



Facts and Figures

Office market Frankfurt am Main
H1 2020

“Much as I know, I wish I knew more.”

Quote from Johann Wolfgang von Goethe

If you require any further information, please do not hesitate to contact us. We can put you in touch with our specialists who are always happy to provide you with expert support. We look forward to hearing from you!



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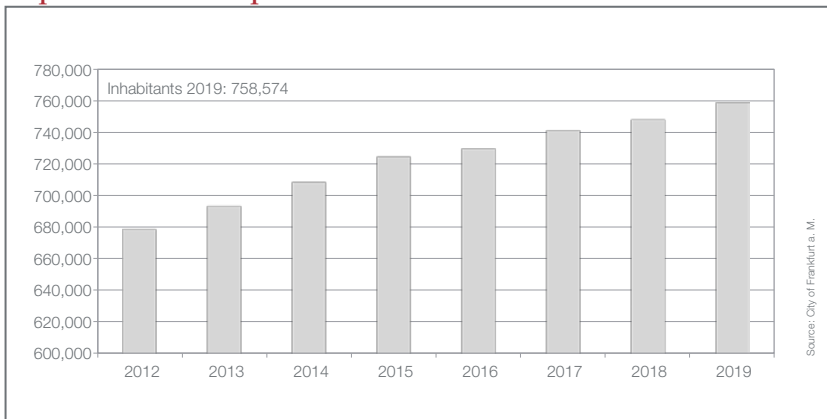
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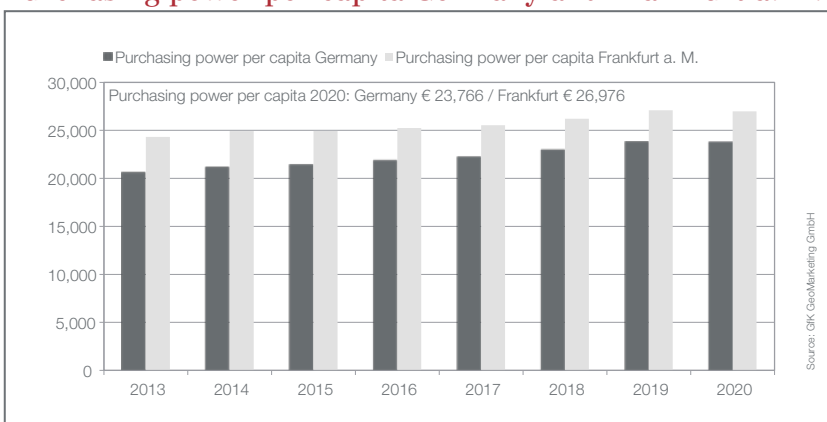
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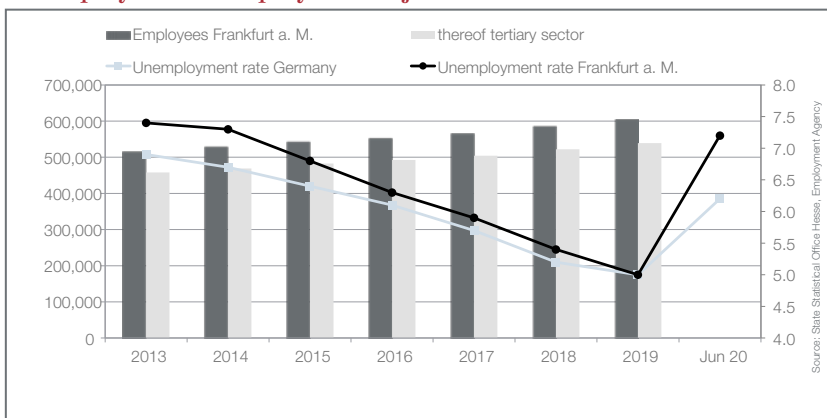
Population development Frankfurt a. M.



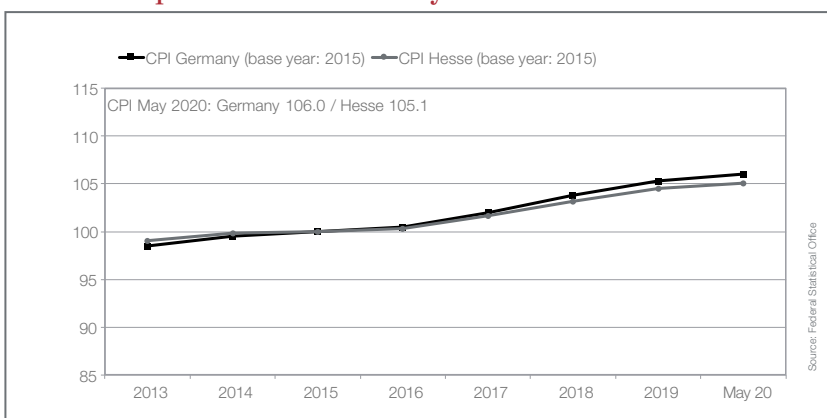
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

