

902,500m²

Take-Up (cum.)



3.5%

Vacancy Rate



1,766,100m²

Under Construction



€40.00

Prime Rent, €/m²/month



LABOUR MARKET

102.9

Ifo Employment Barometer
Germany (Dec 2021)



783,200

Berlin Office Employees
(Dec 2021)



8.8%

Berlin Unemployment Rate
(Dec 2021)



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

ECONOMIC OVERVIEW

According to the autumn 2021 economic report by the Chamber of Industry and Commerce business-related services and the digital economy, which are particularly important for Berlin's office market, have already overcome the crisis and are growing again. Overall, the demand for labour in Berlin is back at pre-crisis level, and is particularly strong in construction. The direct effects of the pandemic are increasingly fading into the background for Berlin's businesses, while indirect effects, such as disrupted supply chains and rising raw material prices and construction costs, as well as structural problems, such as the shortage of skilled workers, are increasingly coming to the fore.

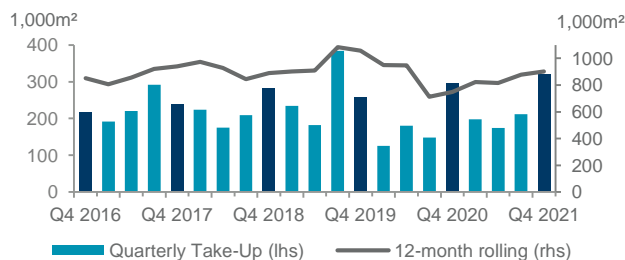
TAKE-UP

Office take-up totalled 902,500m² in 2021. This is 20% more than in 2020 and is similar to the five-year average. The good result is largely due to the strong Q4 with 318,600m² of take-up, which is 51% more than in the previous quarter. This figure is only exceeded by the record set in Q3 2019, at 383,800m². Numerous large lettings characterised the fourth quarter. Eight deals of 10,000m² or more contributed a total of 114,600m², including BIMA's leasing of 21,400m² at Chausseestrasse 23 for the Federal Ministry for Economic Affairs and Climate Action. Spaces between 3,000m² and 10,000m² generated a further 80,000m² of take-up in Q4. Take-up of smaller spaces already reached pre-pandemic levels in early 2021. However, the return of employees to the office, growth in employee numbers or expiring leases has now intensified the pressure for some companies to act, which led to more signings. For 2022, C&W expects a further increase in annual take-up to 940,000m².

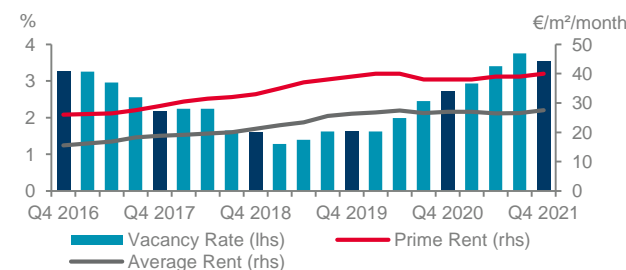
VACANCY

At the end of 2021, the vacancy rate including space offered for subletting was 3.5%. 701,300m² is available for immediate occupancy, 181,400 m² or 35 % more than a year earlier. 61% or 425,800m² of the available office space is located within the S-Bahn Ring. The share of vacancy accounted for by space offered for subletting has fallen from 15.9% (89,800m²) to 5.7% (39,900m²) since its peak in Q1 2021. Despite increasing take-up, vacancy will continue to grow in 2022 due to extensive new construction activity.

TAKE-UP



VACANCY & RENTS



COMPLETIONS

Completions in new construction and core refurbishment developments totalled 560,300m² in 2021, with 114,700m² or 20% still vacant by the end of the year. At present, 1.77 million m² is under construction in development projects. Out of the 850,000m² expected to be ready for occupancy in 2022, 64% is already pre-let or allocated to owner-occupiers. The volume of completions in 2023 will likely be at a similarly high level of 875,000m².

RENTS

The achievable prime rent is €40.00/m²/month. This is €2.00 higher than twelve months earlier and €1.00 higher than in the third quarter. After a temporary decline, it has now recovered to the record level seen at the beginning of 2020. Moreover, the area-weighted average rent climbed to a record high of €27.55/m²/month, up €0.60 year-on-year and €1.00 quarter-on-quarter. For 2022, C&W expects a further slight increase in prime rent.

