



Facts and Figures

Office market Frankfurt am Main
Q1 2021

“Progress depends on the exchange of knowledge.”

Quote from Albert Einstein

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!



Dr. Konrad Kanzler
Head of Research
+49 (0) 69 - 970 505-614
konrad.kanzler@nai-apollo.de



Andreas Wende
Managing Partner
+49 (0) 69 - 970 505-171
andreas.wende@nai-apollo.de



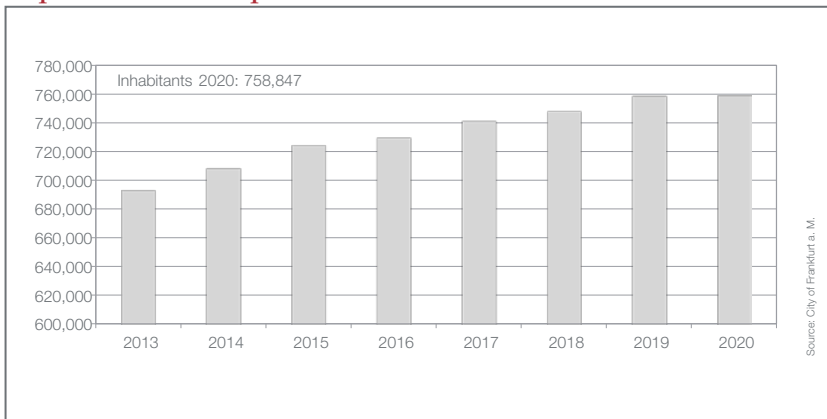
Martin Angersbach
Director Business Development Office Germany
+49 (0) 69 - 970 505-122
martin.angersbach@nai-apollo.de



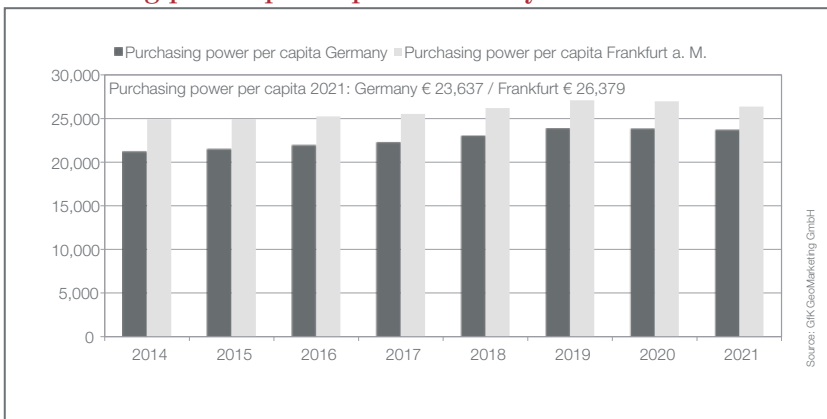
Lenny Lemler
Director Investment
+49 (0) 69 - 970 505-174
lenny.lemmler@nai-apollo.de



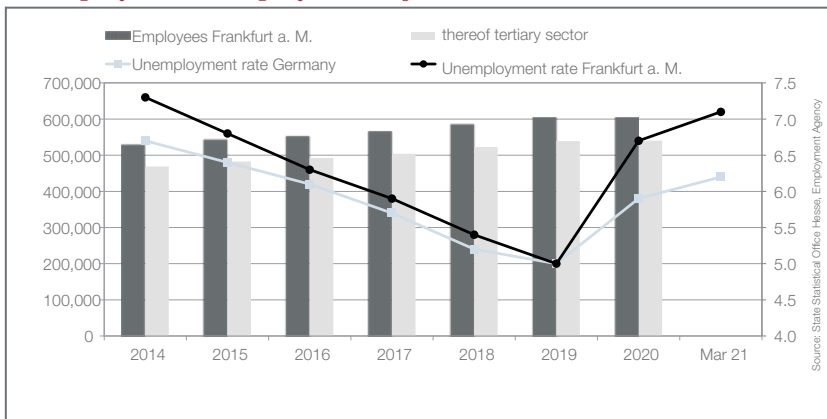
Population development Frankfurt a. M.



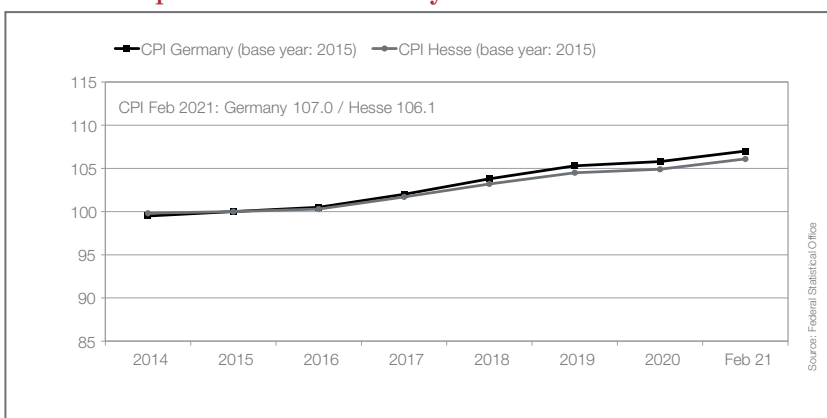
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse



