

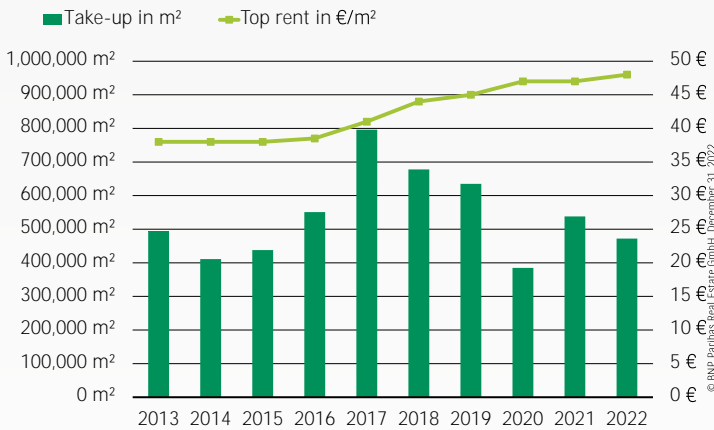


RESEARCH

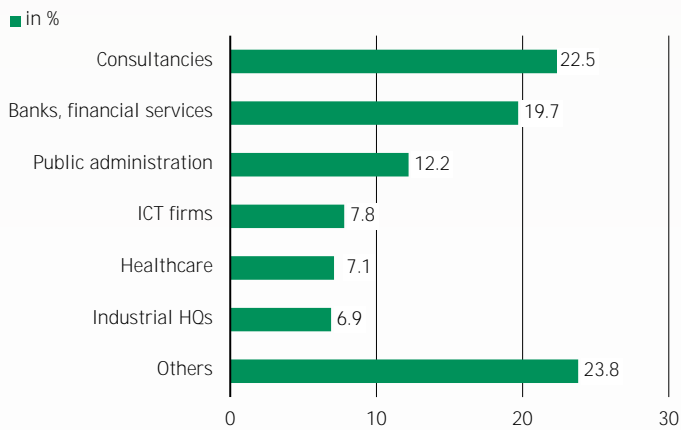
At a Glance **Q4 2022**

OFFICE MARKET FRANKFURT

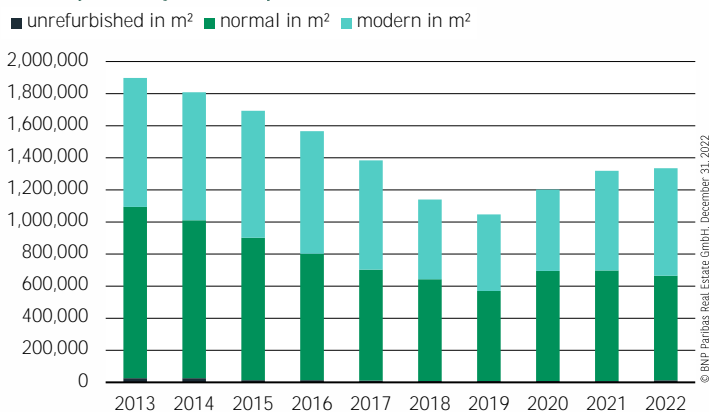
Development of take-up and top rents



Take-up by sector 2022



Development of vacant space



FRANKFURT REMAINS ON COURSE AT THE END OF THE YEAR

Overall, the Frankfurt office market was characterised by great consistency in the past year 2022. After a very successful start to the year with a take-up of 137,000 m², letting volume settled between 105,000 m² and 120,000 m² in the following quarters despite the challenging economic situation. In total, leasing contracts were registered for a volume of 472,000 m² (gif market area: 392,000 m²). Meaning that both the previous year's result and the 10-year average (539,700 m²) were missed by a good 12% in each case. The fourth quarter was particularly positive. Although there have been increasing signs of a presumably weak recession for some months, the pace of lettings hardly slowed down at 110,000 m² (-8% compared to Q3). In a nationwide comparison of Germany's largest office markets, Frankfurt occupies a positive exceptional position between Berlin, Munich and Hamburg, where double-digit declines were registered due to the difficult market environment.

