



GERMANY

REPORT OFFICE INVESTMENT MARKET

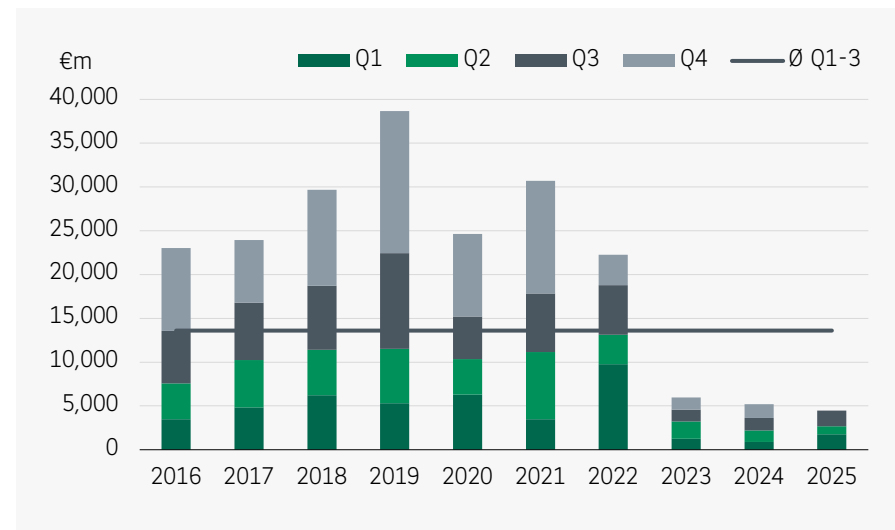
Q1-3 2025



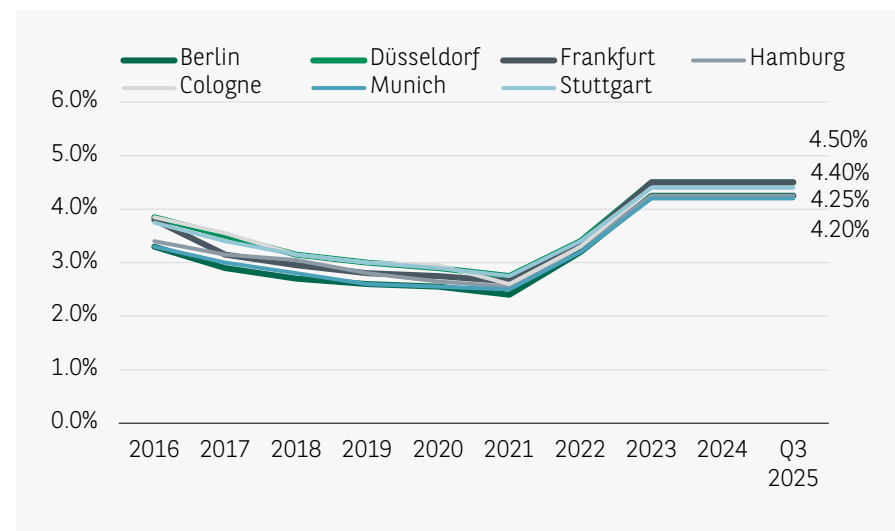
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Development of office investment volume