SELECTED PROPERTY DEVELOPMENT PROJECTS

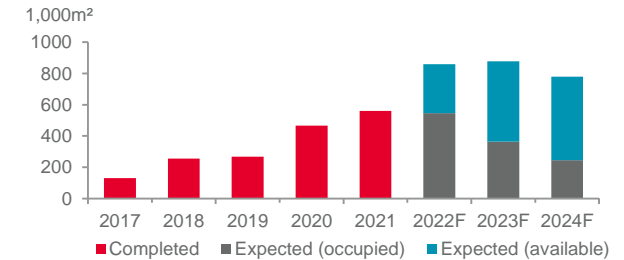
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Oberpostdirektion	Prenzlauer Berg	Completed	2021	26,800	Fortress / Stoke Park Capital
Scale	Prenzlauer Berg	Under Construction	2022	21,700	Imfarr / Townscape
TechnoCampus Berlin – New Buildings 1+2	Spandau	Under Construction	2022	19,300	AXA IM
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022	40,000	Aermont Capital

MARKET STATISTICS

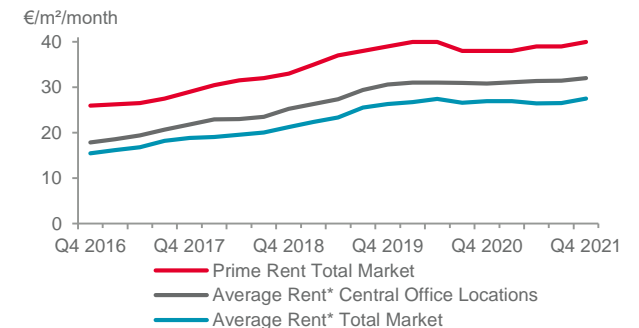
Selected Submarkets	Take-Up Q1-4 2021 (m ²)	Completions Q1-4 2021 (m ²)	Under Construction Q4 2021 (m ²)	Prime Rent Q4 2021 (€/m ² /month)	Average Rent* Q4 2021 (€/m ² /month)
Central Office Location Potsdamer Platz	28,100	20,200	27,700	40.00	34.10
Central Office Location East	210,100	73,300	433,300	40.00	33.95
Central Office Location MediaSpree	63,900	52,400	300,300	37.00	31.35
Central Office Location West	112,000	56,000	193,800	40.00	27.70
Total Market Berlin	902,500	560,300	1,766,100	40.00	27.55

* Weighted Average Rent (12 months)

