

	YoY Change	12-Month Forecast
583,900m² Take-Up (cum.)	▼	▼
4.4% Vacancy Rate	▲	▲
1,684,100m² Under Construction	▼	▼
€43.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

99.5

Ifo Employment Barometer Germany (Sep 2022)

YoY Change



826,500

Berlin Office Employees (Sep 2022)



8.9%

Berlin Unemployment Rate (Sep 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 and unprofitable companies. Hiring freezes and layoffs by companies in these categories, are already in progress. As Germany's start-up hotspot, Berlin is relatively heavily affected by this. On the other hand, the current high level of foreign immigration to Berlin is laying the foundations for stronger growth in the future, with the population having grown by almost 48,200 in the first half of 2022. In addition to the high level of immigration from Ukraine and Russia due to the war, immigrants from India are also increasingly coming to Berlin.

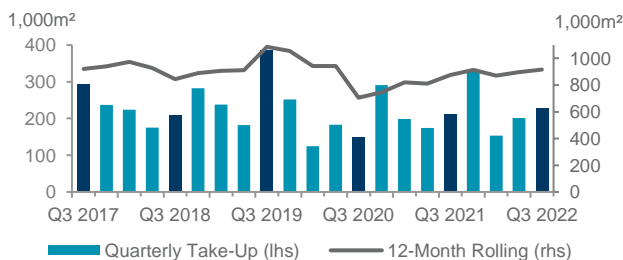
TAKE-UP

Office take-up in the first nine months was 583,900m². This is on par with the equivalent period last year. The result is around 7 % below the 5-year average, but 3 % above the 10-year average. Rolling 12-month take-up has moved from an upward trend to stagnating and there is a threat of decline in the coming quarter. At 228,400m², Q3 saw stronger take-up than the first two which is, however, usual in Berlin. There were four deals of 10,000m² or more in Q3, including the pre-letting of 22,500m² in the QH Track project to Cariad SE, a software subsidiary of Volkswagen. As is usually the case in Berlin, companies from the ITT sector / online platforms ranked first with 62,000m² of take-up in Q3 and 125,400m² in the year to date.

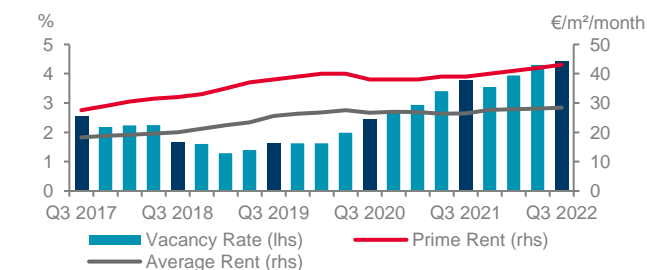
VACANCY

At the end of Q3 2022, the vacancy rate including sublet space on offer was 4.4% which is the highest level since the end of 2015. 892,000m² is currently available for immediate occupancy. This corresponds to an increase of 155,500m² or 21% year over year. However, vacancy increased by only 22,500m² or 3% compared to the previous quarter which was considerably slower than in the first half of the year. Drivers for the stabilisation were the higher take-up in Q3 and fewer completions than in the first half of 2022. Looking ahead, however, further increases in vacancy are to be expected, as the development pipeline is still very extensive.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Completions in new-build and core refurbishment developments reached record volumes by the end of September. The 397,600m² recorded is 73% above the five-year average. 98,300m² or 25% of the space was still without an occupier on completion. Of the 297,800m² still to be completed in Q4, 73% is pre-let or intended for owner-occupiers. In total, development projects amounting to 1.7 million m² are under construction, with 54% of the space currently let or reserved for owner-occupiers. Due to rising financing and construction costs as well as increasing supply, property developers will act more cautiously which will decrease the number of speculative construction-starts.

RENTS

The achievable prime rent also increased in Q3 and is now at €43.00/m²/month. This is €4.00 more than twelve months ago and €1.00 more than in Q2 2022. The area-weighted average rent also reached €28.40/m²/month and therefore rose by €1.90 over 12 months and by 35 cents in Q3. C&W expects further moderate growth in prime rents going into next year. This will be driven by lettings in development projects and high-quality existing buildings in prime locations, for which demand remains high.

