



Facts and Figures

Office market Frankfurt am Main
H1 2021

“An investment in knowledge pays the best interest.”

Quote from Benjamin Franklin

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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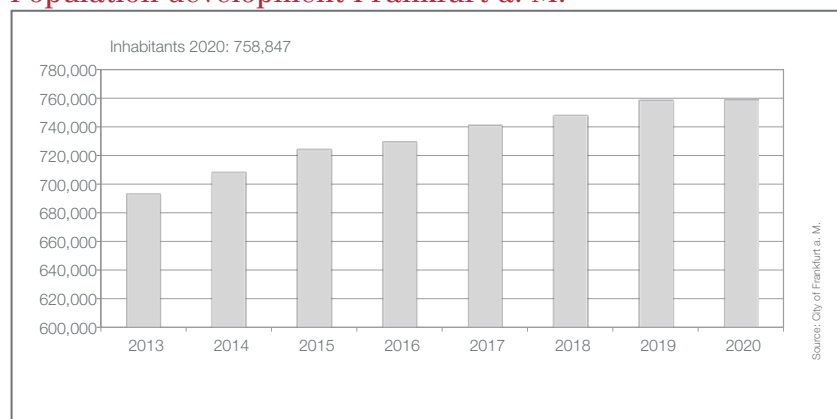
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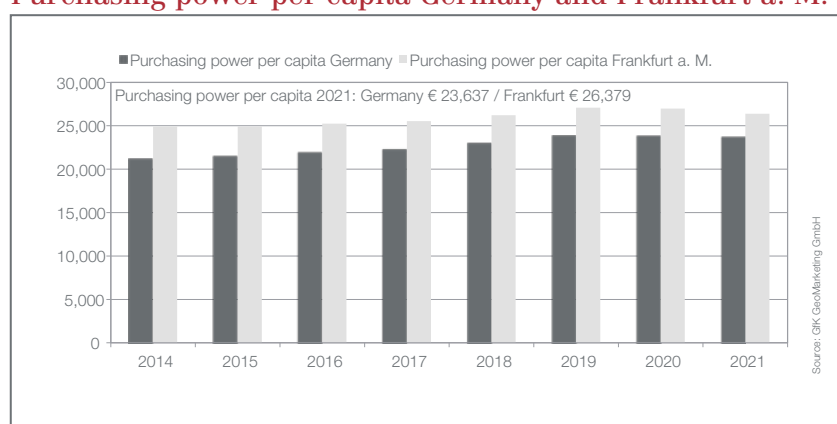
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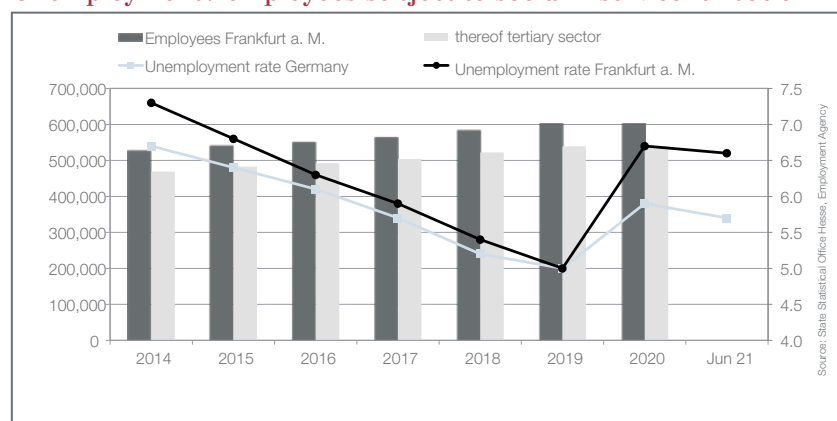
Population development Frankfurt a. M.



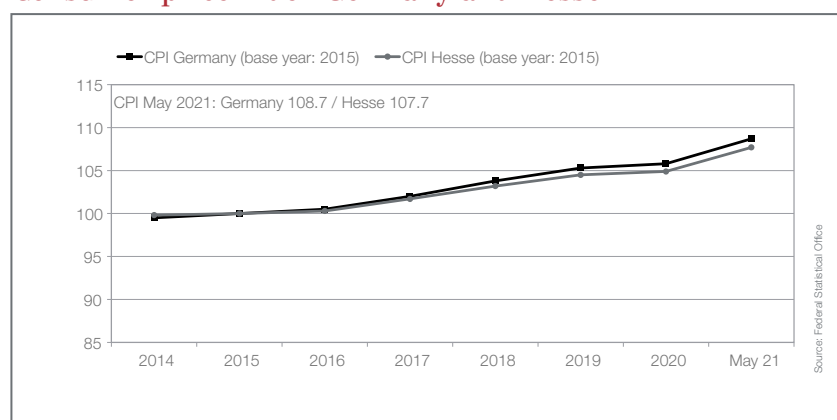
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