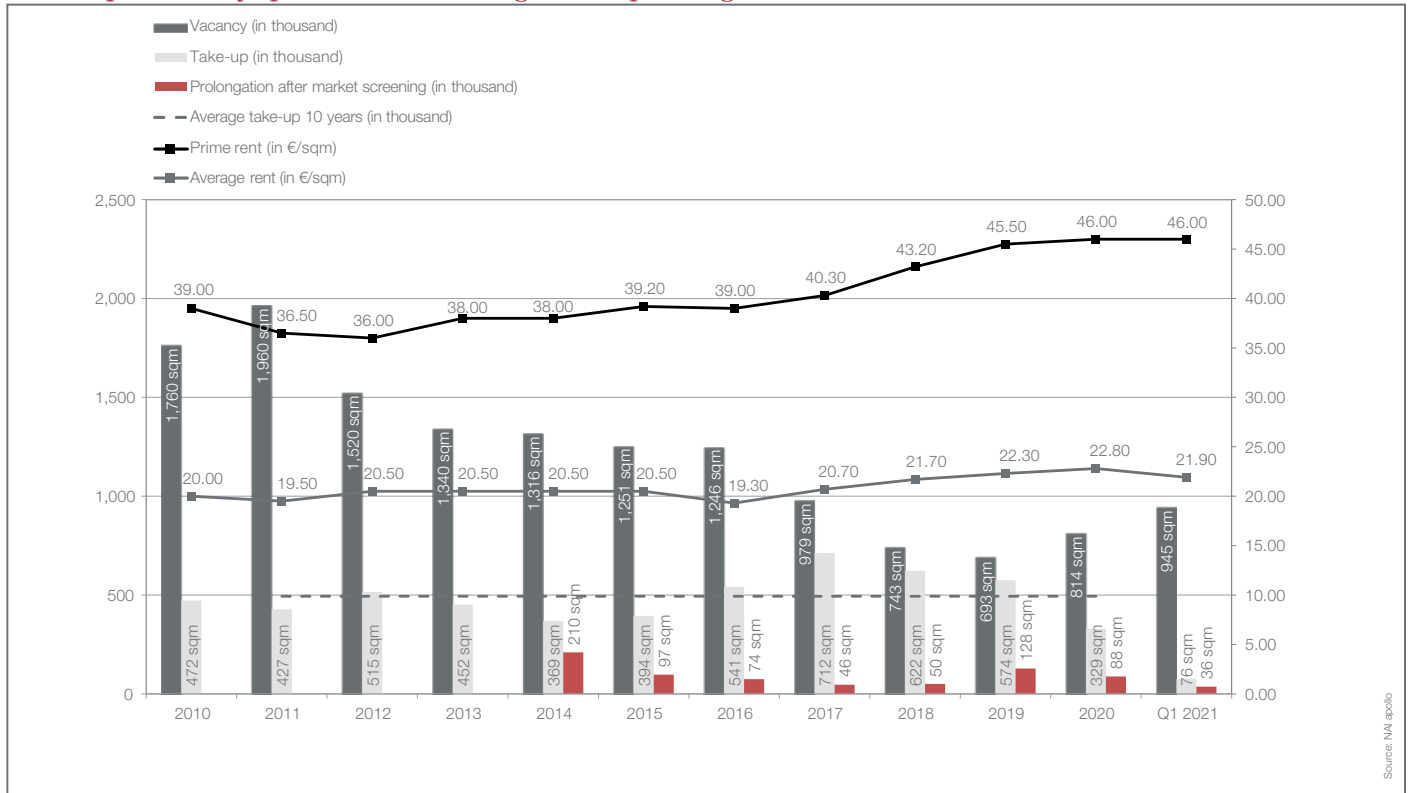
The Rhine-Main metropolis of Frankfurt am Main remains in the grip of the coronavirus pandemic. The sluggish progress of the vaccination programme and the third wave of COVID-19 infections are having a massive impact on companies and consequently on the labour market.

In March 2021, the rate of unemployment in Frankfurt am Main stood at 7.1 %, which is 1.9 percentage points above the previous year's level. Compared to February, on the other hand, the rate has fallen by 0.2 percentage points. It is also below the peak of 7.7 % that was recorded in August 2020. However, even once the pandemic is over, it will take some time to return to pre-crisis levels. As of 30 September 2020, the number of employees subject to social insurance contributions in Frankfurt had fallen by 7,600 compared to the start of the year.

At first glance, the business survey carried out by the Frankfurt Chamber of Industry and Commerce at the start of 2021 appears to indicate that the situation of companies has improved somewhat. Having said that, the period of the survey mainly covers the less restrictive lockdown that was in place at the end of 2020. At that time, it was difficult to predict how the situation would evolve. Overall, the business situation at the end of the year was given a more positive assessment compared to the autumn survey. However, expectations have deteriorated again after an improvement in the previous survey. As a result, the business climate index remained at 96 points, which indicates that an overall negative sentiment prevails.

Sentiment has improved in the finance, credit and insurance industry, which is a major user of office space. Here, the business climate index almost returned to pre-crisis levels at 121 points, primarily owing to positive assessments of the current business situation.

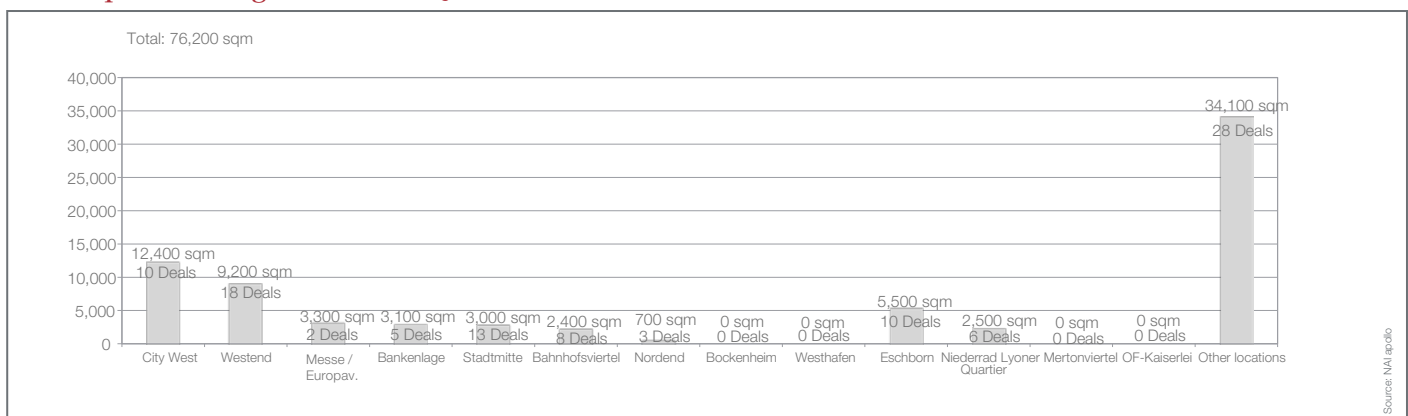
Take-up, vacancy, prime rent, average rent, prolongation



