

Germany

Office Market Snapshot BERLIN

Q2 | 2020



OVERVIEW

With 3.67 million inhabitants and 1.56 million employees contributing to social insurance, Berlin is Germany's capital and its largest city. At €74,200, the GDP per employed person is still 2% below the national average and well below the figures for the other major German cities. For historical reasons, Berlin is in the process of catching up economically. Both the GDP and the number of employees have been growing at an above-average rate for many years.

OCCUPIER FOCUS

The first half of 2020 saw the lowest take-up since 2013, at 305,100m². The first shock phase of the corona crisis caused a sharp drop in leasing by the private sector in the second quarter, while the public sector continued to lease premises on a large scale. The public sector thus accounted for 68% of the office space take-up of 175,400m² in the second quarter.

VACANCY AND PROJECTS

During the second quarter of 2020, the vacancy rate rose from 1.6% to 2.0%. Some companies that are particularly affected by the crisis are giving up office space. At the same time, the vacancy rate is increasing slightly due to completed but not yet let development projects. There is currently 374,600m² available for occupation within three months. Clients interested in continuous spaces of more than 4,000m² still have to resort to non-central locations or development projects. During the first half of 2020, 123,300m² of new construction and core refurbishment space was completed. A further 362,200m² of completions are planned for the rest of the year, of which 44,800m² is still available.

RENTS

The prime rent remained stable at the €40.00/m²/month of the previous quarter. In contrast, the average rent once again increased, by 3% or 70 cents to €27.50/m²/month. However, incentives are being granted somewhat more frequently again, lowering effective rents in some cases.

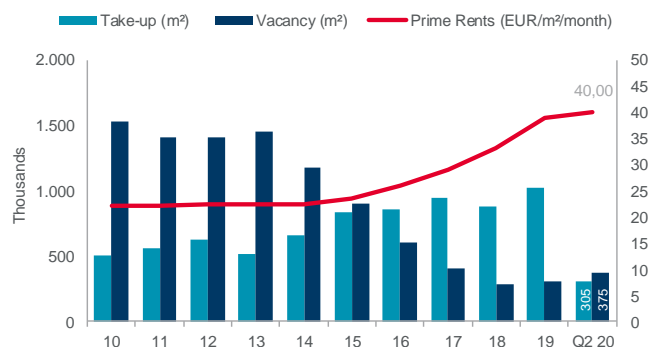
INVESTMENT FOCUS

Office investment volume totalled almost €2.65 billion in the first half of the year. Prime yields for office properties remained stable at 2.90% in central locations and at 4.15% in peripheral locations.

IMPORTANT TRANSACTIONS

In the second quarter, Deutsche Rentenversicherung signed a pre-lease over 84,300m² in the CULE development project in the Treptowers building complex. In the first quarter, Zalando secured 12,900m² in a HIH development in the MediaSpree submarket, directly opposite the company headquarters.

OFFICE MARKET BERLIN



RENTAL PRICE RANGES Q2 2020

SUBMARKET	EUR/M ² /MONTH
Potsdamer Platz	28.00 – 40.00
Leipziger Platz	27.00 – 37.50
Chausseestraße - Brunnenstraße	22.00 – 36.00
Hauptbahnhof - Regierungsviertel	25.00 – 37.00
Oranienburger Str. - Hackescher Markt	26.00 – 38.00
Alexanderplatz - Klosterviertel	24.00 – 35.00
Friedrichstraße North	25.00 – 34.00
Pariser Platz - Unter den Linden	27.50 – 40.00
Friedrichstraße - Gendarmenmarkt	25.00 – 38.00
Spittelmarkt - Jannowitzbrücke	22.50 – 34.00
Pressenviertel	22.00 – 35.00
MediaSpree	25.00 – 38.00
Spreebogen - Moabit	15.00 – 28.00
Ernst-Reuter-Platz	22.00 – 32.00
An der Urania - Tiergarten South	22.00 – 32.50
Tauentzienstraße - Wittenbergplatz	22.00 – 35.00
Kurfürstendamm Central - Adenauer Platz	20.00 – 34.50
Kantstraße - Bismarckstraße	20.00 – 30.00
Zoologischer Garten	25.00 – 40.00

3-MONTH OUTLOOK

Prime Rents	▶
Prime Yields	▶
Vacant Space	▶
Take-up	▶

Source: Cushman & Wakefield