



LABOUR MARKET

96.5

Ifo Employment Barometer
Germany (Dec 2023)YoY
Change

850,200

Berlin Office Employees
(Dec 2023)

9.2%

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

ECONOMIC OVERVIEW

In the final months of the year, Berlin's economy cooled slightly again and, at 103, IHK economic climate index reached a significantly lower level than in the spring (112). This is due in particular to the deterioration in the situation of small construction companies and the retail sector. One of the reasons for this is higher prices. According to provisional figures from the Federal Statistical Office, inflation rose again in December to 3.7%, dampening hopes of a rapid return to the long-term inflation rate of 2%. In the long term, Berlin's economy will continue to benefit from immigration. Around four million people will be living in the city by 2030. The reform of the Skilled Labour Immigration Act introduced in 2023 and changes to residence law could strengthen the metropolis' magnetic effect in the future.

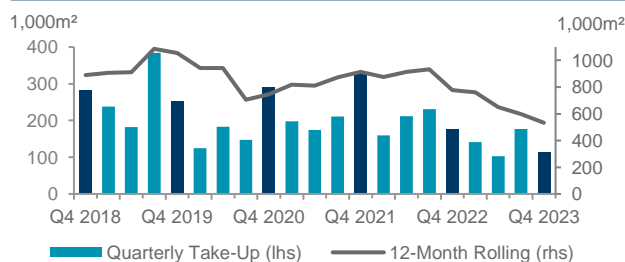
TAKE-UP

Office space take-up in 2023 totalled 544,200m². This corresponds to a decrease of 30% compared to 2022 and almost 50% compared to the above-average result of 2019. In Q4 2023, there were only six deals in the 3,000m² or more category and none over 10,000m², meaning there were only three such deals in 2023 as a whole, which is very atypical, as over the last ten years there have been an average of ten deals of this size. On the other hand, the smallest decline took place in the less than 1,000m² size category. In 2023, there were 540 lettings here (-15% compared to 2022), which together accounted for 35 percent of take-up. The largest letting in 2023 remains that of the Boston Consulting Group at the beginning of the year with 19,000m² in "AP 15".

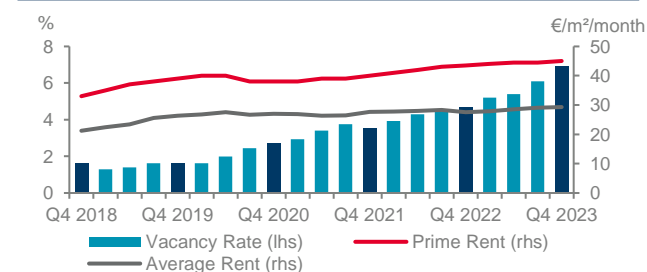
VACANCY

Due to the trend towards a reduction in space, the reporting year closed with a vacancy rate of 6.9% (including subletting space on offer). This corresponds to around 1.42 million m² and a year-on-year increase of 481,500m² (+51%). The well-filled project development pipeline and the resulting increase in supply, will also lead to an increase in available space in the future. A vacancy rate of over 8% by the end of 2024 is therefore realistic.

TAKE-UP



VACANCY & RENT





COMPLETIONS

In the 4th quarter, 308,000m² of office space was completed (new construction or core renovation) and 669,200m² in 2023 as a whole. This marks a new high of the last 25 years. At the time of completion, 70% of this space was already let or for owner-occupation. Overall, completions exceeded the 5-year average by 62 %. The current construction volume of 1.48 million m² will decline significantly next year, as a large number of new spaces will be completed and only a few new projects will be started. Due to the low supply elasticity of property markets, a noticeable decline in completions is not expected until 2025.

RENTS

In the 4th quarter, the prime rent rose to €45.00/m²/month and is €1.50 higher than at the end of 2022. The area-weighted average rent is €29.25/m²/month. This represents a further increase of 0.20€ compared to the last quarter. The stronger position of tenants compared to previous years is reflected more in an increase in incentives. The rent-free periods in Berlin's top city centre locations are 5.8%, based on a 5-year lease.

SELECTED PROJECT DEVELOPMENTS

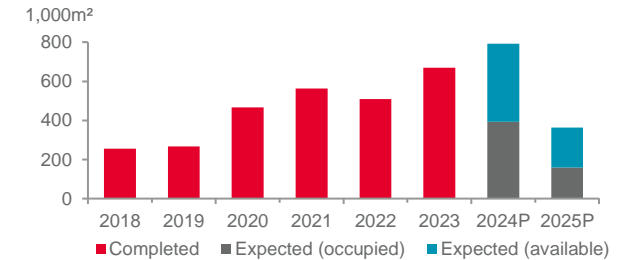
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
OfficeLab B8 – Am Oktogon	Berlin Ost	Completed	2023	2,400	Immexa
AP 15	MediaSpree –Seite Friedrichshain	Under Construction	2024	18,600	JP Morgan
SPARK	Prenzlauer Berg II	Under Construction	2024	12,500	Townscape
upbeat	Europacity	Under Construction	2025	33,500	CA Immo

