



FRANKFURT

REPORT INVESTMENT MARKET

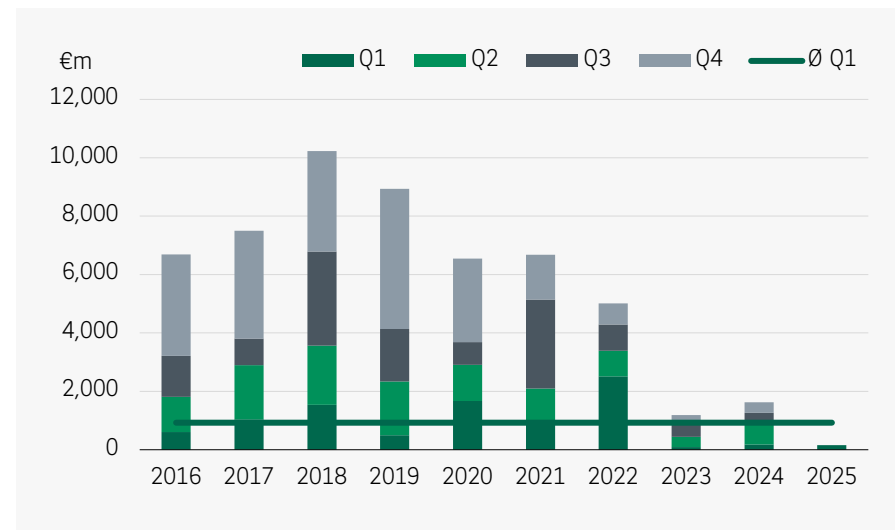
Q1 2025



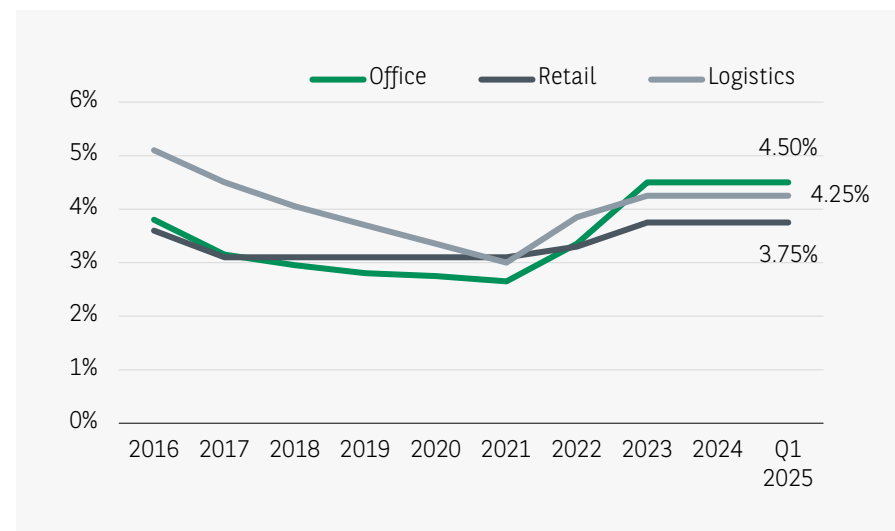
BNP PARIBAS
REAL ESTATE

REAL ESTATE for a changing world

Development of investment volume



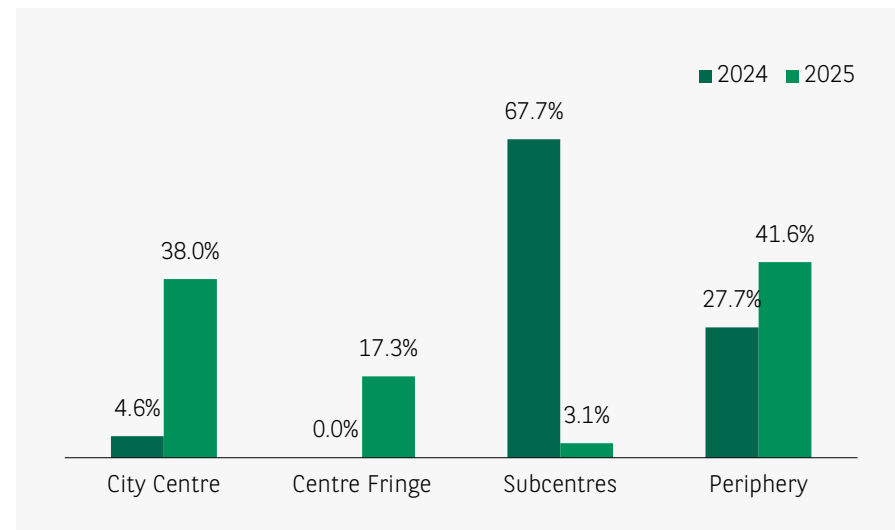
Net prime yields by type of property



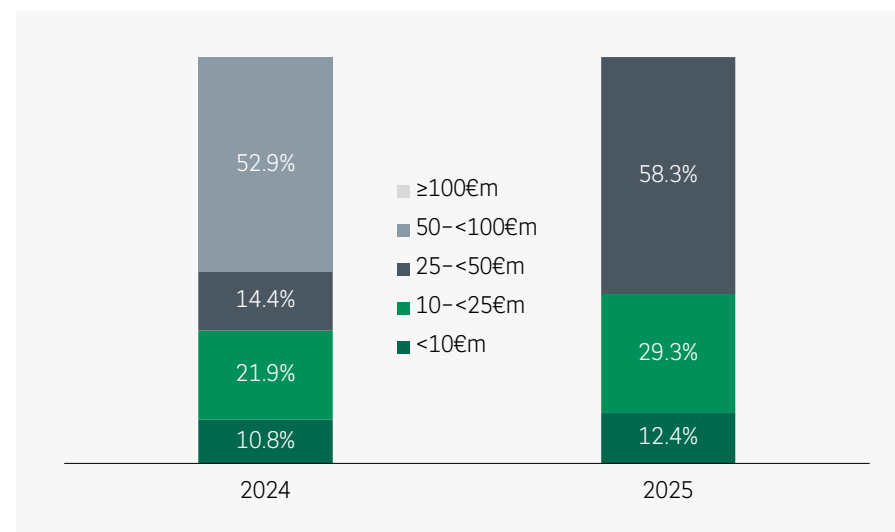
MODERATE START TO THE NEW YEAR ON THE FRANKFURT INVESTMENT MARKET

- The Frankfurt investment market once again had a weak start to the year, which is not unusual for the top location in the Rhine-Main region. Even in strong market phases, the market has repeatedly only been able to gain significant momentum and develop more dynamism as the year progressed. In the first quarter of 2025, the commercial investment volume in the Frankfurt market area totalled €162 million. This fell short of the result from the same quarter of the previous year by just under 7%. Not least because many of the transactions initiated in 2024 were successfully completed before the end of the year, there was a lack of product at the beginning of 2025 to achieve a higher quarterly result.
- Market activity was very fragmented in the first three months of the year. The large-volume deals that are so typical of the Frankfurt market - particularly in the office asset class - are still completely absent at the moment, as are transactions above the €50 million mark. On a positive note, the number of deals remained constant compared to the same quarter of the previous year and there was also significantly more movement in the size category between €25 million and €50 million. The DFB portfolio, including the former DFB headquarters in Otto-Fleck-Schneise, also falls into the latter size category.
- Prime yields remain unchanged at the start of 2025. Accordingly, they are quoted at 4.50% for prime office properties, 3.75% for retail high street properties and 4.25% for logistics properties.

