

	YoY Change	12-Month Forecast
354,100m² Take-Up (cum.)	▼	▬
4.3% Vacancy Rate	▲	▲
1,681,600m² Under Construction	▬	▼
€42.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

	YoY Change
103.3 Ifo Employment Barometer Germany (Jun 2022)	▬
818,800 Berlin Office Employees (Jun 2022)	▲
8.7% Berlin Unemployment Rate (Jun 2022)	▼

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

ECONOMIC OVERVIEW

Berlin's economy is being heavily influenced by the difficult macroeconomic environment with high inflation, supply bottlenecks and rising interest rates. High inflation and rising interest rates have a particularly negative impact on growth companies with high valuations or unprofitable companies. The first hiring freezes and waves of layoffs, even of larger companies in this category, have already been announced. As Germany's start-up hotspot, Berlin will be more affected by this than other locations. However, there are also positive trends, namely in those sectors that benefit from the easing of pandemic-related restrictions. These are primarily tourism, gastronomy, culture and, to some extent, retail.

TAKE-UP

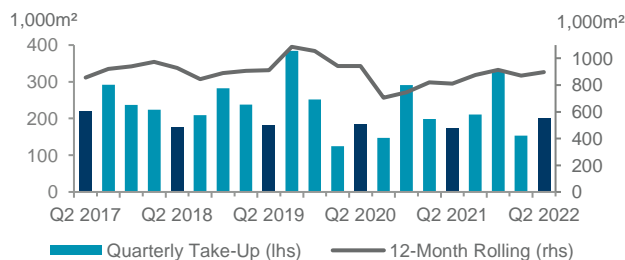
Office take-up in the first half of 2022 was 354,100m². This is a slight decline of 5% compared to the equivalent period last year and 7% below the H1 five-year average. At 200,900m², 31% more space was let in the second quarter than in the low-take-up first quarter. A large contribution to the increase, some 30,000m², came from the owner-occupier refurbishment of the Haus der Statistik, which will be used by the tax office and BIM. H1 as a whole lacked the major deals necessary for an even better result. Only the pre-letting of a development project to Siemens Mobility in Adlershof with around 15,000m² of office and laboratory space broke the 10,000m² threshold. The rolling annual take-up has been showing an upward trend in almost all size categories for eighteen months. It is only for lettings of 10,000m² or more that it is falling. For small and medium-sized spaces, take-up is back at, or even above, pre-pandemic levels.

VACANCY

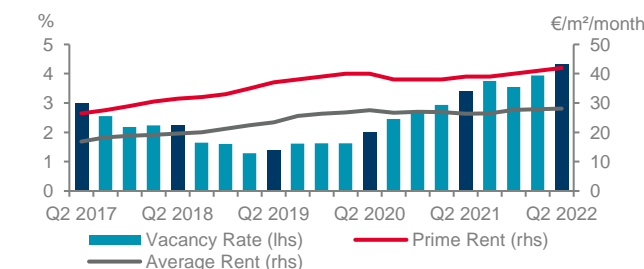
At the end of the first half of 2022, the vacancy rate including sublet space on offer was 4.3%. This is the highest level since 2016, meaning that 869,500m² is currently available for immediate occupancy in the capital. This corresponds to an increase of 207,000m² or 31% compared to the same point last year. 60%, or 524,300m², of the office space available is in properties located within the S-Bahn ring.

The increase in vacancy primarily comprised spaces not yet let in completed development projects and vacated spaces whose former tenants have since moved into new or core-renovated spaces. As the development pipeline is well filled until the end of the year and beyond, vacancy will continue to increase.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Completions in new-build and core refurbishment projects reached record volumes in H1 2022. The 327,700m² recorded is 171% above the H1 five-year average. 64,600m² or 20% of the space was still without an occupier on completion. Of the 419,900m² still to be completed by the end of 2022, 64% is pre-let or intended for owner-occupiers. In total, development projects amounting to almost 1.7 million m² are under construction, with 51% of the space currently let or reserved for owner-occupiers. Due to rising financing and construction costs as well as increasing supply, Cushman & Wakefield expects property developers to act more cautiously and the number of speculative construction-starts to decrease.

RENTS

The achievable prime rent reached a new record high and is now €42.00/m²/month. This is €3.00 more than twelve months ago and €1.00 more than in Q1 2022. The area-weighted average rent net also reached a new high at €28.05/m²/month. It rose by €1.65 over 12 months and by 20 cents in the last quarter. The prime rent will continue to rise slightly in the second half of the year - driven by lettings in new and high-quality space in prime locations.

