

	YoY Change	12-Month Forecast
<b>171,500</b> Take-Up (cum.), m <sup>2</sup>	▲	▲
<b>8.1%</b> Vacancy Rate	▲	▲
<b>485,800</b> Under Construction, m <sup>2</sup>	▼	▲
<b>€46.00</b> Prime Rent, €/m <sup>2</sup> /month	▲	▲

## LABOUR MARKET

**103.7**  
Ifo Employment Barometer Germany (Jun 2021) ▲

**305.500**  
Frankfurt Office Employees (Dec 2020) ▲

**6.6%**  
Frankfurt Unemployment Rate (Jun 2021) ▲

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

## ECONOMIC OVERVIEW

After more than a year of the COVID-19 pandemic, the overall mood among the region's companies is positive again for the first time, according to the latest survey by the Frankfurt Chamber of Commerce and Industry. This is especially true for the industrial, financial, credit and insurance sectors. The unemployment rate has fallen from 7.3% in June 2020 to 6.6% in June 2021 but is still above the national average of 5.7%.

## TAKE-UP

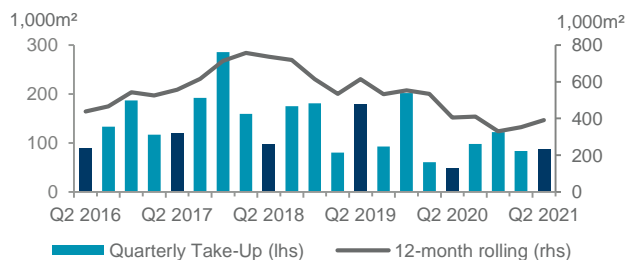
The first half of 2021 saw take-up of some 172,000m<sup>2</sup>, 21% below the five-year average. Nevertheless, office take-up is around 57% higher than the previous year's equivalent figure of 109,500m<sup>2</sup>. At just under 88,000m<sup>2</sup>, take-up in the second quarter was slightly higher than the first quarter's 84,000 m<sup>2</sup>. Leasing activity is expected to increase in the second half of the year due to the recovering economy and the implementation of new workplace concepts.

The largest deals were those signed by Nestlé Germany in the Kreisler project in the Bahnhofsviertel submarket for some 20,000m<sup>2</sup> and by Siemens in the Gateway Gardens district development at Frankfurt Airport for some 15,000m<sup>2</sup>. Overall, 20% of total take-up is attributable to these deals alone. The two companies are part of the industrial and transport sector, which accounted for 41% of total take-up, making it by far the strongest sector in the first half of the year.

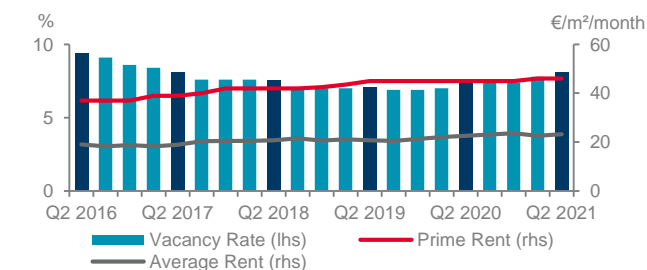
## VACANCY

Vacancy has risen by around 100,000m<sup>2</sup> in the last twelve months to just under 950,000m<sup>2</sup>. The vacancy rate now stands at 8.1%, with the increase due both to vacant space in the new buildings completed in recent months and vacant space in older buildings that have not yet found a new tenant. This is particularly noticeable in the City, Europaviertel/ Messe and Frankfurt West submarkets, which have seen the highest relative growth in vacancy over the past 12 months.

## TAKE-UP



## VACANCY & RENT



## COMPLETIONS

While new-builds and refurbishments of some 87,000m<sup>2</sup> were completed in the first half of the year, completions of around 115,000m<sup>2</sup> are expected for the second half, of which only 23% is still available. This means that the total completion volume for 2021 is significantly above the average of the last ten years. In the course of 2022, new construction totalling just under 215,000m<sup>2</sup> should be ready for occupancy; the pre-letting rate across these spaces currently stands at 40%.

## RENTS

The sustainable achievable prime rent has remained unchanged at €46.00/m<sup>2</sup>/month since March 2021 but this is still 2.2% higher than twelve months ago. The weighted average rent across all new leases in the previous twelve months was €23.20/m<sup>2</sup>/month at the end of June. Compared with the first quarter of 2021, it has risen by €0.60. The banking district and Westend submarkets saw stronger leasing activity again in the second quarter, supporting the increase. Demand for premium space in good locations persists, which could further increase pressure on prime rents to the end of the year.