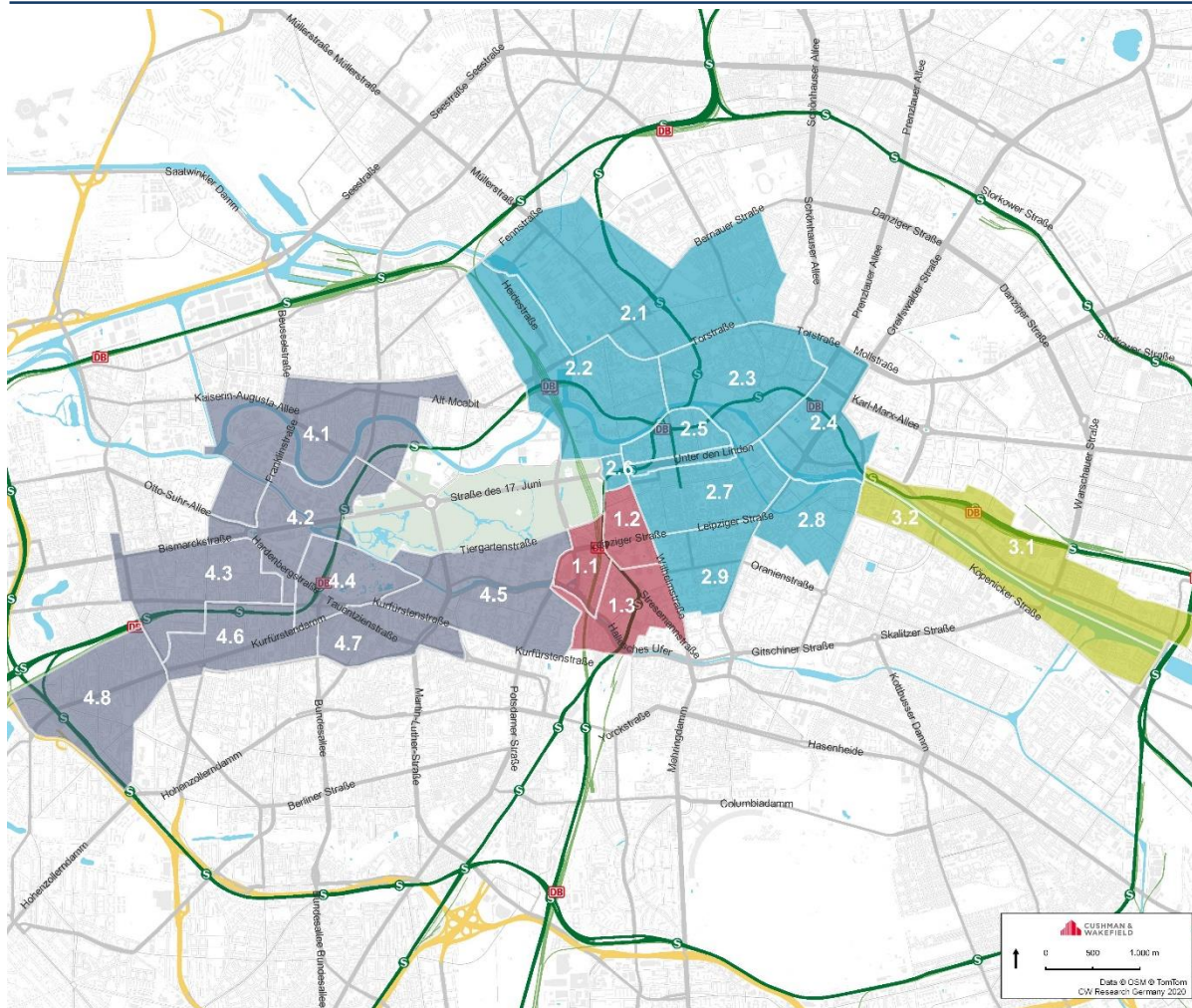
COMPLETIONS



RENTS



OVERVIEW – CENTRAL OFFICE LOCATIONS



RENTAL PRICE RANGES Q4 2021

(Micro-)Submarket	€/m ² /month
Central Office Location Potsdamer Platz	
1.1 Potsdamer Platz	28.00 - 40.00
1.2 Leipziger Platz	27.00 - 40.00
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 - 38.00
2.3 Oranienburger Straße – Hackescher Markt	26.00 - 40.00
2.4 Alexanderplatz – Klosterviertel	23.50 - 38.00
2.5 Friedrichstraße North	25.00 - 40.00
2.6 Pariser Platz – Unter den Linden	27.50 - 40.00
2.7 Friedrichstraße – Gendarmenmarkt	23.00 - 40.00
2.8 Spittelmarkt – Jannowitzbrücke	23.00 - 34.00
2.9 Presseviertel	22.00 - 36.00
Central Office Location MediaSpree	
3.1 MediaSpree – Friedrichshain	24.00 - 37.00
3.2 MediaSpree – Kreuzberg	23.00 - 36.00
Central Office Location West	
4.1 Spreebogen – Moabit	18.00 - 29.50
4.2 Ernst-Reuter-Platz	22.00 - 34.00
4.3 Kanstraße – Bismarckstraße	20.00 - 30.00
4.4 Zoologischer Garten	25.00 - 40.00
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

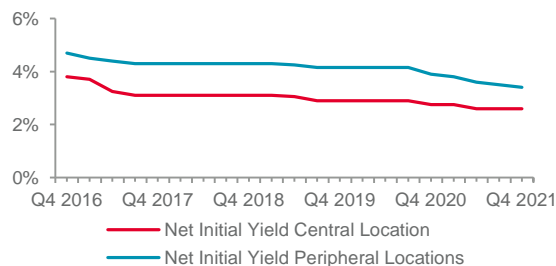
OFFICE INVESTMENT MARKET

The highest proportion of capital invested in commercial real estate in 2021 went into conventional office properties, at 45% or around €5.1 billion. This was 5% less than in the previous year. It should be noted that C&W has allocated large properties with significant proportions of office space to the "mixed-use properties" segment, where a transaction volume of around €2.2 billion was registered, representing 19 % of total volume. In total, a commercial real estate transaction volume of €11.3 billion was recorded. The rising office transaction volume trend in Berlin is primarily based on strong growth in capital values, which has been particularly pronounced since the end of 2015. Since then, capital values for prime office properties have increased by 168%. The prime yield for Berlin office properties was 2.60% at the end of 2021, 15 basis points below the level of a year ago.

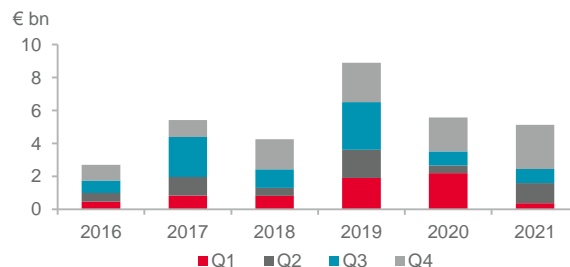
KEY FIGURES



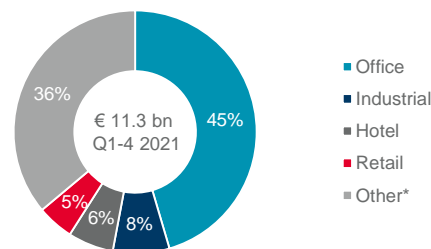
PRIME OFFICE YIELDS



OFFICE TRANSACTION VOLUME



TRANSACTION VOLUME BY ASSET CLASS



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

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