

YoY Change 12-Month Forecast

329,500
Take-Up m²



7.6%
Vacancy Rate



496,000
Under Construction m²



€45.00
Prime Rent €/m²/month



LABOUR MARKET

YoY Change

95.5

Ifo Employment Barometer Germany (Dec 2020)



373,200

Frankfurt Office Employees (Dec 2019)



7.0%

Frankfurt Unemployment Rate (Dec 2020)



Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC OVERVIEW

With approximately 760,000 inhabitants, Frankfurt is the most populous city and the largest employment market of the Rhine-Main region. The lockdown measures taken in March 2020 in response to the coronavirus pandemic have had a major impact on the regional economy. The unemployment rate in Frankfurt rose from 5.2% in March to 7.0% at the end of December. According to forecasts by Oxford Economics, the regional gross domestic product will decline by 5.4% in 2020 compared with the previous year. However, renewed growth of 3.9% is expected in 2021.

TAKE-UP

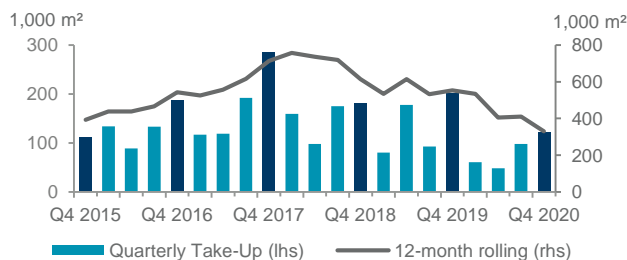
Office take-up for the year as a whole was 329,500m². The COVID-19 pandemic put the brakes on leasing activity in 2020. The slump in take-up in the second quarter was not made up for in the remainder of the year. The overall result is 40% below the previous year's take-up. The shortfalls on the averages of the previous five and ten years were 42% and 35% respectively. With take-up of 122,000m², the fourth quarter was the strongest. 25 leases in the 1,000m² category had a positive impact on take-up. The first three quarters of 2020 each saw an average of only 13 new leases of this size. In 2021, take-up will increase, but neither the 2019 level (553,000m²) nor the ten-year average (490,000m²) will be achieved, the pandemic-related economic impact and uncertainties will continue to inhibit take-up.

The largest deal in the fourth quarter, and of the year, was the leasing by Samsung Electronics of around 18,000m² in the Eschborn Gate development in the submarket of the same name. Overall, the second-highest take-up in the Frankfurt market was achieved in Eschborn with some 53,000m². The strongest submarket in terms of take-up was the Banking District, with 80,000m².

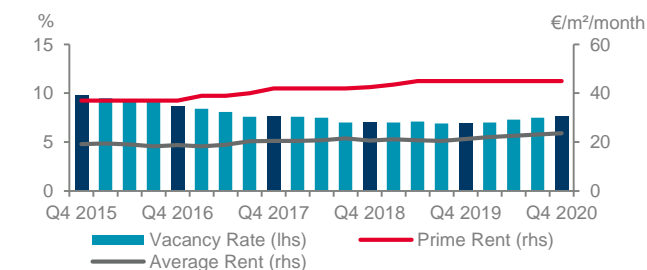
VACANCY

Vacancy increased by some 8% compared to the previous year, to around 872,000m². The vacancy rate in the market area is now 7.4%. The vacancy rate is likely to rise further next year, as many of the existing spaces that become vacant, not least due to lettings in new development projects, will not be immediately re-lettable.

TAKE-UP



VACANCY & RENT



COMPLETIONS

In total, completions added 226,400m² of office space, 40% more than the ten-year average. Completion figures are also expected to be above average in 2021 and 2022. If there are no construction delays, around 176,000m² of office space is to be completed in the next year. Of this, 66% has already been pre-let.

RENTS

The sustainably achievable prime rent in the Frankfurt market remains unchanged at €45.00/m²/month. The weighted average rent for all new leases concluded in the last twelve months is €23.60/m²/month. Compared to the previous year, it has thus risen by €2.35. This increase is primarily due to leases signed for the new FOUR development project and the Omniturm and Marienturm properties in the banking district, which were completed at the end of 2019.

The prime rent will nevertheless maintain its current level, as demand for attractive new office space in good city centre locations remains high. As availability here is gradually being reduced, the proportion of high-priced deals will be lower in 2021 than in 2020. The weighted average rent is therefore likely to decrease somewhat.

