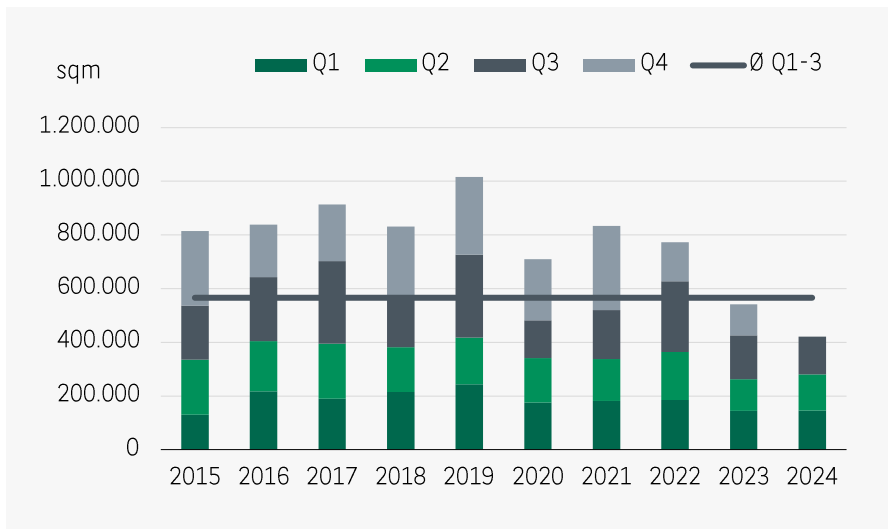


BERLIN

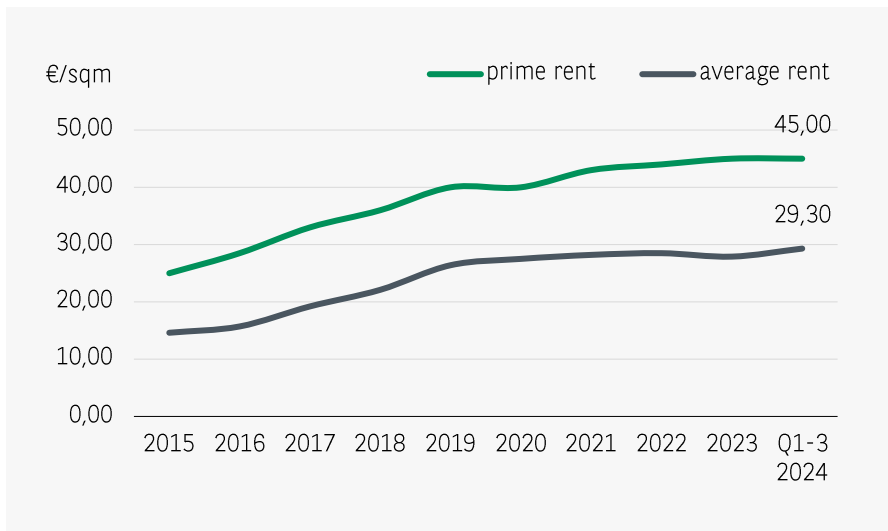
REPORT OFFICE MARKET

Q1-3 2024

Development of take-up



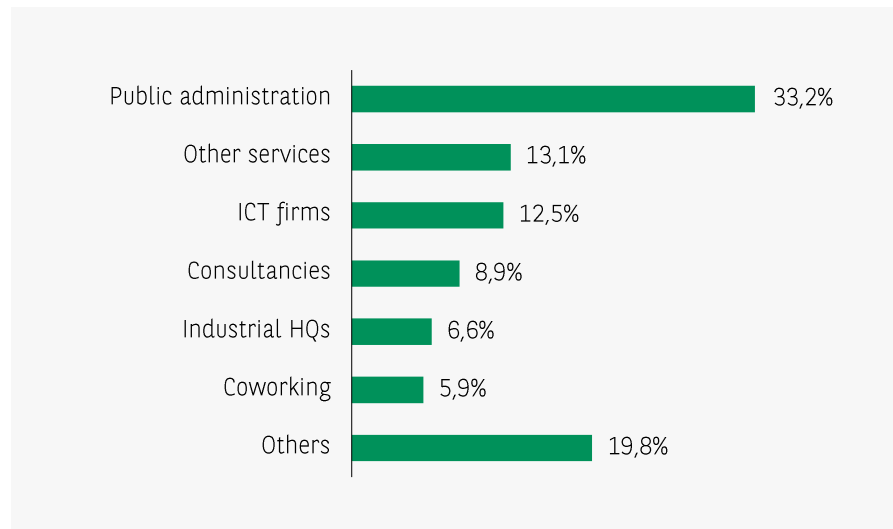
Prime and average rents



**PRIOR YEAR'S RESULT EQUALISED,
TEN-YEAR AVERAGE NOT YET ACHIEVABLE**

- At the end of the third quarter, the Berlin office market recorded good letting momentum overall, although it did not reach the ten-year average (-26%). Considering that some of the results in the long-term analysis were achieved under significantly better economic conditions, the current results can be considered as favorable overall. With take-up totaling around 421,000 sqm, Berlin reconfirmed its previous year's result (-1%).
- When comparing the A cities, Berlin was narrowly behind the Munich office market (444,000 sqm), as it had already been at the end of the first half of the year. However, the results of the two top markets place them well ahead of the other major office locations Frankfurt (307,000 sqm) and Hamburg (301,000 sqm).
- In the submarket analysis, Berlin-Mitte (103,000 sqm) stands out in particular, accounting for around a quarter of the overall result due to many contracts and some larger deals. This also reflects the increasing focus of tenants on central locations. The fact that the top city and city centre submarkets account for around 80% of take-up also underlines this observation.
