



Facts and Figures

Office market Frankfurt am Main
Q3 2020

“The next best thing to knowing something is knowing where to find it.”

Quote from Samuel Johnson

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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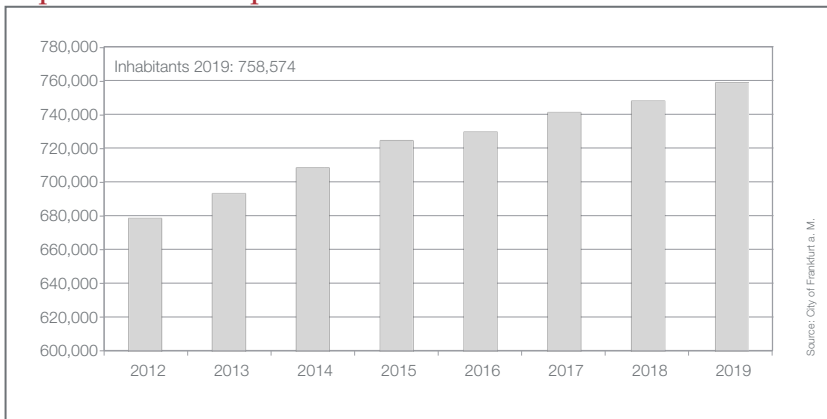
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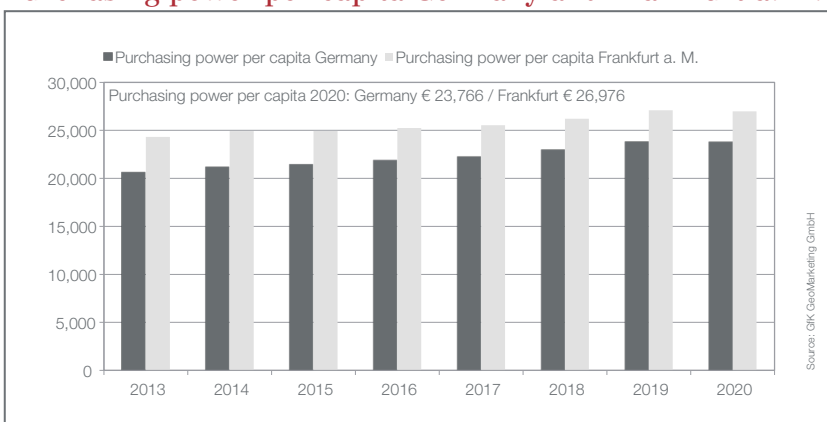
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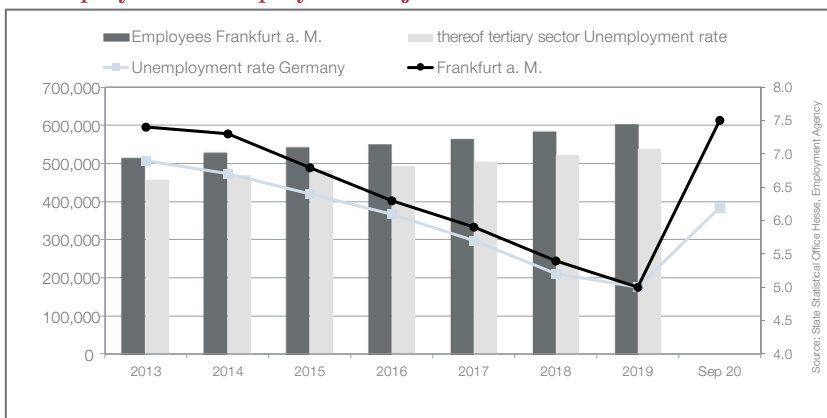
Population development Frankfurt a. M.



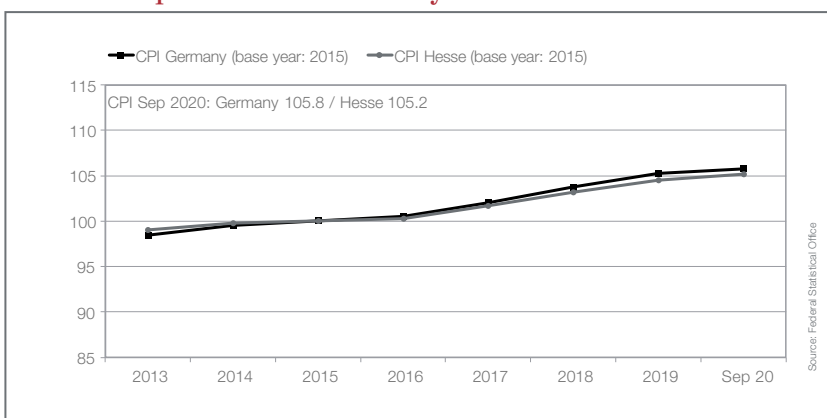
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