SELECTED PROJECT DEVELOPMENTS

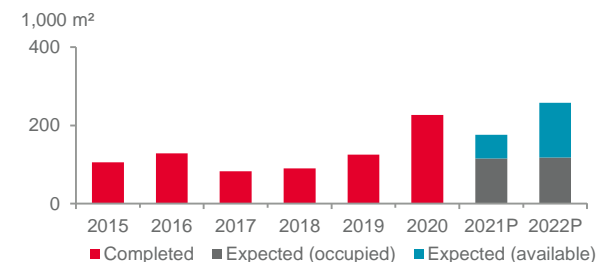
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Winx	Banking District	Completed	2020	35,500	DIC
The Twist	Eschborn	Under Construction	2021	12,500	Strabag Real Estate
One	Europaviertel/Fair	Under Construction	2022	38,000	CA Immo
FOUR	Banking District	Under Construction	2023	82,000	Groß & Partner

MARKET STATISTICS

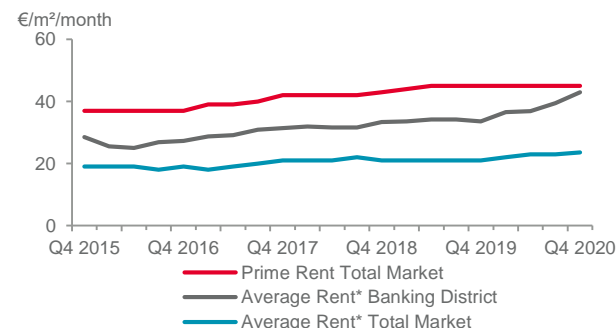
Selected Submarkets	Take-Up 2020 (m ²)	Completions 2020 (m ²)	Space under Construction Q4 2020 (m ²)	Prime Rent Q4 2020 (€/m ² /month)	Average Rent* 2020 (€/m ² /month)
Banking District	80,000	36,200	161,100	45.00	43.00
Westend	20,300	7,000	-	39.50	28.00
City	14,700	-	1,600	36.00	22.70
Station Area	11,700	400	6,100	22.50	19.65
Total Market Frankfurt	329,500	226,400	496,000	45.00	23.60

* Weighted Average Rent (12 months)

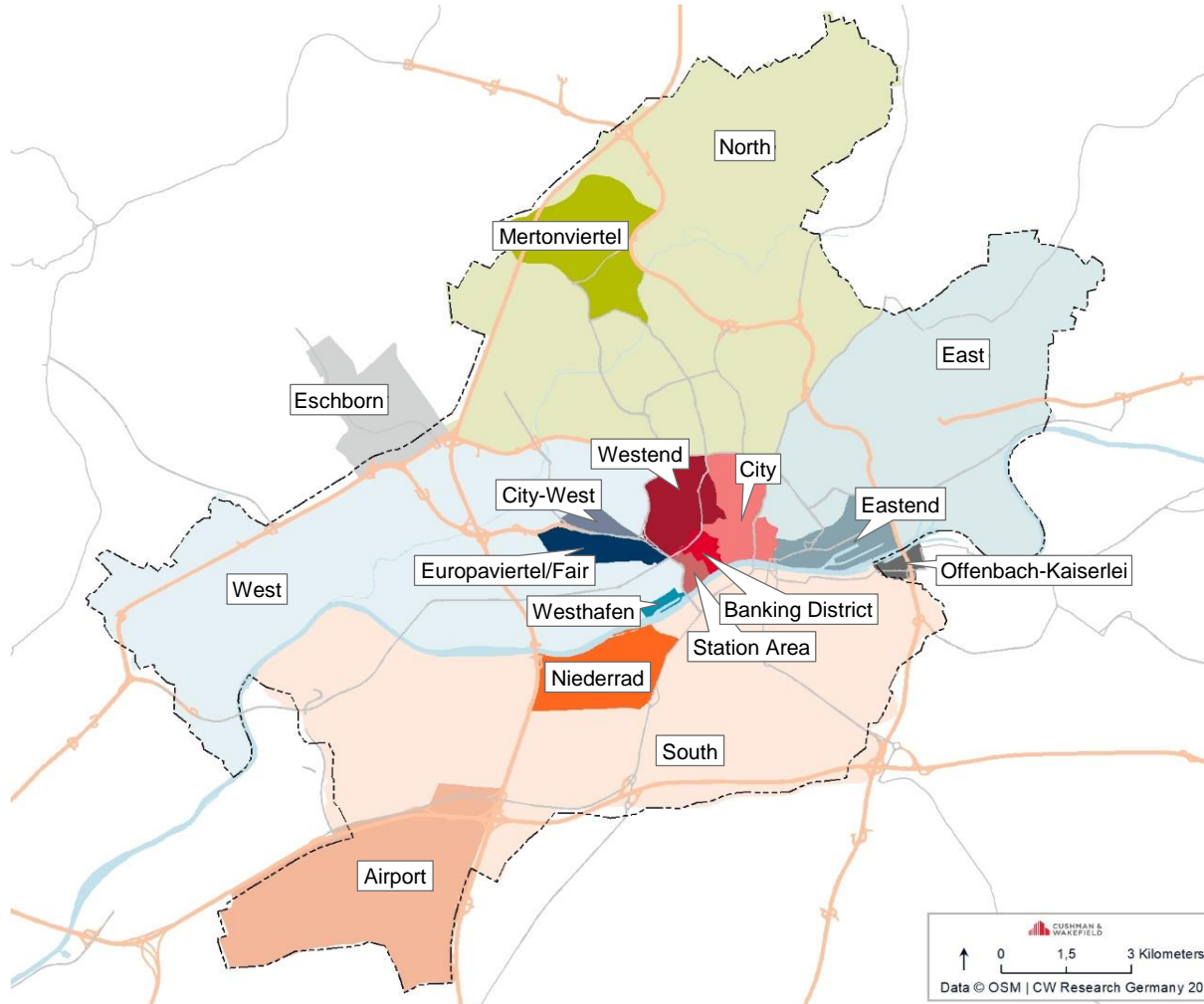
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGE Q4 2020

