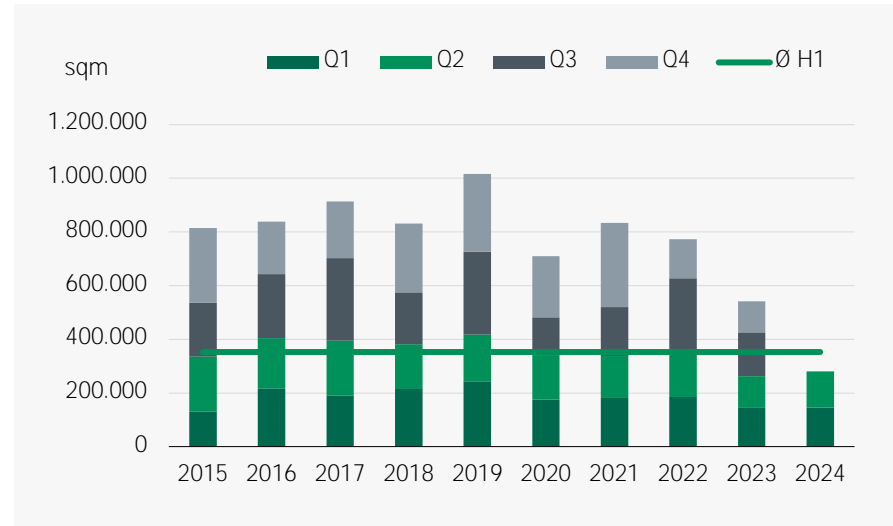


BERLIN

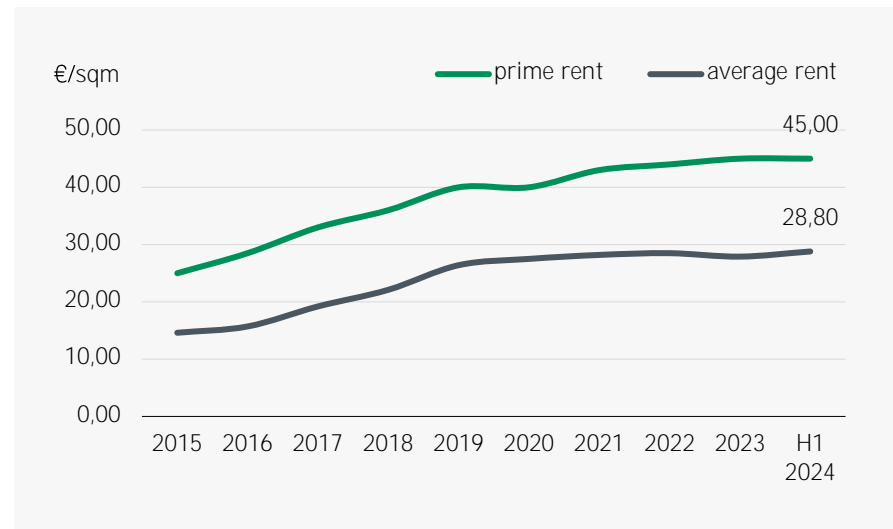
# REPORT OFFICE MARKET

H1 2024

## Development of take-up



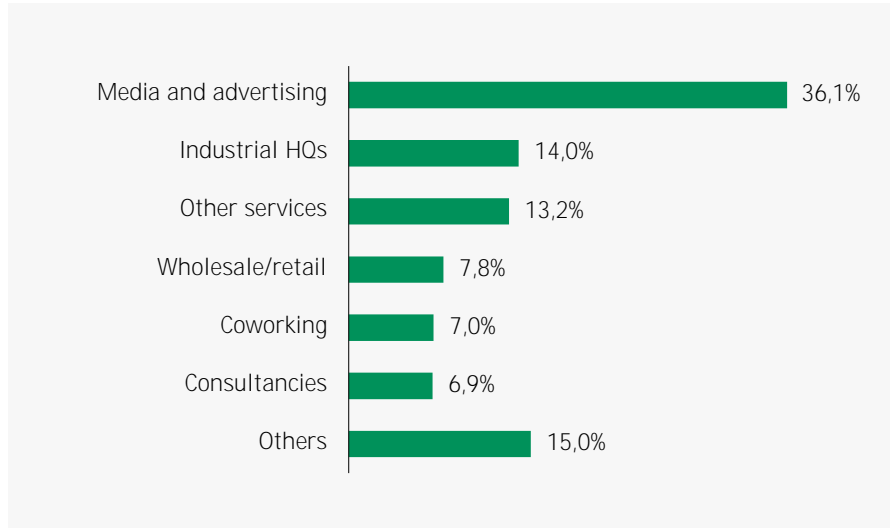
## Prime and average rents



## TAKE-UP IMPROVED Y-Y-0, BUT STILL NOT AT THE LEVEL OF THE 10-YEAR AVERAGE

- By the middle of the year, the Berlin office market is among those markets which record a rise in take-up year-on-year, but where market activity is still below with long-term average. At mid-year 2024, a take-up volume of around 281,000 sqm is registered. Thus, the half-year result for the capital is a good 7% above the prior-year figure, but also 20% below the long-term average.
- This general trend, which reflects the overall situation in Germany's most important office locations, can also be observed in the other two top markets Munich (293,000 sqm) and Frankfurt (215,000 sqm).
- A good sign of a broadly diversified demand structure is reflected in a number of major contracts lately signed such as BlmA's two owner-occupier deals for the Federal Chancellery (25,000 sqm) and the Office of the Federal President (9,900 sqm) both in the Charlottenburg/Tiergarten submarket. Another example is BlmA's lease contract in Mitte (25,200 sqm).
- On the other hand, the smaller space categories of up to 2,000 sqm accounted for around half of the overall result with a take-up share of almost 49% and are therefore of significant importance.
