

ECONOMIC OVERVIEW

2021 was marked by a significant recovery in the Frankfurt labour market. After pandemic-related increases, the unemployment rate fell back below the 6% mark in December to 5.8%, only 50 basis points above the pre-crisis level of February 2020. Gross value added also saw an increase, although economic growth is likely to remain volatile given the ongoing pandemic.

TAKE-UP

With take-up of around 441,700m² in 2021, Frankfurt's previous year's office letting result was exceeded by 34%. This was mainly due to a strong fourth quarter, which registered 188,000m², more than twice as much take-up as Q3. The 10-year average was again missed in the second pandemic year, but only by a moderate 10%. A number of large deals outside the city centre in made a particular contribution to the positive result. With 59,200m², Eschborn was the most active submarket, as in 2020. Bafa, the Federal Office of Economics and Export Control also ensured the largest deal of the year with its leasing of more than 21,000m² in the Börsenplatz Eschborn project. Niederrad followed in second place with take-up of around 57,000m², also achieving a strong result thanks to large lettings such as 15,000m² by Worldline at Atricom.

VACANCY

Despite numerous lettings in existing buildings, the vacancy rate rose slightly in the fourth quarter. The reason for this is primarily by financial institutions offering large areas to sublet. Overall, the vacancy rate (including subletting space) was around 952,000m² at year-end, corresponding to a vacancy rate of 8.1%. At the end of 2020, the rate was 7.4%. At almost 155,000m², subletting space accounted for around 16% of the space available at short notice. Significant vacancy increases compared to the previous quarter were recorded in the City West and Europaviertel/Fair submarkets, where further space will also enter the market in 2022 as a result of tenant relocations or development completions.

LABOUR MARKET

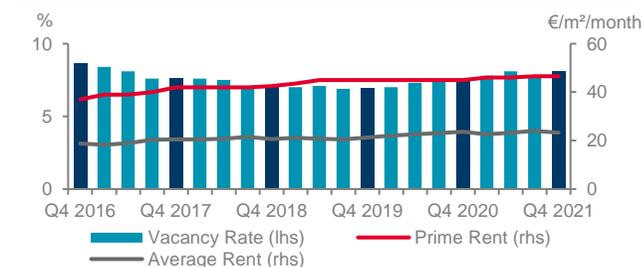


Sources: ifo-Institut, Moody's Analytics, Federal Employment Agency

TAKE-UP



VACANCY & RENT





COMPLETIONS

In 2021, around 205,000m² of new office was added to the market, around 75% of which was already let by completion. This exceeded the ten-year average by more than 25%. The next few years will also be characterized by a high level of construction activity. However, delays to some projects will cause a slight decline in the volume of completions in 2022. Thus, instead of the recently forecast 210,000m² being completed in 2022, it is likely that only around 141,000m² will be completed. The pipeline also remains well filled in the long term: in 2021, the high-rise Central Business Tower, Millennium Tower and Canyon development projects, among others, were announced in the CBD and adjacent submarkets. These projects demonstrate developers' confidence in Frankfurt as a location.

RENTS

The sustainable achievable prime rent remained unchanged compared to the previous quarter at € 46.50 /m²/month. The increase over the twelve-month period was 3.3%. The weighted average rent across all new leases concluded in the last twelve months was € 23.20/m²/month at the end of 2021. Large lettings in the less expensive suburban locations caused a slight decrease of € 0.40/m²/month or 1.7 % compared to the previous year.

SELECTED PROPERTY DEVELOPMENT PROJECTS

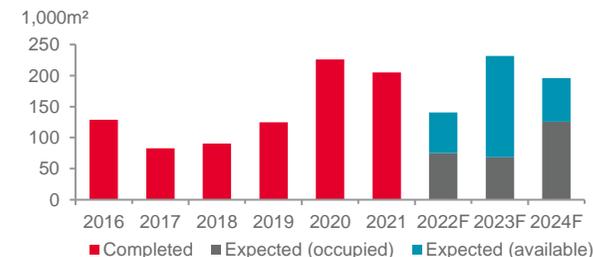
| Property/Project | Submarket | Status | Year of Completion | Office Space (m ²) | Owner |
|------------------|--------------------|--------------------|--------------------|--------------------------------|----------------|
| ONE | Europaviertel/Fair | Under Construction | 2022 | 37,700 | CA Immo |
| Taurus | City | Under Construction | 2023 | 10,100 | Axa |
| Kreisler | Central Station | Planned | 2024 | 23,100 | Quest |
| FOUR T1 | Banking District | Under Construction | 2024 | 72,200 | Groß & Partner |