## SELECTED PROPERTY DEVELOPMENT PROJECTS

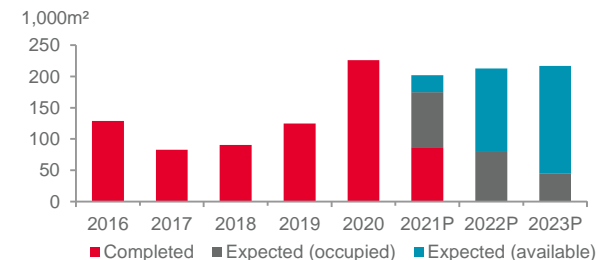
Property/Project	Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
Junghof Plaza	Banking District	Completed	2021	22,800	Luwin
Sky Eschborn	Eschborn	Completed	2021	16,000	Cilon
One	Europaviertel/Fair	Under Construction	2022	38,000	CA Immo
FOUR	Banking District	Under Construction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

## MARKET STATISTICS

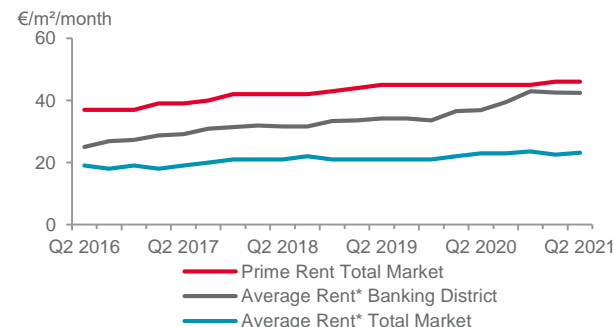
Selected Submarkets	Take-Up Q1-2 2021 (m <sup>2</sup> )	Completions Q1-2 2021 (m <sup>2</sup> )	Space under Construction Q2 2021 (m <sup>2</sup> )	Prime Rent Q2 2021 (€/m <sup>2</sup> /month)	Average Rent* Q2 2021 (€/m <sup>2</sup> /month)
Banking District	70,700	22,800	150,900	46.00	42.55
Westend	62,300	0	8,800	39.50	29.35
City	46,400	0	8,100	36.00	24.75
Station Area	25,200	0	3,300	23.00	19.65
<b>Total Market Frankfurt</b>	<b>171,500</b>	<b>87,000</b>	<b>485,800</b>	<b>46.00</b>	<b>23.20</b>

\* Weighted Average Rent (12 months)