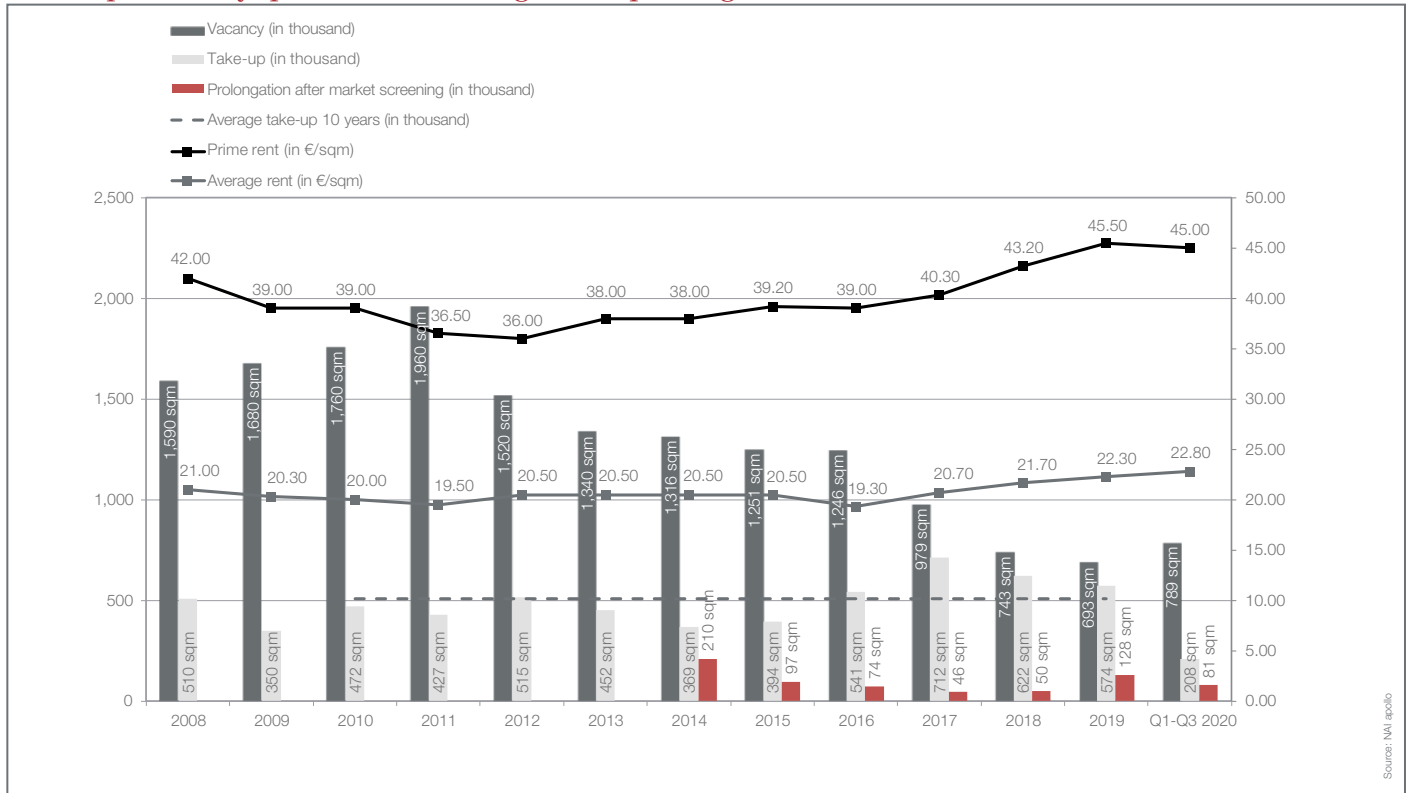


The German economy experienced a noticeable recovery in the third quarter of 2020 after being hit by a historic decline of 9.7 % in Q2 following the nationwide lockdown that was triggered by the COVID-19 pandemic. Indeed, some signs of recovery have been evident since May. For example, industry significantly increased both order intake and sales. Furthermore, the ifo business climate index has been rising steadily again after hitting a low point in April, reaching 93.4 points in September. It seemed that Germany has already turned a corner. However, now that infection rates are rising once more, with related consequences for our economy, the threat of a long-term recession is growing again, as well as the fear that the fragile recovery could follow a W-shaped rather than a V-shaped course.

The decrease in the unemployment rate from 6.4% in August to 6.2% in September should therefore probably be regarded more as a temporary reprieve than a trend reversal. In particular, the expected increase in bankruptcies in the coming year will have a substantial impact on the employment market. The unemployment trend in Frankfurt am Main should be assessed accordingly. The current rate of unemployment is 7.5 %, which is 2.7 percentage points higher than a year previously. However, the rate has just dropped by 0.2 percentage points in a monthly comparison, which is in line with the overall trend in Germany.

The consequences of these recent developments will be less severe for office-based employment in the short term compared to other areas. Nevertheless, a further general economic slowdown will have an impact on the Frankfurt office market as well — also because it will give new impetus to already familiar changes, such as the structural transformation of the banking sector. It is to be expected that a reduction in office-based employees will primarily be reflected in vacancies and office space take-up.

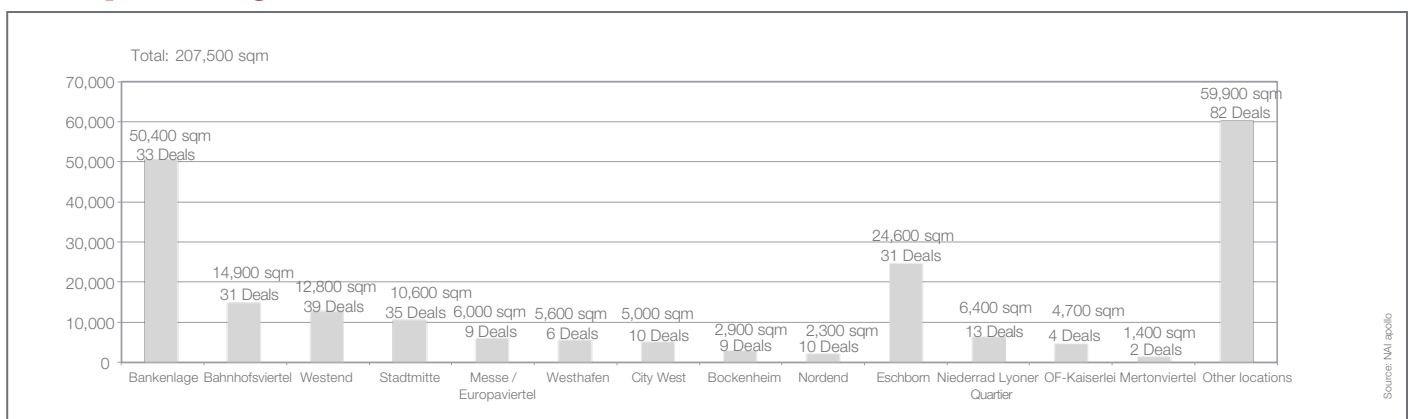
Take-up, vacancy, prime rent, average rent, prolongation



