



Facts and Figures

Office market Frankfurt am Main
Q1 2023

“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!



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



Barbara T. Lewandowicz
Managing Partner
+49 (0) 69 - 970 505-108
barbara.lewandowicz@nai-apollo.de



Michael Preuße
Head of Office and Retail Letting
+49 (0) 69 - 970 505-144
michael.preusse@nai-apollo.de



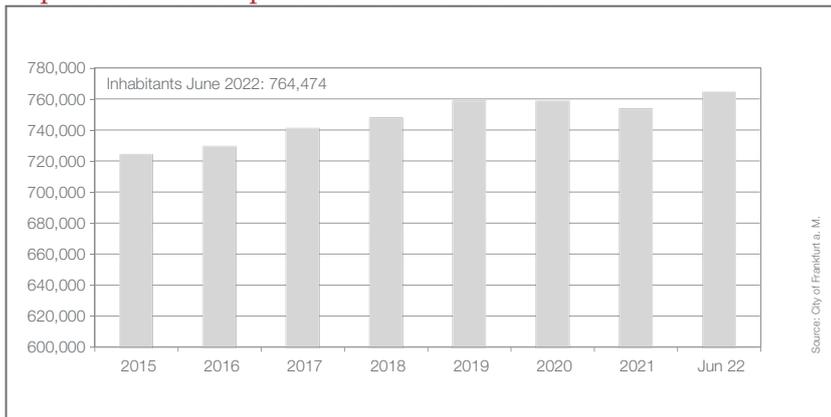
Martin Angersbach
Director Business Development Office Germany
+49 (0) 69 - 970 505-122
martin.angersbach@nai-apollo.de



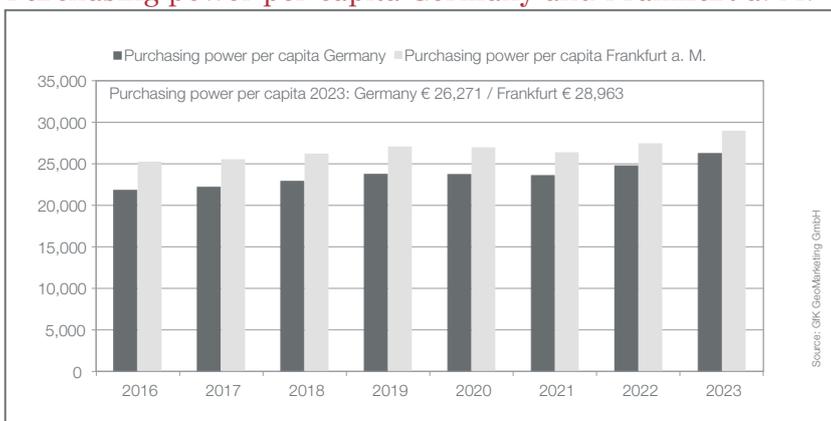
Alexander Waldmann
Director – Research
+ 49 (0) 69 - 970 505-6
alexander.waldmann@nai-apollo.de



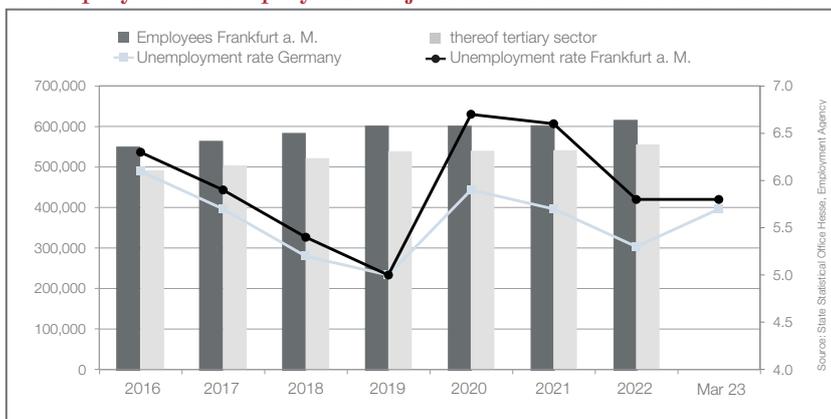
Population development Frankfurt a. M.



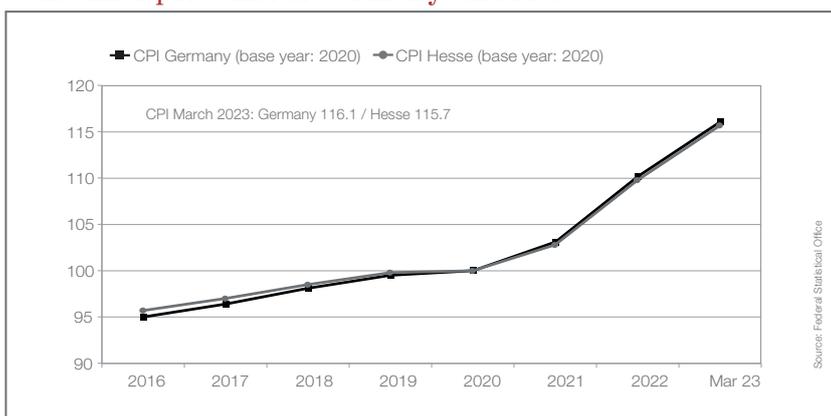
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

