

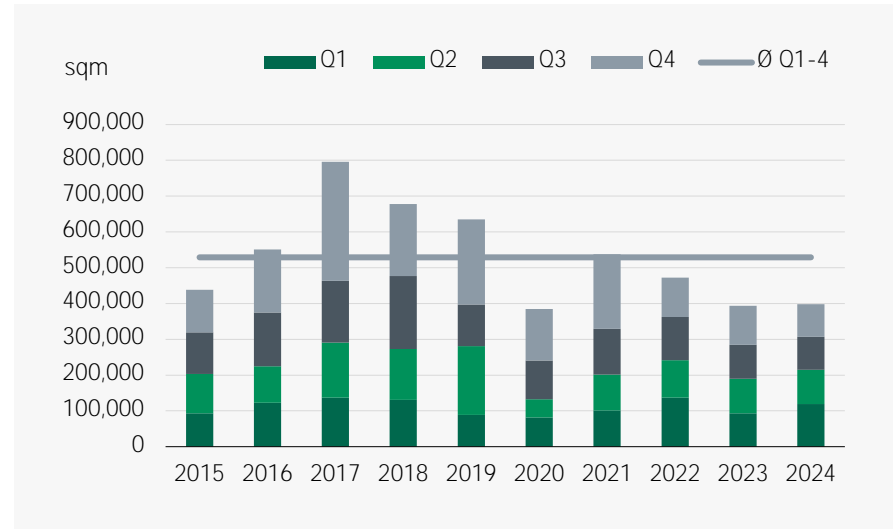


FRANKFURT

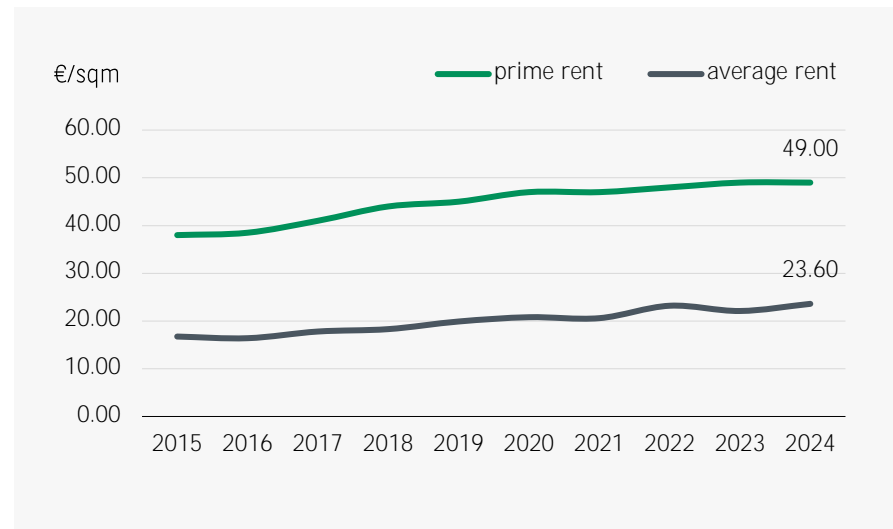
REPORT OFFICE MARKET

2024

Development of take-up



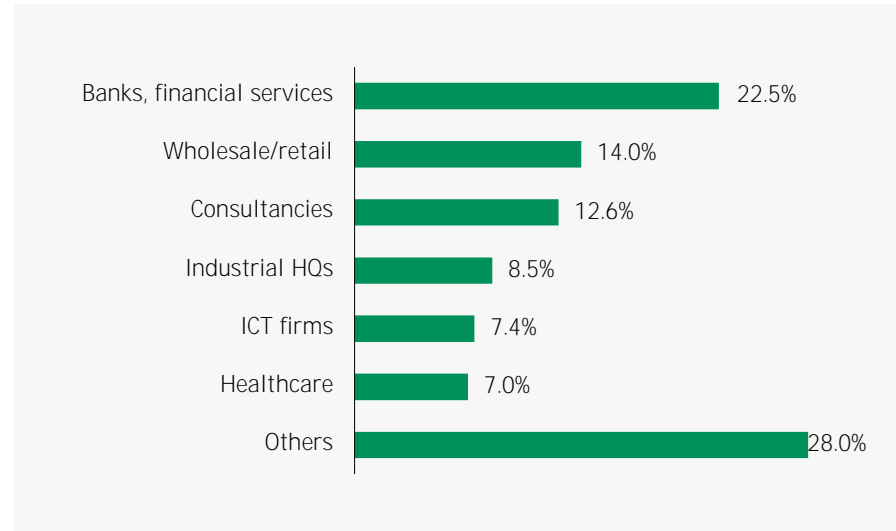
Prime and average rents



TAKE-UP AT THE 400,000 SQM MARK AGAIN, MODERN TAKE-UP WITH 80% MARKET SHARE

- The office market in Frankfurt recorded moderate letting momentum overall in 2024, but without reaching the level of the ten-year average (-25%). Given that some of the results in the long-term analysis were achieved under much better economic conditions, however, the current results can be considered favorable overall. All in all, the Frankfurt office market roughly confirmed the previous year's result (+1% compared to 2023) with take-up of around 398,000 sqm (gif market area: 335,000 sqm).
- The increase in the number of large contracts signed in the second half of the year is a positive sign for the upcoming quarters: in total, five of the eight large-volume contracts over 5,000 sqm were signed in the last two quarters. Even if the recovery is progressing much more slowly than was expected at the beginning of 2024, this can be interpreted as an initial sign that companies are becoming more confident in a positive economic development in 2025 and that postponed letting decisions are being made promptly.