MARKET STATISTICS

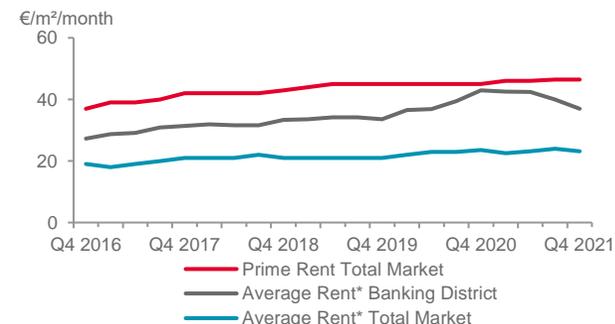
| Selected Submarkets | Take-Up Q1-4 2021 (m ²) | Completions Q1-4 2021 (m ²) | Space under Construction Q4 2021 (m ²) | Prime Rent Q4 2021 (€/m ² /month) | Average Rent* Q4 2021 (€/m ² /month) |
|-------------------------------|-------------------------------------|---|--|--|---|
| Banking District | 52,700 | 54,200 | 96,100 | 46.50 | 37.00 |
| Westend | 40,900 | 0 | 2,200 | 39.50 | 29.70 |
| City | 17,900 | 0 | 18,100 | 42.50 | 23.00 |
| Station Area | 25,000 | 0 | 1,900 | 35.00 | 27.00 |
| Total Market Frankfurt | 254,000 | 87,000 | 429,100 | 46.50 | 23.20 |

* Weighted Average Rent (12 months)

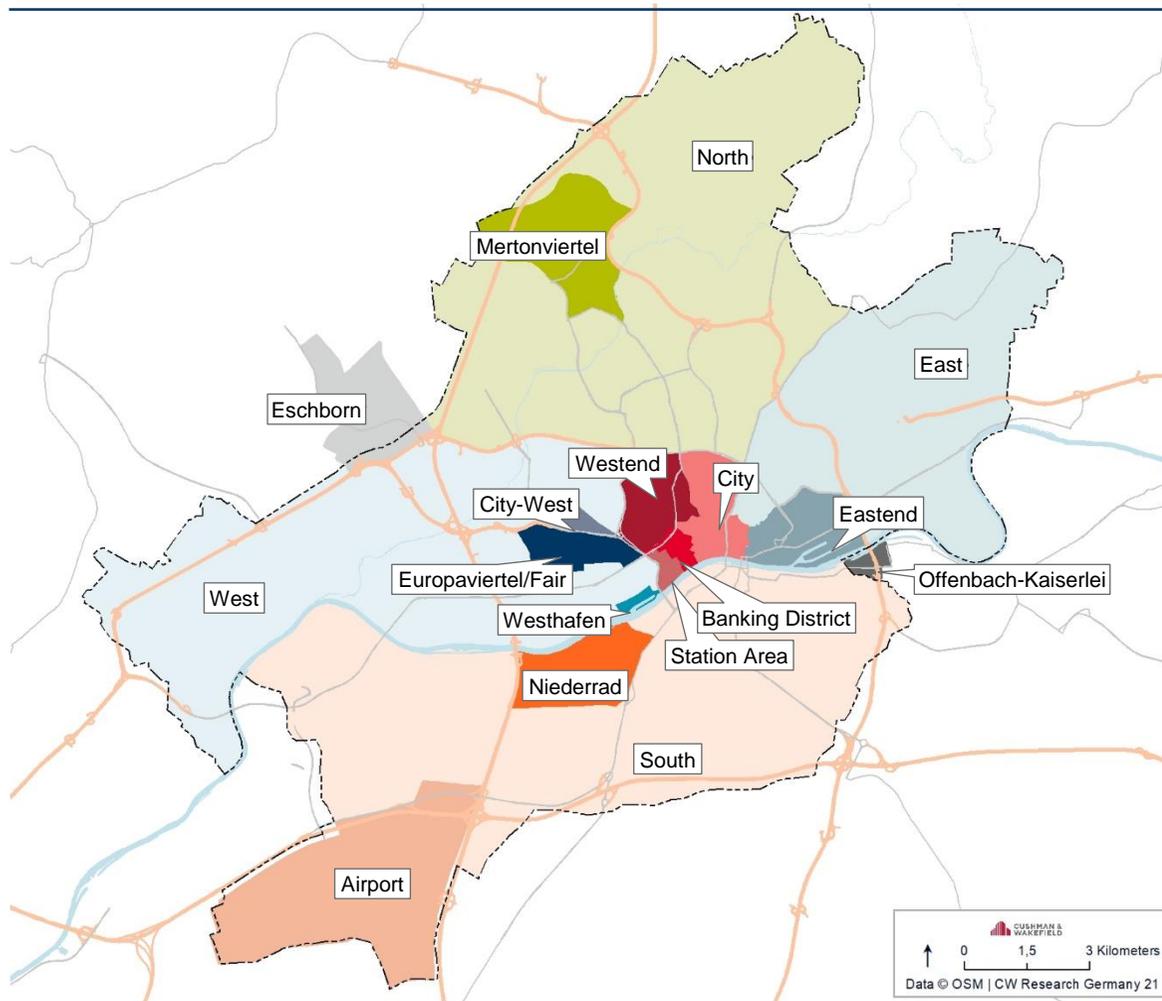
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2021

