



Facts and Figures

Office market Frankfurt am Main
Q1 2022

“To understand matters rightly we should understand their details.”

Quote from François VI. Duc de La Rochefoucauld

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



Dr. Marcel Crommen
Managing Partner
+ 49 (0) 69 - 970 505-14
marcel.crommen@nai-apollo.de



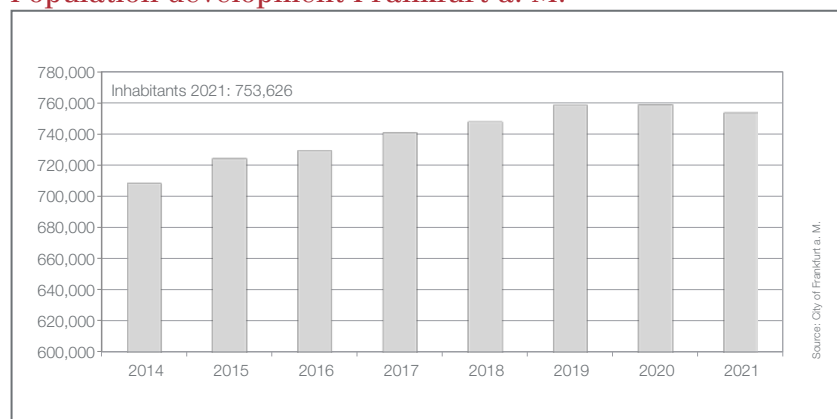
Martin Angersbach
Director Business Development Office Germany
+49 (0) 69 - 970 505-122
martin.angersbach@nai-apollo.de



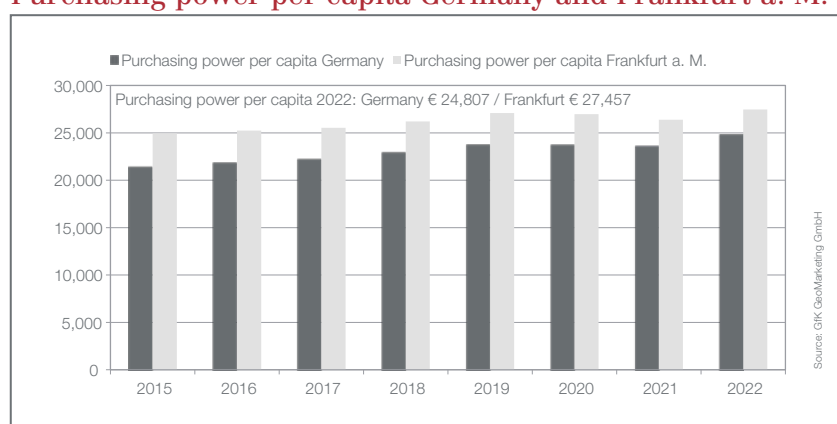
Lenny Lemler
Director Investment
+49 (0) 69 - 970 505-174
lenny.lemmler@nai-apollo.de



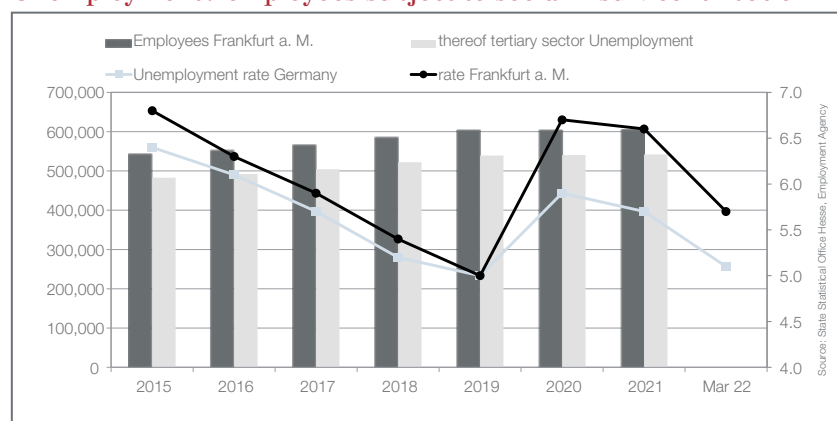
Population development Frankfurt a. M.



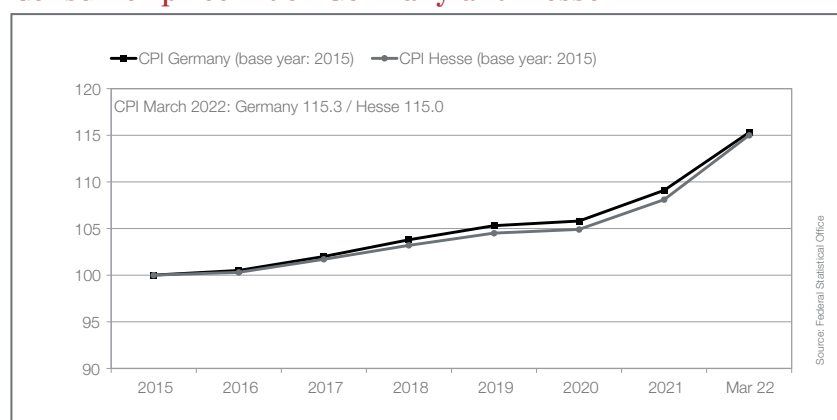
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

