

	YoY Change	12-Month Forecast
81,700 Take-Up m ²	▲	▲
7.8% Vacancy Rate	▲	▲
482,300 Under Construction m ²	▼	▬
€46.00 Prime Rent €/m ² /month	▲	▬

LABOUR MARKET

97.6
Ifo Employment Barometer Germany (Mar 2021) ▲

373,200
Frankfurt Office Employees (Dec 2019) ▲

7.1%
Frankfurt Unemployment Rate (Mar 2021) ▲

Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC OVERVIEW

The Covid-19 pandemic has had a major impact on the labour market – the unemployment rate increased from 5.2% in March 2020 to 7.2% in March 2021. According to forecasts by Moody's Analytics, the regional gross domestic product will decline by 5.0% in 2021 compared with last year. Although renewed growth of 1.8% is expected in 2021, the regional economy will not recover to pre-crisis level this year.

TAKE-UP

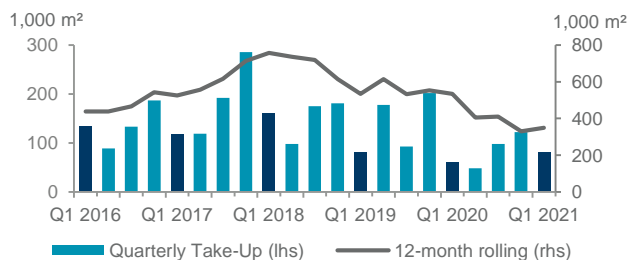
With take-up of 81,700m², the first quarter of 2021 surpassed last year's figure, when take-up was at its lowest Q1 level since 2006 (61,000m²). Compared to the Q1 five- and ten-year averages, the current value is 26% and 19% lower respectively. Considering the current situation, this is nevertheless a solid result. Many tenants have used the last few months to intensively revise their workplace concepts and the resulting future space requirements. Accordingly, it is to be expected that these strategies will be implemented in the next few quarters. The second half of the year will therefore in all probability be stronger in terms of take-up.

The finance and insurance sector failed to reaffirm its traditional top position in the first quarter, ranking fourth and contributing to 9% of total take-up. Industrial and transport companies account for the largest proportion of take-up (37%). The strong result of just under 30,000m², however, is mainly due to the owner-occupation construction of over 15,000m² by Siemens AG in the Gateway Gardens development at Frankfurt Airport.

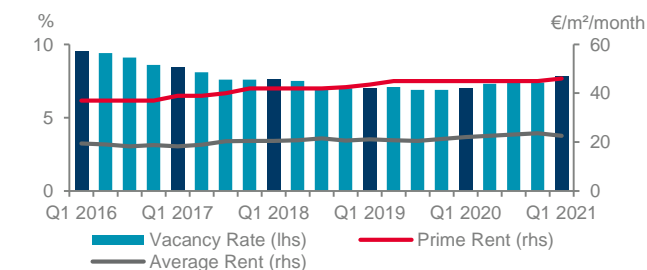
VACANCY

Vacancy rose by 10% to around 914,000m² compared to last year's equivalent figure, bringing the vacancy rate to 7.8%. This largely reflects the lower level of lettings in the past year compared to previous years. In addition, 62,500m² of new office space was completed to the end of March, of which approximately 23,000m² was not yet let by completion, thus increasing the supply of space available for immediate occupation.

TAKE-UP



VACANCY & RENT





COMPLETIONS

A total of 62,500m² of office space was completed in Q1 2021. A further 145,000m² is under construction with completion planned for the end of 2021, of which 80% has already been pre-let. Of the 210,000m² scheduled for completion in 2022, 60% is still available to lease.

RENTS

The sustainable prime rent has increased slightly in the last three months to €46.00/m²/month. The weighted average rent across all new leases of the last twelve months is €22.60/m²/month and fell by €1.00 compared to the figure of 2020. In the first quarter of 2021, there were no lettings in the prime rent range, and the proportion of lettings in development projects was also lower than in the previous quarters at 5,500m². The trend of improving location and building quality when moving premises remains. Accordingly, there is still high demand for premium space in prime locations. Prime and average rents are therefore both expected to maintain their current levels until the end of 2021.

