

YoY Change 12-Month Forecast

**291,200m<sup>2</sup>**

Take-Up (cum.), m<sup>2</sup>



**7.2%**

Vacancy Rate



**488,000m<sup>2</sup>**

Under Construction, m<sup>2</sup>



**€47.50**

Prime Rent, €/m<sup>2</sup>/month



## LABOUR MARKET

YoY Change

**99.5**

Ifo Employment Barometer Germany (Sep 2022)



**321,400**

Frankfurt Office Employees (Sep 2022)



**6.0%**

Frankfurt Unemployment Rate (Sep 2022)



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

## ECONOMIC OVERVIEW

The outbreak of war in Ukraine, the resulting energy crisis, climate change and the consequences of the Covid-19 pandemic are currently impacting current global economic activity. Moody's Analytics has reduced its 2022 GDP growth forecast for Germany from 3.4% at the beginning of the year to 0.7%.

Frankfurt is also facing challenges in this context. Here, the growth forecast for gross value added was corrected from 4.8% to 1.7%. The unemployment rate in the city of Frankfurt has fallen from 6.1% to 6.0% since the beginning of the year.

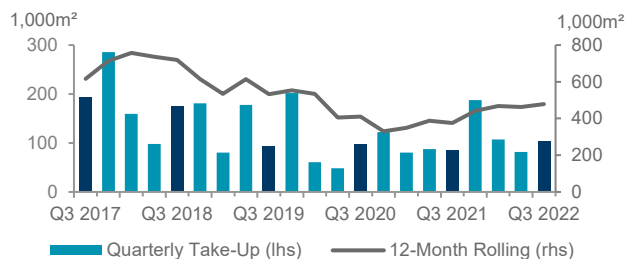
## TAKE-UP

In the third quarter Frankfurt's office market saw lettings and owner-occupancy deals totalling 102,500m<sup>2</sup>. This result corresponds to an increase in take-up of 26% compared with the previous quarter and 13% compared with Q3 2021. Over the first three quarters of 2022, total take-up of 291,200m<sup>2</sup> was achieved in the Frankfurt office market. This figure is around 15% higher than the previous year's equivalent result, while falling short of the 5-year-average by 13%. The quarterly result was driven primarily by the letting of 18,600m<sup>2</sup> of office space in Gallusanlage 8 to ODDO BHF AG. This was the only letting of over 10,000m<sup>2</sup> in the third quarter. The next largest deals were the 8,200m<sup>2</sup> letting to Frankfurt University Hospital in the Allianz Kai building in Sachsenhausen and 6,900m<sup>2</sup> of office space let to engineering firm Schüßler-Plan in the Atrium development project in Frankfurt's Ostend district.

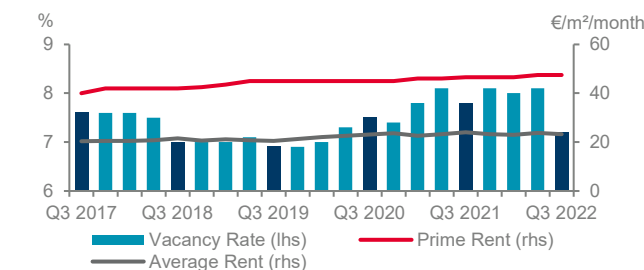
## VACANCY

The vacancy rate at the end of Q3 2022 was 7.2%. This represents a decrease of 90 basis points compared with the previous quarter. In total, around 850,800m<sup>2</sup> of office space was available to let for immediate occupancy at the end of September. The decline of 104,200m<sup>2</sup> is primarily driven by subleasing space that is no longer offered for occupancy within three months and therefore no longer counts as vacant office space.

## TAKE-UP



## VACANCY & RENT



## COMPLETIONS

88,200m<sup>2</sup> of office space has been completed in the Frankfurt market area so far this year, of which 17% is still available. Alone in the third quarter 63,700m<sup>2</sup> of new space came into the market. This includes, among other things, the completion of ONE in the Europaviertel with around 44,500m<sup>2</sup> of office space. A further 35,000m<sup>2</sup> is expected by the end of the year, of which 48% is still available. This would mean the completion volume for 2022 as a whole will fall below the 200,000m<sup>2</sup> mark for the first time in three years. The planned completion volume for 2023 is 215,100m<sup>2</sup> with a pre-letting rate of currently close to 40%.

