



REPORT OFFICE MARKET

GERMANY

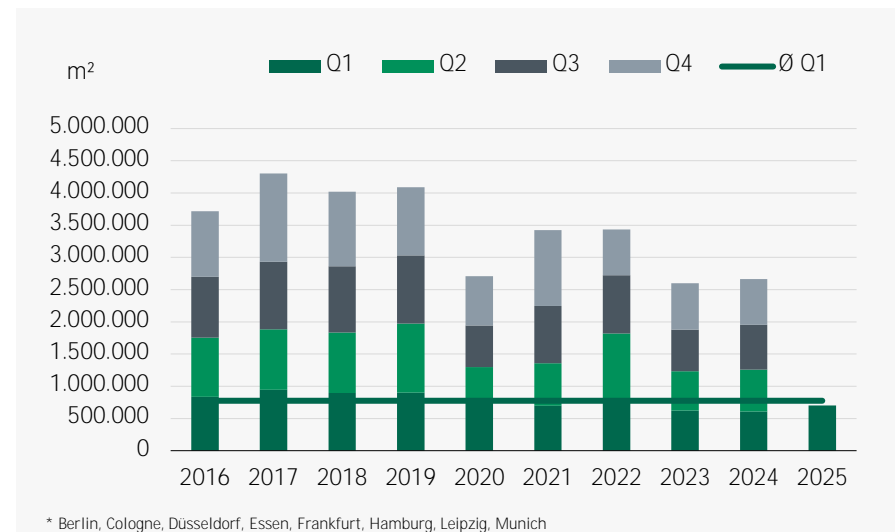
Q1 2025



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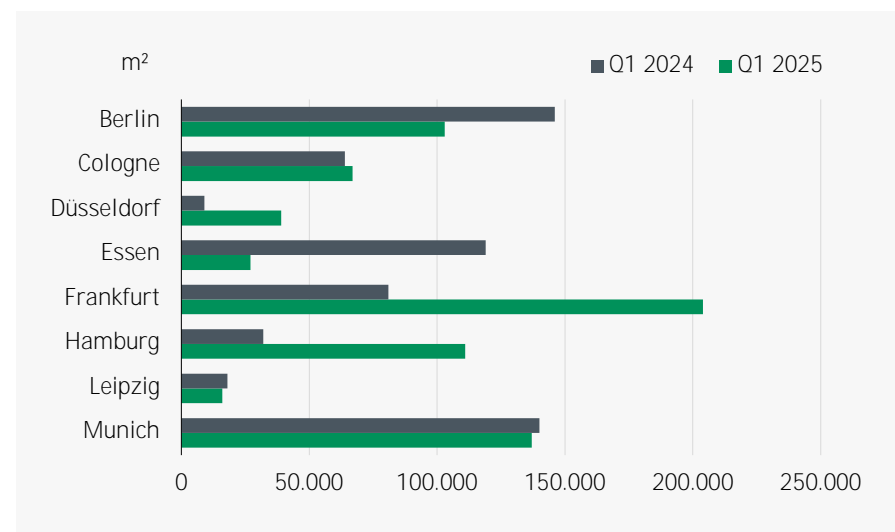
Total take-up of selected office centres*



