



FRANKFURT

REPORT INVESTMENT MARKET

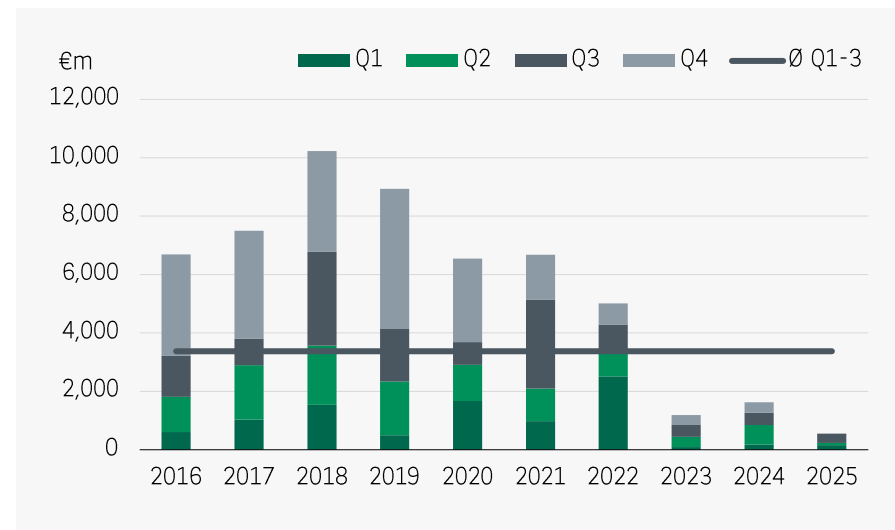
Q1-3 2025



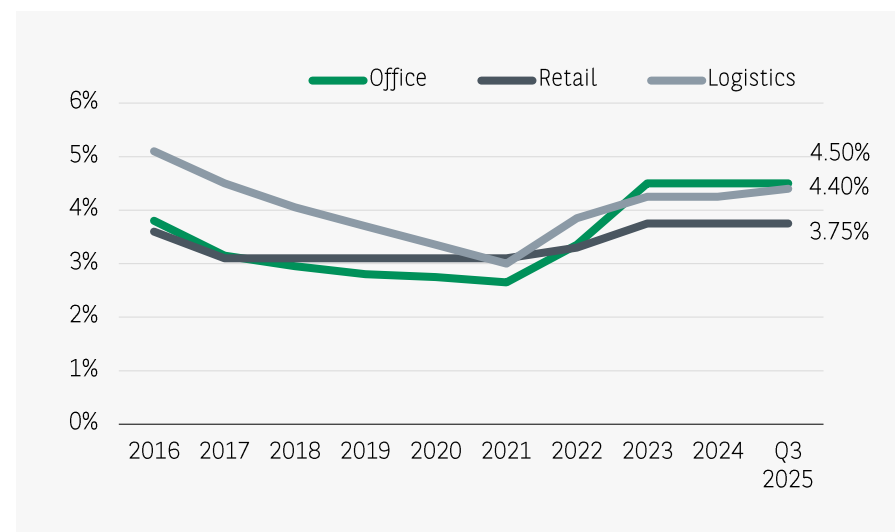
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REAL ESTATE for a changing world

