



Office Q2 2023

	YoY Change	12-Month Forecast
<b>6.4%</b> Vacancy Rate	▲	▲
<b>981,600m<sup>2</sup></b> Take-up (cum.)	▼	▲
<b>160.9</b> Prime Rental Index*	▲	▲

## ECONOMIC INDICATORS

	YoY Change	12-Month Forecast
<b>0.20%</b> Germany GDP growth (Q1 2023 vs. Q1 2022)	▲	▲
<b>5.5%</b> Germany Unemployment Rate (Mar 2023)	▲	■
<b>98.4</b> Germany Ifo Employment Barometer (Mar 2023)	▼	■

\* (Q4 2010=100)

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

## TAKE-UP WEAKEST SINCE FINANCIAL CRISIS

In Germany's top-5 office markets, around 474,000m<sup>2</sup> of office space was leased or occupied by owner-occupiers in the 2nd quarter of 2023. This is the weakest quarter in terms of sales since Q2 2009, after the start of the financial crisis. In the first half of 2023, take-up totals 982,000m<sup>2</sup> (-31% compared to the same period last year). For 2023, C&W expects a full-year result of around 2.4 millionm<sup>2</sup>. Comparing H1 2023 to H1 2022, all top-5 markets recorded a decline in take-up. Frankfurt remained almost stable with a decline of only 4%. The other markets are down between 25 and 43%. Berlin and Munich recorded the highest take-up. A decline in the number of deals is particularly noticeable in the 5,000m<sup>2</sup> and more segment. The 500m<sup>2</sup> to 3,000m<sup>2</sup> size category remained almost stable compared to the last two years. However, large deals remain scarce. In H1, there were only four lettings of 10,000m<sup>2</sup> or more, two of which were concluded in Berlin in the 1st quarter and one in Munich in the 2nd quarter, as well as the lease by RTL (17,200m<sup>2</sup>) in HafenCity in Hamburg. In the 1st half of 2022, 14 major deals were registered.

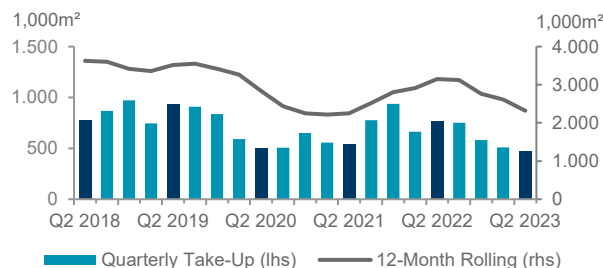
## VACANCY INCREASED AGAIN

Office vacancy in the top-5 markets stood at 4.99 millionm<sup>2</sup> at the end of Q2 2023. This corresponds to a vacancy rate of 6.4% and is 0.9%age points higher than twelve months ago. Among the five markets, Hamburg continues to have the lowest rate at 4.6%. Over the remainder of 2023, vacancy in the top-5 markets is expected to rise to over 5 millionm<sup>2</sup>. Sub-lettings have risen further to 523,000m<sup>2</sup>; an increase of 47% compared to a year ago. 521,000m<sup>2</sup> of office space was completed in Q2, bringing the H1 total to 868,000m<sup>2</sup>, 63% of which was already leased or assigned to owner-occupiers at the time of completion. Munich and Berlin were the major contributors here, together accounting for almost 80% of completions. Around 1.9 million m<sup>2</sup> is expected to be completed in 2023 as a whole – which would be well above the 5-year average of around 440,000m<sup>2</sup>.

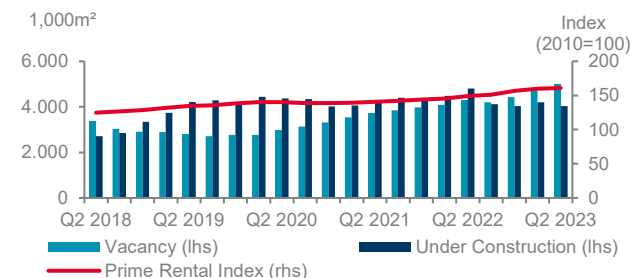
## RENTAL PRICES CONTINUE TO RISE

Rents continued to rise in Q3: prime rents rose by 50 cents in Frankfurt, Berlin and Munich. The prime rental price index for the top-5 markets stood at 160.9 points at the end of Q2 2023 (2010=100). This represents an increase of almost 8% over a 12-month period. C&W expects a further increase in Berlin and Hamburg over the remainder of 2023. Average rents have increased in all five markets compared to a year earlier. Rent-free periods in prime city-centre locations amount to 6.8% (based on a 5-year lease term 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	20.435.100	1.109.000	5,4	243.800	257.700	1.683.600	44,50	3,95
Düsseldorf	9.331.900	923.200	9,9	93.000	8.500	395.000	38,00	4,25
Frankfurt	11.737.900	1.049.100	8,9	180.700	42.800	621.600	48,00	3,95
Hamburg	15.194.800	699.700	4,6	226.000	148.200	543.900	33,00	4,00
Munich	21.590.900	1.206.400	5,6	238.100	410.600	785.000	44,50	3,70
<b>Total</b>	<b>78.290.600</b>	<b>4.987.400</b>	<b>6,4</b>	<b>981.600</b>	<b>867.800</b>	<b>4.029.100</b>	-	<b>3,97</b>

\*Rental /Yields rates reflect achievable values

## SELECTED TAKE-UP TRANSACTIONS Q2 2023

Property	Market	Submarket	Tenant	m²	Type
Koreastraße 7	Hamburg	HafenCity	RTL Television	17,200	Re-letting
Alter Wall 38	Hamburg	City Centre	Hamburger Bürgerschaft	9,900	Pre-let
Otto-Fleck-Schneise 7	Frankfurt	Frankfurt South	Eintracht Frankfurt	8,800	Re-letting
TRIIO, Willy-Brandt-Str. 59	Hamburg	Harbour Edge	Deutsche GigaNetz	7,300	First letting

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## SELECTED SALES TRANSACTIONS Q2 2023

Property	Market	Submarket	Vendor / Buyer	m²	Price (€ million)
Fritz-Schumacher	Hamburg	City Center	PPS Immobilien Holding / Stadt Hamburg	22,400	~120
Campus KÖ10 + KÖ12	Frankfurt	Eschborn	Montano / Advenis	24,200	~70
The Source	München	City Areas South-South West	Empira / Pangea Life Capital	51,000	Confidential

## SELECTED CONSTRUCTION COMPLETIONS Q2 2023

Property	Market	Submarket	Major tenant	m²
OTTO GOeast	Hamburg	Hamburg North-East	Otto	30,000
QH Track (1. BA)	Berlin	Europacity – Main Station	SAP	29,800
KAP 5	Hamburg	City Nord	Signal Iduna	23,000

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