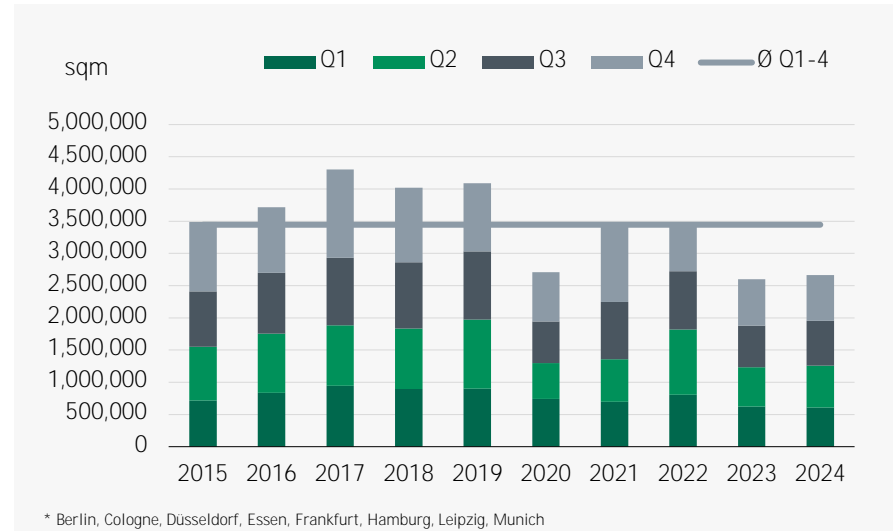


# REPORT OFFICE MARKET

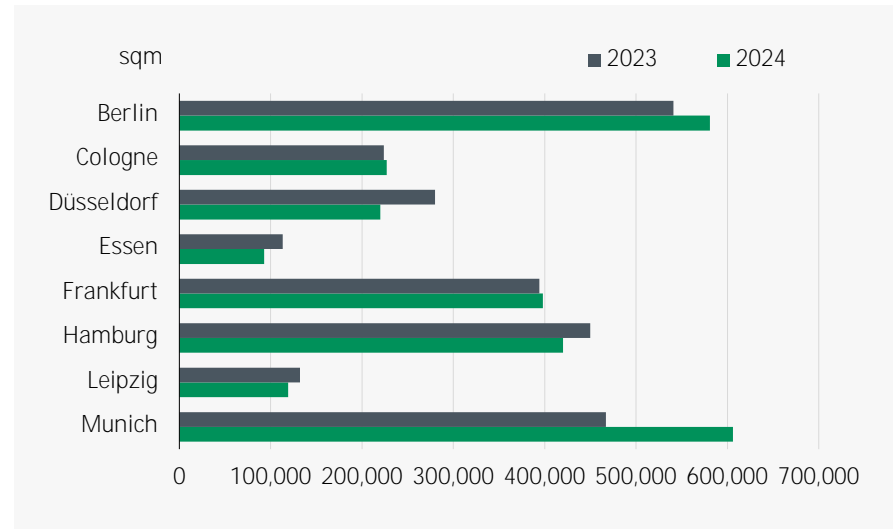
GERMANY

2024

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



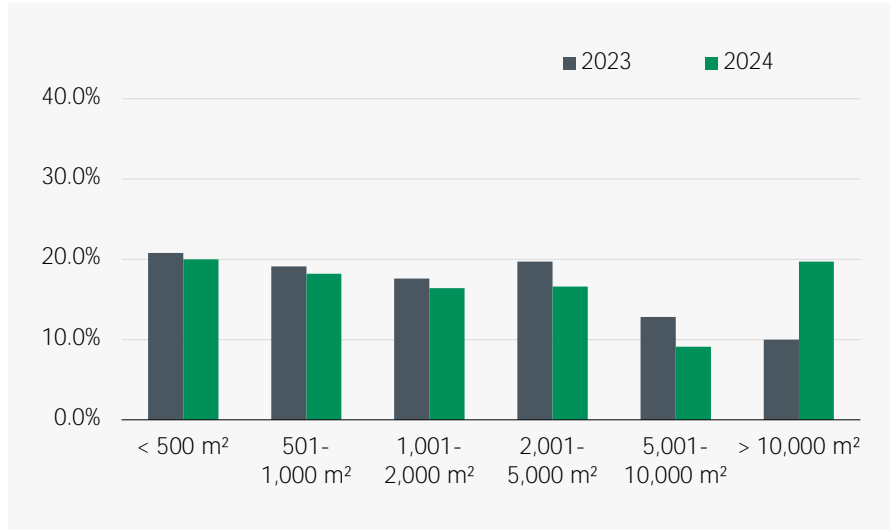
## Take-up in 2023 and 2024



## DESPITE THE UNFAVORABLE CONDITIONS: OFFICE TAKE-UP ABOVE PREVIOUS YEAR'S LEVEL

- The German office markets were able to successfully escape the persistently weak economic environment for long periods at the end of 2024. Over the course of the year, office take-up increased from quarter to quarter, with Germany's main office locations of Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich recording total annual take-up of 2.66 million sqm.
- This result is a good 2% above the previous year's level, but clearly falls short of the long-term average of 3.45 million sqm. Although take-up in all office markets remains below average for the entire year, the market confirms the catch-up and stabilization trends observed since the summer. With take-up of 606,000 sqm, Munich is not only the market with the highest take-up nationwide, but also the only office market to exceed the 600,000 sqm mark. Although the result is once again below the long-term average, very stable quarterly take-up figures with an overall upward trend contributed to an increase of almost 30% compared to the weak previous year. No other location has seen such a significant increase in take-up. In addition to higher take-up in the small and medium-sized space segment, major deals made the difference in Munich last year.
- On the Berlin market a gradual increase in quarterly take-up was observed since spring, so that a result of 581,000 sqm (+7% year-on-year) can be reported at the end of 2024. Hamburg follows far behind with take-up of 420,000 sqm (-7% year-on-year). Frankfurt saw very stable quarterly take-up results and a renewed increase in the large-scale sector (doubling to 52,000 sqm). This led in an overall result of 398,000 sqm in the Main metropolis, matching previous-year's volume (+1%). Cologne and Düsseldorf, the major cities on the Rhine, experienced different market trends, although they were on par in terms of take-up.