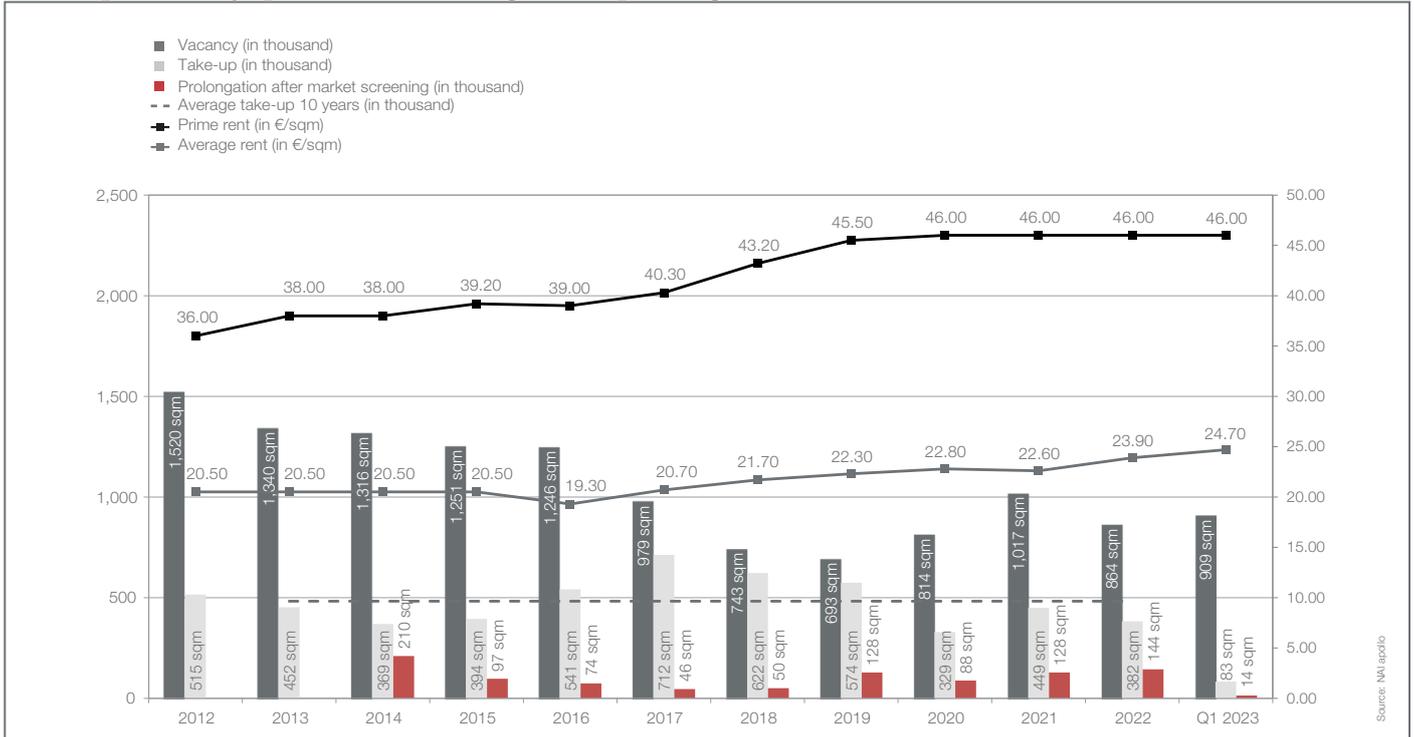


Frankfurt am Main in the Rhine-Main area of Germany remains in an economically stable position even though the macroeconomic environment continues to be challenging. As of March 2023, the unemployment rate stood at 5.8 %, down 0.1 percentage points compared to February 2023. At the same time, the most recent figure is only 0.1 percentage points higher year-on-year. The current unemployment rate of 5.8 % also corresponds to the average figure for 2022. In line with this development, the number of employees subject to social security contributions in Frankfurt increased by 13,932 or 2.3 % year-on-year to 622,870 as of September 2022, which is the latest available figure.

The latest economic forecast by the German Council of Economic Experts also reflects the fact that the overall economic outlook is no longer as negative as in previous months. The forecast from March 2023 estimates GDP growth in Germany of 0.2 % for this year. In 2024, GDP is expected to rise by 1.3 %. As the economy recovers, the unemployment rate in Germany is expected to fall to 5.2 % by the end of next year. At the same time, the decline in consumer prices is likely to continue until 2024, when it will be only slightly above the ECB's inflation target at 3.0%.

Business sentiment is also showing signs of a moderate improvement according to the latest survey by the Frankfurt Chamber of Industry and Commerce (IHK). At the beginning of 2023, the IHK business climate index rose by 17 to 102 points and has thus made up for the losses in the previous survey. Companies in the finance, credit and insurance sector, which tend to be significant users of office space, are also more positive about both their current and future business situation. As a result, the business climate index is once again slightly in positive territory at 109 points.

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

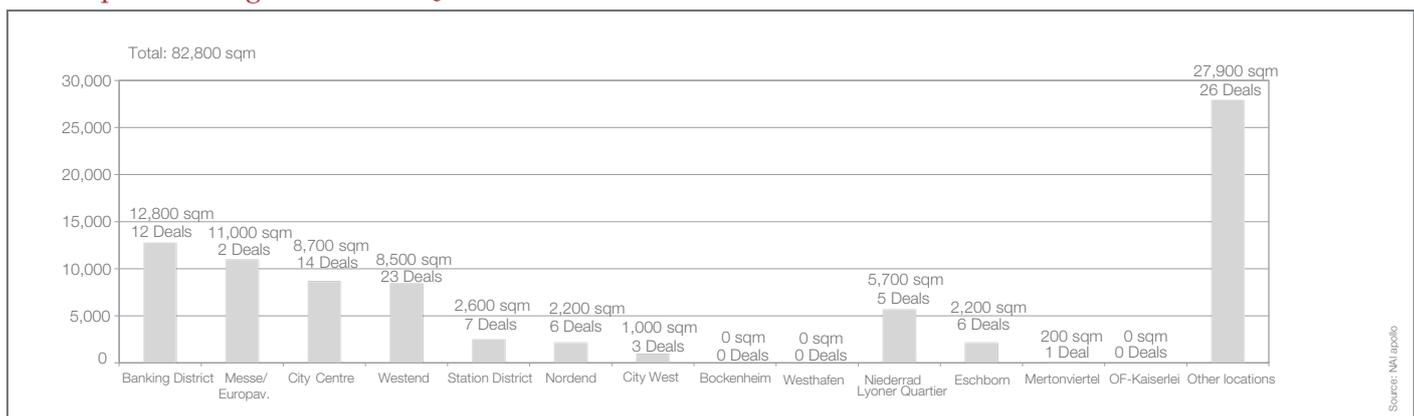


Activity remained very subdued on the Frankfurt office market, including Eschborn and Offenbach-Kaiserlei, in the first quarter of 2023. Take-up by tenants and owner-occupiers amounted to 82,800 sqm, which represents one of the weakest quarterly result in recent years. A worse result was last registered for the first two quarters of 2020 as well as the first quarter of 2021. At those times, however, the market was heavily affected by the coronavirus pandemic and the lockdowns that were imposed to halt the spread of COVID-19. The latest result is almost 20 % lower compared to last year.