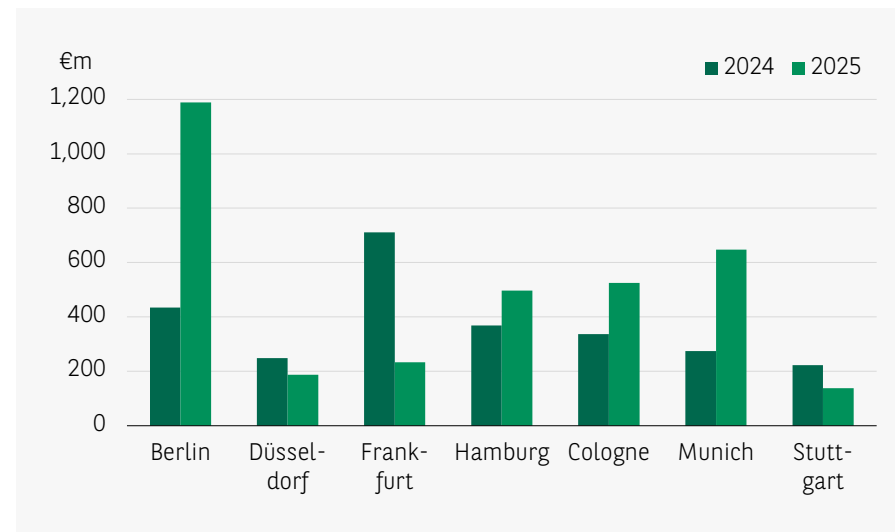
Office net prime yields in A-locations



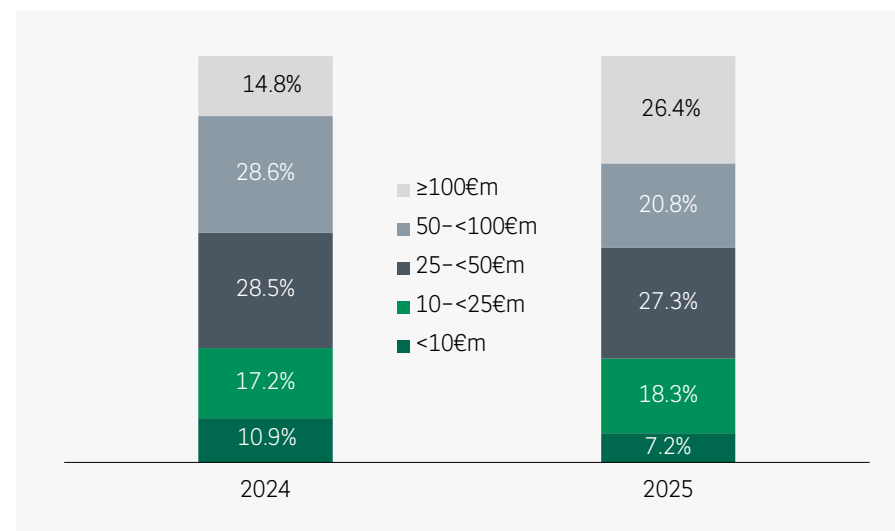
OFFICES BACK AT THE TOP OF THE ASSET CLASSES HIGHEST INVESTMENT VOLUME IN COMPARISON

- Having lost their dominant position as the most important asset class over the past two years, office investments have regained their leading role in terms of transaction volume this year. With a result of just under €4.47 billion, they have increased last year's figure by around 23%. This equates to around a quarter of investment volume in commercial real estate.
- Notably, this significant increase in turnover was achieved despite the absence of any notable portfolio transactions to date. Single transactions, however, have increased across the board. In cities with between 100,000 and 250,000 inhabitants, for example, transaction volume has quadrupled.
- The market recovery is also evident in the increase in large-volume transactions being concluded. Examples include the sales of the Upper West in Berlin and the Atlantic Haus in Hamburg. A total of five deals each worth over € 100 million were recorded in the first three quarters, contributing well over €1 billion to investment volume.
- The yield compression that many market participants expected in 2025 has not materialised. Consequently, the prime yield across all A locations has remained unchanged at 4.36%. Munich remains the most expensive location at 4.20%, followed by Berlin and Hamburg, which are tied at 4.25%. Cologne and Stuttgart follow with 4.40%. The cheapest and lowest-yielding A locations are currently Frankfurt and Düsseldorf, both at 4.50%.

