

	YoY Change	12-Month Forecast
149,900m² Take-Up (cum.)	▼	▲
3.9% Vacancy Rate	▲	▲
1,596,400m² Under Construction	▼	▬
€41.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

102.1

Ifo Employment Barometer Germany (Mar 2022)

YoY Change



794,700

Berlin Office Employees (Mar 2022)



8.8%

Berlin Unemployment Rate (Mar 2022)



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

ECONOMIC OVERVIEW

According to the early 2022 economic report by the Chamber of Industry and Commerce Berlin's economy has weakened slightly since the autumn. According to the companies surveyed, the outlook in particular has worsened due to rapidly rising energy and raw material prices. Given the war in Ukraine and the increase in the inflation rate, it is assumed that the mood has continued to deteriorate. In the construction sector, not only are costs rising significantly, but there are also longer delivery times for building materials, which impairs the ability to plan construction projects. Although the demand for labour remains high overall, there is a threat of a halt in employment growth in many sectors due to the widespread lack of applicants.

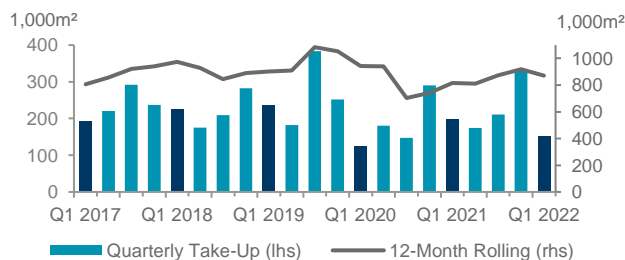
TAKE-UP

Office take-up in Q1 2022 was 149,900m². This is 24% less than in the same quarter last year. The figure is also 23% below the five-year average. The complete lack of major deals of 10,000m² or more prevented a better result. However, fluctuations of this magnitude in take-up are normal for Berlin. After the take-up of small spaces had already recovered last year, the take-up of medium-sized spaces between 1,000m² and 3,000m² has now also recovered to a total of 40,200m², 18% above the five-year average. The number of lettings overall is also already back at pre-pandemic levels. The pandemic is increasingly fading into the background, which is reflected in higher office occupancy rates and demand for space. However, deteriorating financing conditions and the slowing economy could create new uncertainty. Nevertheless, C&W expects take-up to exceed 900,000m² in 2022.

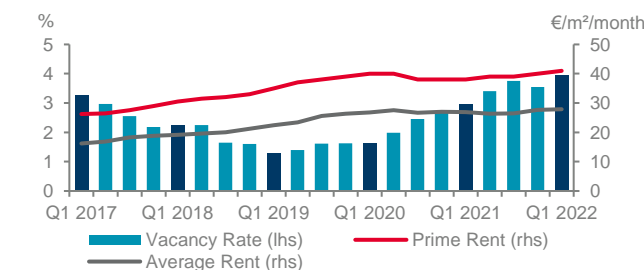
VACANCY

At the end of March 2022, the vacancy rate including space offered for subletting was 3.9%. 788,100m² is available for immediate occupancy, 223,700m² or 40% more than a year ago. 61% or 478,500m² of the available office space is located within the S-Bahn Ring. After the vacancy rate had fallen in Q4 2021 due to the high take-up, it rose again in Q1 2022. In addition to the low take-up, high completion figures with space still vacant was responsible for this. Due to the still well-filled development pipeline, vacancy will continue to grow.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Completions in new construction and core refurbishment developments totalled a record 245,700m² in Q1 2022, which was around three times the five-year average. 40,700m² or 20% of this space was still vacant on completion. Out of the additional 601,000m² expected to be ready for occupancy in 2022, 61% is already pre-let or allocated to owner-occupiers. Overall, 1.6 million m² is still under construction, of which 52% is pre-let or allocated to owner-occupiers.

RENTS

The achievable prime rent rose to a new record high of €41.00/m²/month. This is €3.00 higher than twelve months ago and €1.00 higher than at the end of 2021. The area-weighted average rent also reached a new high. It is now at €27.90/m²/month and has therefore increased by €1.00 compared to the same quarter last year and by 20 cents compared to last quarter. Further record prime rent levels are expected by the end of the year, driven by new high-quality supply in prime locations.

