

Germany

Office Market Snapshot BERLIN

Q3 | 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

By the end of the third quarter of 2020, office space take-up in Berlin totalled only 451,400m², 31% less than the average for the last five years. Due to the Coronavirus crisis, leasing activity by companies from the private sector has decreased sharply. The public sector, on the other hand, continued to lease premises on a large scale. The public sector alone accounted for 174,600m² or 39% of office space take-up in the current year and 43% in the third quarter.

VACANCY AND PROJECTS

Over the course of the third quarter, the vacancy rate rose from 2.0% to 2.5%. As in the second quarter, this was not only due to the low level of take-up, but also due to the fact that companies hit particularly hard by the crisis had to give up some office space. On top of this came the additional supply of 29,900m² of space not yet let in completed new construction and core refurbishment projects. Currently, 464,500m² is available for occupation within three months. By the end of the third quarter, 271,100m² of new construction and core renovation space had been completed. A further 176,900m² is planned for the fourth quarter, of which 20,400m² is still available.

RENTS

The prime rent decreased by 5% to €38.00/m²/month compared to the previous quarter. The average rent fell by 3% to €26.60/m²/month. Leasing incentives, such as rent-free periods and tenant improvements, are granted more frequently than before the Coronavirus crisis.

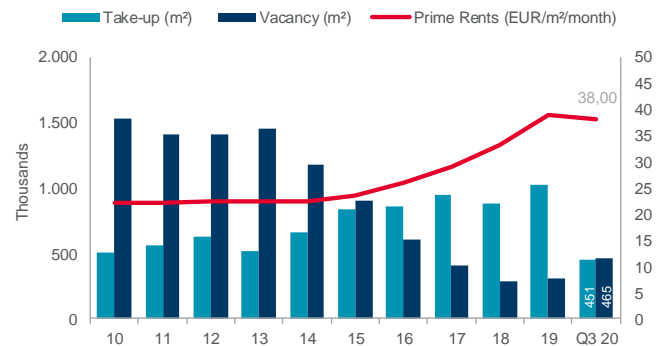
INVESTMENT FOCUS

Office investment volume totalled around €3.5 billion to the end of September. Prime yields for office properties remained stable at 2.90% in central locations and 4.15% in peripheral locations.

IMPORTANT TRANSACTIONS

In the third quarter, the Federal Employment Agency leased 16,700m² in the Landsberger Allee 50-52 development project, while Deutsche Rentenversicherung signed additional pre-leases for 16,000m² and 13,400m² in Heilbronner Strasse 26 and in a new building within the Techno Campus in Siemensstadt after already having leased 84,300m² in the Cule development in the second quarter.

OFFICE MARKET BERLIN



RENTAL PRICE RANGES Q3 2020

SUBMARKET	EUR/M ² /MONTH
Potsdamer Platz	28.00 – 38.00
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 – 38.00
Friedrichstraße - Gendarmenmarkt	23.00 – 38.00
Spittelmarkt - Jannowitzbrücke	22.50 – 34.00
Presseviertel	22.00 – 35.00
MediaSpree	25.00 – 37.00
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 – 38.00

3-MONTH OUTLOOK

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

Source: Cushman & Wakefield