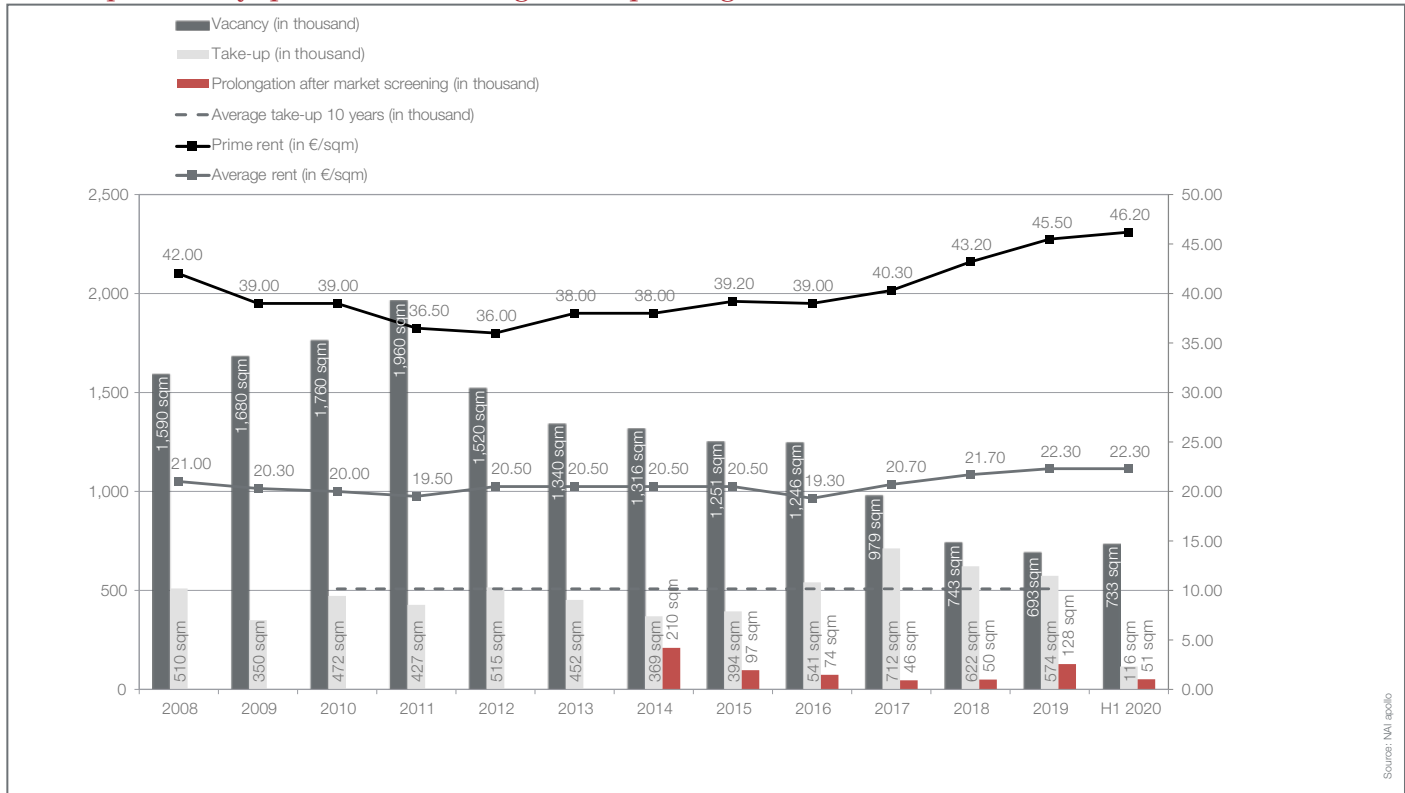


In the second quarter of 2020, the metropolis of Frankfurt am Main was unable to escape the consequences of the economic downturn in Germany in the wake of the COVID-19 pandemic and the associated lockdown. As of June 2020, the unemployment rate on the Frankfurt labour market rose by 2.3 percentage points to 7.2 % compared to the previous month. This corresponds to an absolute increase of almost 10,000 unemployed people. It is very likely that the negative low point on the employment market has not yet been reached.

The latest business survey carried by the Frankfurt Chamber of Industry and Commerce (IHK) in early summer 2020 allows a similar conclusion to be drawn. For example, the companies surveyed provided their worst assessments for both the current situation and future expectations since the survey started in 2005, meaning that the overall business climate index also reached its lowest point. Both the investment and the employment barometer show a clearly negative balance. The office-related finance, credit and insurance industries, as well as business service providers, are proving to be no exception here, although a very slight increase in employment is still expected for the first-mentioned sector.

Recent economic forecasts provide the first glimmers of hope for Germany. Following the noticeable effects of the economic downturn in the first and second quarters, the Munich Ifo Institute for Germany expects GDP to grow again from the third quarter. The whole of 2020 is expected to see economic output fall by 6.7 %, but the expected increase of 6.4 % in 2021 should largely compensate for the slump this year.

