

	YoY Change	12-Month Forecast
374,800 Take-Up (cum.), m ²	▲	▲
3.4% Vacancy Rate	▲	▲
1,711,900 Under Construction, m ²	▼	■
€39.00 Prime Rent, €/m ² /month	▼	■

LABOUR MARKET

	YoY Change
103.7 Ifo Employment Barometer Germany (Jun 2021)	▲
774,400 Berlin Office Employees (Dec 2020)	■
9.8% Berlin Unemployment Rate (Jun 2021)	▼

Source: ifo-Institut, Moody's Analytics, Federal Employment Agency

ECONOMIC OVERVIEW

With 3.66 million inhabitants and 1.57 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 the economic report by the Chamber of Industry and Commerce from early summer, the business situation in some of the office-relevant sectors is already back at pre-crisis levels, such as in IT and business-related service providers.

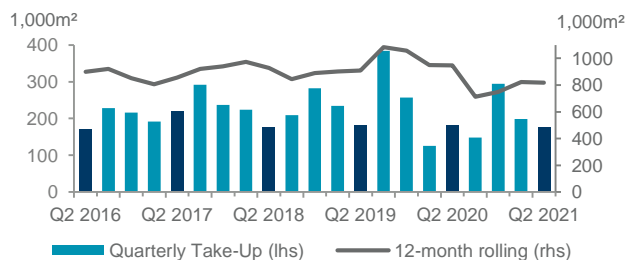
TAKE-UP

Office take-up totalled 374,800m² at the end of the first half of 2021. This is 22% more than in H1 last year, but 3% less than the five-year average. In the second quarter, take-up was slightly lower at 176,300m² than in the first quarter at 198,500m². The decline is due to less space being taken up by owner-occupiers. Of the take-up, 46% was driven by leases in development projects. Also, all nine transactions of 10,000m² or more took place in developments or in recently completed buildings. The largest deal of the half year was already concluded in the first quarter by DKB for 33,500m² in the Upbeat development. In the second quarter, BIMA signed a pre-lease for 19,400m² in New Courts. The sectors typical for Berlin, Public Administration and ITT/Online Platforms, dominate with 17% and 15% of take-up respectively, although Public Administration has only moved into first place since the start of the COVID-19 pandemic. In contrast to the private sector, the public sector has not curtailed its leasing activities. Around 750,000m² of take-up in total can be expected for 2021. We expect significantly higher values for the following years.

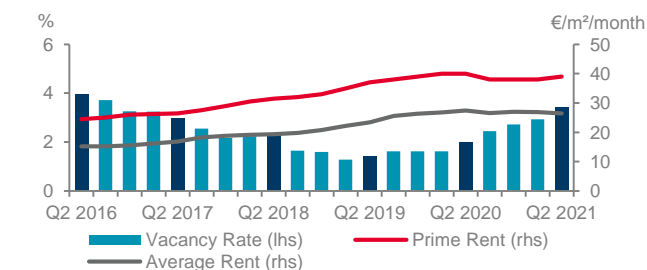
VACANCY

At the end of the second quarter, the vacancy rate including available subletting spaces was 3.4%. 662,500m² is available for immediate occupancy, 287,900m² or 77% more than at the same time last year. Since the beginning of the COVID-19 pandemic, the supply of space available for immediate occupancy has been steadily increasing, as there have been reductions in space leased due to the crisis and, at the same time, the supply is increasing due to new construction. Of the available office space, 68% (451,300m²) is located within the S-Bahn-Ring. A total of 93,300m² is offered for subletting.

TAKE-UP



VACANCY & RENTS





COMPLETIONS

Completions in new construction and core refurbishment developments totalled 200,600m² in the first half of 2021, of which 78% (157,400m²) was already let at the time of completion. A further 477,200m² is expected to be completed by the end of the year, including 189,000m² that is still to be let. Next year, around 800,000m² of new office space is expected to be completed and ready for occupancy. At present, more than 1.7 million m² is under construction in development projects. Of this space, about 54% (922,000m²) is let or allocated to owner-occupiers.

RENTS

The achievable prime rent is currently €39.00/m²/month. This is one euro less than a year ago. Cushman & Wakefield does not expect any changes in the remainder of the year. The area-weighted average rent over the past twelve months is €26.50/m²/month, 3.5% lower than a year ago. Compared to the first quarter of 2021, it has fallen by 1.5%. Rent incentives, such as rent-free periods and tenant improvements, are granted more frequently than before the crisis.