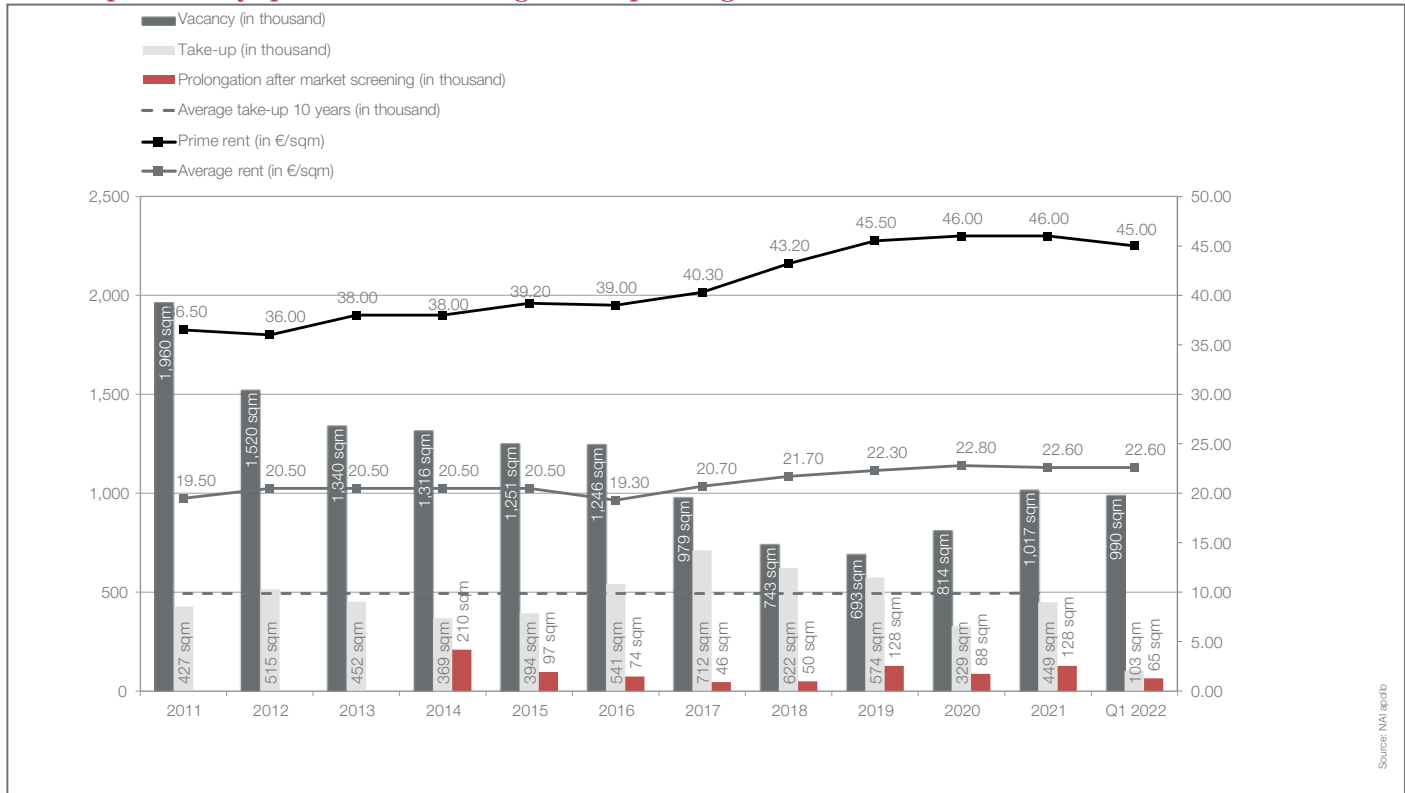


The current geopolitical situation, especially Russia's invasion of Ukraine, poses major challenges for the German economy. Although the number of coronavirus infections in Germany remains at a high level, the pandemic is taking a back seat due to the largely lifted measures to contain it as well as due to the current situation in Ukraine. Supply shortages on account of the strong recovery in the global economy after the pandemic-related slump, combined with additional delivery difficulties as a result of the war in Ukraine, have caused inflation to rise. In March 2022, the rate of inflation reached 7.3 % in Germany, the highest value in 40 years. In Hesse, the rate is as high as 8.0 %. In the short term, a further increase in inflation is to be expected, for example due to rising costs for energy, food, building materials, and so on. The risk of a wage-price spiral cannot be ruled out either. Further actions by the ECB will be decisive here. Owing to these diverse elements, the strong GDP growth forecast at the beginning of the year can no longer be maintained. At best, only slight economic growth is currently expected.

The geopolitical situation and the rate of inflation are not yet reflected in employment figures. In Frankfurt am Main, for example, the unemployment rate fell to 5.7 % as of March 2022 and is therefore 1.4 percentage points below the previous year's value. At the same time, this represents the lowest value in the last 24 months. However, this positive development is likely to flatten out in the coming months.

The most recent business survey carried out by the IHK in February 2022, and thus before the start of the war in Ukraine, already includes more pessimistic outlooks by companies in the Frankfurt am Main area. However, an exception here is the finance, credit and insurance industry, which is a major user of office space. In this sector, satisfactory or positive ratings were provided for both the current situation and the outlook.

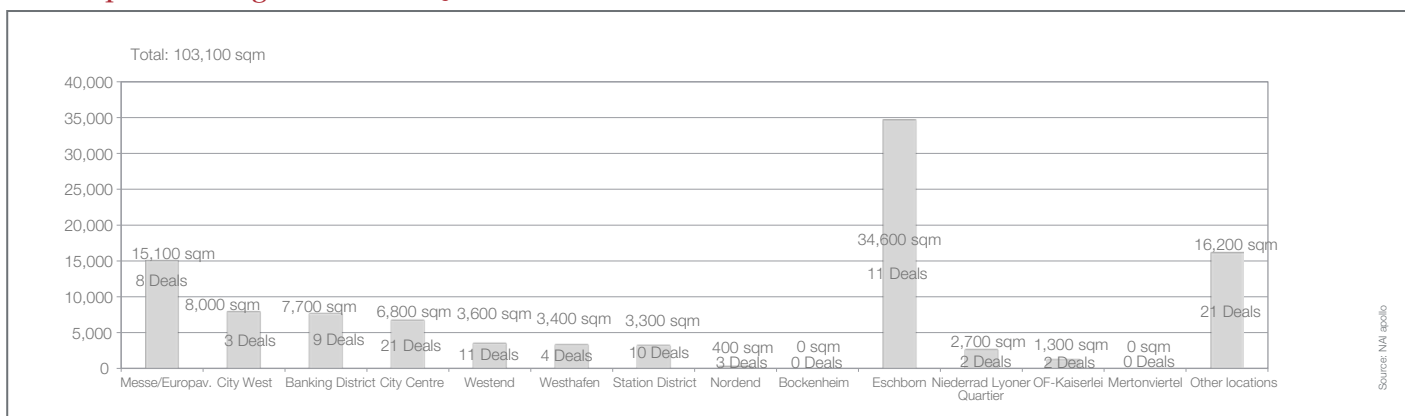
Take-up, vacancy, prime rent, average rent, prolongation