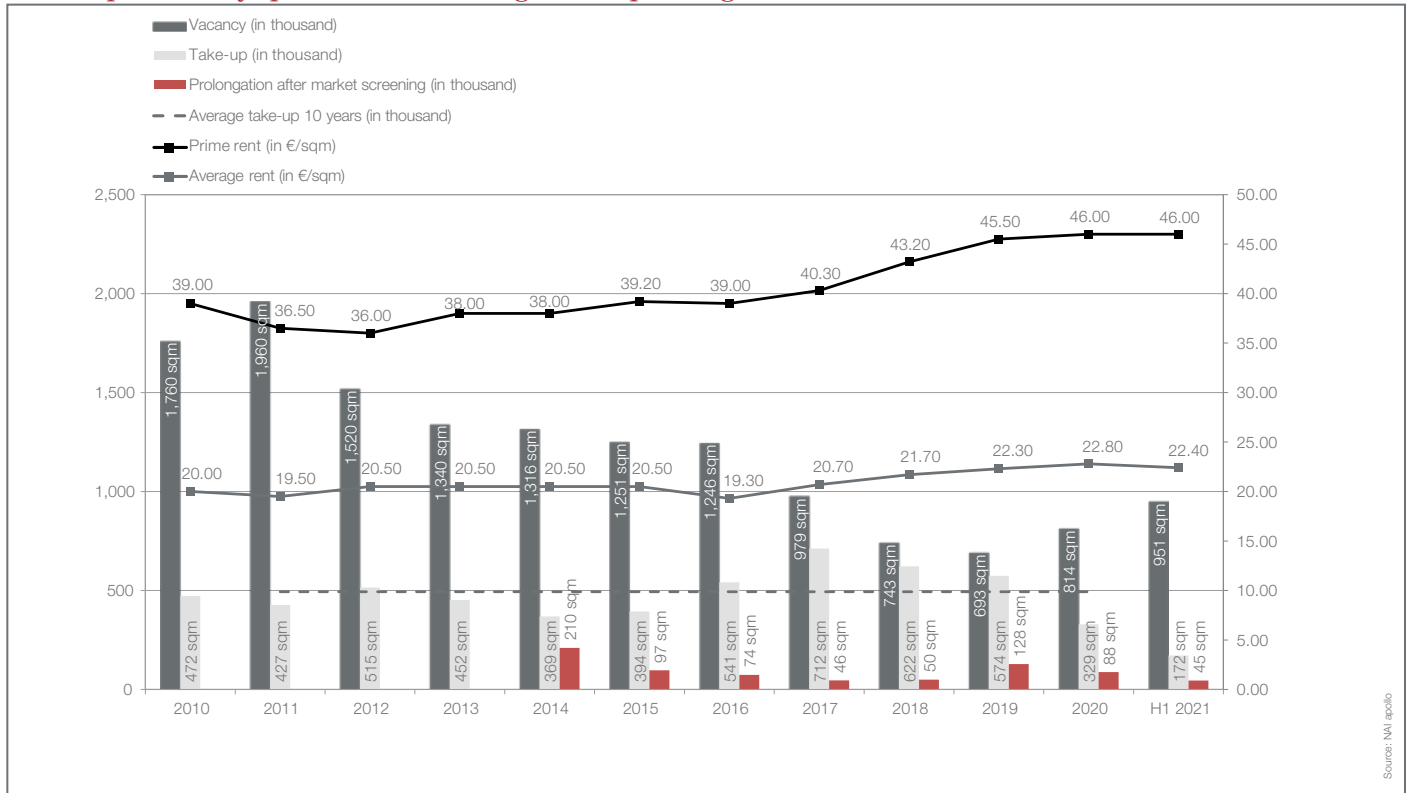


At the start of 2021, the labour market in Frankfurt am Main was still firmly in the grip of the coronavirus pandemic with related economic and social restrictions. However, there are increasing signs that the situation is beginning to ease. Business confidence has returned in some areas as new infection rates remain low and steps are being taken to open society and the economy. The unemployment rate in Frankfurt am Main stood at 6.6 % at the end of June 2021, which is 0.6 %-points below the previous year's figure and 0.7 %-points below this year's peak in January/February. The number of people subject to social insurance contributions was 2,300 higher than the low point in June 2020 according to the last available figures on 31 December 2020.

The latest business survey conducted by the Frankfurt Chamber of Industry and Commerce (IHK) in early summer 2021 also points to a general improvement in business sentiment. Company assessments of both the current business situation and future expectations are once again largely positive. However, views are somewhat divided depending on the industry sector. For example, sentiment is particularly positive in industry and the finance, credit and insurance sector. In contrast, the hospitality industry, tour operators, events industry, stationary retail and personal service providers were still heavily affected by the pandemic at the time of the survey.

The business climate index for the typically office-based finance, credit and insurance sector returned to pre-crisis levels in early summer 2021. As a result, employment and planned investment levels are expected to increase. Although not quite as good, business service providers, which are also important for the office property market, gave largely positive assessments of both the current situation and prospects for the first time since the beginning of the pandemic. Thus, most companies in this sector also plan to recruit staff.

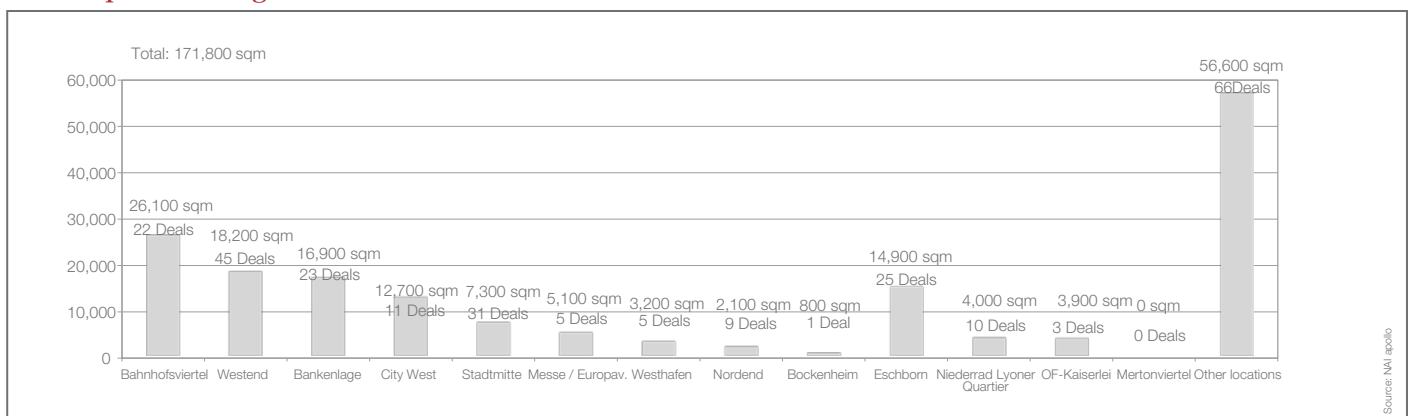
Take-up, vacancy, prime rent, average rent, prolongation



