

# MARKETBEAT FRANKFURT

Investment Q4 2022



YoY  
Change

12-Month  
Forecast

**€4.6 bn**

Transaction Volume (cum.)



**54%**

Share of Foreign Capital



**3.35%**

Office Prime Yield, net



**75%**

Share Office Investment Volume



## ECONOMIC INDICATORS

YoY  
Change

12-Month  
Forecast

**5.7%**

Frankfurt Unemployment Rate  
(Dec 2022)



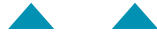
**323,600**

Frankfurt Office Employees  
(Dec 2022)



**2.50%**

ECB Interest Rate  
(Dec 2022)



**2.15%**

10-Year Government  
Bond Yield (Q4 2022)



Sources: Federal Employment Agency, Moody's Analytics

## NO YEAR-END RALLY FOR FRANKFURT INVESTMENT MARKET

The transaction volume for commercial real estate and development sites on the Frankfurt investment market amounted to approximately €4.6 billion in 2022. Compared to the previous year's result, this corresponds to a decline of 22%, and fell short of the 10-year average by 24%. After an already weak third quarter, the trend continued in the last three months of 2022. The usual year-end rally failed to materialise, with transaction volume of only €590 million in the fourth quarter.

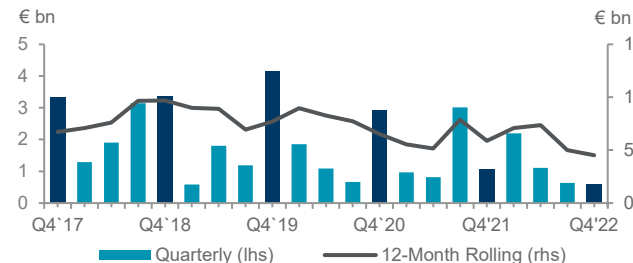
The majority of CRE investment again flowed into office property in 2022. This asset class contributed around €3.4 billion and thus some 75% of the transaction volume. Of this, €330 million was invested in the final quarter of 2022. The largest office transaction in the fourth quarter did not take place in the city centre, but in Sossenheim on the outskirts of the city. The acquired property is to be converted into a data centre in the medium term.

The office sector is followed by logistics and industrial real estate with transaction volume of approximately €450 million. The largest deal in the course of the year was the sale of two logistics properties in Frankfurt's Cargo-City-Süd by DWS to Garbe Industrial for €126 million.

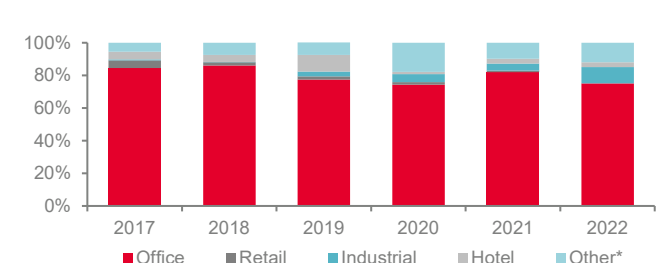
Development plots, mixed-use properties and data centres accounted for a total transaction volume of around €575 million and the hotel sector generated around €145 million. No retail property transactions took place over the course of the year.

At around €2.5 billion, international capital accounted for approximately 54% of total transaction volume in 2022, which is around 39 percentage points above the previous year's result (€870 million). A major factor in this was the sale of Marienturm to DWS in the first quarter on behalf of South Korean pension fund NPS with a transaction volume of €800 million.

## COMMERCIAL TRANSACTION VOLUME\*



## SHARE OF TRANSACTION VOLUME BY ASSET CLASS



\* Office, Retail, Industrial, Hotel, Other (Leisure, Health Care, Mixed Use, Development Plots)

# MARKETBEAT FRANKFURT

Investment Q4 2022



CUSHMAN &  
WAKEFIELD

## STRONG INCREASE IN THE LOGISTICS SECTOR

The logistics and industrial property transaction volume increased the most in 2022 compared to the previous year, from just under €260 million in 2021, to around €450 million in the Frankfurt market area in 2022 - an increase of around 73%.

## YIELDS RISE

The net initial yield for first-class office properties in prime locations was 3.35% at the end of 2022. Compared to the previous quarter, this represents an increase of 25 basis points. In non-central locations, the net initial yield for first-class office properties remains static at 5.00%.

High-quality logistics and industrial properties are currently trading at a prime yield of 4.00%. This figure represents an increase of 40 basis points compared to the end of September 2022. City centre high street mixed-commercial properties are quoted at 3.75%, 15 basis points higher than in Q3 2022.

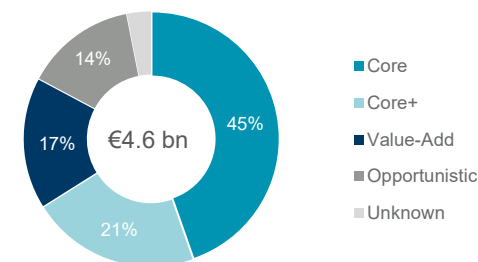
## INCREASING MARKET ACTIVITY IN THE RANGE UP TO €25 MILLION

Although the size class up to €25 million was the second-smallest price-range category in 2022 with a contribution of just over 16% of the total CRE transaction volume, it dominates the number of recorded transactions by far, with almost 70 deals. Almost 63% of transactions were in this size category.