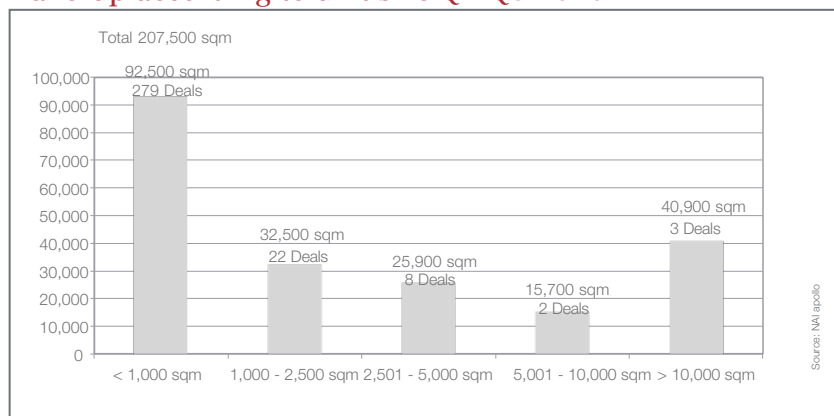
The Frankfurt market for office space including Eschborn and Offenbach-Kaiserlei showed slight signs of recovery in the third quarter of 2020 and appeared to have overcome the worst following the coronavirus pandemic and related lockdown. However, it's still not yet possible to describe the situation as anything like normal. In the period from July to September, office space take-up by tenants and owner-occupiers amounted to 91,400 sqm. The figure has almost doubled compared to the second quarter but is 10 % below the figure for the corresponding period of the previous year. In the first nine months of 2020, the total volume reached 207,500 sqm, which still represents significant year-on-year decline of 43 %. It also clearly fell short of the ten-year average by more than 40 %. The number of contract signings also fell to 314, which was more than a third below last year's 478 deals.

Take-up relating to lease extensions have gained in importance due to the economic uncertainty after an active market exploration. Following a further increase in the third quarter, 80,500 sqm have now been recorded here for the first nine months.

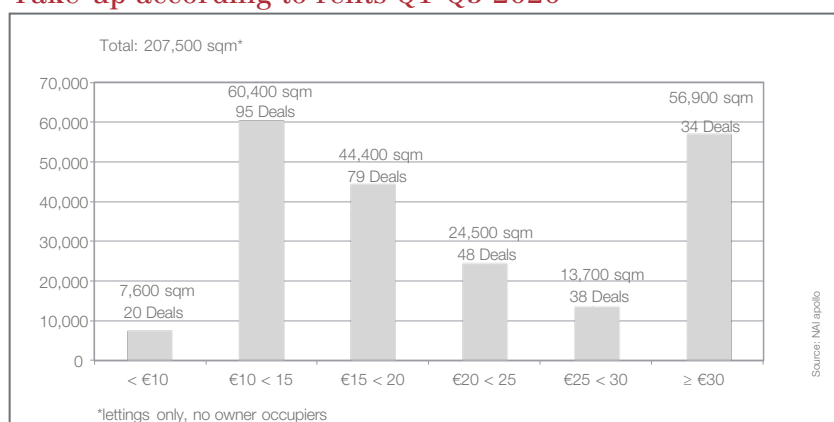
Take-up according to location Q1-Q3 2020



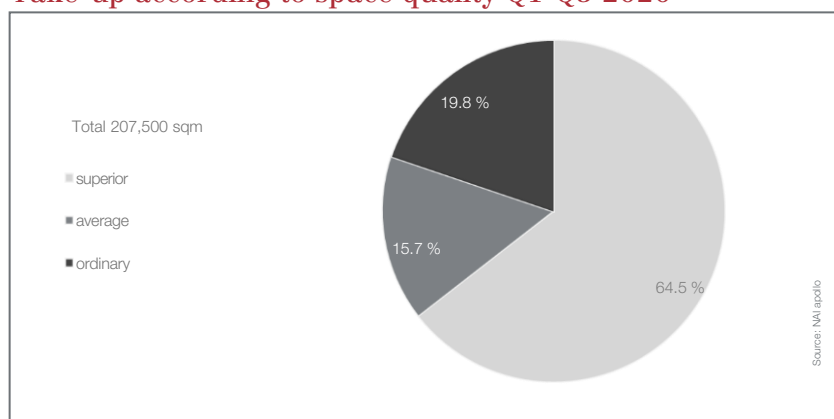
Take-up according to unit size Q1-Q3 2020