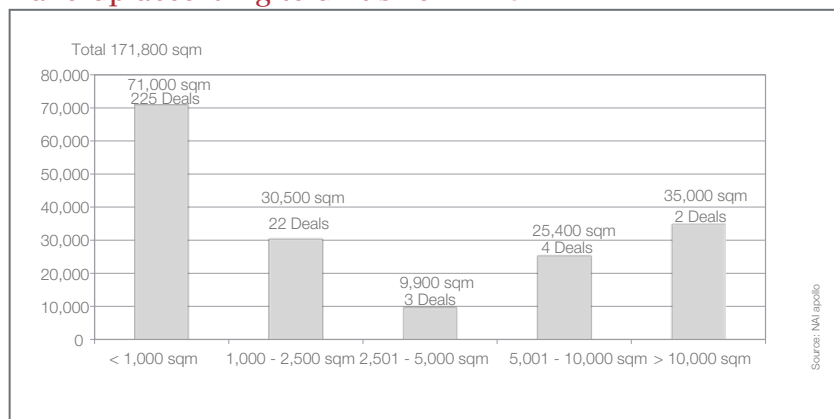
The Frankfurt office market gained momentum in the second quarter of 2021, along with a decline in new COVID-19 infections, a rising vaccination rate and related steps to reopen society and the economy. Companies have become increasingly active and are more confident about the future. Accordingly, office space take-up by tenants and owner-occupiers in Frankfurt amounted to 171,800 sqm in the first six months of 2021. The second quarter accounted for 95,600 sqm, while 76,200 sqm was recorded in the first three months. This indicates that the market recovery picked up speed in the last few months. As a result, take-up in the first half of the year was about 50 % higher than the previous year's figure of around 116,000 sqm. However, the result is still well below the long-term average. For example, the average take-up figure for the past ten years is 18 % higher. The second quarter is positioned in the lower end of the scale compared to recent years (average per second quarter from 2011 – 2020: 110,000 sqm).

As new lettings rise, the influence on take-up of lease extensions following an active market search has declined somewhat. Within the first six months, lease extensions accounted for around 45,000 sqm in total.

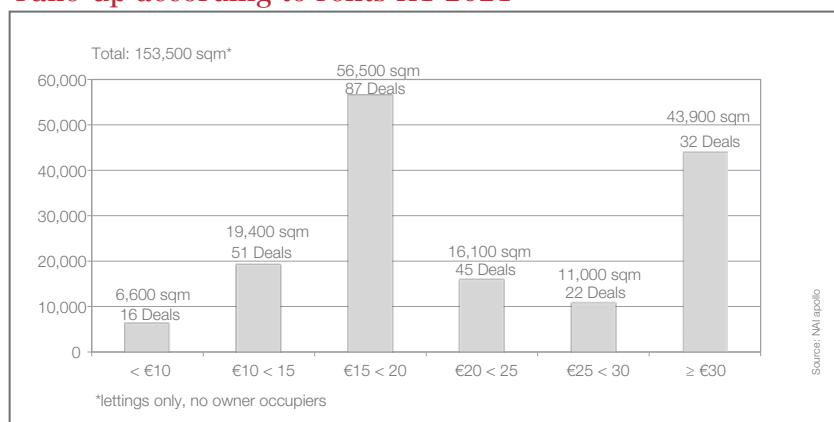
Take-up according to location H1 2021



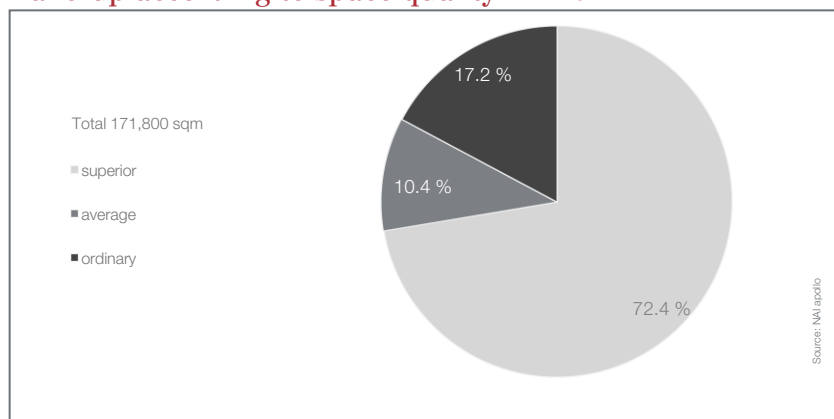
Take-up according to unit size H1 2021



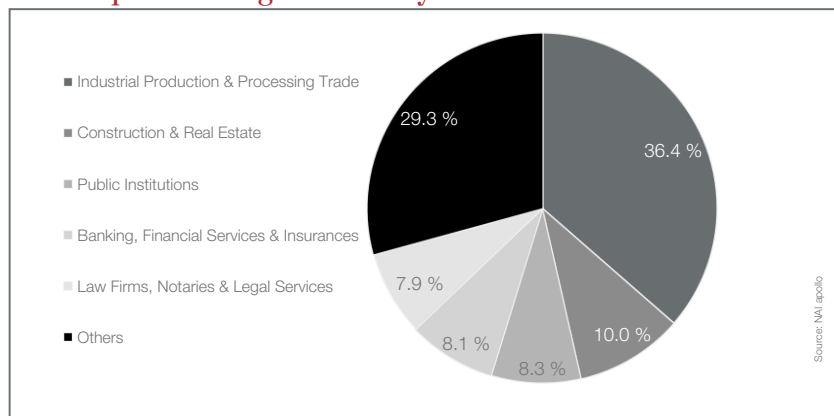
Take-up according to rents H1 2021



Take-up according to space quality H1 2021



Take-up according to industry H1 2021



Take-up has increased year-on-year in almost all size categories. While deals below 1,000 sqm increased by 16 % to 71,000 sqm, growth rates in the categories above 1,000 sqm were at times much higher. For example, take-up in the “1,000 – 2,500 sqm” and “>10,000 sqm” categories more than doubled to 30,500 sqm and 35,000 sqm respectively. A total of 25,400 sqm was registered in the “5,001 – 10,000 sqm” segment. Here, not a single deal was registered in the same period of the previous year.