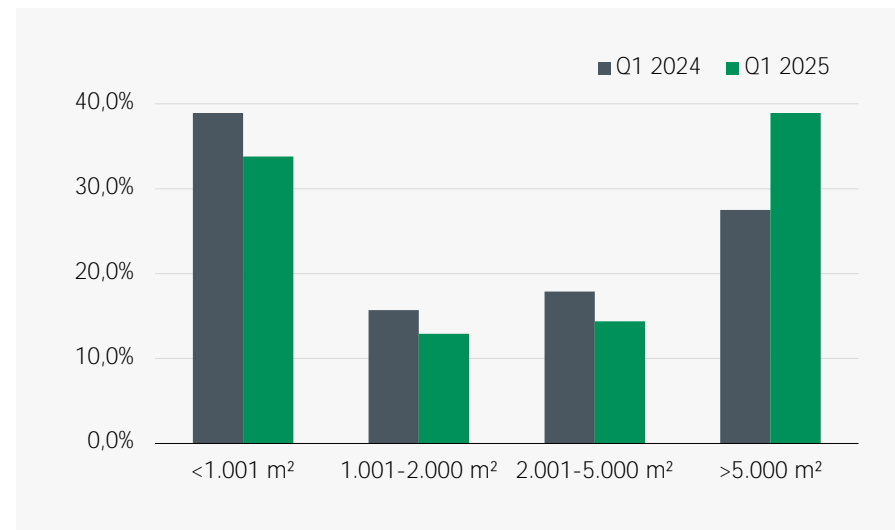
SIGNIFICANTLY MORE DYNAMIC IN THE GERMAN OFFICE MARKETS: TAKE-UP ON THE RISE

- The German office markets have started the new year with significantly more momentum than in the two previous years. In the first quarter of 2025, office space take-up in Germany's top office markets of Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich totaled 704,000 sqm. This result is almost 16% higher than in the previous year but remains below the long-term average due to the continued lack of an economic momentum. Although not all locations recorded an increase in take-up in the first months of 2025, five of the eight large markets reported a noticeable improvement in market sentiment and major rental agreements, which in some cases had a signaling effect.
- The Frankfurt office market can report an outstanding result in the first quarter - both in its own history and in the current national comparison. Take-up in Frankfurt amounted to 204,000 sqm. This exceeds the result from the already good prior-year quarter by 71% and represents the best start to the year since the Frankfurt office market figures have been recorded. Munich follows Frankfurt on the podium. At 137,000 sqm, the market is on a par with the previous year. Hamburg ranks third with a take-up of 111,000 sqm and an increase of 37%. In Hamburg, the generally brisker letting momentum for contracts with more than 2,000 sqm of rental space is responsible for the positive interim result. Berlin completes the group of markets with take-up of space more than 100,000 sqm with 103,000 sqm and a year-on-year decrease of a good 29%.

