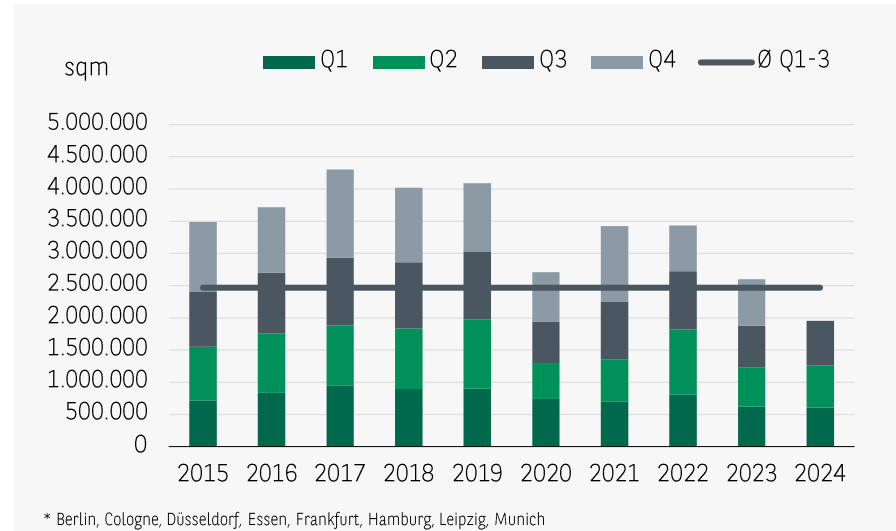


GERMANY

# REPORT OFFICE MARKET

Q1-3 2024

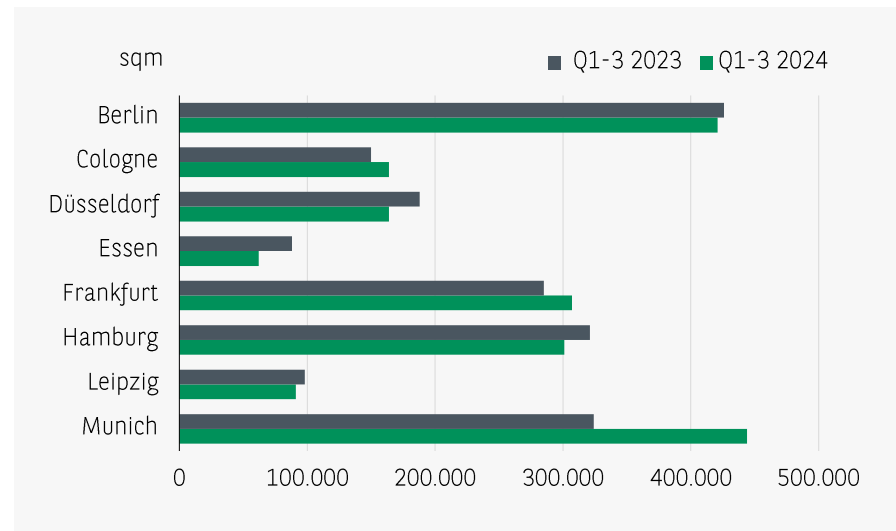
## Total take-up of selected office centres\*