Take-up, vacancy, prime rent, average rent, prolongation

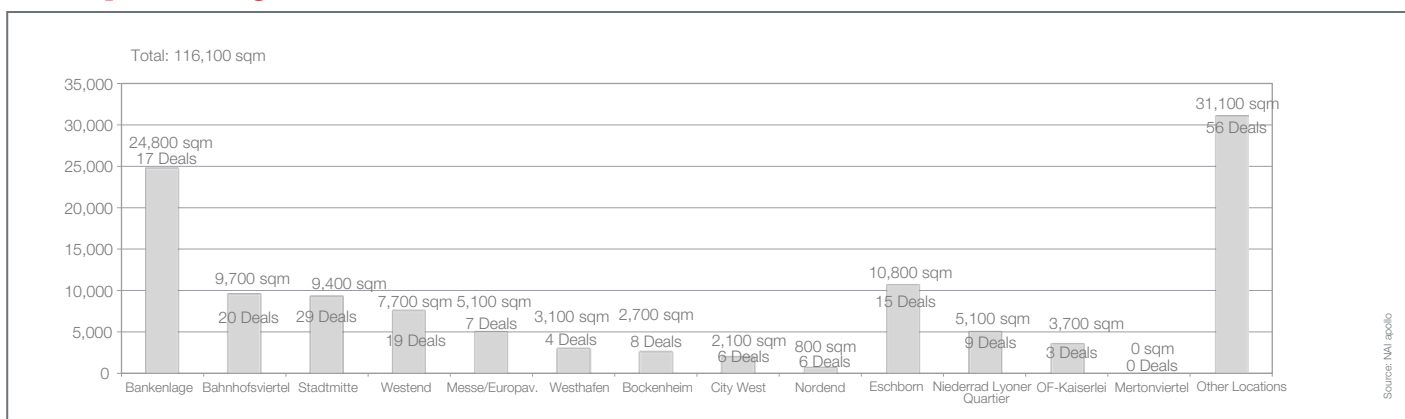


At the end of the second quarter of 2020, the Frankfurt market for office space including Eschborn and Offenbach-Kaiserlei was clearly feeling the effects of the COVID-19 pandemic, and the consequences of the economic downturn caused by the lockdown. Office space take-up by tenants and owner-occupiers amounted to only 46,900 sqm in the period from April to June 2020. Thus the result is not only well below the already weak prior quarter, but also 73 % below the previous year's quarter. The past three months are among the worst quarters ever recorded in Frankfurt. Significant parts of the take-up volume were attributable to deals that were mostly initiated before the start of the crisis.

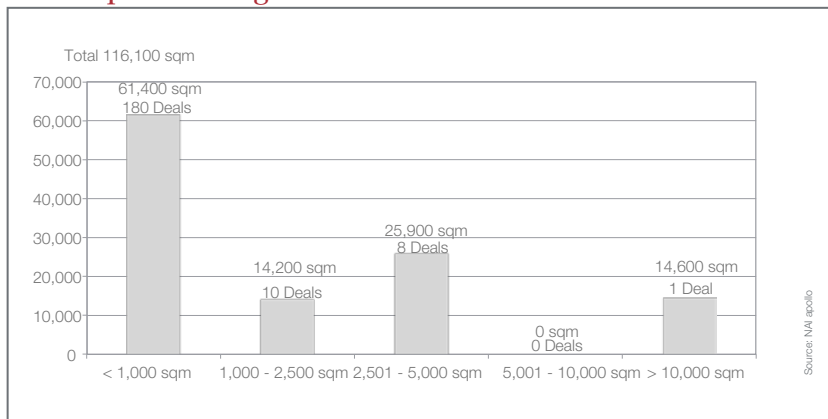
For the first half of the year, total take-up amounted to 116,100 sqm, which is almost 50 % below the ten-year average of 222,900 sqm (H1 2010 - H1 2019). This represents the weakest result since the turn of the millennium. The number of deals was also at the lower end of the scale, amounting to just 199 in the first six months of 2020.

Take-up relating to lease extensions following an active exploration of the market increased to 51,300 sqm in the first half of the year and is not included in the overall analysis. During the COVID-19 crisis, this volume increased significantly compared to the five-year average of 41,800 sqm.