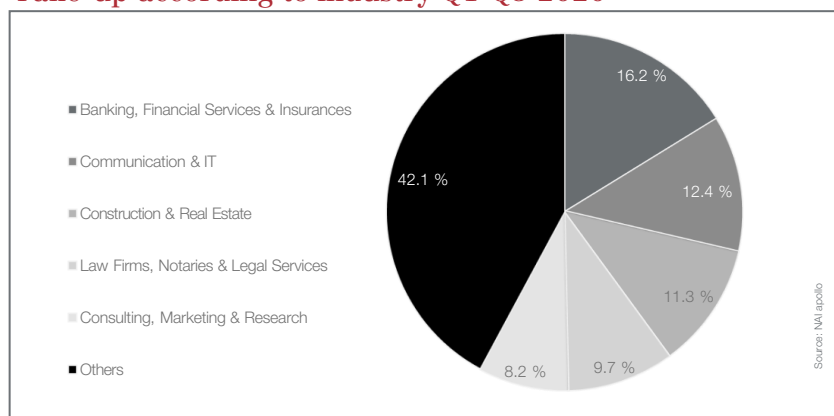
Take-up according to rents Q1-Q3 2020



Take-up according to space quality Q1-Q3 2020



Take-up according to industry Q1-Q3 2020



In terms of unit size, the third quarter saw a noticeable revival in the segment for small lettings as well as lettings above 1,000 sqm. In the year to date, the sub-1,000-sqm segment accounted for the biggest market share of 44.6 % or more than 92,000 sqm. It was followed by 10,000-sqm-plus deals, which accounted for almost 41,000 sqm or 19.7 % of take-up. The other size segments accounted for shares of between 7.6 % and 15.7 %.

The largest deals in the third quarter of 2020 concerned the lease contract signed by DekaBank for about 16,000 sqm of office space in “T1” of the “Four” project development as well as the rental by Frankfurt University of Applied Sciences of 10,300 sqm at 6, Hungener Straße.

The top deal to date, the DekaBank lease contract, also influenced the distribution of take-up by industry. The group comprising “banking, financial services & insurances” was able to regain pole position on the market. This group registered a volume of 33,700 sqm and a market share of 16.2 %. Next in line was the “communication & IT” sector with 25,800 sqm, followed by “construction & real estate” with 23,400 sqm.

In terms of the geographical area, the central business district (CBD) remained the most popular location with tenants. Some 53.3 % or 110,600 sqm of take-up took place here. The banking district, which forms part of the CBD, is the most sought-after sub-market and accounted for a total of 50,400 sqm. Other sub-markets with high take-up include Eschborn with 24,600 sqm and the station district (‘Bahnhofsviertel’) with 14,900 sqm.

Rental prices in Frankfurt followed two different trends in the third quarter. The average rent rose 3.6 % year-on-year to €22.80/sqm as a result of higher-priced lettings in project developments while the prime rent levelled off in line with the previous year’s figure at €45.00/sqm.

Office Locations Frankfurt a.M. Q3 2020

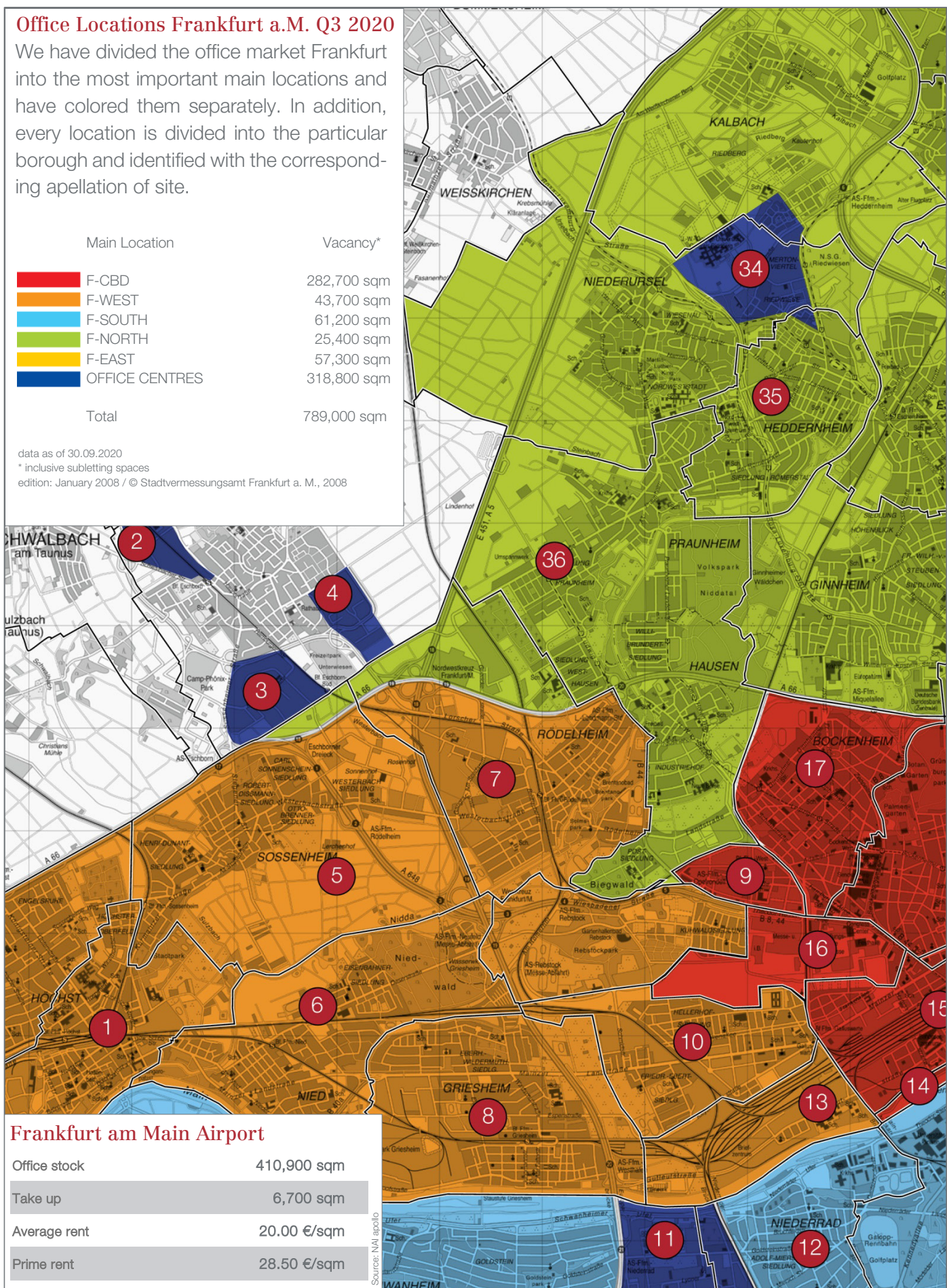
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	282,700 sqm
■ F-WEST	43,700 sqm
■ F-SOUTH	61,200 sqm
■ F-NORTH	25,400 sqm
■ F-EAST	57,300 sqm
■ OFFICE CENTRES	318,800 sqm
Total	789,000 sqm

