

GERMANY

REPORT OFFICE MARKET

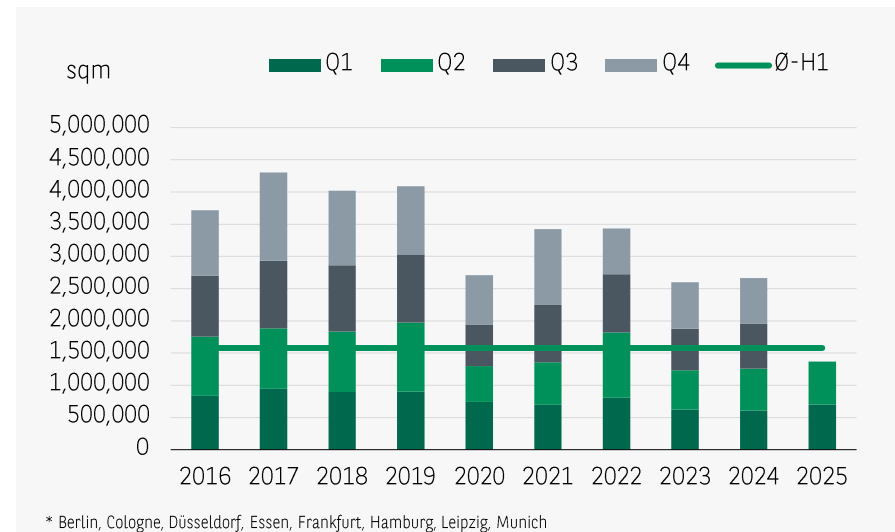
H1 2025



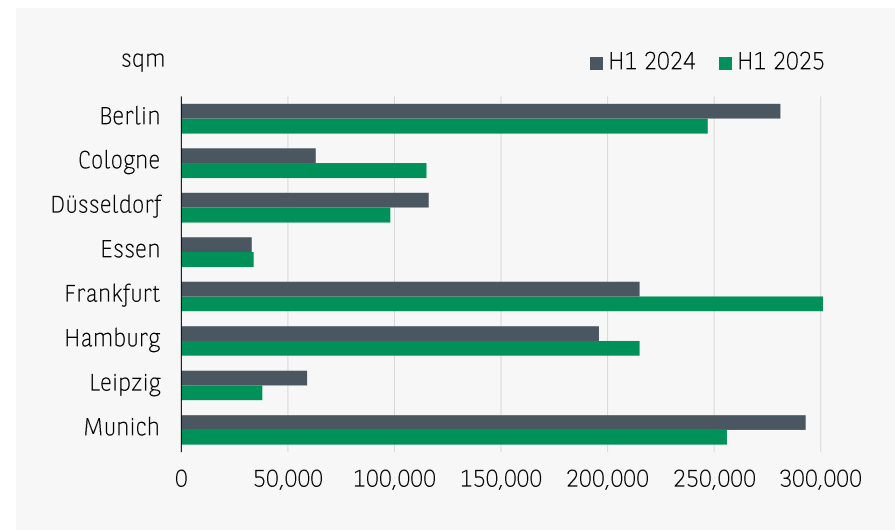
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Total take-up of selected office centres*