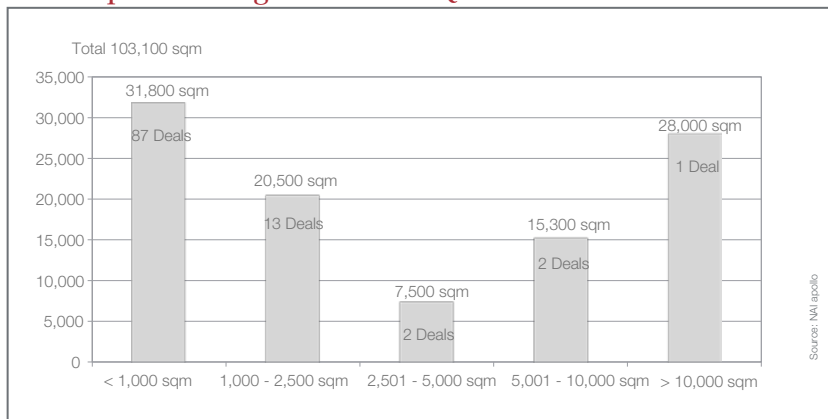
The Frankfurt office letting market, including Eschborn and Offenbach-Kaiserlei, performed reasonably well during the quarter in spite of market uncertainties caused primarily by Russia's war of aggression against Ukraine, with the resulting historically high energy prices. In addition, COVID-19 infections remained persistently high, and restrictions were still in place. Take-up by tenants and owner-occupiers reached a total of almost 103,100 sqm. However, despite the good quarterly result, the geopolitical environment is adversely affecting economic development. Accordingly, companies are being very cautious when it comes to making new rental decisions.

The result is a third above the previous year and slightly above the five- and ten-year averages of just under 100,000 sqm. However, this outcome was only possible because of a relatively high proportion of owner-occupiers. Owner-occupier projects represented more than a third of take-up. This means that pure lettings take-up in the first three months of 2022 stood at 66,000 sqm, which exceeded the corresponding prior-year figure by around 6,000 sqm. Accompanying this, lease extensions increased by 80 % to around 65,000 sqm, thereby providing a significant boost to the overall volume.

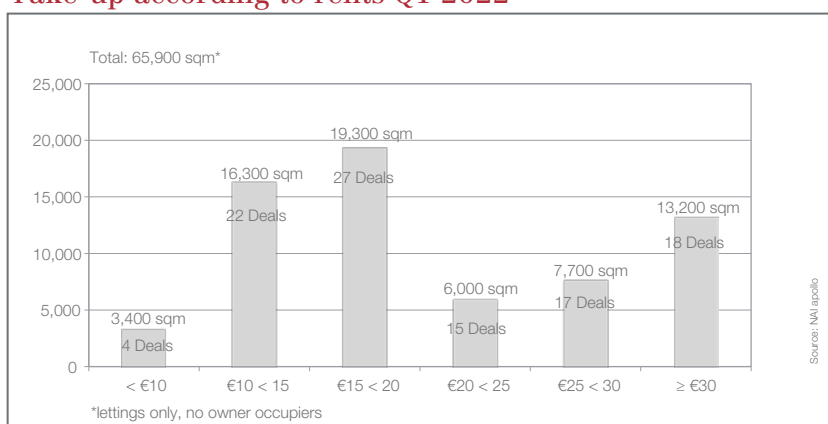
Take-up according to location Q1 2022



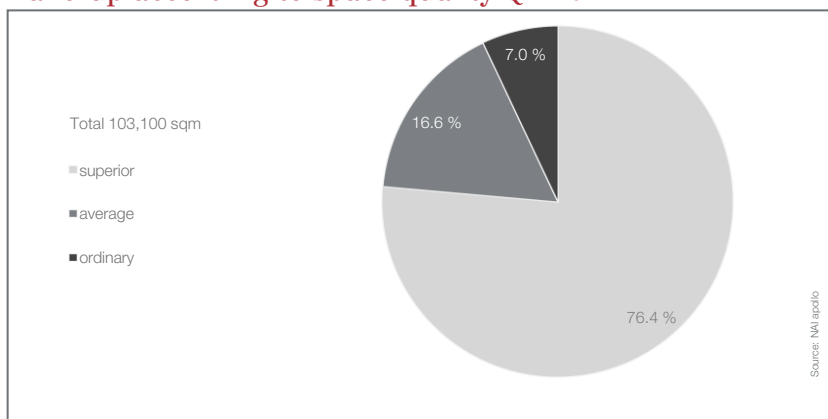
Take-up according to unit size Q1 2022



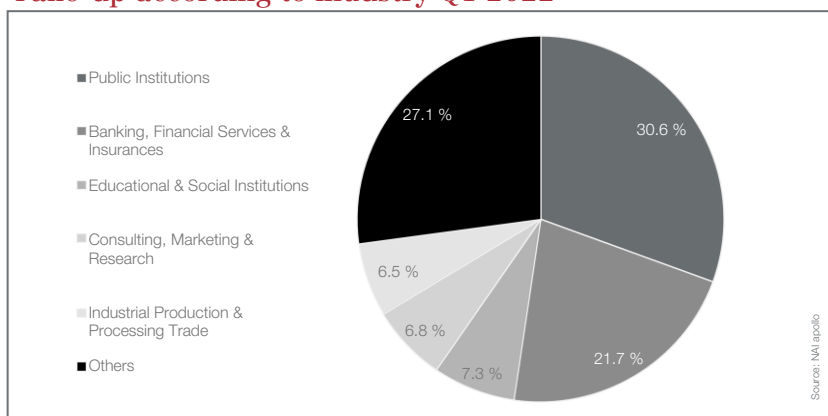
Take-up according to rents Q1 2022



Take-up according to space quality Q1 2022



Take-up according to industry Q1 2022



Higher demand was registered for office spaces larger than 1,000 sqm. The take-up volume in the “2,501 sqm – 5,000 sqm” cluster more than doubled in a year-on-year comparison. The “>10,000 sqm” and “1,001 sqm – 2,500 sqm” categories recorded growth of 87 % and 43 % respectively. Take-up in the “<1,000 sqm” cluster, on the other hand, was only slightly above the first quarter of 2021.

