

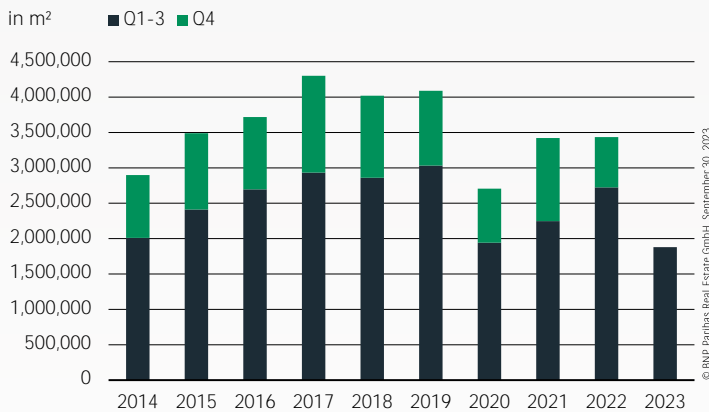


RESEARCH

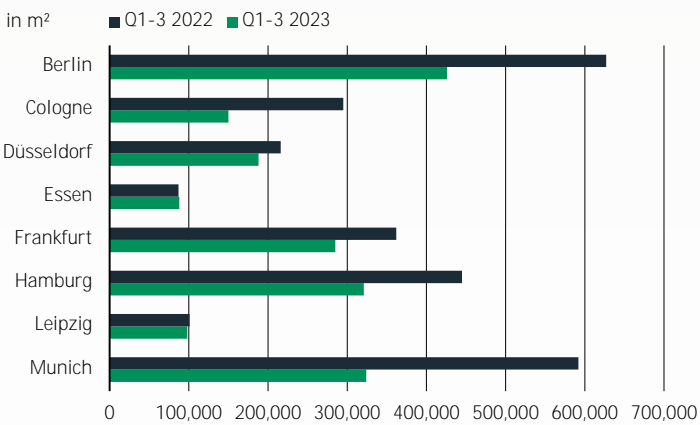
At a Glance **Q3 2023**

OFFICE MARKET GERMANY

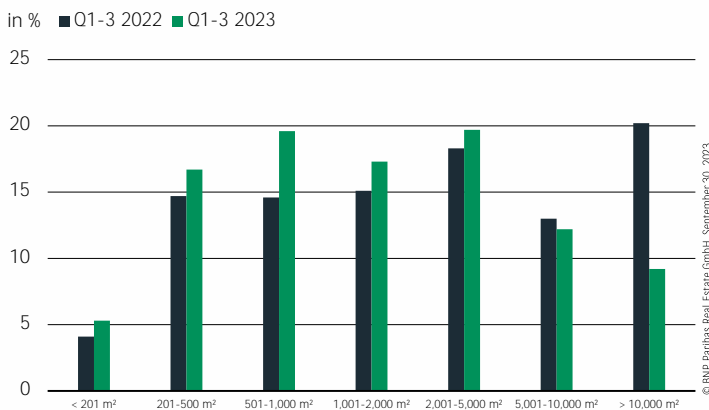
Total take-up of selected office centres*



Take-up in Q1-3 2022 and Q1-3 2023



Take-up by size category



AS EXPECTED, NO ECONOMIC MOMENTUM TO DATE

As expected, the German office markets still have to wait for an upward economic trend, as the German economy has not yet been able to regain momentum in a difficult global market environment. The ECB's tough stance on inflation during the summer compounded the problem. Germany's key leading indicators from ifo and ZEW in particular reflected the pessimistic outlook. Accordingly, the postponement of growth and investment decisions remained on the agenda, with direct consequences for letting activity on the office markets. The letting activity remains at a below-average level, but an increasing number of locations showing signs of stabilization and initial signs of a catch-up trend. Take-up in the eight locations of Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich totaled just under 1.9 million m² in the first nine months of 2023. Although the ten-year average was missed by around 24% as well as the good result of the previous year remained unrivaled, a slight increase of 5% compared with the previous quarter can be reported.

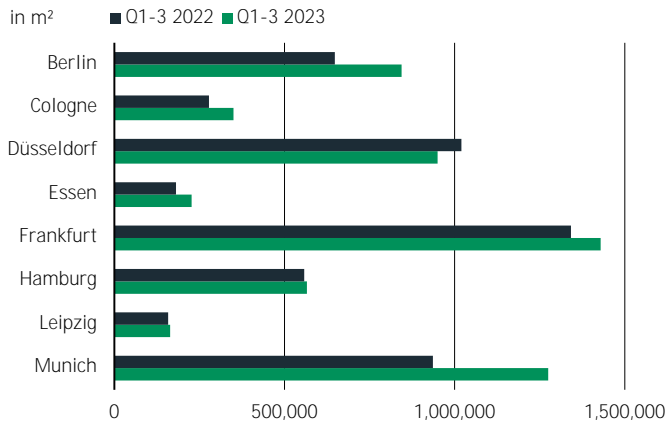
BERLIN IN FIRST PLACE BY A WIDE MARGIN

With a take-up of 426,000 m², Berlin clearly missed the good result of the previous year, and the 10-year average was undercut by around a quarter, nevertheless, the federal capital still ranks No. 1 in the nationwide comparison. Munich takes second place, by some distance, archiving take-up of 324,000 m² at the end of September (-37% below the 10-year average). With 87,000 m² in Q3, the Bavarian capital also recorded the weakest quarterly result in the past 20 years, which is primarily due to the lack of major contracts. Hamburg is almost on a par with Munich, registering take-up of 321,000 m² to date.