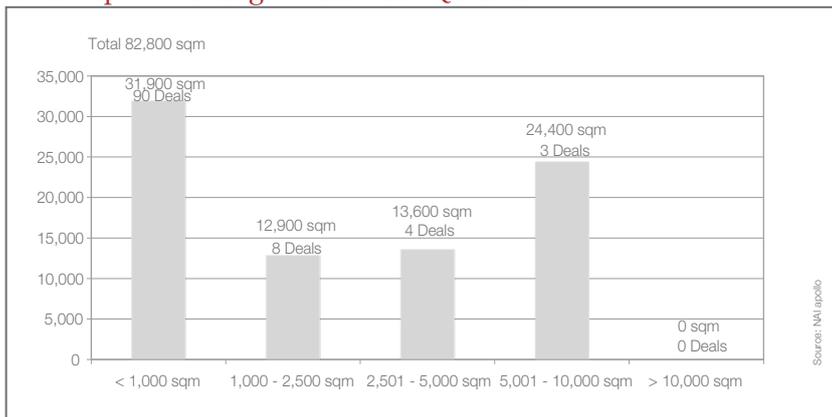
Accordingly, the number of deals was also at a low level, amounting to 105 in the first three months of 2023. This is almost 17 % below the quarterly average for the past year. The overall economic situation remains challenging, but we see some signs of improvement on the market. The poor result is certainly in part owing to the ongoing uncertainty. Since there were doubts about some rental requests in the second half of 2022, take-up currently remains at a low level. At the same time, the number of searches for office spaces, particularly for larger premises, is increasing. As a result, we expect take-up to pick up over the course of 2023.

Lease extensions that were implemented following an active exploration of the market accounted for a fairly moderate volume of 13,600 sqm in the past three months, which is almost 80 % below the previous year’s level.

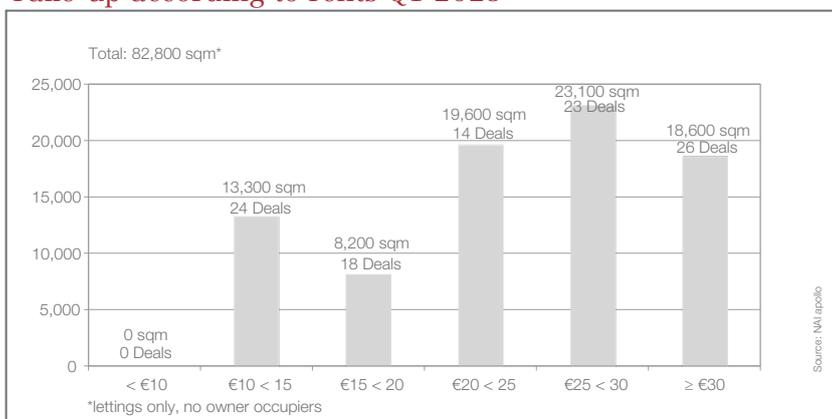
Take-up according to location Q1 2023



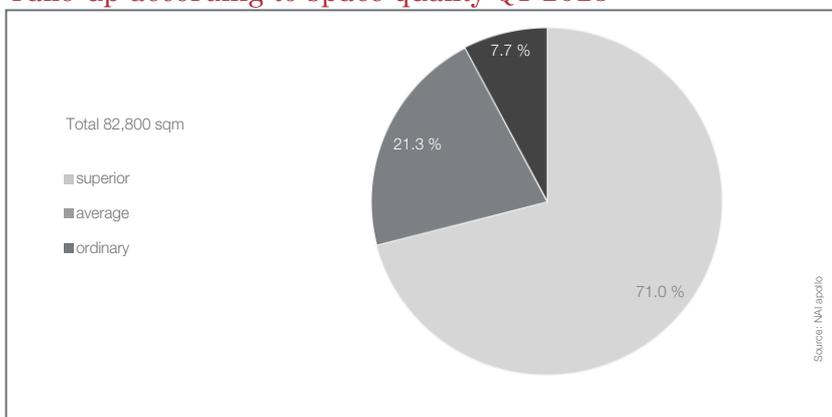
Take-up according to unit size Q1 2023



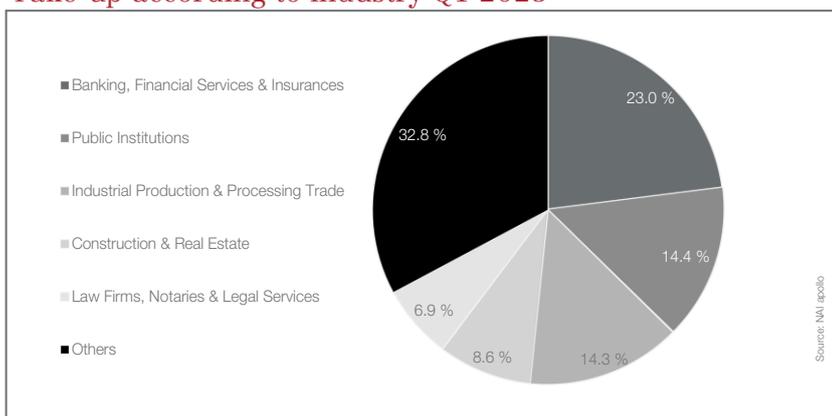
Take-up according to rents Q1 2023



Take-up according to space quality Q1 2023



Take-up according to industry Q1 2023



With regard to the size of office premises, three categories in particular illustrate the weak first quarter in Frankfurt. The sub-1,000 sqm segment generated 31,900 sqm and thus remained at the low level of the previous year, while take-up in the 1,000 sqm-2,500 sqm fell 37.3 % to 12,900 sqm. There were no major deals above 10,000 sqm. On the other hand, the 2,501 sqm-5,000 sqm and 5,001 sqm-10,000 sqm segments each registered year-on-year growth.