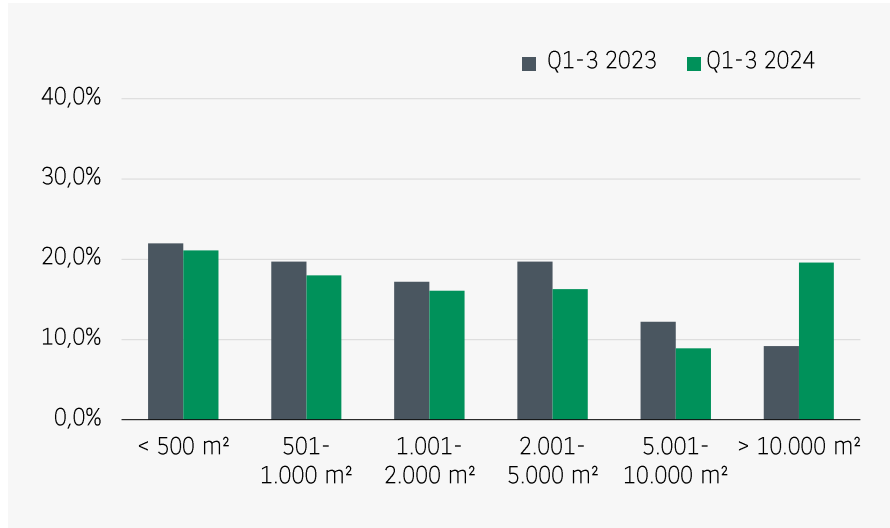
**OFFICE TAKE-UP RISES YOY  
DESPITE WEAK ECONOMIC ACTIVITY**

- Despite the lack of economic tailwind, German office markets were still in good shape overall at the end of Q3 2024. Finishing up the past 3 quarters, take-up amounted to around 1.95 million sqm, or almost 4% above the previous year's level (1.88 million sqm). Although letting activity in the office hubs of Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich remained below average across the board, some markets have been sending out strong signals of stabilisation and the start of a trend reversal.
- The Munich office market is still leading the nationwide ranking of Germany's top office hubs with strong quarterly take-up results which consistently remained above previous-year levels. At the end of first three quarters of the year, take-up in the Bavarian capital amounted to 444,000 sqm or 37% year-on-year. The Munich office market was dominated by catch-up effects and strong stability with take-up falling only 15% short of the long-term average. Berlin recorded 421,000 sqm in take-up also thanks to very stable take-up activity throughout the year, putting the result on par with the previous year (-1%). Frankfurt had a very strong start to the year that was followed by two quarters with take-up each in excess of 90,000 sqm, resulting in 307,000 sqm as at the end of September. Frankfurt currently holds 3rd place nationwide and was the only office market to see take-up exceed the 5-year average (+1%). Hamburg came in fourth with 301,000 sqm registered at the end the first three quarters of 2024.

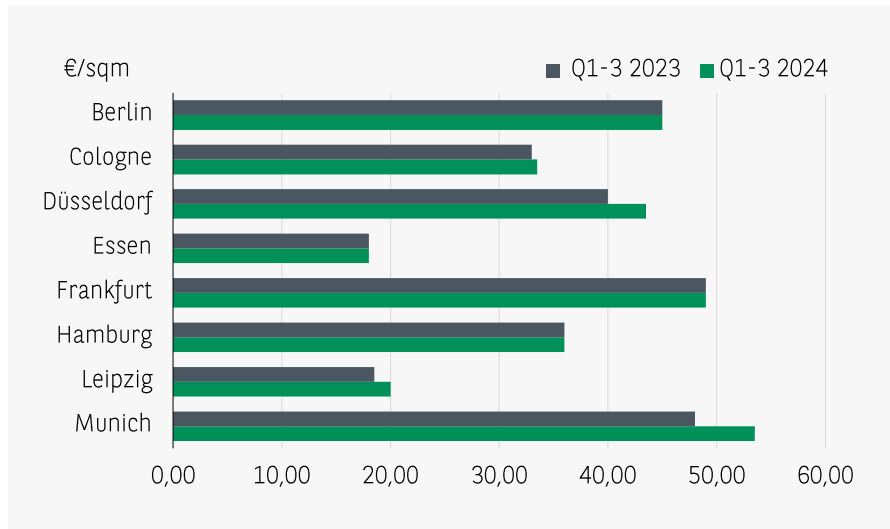
## Take-up in Q1-3 2023 and Q1-3 2024



## Take-up by size category



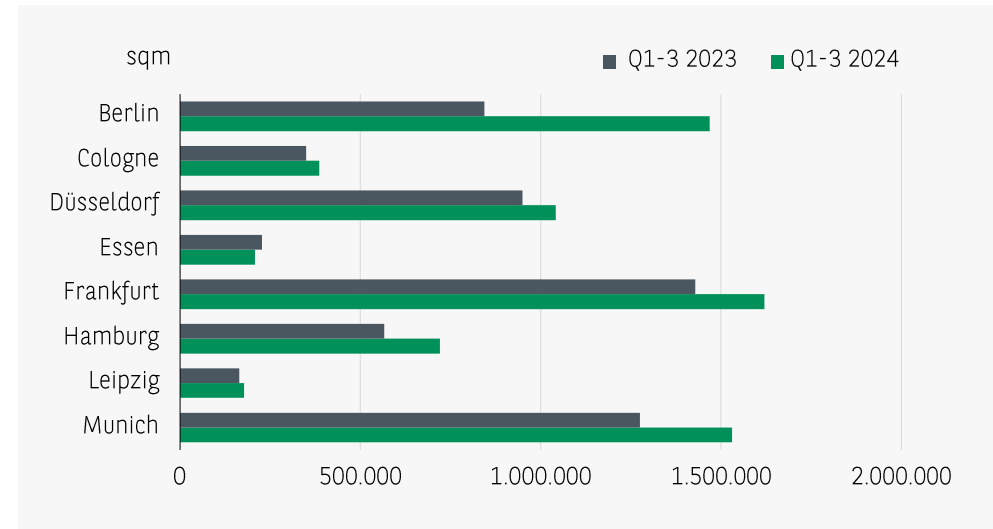
## Prime rents in Q1-3 2023 and Q1-3 2024