FEW LARGE LETTINGS IN THE FIRST THREE QUARTERS

A very low ratio of large lettings is primarily responsible for the overall decline in take-up. Both lettings above 10,000 m², which contributed only a good 9% to the result (previous year: 20%), and the size category between 5,000 and 10,000 m², which accounted for a good 12%, reported significantly lower take-up volumes compared to the same period last year as well as to the long-term average. By contrast, demand in the four groups between 200 and 5,000 m² was relatively balanced, with shares of between just under 17% and 20% in each case.

Vacant space in Q1-3 2022 and Q1-3 2023

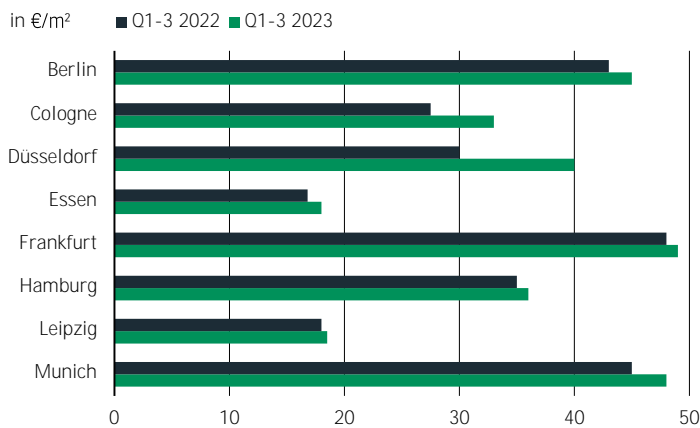


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➤ VACANCY GROWTH LOSES PACE

The overall pace of vacancy growth slowed in the third quarter, but vacancy volumes in the major office markets still totaled 5.8 million m² at the end of September (+13% year-on-year). The dynamics of the increase continue to vary considerably between the markets. While the figures in Düsseldorf and Essen are tending downwards again for the first time, at least for the moment, there are signs of stabilization in Berlin, Hamburg and Leipzig. The lowest vacancy rate is currently recorded for Hamburg (3.9%), while Berlin (4.0%), Leipzig (4.2%) and Cologne (4.3%) are also remaining well below 5%. Munich now reports a vacancy rate of 5.7%. Essen (7.2%), Frankfurt (9.2%) and Düsseldorf (9.7%) follow at some distance.

Top rents in Q1-3 2022 and Q1-3 2023



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➤ RENTAL PRICES CONTINUE TO TREND UPWARDS

Prime rents have risen in all top office markets since September 2022 and, with the exception of Berlin and Leipzig, where rents remained stable at a high level in Q3, have recently continued their upward trend. At 49€/m² (+2% y-o-y), Frankfurt's prime rent is once again the highest in Germany.

➤ OUTLOOK

The fairway in which the nationwide office markets are navigating will remain choppy for the time being. The typical year-end rally is unlikely to unfold in view of the persistently challenging underlying conditions. Take-up at the end of 2023 will almost certainly be below average, despite a pick-up in the final quarter. Nevertheless, demand on the major German office markets is likely to pick up noticeably in the slipstream of the economic recovery.

Office market indicators Q1-3 2023

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)				Space under construction (m²)		Space on offer (m²)	
			Q1-3 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	426,000	844,000	498,000	19,000	4.0%	1,037,000	678,000	1,522,000	3,627,000
Cologne	33.00	150,000	350,000	107,000	0	4.3%	182,000	78,000	428,000	456,000
Düsseldorf	40.00	188,000	950,000	333,000	47,000	9.7%	325,000	168,000	1,118,000	688,000
Essen	18.00	88,000	227,000	40,000	0	7.2%	54,000	8,000	235,000	213,000
Frankfurt	49.00	285,000	1,429,000	776,000	51,000	9.2%	723,000	478,000	1,907,000	586,000
Hamburg	36.00	321,000	566,000	129,000	23,000	3.9%	408,000	176,000	742,000	860,000
Leipzig	18.50	98,000	164,000	61,000	800	4.2%	130,000	84,000	248,000	534,000
Munich	48.00	324,000	1,275,000	568,000	224,000	5.7%	775,000	326,000	1,601,000	2,827,000
Total		1,880,000	5,805,000	2,512,000	364,800	5.9%	3,634,000	1,996,000	7,801,000	9,791,000

* 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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