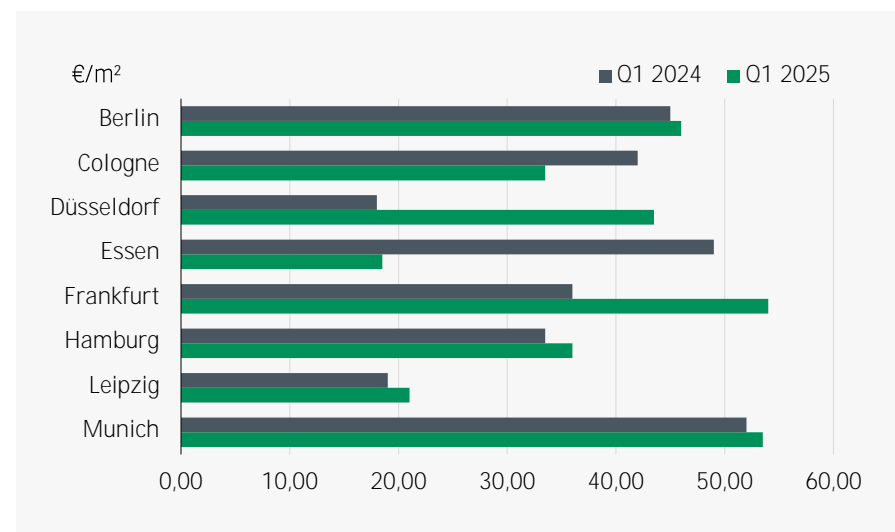
Take-up in Q1 2024 and Q1 2025



Take-up by size category



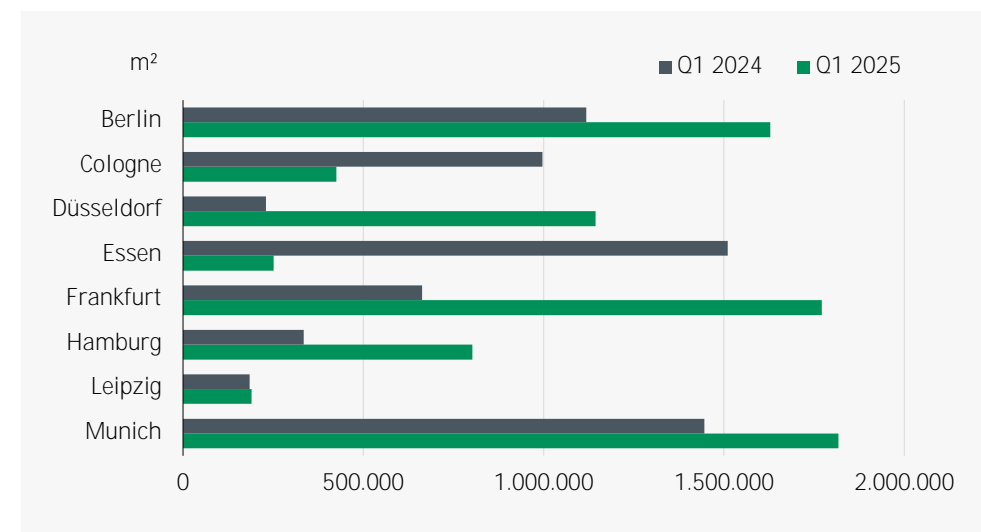
Prime rents in Q1 2024 and Q1 2025



VACANCIES CONTINUE TO RISE: 8.0 MILLION SQM IN Q1

- At the end of the first quarter, the vacancy volume in the leading office markets stood at 8.0 million sqm, up 24% on the previous year. The dynamics of the increase in the office markets remain very heterogeneous. The lowest vacancy rates are recorded for Leipzig (4.8%), Cologne (5.4%) and Hamburg (5.5%). Berlin currently reports 7.6%. Munich and Essen reach 7.9% each. Frankfurt (11.4%) and Düsseldorf (11.5%) are almost on a par.
- The high demand for premium space led to an increase in rents in the top segment in Frankfurt, Berlin (+€1.00 per sqm to €46.00 per sqm) and Essen (+€0.50 per sqm to €18.50 per sqm) after a longer phase of stable prime rents. A jump of €5.00 per sqm to €54.00 per sqm was registered in Frankfurt, for which various rental agreements in absolute premium buildings and project developments are responsible, including large-scale agreements.