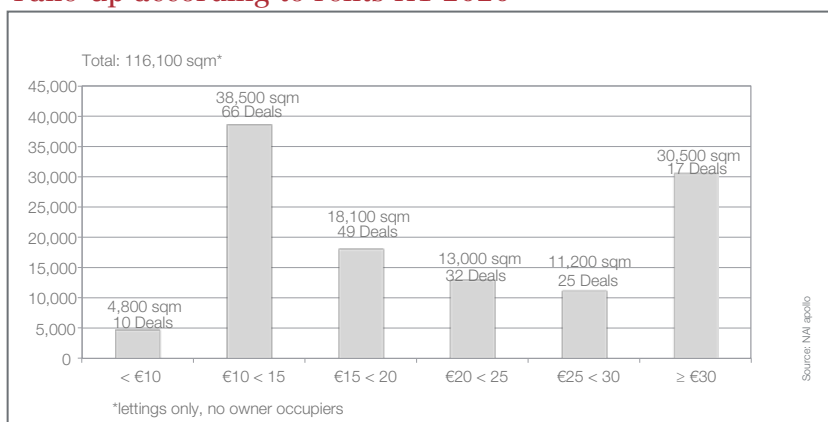
Take-up according to location H1 2020



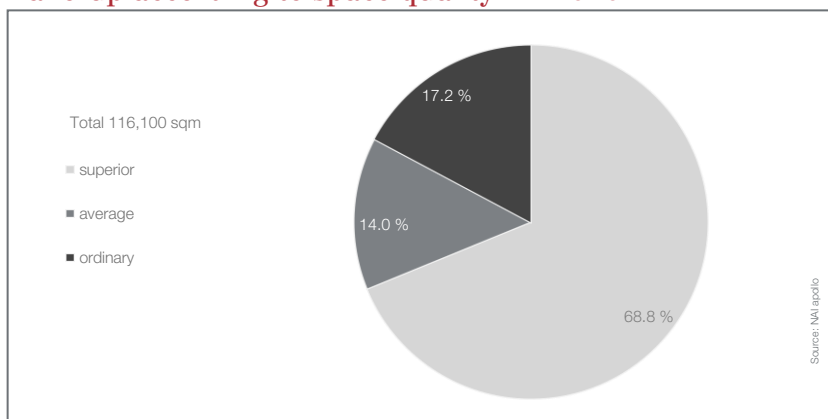
Take-up according to unit size H1 2020



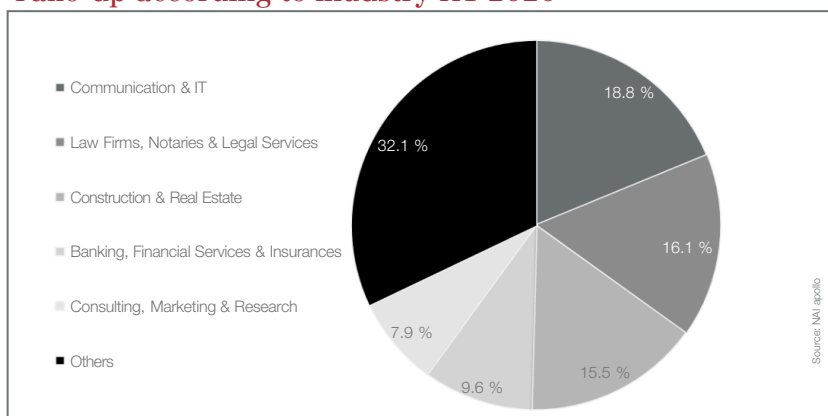
Take-up according to rents H1 2020



Take-up according to space quality H1 2020



Take-up according to industry H1 2020



As a result of the significant decline in large deals, lettings “smaller than 1,000 sqm” accounted for the majority of take-up in the first half of the year. At the same time, this segment registered one of the smallest declines among the different size categories compared to the same period of last year. Next is the “2,501 - 5,000 sqm” segment, which represents over a fifth of take-up and shrank by a comparatively marginal rate year on year.

The two largest deals of the year still come from the first quarter of 2020. One refers to the rental of 14,600 sqm by Freshfields Bruckhaus Deringer LLP in the “Four”, and one to the rental by Google of 4,600 sqm in the “Global Tower”. This is followed by the rental of around 3,800 sqm by Schwab Versand GmbH in the “Jadehaus” at 523, Hanner Landstrasse, which represents the biggest deal in the second quarter.