SELECTED PROPERTY DEVELOPMENT PROJECTS

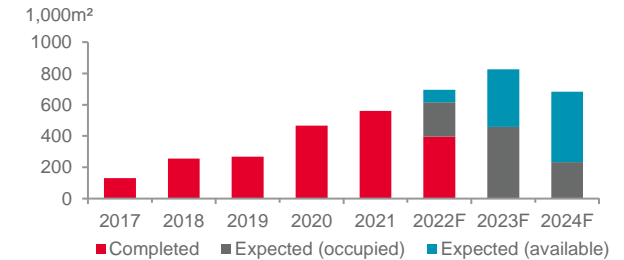
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
ERP 6	Ernst-Reuter-Platz	Completed	2022	24,500	Karl H. Pepper Vermögensverwaltung
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2023	42,500	Aermont Capital
EDGE East Side	MediaSpree –Seite Friedrichshain	Under Construction	2023	68,800	Allianz / BVK
Pandion Officehome Ostkreuz Campus A+B	Ostkreuz	Under Construction	2024	37,100	Pandion

MARKET STATISTICS

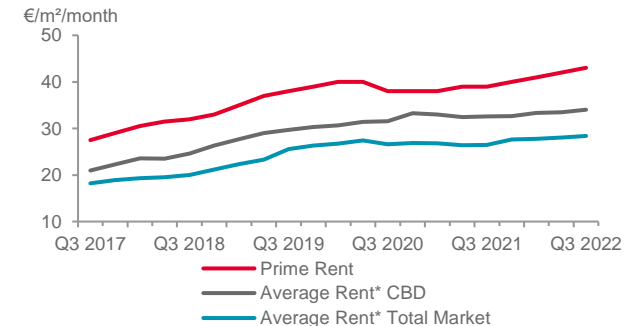
Selected Submarkets	Take-Up Q1-3 2022 (m ²)	Completions Q1-3 2022 (m ²)	Under Construction Q3 2022 (m ²)	Prime Rent Q3 2022 (€/m ² /month)	Average Rent* Q3 2022 (€/m ² /month)
CBD Potsdamer Platz	18,000	7,900	7,700	43.00	35.20
CBD East	53,200	41,200	116,200	43.00	33.05
CBD West	23,500	17,400	140,300	43.00	30.75
MediaSpree	16,500	54,400	258,200	40.00	30.35
Total Market Berlin	583,900	397,600	1,684,100	43.00	28.40

* Weighted Average Rent (12 months)