MARKET STATISTICS

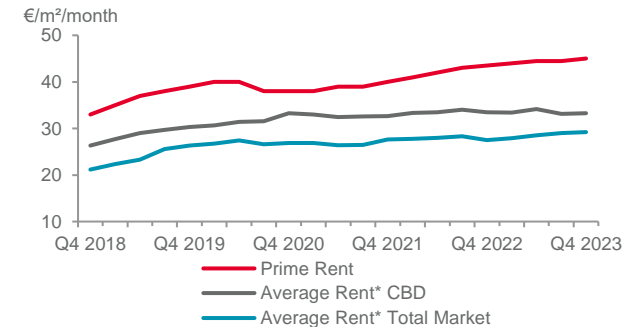
Selected Submarkets	Take-Up YTD (m ²)	Completions YTD (m ²)	Space under Construction Current Quarter (m ²)	Prime Rent Current Quarter (€/m ² /month)	Average Rent* Current Quarter (€/m ² /month)
CBD Potsdamer Platz	31,600	0	30,600	45.00	35.95
CBD East	51,300	31,900	105,700	44.50	33.40
CBD West	31,000	20,700	62,500	45.00	32.70
MediaSpree	67,300	166,000	190,600	39.50	36.85
Total Market Berlin	544,200	669,200	1,491,700	45.00	29.25

* Weighted Average Rent (12 months)

COMPLETIONS

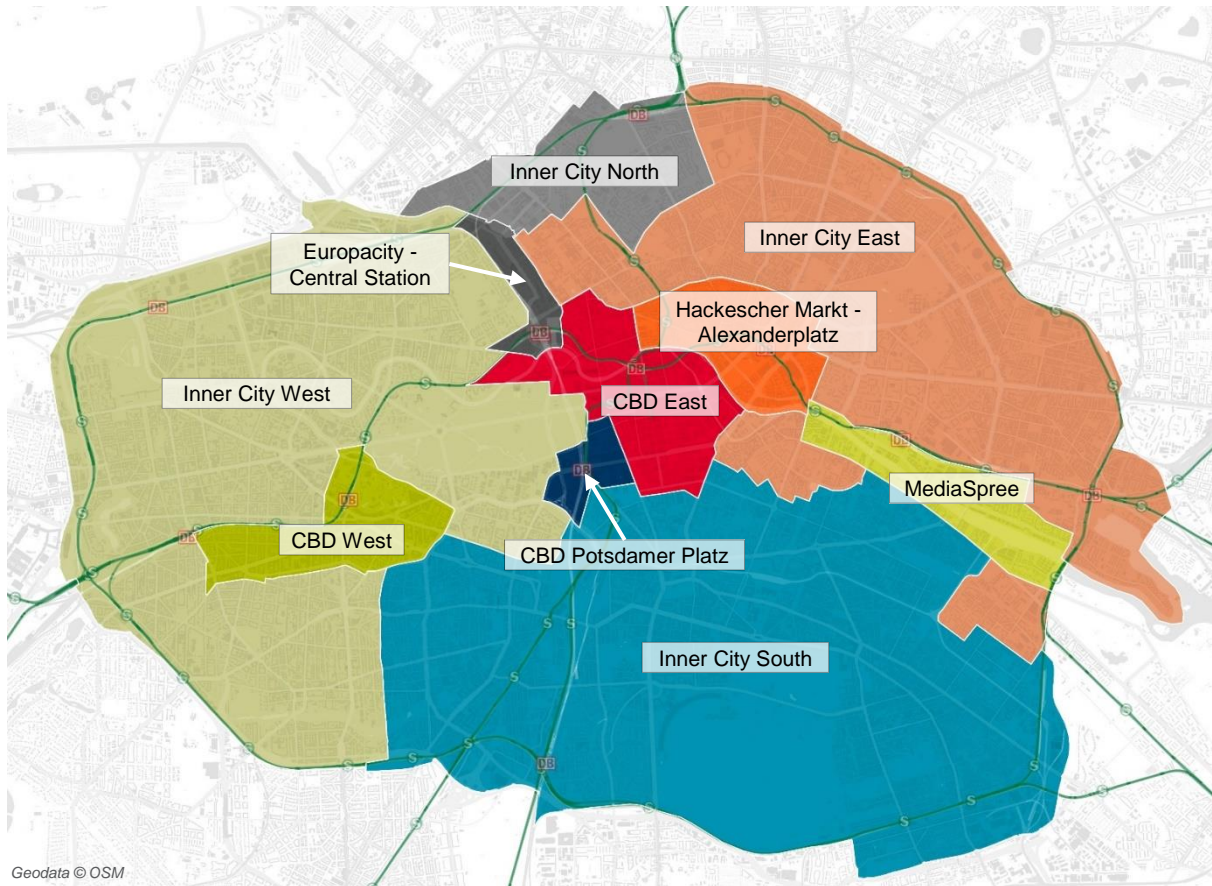


RENTS





SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2023

Submarket	€/m ² /month
CBD Potsdamer Platz	28.00 – 45.00
CBD East	20.00 – 44.50
CBD West	23.00 – 45.00
Hackescher Markt - Alexanderplatz	22.00 – 44.50
MediaSpree	23.00 – 39.50
Europacity - Central Station	25.00 – 39.00
Inner City East	19.50 – 40.00
Inner City South	17.00 – 38.00
Inner City West	16.00 – 36.00
Inner City North	14.50 – 29.50
Berlin East	8.00 – 25.50
Berlin South	10.50 – 23.00
Berlin West	8.50 – 25.50
Berlin North	7.50 – 25.00
BER Airport	11.50 – 20.50





MARKETBEAT

BERLIN

Office Market Q4 2023



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