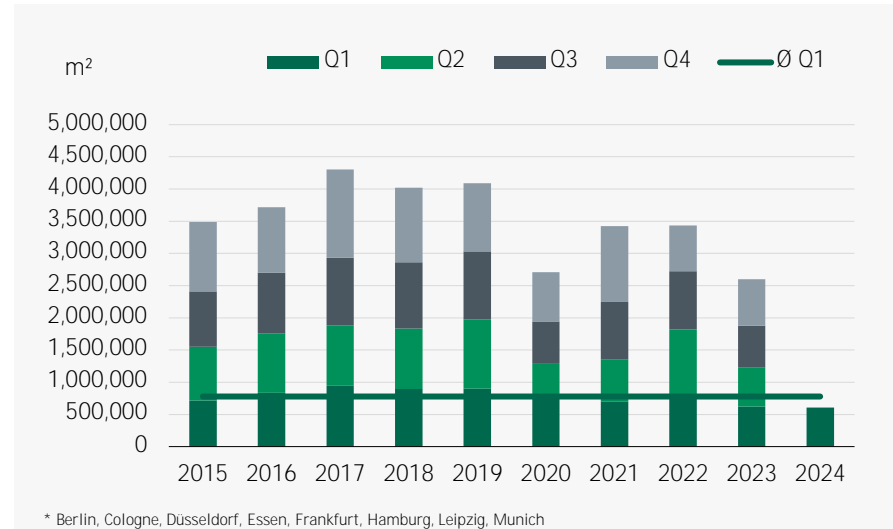


REPORT OFFICE MARKET

GERMANY

Q1 2024

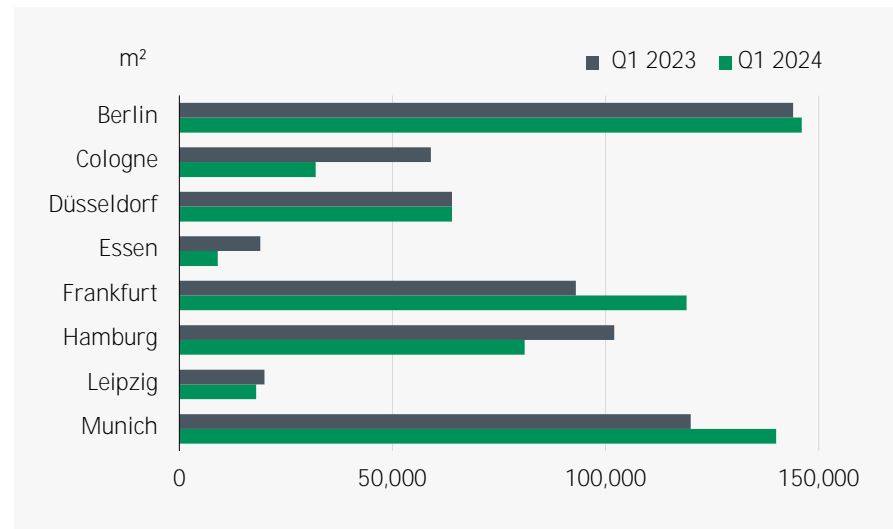
Total take-up of selected office centres*



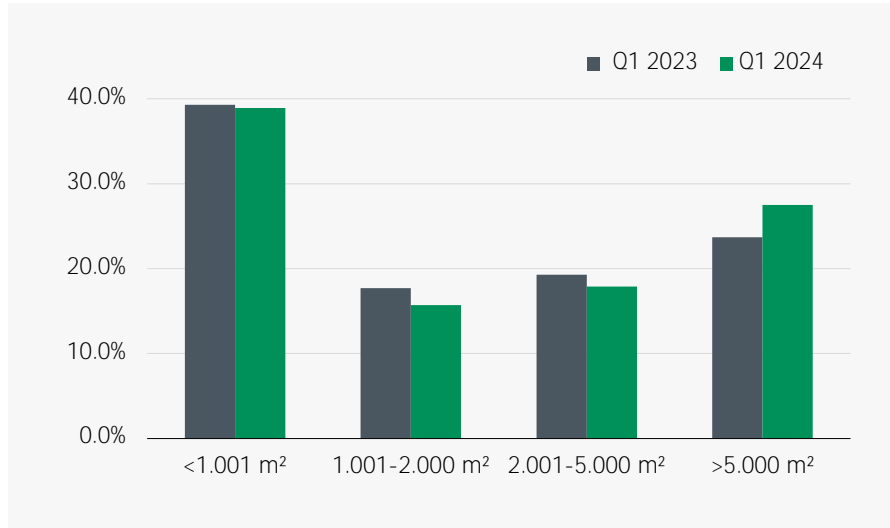
STABLE TAKE-UP DESPITE DIFFICULT ENVIRONMENT; LARGE CONTRACTS MADE THE DIFFERENCE

