

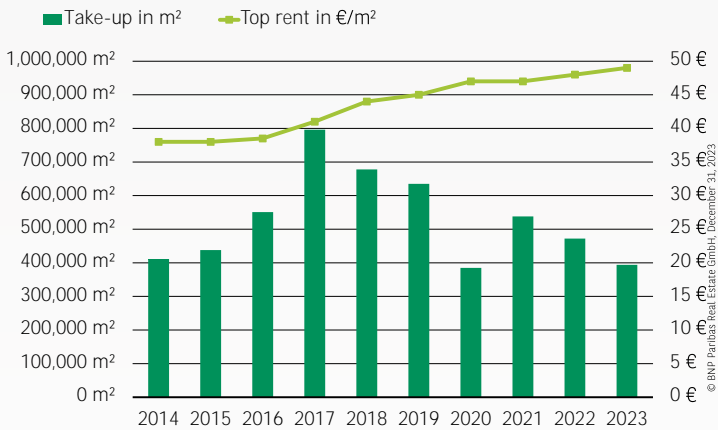


RESEARCH

At a Glance **Q4 2023**

OFFICE MARKET FRANKFURT

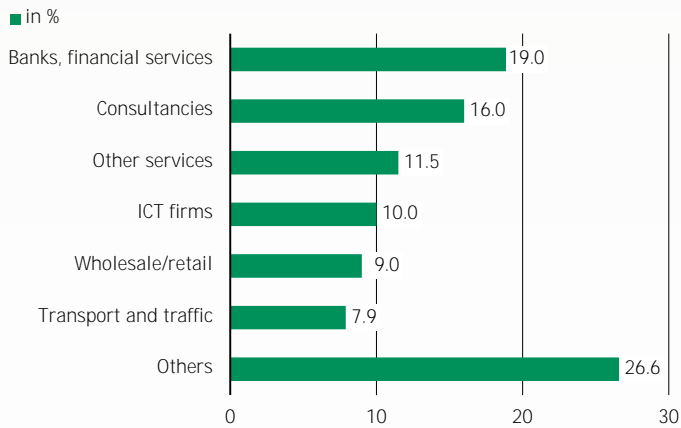
Development of take-up and top rents



FRANKFURT OFFICE MARKET COMPARATIVELY STABLE

The Frankfurt office market is looking back on a year of low letting activity. Take-up was distributed relatively evenly over the entire year. Around 100,000 m² was registered in each quarter. However, with a take-up of 109,000 m², a positive trend could be identified in the final quarter. A total volume of 394,000 m² (gjf market area: 356,000 m²) was recorded. The previous year's result was missed by around 17% and the 10-year average (529,800 m²) by 26%. The two largest lettings of Deutsche WertpapierService Bank AG and a wholesale/retail company, each 12,400 m², are the only two transactions over 10,000 m². The overall low take-up is largely due to the lack of large-volume lettings.

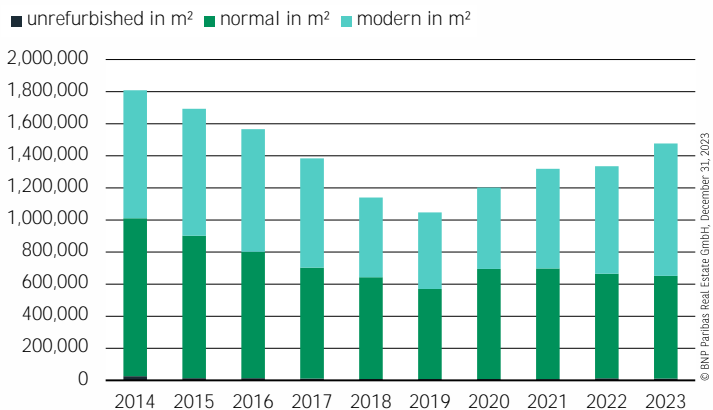
Take-up by sector 2023



FRANKFURT'S LEADING SECTORS DOMINATE TAKE-UP

The two top positions in the sector ranking in 2023 are held by Frankfurt's leading sectors of banks, financial services and consultancies, with shares of 19% and 16% respectively. Two of the top five deals are attributable to banks and financial services. The consultancies have a market share in line with the long-term average. Banks and financial services have a slightly below-average market share (Ø 10 years: 20.2%). Other services and ICT firms follow in third and fourth place with above-average market shares of just under 12% and 10% respectively. The retail sector follows with an above-average market share of 9%, consequently it has recorded its second-highest take-up in the last 10 years with a good 35,000 m².

