

LABOUR MARKET

98.4Ifo Employment Barometer
Germany (Jun 2023)YoY
Change**860,100**Berlin Office Employees
(Jun 2023)**8.9%**Berlin Unemployment Rate
(Jun 2023)Sources: ifo-Institut, Moody's Analytics, Federal
Employment Agency

ECONOMIC OVERVIEW

The above-average growth of 4.9% in Berlin's overall economy last year was a good signal of the capital's resilience. For Berlin, immigration is one of the growth impulses that promise the city continued positive development. The population balance of +75,300 last year marks a new record. This contrasts with declining construction activity in the residential segment since 2019, which exacerbates the already difficult situation on the housing market. Companies are therefore finding it increasingly difficult to attract skilled workers to the city from Germany and abroad.

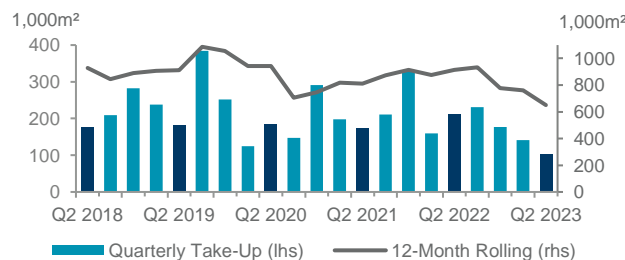
TAKE-UP

Office take-up in the 1st half of the year was 243,800 m². This is 34% below the previous year's level and 35% below the 5-year average. The rolling 12-month take-up fell again. Although take-up in the 1st half of the year was weak in almost all size segments, this was particularly pronounced in the case of large deals. For at least 10,000 m², there were only two deals with a total of 32,000 m², both from the 1st quarter; Q2 was without a major deal. In the range between 5,000 m² and under 10,000 m², there were only 23,500 m², distributed over four deals, one of which was an owner-occupier construction start. No significant increase in activity in this area is expected in the short to medium term, as the number of large deals on the market is low.

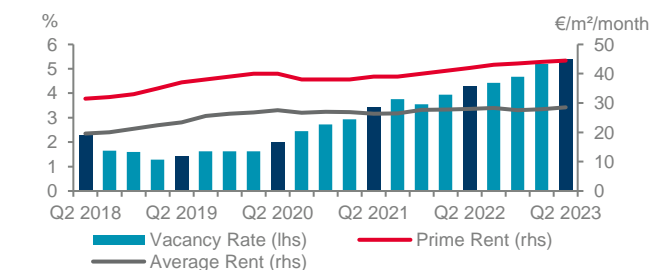
VACANCY

At the end of the 2nd quarter, the vacancy rate including sublet space on offer was 5.4%. There is currently 1.1 million m² available for short-term occupancy. This represents a year-on-year increase of 239,500 m² or 28%. As recently as the beginning of 2019, the rate was only 1.3% and the vacancy rate was 241,100m². Due to the large project development pipeline and the trend towards space reduction, the vacancy rate and the volume of space offered for subletting will continue to rise. This effect will be exacerbated by the low take-up. A vacancy rate of over 6% is expected by next year at the latest, although this will not yet have reached its peak in the current cycle.

TAKE-UP



VACANCY & RENT





COMPLETIONS

By the middle of the year, completions of new construction and core refurbishment space had reached a volume of 257,700 m², which is 52% above the 5-year average. 121,900 m² or 47% of the space was still without an occupier at the time of completion. A total volume of around 740,000 m² of completions is expected by the end of the year. The total volume of space under construction fell from 1.76 million m² in Q1 to 1.68 million m². This development will become a trend, as many construction starts are delayed or fail to materialize altogether.

