



2.5%

Vacancy Rate

YoY
Chg3-Mo.
Forecast

145K

Take-Up in sqm

€38.00

Prime Rent /sqm/month

(Overall, Office)

ECONOMIC INDICATORS
Q3 2020

- 4.3%

YoY Change in GDP
Germany

6.2%

German
Unemployment Rate

10.5%

Berlin
Unemployment Rate

Sources: Oxford Economics, Federal Employment Agency

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.

SUPPLY AND DEMAND

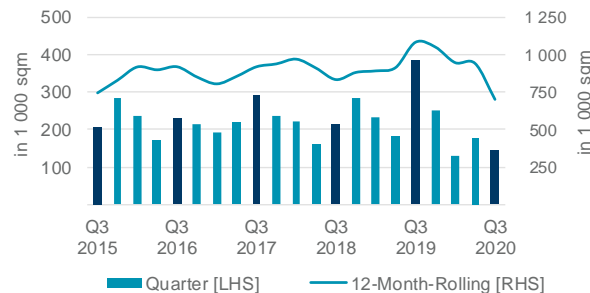
At 144,800 sqm, take-up in the third quarter was 18% lower than in the previous quarter and 46% lower than the five-year average of third quarters. The second quarter bore the brunt of the economic impact of the COVID-19 pandemic and would have marked a clear low point for office space take-up, had it not been for the office lease signed by Deutsche Rentenversicherung; one of the largest ever in Berlin. Since then, leasing activity has actually increased again underpinned by the number of leases, which increased from 110 to 145. The public sector again leased space on a large scale and accounted for 43% of take-up. The twelve-month take-up decreased sharply to 702,900 sqm because of the weak take-up since the beginning of the year and the exclusion of the record Q3 2019. Q4 2020 is expected to be stronger quarter-on-quarter as demand from the private sector continues to increase slowly and with some large-scale leases nearing signing.

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 29,900 sqm of space not yet let in completed new construction and core refurbishment developments. Currently, 464,500 sqm is available for occupation within three months. To the end of the third quarter, 271,100 sqm of new construction and core renovation space was completed. A further 176,900 sqm is planned for completion in the fourth quarter, of which 20,400 sqm is still available.

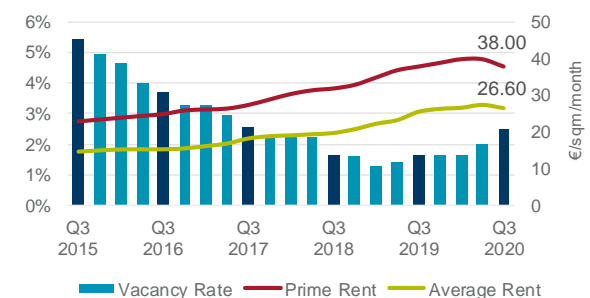
PRICING

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.

TAKE-UP



VACANCY RATE, PRIME RENT AND AVERAGE RENT





MARKET STATISTICS

SUBMARKET	TAKE-UP YTD (SQM)	STOCK (SQM)	VACANCY RATE	COMPLETIONS YTD (SQM)	UNDER CONSTRUCTION (SQM)	UNDER CONSTRUCTION PRE-LET	PRIME RENT (€/SQM/MONTH)	WEIGHTED AVERAGE RENT (€/SQM/MONTH)
Central Office Location East	48,700	4,440,100	1.3%	77,100	396,600	54%	38.00	30.50
Central Office Location West	62,000	2,167,200	2.2%	19,600	277,300	53%	38.00	27.70
Central Office Location MediaSpree	128,300	808,500	3.8%	81,900	345,900	87%	37.00	31.00
Central Office Location Potsdamer Platz	8,300	745,900	3.4%	0	35,700	34%	38.00	31.80
Berlin (Total Market)	451,400	18,957,000	2.5%	271,100	1,889,700	59%	38.00	26.60

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	MICRO-SUBMARKET	TENANT	SQM	TYPE
Landsberger Allee 50-52	Berlin Ost	Friedrichshain	Federal Employment Agency	16,700	Pre-Lease
Heilbronner Straße 26	Central Office Location West	Kurfürstendamm West - Halensee	Deutsche Rentenversicherung	15,600	Pre-Lease
Building section in new construction - TechnoCampus	Berlin West	Spandau	Deutsche Rentenversicherung	13,400	Pre-Lease

KEY SALES TRANSACTIONS Q3 2020

PROPERTY / PORTFOLIO	SUBMARKET	MICRO-SUBMARKET	SELLER / BUYER	SQM	PRICE IN MIO. €
Three properties from the Medicus Portfolio, including Südkreuz - House J	Berlin South, Central Office Location East, Central Office Location Potsdamer Platz	Schöneberg, Friedrichstraße – Gendarmenmarkt, Leipziger Platz	Hines / Union Investment	22,300	> 200
IMPULS	Central Office Location Potsdamer Platz	Askanischer Platz	Blackrock / Corpus Sireo	12,100	~ 180
B5 (as a part of the Selection Portfolio)	Berlin West	Wilmerdorf	AEW / Tristan Capital Partners	15,900	~ 100

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MICRO-SUBMARKET	MAJOR TENANT(S)	SQM OFFICE	OWNER / DEVELOPER
Brain Box	Berlin East	Treptow	GETEC Energie	23,800	REInvest
The Brighter Hub	Central Office Location MediaSpree	MediaSpree – Friedrichshain	WeWork, Omio, Adidas	20,500	Hines / Warschauer Platz Entwicklungsgesellschaft mbH
Spreeturm	Central Office Location MediaSpree	MediaSpree – Friedrichshain	Hubspot, McMakler	13,000	NAS Invest / DWI

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