The largest deals at the beginning of 2022 included the start of construction on two owner-occupier projects, the first by GIZ at 7, Ludwig-Erhard-Strasse in Eschborn and the second by Spardabank at 68, Europa-Allee, as well as the expansion of space by Deutsche Bank in the IBC Tower. The bank secured a further 6,100 sqm of office space in the building it is already using. The biggest deals in the quarter also influenced the distribution of take-up among the different industries. Take-up by “public institutions”, which includes the Gesellschaft für Internationale Zusammenarbeit (GIZ), amounted to around 31,500 sqm or 30.6 % of the total volume. This was followed by “banking, financial services & insurances” with 22,400 sqm and “educational & social institutions” with 7,500 sqm.

Owing to the new owner-occupier developments and other lettings, Eschborn dominated the ranking with 34,600 sqm, followed by Messe/Europaviertel with 15,100 sqm. City West recorded take-up of 8,000 sqm, followed by the banking district with 7,700 sqm. In terms of the prime locations, the “CBD” was in first place with a market share of 46.8 %, ahead of the “office centres” with a share of 37.5 %.

In the first quarter of 2022, the prime rent fell by €1.00/sqm to €45.00/sqm. However, this is only a short-term statistical effect, which is primarily based on the twelve-month view of the prime rent and points less to a slowdown in the high-price segment. With the expected deals in premium projects, prime rents will rise again. The average rent remained stable compared to the previous quarter at €22.60/sqm.

Office Locations Frankfurt a.M. Q1 2022

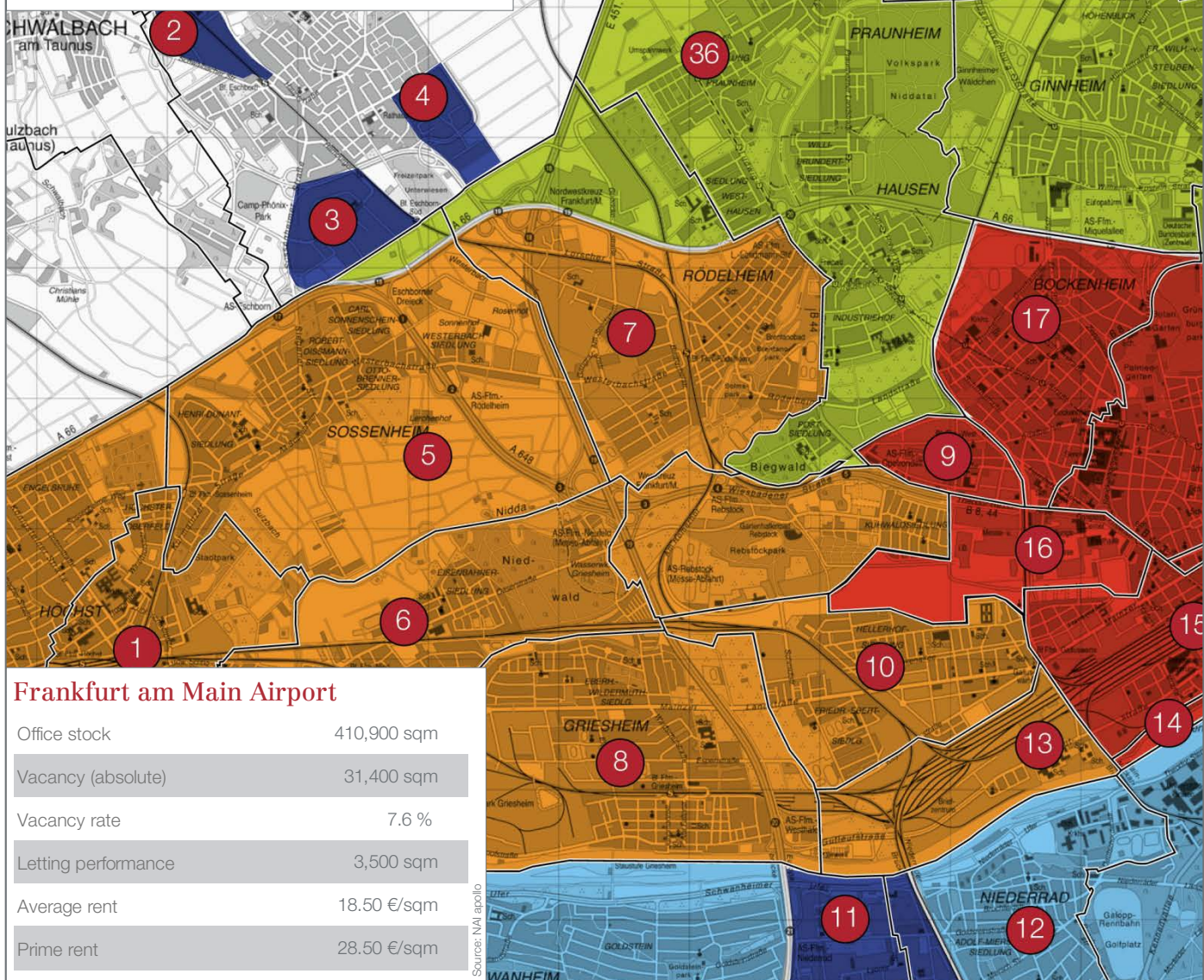
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	399,900 sqm
■ F-WEST	115,100 sqm
■ F-SOUTH	59,200 sqm
■ F-NORTH	58,100 sqm
■ F-EAST	55,800 sqm
■ OFFICE CENTRES	302,100 sqm
TOTAL	990,000 sqm