RENTS

The achievable prime rent rose by €0.50 in the 2nd quarter compared with the previous quarter and is now €44.50/m²/month. A further slight increase is expected by the end of the year, driven by project developments and high-quality existing buildings in prime locations. The area-weighted average rent recently rose more slowly than the prime rent and now stands at €28.55/m²/month. C&W expects average rents to stagnate by the end of the year. The increased supply on the market is slowly putting pressure on prices, which is being reflected in falling rents, particularly in poorer to mid-range locations and qualities.

SELECTED PROPERTY DEVELOPMENT PROJECTS

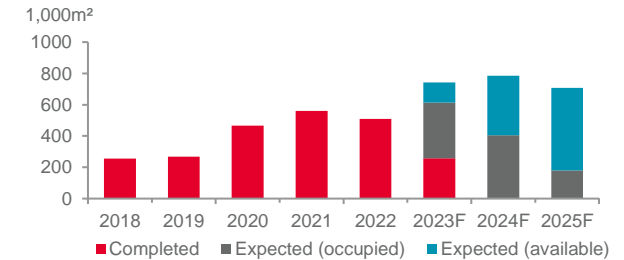
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Am Tacheles	Oranienburger Straße – Hackescher Markt	Under Construction	2023	42,500	Aermont Capital
EDGE East Side	MediaSpree –Seite Friedrichshain	Under Construction	2023	68,800	Allianz / BVK
Die Macherei	Kreuzberg	Under Construction	2024	50,000	Art-Invest
Pandion Officehome Ostkreuz Campus A+B	Ostkreuz	Under Construction	2024	37,100	Pandion AG

MARKET STATISTICS

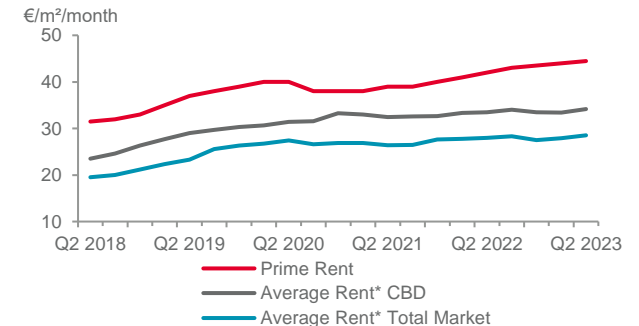
Selected Submarkets	Take-Up YTD (m ²)	Completions YTD (m ²)	Under Construction Current Quarter (m ²)	Prime Rent Current Quarter (€/m ² /month)	Average Rent* Current Quarter (€/m ² /month)
CBD Potsdamer Platz	5,800	0	30,600	44.50	37.25
CBD East	22,000	31,900	91,300	44.50	33.40
CBD West	12,400	20,700	72,200	44.50	31.20
MediaSpree	34,200	0	287,000	40.00	37.40
Total Market Berlin	243,800	257,700	1,683,600	44.50	28.55

* Weighted Average Rent (12 months)