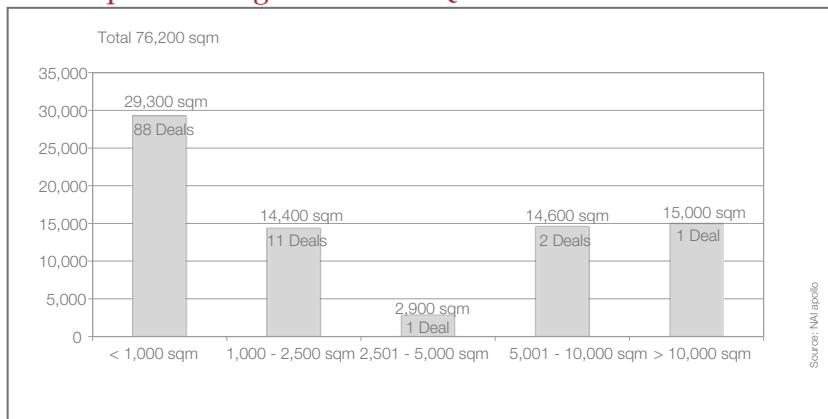
The Frankfurt office market including Eschborn and Offenbach-Kaiserlei made a subdued start to 2021 as the coronavirus pandemic continues to make itself felt. Furthermore, a large number of companies are still keeping their foot on the brake because of the economic uncertainties, even though some players appear to have adapted to the 'new normal'. In the first quarter of 2021 office space take-up by tenants and owner-occupiers of 76,200 sqm was recorded in Frankfurt. Although the result is 12 % above the previous year's figure (Q1 2020: 67,800 sqm), it is almost a quarter below the average for the past ten years (Q1 2011 – Q1 2020: 99,200 sqm). Excluding the owner-occupier project started by Siemens, which accounts for 15,000 sqm, the overall result would have been much lower at 61,200 sqm. Regardless of this, the first three months of 2021 represent one of the weakest quarters on record.

One consequence of the economic uncertainty in the first quarter of 2021 was an increase in the number of lease renewals following an active market search. The related take-up volume rose to around 36,000 sqm.

Take-up according to location Q1 2021



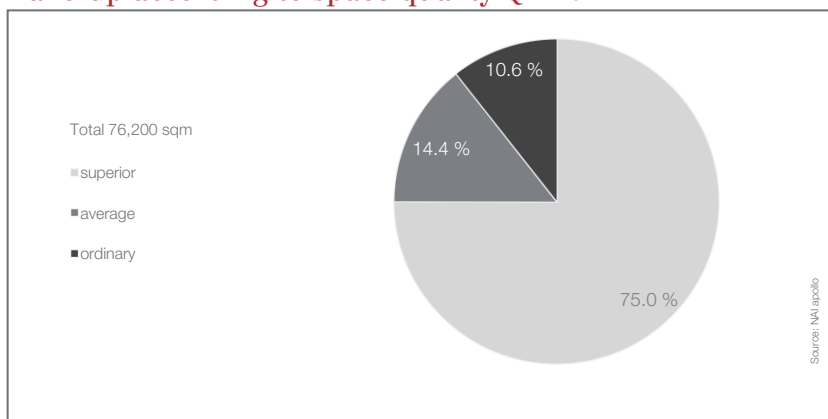
Take-up according to unit size Q1 2021



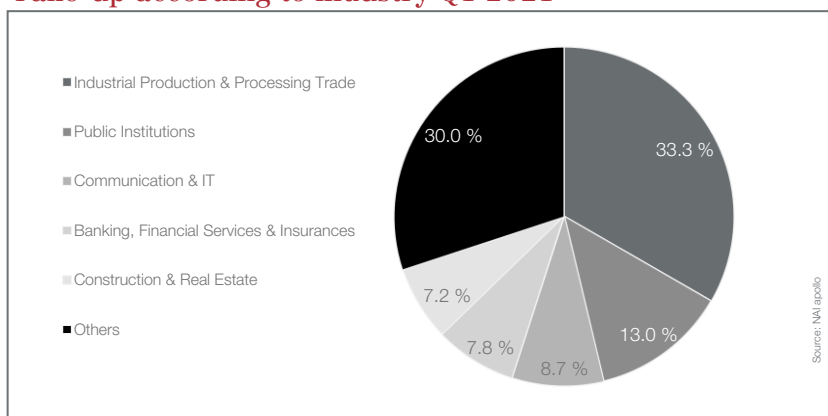
Take-up according to rents Q1 2021



Take-up according to space quality Q1 2021



Take-up according to industry Q1 2021



In terms of the different size categories, small deals below 1,000 sqm were again responsible for the largest share of the take-up volume and accounted for 29,300 sqm or 38.5 %. This means that the small-space segment forms the basis of the Frankfurt office market during this period of economic weakness. The other size clusters account for take-up shares of between 3.8 % (2,501 – 5,000 sqm) and 19.7 % (>10,000 sqm).

The Siemens owner-occupier project in Gateway Gardens emerged as the biggest deal within the first three months. Siemens will occupy 15,000 sqm of the building's total floor space of over 35,000 sqm. Next by some distance are the leases signed by Jobcenter in Palazzo Fiorentino at 3-5 Gerbermühlstraße for more than 7,600 sqm; and by Mainova in the new office development at 20-22 Solmsstraße for over 6,900 sqm.