- Despite the ongoing macro-economic situation, the German office markets recorded take-up of 609,000 m² in Q1 2024, almost matching the previous year's level. However, as expected, take-up in the eight major markets of Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich remained significantly below the 10-year average (-22%). The pace of contract signings varied greatly in the individual cities at the beginning of the year.
- With a take-up of 146,000 m², Berlin once again ranks at the top of the German office locations. The capital thus recorded a market dynamic comparable to that of the same period last year, although the result was again below the 10-year average (-20%). The main drivers of take-up were major contracts above 5,000 m² (51 % share). At 140,000 m², take-up in Munich was also almost a fifth below the long-term average (-21%). In Frankfurt two large-scale lettings provided a positive momentum, including the approximately 37,000 m² signed by the European Central Bank (ECB). They were the main factor behind the increase in take-up volume to 119,000 m² (+28% compared to the previous year).
- The importance of large lettings above the 10,000 m² mark or their absence in the current market environment is particularly evident in the example of Hamburg. The city of Hamburg ranks in fourth place by a considerable distance with a take-up of only 81,000 m².

Take-up in Q1 2023 and Q1 2024



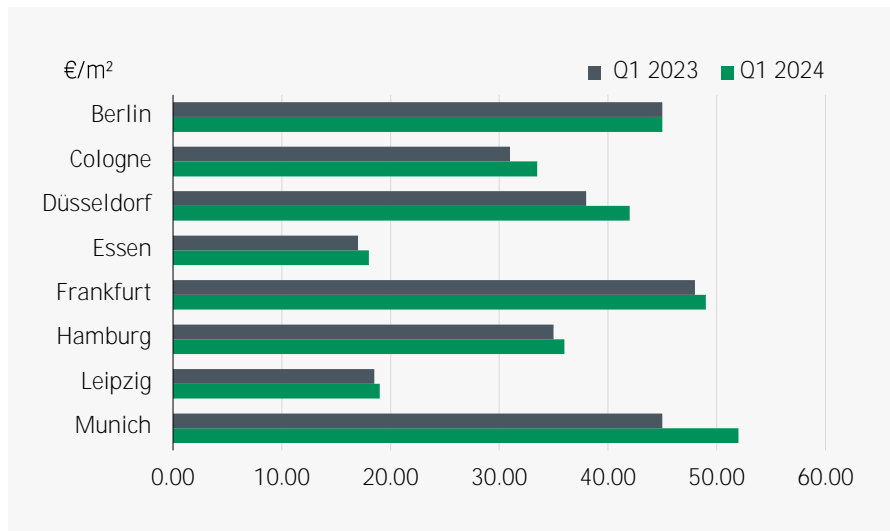
Take-up by size category



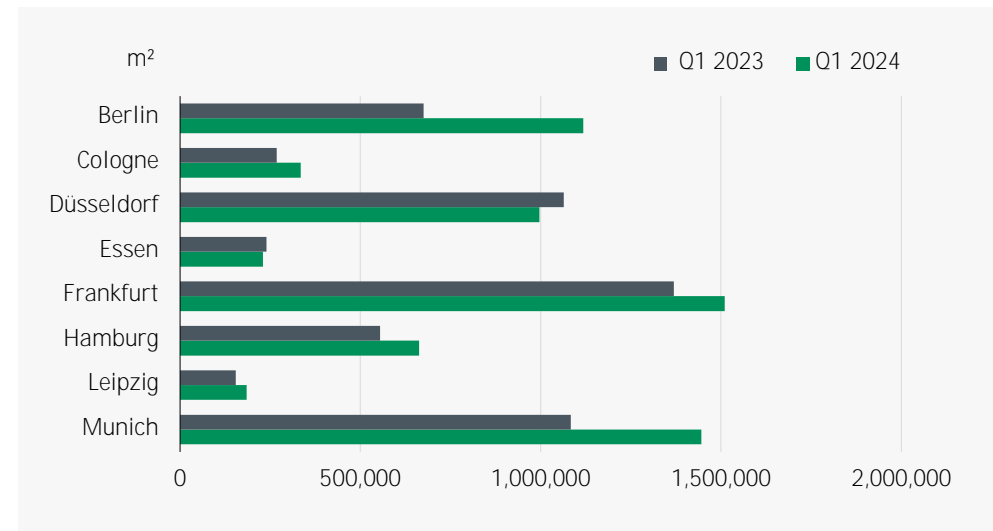
FURTHER RISE IN VACANCIES

- The trend of rising vacancy volumes continued in Q1 2024. Vacancies in the top markets currently amount to around 6.5 million m². Despite the noticeable increase, vacancy rates remain significantly below the highs of the previous cycle. This also applies to Düsseldorf (10.1%) and Frankfurt (9.7%), where the highest vacancy rates are currently recorded. In Munich, the vacancy rate now stands at 6.4%, and in Berlin it is currently at 5.2%. Leipzig (4.7%), Hamburg (4.6%) and Cologne (4.1%) remain below the 5% mark.
- The pressure on prime rents remains high despite the current moderate overall take-up, with vacancy volumes continuing to rise for now. The development of prime rents in Munich is particularly noteworthy, having risen by €3/m² to €52.00/m² in the first quarter (+16% year-on-year). As a result, Munich is Germany's most expensive office market, ahead of Frankfurt and Berlin.

Prime rents in Q1 2023 and Q1 2024



Vacant space in Q1 2023 and Q1 2024