Submarket	€/m ² /month
Banking District	20.00 - 45.00
Westend	18.00 - 39.50
City	16.00 - 36.00
Station Area	14.50 - 22.50
City-West	13.00 - 20.00
Europaviertel/Fair	18.00 - 34.00
Westhafen	19.00 - 27.00
West	10.00 - 22.00
Niederrad	11.50 - 16.50
Airport	17.50 - 28.00
South	13.00 - 20.00
Eastend	13.00 - 20.00
East	10.00 - 15.00
Mertonviertel	11.00 - 14.50
North	9.00 - 16.00
Eschborn	9.00 - 20.00
Offenbach-Kaiserlei	9.00 - 16.50

OFFICE INVESTMENT MARKET

In total, around €4.8 billion was newly invested in office properties and development projects in 2020. The largest transaction of the year was the off-market sale of Hines' Silver Tower in the fourth quarter by an international consortium of owners to the family offices Imfarr and SN Beteiligungen Holding AG for over €600 million. Nevertheless, investment activity in the year under review was mainly focused on secondary locations. The net initial yield for prime properties in the central locations has been stable at 2.75% since December 2019, and at 4.45% in the non-central locations.

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KEY FIGURES

€4.8 bn

Office Transaction Volume (YTD)

YoY
Change



12-Month
Forecast



74%

Share Office Investment of Total

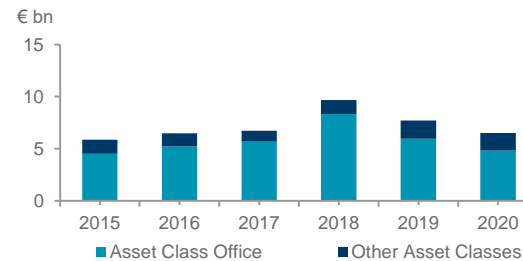


2.75%

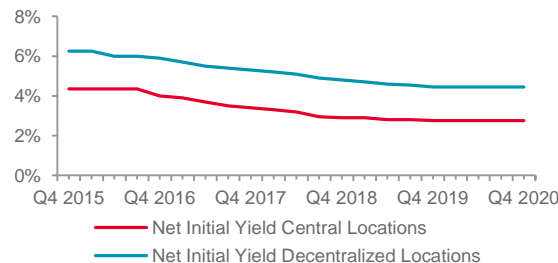
Net Initial Yield



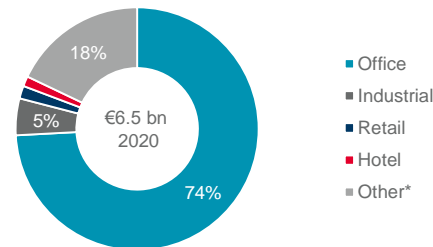
TRANSACTION VOLUME



PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



*Mixed-use Property, Development Sites, Nursing Homes etc.

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