With take-up totalling 144,000 m², the Berlin office market achieved an outstanding result, registering the best first-quarter figure in the last ten years. The total was also around two-thirds higher than the equivalent prior-year figure. A significant role was played by leases over 5,000 m²: they accounted for nearly one-third of all take-up, whereas in the first quarter of 2013 there had been no deals at all in this segment. The largest deal was concluded by transmission systems operator 50Hertz Transmission GmbH, which has now received planning permission for its 20,000 m² owner-occupied building in the Central Station area. The other size categories also registered plenty of deals. Premises between 1,000 and 2,000 m² made up another large share of take-up, with around 23 %, followed by the 500-1,000 m² bracket with close to 17 %. While the size classes up to 500 m² together topped 16 %, last year's unchallenged leader in the space segment stakes – the 2,000-5,000 m² category – dropped back by around 17 percentage points to just 12 %.

ICT SECTOR ACCOUNTS FOR LARGEST PORTION OF TAKE-UP

Fuelled by major deals like those concluded by Idealo Internet GmbH (10,500 m²) and ATOS GmbH (10,100 m²), ICT companies took first place in the sectoral ranking. They ousted the traditionally strong other services sector from the top slot by gaining nearly 27 % (+11 percentage points), while last year's champions posted a somewhat lower share of around 24 %. Thanks to the 50Hertz Transmission contract, industrial head offices finished in the top three by achieving 18 %. The shares of the other sectors were significantly smaller at less than 6 % each.

TREND IN VACANCY STILL RECESSIONIST

Although the reduction in vacancy has lost some of its momentum, there is no sign of it stopping in the near future. The total volume of readily available premises currently stands at around 1.02 million m², which is nearly 2 % less than 12 months ago. One problem is the persistently small proportion of offices offering modern specifications of the kind particularly in demand. Less than one third of all vacant space (280,000 m²) is in that category. The vacancy rate – at 5.3 % – is getting ever-closer to the 5 % mark.
CONSTRUCTION ACTIVITY STILL AT LOW LEVEL

With around 288,000 m² of space under construction, building activity in the Berlin market remains limited. Since 2005, the construction volume has rarely risen above 300,000 m², which is low for a city this size. Fortunately, the amount of available space under construction shows a moderate increase; at 85,000 m², it is now around 27 % higher than the prior-year figure. The biggest proportion of this (around 28,500 m²) is in the Central Station area but Topcity West (21,000 m²) and Quartier Adlershof (12,000 m²) also have a significant supply of space in speculative project developments. Aggregate available supply (vacancy + available premises under construction) is relatively stable at 1.1 million m².

PRIME RENT CLIMBS TO 22.50 €/m²

The restricted supply of available premises under construction in top locations has led to a moderate increase in the prime rent. At 22.50 €/m², it is now the highest registered in the Berlin market area since the end of 2004. It is achieved at Potsdamer Platz/Leipziger Platz. Modest upturns have also been noted in average rents.

OUTLOOK

In view of the number of planning applications pending for owner-occupied premises and also the current volume of enquiries, market activity in the coming months can be expected to remain very brisk, which should reduce vacancy further. Even if not every quarter can be as good as the first three months, there is good reason to believe that last year’s overall result can be surpassed significantly. For the moment, the prime rent is likely to consolidate at the present level.