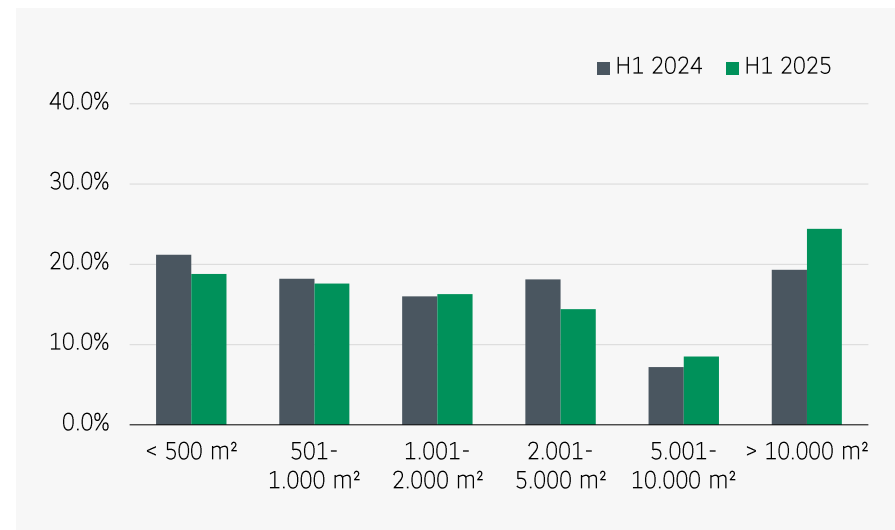
Take-up in H1 2024 and H1 2025



GERMANY'S OFFICE MARKETS STAY ON COURSE: TAKE-UP 9% ABOVE LAST YEAR'S LEVEL

- Germany's office markets Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig and Munich started the second half of the year with an impressive total take-up of 1.37 million sqm. The half-year result is thus 9% above the previous year's level. However, the second quarter was unable to match the strong start to the year with its signaling major deals. The market is showing signs of recovery across the board, and the lively market momentum in small contracts that has been evident for months is now increasingly being supplemented by contracts in the important medium-sized segment. Meanwhile, large contracts continue to make the difference in all locations.
- The Frankfurt office market is once again by far Germany's most dynamic market at the half-year with take-up of 366,000 sqm. Frankfurt has thus recorded its best half-year result since 2001. An already outstanding first quarter, in which lettings by Commerzbank (73,000 sqm) and ING-DiBa (32,000 sqm) were among the clear market drivers, was followed by a second quarter that was still above average (162,000 sqm). In the current year, large deals have also been registered at a more frequent rate in Munich, which ranks in second place in the nationwide comparison with 256,000 sqm, although it fell short of the previous year's stronger result by just under 13%. The gap to the previous year's result in Berlin is similar at 247,000 sqm (-12%), although the market dynamics in Berlin differ significantly from those in Frankfurt and Munich. In the current market environment, Berlin is benefiting from very lively letting activity in the small and medium-sized segment, while the typical large-scale contracts, particularly for public administration, are still completely absent in 2025.