data as of 30.09.2020

* inclusive subletting spaces

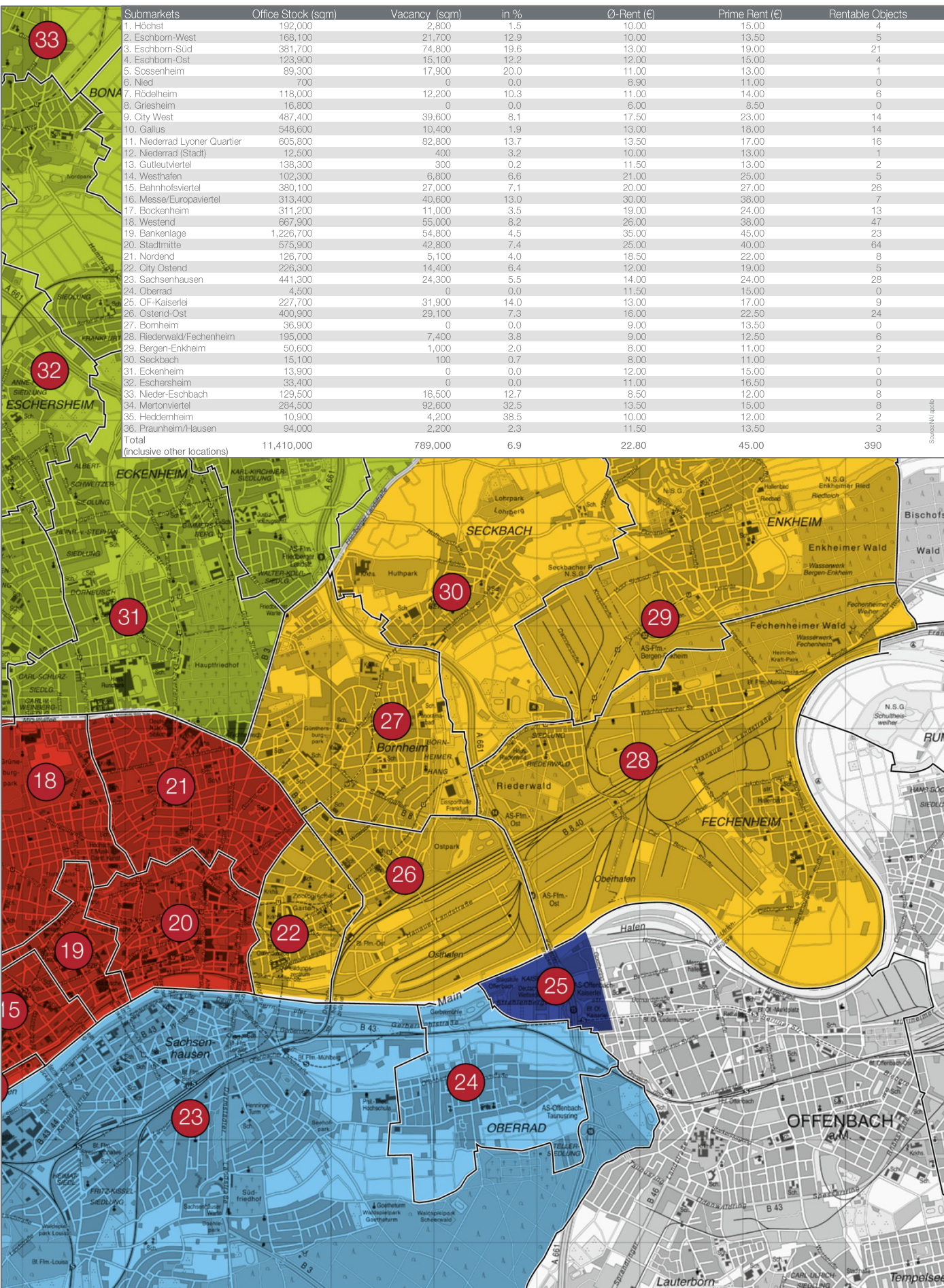
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



