

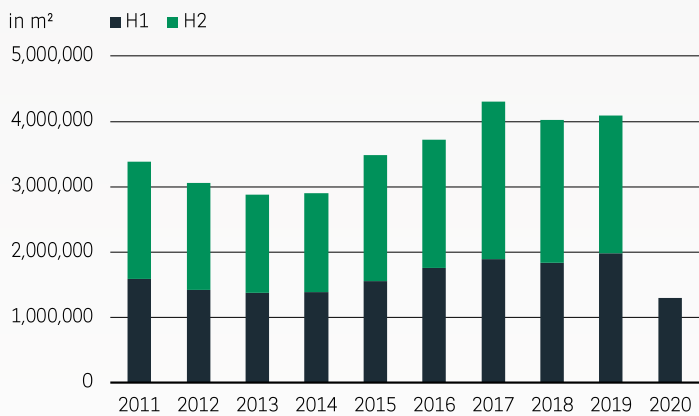


**RESEARCH**

At a Glance **Q2 2020**

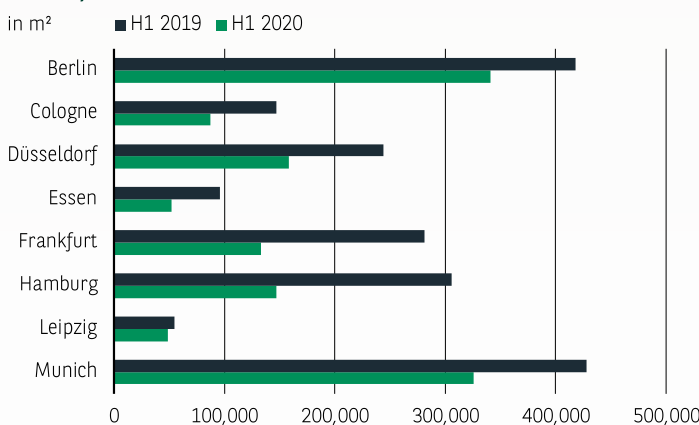
# OFFICE MARKET GERMANY

**Total take-up of selected office centres\***

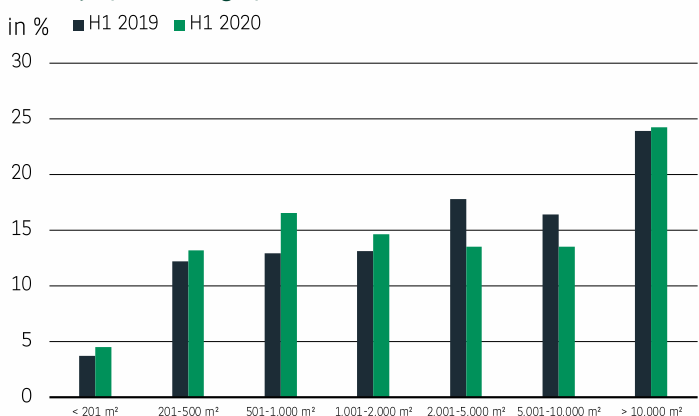


\* Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich

**Take-up in H1 2019 and H1 2020**



**Take-up by size category**



**TAKE-UP ROUGHLY ONE-THIRD BELOW LAST YEAR'S FIGURE**

As expected, the effects of the Corona crisis and the lockdown in the second quarter were strongly noticeable on the office markets. At the end of the first half of the year, an outcome of around 1.3 million m² was recorded, which corresponds to a decline of around one third. Looking only at the second quarter, in which 557,000 m² were taken up, the result is 48% lower. This development comes as no surprise. After the nationwide lockdown with a ban on contact and the looming recession in 2020, it is not surprising that many companies have either put their planned lettings on hold for an indefinite period or, which is mostly the case, postponed them in order to wait for the further economic development in the second half of the year before making major investments.

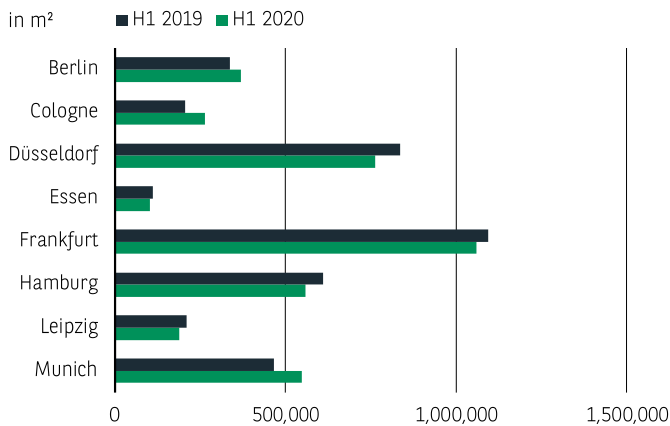
**DECLINE OF TAKE-UP IN ALL CITIES**

The above-mentioned influences have led to a noticeable decline in take-up in all cities. Berlin and Munich fought a neck-and-neck race for the top position, with the capital city (341,000 m²) winning by a narrow margin. At 18%, the decline was also relatively small by national companies. At 326,000 m² the Bavarian capital also fell only 24% short of its previous year's result. Düsseldorf moved into third place with 158,000 m² (a decline of 35%). A good 50% less was taken up in Hamburg, where only 152,000 m² were registered. In the Hanseatic city, no large lease of 10,000 m² was recorded in the first six months. The situation in Frankfurt is similar. With only 133,000 m² (-53%) the weakest result in the last 20 years was registered. The take-up loss in Cologne amounts to 41% with 87,000 m². Compared to the record year 2019, Essen also has to deal with significant losses (-46%), but is still only just below the ten-year average. The picture is similar in Leipzig with 49,000 m², which at the same time represents the lowest take-up loss of all cities at -11%.