Development of investment volume



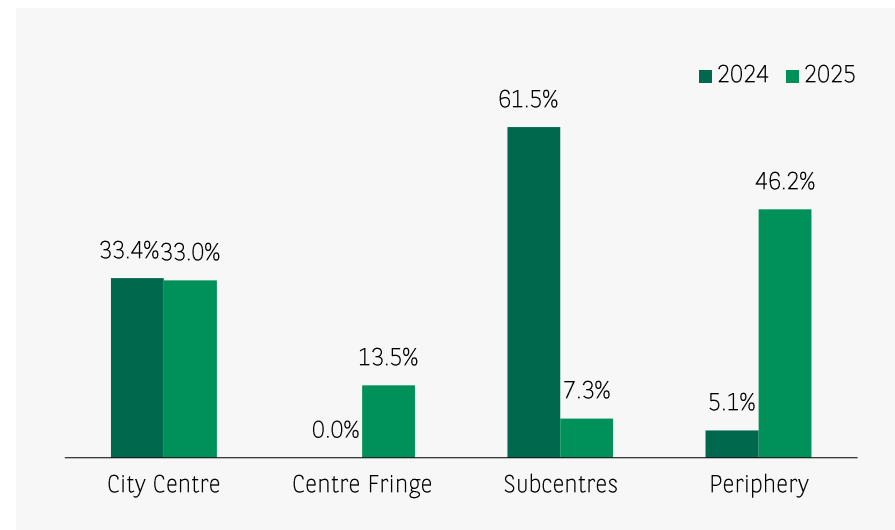
Net prime yields by type of property



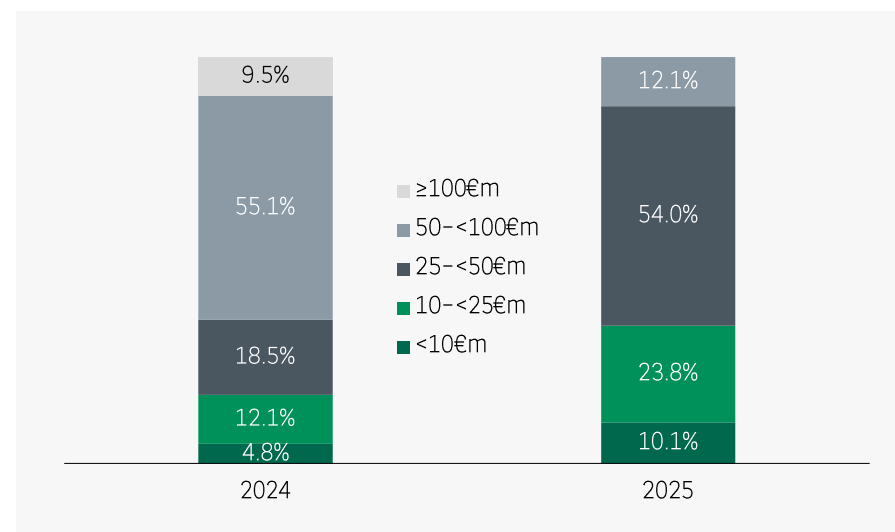
INVESTMENT ACTIVITY IS SMALL-SCALE SO FAR, BUT LARGE DEALS ARE IN THE PIPELINE

- In the third quarter, the Frankfurt investment market confirmed what had already been observed in the first half of the year: while the pipeline of sales-driving approaches which are still in the marketing phase remains at a high level, only a few rather smaller properties have been sold in the first nine months.
- Overall, the transaction volume currently stands at around €551 million at the end of the third quarter, with an average investment volume of just over €20 million per deal — a very low figure. However, there has been a slight upward trend in the smaller segments, as evidenced by the fact that around 57% of the interim result was generated in the past three months.
- The exceptionally strong performance of the office occupier market is likely to have a positive impact on investment activity in Frankfurt in the future and restore confidence in the market. The highest take-up in 20 years was reported, and prime and average rents continue to remain under upward pressure. Given the immense importance of large-volume office investments for the location, this boosts confidence in current and future marketing processes.
- As no reference deals have been recorded in the absolute prime segment to date, and ongoing processes do not suggest otherwise, prime yields are largely holding steady. Top office properties are trading at 4.50%, while the best high street assets remain at 3.75%. Prime yields for logistics properties have increased by 15 basis points to 4.40%.