Nestlé was responsible for the biggest office letting in the first six months. The company leased about 20,000 sqm in the “Kreisler” project (Baseler Strasse/Gutleutstrasse) in the second quarter. Next was an owner-occupier project of Siemens in Gateway Gardens, which was included in the first-quarter figures. Siemens itself will occupy 15,000 sqm of the 35,000 sqm building.

The biggest lettings also influenced how take-up was distributed among the different industries. The “industrial production and processing trade” sector was ranked in first place with 62,600 sqm or a 36.4 % share. It was followed by the “construction and real estate” sector with 17,200 sqm and “public institutions” with 14,200 sqm. The traditionally strong “banking, financial service and insurance” sector was only in fourth place in the first half of 2021, accounting for ca. 14,000 sqm.

In terms of location, the “CBD” again accounted for the largest take-up volume with a 54 % share in the first six months of 2021. Among the different sub-markets, “Flughafen” and “Bahnhofsviertel” stood out owing to the large lettings, accounting for 16.5 % and 15.2 % respectively.

While the prime rent on the Frankfurt office market remained unchanged at €46.00/sqm in the second quarter, the average rent increased again after registering a dip in the first quarter. The rate rose to €22.40/sqm from €21.90/sqm in the previous quarter, which was primarily owing to large lettings in new developments.

Office Locations Frankfurt a.M. Q2 2021

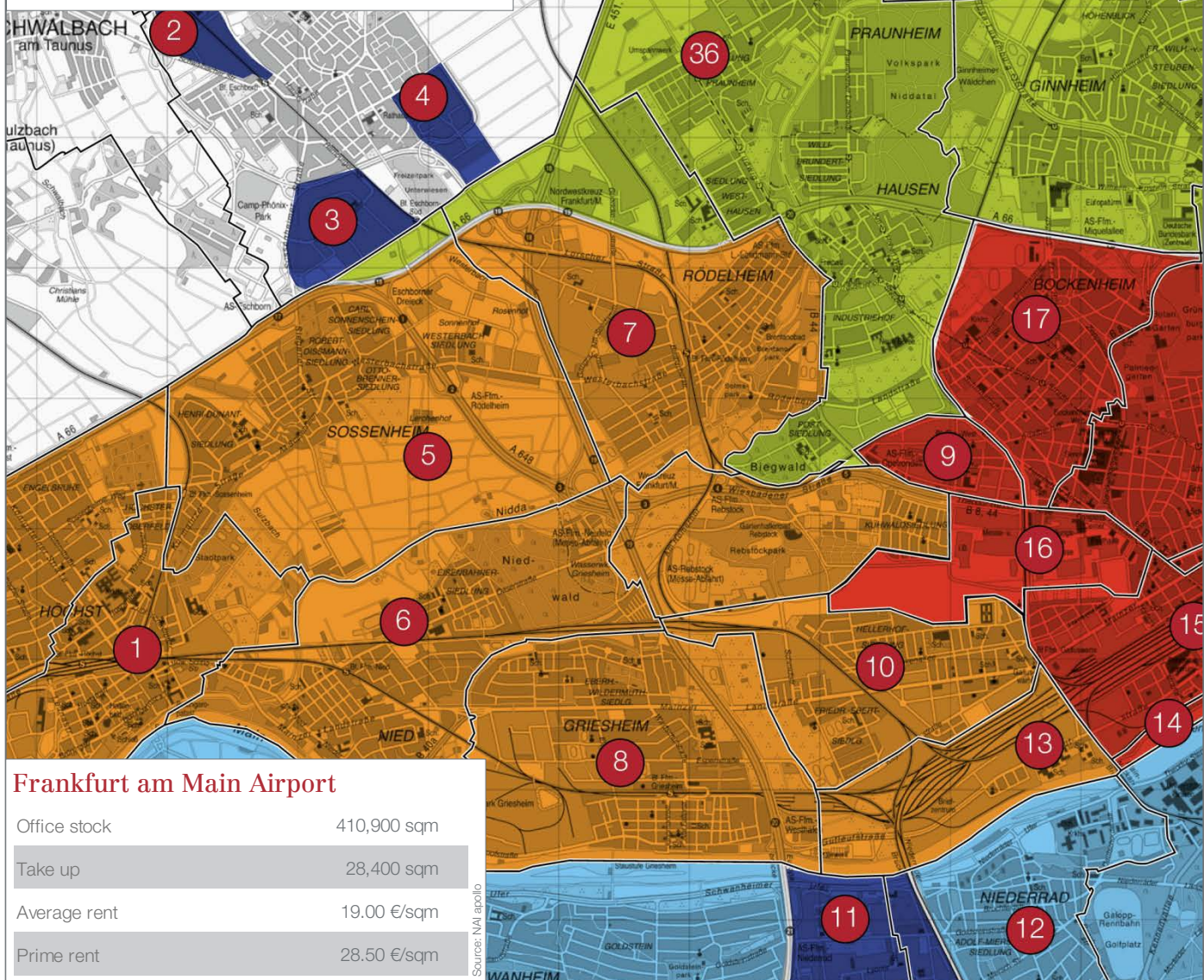
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	333,600 sqm
■ F-WEST	112,700 sqm
■ F-SOUTH	79,100 sqm
■ F-NORTH	40,000 sqm
■ F-EAST	69,800 sqm
■ OFFICE CENTRES	315,700 sqm
TOTAL	951,000 sqm