**SMALLER CONTRACTS WITH A SLIGHTLY HIGHER SHARE**

The basic structure regarding the size class distribution has not changed significantly. The largest share of take-up in the first half of 2020 was again accounted for by contracts with more than 10,000 m² (24%). However, at the same time the relative importance of smaller contracts up to 2,000 m², which contribute just under 49% to the result (+7 percentage points), has increased somewhat. This is due to the fact that large lettings were temporarily put on hold to a greater extent due to the lockdown regulations.

**Vacant space in H1 2019 and H1 2020**



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**➤ AVERAGE VACANCY RATE REMAINS AT ONLY 4%**

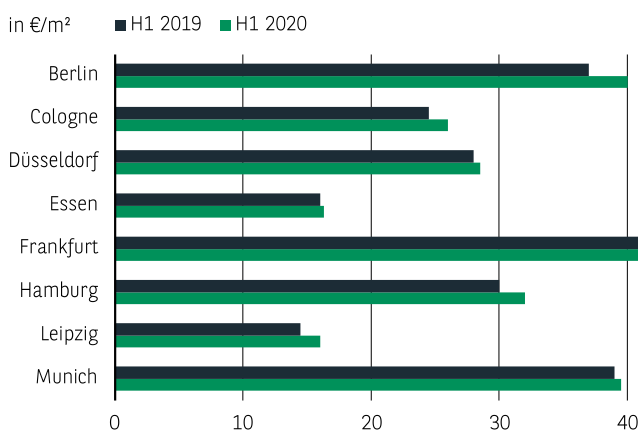
For many years, vacancy rates had only known one direction: downwards. But by the end of 2019 they already approached their bottom due to increased construction activity. Nonetheless, they remain at an exceptionally low level from a historical perspective. With a total of 3.85 million m², they are at the same level as in mid-2019, and even compared to the end of 2019, they have currently only increased by an average of 5%. The vacancy rate across all locations is 4%, only 10 basis points higher than before the Corona pandemic.

**➤ RENT LEVELS STABLE**

An upward trend in top rents was still evident in some locations in the first quarter. Frankfurt showed the strongest increase, with the top rent rising by a good 4% to 47 €/m². It also rose by a good 3% in Hamburg. In the second quarter only the smaller cities of Leipzig and Essen recorded small gains. In other locations, top rents remained stable in the last two quarters.

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**Top rents in H1 2019 and H1 2020**



**➤ OUTLOOK**

The further development of the office markets in the current year is subject to many uncertainties. The most likely scenario from today's perspective is that office take-up will show first signs of an upward trend towards the end of the year, which should accelerate from 2021 onwards and lead to a gradual return to normality in 2021. Although it is unlikely that take-up will return to the record levels of previous years, take-up around the ten year average seems quite realistic for 2021.

**Office market indicators H1 2020**

	Top rent* (€/m²)	Take-up (m²)	Vacant space (m²)			Vacancy rate	Space under construction (m²)		Space on offer (m²)	
			H1 2020	total	modern		of this, since completion	total	available	available
1	2	3	4	5	6	7	8	9	10 = (4 + 9)	11
Berlin	40.00	341,000	369,000	108,000	8,600	1.9%	1,382,000	730,000	1,099,000	3,404,000
Cologne	26.00	87,000	263,000	41,000	2,000	3.3%	134,000	37,000	300,000	466,000
Düsseldorf	28.50	158,000	762,000	156,000	7,000	8.0%	283,000	98,000	860,000	475,000
Essen	16.30	52,000	103,000	23,000	2,000	3.3%	77,000	9,000	112,000	230,000
Frankfurt	47.00	133,000	1,060,000	479,000	88,400	6.9%	715,000	290,000	1,350,000	1,249,000
Hamburg	32.00	152,000	558,000	105,000	29,000	4.0%	444,000	174,000	737,000	1,285,000
Leipzig	16.00	49,000	189,000	35,000	4,000	5.0%	71,000	26,000	215,000	225,000
Munich	39.50	326,000	548,000	126,000	62,000	2.6%	1,046,000	445,000	993,000	2,678,000
<b>Total</b>		<b>1,298,000</b>	<b>3,852,000</b>	<b>1,073,000</b>	<b>203,000</b>		<b>4,152,000</b>	<b>1,809,000</b>	<b>5,666,000</b>	<b>10,012,000</b>

\* The top rent given applies to a market segment of 35 % in each case.

\*\* The relevant office market zone can be found on our website under "Research".

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