## RENTS

The weighted average rent across all new lettings in the last twelve months is currently €23.30/m<sup>2</sup>/month. This represents a fall of €0.50/m<sup>2</sup>/month or 2.1% compared to the previous quarter. Compared to a year ago, the weighted average rent has fallen by €0.70/m<sup>2</sup>/month. The prime rent at the end of the third quarter stood at €47.50/m<sup>2</sup>/month and showed no change compared with the previous quarter. Over the last twelve months, the prime rent has increased by €1.00/m<sup>2</sup>/month.

Due to the demand for modern, energy-efficient office space and the continuing elevated level of construction costs, prime rents will remain stable for the rest of the year.

## SELECTED PROPERTY DEVELOPMENT PROJECTS

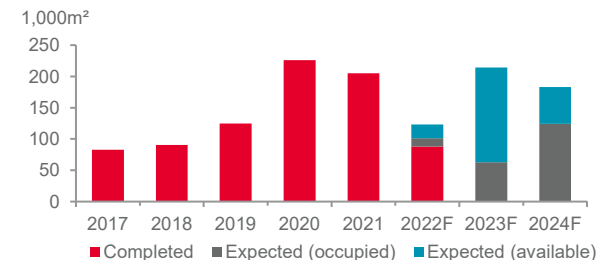
| Property/Project            | Submarket          | Status             | Year of Completion | Office Space (m <sup>2</sup> ) | Owner                   |
|-----------------------------|--------------------|--------------------|--------------------|--------------------------------|-------------------------|
| Timber Pioneer              | Europaviertel/Fair | Under Construction | 2023               | 14,500                         | UBM & Paulus Immobilien |
| Taurus                      | City               | Under Construction | 2023               | 10,100                         | AXA                     |
| Börsenplatz Eschborn (1.BA) | Eschborn           | Under Construction | 2024               | 21,400                         | Gertler Estates         |
| Kreisler                    | Station Area       | Under Construction | 2024               | 22,300                         | Quest                   |

## MARKET STATISTICS

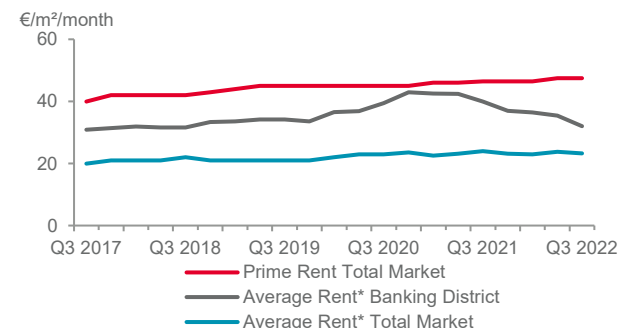
| Selected Submarkets           | Take-Up Q1-3 2022 (m <sup>2</sup> ) | Completions Q1-3 2022 (m <sup>2</sup> ) | Space under Construction Q3 2022 (m <sup>2</sup> ) | Prime Rent Q3 2022 (€/m <sup>2</sup> /month) | Average Rent* Q3 2022 (€/m <sup>2</sup> /month) |
|-------------------------------|-------------------------------------|---|--|--|---|
| Banking District              | 40,300                              | 0                                       | 96,100   | 47.50  | 32.50   |
| Westend                       | 24,300                              | 800                                     | 12,300   | 45.00  | 33.90   |
| City                          | 32,600                              | 2,500                                   | 40,600   | 47.50  | 32.50   |
| Station Area                  | 10,900                              | 0                                       | 25,000   | 35.00  | 22.20   |
| <b>Total Market Frankfurt</b> | <b>291,200</b>                      | <b>88,200</b>                           | <b>488,000</b>                                     | <b>47.50</b>                                 | <b>23.30</b>                                    |

\* Weighted Average Rent (12 months)

