

430,700m²

Take-Up (cum.)

YoY
Change12-Month
Forecast

6.1%

Vacancy Rate

1,746,700m²

Under Construction



€44.50

Prime Rent, €/m²/month

LABOUR MARKET

95.8

Ifo Employment Barometer
Germany (Sep 2023)YoY
Change

863,000

Berlin Office Employees
(Sep 2023)

9.3%

Berlin Unemployment Rate
(Sep 2023)Sources: ifo-Institut, Moody's Analytics, Federal
Employment Agency

ECONOMIC OVERVIEW

While the German government is currently forecasting a slight contraction in the economy this year, Investitionsbank Berlin recently considered growth of 1% possible in Berlin in 2023. Although the number of unemployed has risen faster than the number of employees so far this year, thousands of jobs remain unfilled at present. The need for skilled workers is likely to remain one of the factors keeping immigration stable, even in times of crisis. Despite declining immigration from Ukraine, a net inflow of 30,000 is expected by the end of the year.

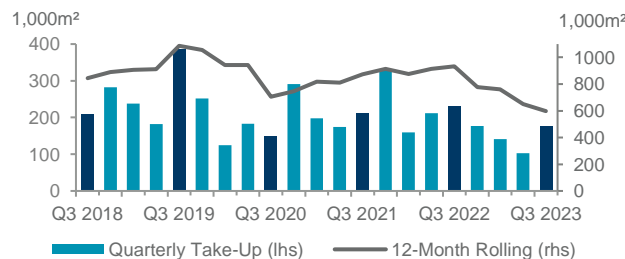
TAKE-UP

Office take-up in the current year was 430,700m² to the end of September. This is around 28% below the previous year's level and below the 5-year average. Although Q1-3 take-up was weak in almost all size segments, this was particularly pronounced regarding of large-area deals. The space segment of 10,000m² and above accounted for only two lettings and one owner-occupier deal. No significant increase in activity in large deals is expected in the short-to-medium term, as the number of large deals taking place in the market is low. There were ten deals in the 5,000m² to under 10,000m² range, totalling approximately 66,000m² including one owner-occupier construction start. Unlike small and mid-sized deals, this size category thus recorded slight year-on-year growth. Comparatively few leases were concluded by companies in the information and communications technology sector in Berlin (62,000m²), which is usually the strongest in the letting market. In contrast, industrial companies are above the 5-year average for the first three quarters, with take-up of 58,700m².

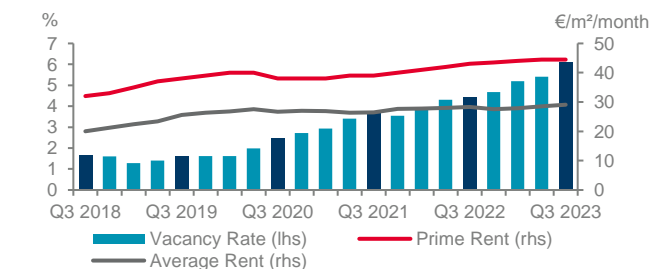
VACANCY

At the end of the 3rd quarter, the vacancy rate including sublet space on offer was 6.1%. Currently 1.25 million m² available for immediate occupancy. This represents a year-on-year increase of 356,200m² or 28%. At the beginning of 2019, the vacancy rate was still only 1.3% and absolute vacancy was 241,100m². Due to the well-filled project development pipeline and the trend towards space reduction, the vacancy rate will continue to rise. A vacancy rate of a good 8% by the end of 2024 is realistic.

TAKE-UP



VACANCY & RENT





COMPLETIONS

Completions of new build and core renovation space reached 361,000m² in the first nine months of the year. This is 26% above the 5-year average. 151,500m² or 42% of the space was still without an occupier on completion. A total of around 684,000m² of completions are expected in 2023 as a whole. This will even be exceeded in 2024. In the subsequent years, significantly less completed space will come onto the market, as many planned projects are currently being postponed or cancelled.

RENTS

The achievable prime rent at the end of the 3rd quarter remained constant compared with the previous quarter and amounted to €44.50/m²/month. Continued high user demand for prestigious properties in prime locations will lead to a slight increase by the end of the year. However, pressure on rents is more likely to be seen in properties in simple and medium locations and medium quality fit-out. Although average rents have recently risen again slightly and now stand at €29.05/m²/month, they are expected to stagnate until the end of the year.

SELECTED PROPERTY DEVELOPMENT PROJECTS

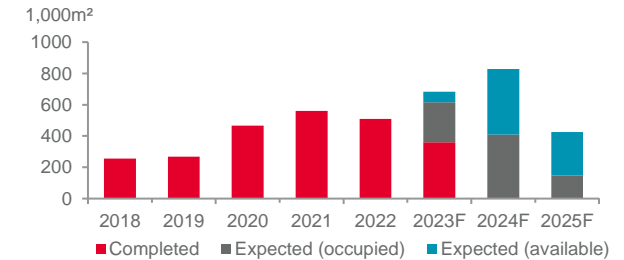
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
BEAM	Hackescher Markt - Alexanderplatz	Completed	2023	20,300	Signa
EDGE East Side	MediaSpree –Seite Friedrichshain	Under Construction	2023	68,800	Allianz / BVK
Die Macherei	Kreuzberg	Under Construction	2024	50,000	Art-Invest
Pandion Officehome Ostkreuz Campus A+B	Ostkreuz	Under Construction	2024	37,100	Pandion AG