data as of 30.06.2021

* inclusive subletting spaces

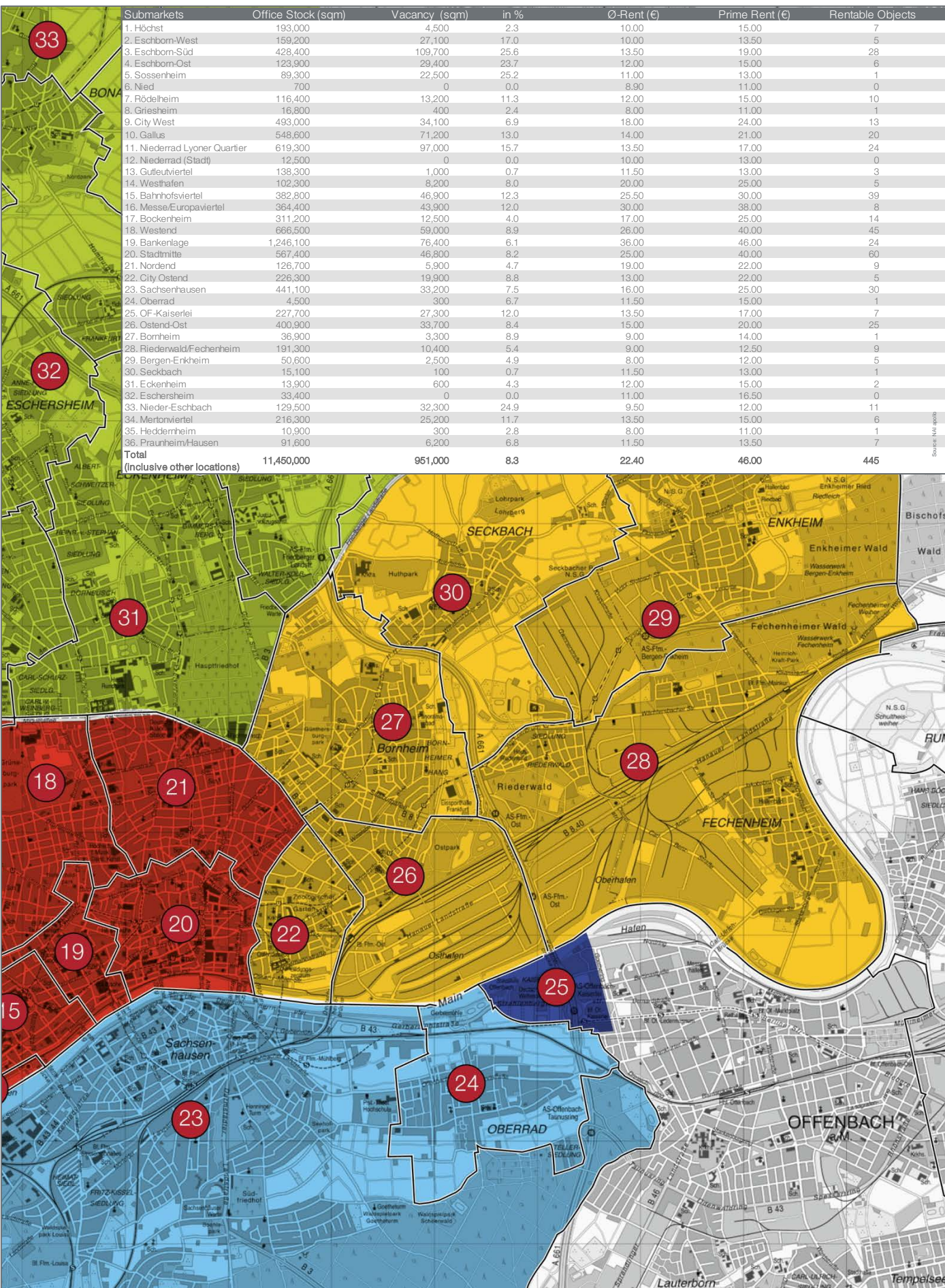
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