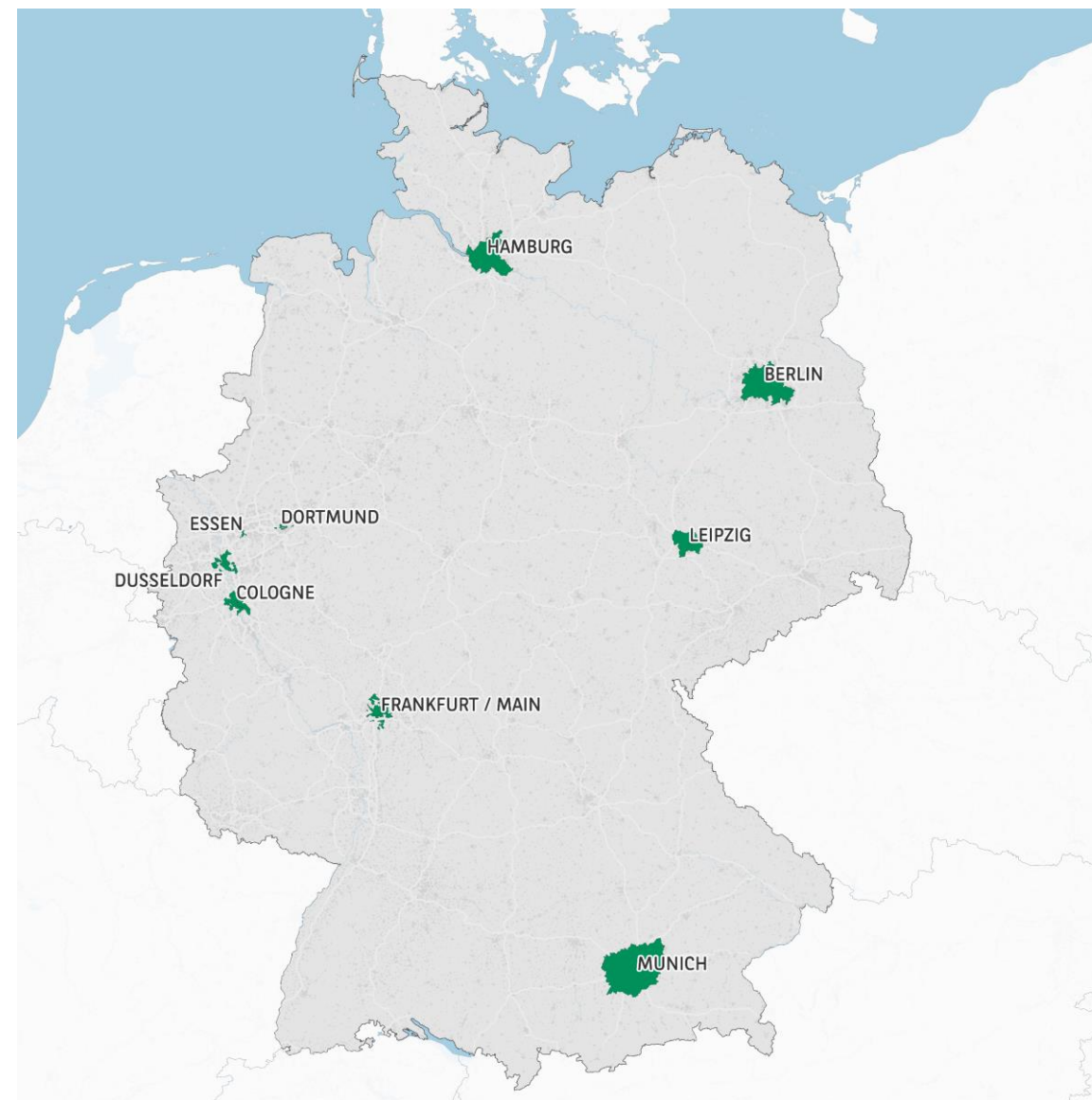
Vacant space in Q1 2024 and Q1 2025



OUTLOOK

- The German office markets started the new year with a convincing take-up. Despite the weak economic momentum and the sharp rise in macroeconomic uncertainties, the markets have held steady. In addition to the lively underlying activity on the markets in the smaller space categories for months now, the increased pace of large-scale lettings already registered in the second half of 2024 has intensified further. The major deals that have been concluded demonstrate impressively that many companies are using the current market phase to successfully set up for the future.
- Nevertheless, it is currently difficult to anticipate further market developments. The signs for the German office markets have changed dramatically since the beginning of the year. While a few months ago there was a broad consensus that a weak but stable economic trend would shape the German economy in 2025 and that companies would once again approach space decisions with more certainty, the sum of influencing factors is now much greater. On the one hand, the effects of the tariff increases announced by the US government on global trade in general and the export-oriented German economy in particular are almost impossible to predict. On the other hand, the special funds approved for Germany for infrastructure and defense are likely to have a positive effect on economic development in the country.
- The positive impact of the special funds is likely to become noticeable in the course of 2025 and especially from 2026 onwards, providing additional momentum on the office markets. While the vacancy is likely to peak in 2025, a stable overall trend in take-up and a further increase in rent levels can be expected in the coming months.

Important office market locations in Germany



Office market indicators

PRIME RENT* (€/m²)		TAKE-UP (m²)	VACANT SPACE (m²)				SPACE UNDER CONSTRUCTION (m²)		SPACE ON OFFER (m²)	
		Q1 2025	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	46.00	103,000	1,628,000	1,003,000	64,000	7.6%	707,000	569,000	2,197,000	3,593,000
Cologne	33.50	67,000	425,000	116,000	3,000	5.4%	143,000	47,000	472,000	407,000
Düsseldorf	43.50	39,000	1,144,000	474,000	70,000	11.5%	282,000	176,000	1,320,000	572,000
Essen	18.50	27,000	251,000	32,000	0	7.9%	43,000	4,000	255,000	181,000
Frankfurt	54.00	204,000	1,771,000	1,024,000	72,000	11.4%	372,000	157,000	1,928,000	372,000
Hamburg	36.00	111,000	802,000	217,000	52,000	5.5%	219,000	83,000	885,000	998,000
Leipzig	21.00	16,000	190,000	84,000	19,000	4.8%	107,000	46,000	236,000	368,000
Munich	53.50	137,000	1,817,000	876,000	307,000	7.9%	501,000	295,000	2,112,000	2,594,000
Total		704,000	8,028,000	3,826,000	587,000		2,374,000	1,377,000	9,405,000	9,085,000

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

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