## Outlook

- Due to the ECB's planned interest rate increases, further yield increases can be expected in the course of 2023.
- No large-volume transactions are expected in the first half of 2023.
- If the tense financing environment recovers in the further course of the year, large-volume office transactions within the Frankfurt CBD are expected to resume.

## TRANSACTION VOLUME BY RISK CATEGORY 2022

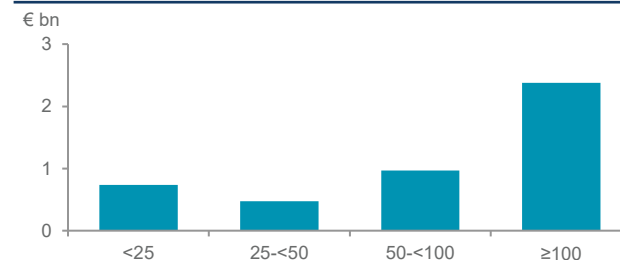


## PRIME YIELDS BY ASSET CLASS\*



\* Net initial yield

## TRANSACTION VOLUME BY SIZE CATEGORY 2022\*



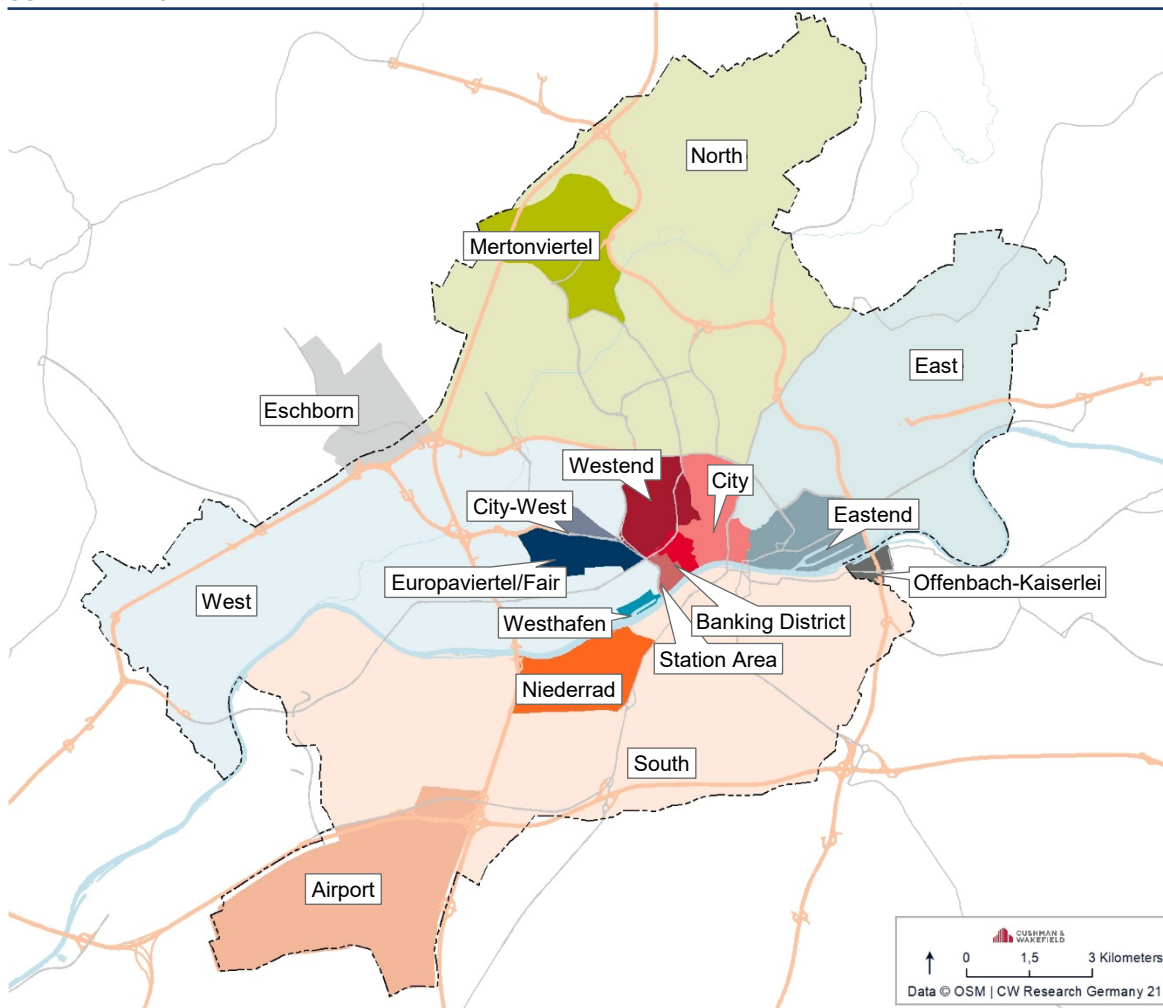
\* Each size category in euro million

# MARKETBEAT FRANKFURT

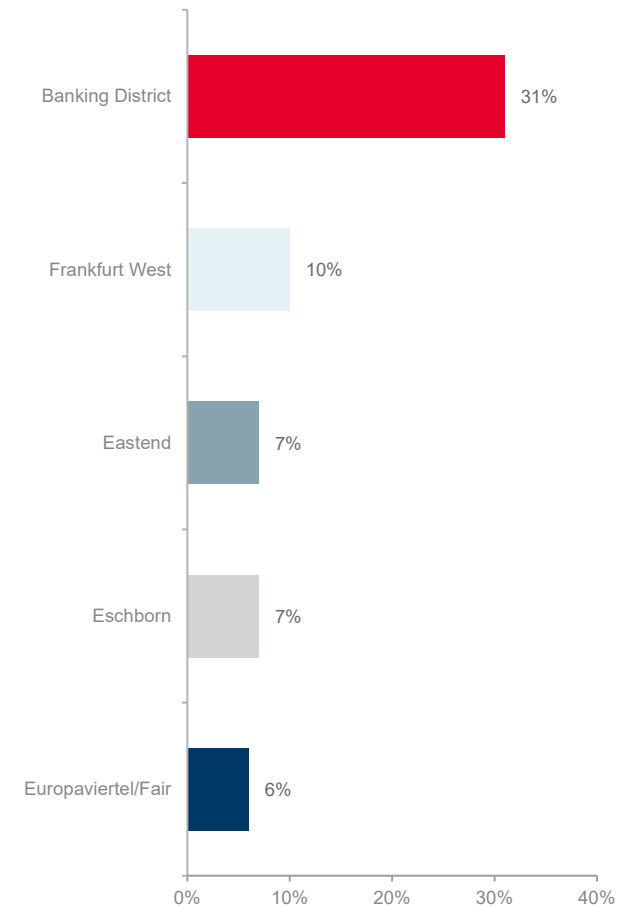
Investment Q4 2022



## SUBMARKET OVERVIEW



## TOP-5 SUBMARKETS BY TRANSACTION VOLUME\*



\*Q1-4 2022



# MARKETBEAT FRANKFURT

Investment Q4 2022



## MARKET STATISTICS Q1-4 2022

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Industrial Volume	Share of International Capital	Office Prime Yield*	High Street Retail Prime Yield*	Logistics Prime Yield*
Frankfurt	4.6	75%	0%	10%	54%	3.35%	3.75%	4.00%
YoY Change	-22%	-7 PP	+/-0 PP	+6 PP	+39 PP	+75 bps	+30 bps	+100 bps
<b>Top-7 Markets</b>	<b>26.74</b>	<b>56%</b>	<b>4%</b>	<b>9%</b>	<b>50%</b>	<b>3.51%</b>	<b>3.60%</b>	<b>4.00%</b>
YoY Change	-22%	-10 PP	+2 PP	+2 PP	+6 PP	+75 bps	+19 bps	+99 bps