The Siemens and Mainova contracts also influenced the industry ranking. Companies from the "industrial production & processing trade" accounted for around 25,400 sqm or a third of the overall volume. Trailing some way behind are "public institutions" with 9,900 sqm.

In terms of the geographic distribution of take-up, the Central Business District (CBD) and South district accounted for a combined 80 % of take-up, also owing to the major deals.

Owing to the high-priced deals of the past 12 months, the prime rent in Frankfurt has not moved from the €46.00/sqm that was achieved at the end of 2020. In contrast, the average rent has fallen noticeably from €22.80/sqm at the end of 2020 to €21.90/sqm. This decrease is primarily owing to the high proportion of take-up outside the absolute top locations in the first quarter compared to the previous year and is less an effect of the coronavirus pandemic.

Office Locations Frankfurt a.M. Q1 2021

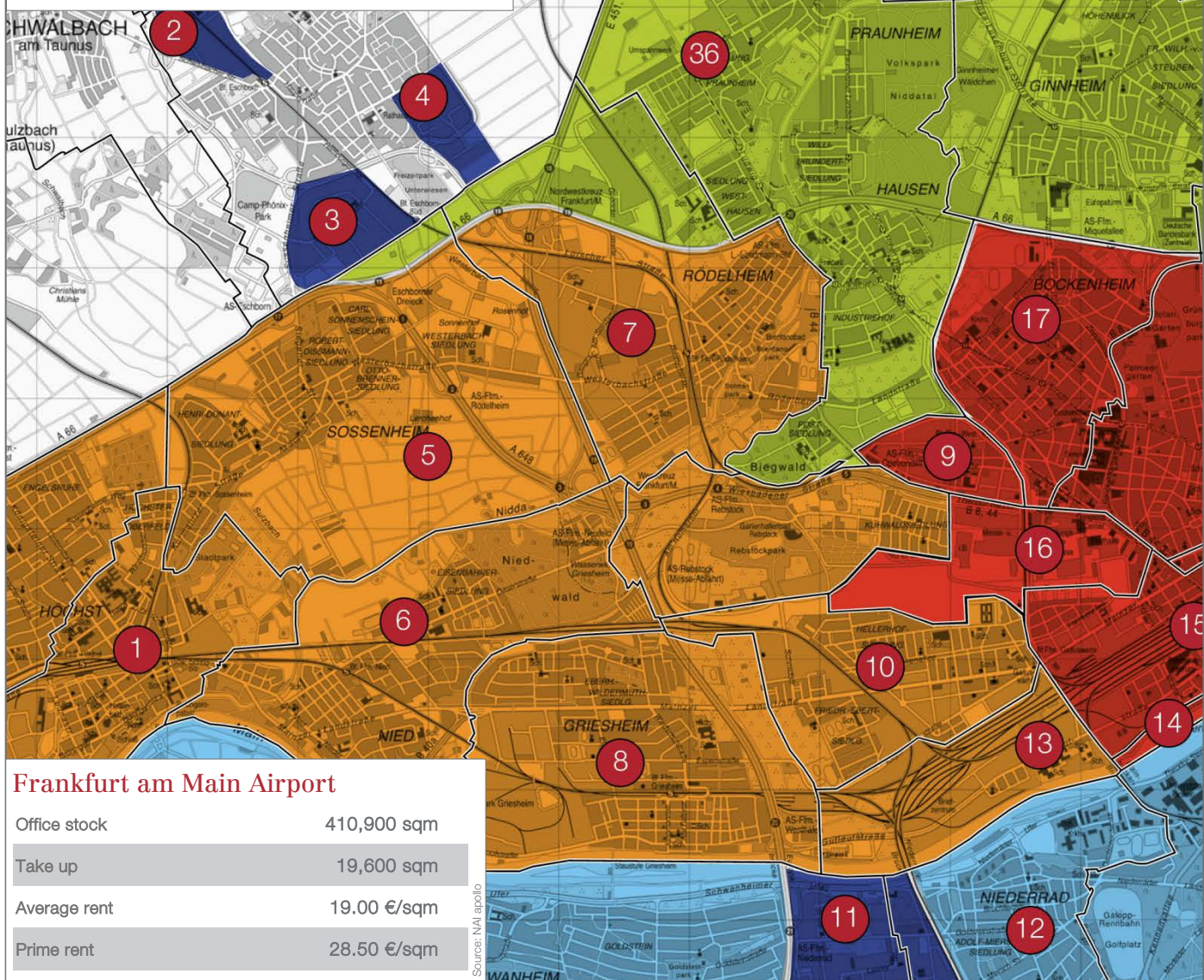
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