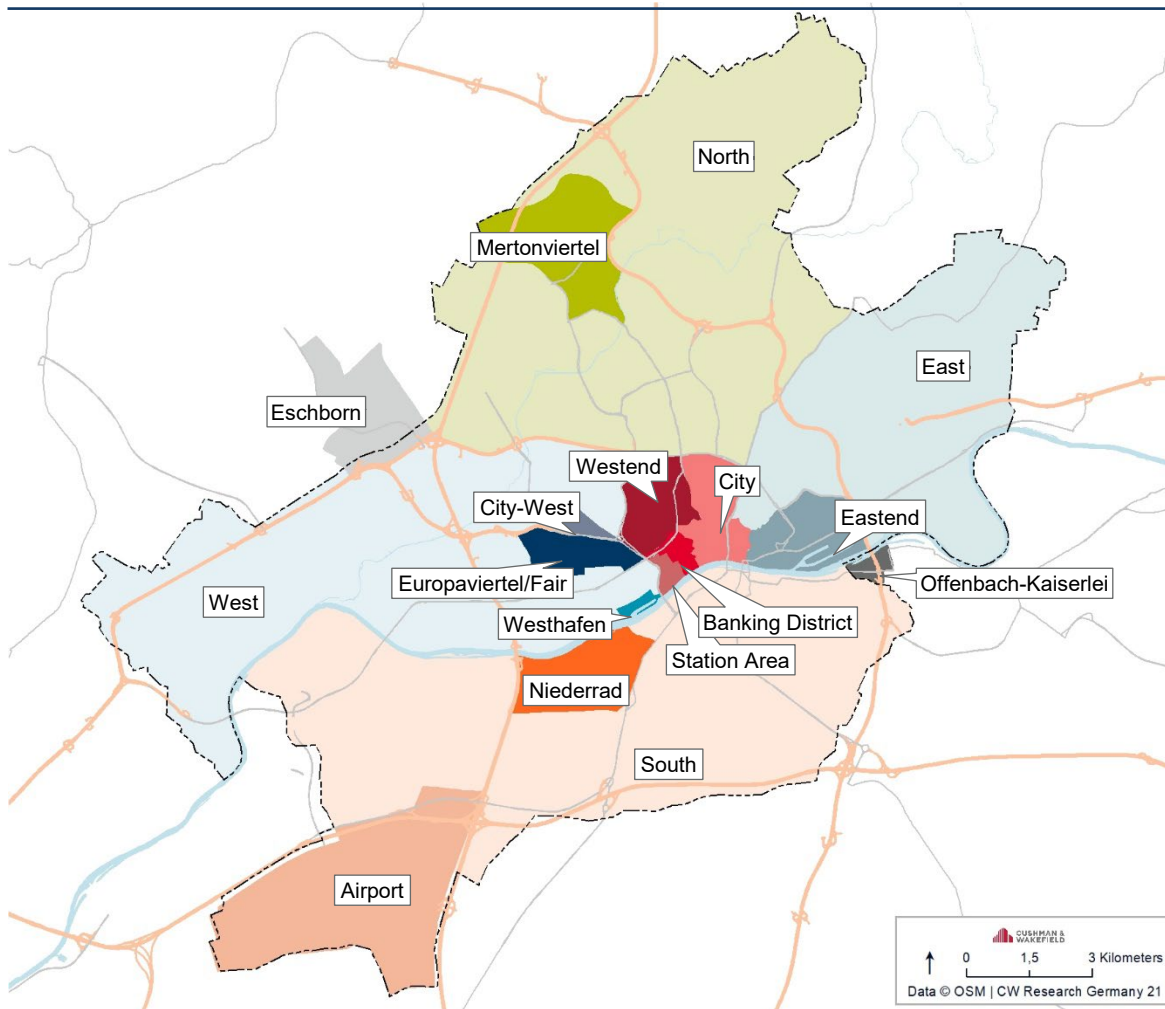
## COMPLETIONS



## RENTS



## SUBMARKET OVERVIEW



## RENTAL PRICE RANGES Q3 2022

| Submarket           | €/m <sup>2</sup> /month |
|---------------------|-------------------------|
| Banking District    | 16.50 - 47.50           |
| Westend             | 16.00 - 45.00           |
| City                | 16.00 - 47.50           |
| Station Area        | 13.50 - 35.00           |
| City-West           | 14.00 - 24.50           |
| Europaviertel/Fair  | 18.00 - 37.50           |
| Westhafen           | 18.50 - 24.00           |
| West                | 10.50 - 39.00           |
| Niederrad           | 12.50 - 18.00           |
| Airport             | 16.00 - 28.00           |
| South               | 11.00 - 22.00           |
| Eastend             | 10.50 - 23.00           |
| East                | 9.00 - 15.00            |
| Mertonviertel       | 11.00 - 16.00           |
| North               | 9.00 - 16.00            |
| Eschborn            | 10.00 - 22.00           |
| Offenbach-Kaiserlei | 9.00 - 17.00            |