LEADING SECTORS AGAIN IN THE LEAD

Frankfurt's leading industries once again hold the top positions in the sector ranking in 2022. Consultancy firms achieved an above-average take-up of around 106,000 m² (+23% above the 10-year average), giving them a market volume of 22.5%. Banks and financial service providers rank second with a take-up of around 93,000 m². They also contributed three of the five largest deals to annual take-up. These include ODDO BHF in the Banking District (18,600 m²) and the deals in the City submarket signed by Citi-Bank Europe (10,100 m²) and Sparda-Bank Hessen (owner-occupier; 9,100 m²). The public administration sector achieved an average result of 58,000 m², supported by the large owner-occupier deal by the Gesellschaft für internationale Zusammenarbeit (GIZ) in the Eschborn submarket (28,000 m²).

CONSTANCY IN VACANCY VOLUME

After an accelerated rise in vacancy between 2019 and 2021, the vacancy rate has stabilised at a level of a good 1.3 million m² in 2022. Currently, around 1.33 million m² (gif: 967,000 m²) is available in the short term, of which around 50% has a modern fit-out. This is not an unusually high figure for the Frankfurt market, where tenants are used to and also demand high quality space. In the prime locations of Banking District and Westend, the modern vacancy rate is currently only just under 65,000 m². The vacancy rate in the market area is 8.5% (gif: 8.4%) and in the Banking District 3.2%.

Major contracts

Sub-market	Company	m ²
4.6	GIZ - Gesellschaft für internationale Zusammenarbeit	28,000
1.1	ODDO BHF	18,600
1.3	CitiBank Europe	10,100
1.3	Sparda-Bank Hessen	9,100
4.5	Scientology Kirche	8,900
1.2	Noerr Partnerschaftsgesellschaft	8,500

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Trends in important market indicators

	2021	2022	Trend 2023
Take-up	538,000 m ²	472,000 m ²	↘
Vacant space	1,319,000 m ²	1,335,000 m ²	↗
Space under construction (total)	619,000 m ²	675,000 m ²	↔
Space under construction (available)	388,000 m ²	482,000 m ²	↘
Top rent	47.00 €/m ²	48.00 €/m ²	↗

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DECLINING PROJECT VOLUME

It is hardly surprising that project developers are increasingly acting prudently in the current challenging environment of rising interest rates, significantly higher financing costs and a weakening economy. This also applies to the Frankfurt market, where the volume of projected space has fallen over the course of the year from 1.3 million m² to just over 1 million m². There is currently 675,000 m² under construction, of which the lion's share (496,000 m²) will not be completed until 2024. The pre-letting rate currently stands at a low 29%.

RENT LEVEL RISES

The prime rent has risen by 1€ to 48 €/m² since the end of 2021. It has remained stable at this level since the middle of the year. In contrast, the average rent has climbed (+13%) to currently 23.20 €/m², which impressively underlines the high demand for very good space.

OUTLOOK

The economic uncertainties are likely to continue to dominate the market for the time being. However, as soon as the German economy will have returned to a growth course, the rental activity in Frankfurt will also accelerate sustainably. An annual take-up of 450,000 m² currently seems realistic for 2023. Due to the high preference on the part of companies for high-quality space, further rent increase potential is to be expected for both prime and average rents.

Key indicators 2022

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	2022	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 Banking District	48.00		53,000	39,100	38,100	11,600	183,600	120,300	159,400	0
1.2 Westend	46.00		45,900	52,300	26,700	500	7,700	5,200	57,500	49,000
1.3 Inner City	44.00		100,800	184,900	129,900	7,900	93,800	70,300	255,200	175,300
1.4 Central Station	27.00		9,100	33,000	8,200	0	25,000	700	33,700	16,200
2 Centre Fringe	23.50 - 25.00		72,900	135,300	75,300	5,800	21,900	15,200	150,500	82,600
3 City Fringe	15.00 - 20.00		24,500	131,800	47,800	1,500	72,000	72,000	203,800	18,300
4 Subcentres	12.50 - 26.00		113,800	489,600	270,000	26,700	238,000	189,300	678,900	303,600
Total Frankfurt			420,000	1,066,000	596,000	54,000	642,000	473,000	1,539,000	645,000
5 Periphery	14.50 - 20.00		52,000	269,000	74,000	1,000	33,000	9,000	278,000	286,000
Total			472,000	1,335,000	670,000	55,000	675,000	482,000	1,817,000	931,000
N. B. gif market area			392,000	967,000	553,000	50,000	626,000	457,000	1,424,000	633,000

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

** The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2022](#)

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