SELECTED PROJECT DEVELOPMENTS

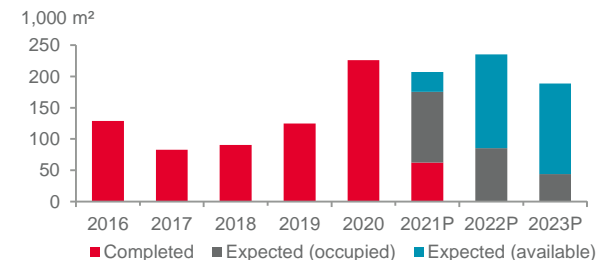
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Junghof Plaza	Station Area	Completed	2021	22,800	Patrizia
Sky Eschborn	Eschborn	Completed	2021	16,000	Cilon
One	Europaviertel/Fair	Under Construction	2022	38,000	CA Immo
FOUR	Banking District	Under Construction	2023	82,000	Groß & Partner

MARKET STATISTICS

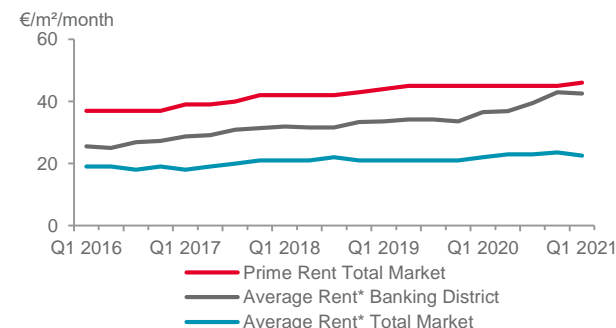
Selected Submarkets	Take-Up Q1 2021 (m ²)	Completions Q1 2021 (m ²)	Space under Construction Q1 2021 (m ²)	Prime Rent Q1 2021 (€/m ² /month)	Average Rent* Q1 2021 (€/m ² /month)
Banking District	5,300	22,800	161,100	46.00	42.55
Westend	11,300	0	0	39.50	29.35
City	4,300	0	1,600	36.00	24.75
Station Area	1,800	0	6,100	23.00	19.65
Total Market Frankfurt	81,700	62,500	482,300	46.00	22.60

* Weighted Average Rent (12 months)

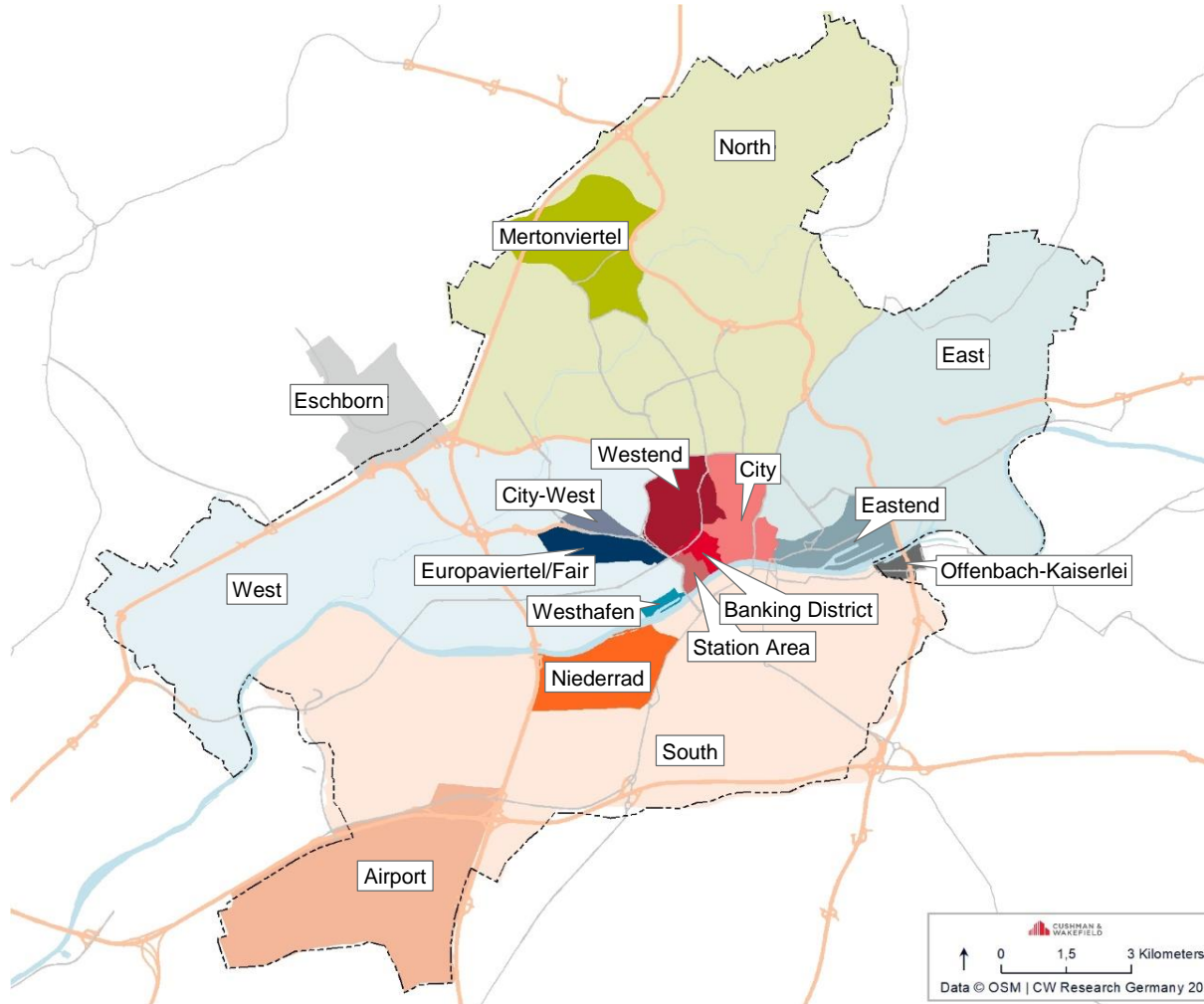
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