The largest lease in the first three months of 2023 was signed at the end of the quarter by Universal Investment, which is leasing almost 10,000 sqm in the new Timber Pioneer building on Europa-Allee. This is followed by a public sector deal at 92, Breitlacher Strasse for around 9,100 sqm, which was also completed shortly before the end of the quarter. Third place goes to the creative centre Massif Central, which will occupy around 5,800 sqm of office space in Bethmannhof.

At the beginning of 2023, and despite the current sense of crisis, “banking, financial services & insurances” remained the most active group and accounted for take-up of 19,000 sqm. However, financial service providers contributed more to this than the banking sector. “Public institutions” accounted for 11,900 sqm.

Owing to lettings in FOUR FRANKFURT and GLOBAL TOWER, among others, the “banking district” accounted for the highest take-up within the Frankfurt office market area at 12,800 sqm. The “Messe/Europaviertel” sub-market was in second place with 11,000 sqm thanks to the largest deal of the quarter.

Rental prices in Frankfurt have continued to rise as users still favour modern, sustainable and more expensive premises that can be used in a flexible way, and which are mostly only available in new developments. The average rent is now €24.70/sqm after rising by 9.3 % over the past 12 months. The prime rent increased by 2.2 % year-on-year to €46.00/sqm. In contrast to the average rate, however, the prime rate has not risen any further since the end of 2022. Leases that are currently being negotiated in new developments point to a further increase in rents in the coming quarters.

Office Locations Frankfurt a.M. Q1 2023

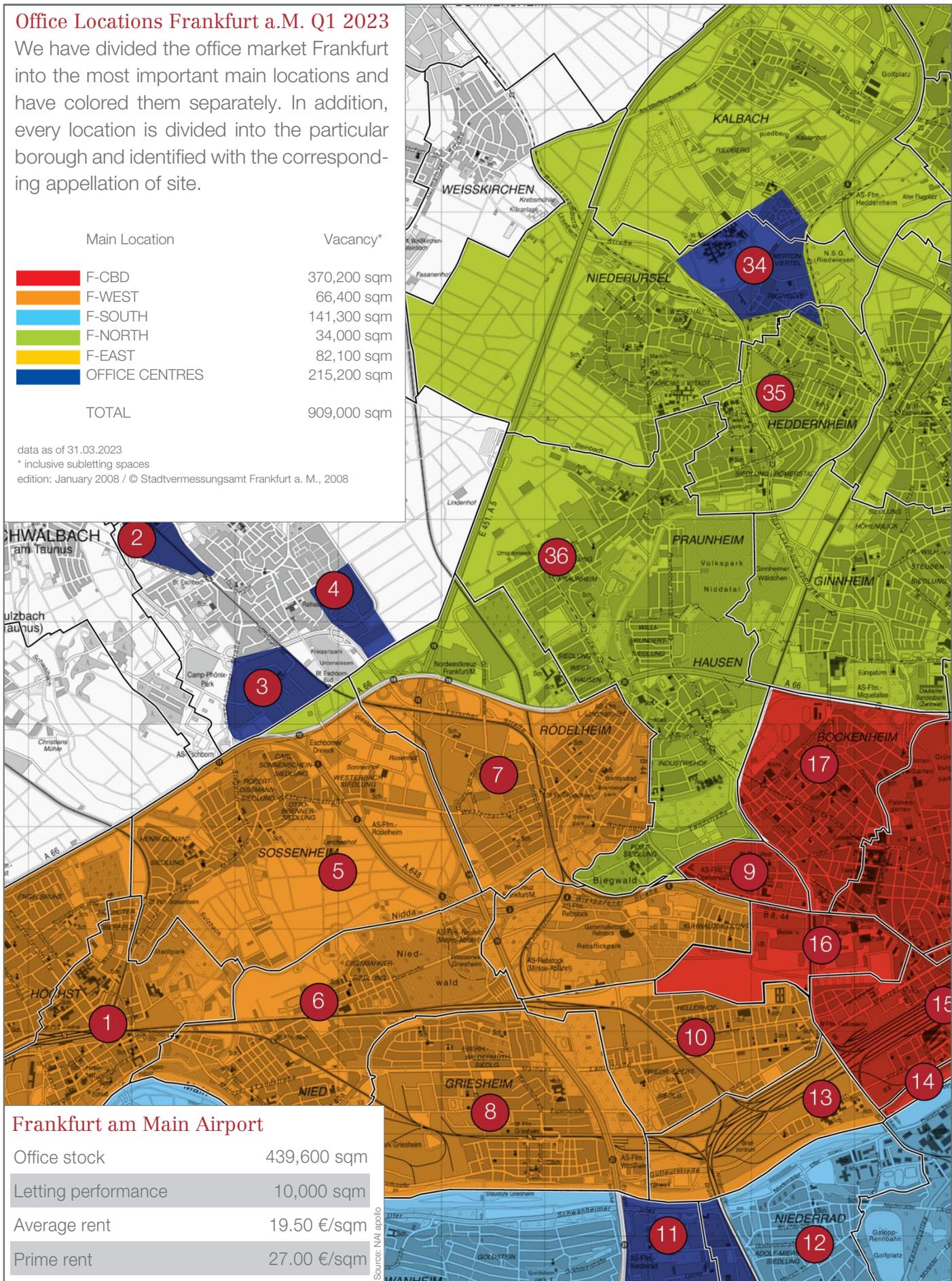
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	370,200 sqm
■ F-WEST	66,400 sqm
■ F-SOUTH	141,300 sqm
■ F-NORTH	34,000 sqm
■ F-EAST	82,100 sqm
■ OFFICE CENTRES	215,200 sqm
TOTAL	909,000 sqm