data as of 31.03.2022

* inclusive subletting spaces

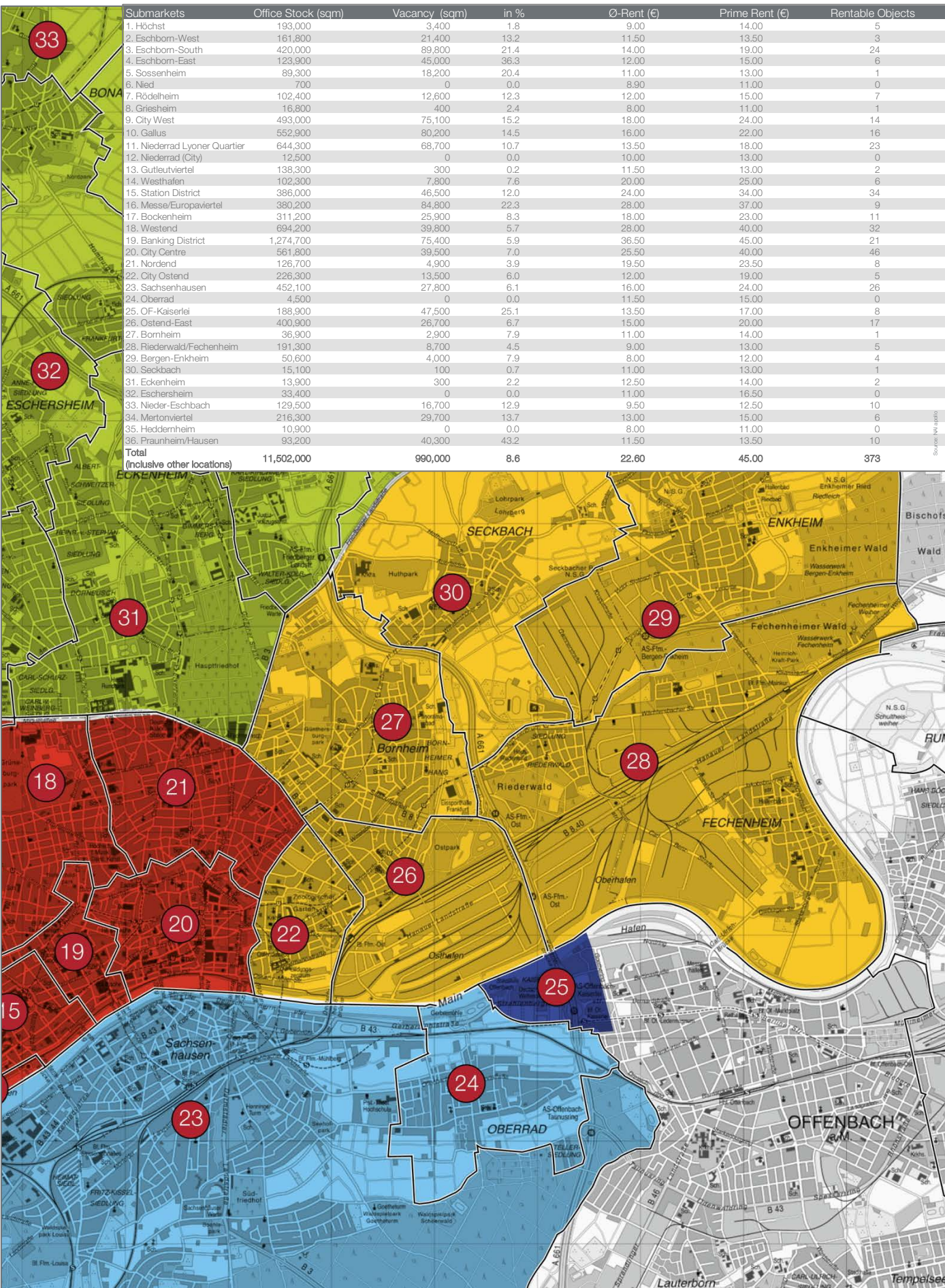
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