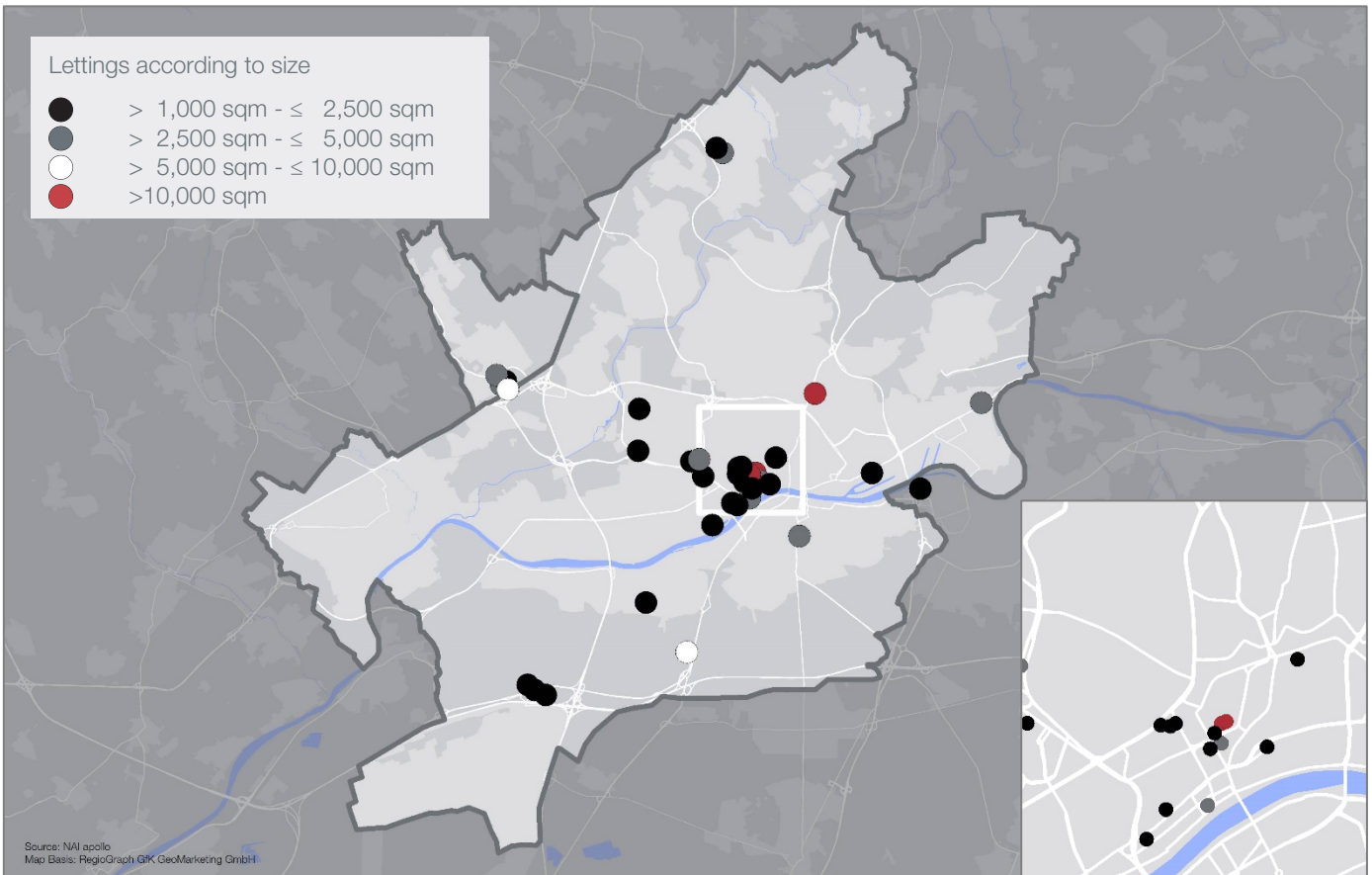
Frankfurt am Main Airport

Office stock	410,900 sqm
Take up	6,700 sqm
Average rent	20.00 €/sqm
Prime rent	28.50 €/sqm