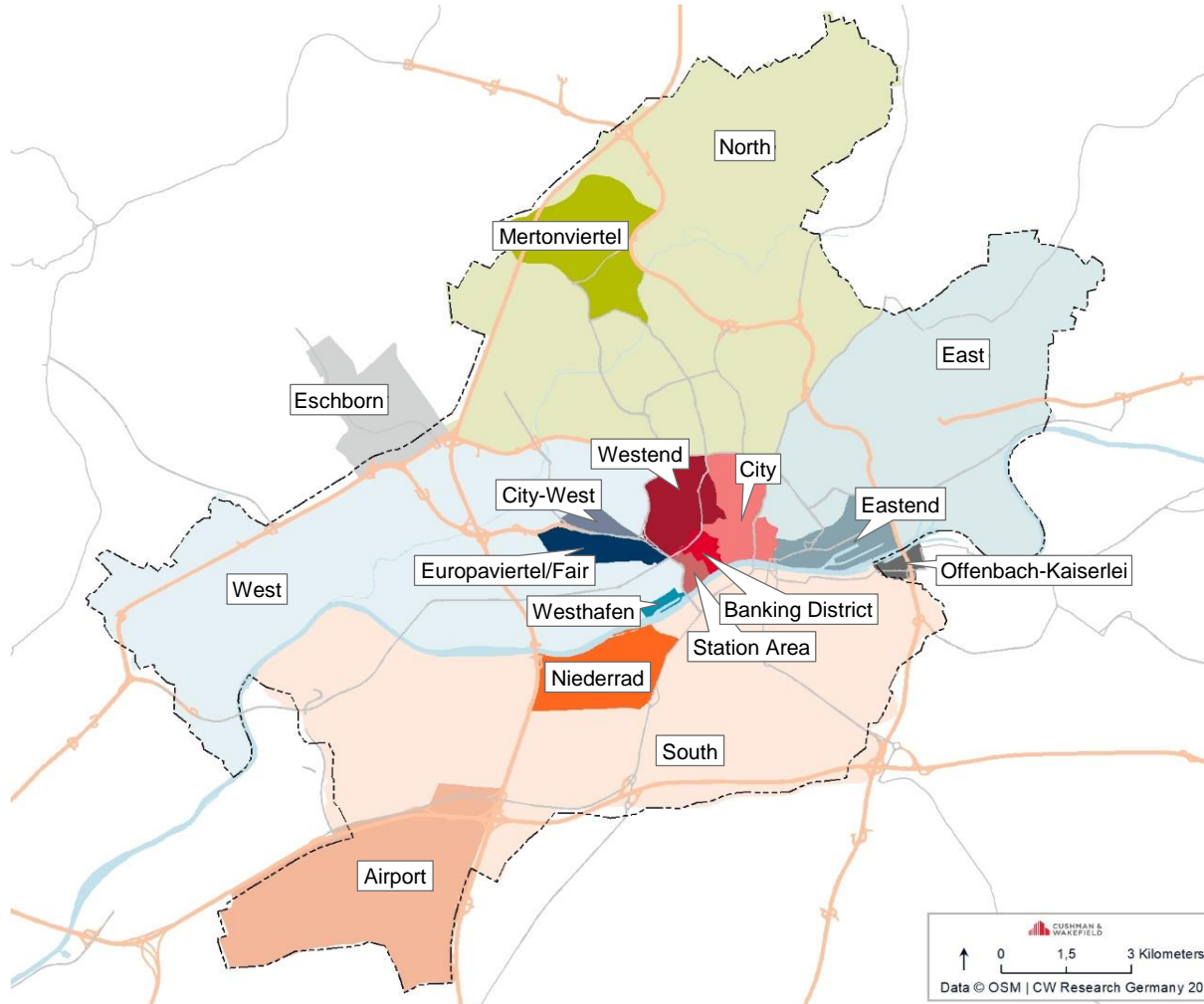
## COMPLETIONS



## RENTS



## SUBMARKET OVERVIEW



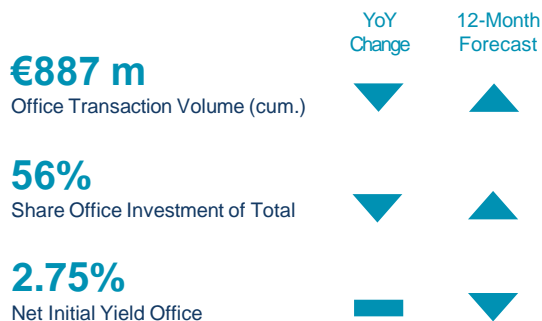
## RENTAL PRICE RANGES Q2 2021

Submarket	€/m <sup>2</sup> /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 – 23.00
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

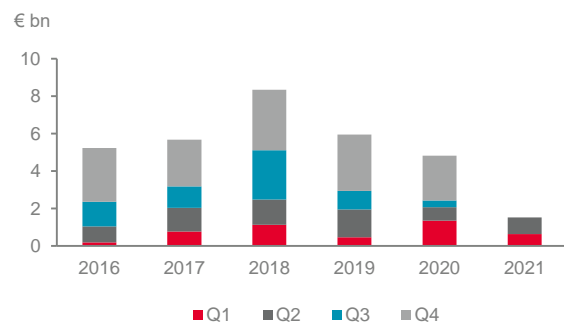
## OFFICE INVESTMENT MARKET

An office transaction volume of €887 million was recorded by the Frankfurt market in the first half of 2021, which is almost 57% below the level of the first half of 2020. On the demand side, there is sufficient capital available, but on the supply side there is a lack of investment products ready to go, as a significant proportion of lease agreements have been postponed. There have only been three office transactions in the triple-digit-million-euro range so far this year, including Ardian Real Estate's acquisition of the Westend Carree office building from Pubity subsidiary Preos for more than €200 million in the second quarter. The net initial yield for prime properties in very good central locations has remained unchanged since December 2019 at 2.75% and in peripheral locations at 4.45%.

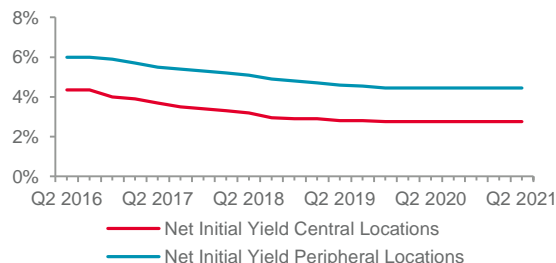
### KEY FIGURES



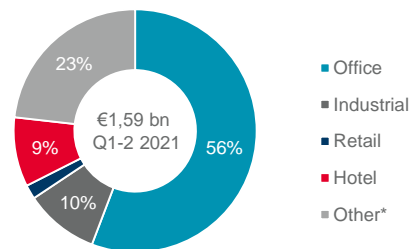
### OFFICE TRANSACTION VOLUME



### PRIME OFFICE YIELDS



### TRANSACTION VOLUME BY ASSET CLASS



\*Mixed-use Property, Development Plots, 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](mailto: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](mailto:Richard.tucker@cushwake.com)

#### Tamara Orth

Research Consultant  
 Tel: +49 50 60 73 142  
[tamara.orth@cushwake.com](mailto:tamara.orth@cushwake.com)

#### Ursula-Beate Neißer

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

#### Helge Zahrnt MRICS

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

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