

	YoY Change	12-Month Forecast
201,200 Take-Up (aggr.), m ²	▲	▬
2.9% Vacancy Rate	▲	▲
1,675,000 Under Construction, m ²	▬	▲
€38.00 Prime Rent €/m ² /month	▼	▬

LABOUR MARKET

	YoY Change
97.6 Ifo Employment Barometer Germany (Mar 2021)	▲
807,000 Office Employees Berlin (Dec 2019)	▲
10.5% Unemployment Rate Berlin (Mar 2021)	▲

Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC 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 €75,100, the GDP per employed person is only 1% above the national average. 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. According to an economic survey conducted by the Chamber of Industry and Commerce in February, larger companies in Berlin expect their business situation to improve, while smaller companies express a more neutral view.

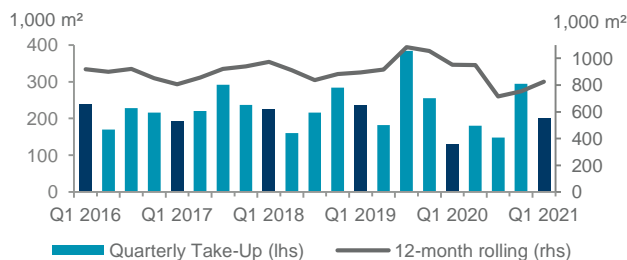
TAKE-UP

In the first quarter of 2021, office take-up totalled 201,200m², representing an increase of 54% compared with the same period last year and the average of the last five years. Given the still ongoing uncertainty around the course of the pandemic and its impact on the economy as well as office utilisation, this is an encouragingly good result. Compared with previous years, however, the total number of leases signed has fallen. Take-up was mainly driven by transactions in development projects. All lettings involving a floor space of 10,000m² or more took place in developments or in recently completed buildings. The six deals of 10,000m² or more accounted for a combined 93,000m², or 46% of total take-up. The largest lease of the quarter by DKB and Berlin Hyp's owner-occupier development gave the banking and financial services sector the top position for take-up. The ITT sector came second, albeit with a quarterly result of 13% of total take-up, which was below average by Berlin standards relative to the five-year average of 23%. A significant proportion of these companies had already secured enough space before the crisis to meet their projected rapid growth in headcount. On top of this, the prevalence of working from home is currently particularly high in this sector.

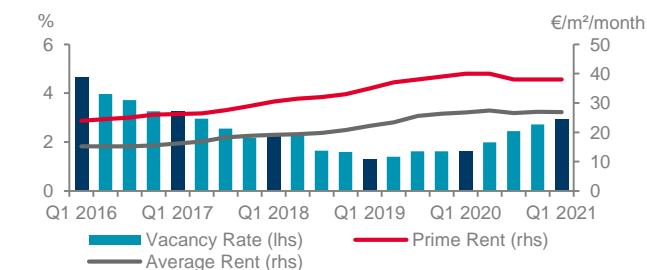
VACANCY

Despite good take-up, the supply of space available for immediate occupancy once again increased by 44,500m² compared with the previous quarter. Overall, 564,400m² of office space is available for occupation within three months, which equates to a vacancy rate of 2.9%, rising from 1.6% a year ago. At least 45% of the currently vacant space is in properties in the central office locations. The supply of available subletting space increased by 14,200m² quarter-on-quarter to 89,800m². At mid-year 2020, it was only 30,000m².

TAKE-UP



VACANCY & RENTS



COMPLETIONS

In 2021, 671,900m² of office space is expected to be completed - 44% more than the previous year. 106,200m² of this has already been completed in the first quarter. There is still 238,400m² available to let in the as yet uncompleted development projects due for completion 2021. In subsequent years, even more space will come into the market. In total, 1.7 million m² is currently under construction, for which completion dates can be estimated relatively well. In light of the changed market conditions, a considerable proportion of the developments that are currently in the early or advanced stages of planning but where construction has not yet commenced are called into question regarding their completion dates and actual realisation. Those developments in advanced planning alone total some 1.9 million m².

RENTS

Prime and average rents remained steady quarter-on-quarter at €38.00 and €26.90/m²/month respectively. However, compared with a year ago, the prime rent is €2 lower, while the average rent is 15 cents higher. Rent incentives, such as rent-free periods and tenant improvements, are granted more frequently on average than prior to the crisis. This has led to slightly lower effective rents, although nominal contract rents did not change relative to the previous quarter.