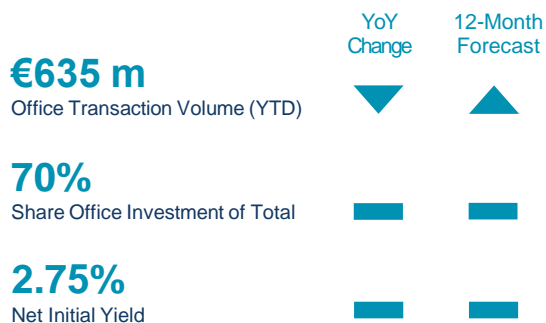
RENTAL PRICE RANGE Q1 2021

Submarket	€/m ² /month
Banking District	20.00 – 46.00
Westend	18.00 – 39.50
City	13.00 – 36.00
Station Area	15.00 – 23.00
City-West	13.00 – 20.00
Europaviertel/Fair	18.00 – 34.00
Westhafen	19.00 – 27.00
West	10.00 – 22.00
Niederrad	12.00 – 16.50
Airport	17.50 – 28.00
South	13.00 – 20.00
Eastend	14.00 – 20.00
East	10.00 – 15.00
Mertonviertel	11.00 – 14.50
North	9.00 – 16.00
Eschborn	9.50 – 20.00
Offenbach-Kaiserlei	9.00 – 16.50

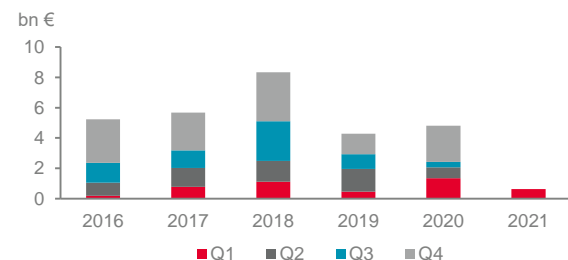
OFFICE INVESTMENT MARKET

With €635 million Frankfurt registered the highest office transaction volume across Germany in Q1 2021. Nevertheless, this is significantly lower than in the same quarter last year (-52%). So far, there have only been two transactions in the triple-digit-million-euro range: The Gesellschaft für Internationale Zusammenarbeit acquired an office project from Phoenix in Eschborn for around €220 million. to expand its office space. Demire acquired a share from RFR in the Cielo office property in City-West, the total value of the property is around €270 million. The net initial yield for prime properties in prime city centre locations has remained unchanged at 2.75% since December 2019, and at 4.45% in decentralised locations.

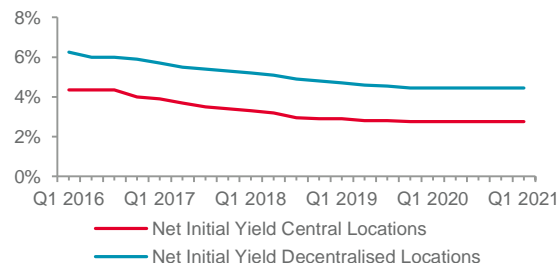
KEY FIGURES



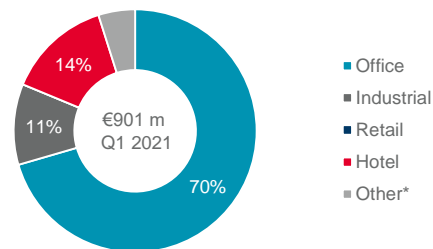
OFFICE TRANSACTION VOLUME



PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



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

Pierre Nolte

Head of Office Agency Frankfurt
Head of Tenant Representation
Tel: +49 69 50 60 73 328
pierre.nolte@cushwake.com

Richard Tucker

Head of Capital Markets Frankfurt
Head of Frankfurt Branch
Tel: +49 50 60 73 231
Richard.tucker@cushwake.com

Tamara Orth

Research Consultant
Tel: +49 50 60 73 142
tamara.orth@cushwake.com

Ursula-Beate Neißer

Head of Research Germany
Tel: +49 69 50 60 73 140
ursula-beate.neisser@cushwake.com

Helge Zahrnt MRICS

Head of Research & Insight Germany
Tel: +49 40 300 88 11 50
helge.zahrnt@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.