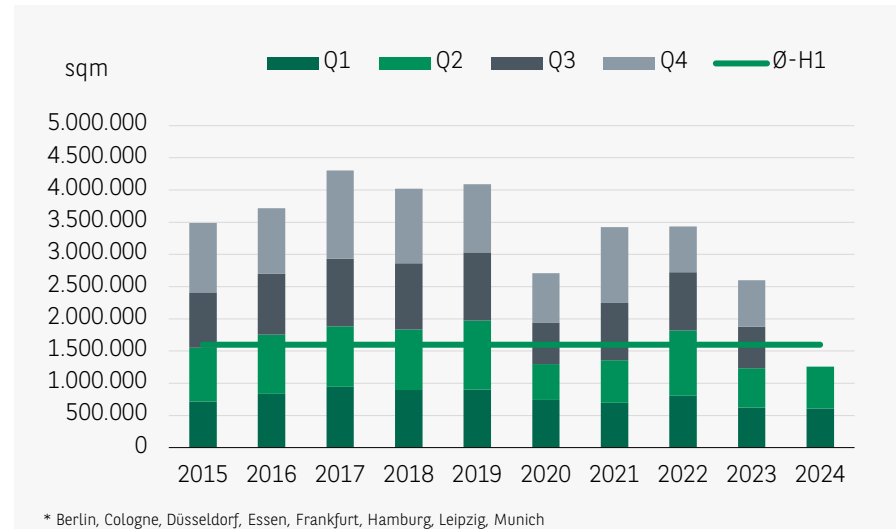


GERMANY

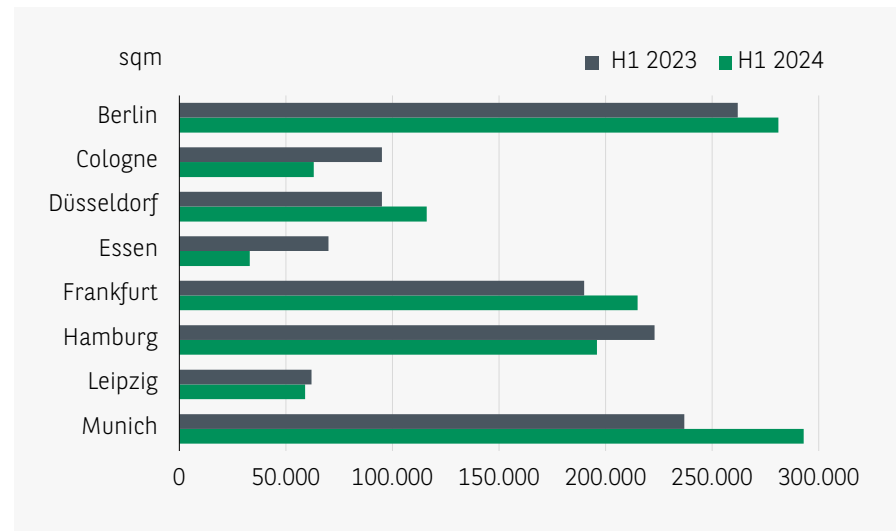
# REPORT OFFICE MARKET

H1 2024

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



## Take-up in H1 2023 and H1 2024

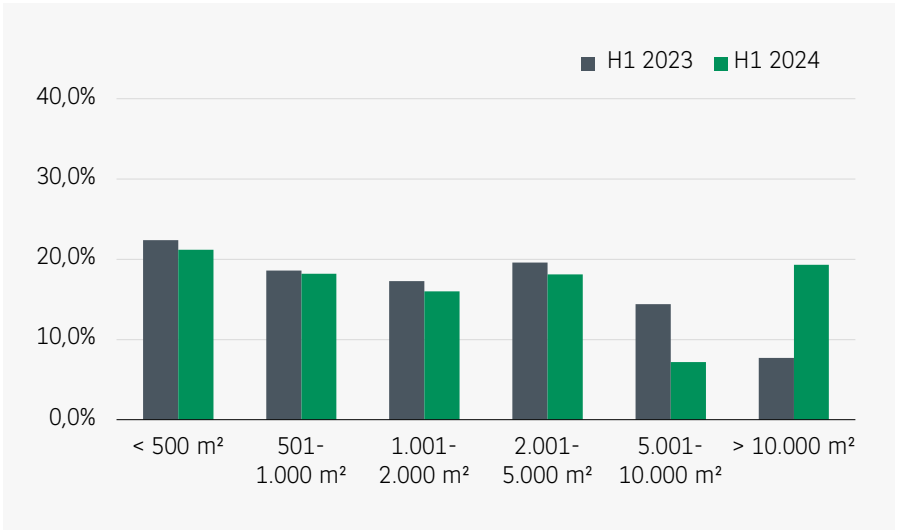


## STABLE DEVELOPMENT ON THE OFFICE MARKETS: TAKE-UP AT PRIOR YEAR'S LEVEL

- German office markets experienced a stable trend in H1 2024 despite ongoing lacklustre economic activity. Take-up came to 1.26 million sqm in the first 6 months of 2024, roughly on par with previous-year results (1.23 million sqm). While take-up in Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich remained significantly below the long-term average, the yoy comparison in these office strongholds proved varied as large-scale leases continued to make the difference in this market phase.
- Munich posted the highest office take-up at mid-year. Although the city's result of 293,000 sqm is a good 15% below the long-term average, Munich managed to outperform the previous year's result by an impressive 24%. An already strong start to the year was followed by an even more dynamic Q2 with take-up of 153,000 sqm, including one of the largest leases signed nationwide in the quarter. Market activity in Berlin and Frankfurt also came in below average in a long-term comparison, but up on the previous year. Take-up in the German capital came to 281,000 sqm in the first half of the year, reflecting a delta with the long-term average of around 20% but exceeding the previous year's result by a good 7%. The yoy increase in take-up can mainly be attributed to large-scale leases signed in the space segment of more than 10,000 sqm. Berlin registered more leases signed in this space segment than any other top location in Germany. Frankfurt came in third, seeing take-up temporarily decline, in particular due to a lack of major leases signed in Q2. The city nevertheless posted an increase yoy (+13%) with 215,000 sqm in take-up, coming in only slightly below the long-term average (-5%).