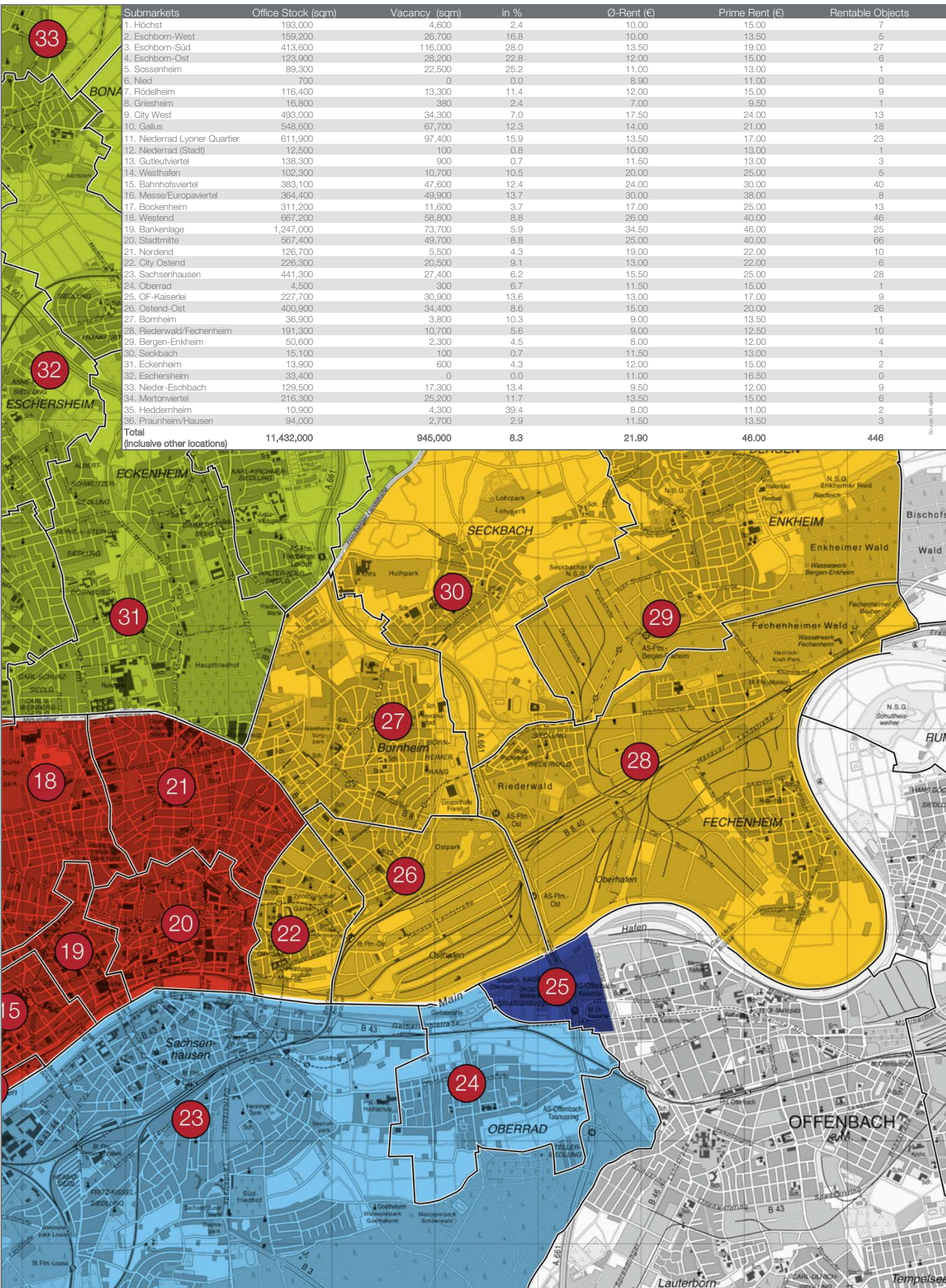
Main Location	Vacancy*
■ F-CBD	341,800 sqm
■ F-WEST	109,400 sqm
■ F-SOUTH	72,200 sqm
■ F-NORTH	25,500 sqm
■ F-EAST	71,800 sqm
■ OFFICE CENTRES	324,300 sqm
Total	945,000 sqm