COMPLETIONS

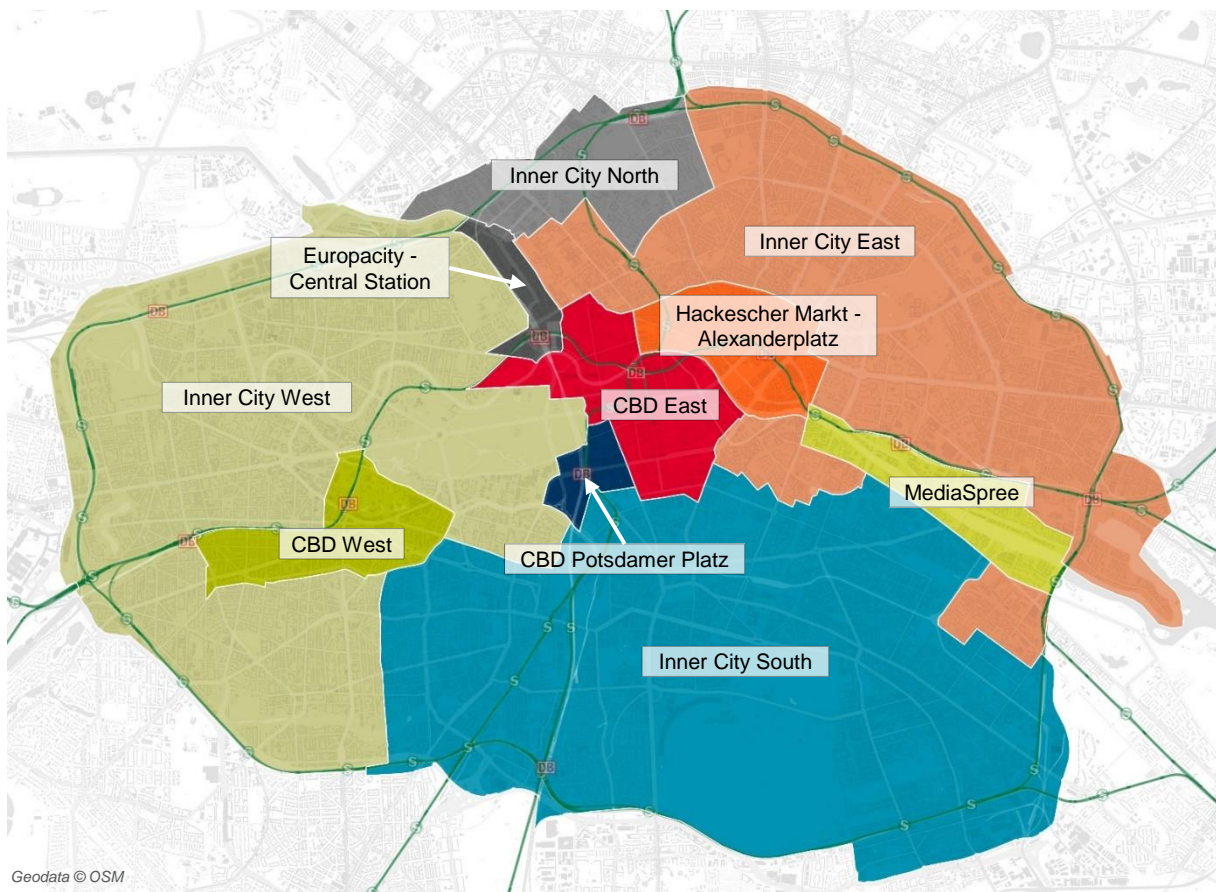


RENTS





SUBMARKET OVERVIEW



Geodata © OSM

RENTAL PRICE RANGES Q3 2022

Teilmarkt	€/m ² /Monat
CBD Potsdamer Platz	28.00 - 43.00
CBD East	22.00 - 43.00
CBD West	23.00 - 43.00
Hackescher Markt - Alexanderplatz	22.00 - 43.00
MediaSpree	22.00 - 40.00
Europacity - Central Station	25.00 - 38.00
Inner City East	20.00 - 39.00
Inner City South	15.00 - 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



Geodata © OSM

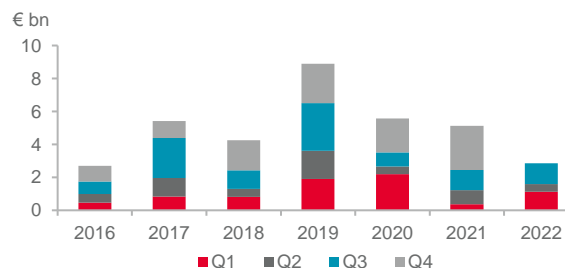
OFFICE INVESTMENT MARKET

With € 2.85 billion and 48% of the total transaction volume, office properties were once again the leading asset class in the first nine months of the year. Seven transactions exceeded the €100 million mark. The two largest office transactions, of Voltair and TechnoCampus Berlin, took place in the third quarter. Currently, the prime office yield is 3.20%, 60 basis points higher than at the same point last year. The increase started in Q2 with 25 basis points and continued in Q3 with a strong move of 35 basis points. A further increase can be expected by the end of the year, as the current level of interest rates on financing has not yet been fully priced in. With the current level of bond yields at over 2% and the prime office yield at 3.20%, the risk premium is not attractive for many investors. In order to significantly boost transaction volumes, macroeconomic factors would also need to be less volatile.

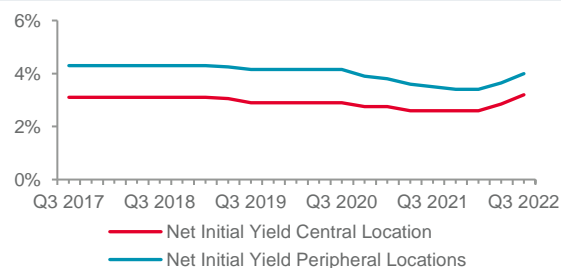
KEY FIGURES



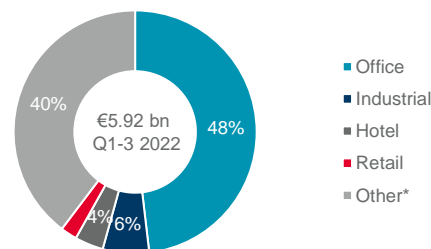
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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