- In addition, the distribution of take-up reflects the increasing location sensitivity on the occupier side in favor of central or well-connected office locations in Frankfurt. Accordingly, the city centre and centre fringe zones account for 56% of the overall result. The role of modern office space is confirmed even more impressively by the data: Overall, those account for a considerable market share of around 80%.
- The high demand, especially for premium office spaces and ESG-compliant fit-out, is reflected in the stable high level of the prime rent (€49.00 per sqm). However, there have already been a few transactions above the €50 per sqm mark. The average rent stood at €23.60 per sqm at the end of the year.

Take-up by sector 2024



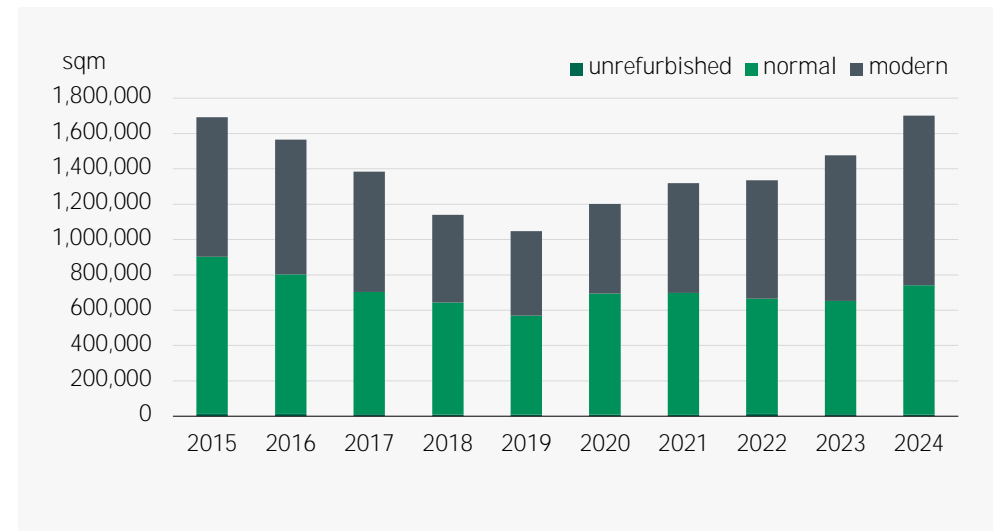
Major contracts 2024

Quarter	Sub-market	Company	sqm
Q1	1.1	ECB	36,800
Q1	5.1.3	Cosnova	15,600
Q4	1.3	Strabag Real Estate	10,000
Q2	1.3	Frankfurter Sparkasse	7,200
Q3	3.1	Frankfurt School of Finance	6,700
Q4	4.6	City of Eschborn	5,900

