



GERMANY

# REPORT OFFICE INVESTMENT MARKET

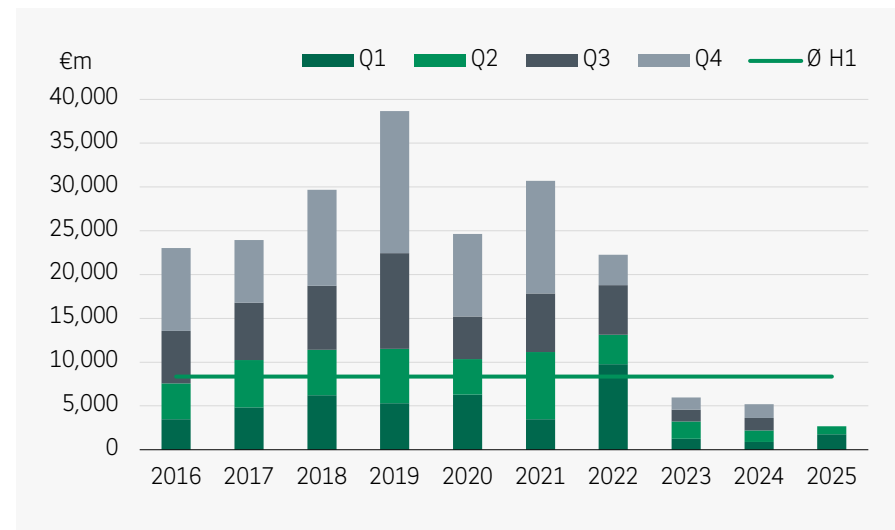
H1 2025



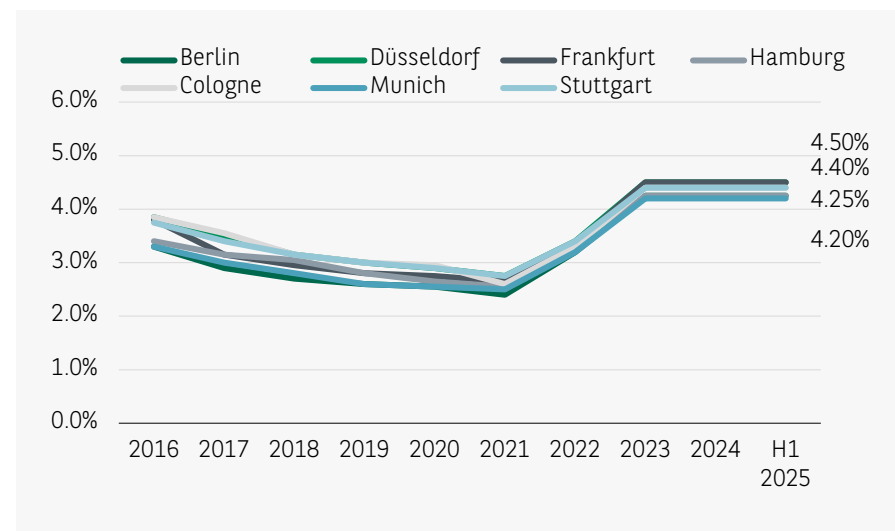
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## Development of office investment volume



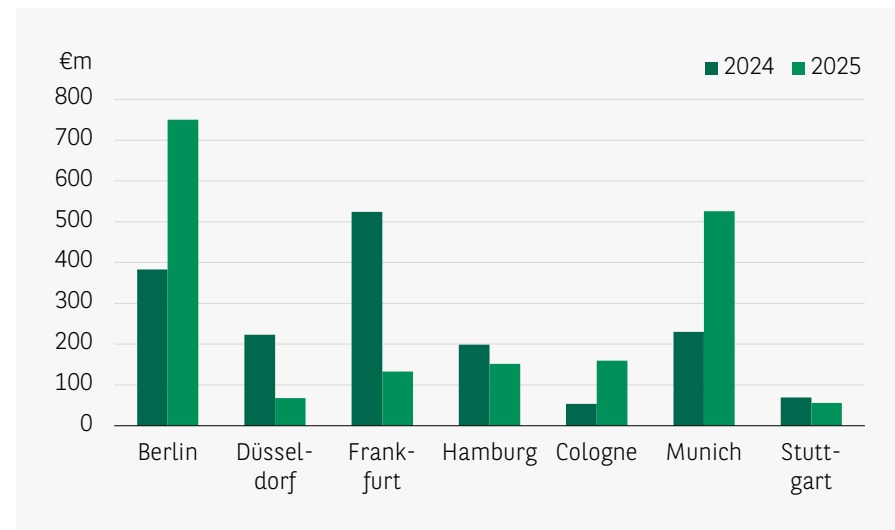
## Office net prime yields in A-locations