SELECTED PROPERTY DEVELOPMENT PROJECTS

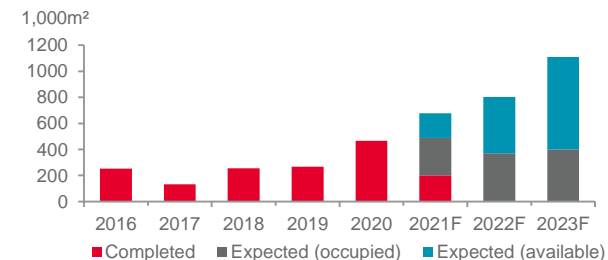
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
DSTRCT	Prenzlauer Berg	Under Construction	2021	38,600	HB Reavis
VoltAir	Alexanderplatz - Klosterviertel	Under Construction	2022	26,700	ABG / Gädeke & Sons
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022	40,000	Aermont Capital
Stream	MediaSpree – Seite Friedrichshain	Under Construction	2022	43,200	PGIM

MARKET STATISTICS

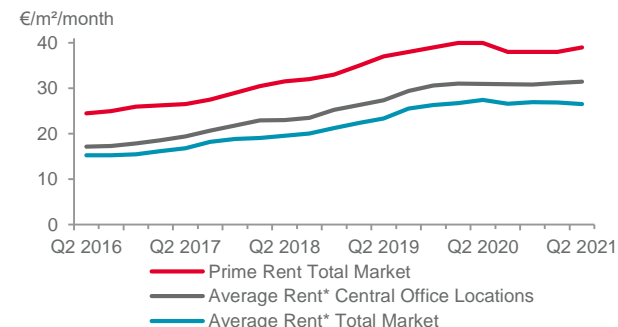
Selected Submarkets	Take-Up Q1-2 2021 (m ²)	Completions Q1-2 2021 (m ²)	Under Construction Q2 2021 (m ²)	Prime Rent Q2 2021 (€/m ² /month)	Average Rent* Q2 2021 (€/m ² /month)
Central Office Location Potsdamer Platz	7,500	20,200	15,700	39.00	31.70
Central Office Location East	83,100	23,100	375,100	39.00	33.50
Central Office Location MediaSpree	25,000	52,400	252,600	36.00	31.35
Central Office Location West	48,600	8,300	224,100	39.00	26.75
Total Market Berlin	374,800	200,600	1,711,900	39.00	26.50

* Weighted Average Rent (12 months)