Office investments in A-locations Q1-3



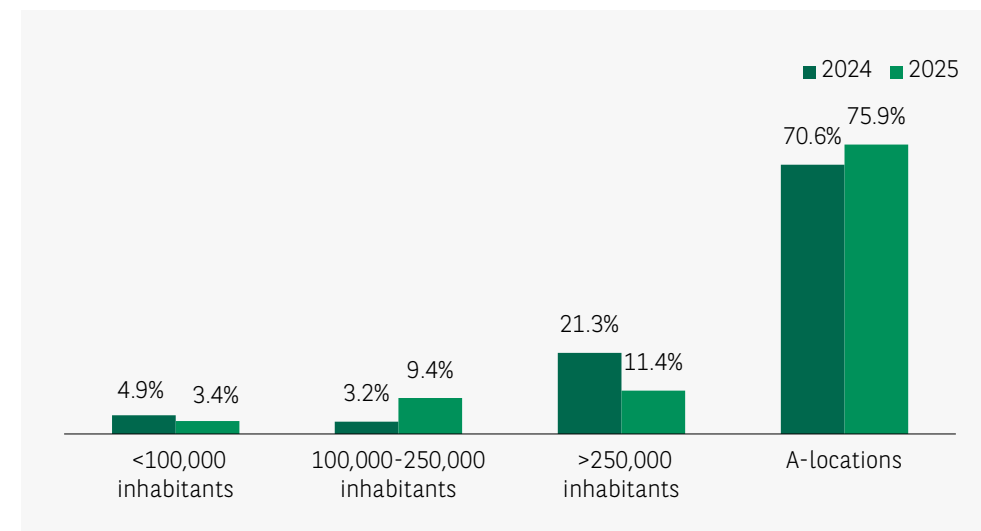
Office investments by € category Q1-3



OFFICE INVESTMENT IN A LOCATIONS ROSE SHARPLY

- Investment volume in Germany's A-cities is around €3.4 billion. This is an impressive improvement of 32% compared to the previous year. While the trend has not been positive in all locations, the majority show an obvious upward trend. Berlin ranks first with just under €1.19 billion (+174%), a result which was significantly influenced by the sale of the Upper West (around €400 million). Munich and Cologne occupy the other podium places with €648 million (+136%) and €525 million (+56%) respectively. Hamburg also recorded a very good result with €496 million (+35%). In contrast, sales declined in Frankfurt (€233 million; -67%), Düsseldorf (€188 million; -25%), and Stuttgart (€138 million; -38%).
- The distribution of turnover across the different size categories is relatively balanced. However, it is noteworthy that deals worth over €100 million have more than doubled in value, reaching €1.18 billion. This clearly demonstrates the market recovery.

Office investments by city size Q1-3*



*excl. portfolios

OUTLOOK

- Although office investment volume remains well below the long-term average, the market is nevertheless recovering and becoming increasingly stable. There are several reasons for this.
- In general, there has been a renewed increase in interest among large, and particularly international, investors in German office properties. The ongoing increase in prime and average rents is playing a significant role here, as it creates considerable opportunities for value appreciation. This applies in particular to the potential for attractive new buildings coming onto the market.
- This improvement in sentiment is currently being driven by positive developments in occupier markets. In the first three quarters, office take-up in major German cities rose by more than 3% y-o-y. Frankfurt recorded its best result in 20 years with an increase of 63%. This is consistent with an increasing number of reports indicating that the proportion of people working from home is declining and that no further increase in this working pattern is foreseeable. Against this backdrop, investor confidence in long-term stable demand for offices appears to be growing.
- Furthermore, the long-standing expectation of significant price rises in the foreseeable future has become less significant over time. Due to this changing market assessment, investment activity is likely to increase in the coming quarters, leading to higher transaction volumes. A large number of properties are already on the market or even prior to signing.
- The outlook for the markets is influenced by a wide range of factors, the development of which is difficult to predict. The most likely scenario remains that positive effects from national developments will occur and will only be partially overlaid by overriding negative trends. Against this backdrop, there is a realistic chance that the upward trend in the markets could continue next year. A stable development is to be expected in terms of yields.

Key facts office investment market Germany

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	3,634	4,465	+22.9%
Portfolio share	8.6%	0.0%	-8.6%pts
Share above €100 million	14.8%	26.4%	+11.6%pts
Share of A-cities	71.5%	75.9%	+4.4%pts
Share of foreign investors	9.2%	26.2%	+17.0%pts

NET PRIME YIELDS	Q3 2024	Q3 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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