## OFFICE INVESTMENT MARKETS CLEARLY UP

- The office investment markets closed the first half of the year with an investment volume of just under €2.7 billion. After a strong start to the year, which included the sale of the Upper West in Berlin, the second quarter was somewhat quieter. Overall, there was an increase of about a fifth compared to the same period of the previous year.
- Investors continue to focus on core and core-plus assets. Together, these assets account for around 80% of the total volume. However, investors are not only focusing on A locations. There is also demand for attractive office properties with a solid tenant roster in B, and C cities. These locations are reporting volume growth similar to that of major metropolitan areas, which underscores this point.
- The portfolio segment remains underrepresented in the latest results. Currently, the transaction volume is based solely on single deals. However, the average transaction size is increasing again: after averaging around €20 million per deal in the same period last year, the average is currently slightly higher at €24 million.
- The sideways movement in prime yields continued in the office segment in the second quarter. Accordingly, the average net prime yield across all A-locations remained at 4.36%. Munich was the most expensive location at 4.20%, followed by Berlin and Hamburg at 4.25%. Cologne and Stuttgart followed with 4.40%. Currently, Frankfurt and Düsseldorf are the cheapest A-locations at 4.50%.

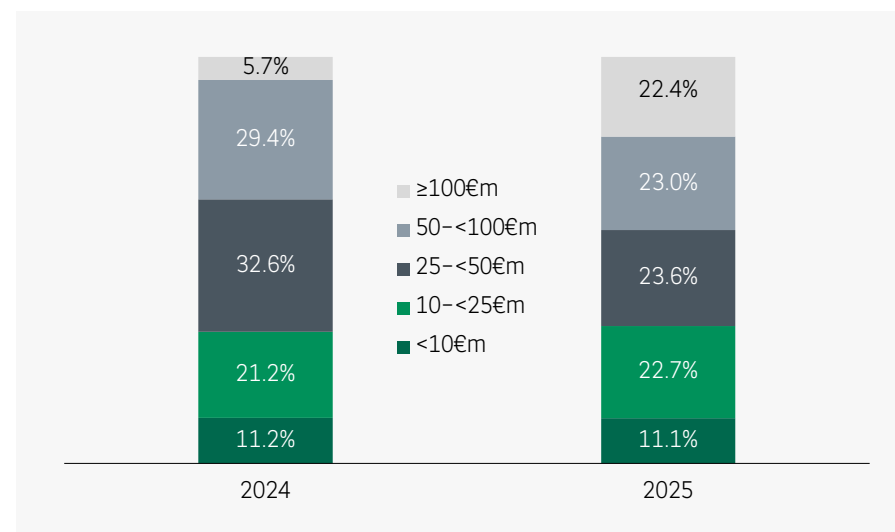
## Office investments in A-locations H1



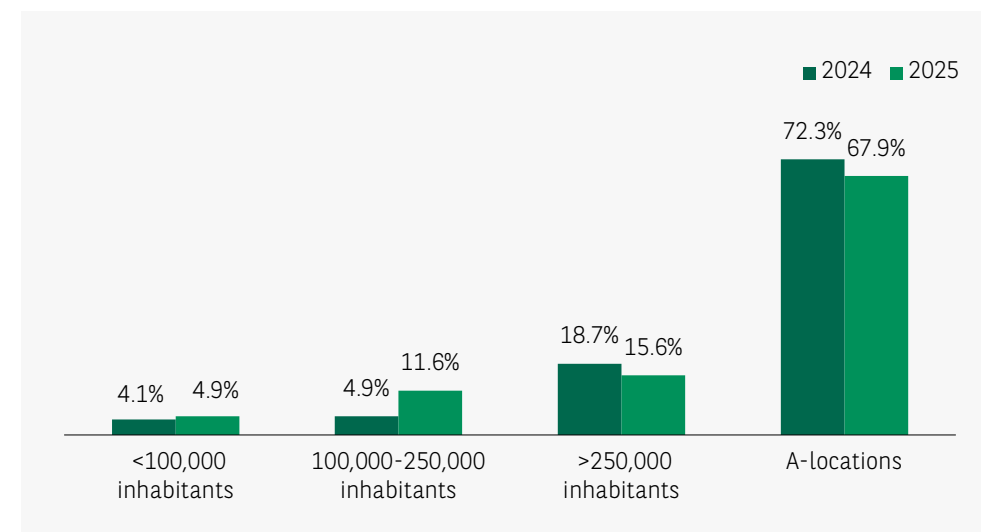
## NO UNIFORM DEVELOPMENT OF A-LOCATIONS

- In the current market environment, no uniform development can be observed for office investments in A locations. This is due, in particular, to the limited availability of attractive investment products. Thanks in part to the Upper West (around €400 million), Berlin nearly doubled last year's figure to around €750 million, while Munich achieved its best result since 2023 (a 129% increase) with €530 million, bolstered by the sale of Rosenheimer Straße 139. Cologne follows in third place with around €160 million, an unusually strong result, but without the help of deals over €50 million. Meanwhile, Hamburg (€150 million; -24%), Frankfurt (€130 million; -75%), Düsseldorf (€70 million; -69%), and Stuttgart (€60 million; -19%) were unable to match last year's figures.
- The distribution of turnover by size category is balanced. The four categories ranging from €10 to €100 million each account for a similar contribution of between 22% and 24%.