- Meanwhile, the momentum of recent years has slowed in prime rents: at currently €45 per sqm, there have been no changes in the premium rental segment over the past 12 months. The average rent for the entire market is now approaching the €30 per sqm mark with a value of €29.30 per sqm.

Take-up by sector Q1-3 2024



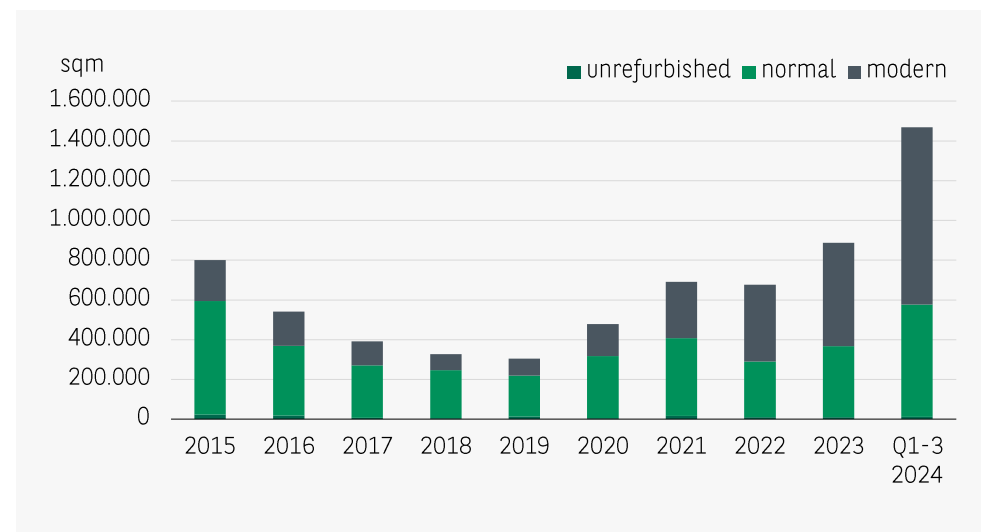
Major contracts Q1-3 2024

Quarter	Sub-market	Company	sqm
Q1	2.1	BlmA	25,200
Q1	2.6	BlmA (Bundeskanzleramt)	25,000
Q3	2.5	BlmA	19,500
Q2	3.3	Siemens AG	18,400
Q2	3.3	BIM	17,000
Q2	2.1	Projekt Interim Berlin	13,800

PUBLIC SECTOR REMAINS STRONGEST SECTOR

- The distribution of sectors remains similar to the previous quarters: Public administration continues to dominate the market, particularly as a result of the three major deals concluded by BlmA in city centre locations, accounting for around one third of take-up. Additionally, two other sectors made double-digit contributions to take-up: These include other services and ICT, each accounting for around 13%.
- On the supply side, the volume of vacant space continued to rise and, at around 1.47 million sqm in total, exceeded 1.4 million sqm mark for the first time since 2010. The completion of numerous projects that are not yet or only partially let can be cited as an explanation for the increase in modern vacancies (892,000 sqm; +79% compared to Q3 2023). As a result, the vacancy rate has risen by 2.8 percentage points to 6.8% in the last twelve months.