data as of 31.03.2023

* inclusive subletting spaces

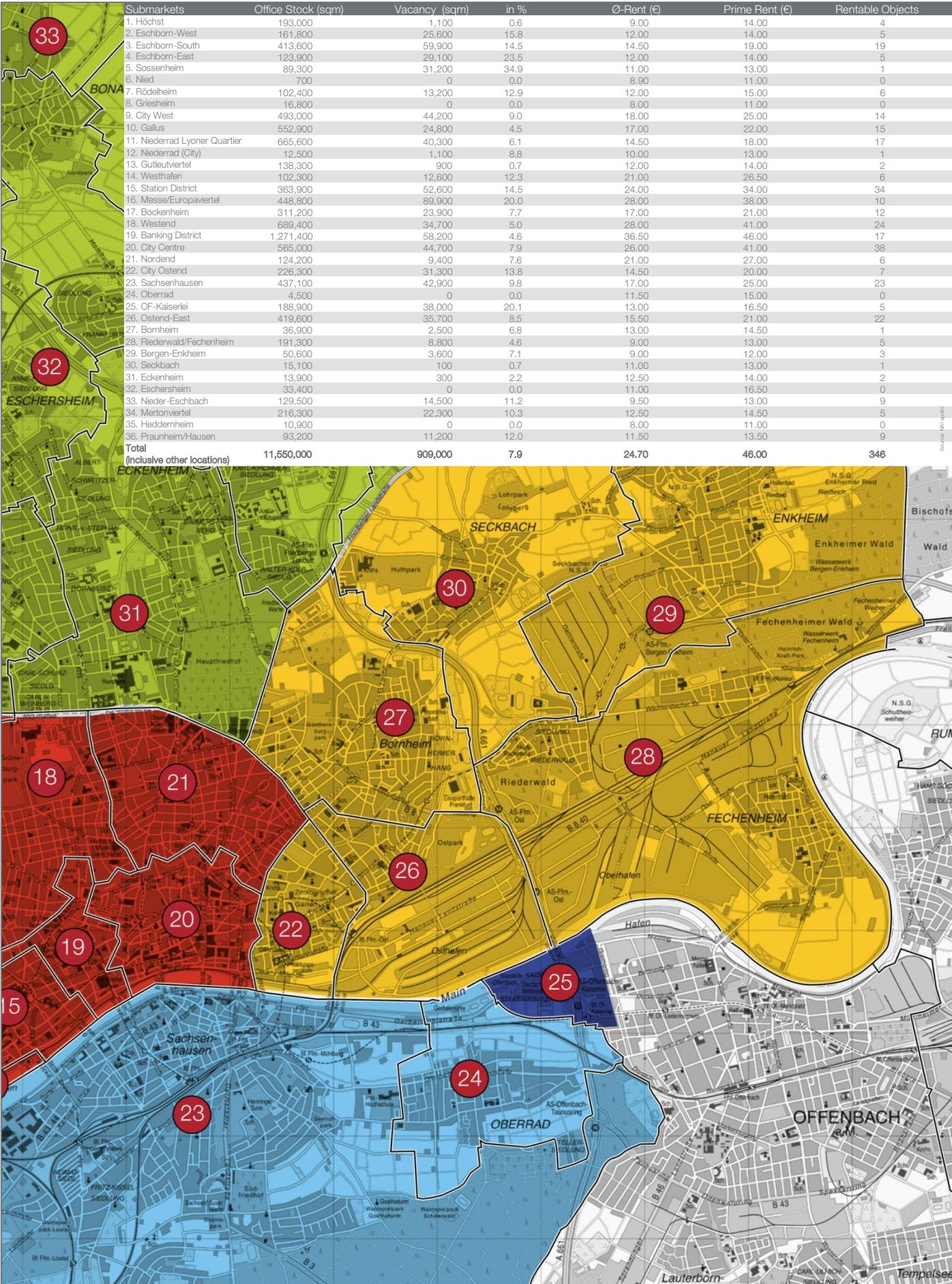
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