COMPLETIONS

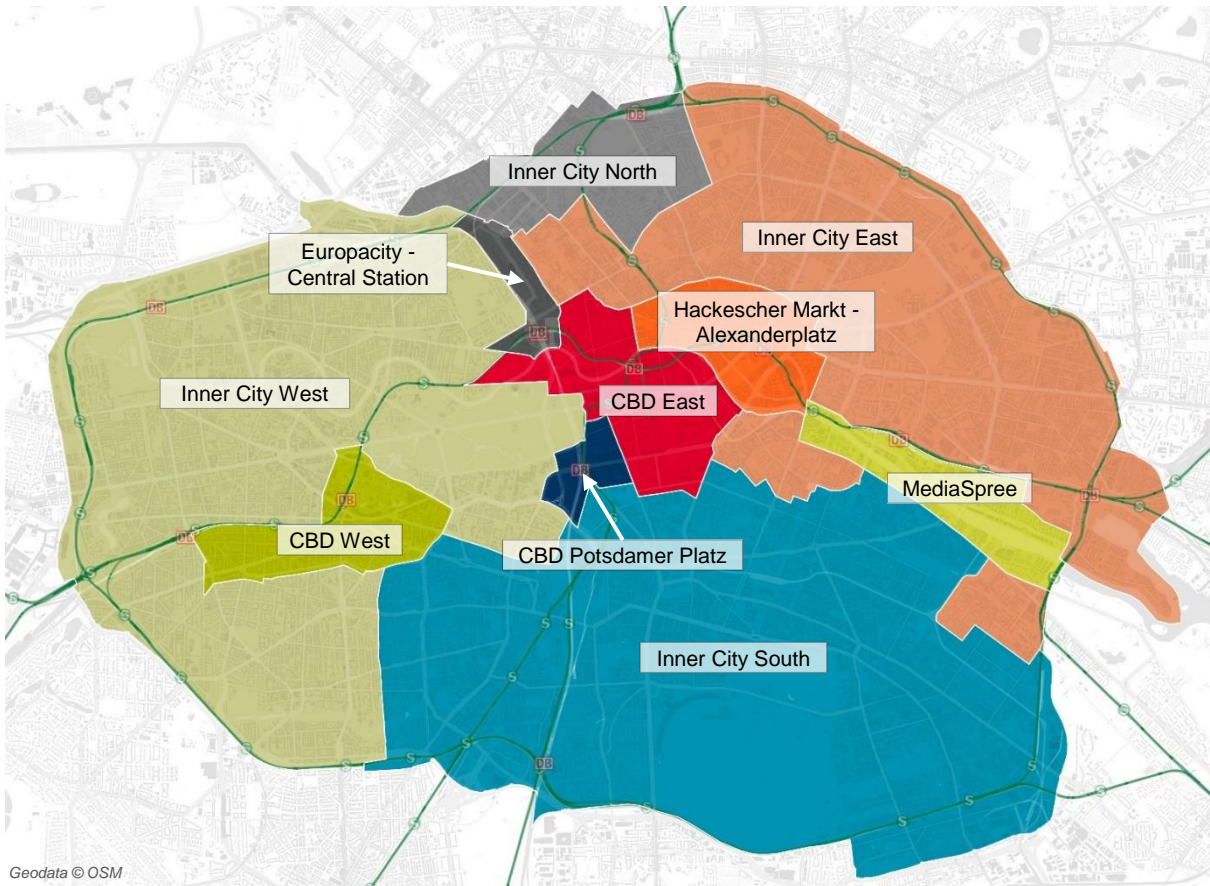


RENTS





SUBMARKET OVERVIEW



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RENTAL PRICE RANGES Q2 2023

Submarket	€/m ² /month
CBD Potsdamer Platz	28.00 - 44.50
CBD East	20.00 - 44.50
CBD West	24.00 - 44.50
Hackescher Markt - Alexanderplatz	22.00 - 44.50
MediaSpree	23.00 - 40.00
Europacity - Central Station	25.00 - 39.00
Inner City East	20.00 - 40.00
Inner City South	17.00 - 39.00
Inner City West	16.00 - 36.00
Inner City North	15.00 - 30.00
Berlin East	8.00 - 26.00
Berlin South	10.50 - 22.50
Berlin West	8.00 - 25.50
Berlin North	8.00 - 26.50
BER Airport	11.50 - 20.00



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MARKETBEAT

BERLIN

Office Market Q2 2023



CUSHMAN &
WAKEFIELD

Heiko Himme

Head of Berlin Branch

Tel: +49 30 72 62 18 217

heiko.himme@cushwake.com

Robert Schmidt

Senior Research Analyst

Tel: +49 30 72 62 18 280

robert.schmidt@cushwake.com

Helge Zahrnt MRICS

Head of Research & Insight Germany

Tel: +49 40 300 88 11 50

helge.zahrnt@cushwake.com

Karl Klaffke

Research Analyst

Tel: +49 30 726 214 66

karl.klaffke@cushwake.com

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