	1,074,000	387,000	30,000	10.9%	342,000	197,000	1,271,000	688,000
Essen	17.60	70,000	250,000	34,000	0	7.9%	48,000	8,000	258,000	213,000
Frankfurt	48.00	190,000	1,351,000	701,000	44,000	8.7%	753,000	495,000	1,846,000	625,000
Hamburg	35.00	223,000	557,000	117,000	25,000	3.9%	437,000	171,000	728,000	872,000
Leipzig	18.50	62,000	154,000	40,000	1,000	3.9%	154,000	76,000	230,000	532,000
Munich	47.00	237,000	1,111,000	475,000	179,000	5.0%	891,000	374,000	1,485,000	2,780,000
Total		1,234,000	5,631,000	2,319,000	318,000	5.7%	3,917,000	2,076,000	7,707,000	9,861,000

* 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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