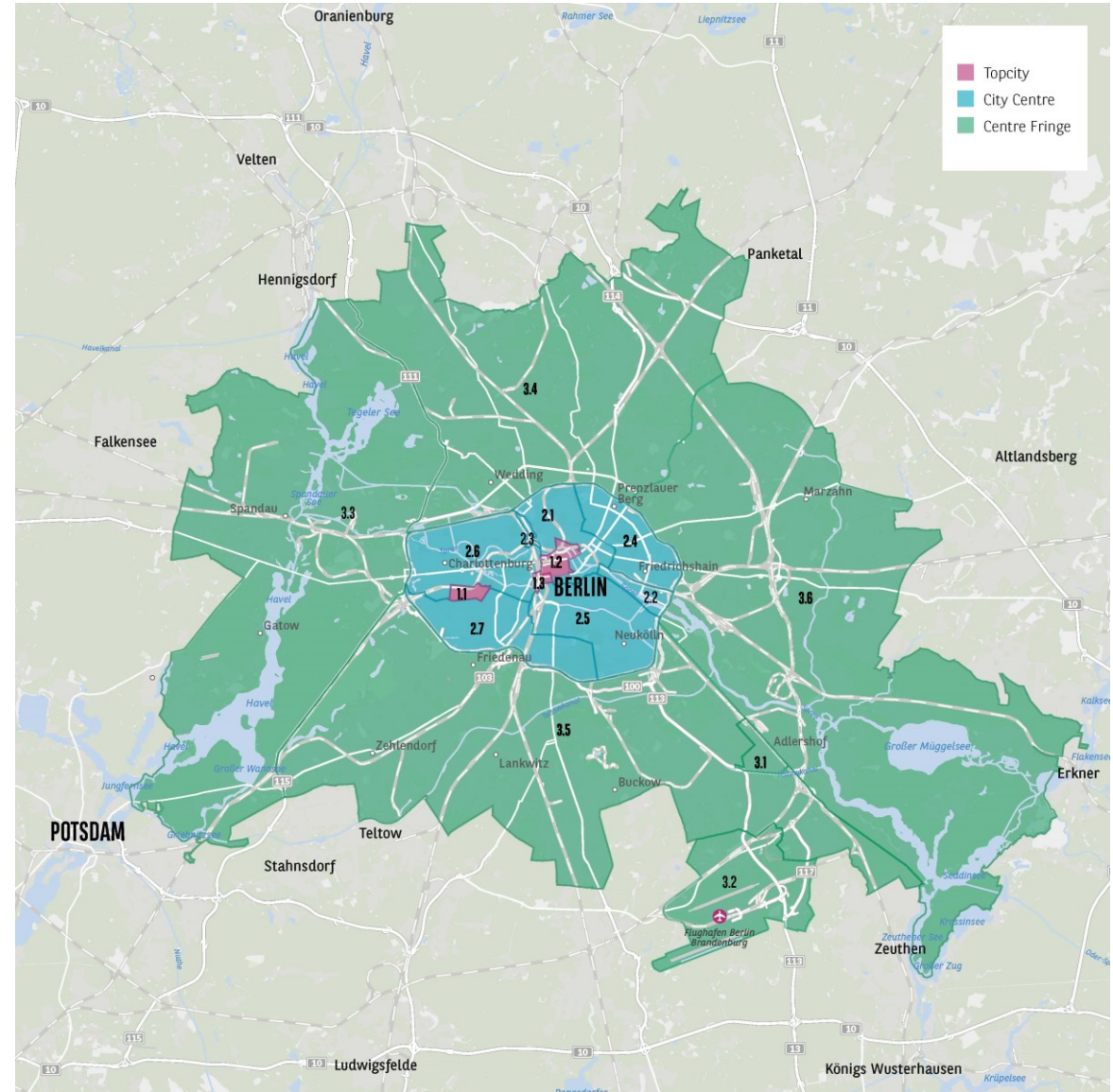
Development of vacant space



OUTLOOK

- Even though the Berlin office market has not yet been able to match the results of the years prior to 2022, the market has been characterized by constant letting activity in the current year.
- At the same time, it is worth noting that market activity in Berlin and other top office markets is now much more diversified than it was just a few years ago. While demand pressure remains high in the absolute top locations, other submarkets are somewhat losing ground in the Berlin office market. The fact that the submarkets within the S-Bahnring achieve a very high share of take-up (around 80%) confirms this market trend being observed nationwide. Due to the size of the Berlin market area, even outside the top city and city centre zones, this trend is reflected somewhat more clearly in take-up than in less decentralized office locations.
- A take-up of around 550,000 sqm seems realistic as a forecast for the end of the year, which would approximately equalize the previous year's volume.
- On the supply side, a further increase in vacancies is initially expected in the final quarter, whereby the 1.5 million sqm mark may be exceeded. At the same time, the persistently challenging conditions for project developments as well as planned completions are leading to a decline in construction activity.
- In terms of rent levels, the trend is likely to stabilize in the coming quarters, suggesting that the strong momentum of recent years initially slowing further. Nevertheless, rents well above the €45 per sqm mark can be observed in individual premium properties.

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	Q1-3 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	15,300	64,300	35,000	3,700	38,300	38,300	102,600	23,400
1.2 Topcity East		45.00	15,000	78,100	61,100	0	0	0	78,100	19,200
1.3 Potsdamer/ Leipziger Platz		45.00	11,000	45,200	39,300	0	0	0	45,200	33,300
2 City Centre	33.00 -	41.00	294,200	822,300	489,200	17,700	504,300	400,100	1,222,400	1,542,900
3 Centre Fringe	17.50 -	26.00	85,500	459,100	267,400	34,600	142,400	99,600	558,700	2,048,200
Total			421,000	1,469,000	892,000	56,000	685,000	538,000	2,007,000	3,667,000

* 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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