Investments by location Q1



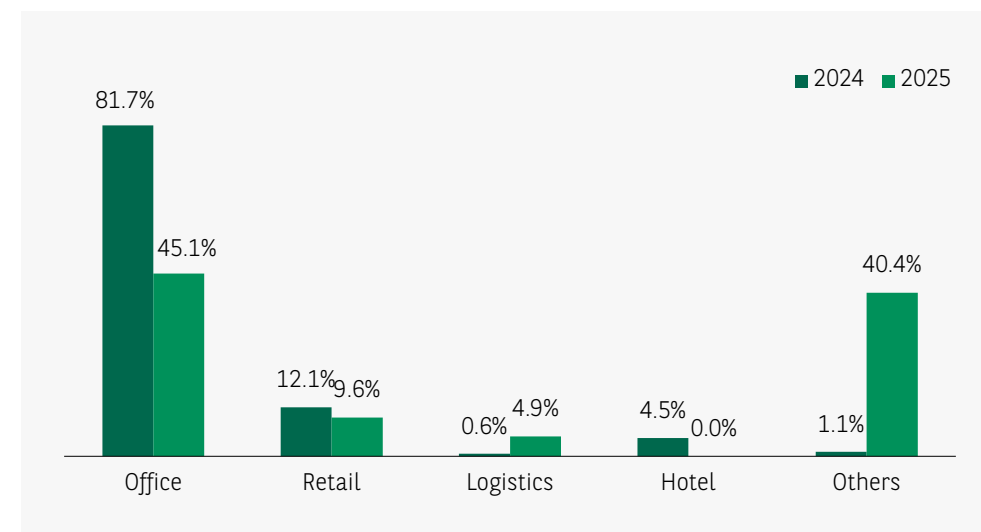
Investments by € category Q1



VALUE ADD SEGMENT CURRENTLY PARTICULARLY DYNAMIC

- Due to the still small number of transactions, the distribution of the investment volume by location is only a snapshot. Driven by several investments in development sites, among other things, the Periphery accounts for 42%, while the listed Rahmhof office and commercial building is the main contributor to the 38% in the City Centre. The Centre Fringe (a good 17%) benefited from the sale of the DFB portfolio.
- Although investment activity in the office asset class is only slowly recovering nationwide and is still well below average in Frankfurt at the beginning of the year, its market share amounts to a good 45%, partly due to the sale of the former DFB central administration. Various property purchases are included in the 40% market share of the collective category 'Others'. A change of ownership in one of Frankfurt's premium shopping locations is responsible for 10% of the retail market share. No significant turnover has been recorded to date for logistics and hotels.

Investments by type of property Q1



OUTLOOK

- The Frankfurt investment market got off to a weak start to the year, although the market has historically always started the year cautiously and only gained momentum as the year progressed.
- In the current environment, the stable number of deals compared to the same quarter of the previous year and improved investor sentiment provide a good starting point. Their increased involvement in the value-add sector and the numerous deals in the preparation phase emphasise their confidence in the location. The strong Frankfurt office market, which exceeded the 200,000 m² mark for the first time in just three months with a record result of around 204,000 m², is also providing a tailwind. Signings by Commerzbank (73,000 m²) and ING-Diba (32,000 m²) contributed significantly to this top result.
- Whether the moderate upward trend of recent weeks will continue in the coming months depends on various overlapping national and global factors whose influences and interactions are almost impossible to predict. These include, first and foremost, the tariff increases announced by the US government and, as a consequence, the further development of key interest rates as well as the special fund decided for Germany.
- Property investments could certainly benefit from the mixed situation outlined above and the resulting uncertainty when planning investment decisions, especially if the occupier markets maintain their upward trend. We believe that a moderate increase in investment volume and a stable trend in prime yields is the most likely scenario for the Frankfurt market for the remainder of the year.

Key facts investment market Frankfurt

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	174	162	-6.6%
Portfolio share	85.6%	24.7%	-60.9%pts
Share above €100 million	0.0%	0.0%	+0.0%pts
Office share	81.7%	45.1%	-36.6%pts
Share of city locations	4.6%	38.0%	+33.4%pts
Share of foreign investors	0.0%	16.6%	+16.6%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	4.50%	4.50%	+0bps
Retail	3.75%	3.75%	+0bps
Logistics	4.25%	4.25%	+0bps

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