data as of 31.03.2021

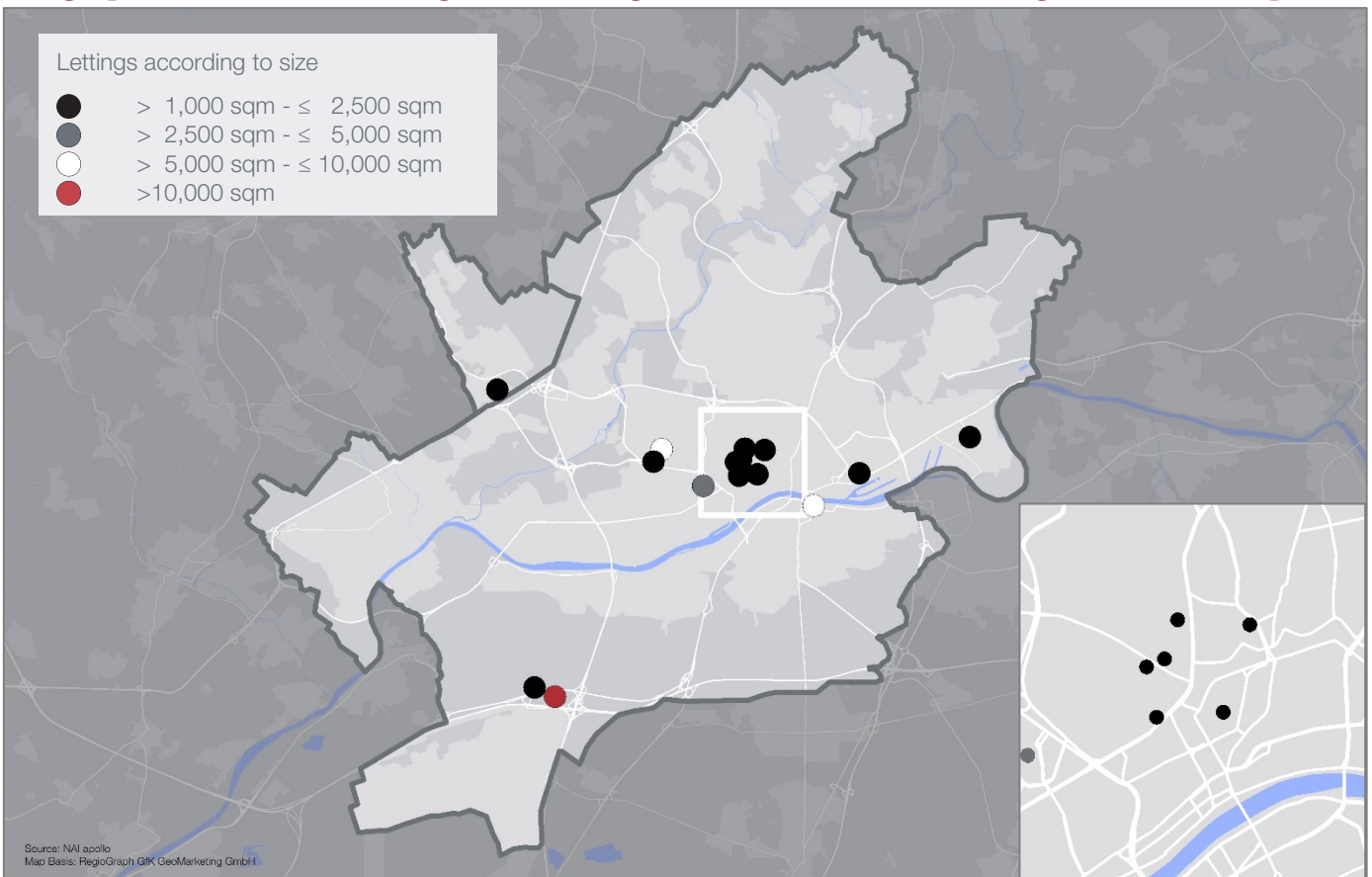
* inclusive subletting spaces

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

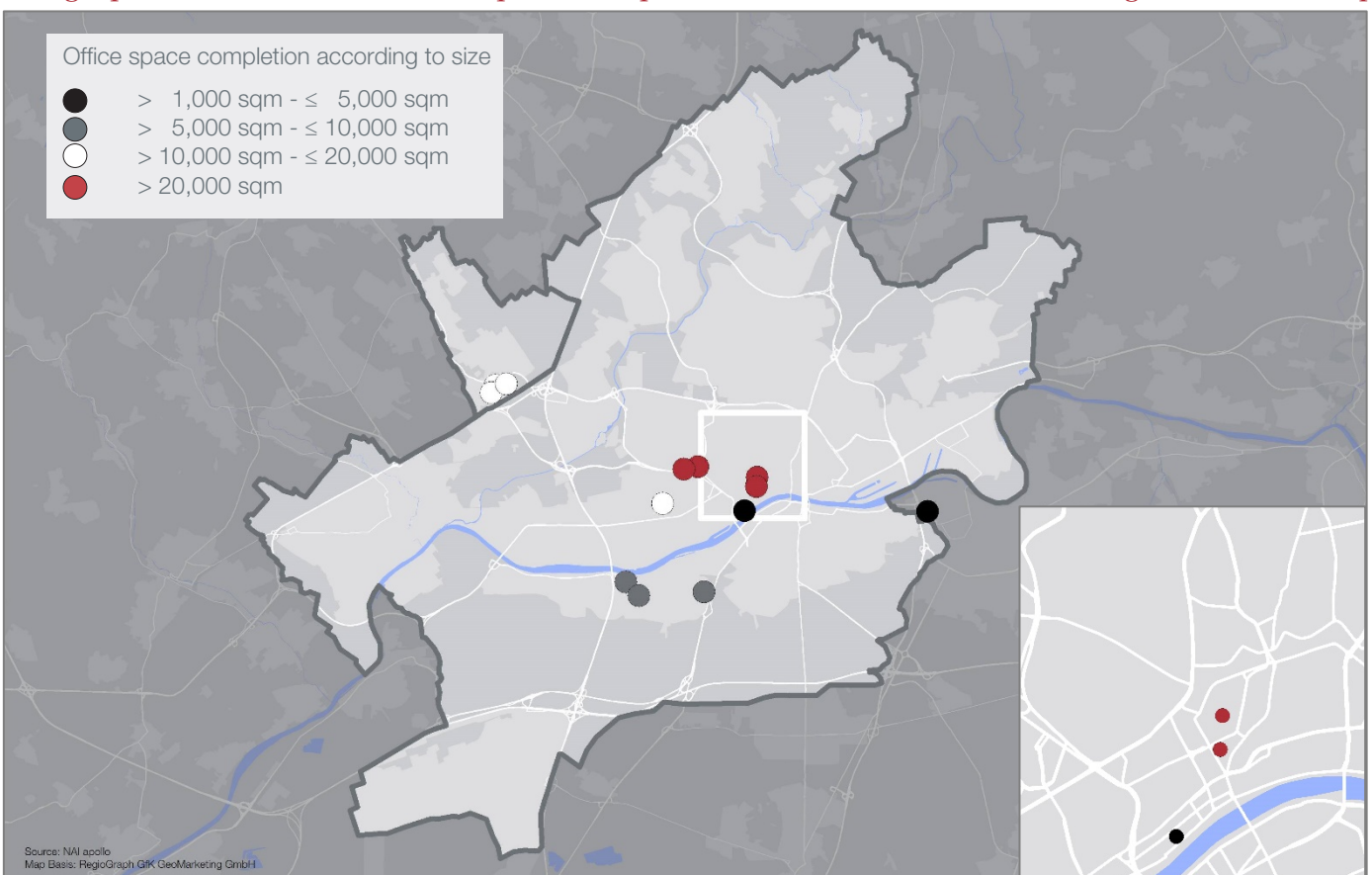




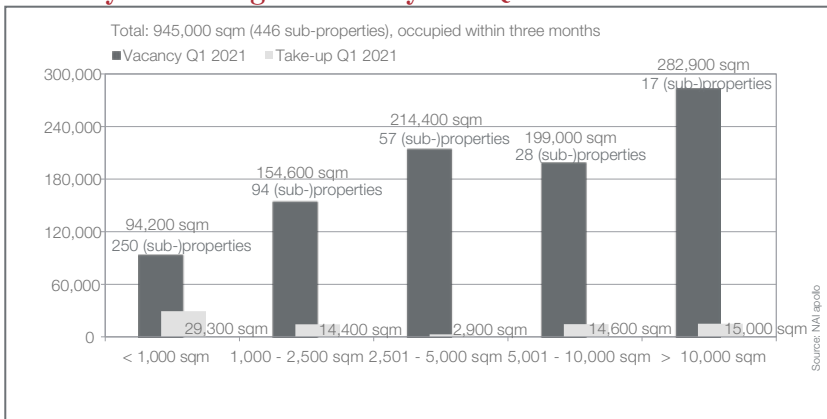
Geographical localisation of large-scale lettings Q1 2021 accor. to size categories (> 1,000 sqm)