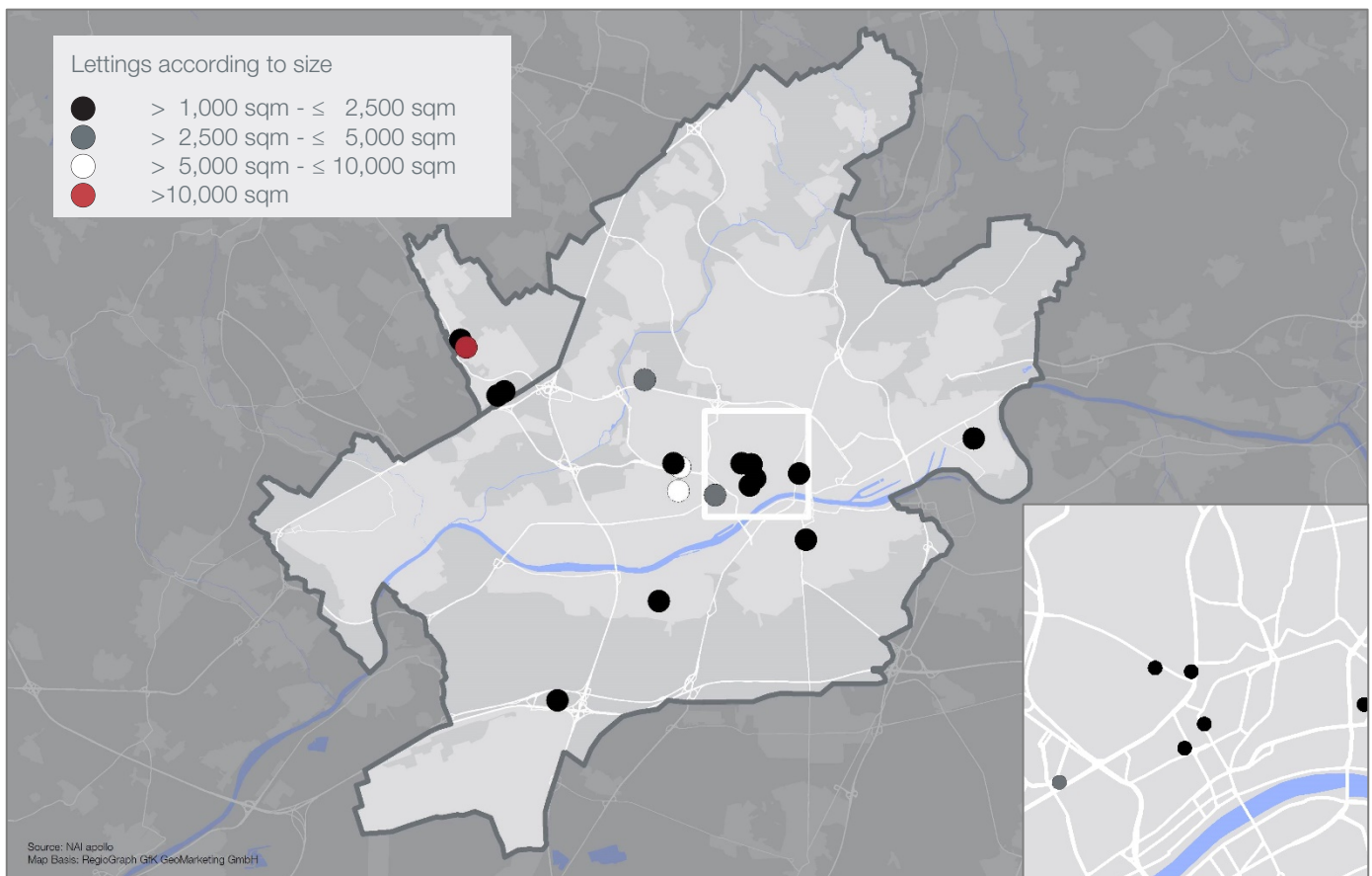
Frankfurt am Main Airport

Office stock	410,900 sqm
Vacancy (absolute)	31,400 sqm
Vacancy rate	7.6 %
Letting performance	3,500 sqm
Average rent	18.50 €/sqm
Prime rent	28.50 €/sqm