SELECTED DEVELOPMENT PROJECTS

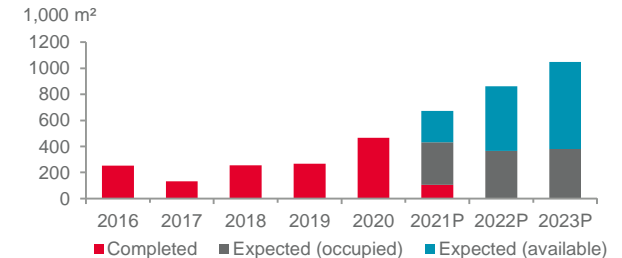
Property/Development	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
CUV - Cuvryhöfe	MediaSpree – Friedrichshain	Completed	2021	32,400	Nieto (Artur Süsskind)
DSTRCT	Prenzlauer Berg	Under Construction	2021	38,600	HB Reavis
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022	40,000	Aermont Capital
EDGE East Side	MediaSpree – Friedrichshain	Under Construction	2023	68,800	Allianz & Bayerische Versorgungskammer

MARKET STATISTICS

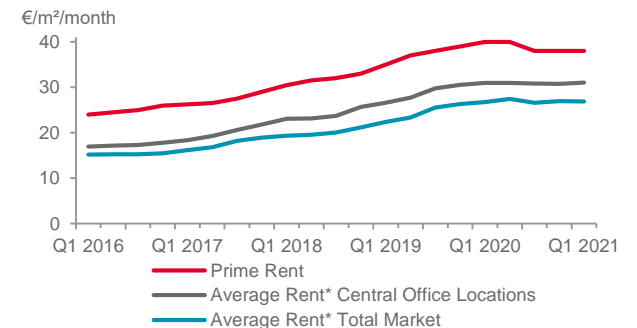
Selected Submarkets	Take-Up Q1 2021 (m ²)	Completions Q1 2021 (m ²)	Under Construction Q1 2021 (m ²)	Prime Rent Q1 2021 (€/m ² /month)	Average Rent* Q1 2021 (€/m ² /month)
Central Office Location Potsdamer Platz	2,200	0	35,900	38.00	32.80
Central Office Location East	52,600	0	391,700	38.00	33.70
Central Office Location MediaSpree	15,400	44,000	261,800	36.00	29.90
Central Office Location West	26,300	4,300	221,000	38.00	26.85
Total Market Berlin	201,200	106,200	1,675,000	38.00	26.90

* Weighted Average Rent(12 months)