SELECTED PROPERTY DEVELOPMENT PROJECTS

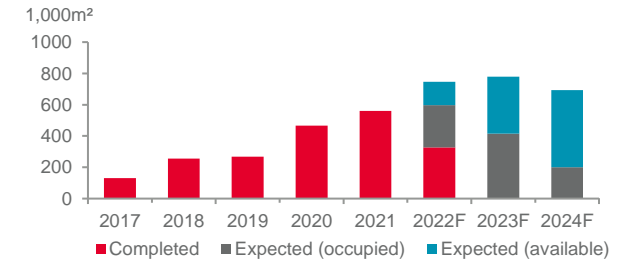
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
TechnoCampus, New Construction BT1 + BT2	Siemensstadt	Completed	2022	20,100	AXA IM
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2022 / 2023	42,500	Aermont Capital
EDGE East Side	MediaSpree – Friedrichshain	Under Construction	2023	68,800	Allianz / BVK
QH Track	Europacity	Under Construction	2023	105,100	Taurecon

MARKET STATISTICS

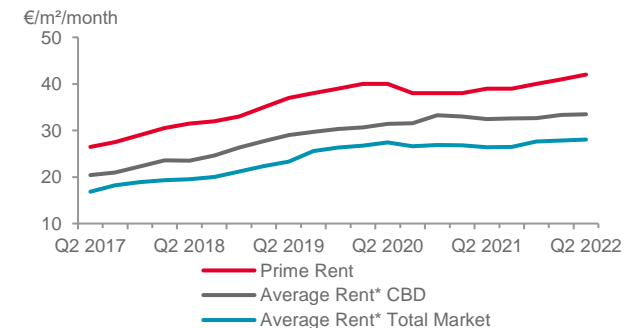
Selected Submarkets	Take-Up Q1-2 2022 (m ²)	Completions Q1-2 2022 (m ²)	Under Construction Q2 2022 (m ²)	Prime Rent Q2 2022 (€/m ² /month)	Average Rent* Q2 2022 (€/m ² /month)
CBD Potsdamer Platz	9,200	7,900	7,700	42.00	36.55
CBD East	27,200	41,200	100,300	42.00	32.90
CBD West	16,300	17,400	135,900	42.00	30.45
MediaSpree	13,700	54,400	259,400	38.00	31.35
Total Market Berlin	354,100	327,700	1,681,600	42.00	28.05

* Weighted Average Rent (12 months)

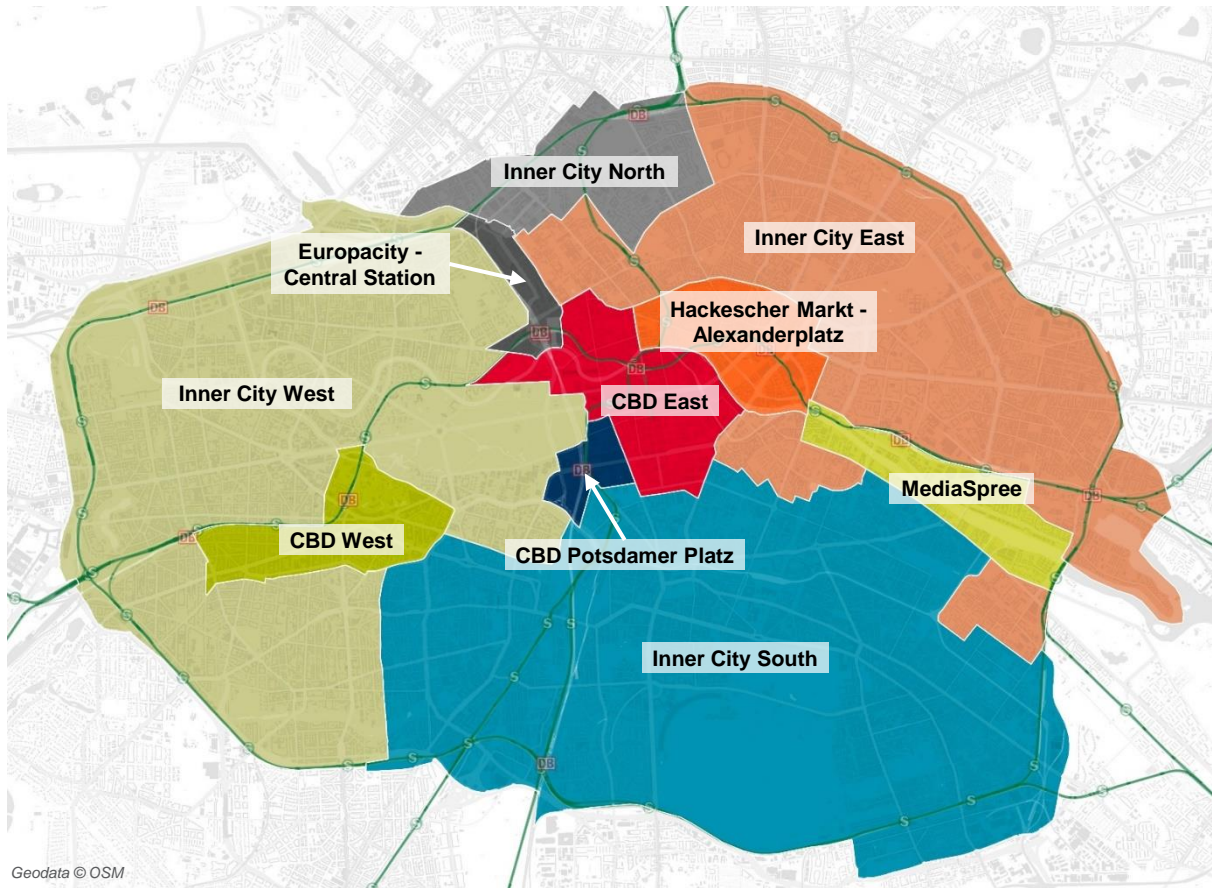
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q2 2022

