

	YoY Change	12-Month Forecast
699,700 Take-Up (aggr.), m ²	▼	▬
2.7% Vacancy Rate	▲	▲
1,783,200 Under Construction, m ²	▲	▲
€38.00 Prime Rent €/m ² /month	▼	▬

LABOUR MARKET

95.5

Ifo Employment Barometer Germany (Dec. 2020)

YoY Change



807,000

Office Employees Berlin (Dec., 2019)



10.1%

Unemployment Rate Berlin (Dec. 2020)



Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC OVERVIEW

With 3.66 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.

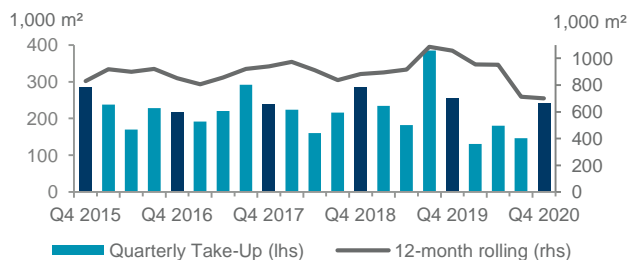
TAKE-UP

In 2020, take-up in the Berlin office market was 34% lower than in the record 2019 at around 700,000m². Despite the ongoing pandemic and resulting recession, however, the result was only 6% below the ten-year average, underlining the high resilience of the Berlin office market. With the start of the coronavirus crisis in March 2020, corporate leasing activity declined sharply and remained at a low level for much of the year. The year ended comparatively strongly, however. At around 242,000m², take-up in the fourth quarter was only 5% below the previous year's equivalent figure and 17% above the ten-year average. It was striking that, as in the previous year, the Public Sector absorbed a large volume of space in 2020, amounting to 195,000m², thus supporting the market. In the second quarter of 2020, at the height of the crisis, the Public Sector accounted for as much as 56% of take-up. By contrast, the non-public sectors took-up almost as much space in the fourth quarter as in the first three quarters combined (87%). Most recently, a recovery in leasing activity has been seen across a broad range of market players.

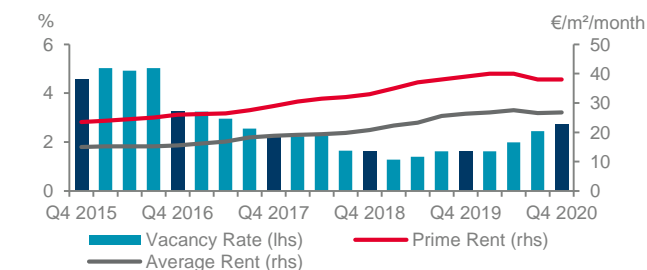
VACANCY

The supply of space available for occupation within three months increased by 55,400m² to 519,900m² from the third to the fourth quarter. As a result, the vacancy rate is now at 2.7% (end of 2019: 1.6%). This includes 75,600m² offered for sublet, with a significant proportion of this due to the impact of the coronavirus pandemic. In the fourth quarter, this figure increased by 16,700m². A number of development projects completed in the fourth quarter and not yet fully let also added an additional supply of available space amounting to 17,700m².

TAKE-UP



VACANCY & RENTS



COMPLETIONS

In 2020, 465,800m² of office space was completed, 74% more than in 2019 and almost double the five-year average, setting a new record. As much as 782,000m² is planned for 2021, of which 279,000m² is still available for leasing, although only just under 75,000m² of this is in the central office location submarkets. New-build space in prime locations will therefore remain scarce in 2021. Another record of 863,000m² is expected for 2022, although 181,000m² of this space has not yet started construction or been let. In view of the current market situation, some of these developments may encounter difficulties in securing financing and face delays in commencement of construction.

RENTS

The sustainably achievable prime rent and the area-weighted average rent remained static compared to the previous quarter at €38.00 and €26.75/m²/month respectively. In a year-on-year comparison, these figures changed only slightly, with the prime rent being one euro lower and the average rent 35 cents higher than a year ago. Leasing incentives such as rent-free periods are granted more frequently than prior to the crisis and landlords are also willing to invest more in tenant improvements.

SELECTED DEVELOPMENT PROJECTS

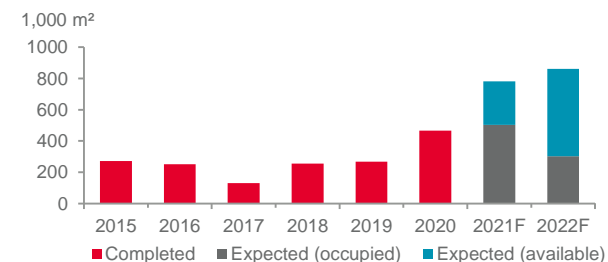
Property/Development	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
B:HUB	MediaSpree – Friedrichshain	Completed	2020	44,000	SGI (Streletzki)
Stream	MediaSpree – Friedrichshain	Under Construction	2021	42,000	PGIM
Kalle Neukölln	Neukölln	Under Construction	2021	23,000	Maruhn Real Estate
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022	40,000	Aermont Capital

