



	YoY Change	12-Month Forecast
6.0% Vacancy Rate	▲	▲
516,600m² Take-up (cum.)	▼	▲
159.9 Prime Rental Index*	▲	▲

ECONOMIC INDICATORS

	YoY Change	12-Month Forecast
0.14% Germany GDP growth (Q1 2023 vs. Q1 2022)	▼	▲
5.7% Germany Unemployment Rate (Mar 2023)	▲	■
99.9 Germany Ifo Employment Barometer (Mar 2023)	▼	■

* (Q4 2010=100)

Sources: Moody's Analytics, Federal Employment Agency, ifo institute

SECOND SUCCESSIVE QUARTER OF WEAK TAKE-UP

Take-up in the top-5 office markets totalled 516,600m² in Q1 2023 – 22% less than both the previous year's equivalent result and the Q1 long-term average. The reticence on the part of office users, observable since late summer 2022, has continued resulting in the weakest quarterly total since Q3 2020. Compared to autumn 2022, however, the economic outlook has brightened. For example, the ifo business climate has risen significantly and severe recession in 2023 is no longer expected. For 2023 as a whole, Cushman & Wakefield expects take-up to be on a par with that of 2022. In the initial quarter of 2023, there were only three major deals of 10,000m² or more. This is the lowest figure of the past 2.5 years. The largest deal, for around 19,000m², was concluded by the Boston Consulting Group in Berlin. The restrained willingness to conclude deals is evident across all size classes. Accordingly, the total number of deals in the first quarter, 640, is lower than in any of the previous six quarters. Thus, not only take-up by area is declining, but also the number of deals.

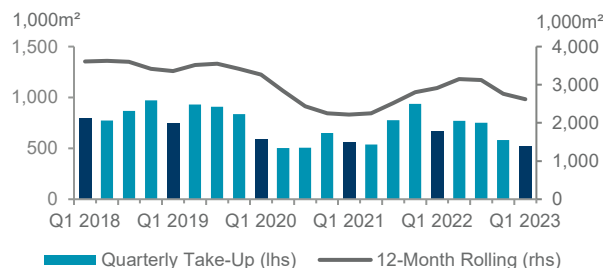
SUPPLY CONTINUES TO EXPAND

The office vacancy rate in the top-5 markets was 4.7 million sq m at the end of Q1 2023 (vacancy rate 6.0%; +0.7 percentage points over the course of the year). Space offered for subletting has increased sharply and now stands at 480,000m². A further increase in vacancy to around 5 million m² is expected by the end of 2023. In Q1 347,000m² of office space was completed - half of which was already let or assigned to owner-occupiers at the time of completion. In 2023 as a whole, around 2.0 million m² is expected to be completed - this would be three quarters more than last year's result. The construction volume at the end of the first quarter is 4.2 million m² and thus 4% above the level of the previous quarter. The largest proportions of this area in Berlin (1.76 million m²) and Munich (945,000m²).

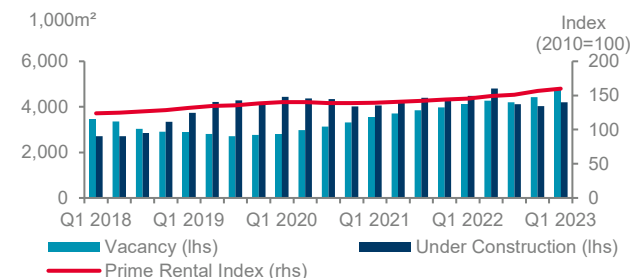
PREFERENCE FOR QUALITY IS REFLECTED IN HIGH RENTS

The occupier preference for high quality locations and fittings is leading to rising rents. In a year-on-year comparison, achievable prime rents rose in all five markets. In Düsseldorf, they rose by a further €3.00 (+9%) to €38.00/m²/month after a strong increase last year. The prime rent index for the top five markets stood at 159.9 points at the end of Q4 2022 (2010=100). This means an increase of almost 10% in the 12-month period. C&W expects a further increase in the remainder of 2023. Rent-free periods in prime city centre locations are stable compared to the previous quarter at 5.8% (based on a 5-year lease across all top-5 markets).

TAKE-UP TOP-5 MARKETS



VACANCY / UNDER CONSTRUCTION / PRIME RENT TOP-5





MARKET STATISTICS

Market	Stock (m²)	Vacancy (m²)	Vacancy Rate (%)	Take-up (m²) YTD	Completions (m²) YTD	Under Construction (m²)	Prime Rent* (€/m²/m)	Prime Yield* (%)
Berlin	20,351,700	1,061,300	5.2	147,200	152,900	1,755,300	44.00	3.80
Düsseldorf	9,326,800	876,700	9.4	59,700	3,400	363,300	38.00	3.90
Frankfurt	11,757,500	1,020,200	8.7	92,200	23,800	543,000	47.50	3.80
Hamburg	15,127,900	700,800	4.6	106,000	44,400	588,400	33.00	3.80
Munich	21,303,100	1,046,500	4.9	111,500	122,800	944,600	44.00	3.50
Total	77,867,000	4,705,500	6.0	516,600	347,300	4,194,600	-	3.76

*Rental /Yields rates reflect achievable values

SELECTED TAKE-UP TRANSACTIONS Q1 2023

Property	Market	Submarket	Tenant	m²	Type
Am Postbahnhof	Berlin	MediaSpree	Boston Consulting Group	19,200	Pre-let
Märkische Allee 171-173	Berlin	Berlin East	Jobcenter Berlin Marzahn-Hellersdorf	12,800	Pre-let
Timber Pioneer	Frankfurt	Europaviertel/Fair	Universal Investment	9,600	Pre-let
Trinkaus Karree	Düsseldorf	CBD	Hengeler Mueller	9,600	Pre-let

SELECTED SALES TRANSACTIONS Q1 2023

Property	Market	Submarket	Vendor / Buyer	m²	Price (€ million)
VINZENT	Munich	City Centre West	Bauwerk / Kommunale Unfallversicherung Bayern	6,700	~100
Volt	Berlin	Inner City West	Highbrook / Confidential	4,200	~30
Schumacherkontor	Hamburg	City	La Francaise / Private	4,300	Confidential

SELECTED CONSTRUCTION COMPLETIONS Q1 2023

Property	Market	Submarket	Major Tenant	m²	Owner / Developer
AER, 1. BA	Munich	City Area East - South East	Bosch, Deutsche DirektComputer	40,000	Hines
Optimeo	Munich	City Centre East	KPMG	32,000	Wöhr + Bauer
OfficeLab-Campus Adlershof	Berlin	Berlin East	bbw Hochschule	25,800	Immexa

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