Teilmarkt	€/m ² /Monat
CBD Potsdamer Platz	28,00 - 42,00
CBD East	22,00 - 42,00
CBD West	23,00 - 42,00
Hackescher Markt - Alexanderplatz	22,00 - 42,00
MediaSpree	22,00 - 38,00
Europacity - Central Station	25,00 - 38,00
Inner City East	20,00 - 39,00
Inner City South	17,50 - 37,00
Inner City West	16,00 - 35,00
Inner City North	15,00 - 25,50
Berlin East	8,50 - 24,00
Berlin South	10,50 - 22,00
Berlin West	8,50 - 23,00
Berlin North	10,50 - 25,00
BER Airport	11,50 - 18,00



OFFICE INVESTMENT MARKET

With €1.59 billion and 42% of the total CRE transaction volume, office properties were again the leading asset class in the first half of the year. In view of the significant increase in financing interest rates, office yields are rising and thus initiating a trend reversal. Currently, the prime office yield is 2.85%, 25 basis points higher than in both the first quarter and a year ago. For many properties on the market there is currently a significant gap between the asking and bid prices. Only when this gap closes will the exact extent of the yield increase become apparent. However, based on current financing conditions, Cushman & Wakefield expects yields to increase further to the end of the year. While interest rate volatility remains at the current high level, institutional investors will not make any major investment decisions over the summer.

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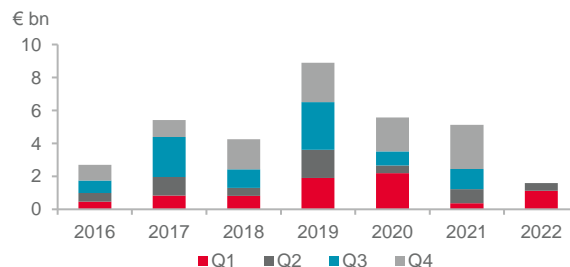
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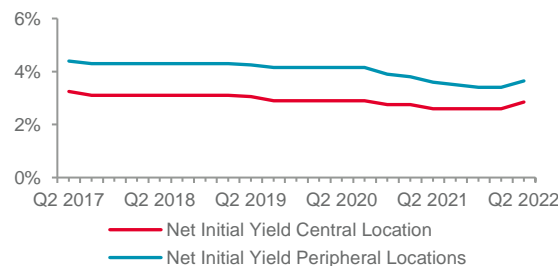
KEY FIGURES



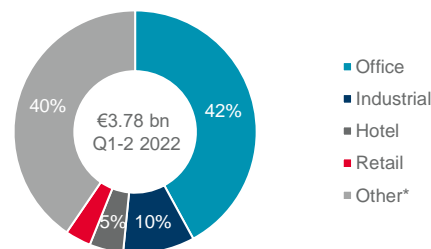
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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