## Office investments by € category H1



## Office investments by city size H1\*



\*excl. portfolios

## OUTLOOK

- Although investment volumes are far from their long-term averages, a slow recovery is evident in the markets. Whether this will continue in the second half of the year and result in higher investment volumes depends on various factors.
- The development of the office investment market is significantly influenced by national and international conditions whose dynamics are currently difficult to predict with any degree of certainty. These conditions include the tariffs announced by the U.S. and the fundamentally uncertain geopolitical environment. These conditions are negatively impacting the global economy and investment markets. In our base scenario, we assume that the German economy will improve with the support of the special fund, that there will be no further escalation of trouble spots, and that rational solutions to the tariff issue will be found.
- Despite the current uncertainties, the fact that many investors view real estate as a relatively crisis-proof asset class, particularly in challenging times, coupled with the significant price correction of office properties, suggests that transaction activity in the office investment market will increase substantially. Office properties are now one of the asset classes with the highest yields and offer investors attractive opportunities. Office rental markets remain robust, with rising rent levels across the board. Further rental growth is likely to be substantial, particularly in the premium segment.
- Overall, there are signs of an upturn in the German office investment market in the second half of the year. The pipeline is full, and several transactions are expected to close in Q3. These transactions should send positive signals to the market. Investor interest continues to grow across the board. Once adequate products are available in the core and core-plus segments, which are in high demand, transaction momentum should pick up significantly.
- The sideways movement of prime yields is expected to continue.

## Key facts office investment market Germany

INVESTMENT VOLUME	H1 2024	H1 2025	CHANGE
Total (€m)	2,216	2,674	+20.7%
Portfolio share	9.8%	0.0%	-9.8%pts
Share above €100 million	5.7%	22.4%	+16.7%pts
Share of A-cities	75.9%	69.0%	-6.9%pts
Share of foreign investors	9.3%	21.4%	+12.0%pts

NET PRIME YIELDS	H1 2024	H1 2025	CHANGE
Berlin	4.25%	4.25%	+0bps
Düsseldorf	4.50%	4.50%	+0bps
Frankfurt	4.50%	4.50%	+0bps
Hamburg	4.25%	4.25%	+0bps
Cologne	4.40%	4.40%	+0bps
Munich	4.20%	4.20%	+0bps
Stuttgart	4.40%	4.40%	+0bps



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