

2.08 m m<sup>2</sup>

Take-up (cum.)

YoY  
Change12-Month  
Forecast

6.9%

Vacancy Rate



5.9%

Prime Rent Growth\*



## ECONOMIC INDICATORS

-0.16%

Germany GDP growth  
(Q4 2023 vs. Q4 2022)YoY  
Change12-Month  
Forecast

5.7%

Germany  
Unemployment Rate  
(Dec. 2023)

96.5

Germany  
Ifo Employment Barometer  
(Dec. 2023)

\* Average y-o-y change in the prime rental index of the top-5 markets

Sources: Moody's Analytics, Federal Employment Agency, Ifo-Institute

## LOWEST TAKE-UP SINCE THE FINANCIAL CRISIS OF 2009

In the top-5 office markets, around 542,000 m<sup>2</sup> of office space was let or assigned to owner-occupiers in the 4th quarter of 2023. In 2023 as a whole, take-up totalled 2.08 million m<sup>2</sup>. This is 25% below the previous year's figure and marks the lowest annual result since 2009. A higher take-up, around plus 10 %, is expected for 2024. The year 2023 was characterised by low take-up because significantly fewer large lettings were realised and companies rented smaller areas in their new locations. Another key factor was that after years of very high construction volumes, numerous completions are now coming onto the market and prime rents are continuing to rise. The latter is due to a combination of high construction costs, high demand for top quality and an increased willingness to pay for smaller spaces. Compared to the previous year, all top-5 markets recorded declines in take-up - ranging from 3% in Frankfurt to 39% in Munich.

## VACANCY RATE CONTINUES TO RISE

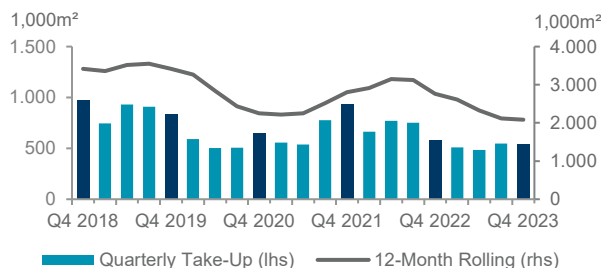
Office vacancy in the top-5 markets stood at 5.44 million m<sup>2</sup> at the end of the 4th quarter of 2023. This corresponds to a vacancy rate of 6.9% and is 1.2 percentage points higher than twelve months previously. A further increase in the vacancy rate of around one percentage point is expected by the end of 2024. This is due to the unlet space in completions and reductions in space in the course of relocations. The supply of subletting space barely increased in the 4th quarter. It totalled 606,000m<sup>2</sup>, which is more than 50% above the previous year's figure.

470,000 m<sup>2</sup> of office space was completed in the final quarter of the year – bringing the total to 1.46 million m<sup>2</sup> in 2023. This is the highest figure since 2003. 65% of this was let or assigned to owner-occupiers at the time of completion. The largest completion volumes in 2023 were in Berlin (670,000 m<sup>2</sup>) and Munich (407,000 m<sup>2</sup>). The construction volume at the end of the 4th quarter was 3.6 million m<sup>2</sup>. It has fallen over the last few quarters - by 16% compared to the end of 2021 and by 10% compared to the end of 2022.

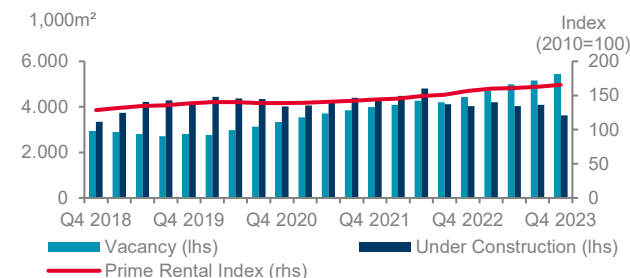
## PRIME RENTS WITH FURTHER UPWARD MOMENTUM

In the 4th quarter, prime rents rose in Munich (+€2.50/m<sup>2</sup>), Hamburg (+€1.00/m<sup>2</sup>) and Berlin (+€0.50/m<sup>2</sup>). In 2023 as a whole, an increase was recorded in all five markets - by an average of 5.9%. The average rents, which are based on leases and owner-occupancy agreements concluded in the last twelve months, present a mixed picture: They fell in Frankfurt and Düsseldorf compared to the previous quarter, but rose in the other markets. Rent-free periods in prime city centre locations remain at 7%, 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/month)	Prime Yield* (%)
Berlin	20,829,100	1,428,400	6.9	544,200	669,200	1,482,200	45.00	4.60
Düsseldorf	9,322,600	971,000	10.4	262,700	34,500	403,500	40.00	5.00
Frankfurt	11,653,300	1,086,100	9.3	363,200	142,000	417,400	48.00	4.70
Hamburg	15,189,800	722,700	4.8	440,000	203,600	513,800	34.00	4.75
Munich	21,587,400	1,234,500	5.7	469,500	407,100	802,500	47.00	4.60
<b>Total</b>	<b>78,582,200</b>	<b>5,442,700</b>	<b>6.9</b>	<b>2,079,600</b>	<b>1,456,400</b>	<b>3,619,400</b>	-	<b>4.73</b>

\*Rental /Yields rates reflect achievable values

## SELECTED TAKE-UP TRANSACTIONS Q4 2023

Property	Market	Submarket	Tenant	m²	Type
	Hamburg	HafenCity	Hamburg Port Authority	19,000	Owner-occupier
Quartier 21 - Parkyard	Hamburg	Barmbek	Fielmann	15,000	Re-letting
Phoenix	Frankfurt	Eschborn	dwpbank	12,400	Re-letting

## SELECTED SALES TRANSACTIONS Q4 2023

Property	Market	Submarket	Vendor / Buyer	m²	Price (€ million)
New Work Am Strandkai 1	Hamburg	HafenCity	DWS / Hamburg Port Authority	24,000	~160
Beam (50 %-Share) Schicklerstraße 5-7	Berlin	Hackescher Markt	SIGNA / Kühne + Nagel	22,000	confidential
Friedrichstraße 230	Berlin	City-South	confidential / BlueIMvest	2,200	~15

## SELECTED CONSTRUCTION COMPLETIONS Q4 2023

Property	Market	Submarket	Major tenant	m²
EDGE East Side	Berlin	MediaSpree	Amazon	68,800
Shed	Berlin	Innercity South	SRH Berlin University of Applied Sciences and other	30,100
Deutschlandhaus	Hamburg	City Centre	HASPA	29,500
FOUR T4	Frankfurt	Banking District	Baker McKenzie, Sanofi and other	23,900

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