- In terms of prime rents, the momentum of recent years has slowed noticeably: There have been no changes in the premium rental sector over the past 12 months. Prime rents are at €45 per sqm, and the average rent for the entire market stands at €28.80 per sqm as of mid-year.

## Take-up by sector H1 2024



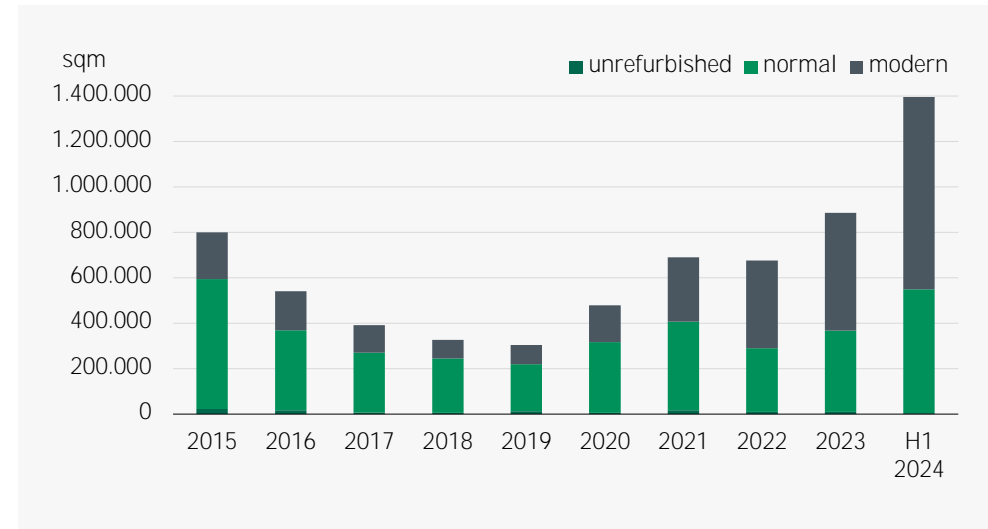
## Major contracts H1 2024

Quarter	Sub-market	Company	sqm
Q1	2.1	BlmA	25.200
Q1	2.6	BlmA (Bundeskanzleramt)	25.000
Q2	3.3	Siemens	18.400
Q2	3.3	BIM	17.000
Q2	2.1	Prokjekt Interim Berlin	13.800
Q1	2.6	BlmA (Bundespräsidialamt)	9.900

## PUBLIC ADMINISTRATION REMAINS LEADING SECTOR

- In terms of the distribution of take-up across sectors, public administration stands out, dominating the ranking with a good 36%, not least due to the major lettings concluded by BlmA. The largest contracts signed in the last three months included Siemensstadt Square (18,400 sqm owner-occupier in the Municipal Area West) and the interim use concept Projekt Interim Berlin (13,800 sqm in Mitte), as well as contracts across a wide range of sectors, underlining the broad demand base in the Berlin market area.
- On the supply side, the volume of vacant space increased further and, at around 1.4 million sqm in total, is now significantly above the one million square meter mark for the first time since 2014. The completion of numerous projects that are not yet or only partially pre-let can be one reason for the increase in modern vacancies (847,000 sqm; +81% compared to H1 2023). As a result, the vacancy rate has risen by 2.6 percentage points to 6.5% in the last twelve months.