Development of vacant space



VACANCY CONTINUES TO RISE

After the vacancy volume stabilised at around 1.34 million m² in 2022, a further increase in vacancies was recorded in 2023. Around 1.48 million m² (gjf: 1.09 million m²) is currently available at short notice, which corresponds to a vacancy rate of 9.5%. Around 56% of this space has a modern fit-out standard. In view of Frankfurt's office market, which is accustomed to high quality space, and the challenging environment, this value is not alarming. In the prime locations in the Westend, the vacancy has fallen significantly year-on-year by 27% to 38,000 m². The vacancy rate in the Westend is below average at 4% (average 10 years: 6.3%).

Major contracts

Sub-market	Company	m ²
4.6	Deutsche WertpapierService Bank	12,400
4.7	Wholesale/retail	12,400
1.3	Universal Investment	9,600
3.4	LBIH Wiesbaden	9,100
4.4	Eintracht Frankfurt	8,800
1.3	Massif Central Projektgesellschaft	5,800

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Trends in important market indicators

	2022	2023	Trend 2024
Take-up	472,000 m ²	394,000 m ²	↘
Vacant space	1,335,000 m ²	1,477,000 m ²	↘
Space under construction (total)	675,000 m ²	650,000 m ²	↘
Space under construction (available)	482,000 m ²	408,000 m ²	↘
Top rent	48.00 €/m ²	49.00 €/m ²	↗

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PROJECTED SPACE DECLINES SIGNIFICANTLY

The volume of project developments that can be launched at short notice fell significantly from around 1 million m² (2022) to just over 500,000 m² in 2023 due to the challenging financing environment and the insolvency of some project companies. Although 650,000 m² are currently still under construction, the majority of this (384,00 m²) will not be completed until 2025. Furthermore, there are currently a number of space demolitions and conversions that are not included in the office letting figures. For example, the City of Frankfurt has rented the Lateral Tower in order to convert the building to accommodate two secondary schools.

PRIME RENT CONTINUES TO RISE

The prime rent has risen slightly by €1/m² to €49/m² since the end of 2022. This clearly underlines the continued high demand for high-quality space ("flight-to-quality").

OUTLOOK

In 2023, economic uncertainties depressed take-up on the Frankfurt office market. In 2024, however, the German economy is likely to pick up again noticeably, which should also boost take-up in Frankfurt. Against the backdrop of delayed building completions and the prospect of a further decline in completions paired with stable demand from companies for high-quality space, further rental growth potential can be expected, particularly in prime rents.

Key indicators 2023

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	2023	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1	2	2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 Banking District	49.00		38,500	94,600	92,300	0	175,400	125,300	219,900	20,000
1.2 Westend	47.00		28,400	38,400	20,100	0	27,200	18,400	56,800	27,600
1.3 Inner City	43.00		89,000	236,400	163,600	10,000	70,700	29,600	266,000	44,600
1.4 Central Station	27.00		10,900	23,000	5,200	0	25,000	0	23,000	21,500
2 Centre Fringe	23.00 - 25.00		47,900	139,600	90,600	200	70,700	58,200	197,800	0
3 City Fringe	16.00 - 19.00		36,400	136,300	67,200	0	80,700	76,700	213,000	4,500
4 Subcentres	13.00 - 28.00		115,900	510,700	286,000	34,800	145,300	63,800	574,500	140,800
Total Frankfurt			367,000	1,179,000	725,000	45,000	595,000	372,000	1,551,000	259,000
5 Periphery	14.50 - 20.00		27,000	298,000	100,000	1,000	55,000	36,000	334,000	255,000
Total			394,000	1,477,000	825,000	46,000	650,000	408,000	1,885,000	514,000
N. B. gif market area			356,000	1,087,000	688,000	45,000	579,000	356,000	1,443,000	247,000

* 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 2023](#)

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Further Information BNP Paribas Real Estate GmbH | Branch office Frankfurt | Phone +49 (0)69-298 99-0 | www.realestate.bnpparibas.de