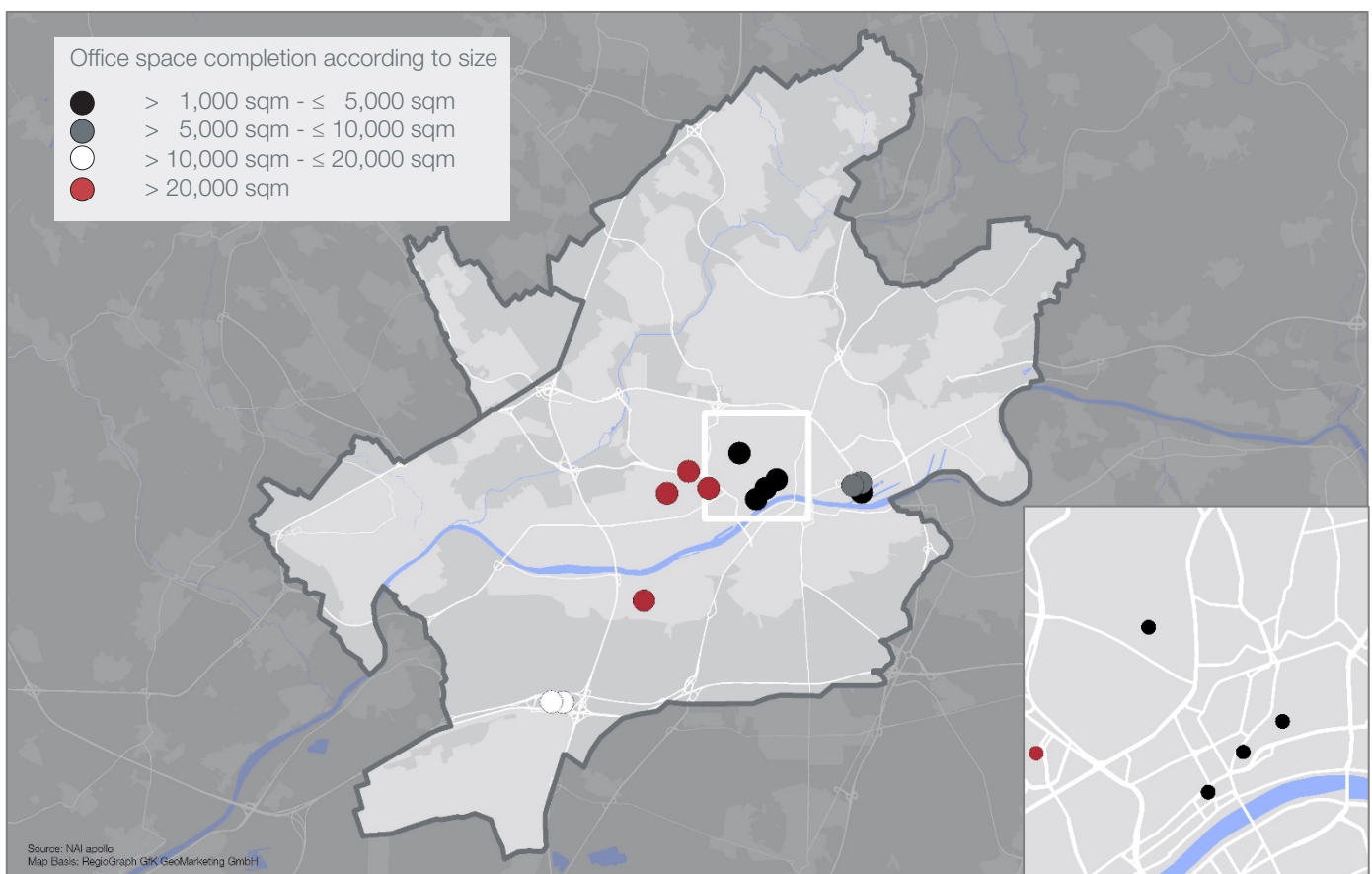
Source: NAI Apollo



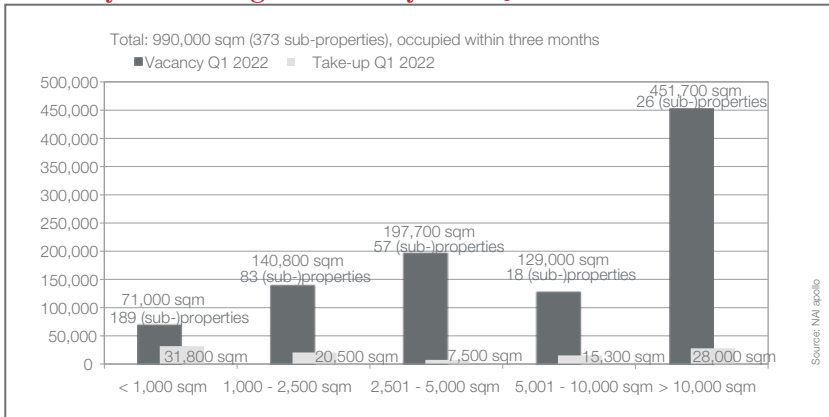
Geographical localisation of large-scale lettings Q1 2022 accor. to size categories (> 1,000 sqm)



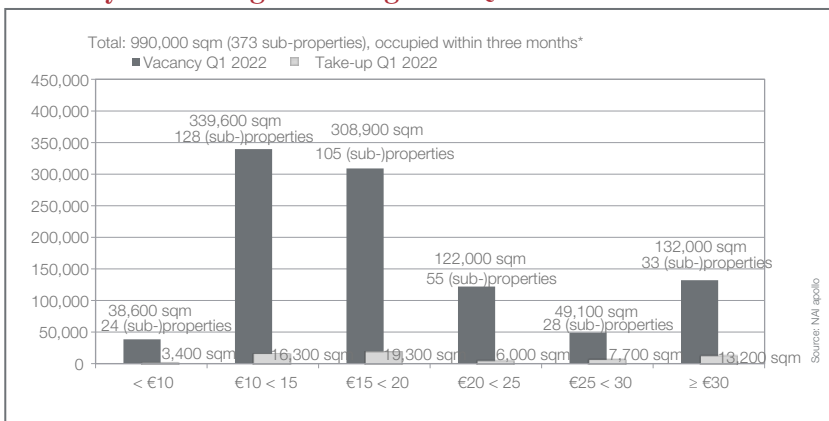
Geographical localisation of office spaces completions 2022 accor. to size categories (> 1,000 sqm)



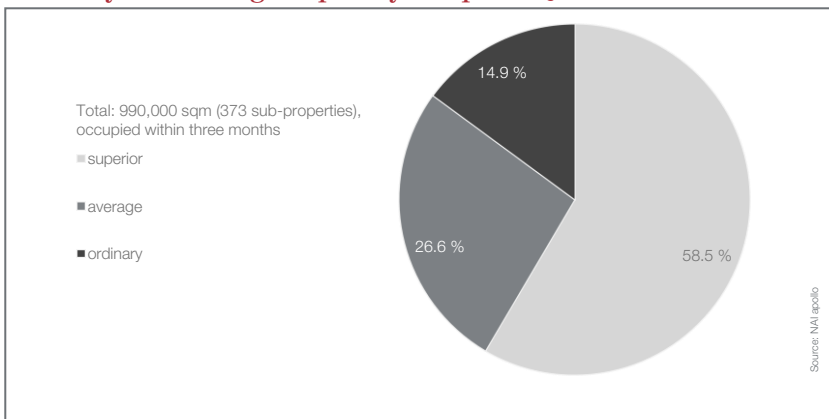
Vacancy according to vacancy size Q1 2022



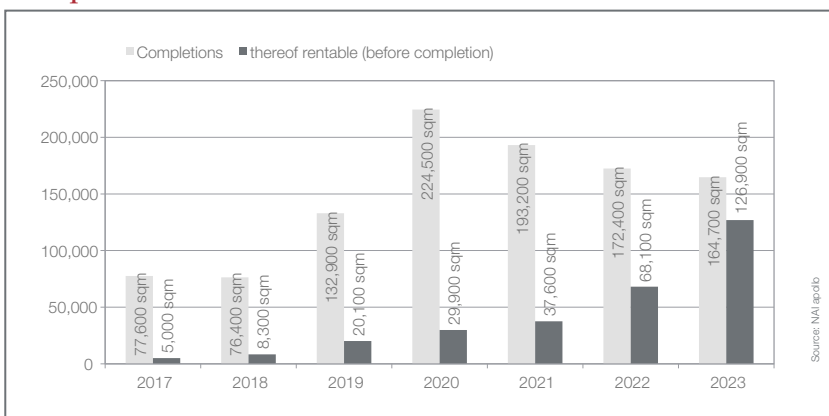
Vacancy according to asking rent Q1 2022



Vacancy according to quality of space Q1 2022



Completions



Based on the latest information, around 172,400 sqm of new office completions are expected in the Frankfurt market area in 2022 as a whole. Of this, over 60 % has already been let or is being used by owner-occupiers. The renovated properties at “58, Bethmannstrasse/15, Kaiserstrasse” and “15, Arndtstrasse” can also be included in the first quarter of 2022. As of 31 March 2022, office stock in Frankfurt totalled 11.50 million sqm.