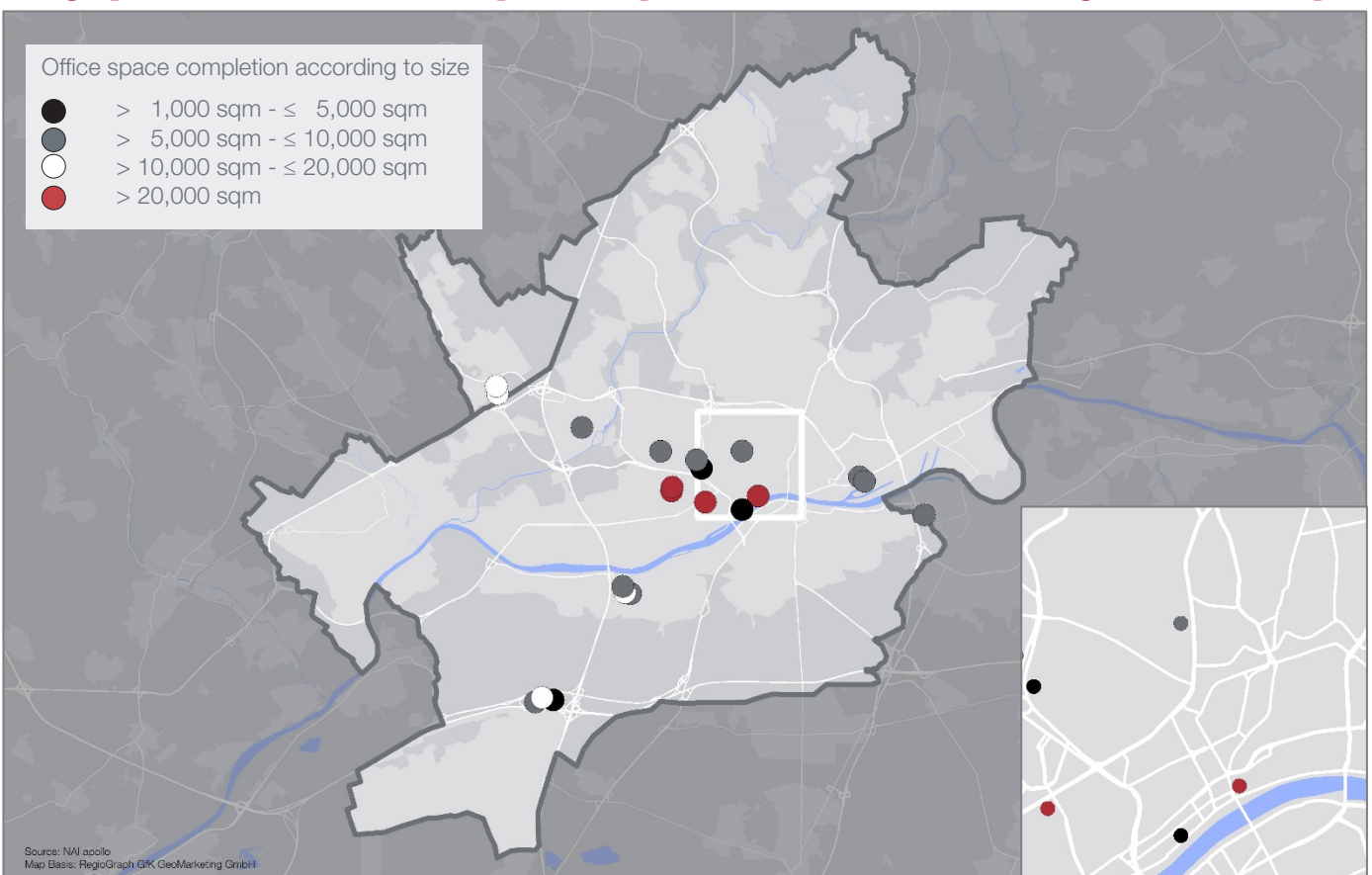
Source: NAI apollo



Geographical localisation of large-scale lettings Q1-Q3 2020 accor. to size categories (> 1,000 sqm)



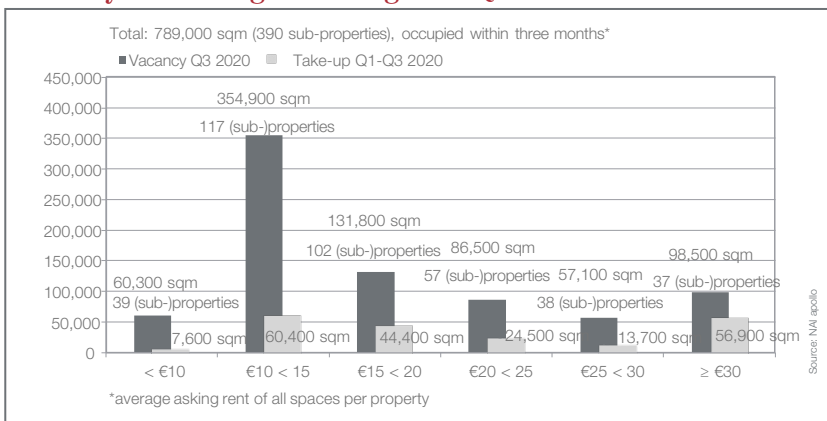
Geographical localisation of office spaces completions 2020 accor. to size categories (> 1,000 sqm)



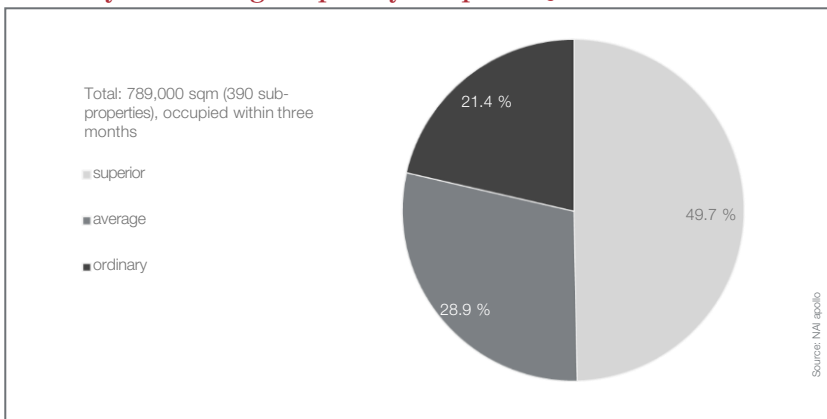
Vacancy according to vacancy size Q3 2020



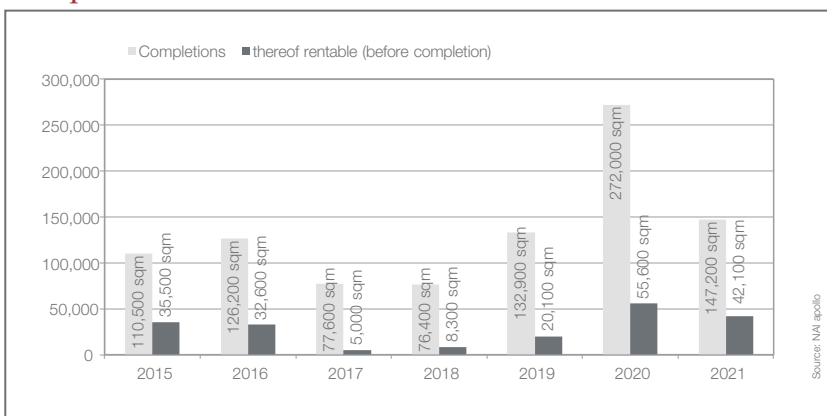
Vacancy according to asking rent Q3 2020