Owing to a large number of small rental contracts, the “communication and IT” industry topped the industry ranking at the end of the first half. This sector recorded take-up of 21,900 sqm. Next are “law firms, notaries & legal advisers” with 18,700 sqm and “construction & real estate” with 18,000 sqm.

In terms of location, most of the market activity again took place in the CBD, which accounted for 56.3 % of take-up. In addition to CBD sub-markets such as the banking district (24,800 sqm) Eschborn also stands out with take-up of 10,800 sqm.

Rents on the Frankfurt office market have so far been unaffected by the current crisis. The prime rent was €46.20/sqm at the mid-point of 2020, 5.0 % above the previous year’s value. The average rent was 1.4 % higher at €22.30/sqm.

Office Locations Frankfurt a.M. Q2 2020

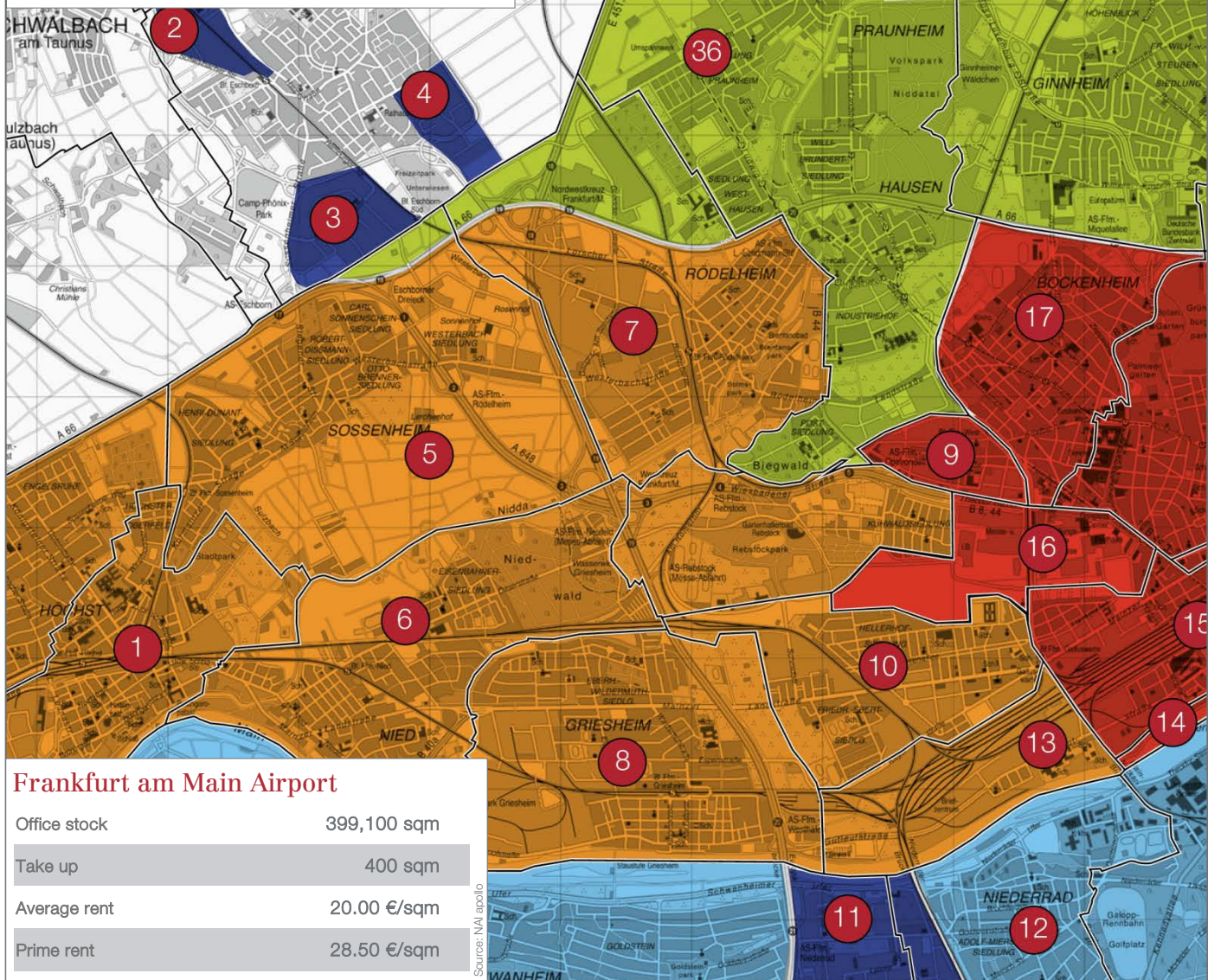
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	240,900 sqm
■ F-WEST	51,400 sqm
■ F-SOUTH	60,000 sqm
■ F-NORTH	17,600 sqm
■ F-EAST	54,600 sqm
■ OFFICE CENTRES	308,500 sqm
Total	733,000 sqm