Frankfurt am Main Airport

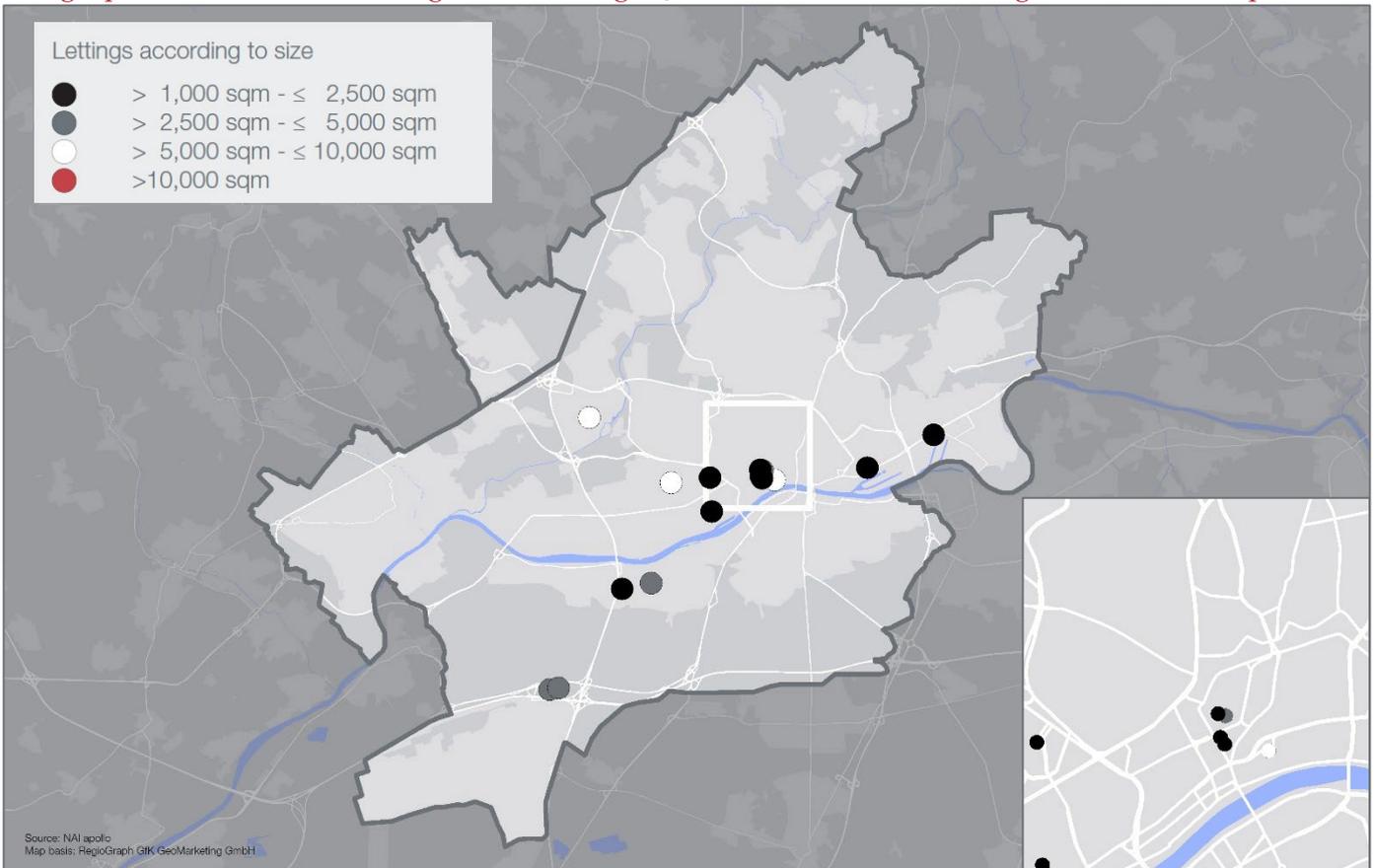
Office stock	439,600 sqm
Letting performance	10,000 sqm
Average rent	19.50 €/sqm
Prime rent	27.00 €/sqm