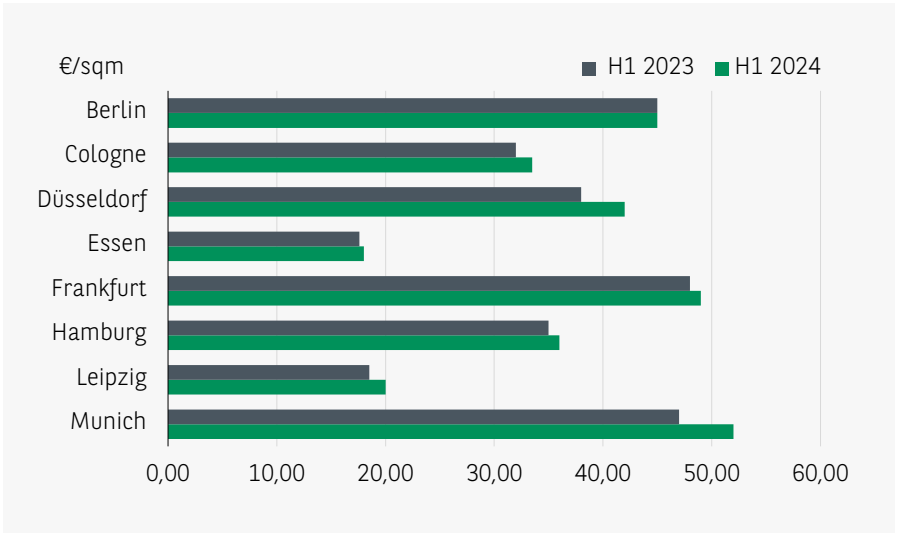
## FURTHER RISE IN VACANCY

### Take-up by size category

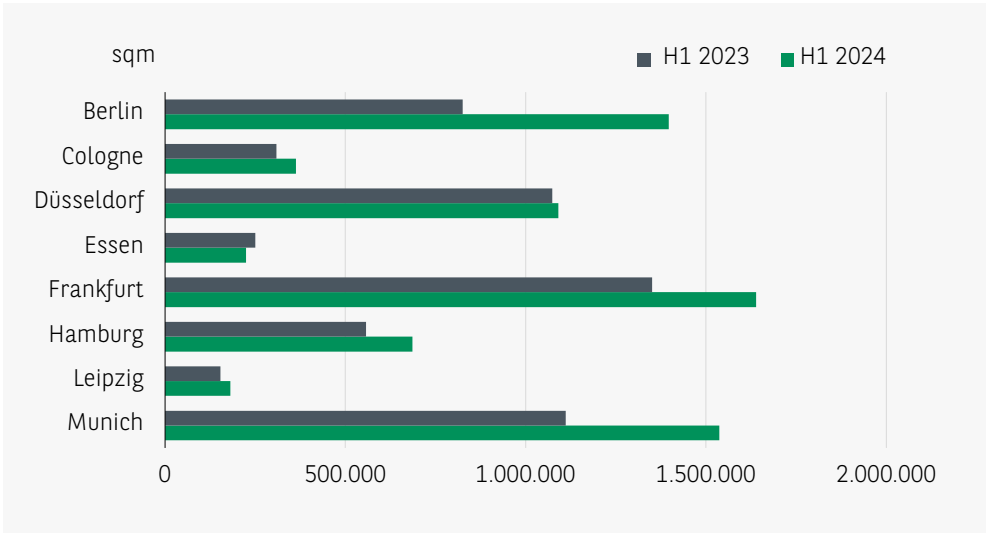


- Vacancy in Germany's main office strongholds continued to rise in Q2. Vacancy posted 7.1 million sqm at mid-year, reflecting a yoy increase of around 26%. Despite this substantial increase, however, vacancy across all of the country's major office hubs, with the exception of Düsseldorf (currently 11.0%), remained noticeably below the highs of previous cycles. The situation in Frankfurt paints a similar picture with a vacancy rate of 10.5% at mid-year. The vacancy rate remained below 5% in Cologne (4.5%), Leipzig (4.6%) and Hamburg (4.7%). Munich (6.7%) and Berlin (6.5%) once again posted vacancy rates significantly higher than 5%. Essen posted a vacancy rate of 7.1%.
- Prime rents in Germany's top office markets remained stable in Q2 2024 with levels quite high this summer. Munich posted the highest prime rents by far at €52.00 per sqm and saw the highest rental growth of 11% for prime assets over the course of the year.

### Prime rents in H1 2023 and H1 2024



### Vacant space in H1 2023 and H1 2024



## OUTLOOK

- The general conditions impacting Germany's office markets are likely to see little change in the coming quarters and remain challenging for the time being. In contrast to forecasts at the start of the year, the economic upturn is yet to gain traction and the German economy is currently not showing any meaningful signs of accelerating momentum.
- There is, however, growing evidence pointing to an uptick in overall economic activity. Take the key interest rate cut by the ECB in June, for example, which is most likely only the first step. The German economy should increasingly gain traction in the wake of gradually falling financing costs and a stable global economy in 2024. Demand for office space, which correlates strongly with GDP growth, should pick up again as a result, albeit with a time lag, as we know from other cycles.