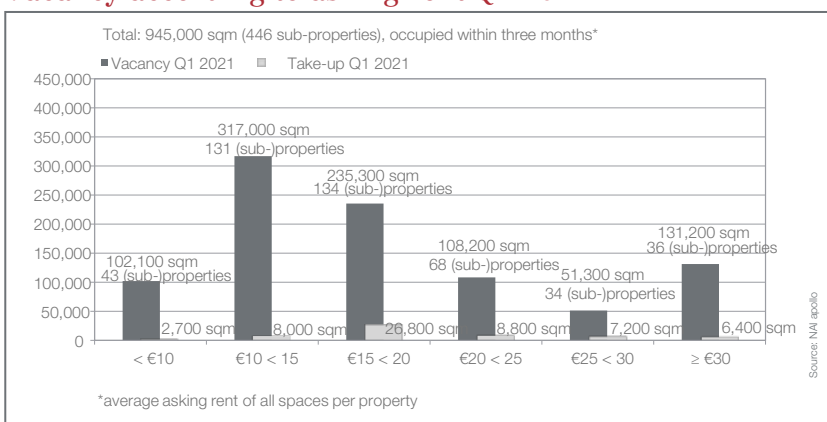
Geographical localisation of office spaces completions Q1 2021 accor. to size categories (> 1,000 sqm)



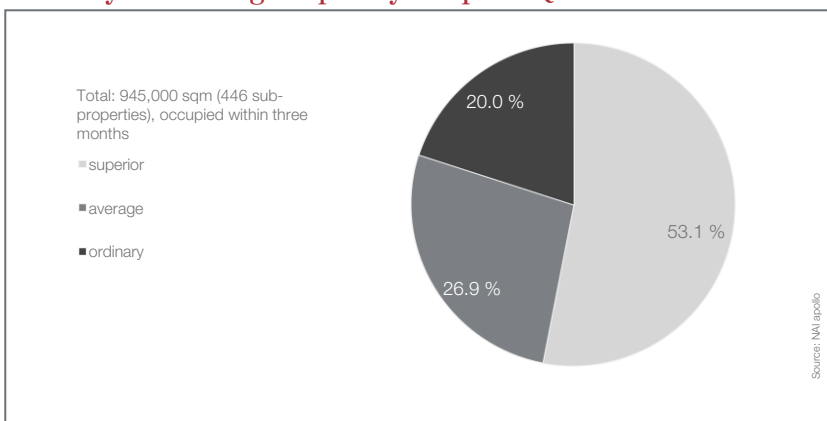
Vacancy according to vacancy size Q1 2021



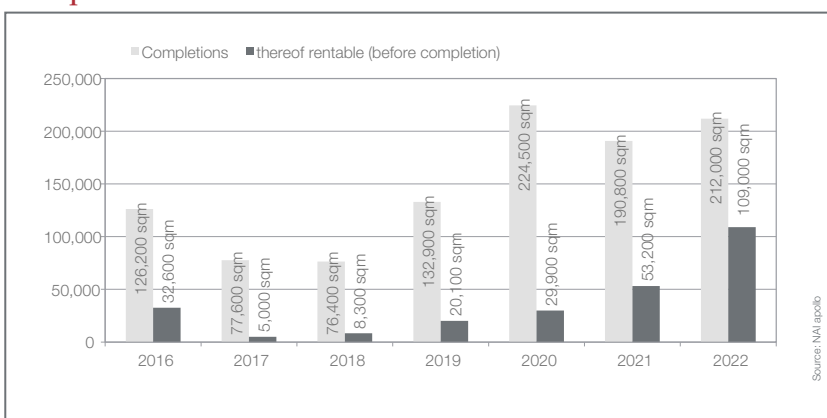
Vacancy according to asking rent Q1 2021



Vacancy according to quality of space Q1 2021



Completions

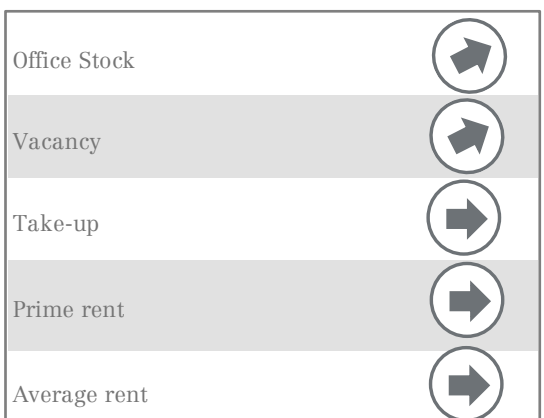


In the first three months of 2021, office space completions in Frankfurt amounted to 58,300 sqm of which 60 % has been pre-let. For the year as a whole, the project volume currently stands at 190,800 sqm, of which 72 % has already been allocated. Around 49,200 sqm has been removed from the Frankfurt office market. As a result, total office stock amounted to 11.432 million at the end of the first quarter.

As expected, the active vacancy rate on the Frankfurt office market – that is, office space that can be occupied within three months of the signing of the lease – increased significantly during the first quarter. The market now has 945,000 sqm of office space available for rent at short notice. Accordingly, the vacancy rate stood at 8.3 % at the end of March 2021. Compared to the previous year, vacancies increased by 226,000 sqm or 2.0 percentage points.

The Frankfurt office market will continue to be shaped by the effects of the coronavirus pandemic as the year progresses. A further increase in vacancies is likely in the coming months, but significant market upheavals are not expected. As the economic situation returns to normal, activity on the Frankfurt office space market will also increase again. Take-up will initially remain below average but should then pick up in the second half of the year.