MARKET STATISTICS

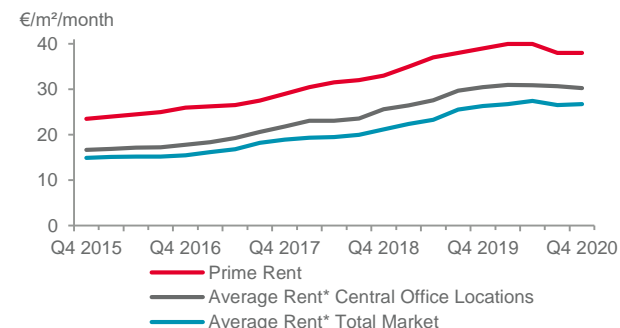
Selected Submarkets	Take-Up 2020 (m ²)	Completions 2020 (m ²)	Under Construction Q4 2020 (m ²)	Prime Rent Q4 2020 (€/m ² /month)	Average Rent* 2020 (€/m ² /month)
Central Office Location Potsdamer Platz	16,000	0	35,700	38.00	31.15
Central Office Location East	108,900	97,200	374,500	38.00	32.30
Central Office Location MediaSpree	151,700	135,600	294,800	37.00	30.15
Central Office Location West	75,600	64,300	232,100	38.00	27.65
Total Market Berlin	699,700	465,800	1,783,200	38.00	26.75

* Weighted Average Rent(12 months)