data as of 30.06.2020

* inclusive subletting spaces

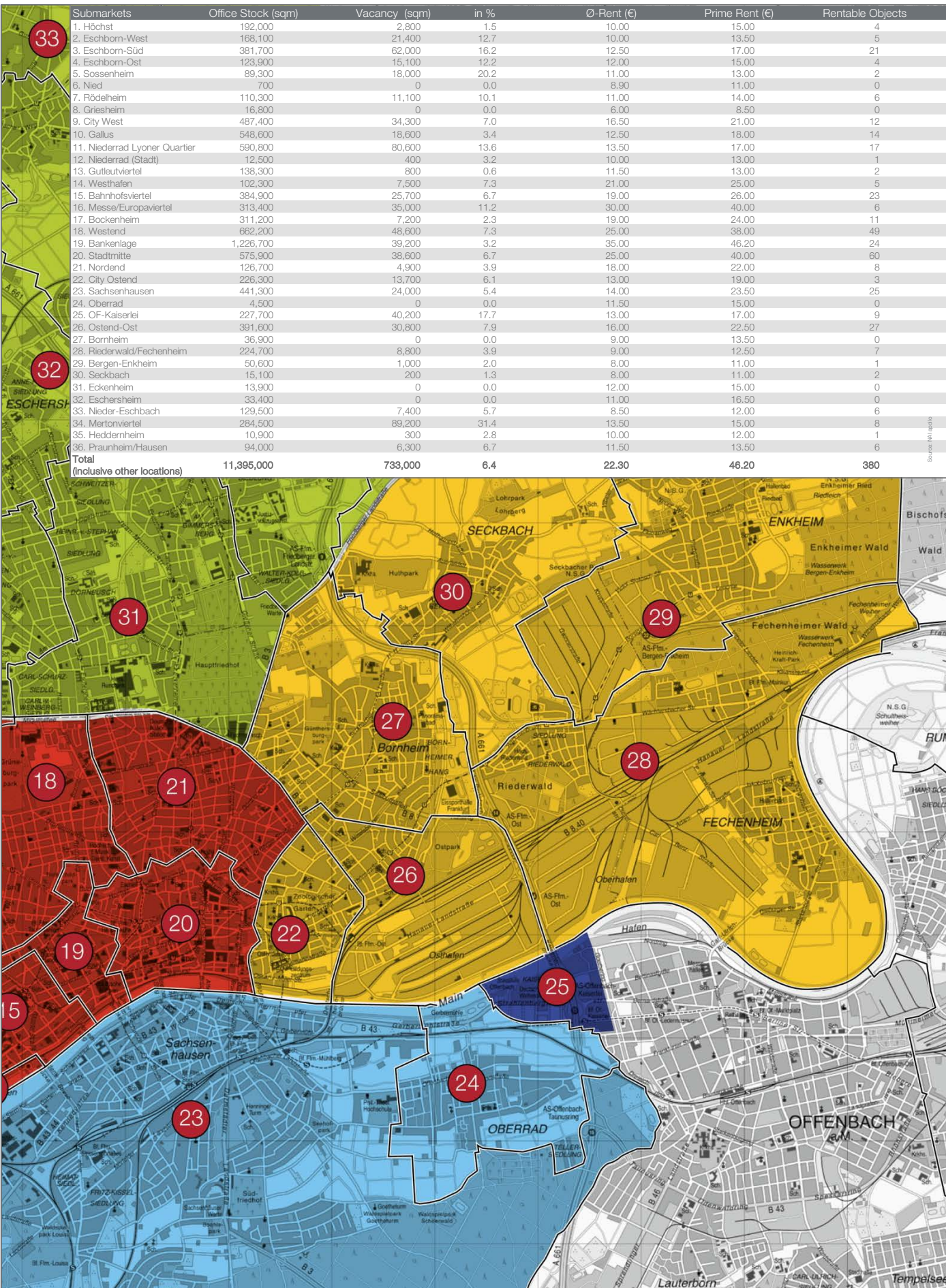
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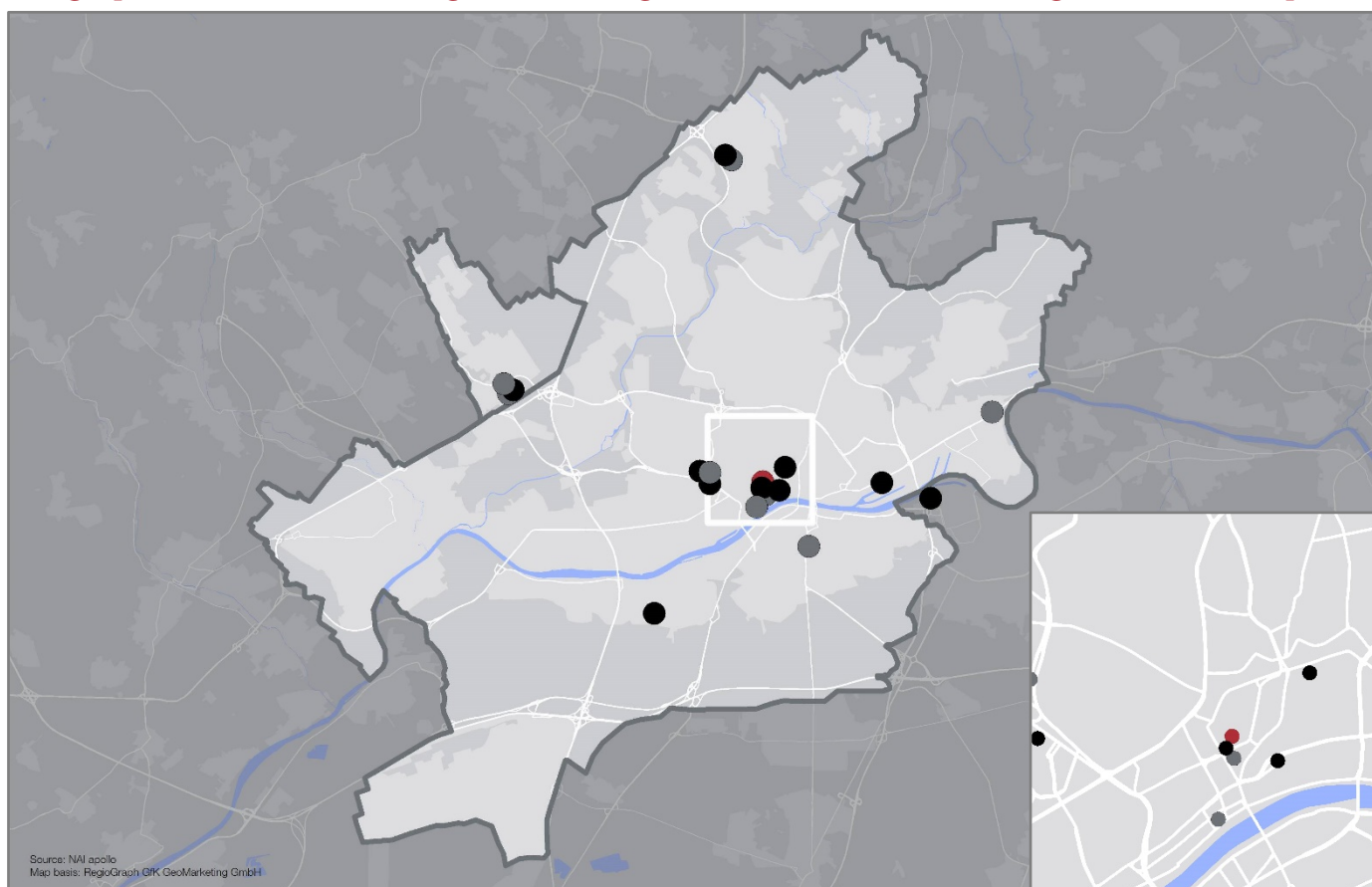
Frankfurt am Main Airport