Source: IMA apollo

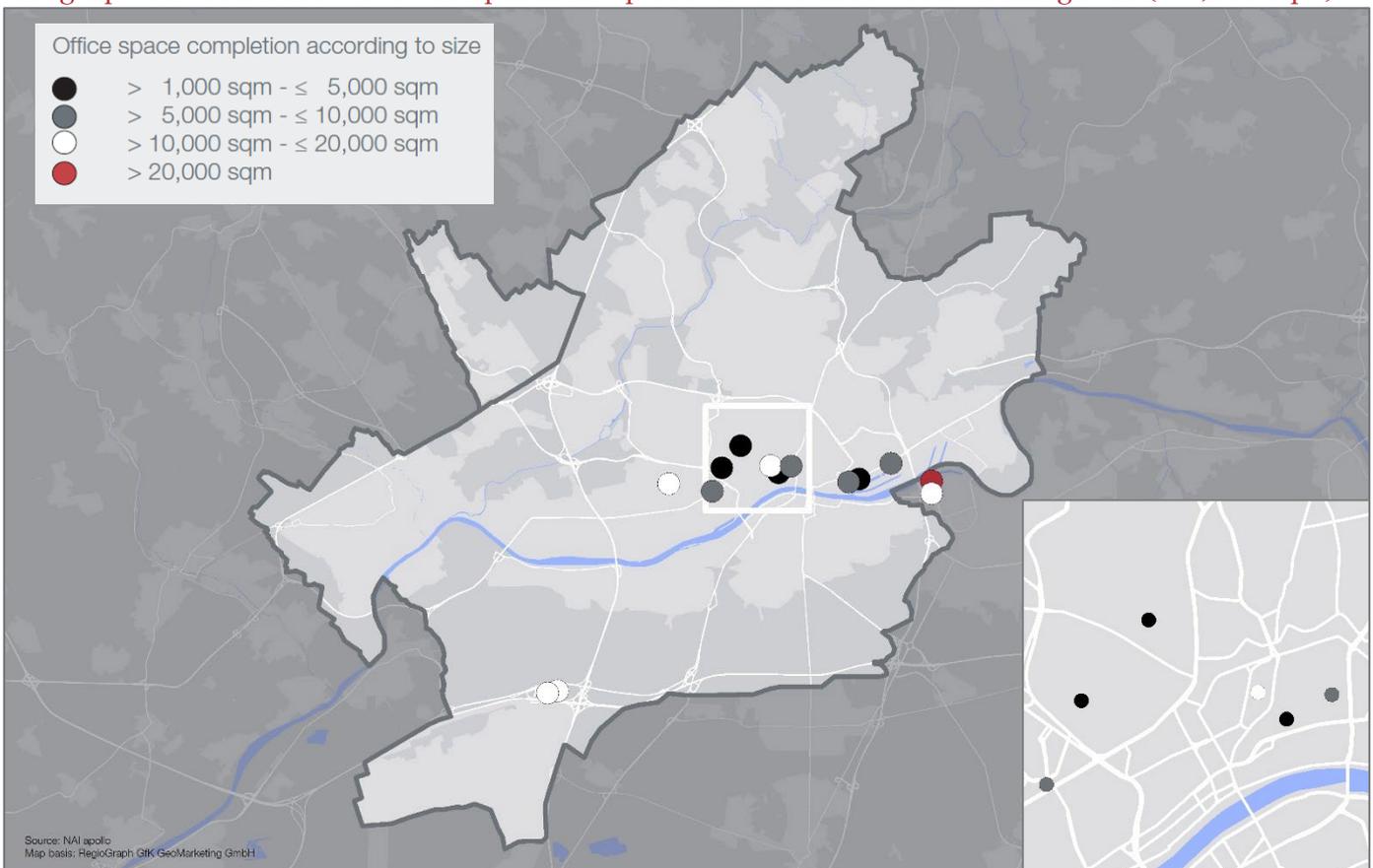


Source: IMI realtor

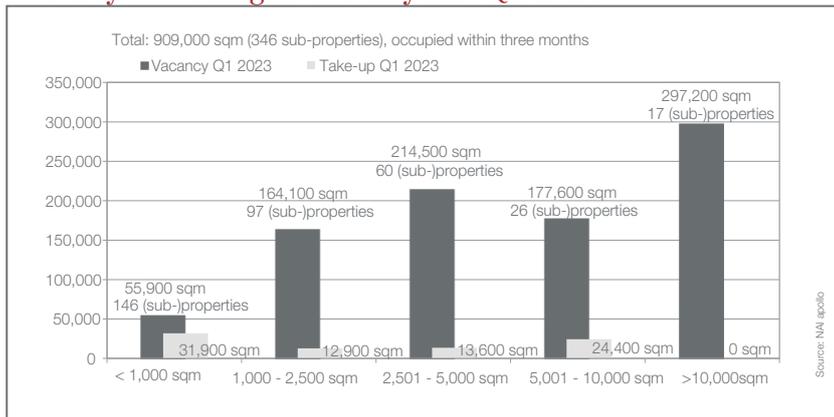
Geographical localisation of large-scale lettings Q1 2023 accor. to size categories (> 1,000 sqm)



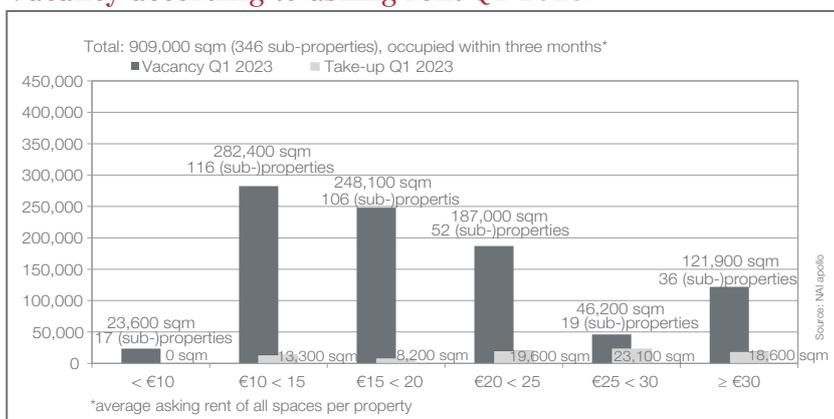
Geographical localisation of office spaces completions 2023 accor. to size categories (> 1,000 sqm)



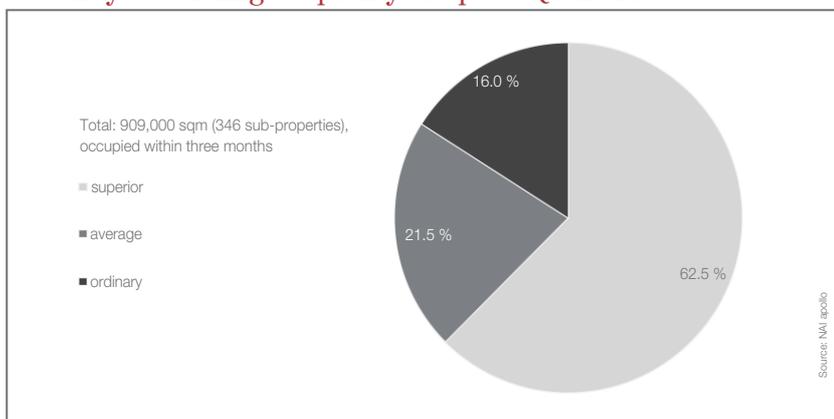
Vacancy according to vacancy size Q1 2023



Vacancy according to asking rent Q1 2023



Vacancy according to quality of space Q1 2023

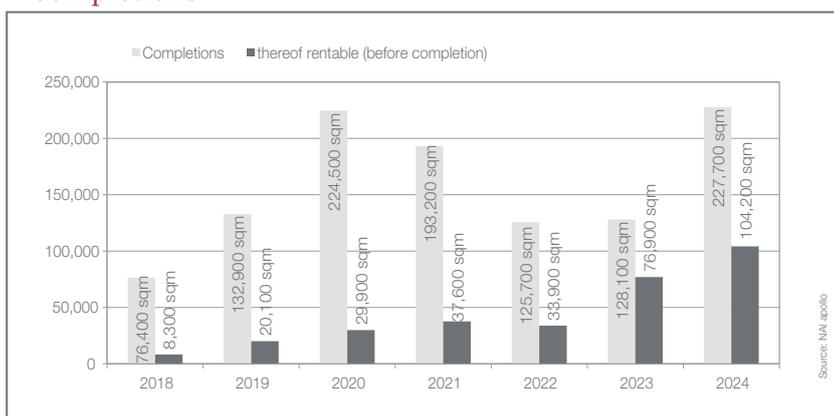


At the end of the first quarter of 2023, office stock amounted to 11.55 million sqm. The net growth of 0.2 % within the last three months is attributable to completions of 22,200 sqm. A total of around 128,000 sqm is expected to be completed in 2023.