## Development of vacant space

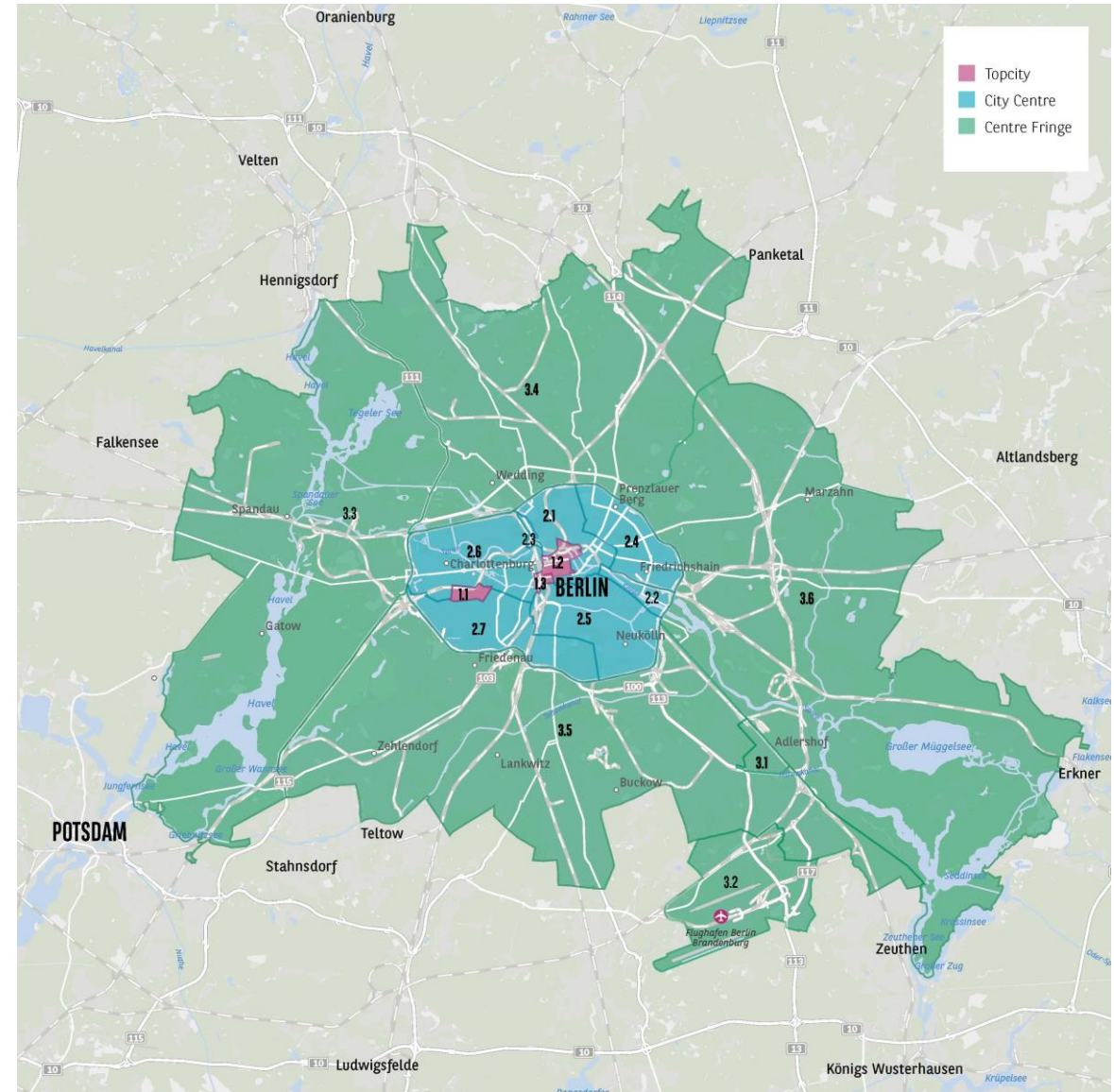




## OUTLOOK

- Even though the Berlin office market did not record a trend reversal in the first half of 2024, the initial setting and demand situation is slightly better overall than 12 months prior.
- It is particularly pleasing that, in addition to the large public sector contracts at the beginning of the year, major deals were also reported from other sectors in the second quarter. In conjunction with generally lively market activity in the small-scale segment, this sends out positive signals for a stable demand base in the second half of the year. The location factor is increasingly important for letting decisions, not only now but also in the future: a good 76% of the take-up volume is accounted by locations within the Berlin S-Bahnring.
- Against the backdrop of the general conditions outlined above, take-up at the end of the year is therefore expected to be on a par with the previous year (541,000 sqm).
- On the supply side, office vacancy is likely to further rise in the months to come, however, the pace is expected to slow down towards the end of the year. It is in the realms of possibility that the 1.5 million sqm mark will get even closer. At the same time, the persistently challenging conditions for project developments and the planned completions will lead to a noticeable decline in construction activity in the coming quarters.
- In terms of rent levels, the strong rental growth is forecast to lose momentum. It is expected that rent levels will stabilize in 2024 moving sideways in the near future.

## Office submarkets Berlin



## Key indicators office market Berlin

	PRIME RENT* (€/sqm)		TAKE-UP (sqm)		VACANT SPACE (sqm)		SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
	from	to	H1 2024	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = ( 3 + 7 )	9
1 Topcity										
1.1 Topcity West		40,00	9.000	47.600	33.900	3.700	4.500	2.000	49.600	21.300
1.2 Topcity East		45,00	12.500	77.200	60.700	0	0	0	77.200	19.200
1.3 Potsdamer/ Leipziger Platz		45,00	4.500	54.600	50.100	0	0	0	54.600	33.300
2 City Centre	33,00 -	40,00	188.400	799.200	464.100	17.100	488.000	382.900	1.182.100	1.540.700
3 Centre Fringe	17,50 -	26,00	66.600	418.400	238.200	35.200	112.500	88.100	506.500	2.030.500
<b>Total</b>			<b>281.000</b>	<b>1.397.000</b>	<b>847.000</b>	<b>56.000</b>	<b>605.000</b>	<b>473.000</b>	<b>1.870.000</b>	<b>3.645.000</b>

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

\*\* The relevant submarket can be found on our website under „Research“.

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