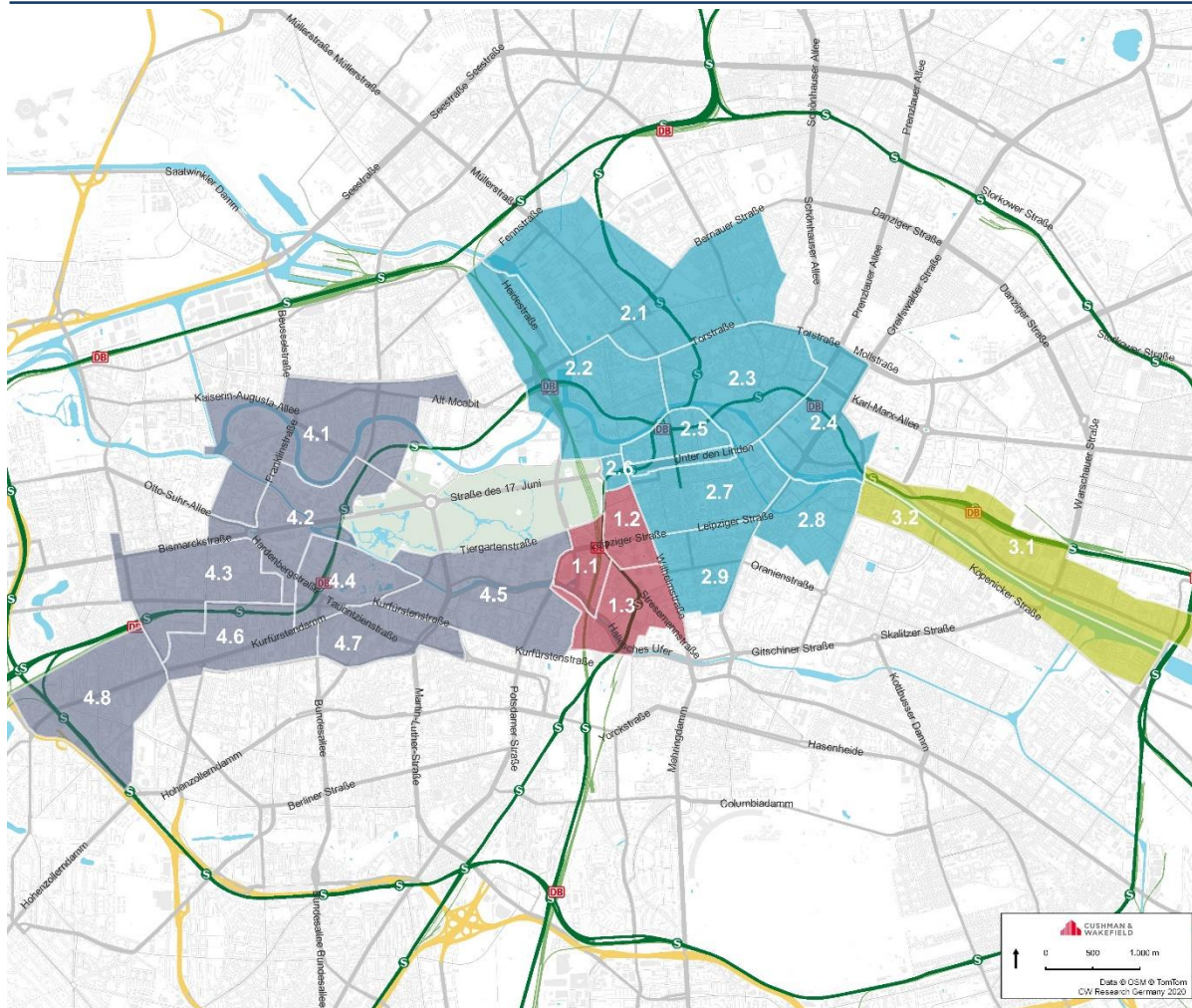
COMPLETIONS



RENTS



OVERVIEW – CENTRAL OFFICE LOCATIONS



RENTAL PRICE RANGES Q4 2020

(Micro-)Submarket	€/m ² /month
Central Office Location Potsdamer Platz	
1.1 Potsdamer Platz	28.00 - 38.00
1.2 Leipziger Platz	27.00 - 37.50
1.3 Askanischer Platz	25.00 - 35.00
Central Office Location East	
2.1 Chausseestraße – Brunnenstraße	22.00 - 36.00
2.2 Hauptbahnhof – Regierungsviertel	25.00 - 37.00
2.3 Oranienburger Straße – Hackescher Markt	26.00 - 38.00
2.4 Alexanderplatz – Klosterviertel	24.00 - 35.00
2.5 Friedrichstraße North	25.00 - 34.00
2.6 Pariser Platz – Unter den Linden	27.50 - 38.00
2.7 Friedrichstraße – Gendarmenmarkt	23.00 - 38.00
2.8 Spittelmarkt – Jannowitzbrücke	22.50 - 34.00
2.9 Presseviertel	22.00 - 35.00
Central Office Location MediaSpree	
3.1 MediaSpree – Friedrichshain	25.00 - 37.00
3.2 MediaSpree – Kreuzberg	23.00 - 35.50
Central Office Location West	
4.1 Spreebogen – Moabit	15.00 - 28.00
4.2 Ernst-Reuter-Platz	22.00 - 32.00
4.3 Kanstraße – Bismarckstraße	20.00 - 30.00
4.4 Zoologischer Garten	25.00 - 38.00
4.5 An der Urania – Tiergarten South	22.00 - 32.50
4.6 Kurfürstendamm Central – Adenauerplatz	20.00 - 34.50
4.7 Tauentzienstraße - Wittenbergplatz	22.00 - 35.00
4.8 Kurfürstendamm West – Halensee	19.00 - 28.50

OFFICE INVESTMENT MARKET

Investment volume for Berlin office properties totaled €5.6 billion in 2020. This was 37% less than in the record-setting 2019, but 9% above the five-year average. The good result was reflected in the large number of transactions in the triple-digit-million range. Over 20 office properties in this price range changed hands in 2020. For prime properties in the core segment with highly-rated tenants and long-term leases, yields compressed by 15 basis points to 2.75% in the fourth quarter. Investor demand for this type of asset is even stronger than before the crisis because of the secure cash flows. For value-add properties without long-term leases, on the other hand, more conservative letting assumptions for the future, as well as tougher financing conditions, have led to a decline in buyers' willingness to pay.

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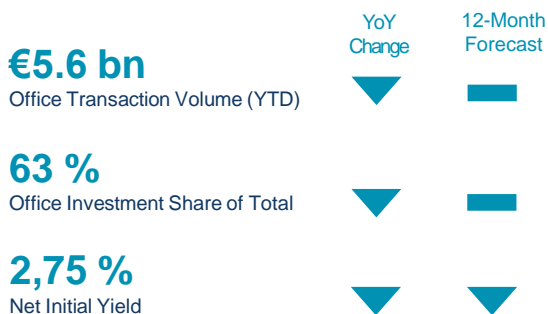
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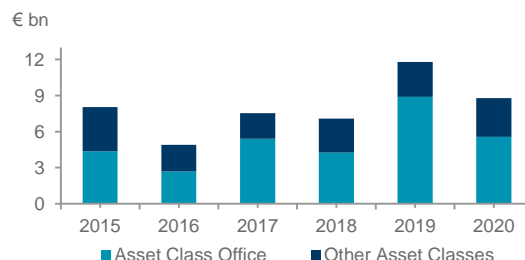
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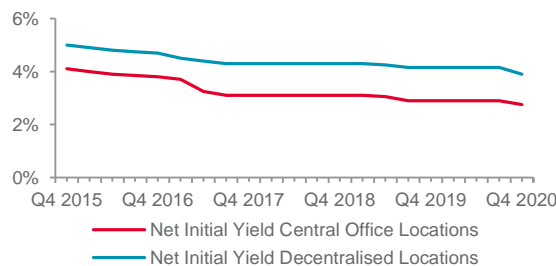
KEY FIGURES



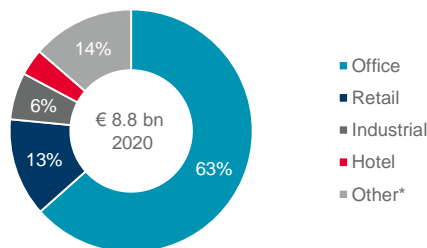
TRANSACTION VOLUME



PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



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