After rising above 1 million sqm at the end of the year, vacancies in Frankfurt have declined in recent months. Accordingly, market-active vacancies — that is, office space that can be occupied within three months of signing the lease — fell by 27,000 sqm to 990,000 sqm in the first quarter of 2022, which corresponds to a vacancy rate of 8.6 %. This means that the vacancy rate has fallen by 0.2 percentage points compared to the end of 2021. Vacancies are likely to rise again as projects with available space are completed.

Although a number of major deals are still to be expected in 2022, it is nevertheless evident that current developments can rapidly influence the economy and consequently also affect office market activity. The focus continues to be on the coronavirus pandemic and, above all, the escalating war in Ukraine, which means that market activity is likely to be subdued at least until the summer. This will probably be reflected in space take-up and vacancy figures. Rents are expected to remain stable or increase.

Outlook next 12 months

Office Stock	➡
Vacancy	➡
Take-Up	➡
Prime rent	➡
Average rent	➡

Market Data Surroundings of Frankfurt Average and Prime Rents



Source: NAI apollo

Map Basis: RegioGraph GfK GeoMarketing GmbH

Based on 2,675 offers (03/2021 - 02/2022)

VALUE Marktdatenbank

Cities

Office space, vacancy, prime rent, average rent Q1 2022

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)	
Berlin	19.54	131,000	3.4	42.00	28.10	
Dusseldorf	7.41	73,400	7.8	28.50	16.02	
Frankfurt a. M.	11.50	103,100	8.6	45.00	22.60	
Hamburg	14.10	122,000	3.9	32.00	18.30	
Munich	20.91	184,000	4.6	42.00	23.10	Source: NAI Apollo

Prime yields Q1 2022

	Prime office yields	Prime retail yields	Prime logistics yields	
Berlin	2.40 %	2.90 %	3.00 %	
Dusseldorf	2.80 %	3.25 %	3.10 %	
Frankfurt a. M.	2.70 %	3.15 %	3.05 %	
Hamburg	2.60 %	3.10 %	3.05 %	
Munich	2.50 %	2.90 %	3.00 %	
Total	Ø = 2,60 %	Ø = 3,05 %	Ø = 3,05 %	Source: NAI Apollo

Frankfurt a.M.

Top take-up Q1 2022

Property + Location	Tenant / Owner Occupier	Leased area in sqm	
GlZ Campus, Ludwig-Erhard-Strasse 7 / Eschborn-West	Gesellschaft für Internationale Zusammenarbeit (GlZ)	28,000	
Sparda-Bank-Tower, Europa-Allee 68 / Messe/Europaviertel	Sparda-Bank	9,100	
IBC, Theodor-Heuss-Allee 70-74 / City West	Deutsche Bank	6,100	
Im Vogelsgesang 3 / Hausen/Praunheim	Galileo Global Education	5,700	
The Spin, Güterplatz 1 / Messe/Europaviertel	ARNECKE SIBETH LABELSTEIN	2,800	Source: NAI Apollo

Top investments Q1 2022

Property + Location	Purchaser	Purchase Price in €*	
Marienturm, Taunusanlage 9+10	DWS / National Pension Service of Korea	> €800,000,000	
Kastor, Platz der Einheit 1	Brookfield Asset Management	n/a	
Athlon-Place, Solmsstrasse 27-37	Brookfield Asset Management	n/a	
Deutsche Bank, Roßmarkt 18	ABG Real Estate / HanseMerkur Grundvermögen	> €100,000,000	
Marienbogen, Marienstrasse 15	Real I.S.	approx. €70,000,000	Source: NAI Apollo Transferrmarkt

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

ASSET MANAGEMENT

VALUATION AND RESEARCH

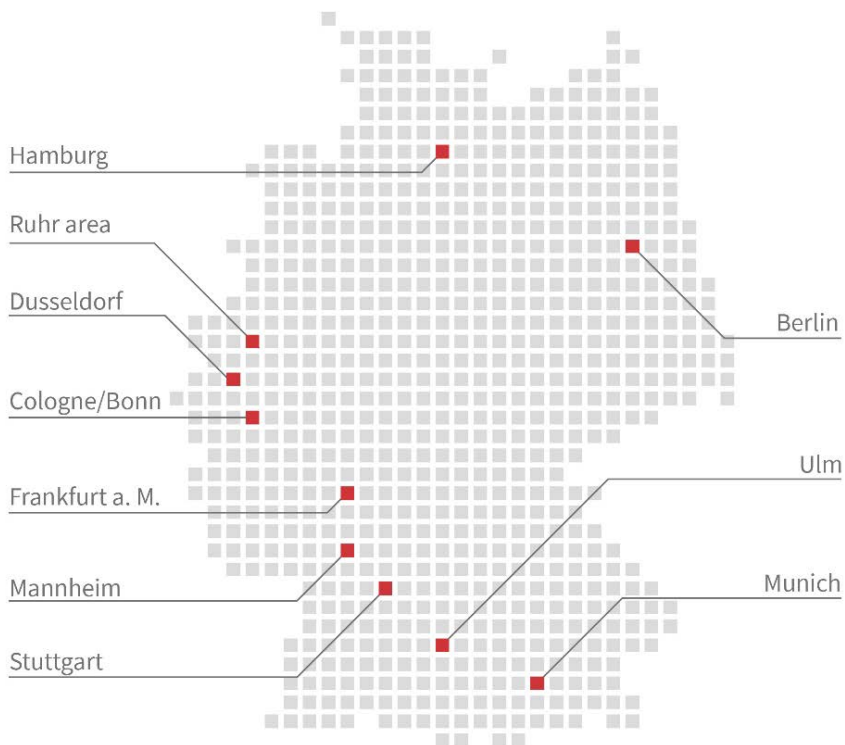
CORPORATE FINANCE ADVISORY

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, 2022.

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 regard 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.