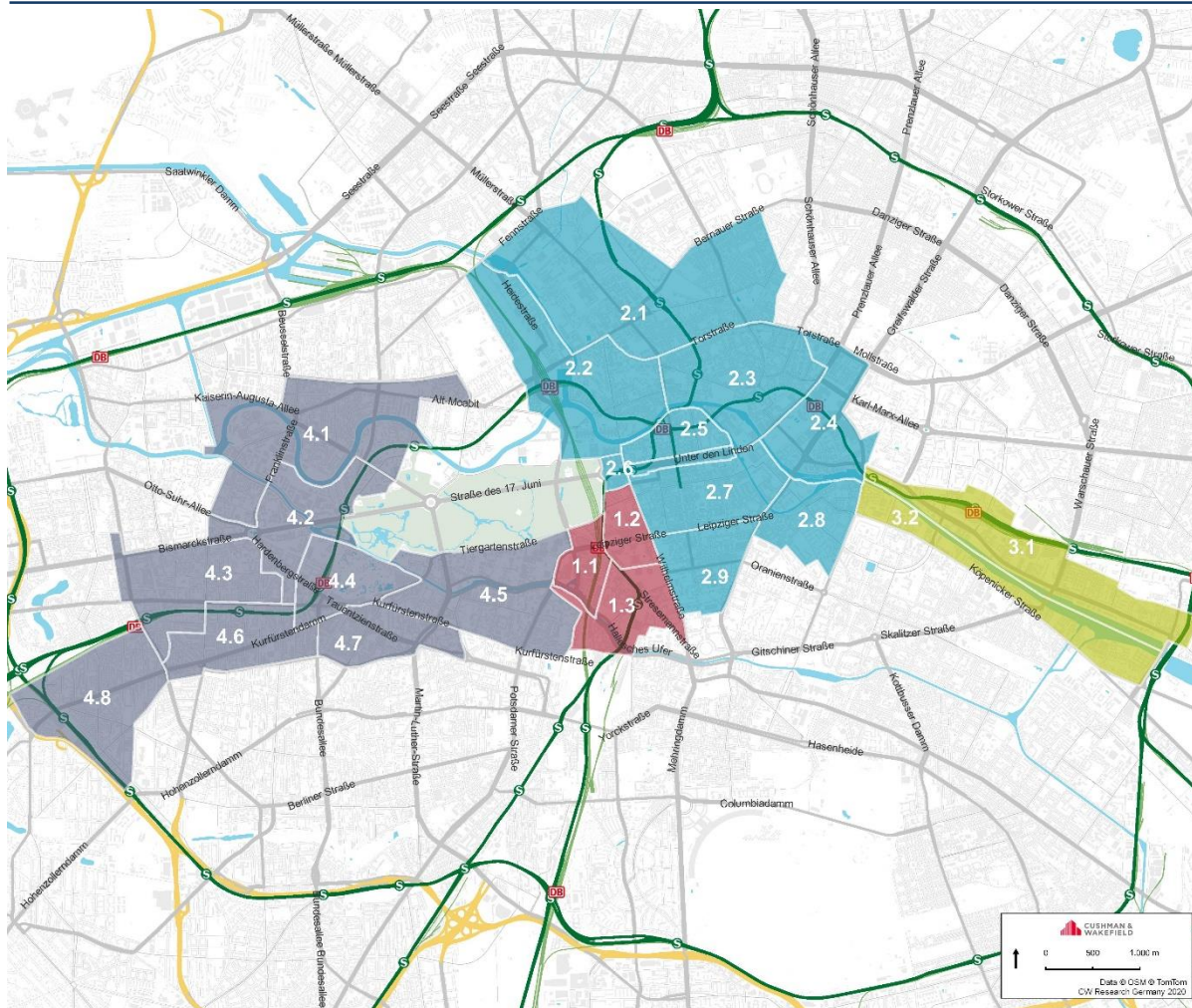
COMPLETIONS



RENTS



OVERVIEW – CENTRAL OFFICE LOCATIONS



RENTAL PRICE RANGES Q1 2021

(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	23.00 - 34.00
2.9 Presseviertel	22.00 - 36.00
Central Office Location MediaSpree	
3.1 MediaSpree – Friedrichshain	25.00 - 36.00
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 - 36.00
4.7 Tauentzienstraße - Wittenbergplatz	22.00 - 35.00
4.8 Kurfürstendamm West – Halensee	19.00 - 28.50

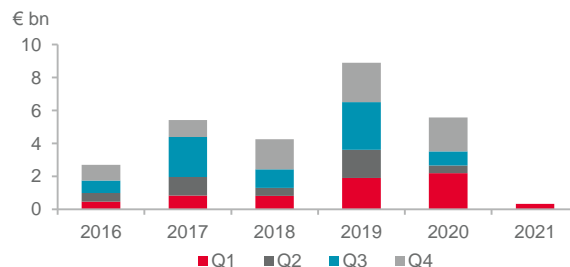
OFFICE INVESTMENT MARKET

Office investment volume in Berlin in the first quarter totalled €320 million, 85% less than in the very strong first quarter of 2020. The last time there was a similarly weak quarterly result was in 2014. This was due to a lack of portfolio deals and a scarcity of attractive product on the market. Both sellers and buyers have taken a cautious wait-and-see approach in light of the uncertainty. Market activity was also constrained by difficult conditions for travel and viewings. Towards the end of the quarter, however, owners initiated more preparatory processes for sales again, and therefore more deals are expected in the second half of the year. During the course of the year, further compression of 10 basis points to 2.65% is likely for the prime yield. Investors currently place particular focus on secure cash flows. The Berlin market offers favourable conditions in this respect thanks to the high proportion of public sector tenants.

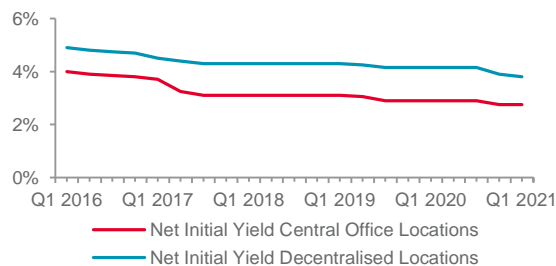
KEY FIGURES



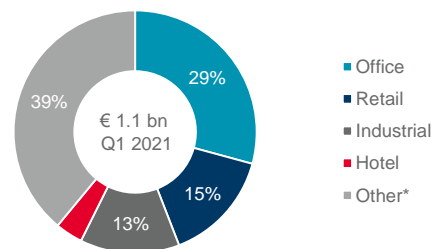
OFFICE TRANSACTION VOLUME



PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



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* Mixed-used Properties, Development Sites, Nursing Homes, etc.