

Office Q4 2020

	YoY Chg.	12-Mo. Forecast
4.3% Vacancy Rate	▲	▲
603,800 Take-Up m ²	▼	▲
139.0 Prime Rental Index (Q4 2010=100)	■	■

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-5.0% Germany GDP growth	▼	▲
5.9% Germany Unemployment Rate,	▲	▲
-3.1% Germany Ifo Employment Barometer YoY Chg	▼	■

Source: Consensus Economics, Federal Employment Agency, ifo institute

ECONOMY: Economic slump ends 10-year upswing

The coronavirus pandemic was the dominant influence on both the economy and society in 2020. The ten-year upswing following the global financial crisis came to an abrupt end. In particular, sentiment and labour market indicators plunged. In many sectors, a greater loss of jobs could only be prevented by massive use of short-time working/furlough subsidies. The following indicators exemplify the economic course of the year: The unemployment rate rose from 4.9% to 5.9% in the course of the year. The number of short-time workers rose to around 6 mn in April 2020 and was still a good 2 mn in autumn 2020. The ifo business climate fell to 75.4 points in April 2020, its lowest value since the time series began in 2005 – although by the end of 2020 it had risen significantly again. GDP will have fallen by 5.0% in 2020 according to the Consensus forecast, but will recover by around 4% in 2021.

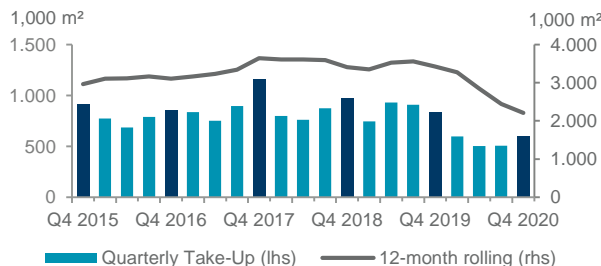
DEMAND: Slump by over a third – SUPPLY: Vacancy and completions on the rise

Uncertainty among occupiers about future developments and thus also their space requirements, as well as delays in viewing properties and in letting processes, have caused office take-up in the top 5 markets to fall to 2.2 mn sq.m in 2020. This is a decline of over a third (-35%) compared to the previous year. For 2021 we expect a total take-up of 2.5 mn sq.m. Berlin remained the strongest market in terms of take-up, at 700,000 sq.m. Particularly in the larger area categories, the number of leases concluded fell significantly in 2020. The vacancy rate rose from 3.7% to 4.5% in the course of the year, and among the individual markets, Frankfurt (7.6%) and Düsseldorf (7.0%) continue to exhibit the highest levels, with Berlin the lowest at 2.7%. We expect further increases in vacancy levels in all markets in the course of 2021. In 2020, office space totalling 1.24 mn sq.m was completed - the highest figure since 2004. A good 85% of the space had already been let on completion. Berlin leads the completion statistics with 466,000 sq.m. Completions will again increase significantly in the coming years. Four million sq.m of office space is currently under construction, of which just under half is still available. Berlin is the location of the lion's share of this construction, with some 1.8 mn sq.m.

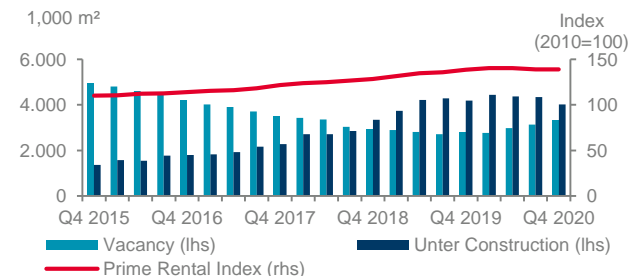
PRICING: Disparate development in the individual markets

Despite the fall in demand, nominal rents have remained by and large stable or even risen further. The low supply of space has prevented rents from falling. However, the picture is mixed: Berlin is the only location where prime rents have indeed fallen (-2.6%), while there have been increases in Düsseldorf (+1.8%) and Hamburg (+3.4%). Stability in prime rents is expected for 2021.

TAKE-UP TOP-5 MARKETS



VACANCY / UNDER CONSTRUCTION / PRIME RENT TOP-5



MARKET STATISTICS

MARKET	INVENTORY (M ²)	AVAILABILITY (M ²)	VACANCY RATE (%)	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (M ²)	UNDER CNSTR (M ²)	PRIME RENT* (€)	PRIME YIELD* (%)
Berlin	19,123,900	519,900	2.7	241,700	699,700	1,783,200	38.00	2.75
Dusseldorf	9,209,000	647,000	7.0	45,800	270,000	223,000	28.50	2.90
Frankfurt	11,744,200	872,400	7.4	122,000	329,500	496,000	45.00	2.75
Hamburg	14,961,900	576,100	3.9	93,500	343,000	620,100	30.00	2.80
Munich	21,609,600	705,400	3.3	100,800	567,000	891,800	39.50	2.60
TOTAL	76,648,600	3,320,800	4.3	603,800	2,209,200	4,014,100	36.20	2.78

*Rental /Yields rates reflect achievable values

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	MARKET	SUBMARKET	TENANT	M ²	TYPE
EUREF-Campus	Berlin	Berlin South	Deutsche Bahn	30,000	Pre-lease
Eschborn Gate	Frankfurt	Eschborn	Samsung Electronics	17,600	Pre-lease
Elbtower	Hamburg	Central Office Locations	Hamburg Commercial Bank	11,000	Pre-lease
FOUR T1	Frankfurt	Banking District	Boston Consulting Group	7,300	Pre-lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	MARKET	SUBMARKET	SELLER / BUYER	M ²	PRICE (€ MN)
Silberturm	Frankfurt	Station Area	Samsung Group / Imfarr	72,000	~630
Edge ElbSide	Hamburg	HafenCity	Edge Technologies / HanseMerkur Grundvermögen	24,000	>200
FAZ-Tower	Frankfurt	Europaviertel/ Trade Fair	UBM and Paulus Immobiliengruppe / HanseMerkur Grundvermögen	45,000	~200

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	MARKET	SUBMARKET	MAJOR TENANT	M ²	OWNER / DEVELOPER
The Brick	Frankfurt	Europaviertel/ Trade Fair	Deutsche Bahn	23.000	Aurelis Real Estate
EDGE Grand Central Berlin	Berlin	Central Office Locations East	Scout24, Oracle	20.000	EDGE Technologies
QUBES Technologie Campus	Munich	City Area North - North-West	IT@M	32.800	Rosa-Alscher Gruppe

URSULA NEISSER

Head of Research Germany

Tel: +49 69 50 60 73 140

ursula-beate.neisser@cushwake.com

HELGE ZAHRT

Head of Research & Insight Germany

Tel: +49 40 300 88 11 50

helge.zahrt@cushwake.com

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