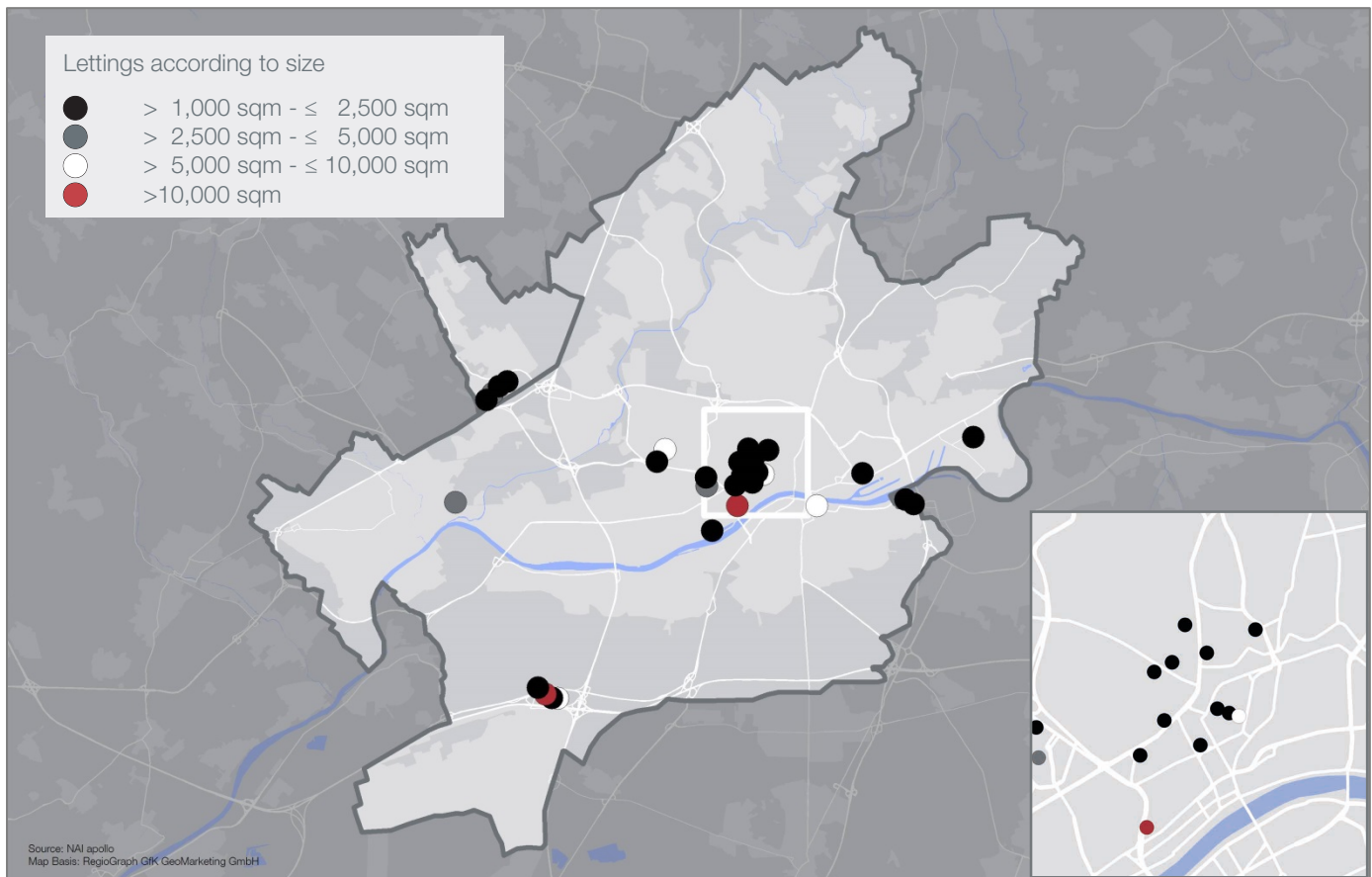
Frankfurt am Main Airport

Office stock	410,900 sqm
Take up	28,400 sqm
Average rent	19.00 €/sqm
Prime rent	28.50 €/sqm