- There are a number of indications in the current market environment that take-up activity on Germany's office markets will turn around over the course of 2024 and that we can expect take-up to rise again across the board in the following months. Nevertheless, it is still too early to speak of a sustained acceleration on the market. We believe that a moderate yoy increase in take-up is realistic for 2024 despite ongoing challenges. The trend in rising prime rents will continue as well.

## Important office market locations in Germany



## Office market indicators

	PRIME RENT*	TAKE-UP	VACANT SPACE				SPACE UNDER CONSTRUCTION		SPACE ON OFFER	
	(€/sqm)	(sqm)								
		H1 2024	total	modern	of this, since completion	vacancy rate	total	available	available	projected
1	2	3	4	5	6	7	8	9	10 = (4+9)	11
Berlin	45,00	281.000	1.397.000	847.000	56.000	6,5%	605.000	473.000	1.870.000	3.645.000
Cologne	33,50	63.000	363.000	102.000	3.000	4,5%	170.000	76.000	439.000	396.000
Düsseldorf	42,00	116.000	1.091.000	419.000	65.000	11,0%	266.000	130.000	1.221.000	618.000
Essen	18,00	33.000	225.000	42.000	0	7,1%	49.000	12.000	237.000	176.000
Frankfurt	49,00	215.000	1.639.000	932.000	78.000	10,5%	532.000	357.000	1.996.000	410.000
Hamburg	36,00	196.000	686.000	192.000	18.000	4,7%	309.000	169.000	855.000	886.000
Leipzig	20,00	59.000	181.000	77.000	12.000	4,6%	144.000	65.000	246.000	479.000
Munich	52,00	293.000	1.537.000	740.000	258.000	6,7%	530.000	257.000	1.794.000	2.872.000
<b>Total</b>		<b>1.256.000</b>	<b>7.119.000</b>	<b>3.351.000</b>	<b>490.000</b>		<b>2.605.000</b>	<b>1.539.000</b>	<b>8.658.000</b>	<b>9.482.000</b>

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

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