## VACANCY VOLUME IN Q3 ALMOST UNCHANGED

- Vacancy in Germany’s office hubs remained almost unchanged quarter over quarter with 7.2 million sqm recorded at the end of q3 and there are many indications that vacancy has most likely reached its cyclical peak.
- Düsseldorf (10.5%) and Frankfurt (10.4%) are currently posting the highest vacancy rates among Germany’s top office locations. Berlin (6.8%), Munich (6.7%) and Essen (6.5%) follow at some distance. The fluctuation reserve of 5% has not been exceeded in Hamburg (5.0%), Cologne (4.7%) or Leipzig (4.5%).
- Prime rents remain under upward pressure across Germany. This can be attributed to a combination of a shortage of premium space available at short notice and ongoing high demand for ESG-compliant prime space in central locations. Munich remains the most expensive market at €53.50 per sqm at its current high.

## Vacant space in Q1-3 2023 and Q1-3 2024



## OUTLOOK

- The economic tailwind that could provide an extra boost to the office markets is still lacking in autumn 2024. Contrary to forecasts, the German economy has not been able to develop the desired growth momentum in the current year, and it is highly likely that the sluggish economic development will not be replaced by a sustained increase in economic output until the second half of 2025.
- However, the financial markets and consumers are providing the first positive impetus in favour of renewed momentum in major office locations. In response to falling inflation, which is now back in the target range of 2%, both the ECB and the Fed have lowered their key interest rates. It is anticipated that further interest rate cuts will follow in the coming months - also at a more frequent pace. As a result, the implementation and financing of growth plans should become easier for companies again, which will clearly include decisions regarding new office space.
- However, the German office markets are well positioned for the final quarter of the year. Demand has remained solid in recent months despite the unfavorable economic environment, and rising take-up has been recorded again over many months and in many markets. Confidence in offices has returned on the occupier side, as well as the courage to pave for the future now. This is impressively underlined by the recent increase in large contracts. An office take-up volume above the previous year's level is therefore a very realistic scenario for 2024.

## Important office market locations in Germany



## Office market indicators

	PRIME RENT*	TAKE-UP	VACANT SPACE				SPACE UNDER CONSTRUCTION		SPACE ON OFFER		
	(€/m <sup>2</sup> )	(m <sup>2</sup> )									
		Q1-3 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	421,000	1,469,000	892,000	56,000	6.8%	685,000	538,000	2,007,000	3,667,000	
Cologne	33.50	164,000	386,000	105,000	3,000	4.7%	174,000	54,000	440,000	414,000	
Düsseldorf	43.50	164,000	1,042,000	378,000	38,000	10.5%	300,000	154,000	1,196,000	600,000	
Essen	18.00	62,000	208,000	43,000	0	6.5%	52,000	12,000	220,000	176,000	
Frankfurt	49.00	307,000	1,620,000	920,000	69,000	10.4%	362,000	248,000	1,868,000	468,000	
Hamburg	36.00	301,000	721,000	194,000	19,000	5.0%	302,000	146,000	867,000	921,000	
Leipzig	20.00	91,000	178,000	73,000	12,000	4.5%	130,000	60,000	238,000	390,000	
Munich	53.50	444,000	1,531,000	737,000	245,000	6.7%	490,000	214,000	1,745,000	2,852,000	
<b>Total</b>		<b>1,954,000</b>	<b>7,155,000</b>	<b>3,342,000</b>	<b>442,000</b>		<b>2,495,000</b>	<b>1,426,000</b>	<b>8,581,000</b>	<b>9,488,000</b>	

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

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