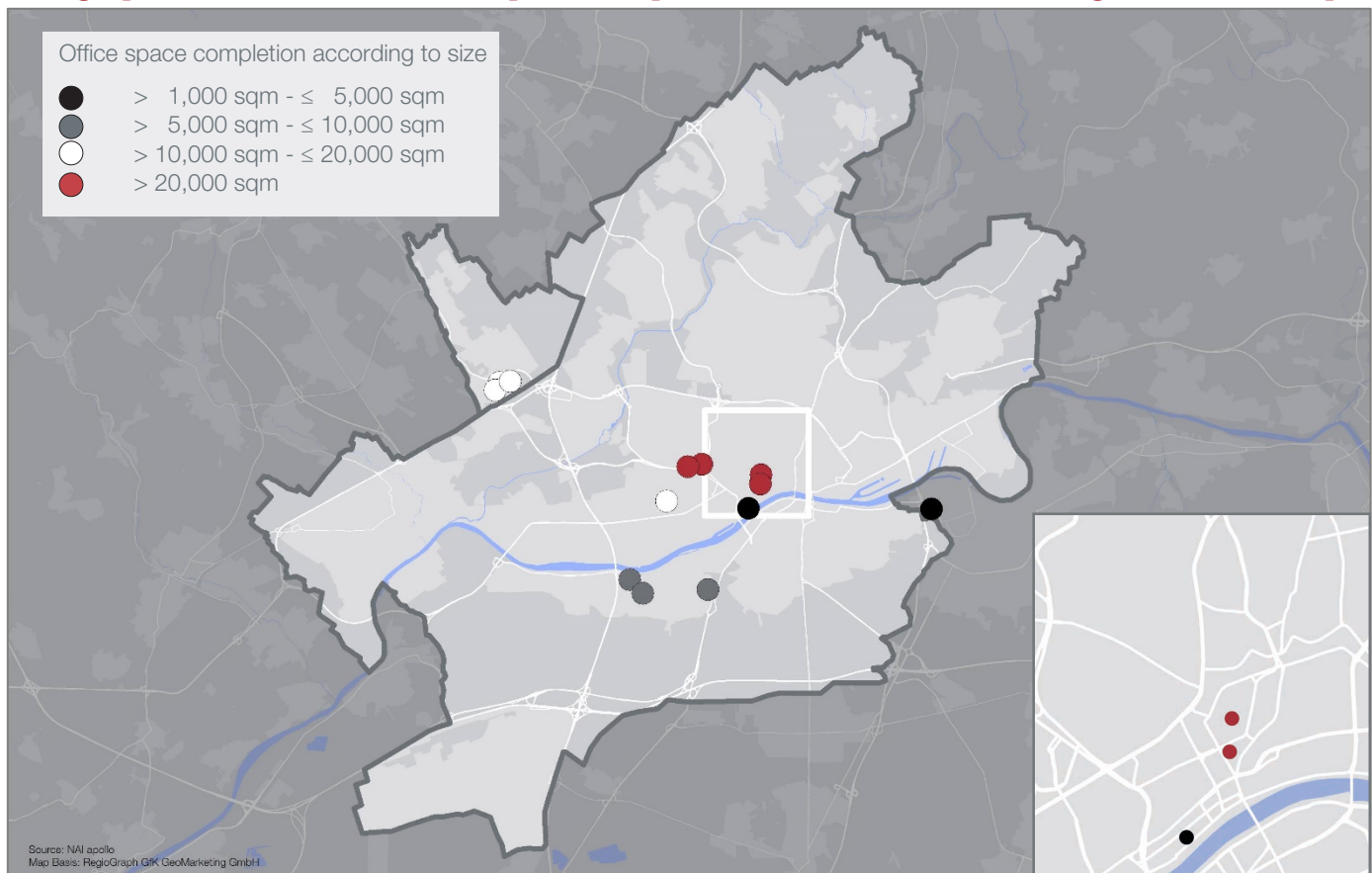
Source: NAI apollo



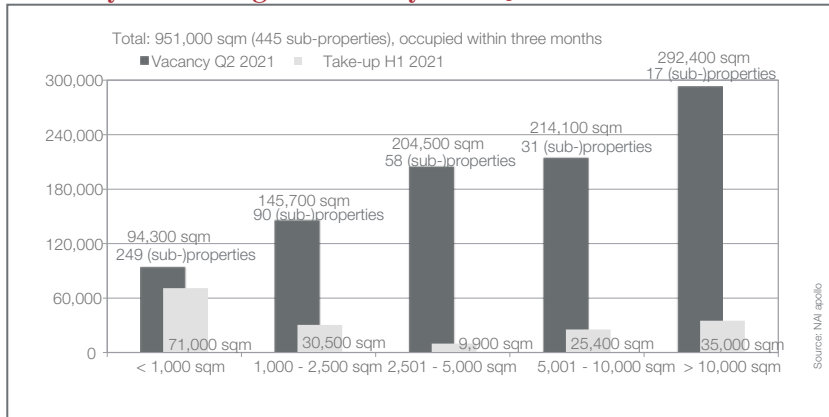
Geographical localisation of large-scale lettings H1 2021 accor. to size categories (> 1,000 sqm)



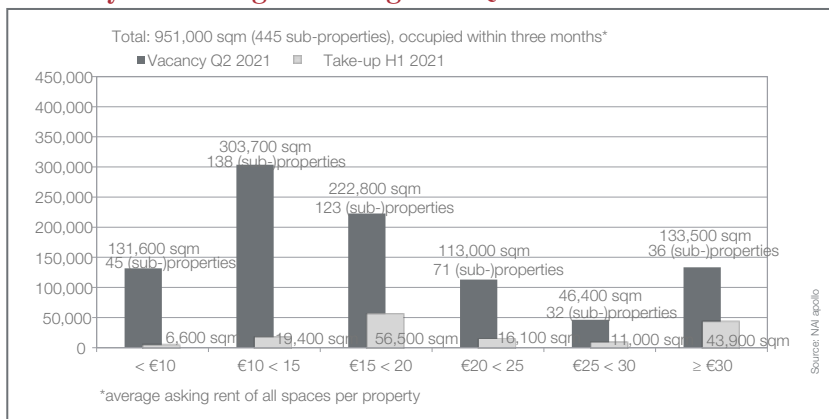
Geographical localisation of office spaces completions 2021 accor. to size categories (> 1,000 sqm)



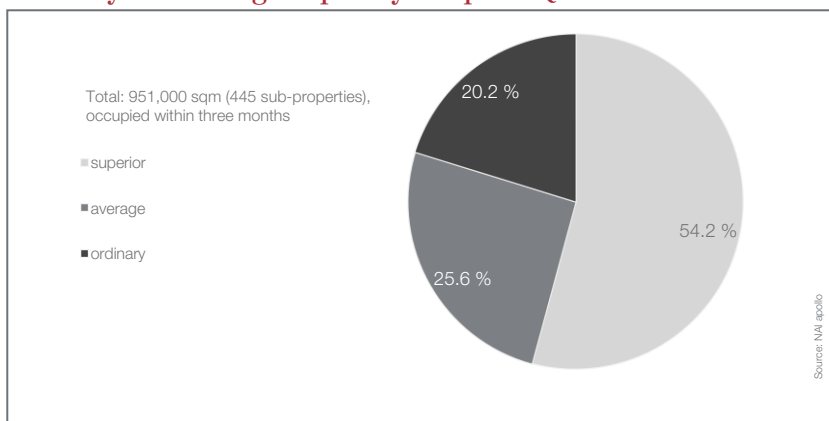
Vacancy according to vacancy size Q2 2021



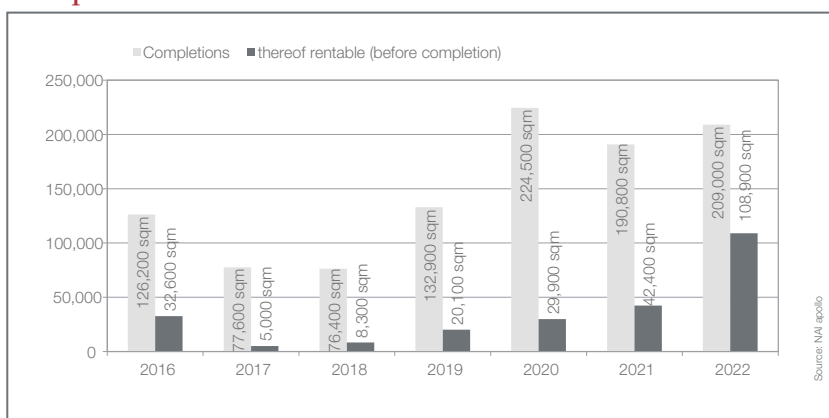
Vacancy according to asking rent Q2 2021



Vacancy according to quality of space Q2 2021



Completions



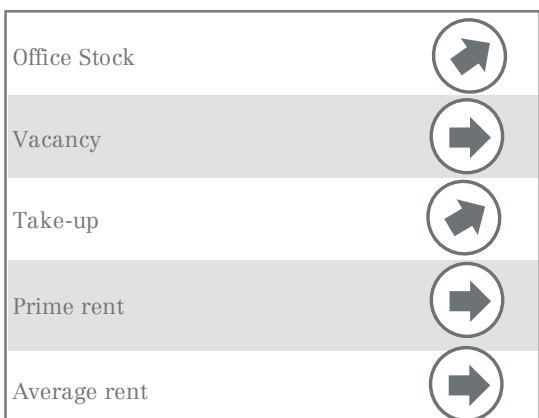
Office stock in the Frankfurt market area amounted to about 11.45 million sqm at the end of the second quarter. A total of 4,500 sqm was removed from the office market, while office completions reached 22,200 sqm. Projects completed in the last three months include the first phase of the office block at 100, Frankfurter Straße in Eschborn with 14,800 sqm of office space.