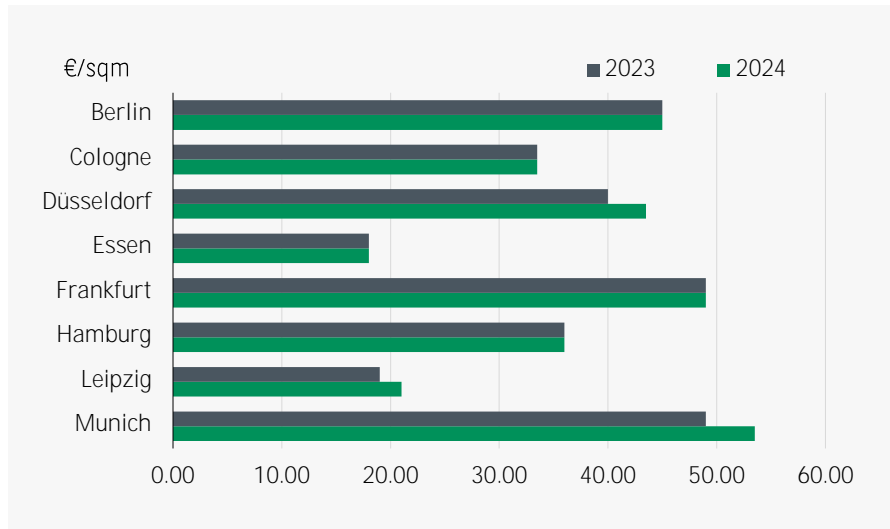
## Take-up by size category



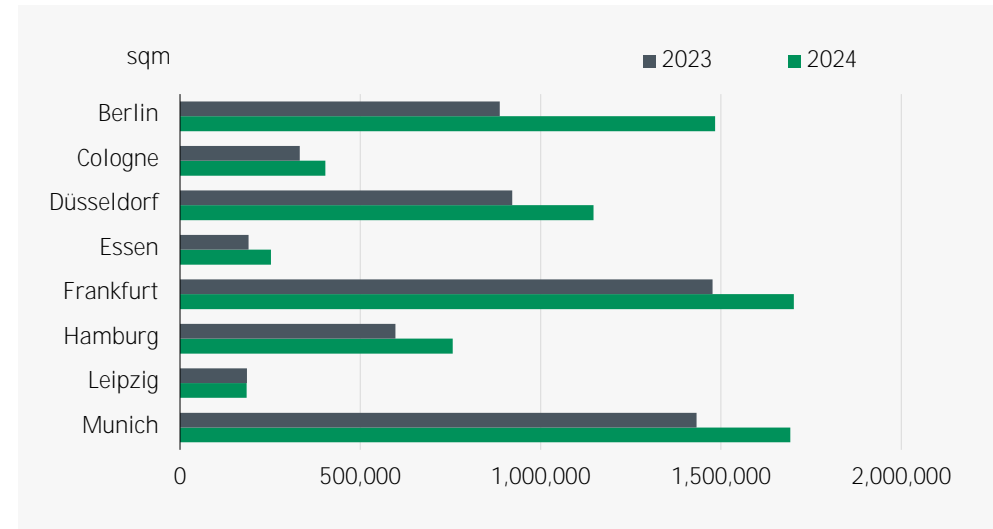
## VACANCY RISES TO 7.6 MILLION SQM

- After a brief period of stagnation, the vacancy volume rose to 7.6 million sqm at the end of the year. Vacancies in the major office locations are thus around 27% higher than the previous year's figure, although they remain well below the level of prior market phases (nationwide vacancy rate 2024: 7.6%; 2023: 10.5%). The pace of vacancy growth has been moderate in most of the markets analyzed in recent months, which indicates that vacancy have probably approached their cyclical peak. In a national comparison, the highest vacancy rates are currently registered in Düsseldorf (11.5%) and Frankfurt (10.9%). Essen (7.9%), Munich (7.4%), Berlin (6.9%), Hamburg (5.2%), Cologne (4.9%) and Leipzig (4.6%) follow at a distance.
- Due to the unabated strong demand for premium office spaces in the top locations and the declining supply in this segment, prime rents remain under upward pressure. Munich remains the most expensive market at €53.50 per sqm (+9% compared to the previous year).

## Prime rents in 2023 and 2024



## Vacant space in 2023 and 2024



## OUTLOOK

- The German office markets ended the challenging year 2024 with a robust letting performance overall, which was above the previous year's level despite the lack of economic momentum. At the turn of the year, there is little to suggest that the general conditions will improve sustainably in the coming months, as further economic and political developments - both nationally and internationally - remain uncertain for now.
- Nevertheless, the signs are good that the German economy and the German office markets will be able to operate with more certainty and confidence as 2025 progresses, particularly in the second half of the year. The new German government to be elected should provide more planning certainty and an economic boost, and the disruptive fire from the US administration, which