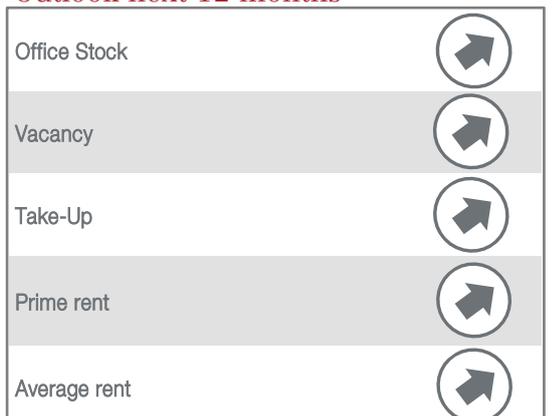
Vacancies on the Frankfurt office market increased in the first quarter of 2023. Market-active vacancies – i.e. office space that can be occupied within three months of signing the lease – stood at around 909,000 sqm as of 31 March 2023. The current vacancy rate is 7.9 %, indicating that vacancies have increased by around 45,000 sqm or 0.4 percentage points within the last three months. Compared to the same quarter of the previous year, the rate fell by 0.7 percentage points.

The Frankfurt office market got off to a very weak start in 2023, which was largely owing to the difficult macroeconomic environment. According to latest assessments, the recession that was forecast last year for 2023 will probably not materialise, which in turn improves market sentiment. Accordingly, searches for large premises are underway in the market, of which some will be completed in the near future. The quality of space is of paramount importance for users, the majority of which prefer centrally located and prestigious office space that also conforms with modern office concepts and ESG requirements, which in turn will be reflected by a further increase in rents. At the same time, the vacancy rate will continue to rise during 2023 as the proportion of occupied space is reduced through new deals and vacancies remain in newly completed space.

Completions



Outlook next 12 months



Cities

Office space, vacancy, prime rent, average rent Q1 2023

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	19.90	139,000	3.70	43.70	28.10
Dusseldorf	7.44	50,700	8.20	38.00	21.42
Frankfurt a. M.	11.55	82,800	7.90	46.00	24.70
Hamburg	14.27	103,500	3.90	34.00	21.00
Munich	21.20	118,500	4.80	44.70	24.60

Source: NAI Apollo

Prime yields Q1 2023

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	3.70 %	3.75 %	3.95 %
Dusseldorf	3.85 %	3.90 %	3.95 %
Frankfurt a. M.	3.75 %	3.85 %	3.95 %
Hamburg	3.75 %	3.85 %	3.95 %
Munich	3.70 %	3.75 %	3.95 %
Total	Ø = 3,75 %	Ø = 3,80 %	Ø = 3,95 %

Source: NAI Apollo

Frankfurt a.M.

Top take-up Q1 2023

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Timber Pioneer, Europa-Allee 92 / Messe/Europaviertel	Universal Investment	9,600
B92, Breitlacher Strasse 92 / Rödelheim	Public Institution	9,100
Bethmannhof, Bethmannstrasse 7-9 / City Centre	Kreativzentrum Massif Central	5,800
Amelias Parkoffice, Amelia-Mary-Erhart-Strasse / Airport	Verband der Elektro- und Digitalindustrie	3,900
FOUR- T4, Junghofstrasse 9 / Banking District	Sanofi	3,400

Source: NAI Apollo

Top investments Q1 2023

Property + Location	Purchaser	Purchase Price in €*
Frankenallee 2-4	Hamburg Team Investment Management	confidential
Emil-von-Behring-Strasse 2	confidential	confidential
Steinweg 1	confidential	confidential
Elbestrasse 52	confidential	confidential
Neue Mainzer Strasse 82	confidential	confidential

Source: NAI Apollo
*fully estimated

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

ASSET MANAGEMENT

VALUATION AND RESEARCH

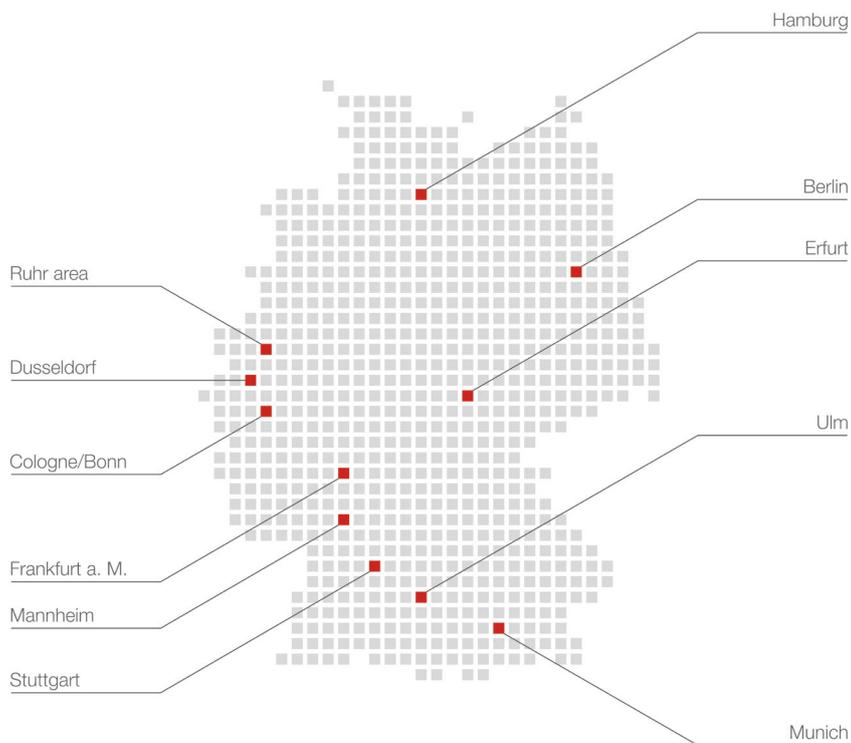
CORPORATE FINANCE ADVISORY

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, 2023.

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.