Outlook next 12 months



Market Data Surroundings of Frankfurt Average and Prime Rents



Source: NAI apollo

Map Basis: RegioGraph GfK GeoMarketing GmbH

On the basis of 4,060 offers (03/2020 - 02/2021)

empirica-systeme Marktdatenbank

Cities

Office space, vacancy, prime rent, average rent Q1 2021

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	19.20	187,000	2.6	39.60	27.30
Dusseldorf	7.41	50,200	7.2	28.50	16.07
Frankfurt a. M.	11.43	76,200	8.3	46.00	21.90
Hamburg	14.05	126,000	3.6	31.00	17.80
Munich	20.78	101,000	3.8	39.30	20.80

Prime yields Q1 2021

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.60 %	2.90 %	3.40 %
Dusseldorf	3.00 %	3.25 %	3.45 %
Frankfurt a. M.	2.80 %	3.15 %	3.40 %
Hamburg	2.80 %	3.10 %	3.40 %
Munich	2.65 %	2.90 %	3.35 %
Total	Ø = 2,80 %	Ø = 3,05 %	Ø = 3,40 %

Frankfurt a. M.

Top take-up Q1 2021

Property + Location	Tenant / Owner Occupier	Leased area in sqm
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
Neubau Solmsstraße 20-22 / City West	Mainova	6,900
ONE, Brüsseler Straße 1-3 / Messe / Europaviertel	Cloud Imperium Games	2,900
Sky Eschborn, Frankfurter Straße 60-68 / Eschborn-South	Glovis Europe	2,300

Top investments Q1 2021

Property + Location	Purchaser	Purchase Price in €*
GIZ-Campus Eschborn, Ludwig-Erhard-Straße, Eschborn	Deutsche Gesellschaft für Internat. Zusammenarbeit	approx. €220,000,000
Cielo (50 %-Share), Theodor-Heuss-Allee 100-104	Demire	approx. €138,000,000
Office building Untermainkai 27-28	Cara Real Estate	approx. €34,000,000
Solis, Hanauer Landstraße 161-173	Alstria	approx. €32,600,000
Office building Saonestraße 3	Confidential	approx. €29,000,000

**ONE PARTNER. ALL SERVICES. ALL ASSET CLASSES.
OFFICE - RETAIL - LOGISTICS - RESIDENTIAL**

ASSET MANAGEMENT

VALUATION AND RESEARCH

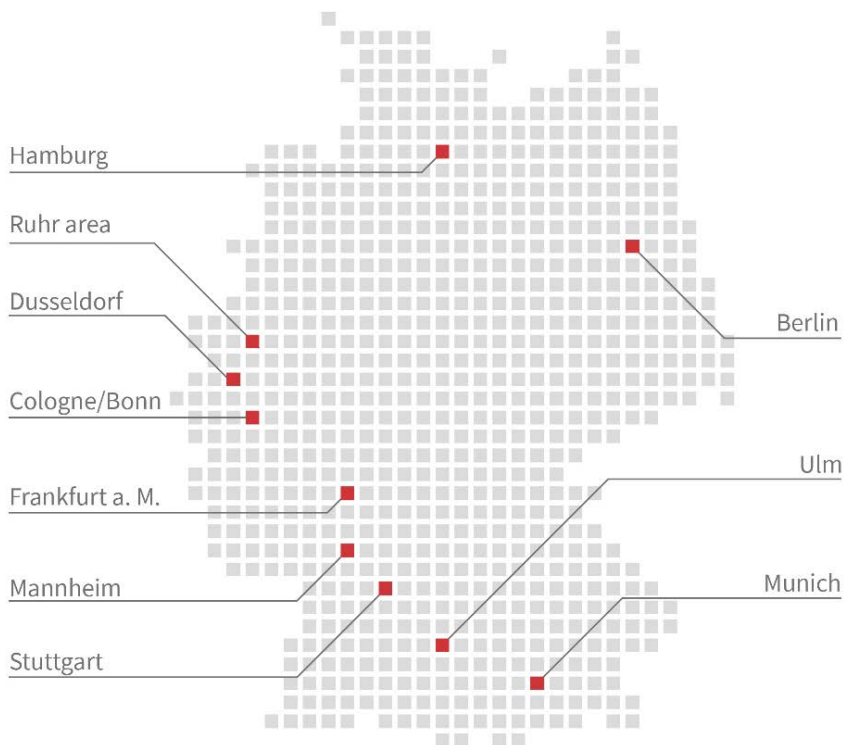
CORPORATE FINANCE ADVISORY

CORPORATE REAL ESTATE SERVICES

HEALTH CARE

SALES

LETTING



**YOUR PROPERTY PARTNER –
WE DISTINGUISH OURSELVES BY**

OWNER-MANAGED

PARTNER ACTIVE IN DAY-TO-DAY BUSINESS

MORE THAN 30 YEARS OF MARKET EXPERIENCE

INDEPENDENT - INNOVATIVE - SOLUTION-ORIENTED

LOCAL - NATIONAL - TOP NETWORK

FLEXIBLE - CUSTOMER-FOCUSED - COMPETENT



Copyright © NAI apollo, 2021.

This report is for information purposes only. It was compiled with the utmost care and is based on information from sources that we regard as being reliable, but for which we assume no liability for their accuracy, completeness or correctness. Estimates, figures and forecasts contained in this document are for guidance only. This report does not pursue the aim of promoting the purchase or sale of a particular financial investment and thus should not be considered as such an offer. The reader of this report must make his or her own independent decisions in regards to correctness and completeness. The NAI apollo assumes no liability for direct or indirect damage that arises through inaccuracies, omissions or errors in this report. We reserve the right to make changes and/or additions to the information contained therein at any time. Neither the report nor parts thereof may be published, reproduced or passed on without the written consent of the NAI apollo.