In 2021, the expected project volume currently stands at 190,800 sqm of office space, of which only 22 % is still available. In the coming year, an additional 209,000 sqm is currently expected with a pre-letting rate of 48 %.

Vacancies on the Frankfurt office market have continued to rise, albeit at a weaker pace compared to previous quarters. At the end of June 2021, market-active vacancies — that is, office space that can be occupied within three months of the contract signing — amounted to about 951,000 sqm. This represents an increase of 6,000 sqm compared to the previous quarter. The vacancy rate remains unchanged at 8.3 %.

Signs of recovery on the Frankfurt office market are becoming more evident. If the successful vaccination programme continues, new COVID-19 infections remain low and the economy is reopened further in the coming months, the positive trend should take hold in the second half of the year. Accordingly, vacancies should stabilise in the medium term and take-up is expected to be higher compared to last year.

Outlook next 12 months



Cities

Office space, vacancy, prime rent, average rent Q2 2021

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	19.25	342,000	3.0	39.30	26.80
Dusseldorf	7.46	99,000	7.3	28.50	16.27
Frankfurt a. M.	11.45	171,800	8.3	46.00	22.40
Hamburg	14.09	217,500	3.8	31.00	17.80
Munich	20.84	223,000	4.2	39.30	21.00

Prime yields Q2 2021

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.50 %	2.90 %	3.25 %
Dusseldorf	2.95 %	3.25 %	3.25 %
Frankfurt a. M.	2.80 %	3.15 %	3.25 %
Hamburg	2.70 %	3.10 %	3.25 %
Munich	2.55 %	2.90 %	3.25 %
Total	Ø = 2,70 %	Ø = 3,05 %	Ø = 3,25 %

Frankfurt a.M.

Top take-up H1 2021

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Kreiskler, Baseler Straße 46-48 / Gutleutstraße 80-82 / Bahnhofsviertel	Nestlé	20,000
The Move Blue, De-Saint-Exupéry-Straße 3-5 / Airport	Siemens	15,000
Palazzo Fiorentino, Gerbermühlstraße 3-5 / Sachsenhausen	City of Frankfurt (Jobcenter Frankfurt)	7,600
Development Solmsstraße 20-22 / City West	Mainova	6,900
De-Saint-Exupéry-Straße 8 / Airport	Schaeffler	5,600

Top investments H1 2021

Property + Location	Purchaser	Purchase Price in €*
Sparda-Bank Tower, Europa-Allee 68	Sparda-Bank	confidential
GlZ-Campus Eschborn, Ludwig-Erhard-Straße, Eschborn	GlZ	approx. €220,000,000
Westend Carree, Grüneburgweg 14-18	Ardian Real Estate	> €200,000,000
MC 30, Marie-Curie-Straße 30	confidential	approx. €165,000,000
Cielo (50 %-Share), Theodor-Heuss-Allee 100-104	Demire	approx. €138,000,000

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ASSET MANAGEMENT

VALUATION AND RESEARCH

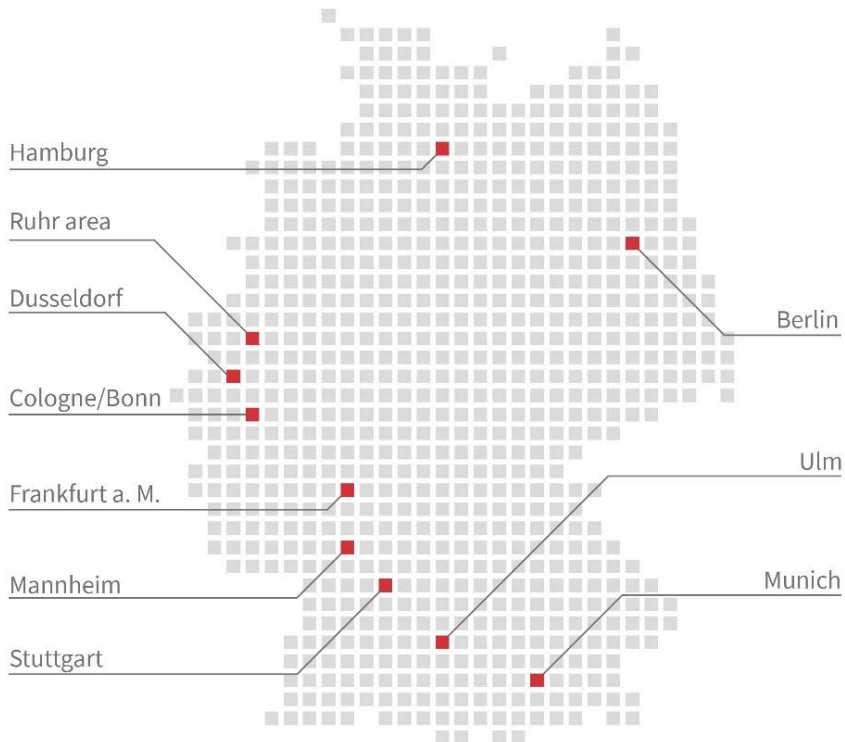
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