Office stock	399,100 sqm
Take up	400 sqm
Average rent	20.00 €/sqm
Prime rent	28.50 €/sqm

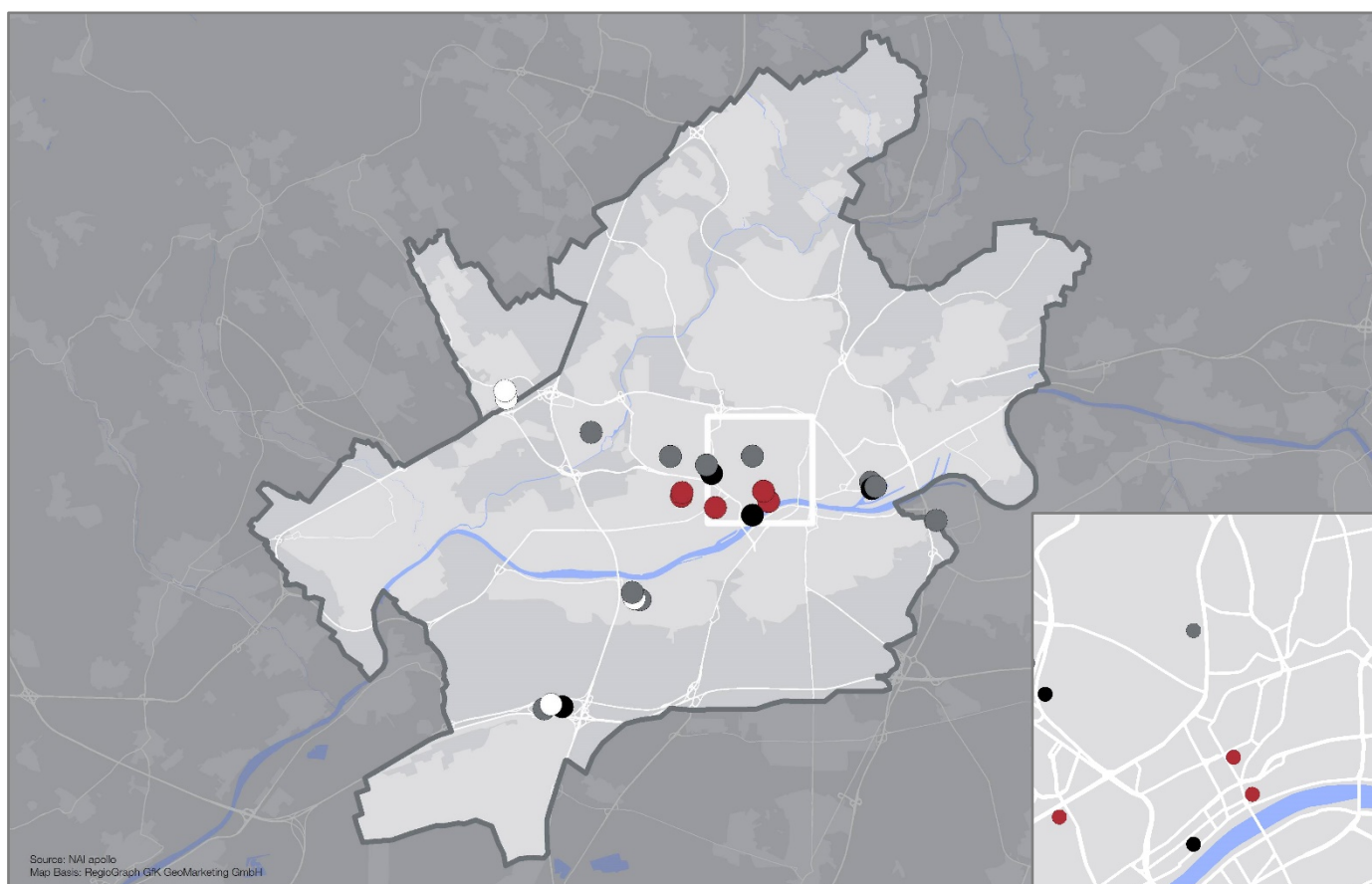
Source: NAI apollo



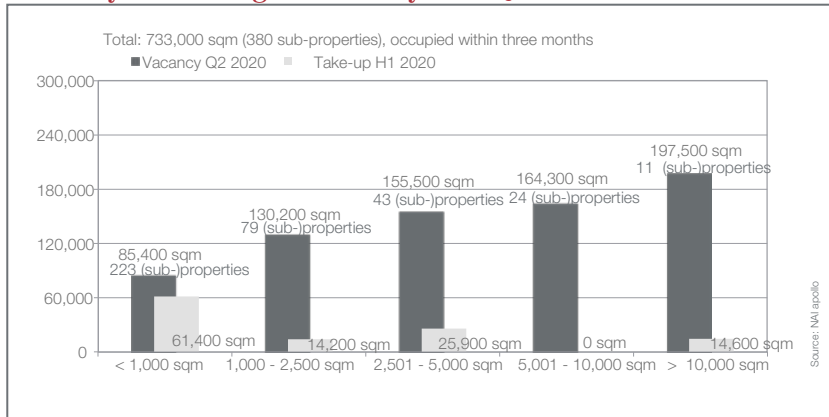
Geographical localisation of large-scale lettings H1 2020 accor. to size categories (> 1,000 sqm)



Geographical localisation of office spaces completions 2020 accor. to size categories (> 1,000 sqm)



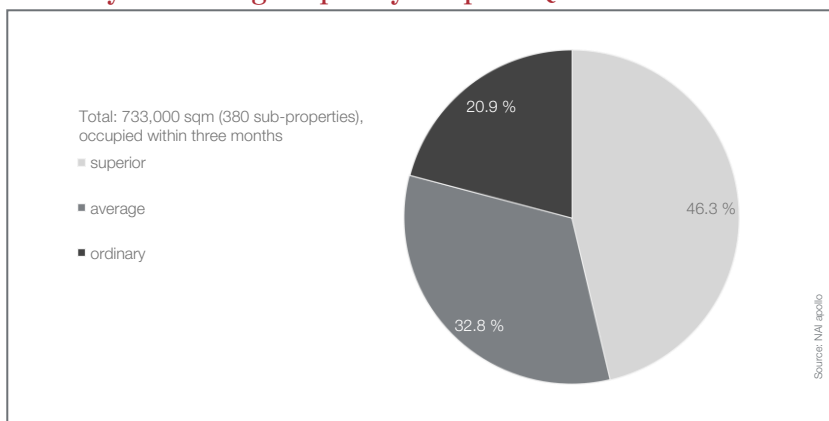
Vacancy according to vacancy size Q2 2020



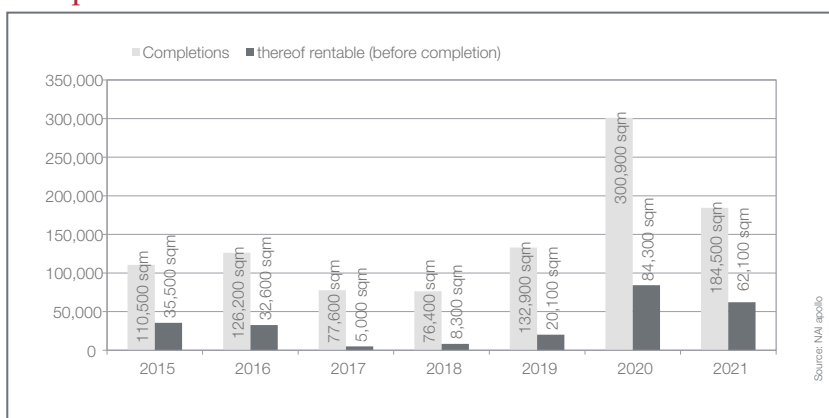
Vacancy according to asking rent Q2 2020



Vacancy according to quality of space Q2 2020



Completions



In the second quarter of 2020, around 45,400 sqm was added to the Frankfurt office market while around 79,800 sqm was removed. The most recent completions include the “JACKIE & JERRIE” office complex with approx. 8,700 sqm in the airport sub-market. Since a higher volume of space was removed from the market, office stock fell to 11.40 million sqm by the end of June 2020. Over 2020 as a whole, the current expectation is that 300,000 sqm of office space will be completed. The pre-letting rate for these spaces is currently 72 %.