SELECTED PROPERTY DEVELOPMENT PROJECTS

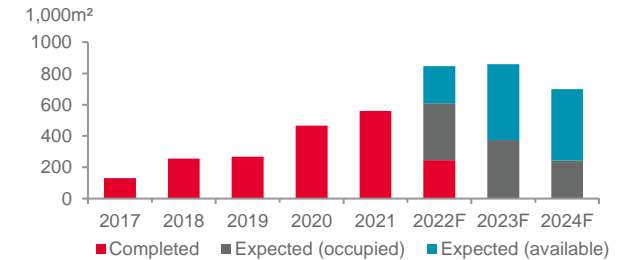
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Stream	MediaSpree – Friedrichshain	Completed	2022	43,200	PGIM
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022	42,500	Aermont Capital
EDGE East Side	MediaSpree – Friedrichshain	Under Construction	2023	68,800	Allianz / BVK
QH Track	Hauptbahnhof - Regierungsviertel	Under Construction	2023	105,100	Taurecon

MARKET STATISTICS

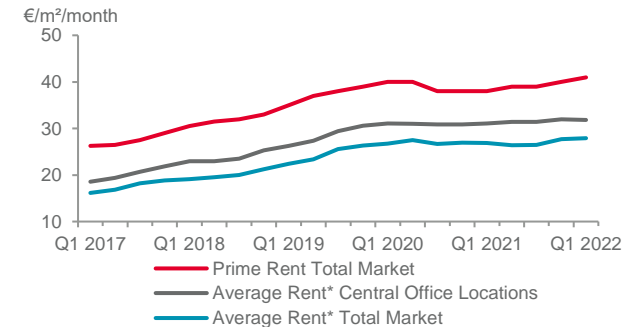
Selected Submarkets	Take-Up Q1 2022 (m ²)	Completions Q1 2022 (m ²)	Under Construction Q1 2022 (m ²)	Prime Rent Q1 2022 (€/m ² /month)	Average Rent* Q1 2022 (€/m ² /month)
Central Office Location Potsdamer Platz	4,600	6,300	21,400	41.00	34.85
Central Office Location East	37,700	14,000	423,100	41.00	34.10
Central Office Location MediaSpree	4,000	43,200	257,100	37.00	30.40
Central Office Location West	19,400	48,800	172,000	41.00	27.70
Total Market Berlin	149,900	245,700	1,596,400	41.00	27.90

* Weighted Average Rent (12 months)