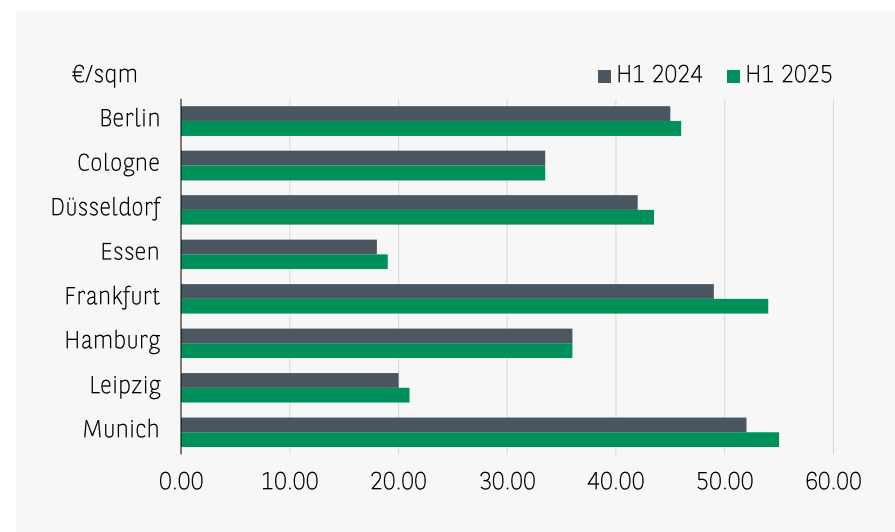
Take-up by size category



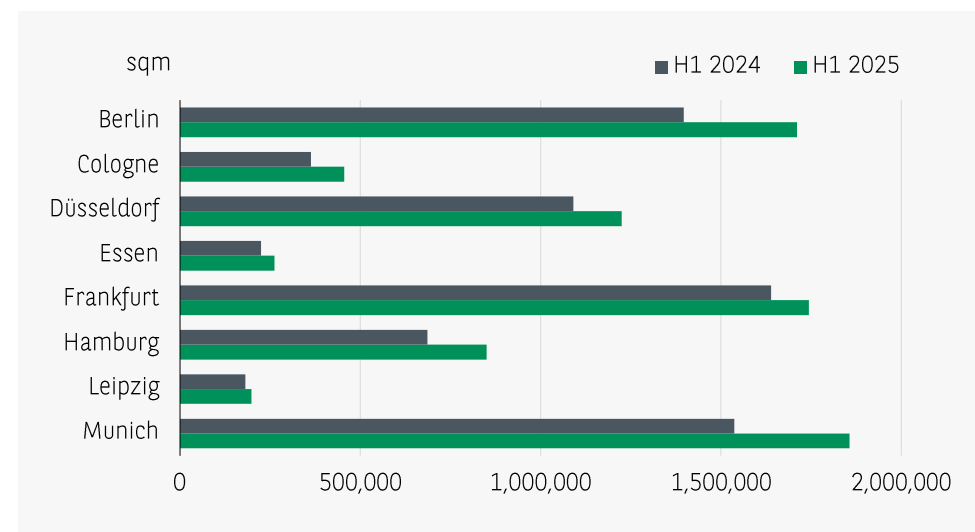
INCREASE IN VACANCY SLOWS DOWN

- In the second quarter, the significant increase in vacancies that has been occurring for months began to decelerate on a general basis. At the end of the first half of the year, a vacancy volume of 8.3 million sqm was registered for Germany's leading office markets. The lowest vacancy rates are currently observed in Leipzig (4.9%), Cologne (5.7%), and Hamburg (5.8%). In Berlin, the percentage is at 7.9%. In Munich, it stands at 8.1%, and in Essen, vacancy rate marks 8.2%. In Frankfurt, recorded vacancy rate of 11.2%, and in Düsseldorf it has risen to 12.3%.
- In the second quarter, prime rents in Munich and Essen once again succumbed to the upward pressure. In Munich, prime rent increased by €1.50/sqm to €55.00/sqm, and in Essen it rose by €0.50/sqm to €19.00/sqm. Compared to the previous quarter, prime rents remained unchanged in Berlin (€46.00/sqm), Düsseldorf (€43.50/sqm), Frankfurt (€54.00/sqm), Hamburg (€36.00/sqm), Cologne (€33.50/sqm) and Leipzig (€21.00/sqm).

Prime rents in H1 2024 and H1 2025



Vacant space in H1 2024 and H1 2025



OUTLOOK

- The German office markets impressed in the first half of the year with robust letting activity overall, which has continued to gather pace over the past six months not only in the small space segment, but also increasingly in the medium-sized segment. The major deals that are so important for the market also made a strong appearance, particularly in the first quarter. Overall, the top German markets were exceeding the previous year in both quarters despite the persistently challenging economic environment.
- Nevertheless, the further development of the German office markets remains difficult to predict at present. The influence of external factors remains significant: global developments have the potential to overshadow any positive effects. First and foremost are the tariffs announced by the USA and the resulting possible countermeasures. If no agreements are reached, a trade war is not unlikely. At a national level, the macroeconomic environment has shifted noticeably several times since the start of the year, most recently back into positive territory. Purchasing managers' indices, incoming orders and sentiment indicators stabilized in the second quarter - the first signs that the trough of economic weakness may have gradually passed. At the same time, leading research institutes have revised their medium-term forecasts upwards and expect GDP growth in 2026 to be significantly higher than just a few months ago. This is fundamentally positive for the office market.
- The vacancy in the core locations is likely to have peaked by the end of the year. For the coming months, demand is likely to remain stable overall and even increases in some markets, with further rental growth can be expected.

Important office market locations in Germany



Office market indicators

	PRIME RENT*	TAKE-UP	VACANT SPACE				SPACE UNDER CONSTRUCTION		SPACE ON OFFER	
	(€/sqm)	(sqm)		(sqm)			(sqm)		(sqm)	
		H1 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	247,000	1,711,000	1,062,000	57,000	7.9%	693,000	562,000	2,273,000	3,620,000
Cologne	33.50	115,000	455,000	151,000	3,000	5.7%	168,000	68,000	523,000	351,000
Düsseldorf	43.50	98,000	1,225,000	510,000	105,000	12.3%	260,000	160,000	1,385,000	592,000
Essen	19.00	34,000	262,000	32,000	1,000	8.2%	35,000	2,000	264,000	180,000
Frankfurt	54.00	366,000	1,744,000	1,002,000	44,000	11.2%	404,000	160,000	1,904,000	366,000
Hamburg	36.00	215,000	850,000	232,000	50,000	5.8%	212,000	84,000	934,000	997,000
Leipzig	21.00	38,000	198,000	87,000	17,000	4.9%	84,000	45,000	243,000	384,000
Munich	55.00	256,000	1,856,000	906,000	311,000	8.1%	568,000	333,000	2,189,000	2,709,000
Total		1,369,000	8,301,000	3,982,000	588,000		2,424,000	1,414,000	9,715,000	9,199,000

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

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