Investments by location Q1-3



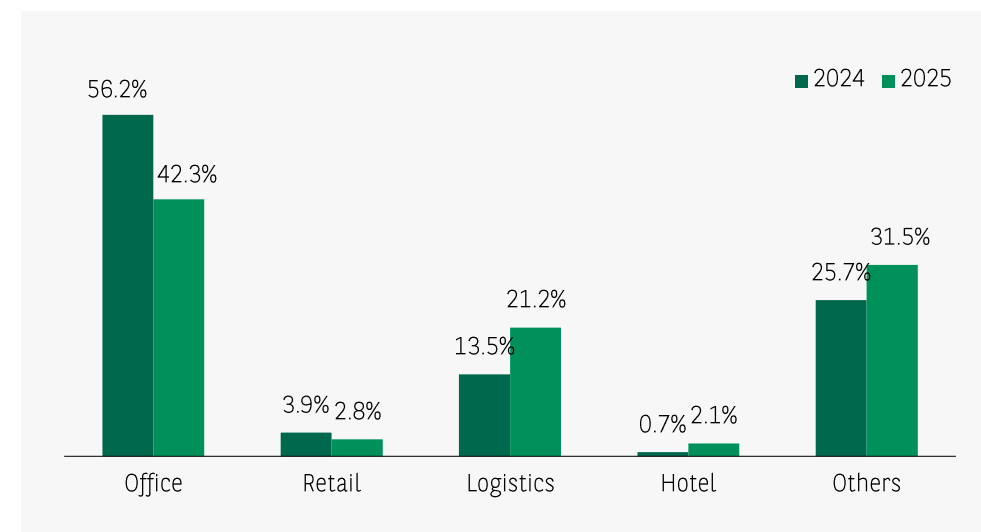
Investments by € category Q1-3



OFFICE ASSETS AND DEVELOPMENT SITES DOMINATE

- As previously mentioned, market activity this year has been almost exclusively limited to deals worth less than €50 million. Given that sales of at least €50 million accounted for almost 65% of turnover last year, the current very low interim result is hardly surprising. It should also be noted that larger investments in the previous year were partly influenced by special factors such as the sale of the former Signa projects at Opernplatz and Hauptwache.
- In terms of both volume (42%) and number of deals (41%), office investments top the list of property types. The focus was particularly on value-add or core-plus products in central or centre fringe locations. Reports of sales of development sites or forward deals, primarily for office and logistics projects, are also commonplace. These are included in the 'Others' category, accounting for just under 32% of the total. Even excluding development sites, logistics assets account for an additional 21% overall.

Investments by type of property Q1-3



OUTLOOK

- So far this year, the Frankfurt investment market has shown that lively transaction activity does not necessarily result in high volumes. Consequently, the Main metropolis is starting the final quarter with comparatively low volume of investment. However, it is only a matter of time before the ongoing sales processes, some of which are very large in volume, can be completed, which should lead to high quarterly results with a signal effect after a very challenging market phase.
- Nevertheless, primarily in relation to the overall geopolitical situation, there are still factors of uncertainty that could negatively impact or delay especially larger transaction processes. Against this backdrop, it is difficult to make a precise forecast for the end of the year, but the Frankfurt investment market is expected to see a significant increase in investment volume overall.
- In any case, occupier markets, and especially the office occupier market, are currently providing additional momentum. Alongside the exceptional take-up results, the Frankfurt market continues to attract investors' attention, primarily due to the tight supply situation and associated upward pressure on rents in prime locations and properties.
- Despite all this, prime yields are expected to continue moving sideways for the time being, although it cannot be ruled out that, looking ahead, a slight downward trend may appear realistic again in the medium term, particularly in the office segment.

Key facts investment market Frankfurt

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	1,265	551	-56.4%
Portfolio share	11.1%	21.4%	+10.3%pts
Share above €100 million	9.5%	0.0%	-9.5%pts
Office share	56.2%	42.3%	-13.9%pts
Share of city locations	33.4%	33.0%	-0.4%pts
Share of foreign investors	18.6%	36.4%	+17.8%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Office	4.50%	4.50%	+0bps
Retail	3.75%	3.75%	+0bps
Logistics	4.25%	4.40%	+15bps

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