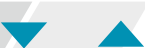


Office Q3 2020

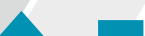
**4.1%**  
Vacancy Rate



**498,200**  
Take-Up sq.m



**EUR 37.75**  
Avg. Prime Rent, Sqm/month



## ECONOMIC INDICATORS Q3 2020

**-4.3%**  
Germany GDP



**6.2%**  
Germany Unemployment Rate,



**5.2%**  
Germany Service Sector Empl. Index



Source: Oxford Economics, Federal Employment Agency, ifo institute

## ECONOMY: Rebound in Q3

According to Oxford Economics' estimates, German Q3 GDP grew by 8% q-o-q after a 9.7% contraction in Q2 with consumer demand being the main driver of recovery. Unemployment at the end of September was the same as at the end of June (2.85 million persons). The number of employees newly registered on the government's furlough scheme decreased from 8 million in April to 164,000 in August. Sentiment among German companies, as measured by the ifo Business Climate Index, improved steadily in Q3 with firms assessing their current business situation and their business expectations for the next six months better than the month before. At the same time, the ifo Employment Barometer is indicating that the number of firms planning to hire new employees almost matches the number of firms who plan to dismiss employees. The impact of remote working for the real estate market is still a major topic in business discussions, a clear trend is not yet visible.

## DEMAND: Weak Take-up

In Q3, an increase in new requests for smaller spaces was registered, however, as the number of new lets for large office spaces remained at a low level, cumulative take-up volume in the five major office markets (Berlin, Dusseldorf, Frankfurt, Hamburg, Munich) remained below the Q2 result. In total 498,200 sq.m was let, making Q3 2020 the weakest quarter since Q1 2013 (478,800 sq.m). Hamburg (-21% q-o-q) and Berlin (-18%) were the worst hit, while in contrast take-up in Frankfurt doubled in Q3 compared to Q2. Regarding the first nine months of the year overall, the cumulative take-up was almost 1.6 million sq.m, 38% below the level of a year ago. Vacant space increased in Q3 by 5% to 3.13 million sq.m, reflecting an overall vacancy rate of 4.1%. Berlin saw the strongest increase in space offered for immediate occupancy (24%), but conversely remains the market with the lowest vacancy rate (2.5%). At the end of September, 4.34 million sq.m of office space was under construction, triggered by the high take-up figures of recent years and the demand for modern spaces. More than half of this volume is pre-let and of the space that will be ready for occupancy in the final quarter of the current year, no more than 70,000 sq.m is still available.

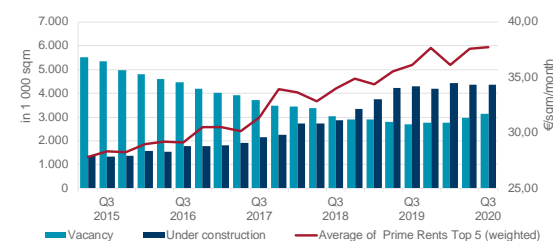
## PRICING: Berlin down, Dusseldorf up

Prime rents remained stable in Hamburg, Munich and Frankfurt while prime rents in Berlin fell by 5%. Düsseldorf prime rent increased by 2%. Rents are expected to maintain their current level in the next quarter due to the shortage of modern high-quality office space in prime locations. In terms of prime rent, Frankfurt, at €45/sq.m/month, is the most expensive market; while in terms of the achieved weighted average rent, Berlin leads the ranking at €26.60/sq.m/month, followed by Frankfurt at €23.15/sq.m/month.

## TAKE-UP GERMAN TOP-5 MARKETS



## VACANCY / UNDER CONSTRUCTION / PRIME RENT TOP-5



## MARKET STATISTICS

SUBMARKET	INVENTORY (SQ.M)	AVAILABILITY (SQ.M)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP(SQ.M)	UNDER CNSTR (SQ.M)	PRIME RENT (€)	PRIME YIELD*
Berlin	18,957,000	464,500	2.5%	144,800	451,400	1,889,700	38.00	2.90%
Dusseldorf	9,114,600	616,500	6.8%	55,700	222,700	350,000	28.50	3.00%
Frankfurt	11,737,800	864,200	7.4%	98,000	207,500	555,600	45.00	2.75%
Hamburg	14,946,300	547,000	3.7%	60,700	248,900	555,500	30.00	2.80%
Munich	21,295,200	633,600	3.0%	13,900	466,200	992,600	39.50	2.60%
<b>TOTAL</b>	<b>76,051,00</b>	<b>3,125,800</b>	<b>4.1%</b>	<b>498,200</b>	<b>1,596,700</b>	<b>4,343,400</b>		

\*Rental / Yields rates reflect achievable values

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	MICRO-MARKET	TENANT	SQ.M	TYPE
Office development Landsberger Allee	Berlin	Berlin East	Bundesagentur für Arbeit	16,700	Pre-Lease
Wings	Dusseldorf	Dusseldorf North	Thyssen Krupp Elevator	9,100	New Lease
Tower T!	Frankfurt	Banking District	DekaBank	16,000	Pre-Lease
Rhenania	Munich	City Centre East	WTS Steuerberatungsgesellschaft	10,300	Pre-Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	MICRO-MARKET	SELLER / BUYER	SQ.M	PRICE (€ MN)
Gruner + Jahr Office building	Hamburg	City	Gruner + Jahr / Tishman Speyer	73,900	~300
Weißes Quartier	Munich	City Centre East	Infrared Capital Partners/ Deka Immobilien	29,500	~280
Impuls	Berlin	Berlin South	Blackrock / Corpus Sireo	12,100	~180

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MICRO-MARKET	MAJOR TENANT	SQ.M	OWNER / DEVELOPER
UP!	Berlin	MediaSpree	Zalando	42,500	Signa /
Springer Quartier	Hamburg	City	KPMG	15,000	Ärzteversorgung Niedersachsen / Momeni Group
M8 Work & Create	Munich	City Centre East	Jochen Schweizer, Spaces	16,800	Real I.S. / Optima-Aegidius

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