<b>Germany</b>	<b>51.70</b>	<b>39%</b>	<b>15%</b>	<b>18%</b>	<b>43%</b>	<b>3.51%</b>	<b>3.60%</b>	<b>4.00%</b>
YoY Change	-14%	-7 PP	+3 PP	+3 PP	+6 PP	+75 bps	+19 bps	+99 bps

\*Prime yield is net initial yield, displaying achievable values. Prime yield for Germany = Average of Top-7 Markets.

PP = Percentage Points bps = Basis Points

## SELECTED INVESTMENT TRANSACTIONS 2022

Property / Address	Quarter	Asset Class	Submarket	Vendor / Buyer	Price (€ million)
Marienturm, Taunusanlage 9-10	Q1	Office	Banking District	Pecan / DWS	~ 800
Takeover alstria office-REIT AG: subportfolio Frankfurt (11 properties)	Q1	Office	Various	alstria office REIT-AG / Brookfield Asset Management	~ 550
Main Tower, Neue Mainzer Strasse 52-58	Q2	Office	Banking District	Hannover Leasing / Helaba	~ 230
SKY Eschborn, Frankfurter Strasse 60-62	Q3	Office	Eschborn	Cilon / ABG	~ 110

### 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)

### Helge Zahmt MRICS

Head of Research & Insight Germany

Tel: +49 40 300 88 11 50

[helge.zahmt@cushwake.com](mailto:helge.zahmt@cushwake.com)

### Ursula Reißer

Head of Research Germany

Tel: +49 69 50 60 73 140

[ursula-beate.neisser@cushwake.com](mailto:ursula-beate.neisser@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 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2023 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](http://cushmanwakefield.com)