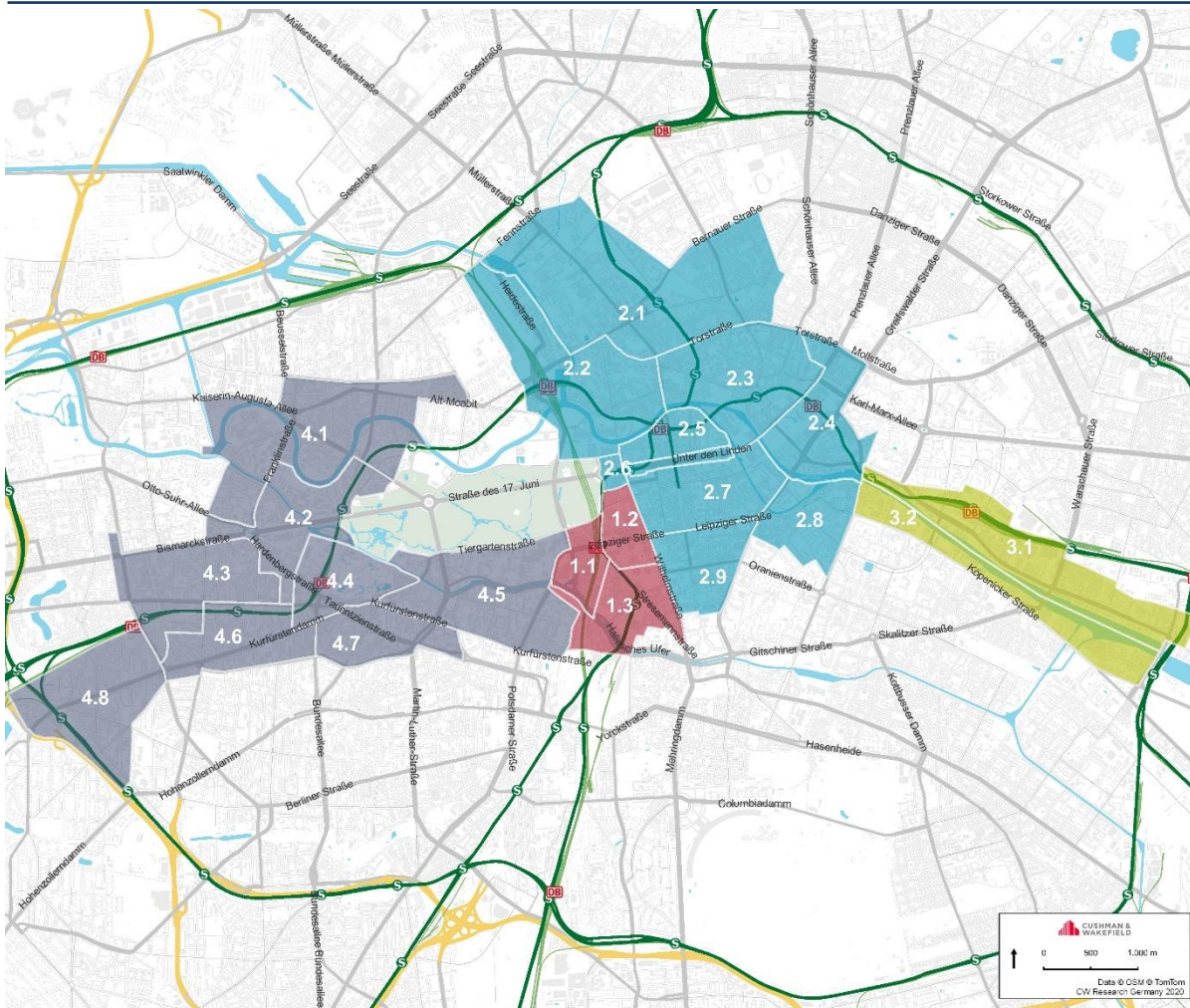
COMPLETIONS



RENTS



OVERVIEW – CENTRAL OFFICE LOCATIONS



RENTAL PRICE RANGES Q1 2022

(Micro-)Submarket	€/m ² /month
Central Office Location Potsdamer Platz	
1.1 Potsdamer Platz	28.00 - 41.00
1.2 Leipziger Platz	27.00 - 41.00
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 - 41.00
2.4 Alexanderplatz – Klosterviertel	23.50 - 41.00
2.5 Friedrichstraße North	25.00 - 41.00
2.6 Pariser Platz – Unter den Linden	27.50 - 41.00
2.7 Friedrichstraße – Gendarmenmarkt	23.00 - 41.00
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 - 41.00
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

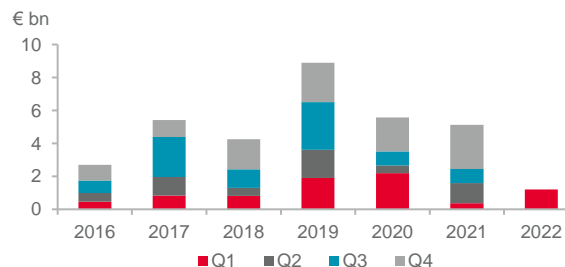
OFFICE INVESTMENT MARKET

The major proportion of capital invested in commercial real estate in the first quarter went into office properties at 65% or €1.2 billion. This was 224% more than in the weak first quarter of 2021, but in line with the Q1 five-year average. Among the office transactions, twelve properties changed hands in the course of the acquisition of alstria office REIT-AG by Brookfield Asset Management. The deal pipeline points to a strong transaction volume for 2022, with over €6 billion of additional assets already being marketed or in preparation at the start of the second quarter. The prime yield for Berlin office properties is 2.60%, 15 basis points below the level of a year ago. It has, however, remained stable since the second quarter of 2021. In view of the significant rise in yields on government bonds and in interest rates for financing investments, the downward trend in office yields has been stopped for the time being. C&W expects yields to rise slightly by the end of the year.

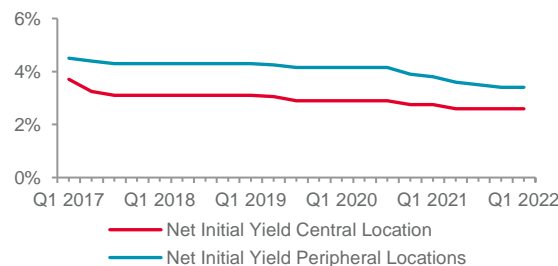
KEY FIGURES



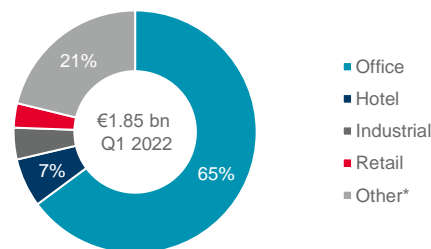
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



Donn Lutz

Head of Office Agency Berlin
Tel: +49 30 72 62 18 349
donn.lutz@cushwake.com

Clemens von Arnim

Head of Capital Markets Berlin
Tel: +49 30 72 62 18 241
clemens.arnim@cushwake.com

Robert Schmidt

Research Consultant
Tel: +49 30 72 62 18 280
robert.schmidt@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 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 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.

cushmanwakefield.com

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