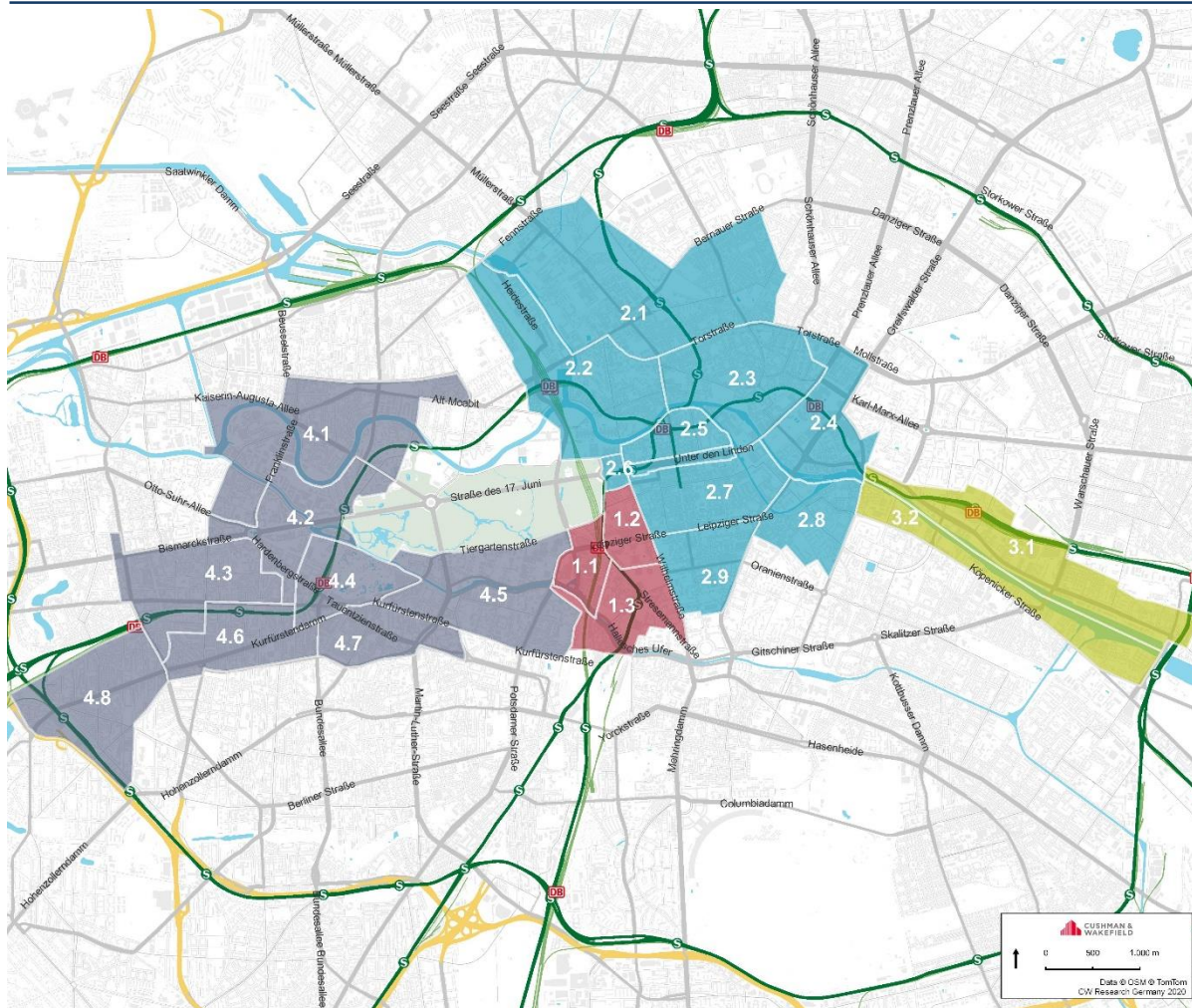
COMPLETIONS



RENTS



OVERVIEW – CENTRAL OFFICE LOCATIONS



RENTAL PRICE RANGES Q2 2021

(Micro-)Submarket	€/m ² /month
Central Office Location Potsdamer Platz	
1.1 Potsdamer Platz	28.00 - 39.00
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 - 36.50
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 - 38.00
2.6 Pariser Platz – Unter den Linden	27.50 - 39.00
2.7 Friedrichstraße – Gendarmenmarkt	23.00 - 39.00
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 - 35.00
Central Office Location West	
4.1 Spreebogen – Moabit	18.00 - 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 - 39.00
4.5 An der Urania – Tiergarten South	22.00 - 32.50
4.6 Kurfürstendamm Central – Adenauerplatz	20.00 - 36.00
4.7 Taubentzenstraße - Wittenbergplatz	22.00 - 35.00
4.8 Kurfürstendamm West – Halensee	19.00 - 28.50

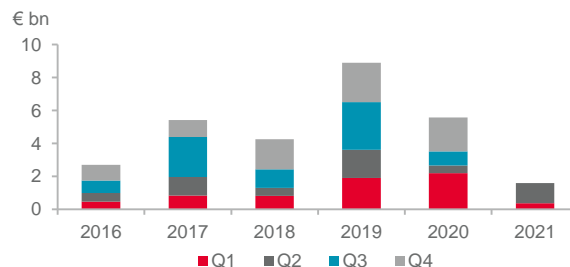
OFFICE INVESTMENT MARKET

Berlin's office investment volume in the first half of the year was €1.22 billion. This is 55% less than in the strong first half of 2020. Instead, mixed-use properties dominated market activity with a volume of €1.95 billion, although this also includes several properties with a considerable proportion of office space, such as the Fürst property. Across all use types, commercial properties worth €4.38 billion were traded. The prime yield for Berlin office properties currently stands at 2.60%, 30 basis points below the level of a year ago. Since the beginning of the pandemic, the attractiveness of assets with reliable cash flows, long lease terms and tenants with strong credit ratings has increased. The Berlin office market is therefore particularly attractive regarding these aspects given the high proportion of public administration in the tenant mix. Cushman & Wakefield expects a further slight compression in prime yields by the end of the year.

KEY FIGURES



OFFICE TRANSACTION VOLUME



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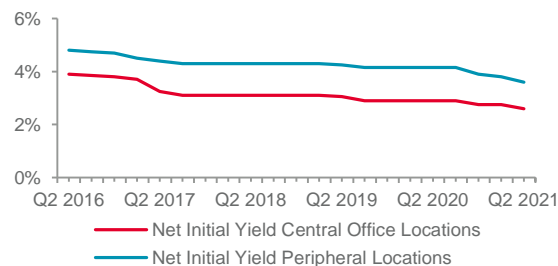
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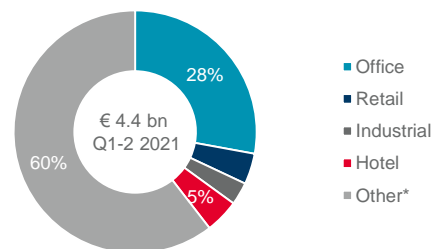
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PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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