Vacancy according to quality of space Q3 2020



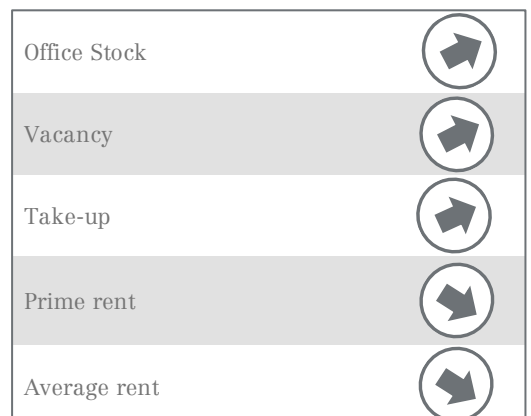
Completions



In the third quarter of 2020, five office projects with a total of 50,900 sqm were completed in the market area. These include the headquarters of Nintendo of Europe in Niederrad with 15,000 sqm of office space, the revitalisation of “Morrow” in Westend with 7,000 sqm and the “AirPark” in Gateway Gardens with 11,800 sqm. After factoring in the removal of office space from the market, Frankfurt recorded a slight increase in office stock to around 11.41 million sqm. For the year as a whole we are currently expecting a completions volume of 272,000 sqm, of which around 80 % has already been pre-let. Market-active vacancies on the Frankfurt office space market – that is, office space that can be occupied within three months of the lease signing – increased significantly over the past three months. As of 30 September 2020, active vacancies amounted to 789,000 sqm, which equates to a vacancy rate of 6.9 %. Compared to the previous quarter, vacancies increased by 56,000 sqm and the vacancy rate rose by 0.5 percentage points.

At this time, a further normalisation of market activity is to be expected for the final quarter. As a result, it is anticipated that take-up will be well over 300,000 sqm. However, it's not yet possible to say that the coronavirus-related crisis has been overcome, nor can a general all-clear be given. Accordingly, this will lead to an increase in the availability of space. This will also be reflected by a decrease in rental prices.

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 4,155 offers (09/2019 - 08/2020)
 empirica-systeme Marktdatenbank

Cities

Office space, vacancy, prime rent, average rent Q1-Q3 2020

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	18.92	492,000	1.9	39.50	27.20
Dusseldorf	7.41	194,000	7.1	28.50	15.86
Frankfurt a. M.	11.41	208,000	6.9	45.00	22.80
Hamburg	13.83	243,000	3.0	30.50	17.20
Munich	20.63	458,000	2.8	39.50	21.50

Source: NAI Apollo

Prime yields Q3 2020

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.60 %	2.90 %	3.55 %
Dusseldorf	3.00 %	3.25 %	3.60 %
Frankfurt a. M.	2.80 %	3.15 %	3.55 %
Hamburg	2.80 %	3.10 %	3.55 %
Munich	2.65 %	2.90 %	3.50 %
Total	Ø = 2.80 %	Ø = 3.05 %	Ø = 3.55 %

Source: NAI Apollo

Frankfurt a. M.

Top take-up Q1-Q3 2020

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Four - T1, Neue Schlesingergasse / Banking district	DekaBank	16,000
Four - T1, Neue Schlesingergasse / Banking district	Freshfields Bruckhaus Deringer	14,600
Hungener Straße 6 / Bornheim	Frankfurt University of Applied Sciences	10,300
Sky Eschborn, Frankfurter Straße 60-68 / Eschborn-South	Mobis Parts Europe	9,500
Otto-Fleck-Schneise 7 / Sachsenhausen	Eintracht Frankfurt	6,200

Source: NAI Apollo

Top investments Q1-Q3 2020

Property + Location	Purchaser	Purchase Price in €*
Maro, 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
BHF-Turm, Bockenheimer Landstraße 10	ABG Real Estate / HanseMerkur Grundvermögen	approx. €170,000,000
FAZ-Tower, Europa-Allee 92	UBM Development	approx. €150,000,000 (share)

Source: NAI Apollo; partly estimated

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ACCOUNTING

BUILDING MANAGEMENT

PROJECT DEVELOPMENT

VALUATION AND RESEARCH

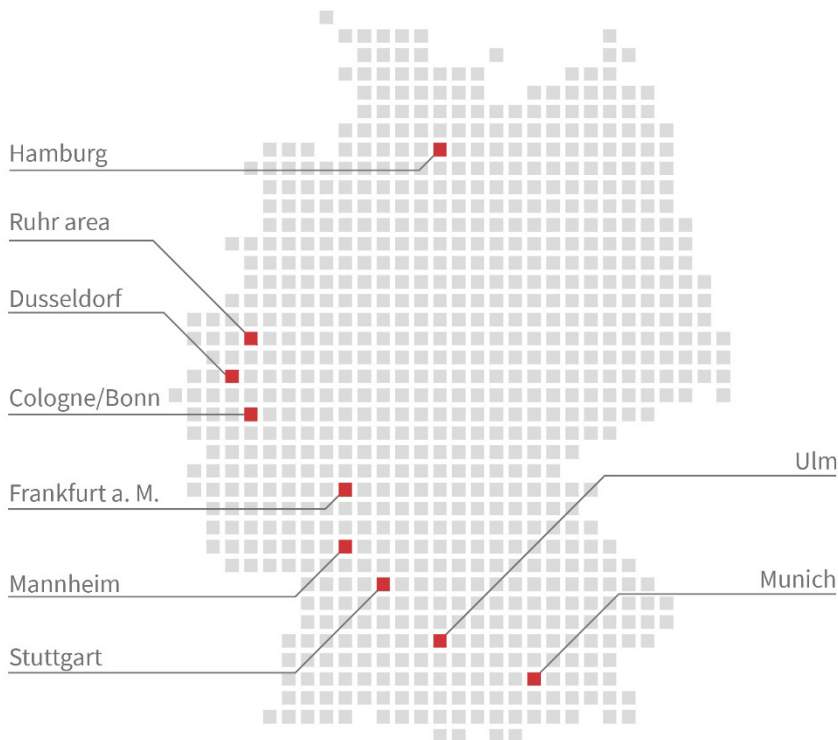
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CORPORATE REAL ESTATE SERVICES

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FLEXIBLE - CUSTOMER-FOCUSED - COMPETENT



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