OUTLOOK

- The general conditions for the German office markets remain challenging for the moment. The persistently weak economic development is likely to have a particularly significant impact. Current economic forecasts assume minimal GDP growth in Germany in 2024 before the economy is likely to return to a more solid growth path in 2025.
- However, signs are increasing towards the end of winter that the mood among businesses and consumers could slowly brighten after long months of pronounced pessimism. The ifo business climate index has risen for the second time in a row and the GfK consumer climate is also slowly recovering.
- The German office markets once again demonstrated their fundamental stability at the start of the year. Many company owners still lack the certainty and reliable growth prospects that would allow them to rent more office space, but the momentum in the small and medium-sized space segment in particular is remarkable, especially in view of the still weak economic situation. The markets can rely on this foundation. With a brighter mood emerging and the German economy picking up speed again, albeit only slowly, rental decisions should also become easier again. Knowing that there is a strong correlation between GDP growth and office space take-up, it is to be expected that take-up will stabilize across the board as the year progresses.

Important office market locations in Germany



Office market indicators

	PRIME RENT*	TAKE-UP	VACANT SPACE				SPACE UNDER CONSTRUCTION		SPACE ON OFFER	
	(€/m ²)	(m ²)								
		Q1 2024	total	modern	of this, since completion	vacancy rate	total	available	available	projected
1	2	3	4	5	6	7	8	9	10 = (4+9)	11
Berlin	45.00	146,000	1,118,000	678,000	58,000	5.2%	745,000	542,000	1,660,000	3,616,000
Cologne	33.50	32,000	335,000	88,000	3,000	4.1%	170,000	75,000	410,000	426,000
Düsseldorf	42.00	64,000	997,000	375,000	29,000	10.1%	315,000	142,000	1,139,000	618,000
Essen	18.00	9,000	230,000	42,000	0	7.2%	50,000	12,000	242,000	175,000
Frankfurt	49.00	119,000	1,510,000	844,000	46,000	9.7%	618,000	408,000	1,918,000	431,000
Hamburg	36.00	81,000	663,000	172,000	20,000	4.6%	344,000	170,000	833,000	857,000
Leipzig	19.00	18,000	185,000	86,000	23,000	4.7%	136,000	71,000	256,000	475,000
Munich	52.00	140,000	1,446,000	665,000	235,000	6.4%	678,000	309,000	1,755,000	3,008,000
Total		609,000	6,484,000	2,950,000	414,000		3,056,000	1,729,000	8,213,000	9,606,000

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

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