BANKS AHEAD OF RETAIL AND CONSULTANCIES, VACANCY RATE AT THE END OF THE YEAR AT 10.9%

- At the top of the sector distribution, the same picture emerges as in the previous quarter: banks and financial service providers dominate the market with just under 23%, in particular due to the ECB's major contract for 36,800 sqm in the banking district. Following behind are two other sectors with double-digit shares: These include retail companies with 14% and consultancies with almost 13%.
- On the supply side, the vacancy volume has continued to rise and has returned to around 1.7 million sqm for the first time since 2016. The completion of numerous project developments that are not yet or only partially let can be cited as an explanation for the increase in modern vacancies (960,000 sqm; +16% compared to Q4 2023). However, only a very small amount of space is available for first-time occupancy in prime locations such as the banking district or the Westend. In the entire market area, however, the vacancy rate increased by 1.4 percentage points to 10.9% (gif area: 11.0%).

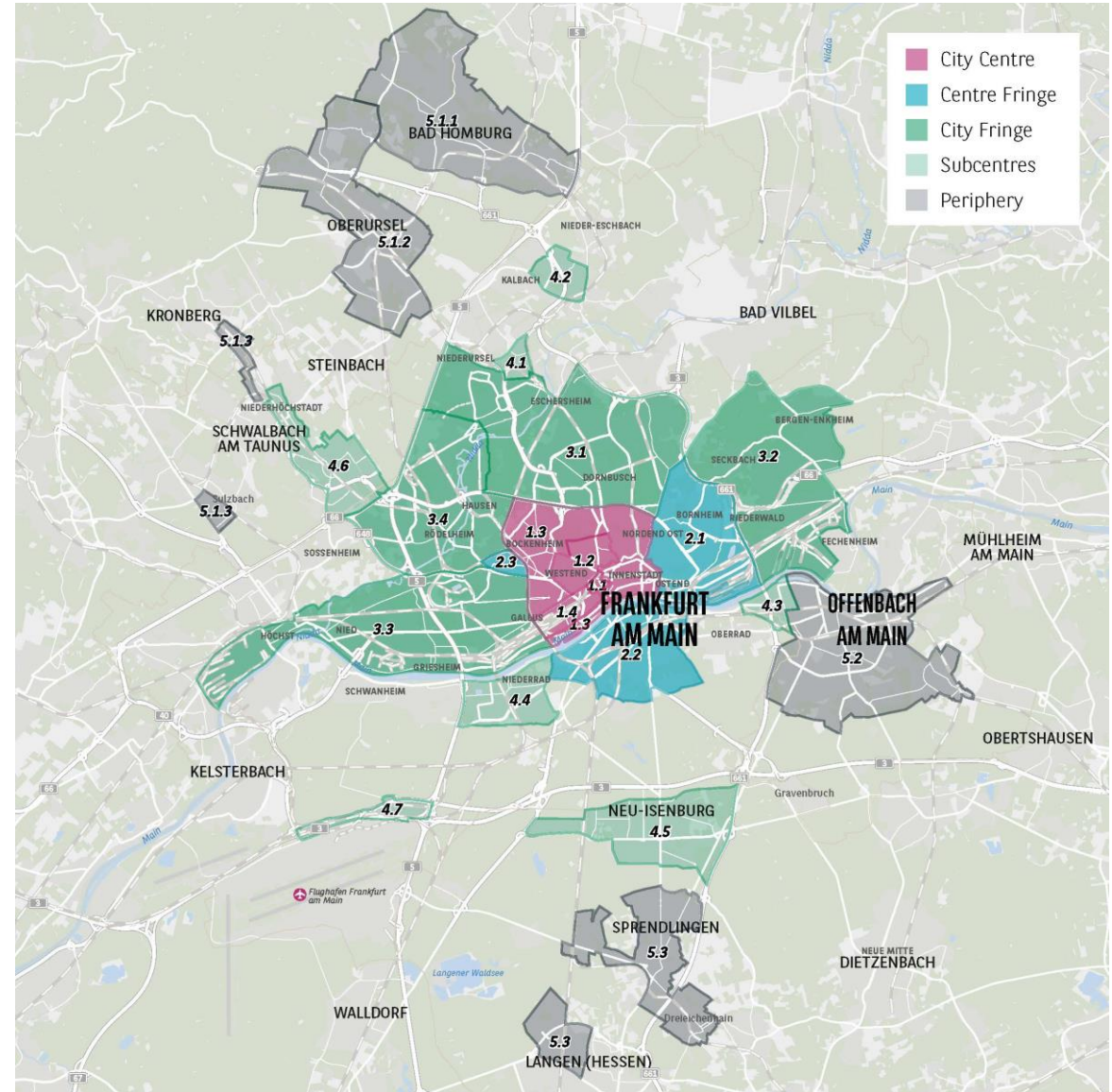
Development of vacant space



OUTLOOK

- Even if the Frankfurt office market is not yet able to match the results of the years prior to 2023, it can still reflect on steady letting activity in the past year. In addition, the good pipeline of lettings already in the pipeline gives grounds for optimism for 2025. It should be noted that market conditions in Frankfurt and other top office markets are now much more heterogeneous than they were just a few years ago. While demand pressure remains high in prime locations and occupiers continue to focus on modern and ESG-compliant premium office spaces, the marketing of decentralized office properties with a weak infrastructure and standard fittings is proving much more difficult.
- On the supply side, a further slight increase in vacancies is initially expected over the next 12 months, with around 1.75 million sqm currently estimated as a benchmark over the course of the year. At the same time, the still challenging initial conditions for project developments will result in a further decline in construction activity for now.