MARKET STATISTICS

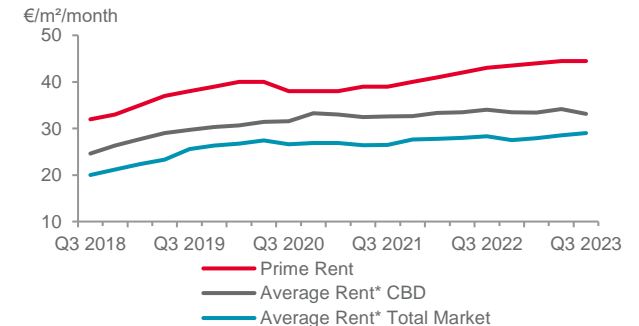
Selected Submarkets	Take-Up YTD (m ²)	Completions YTD (m ²)	Under Construction Current Quarter (m ²)	Prime Rent Current Quarter (€/m ² /month)	Average Rent* Current Quarter (€/m ² /month)
CBD Potsdamer Platz	27,700	0	30,600	44.50	35.00
CBD East	44,600	31,900	105,700	44.50	34.25
CBD West	25,400	20,700	74,400	44.50	29.90
MediaSpree	65,300	12,900	267,700	40.00	36.55
Total Market Berlin	430,700	361,000	1,746,700	44.50	29.05

* Weighted Average Rent (12 months)

COMPLETIONS

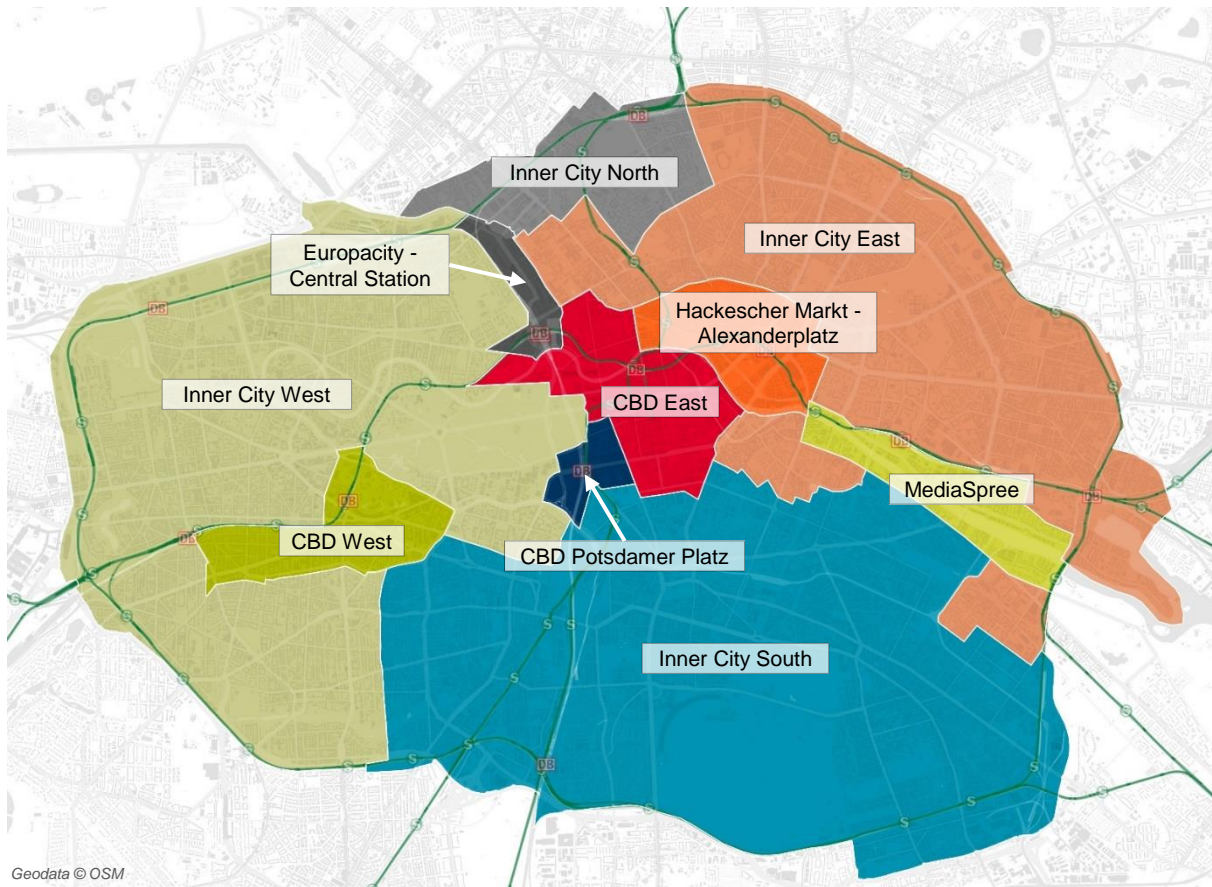


RENTS





SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q3 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 - 38.00
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 - 25.00
BER Airport	11.50 - 21.00





MARKETBEAT

BERLIN

Office Market Q3 2023



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