| Submarket | €/m ² /month |
|---------------------|-------------------------|
| Banking District | 17.00 - 46.50 |
| Westend | 17.00 - 39.50 |
| City | 15.00 - 42.50 |
| Station Area | 16.00 - 35.00 |
| City-West | 12.00 - 21.00 |
| Europaviertel/Fair | 18.00 - 35.00 |
| Westhafen | 18.50 - 27.00 |
| West | 9.50 - 35.00 |
| Niederrad | 12.50 - 18.00 |
| Airport | 18.50 - 28.00 |
| South | 13.00 - 20.00 |
| Eastend | 10.00 - 23.00 |
| East | 8.00 - 15.00 |
| Mertonviertel | 11.00 - 16.00 |
| North | 8.00 - 16.00 |
| Eschborn | 9.50 - 19.50 |
| Offenbach-Kaiserlei | 9.00 - 17.00 |

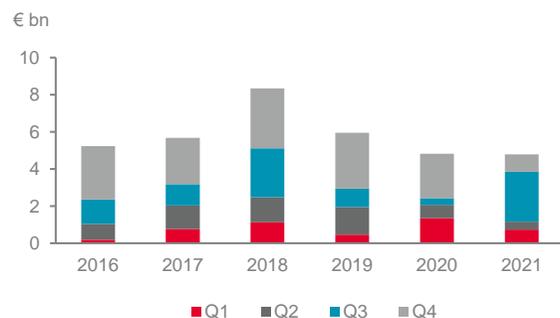
OFFICE INVESTMENT MARKET

€4.8 billion was invested in office properties in Frankfurt in 2021. This result came fell only slightly short – by 0.4% or €20 million of the previous year's result. Portfolio deals and platform acquisitions played only a subordinate role in the past twelve months, so that individual-property transactions gained in importance again. Here, the high-rise T1 and Skyper transacted in the third quarter at €1.4 billion and €550 million, respectively, were particularly significant for the market. The largest deal in the 4th quarter was the purchase of Fürstenhof by Momeni for more than €170 million. The net initial yield for prime office properties in central locations fell by 15 basis points to 2.60% at the end of the year. Price increases were also recorded in peripheral locations, with yields ending the year at 4.30%.

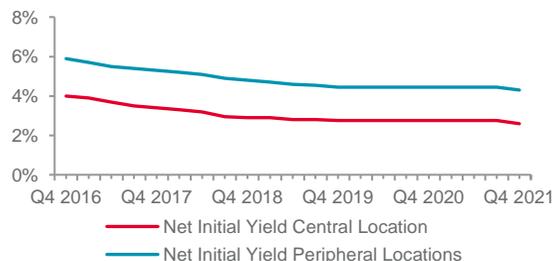
KEY FIGURES



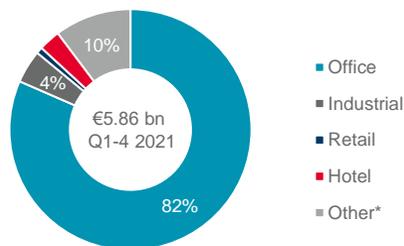
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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