- Against the backdrop of the general conditions outlined above, the slowly improving economic outlook and the prospect of companies resuming their expansion efforts are expected to lead to a slight increase in take-up. As a forecast for 2025 as a whole, a higher result than in the last 12 months therefore seems quite realistic.
- Due to the described pressure on demand for ESG-compliant premium office spaces and the continuing shortage in this segment, prime rents are likely to exceed the €50 per sqm mark on a sustained basis in the coming quarters.

Office submarkets Frankfurt



Key indicators office market Frankfurt

	PRIME RENT* (€/sqm)		TAKE-UP (sqm)	VACANT SPACE (sqm)			SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
	from	to	2024	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City										
1.1 Banking District		49.00	85,800	102,600	95,500	2,800	87,000	87,000	189,600	33,600
1.2 Westend		48.00	15,700	56,100	31,600	0	25,900	14,400	70,500	27,600
1.3 Inner City		45.00	65,600	246,700	180,000	10,400	92,300	33,500	280,200	21,600
1.4 Central Station		24.00	4,000	31,600	11,400	0	0	0	31,600	21,200
2 Centre Fringe	24.00 - 26.00		53,600	192,900	133,400	9,000	59,000	59,000	251,900	0
3 City Fringe	16.00 - 20.00		24,000	176,400	77,500	0	0	0	176,400	4,300
4 Subcentres	13.00 - 26.00		97,300	551,700	310,600	26,800	101,800	59,100	610,800	150,700
Total Frankfurt			346,000	1,358,000	840,000	49,000	366,000	253,000	1,611,000	259,000
5 Periphery	15.00 - 24.00		52,000	344,000	120,000	12,000	6,000	6,000	350,000	112,000
Total			398,000	1,702,000	960,000	61,000	372,000	259,000	1,961,000	371,000
N. B. gif market area			355,000	1,261,000	796,000	49,000	366,000	253,000	1,514,000	247,000

* 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“.

*** The key indicator table at submarket level can be found under the following link: [key indicator table 2024](#)

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