Market-active vacancies on the Frankfurt office space market — that is, office space that can be occupied within three months of the signing of the lease — amounted to around 733,000 sqm as of 30 June 2020. Not only has the volume increased by 14,000 sqm compared to the previous quarter but it has also risen by 24,000 sqm within the past twelve months. The current rate is 6.4 % and is 0.1 %-points higher than in Q2 2019.

The COVID 19 crisis has left its mark on the Frankfurt office space market in the past few months with very moderate take-up activity. However, there are signs that demand for space is picking up again. Thus, the low point in take-up could have already been reached, especially since there are still a few large searches underway in the area. Accordingly, it is entirely possible that 300,000 sqm could be achieved in the year as a whole.

Outlook next 12 months

Office Stock	➔
Vacancy	➔
Take-up	➔
Prime rent	➔
Average rent	➔

Cities

Office space, vacancy, prime rent, average rent H1 2020

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	18.80	330,000	1.5	39.50	27.20
Düsseldorf	7.37	132,000	7.0	28.50	16.30
Frankfurt a. M.	11.40	116,000	6.4	46.20	22.30
Hamburg	13.84	161,000	3.0	30.50	17.30
Munich	20.52	329,000	2.6	39.50	21.80

Source: NAI Apollo

Prime yields Q2 2020

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.65 %	2.85 %	3.75 %
Düsseldorf	3.10 %	3.15 %	3.80 %
Frankfurt a. M.	2.85 %	3.05 %	3.75 %
Hamburg	2.85 %	3.05 %	3.75 %
Munich	2.70 %	2.85 %	3.70 %
Total	Ø = 2.85 %	Ø = 3.00 %	Ø = 3.75 %

Source: NAI Apollo

Frankfurt a. M.

Top take-up H1 2020

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Four - T1, Neue Schlesingergasse / Banking district	Freshfields Bruckhaus Deringer	14,600
Global Tower, Neue Mainzer Straße 32-36 / Banking district	Google	4,600
Jadehaus, Hanauer Landstraße 523 / Riederwald/Fechenheim	Schwab Versand	3,800
Taunus Tower, Mergenthalerallee 73-75/ Eschborn-South	DB Energie	3,400
Untermain Eins, Untermainanlage 18 / Bahnhofsviertel	Patrizia	3,200

Source: NAI Apollo

Top investments H1 2020

Property + Location	Purchaser	Purchase Price in €*
Neue Mainzer Straße 74/80	Luwin Real Estate Managers	approx. €200,000,000
Frankfurt Airport Center (FAC), Hugo-Eckener-Ring 1	Covivio	approx. €200.000.000 (share)
Westend Carree, Grüneburgweg 14-18	Preos	approx. €190.000.000
FAZ-Tower, Europa-Allee 92	UBM Development	approx. €150,000,000 (share)
Main Triangel, Zum Laurenburger Hof 76	Aroundtown	> €130.000.000

Source: NAI Apollo; *unrounded

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OFFICE - RETAIL - LOGISTICS - RESIDENTIAL**

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BUILDING MANAGEMENT

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VALUATION AND RESEARCH

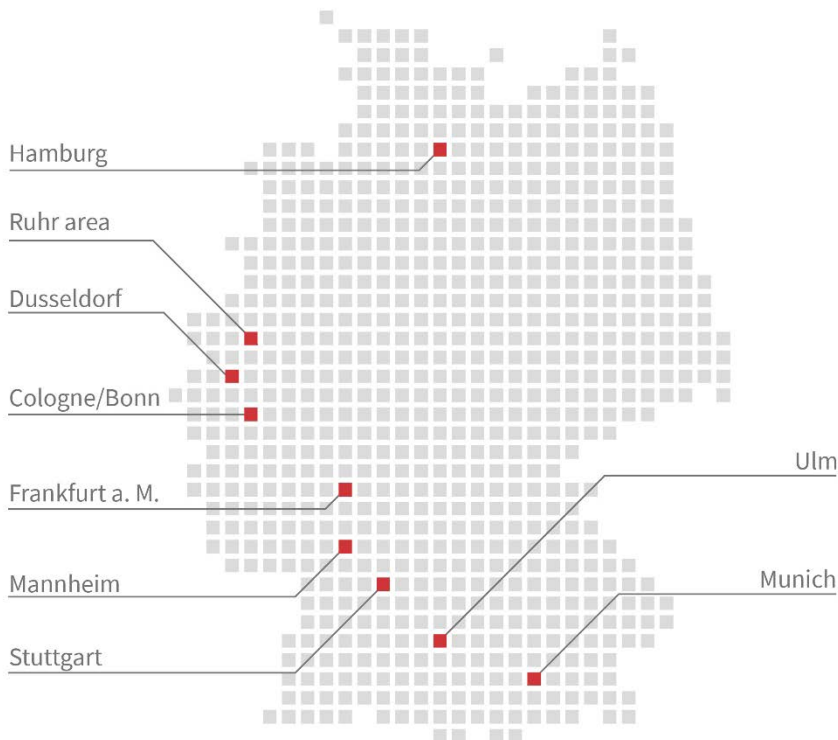
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CORPORATE REAL ESTATE SERVICES

HEALTH CARE

SALES

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LOCAL - NATIONAL - TOP NETWORK

FLEXIBLE - CUSTOMER-FOCUSED - COMPETENT



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