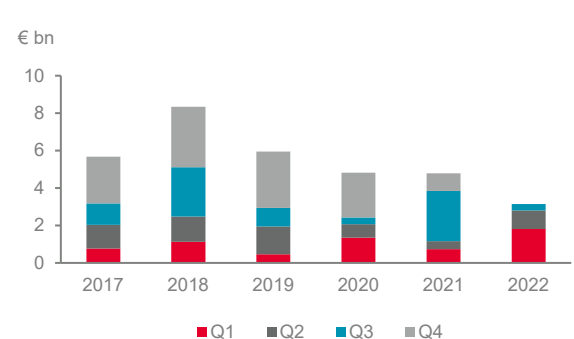
## OFFICE INVESTMENT MARKET

At 77% or around €3.1 billion, office properties accounted for the lion's share of investment in the year so far. In the third quarter, a transaction volume of around €335 billion was achieved by this asset class. Transactions in Eschborn have made a particularly strong contributor to market activity in Frankfurt in the past three months, where SKY Eschborn, Horizon Tower and KÖ 3 all changed hands. Within Frankfurt's city boundary, Friedrich-Ebert-Anlage 54 and Kennedyallee 123 were sold, both of which will be occupied by the buyers themselves. The net initial yield for prime properties in very good city centre locations was 3.10% at the end of the third quarter, and 5.00% in non-central locations, corresponding to increases of 25 and 45 basis points respectively since the previous quarter.

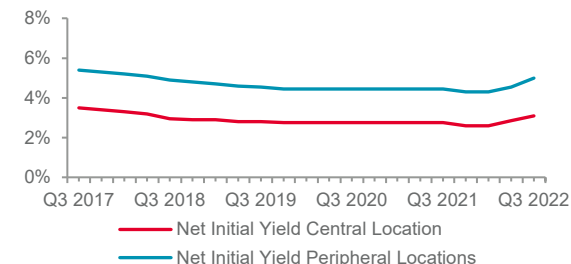
### KEY FIGURES



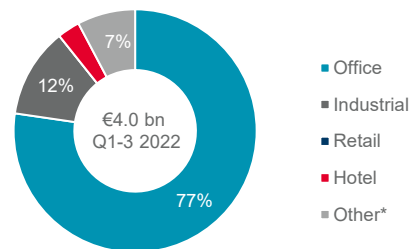
### OFFICE TRANSACTION VOLUME



### PRIME OFFICE YIELDS



### TRANSACTION VOLUME BY ASSET CLASS



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

#### Pierre Nolte

Head of Office Agency Frankfurt  
Head of Tenant Representation  
Tel: +49 69 50 60 73 328  
[pierre.nolte@cushwake.com](mailto:pierre.nolte@cushwake.com)

#### Michael Fleck

Head of Capital Markets Frankfurt  
Tel: +49 69 50 60 73 237  
[michael.fleck@cushwake.com](mailto:michael.fleck@cushwake.com)

#### Nina Ranzenberger

Research Analyst  
Tel: +49 69 50 60 73 072  
[nina.ranzenberger@cushwake.com](mailto:nina.ranzenberger@cushwake.com)

#### Ursula-Beate Neißer

Head of Research Germany  
Tel: +49 69 50 60 73 140  
[ursula-beate.neisser@cushwake.com](mailto:ursula-beate.neisser@cushwake.com)

#### Helge Zahrnt MRICS

Head of Research & Insight Germany  
Tel: +49 40 300 88 11 50  
[helge.zahrnt@cushwake.com](mailto:helge.zahrnt@cushwake.com)

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