cannot be ruled out at present, should also be easier to assess by then. Inflation is likely to remain at the current low level and the central banks are likely to stick to their course of lowering key interest rates. As a result, financing conditions should improve, which should make it much easier for companies to invest in the future. At the same time, consumer sentiment should rise again - fueled by low inflation and rising wages. Both are key factors that should help to revitalize the economic engine.
- Against this backdrop, a very moderate increase in take-up to an overall sustainable level can be expected in the coming months, with positive short-term accents likely to be set again and again by major deals. The most likely scenario at present is that take-up will be slightly above the previous year's level. Prime and average rents should continue to trend upwards, while vacancy should pass their cyclical peak.

## 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> )								
		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	581,000	1,484,000	912,000	66,000	6.9%	763,000	630,000	2,114,000	3,617,000
Cologne	33.50	227,000	403,000	103,000	3,000	4.9%	161,000	57,000	460,000	407,000
Düsseldorf	43.50	220,000	1,147,000	454,000	64,000	11.5%	282,000	176,000	1,323,000	572,000
Essen	18.00	93,000	252,000	38,000	1,000	7.9%	33,000	4,000	256,000	176,000
Frankfurt	49.00	398,000	1,702,000	960,000	61,000	10.9%	372,000	259,000	1,961,000	371,000
Hamburg	36.00	420,000	756,000	206,000	26,000	5.2%	274,000	146,000	902,000	893,000
Leipzig	21.00	119,000	185,000	67,000	16,000	4.6%	106,000	49,000	234,000	376,000
Munich	53.50	606,000	1,692,000	831,000	274,000	7.4%	501,000	238,000	1,930,000	2,858,000
<b>Total</b>		<b>2,664,000</b>	<b>7,621,000</b>	<b>3,571,000</b>	<b>511,000</b>		<b>2,492,000</b>	<b>1,559,000</b>	<b>9,180,000</b>	<b>9,270,000</b>

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

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

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