



Facts and Figures

Office market Frankfurt am Main
Q3 2023

“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!



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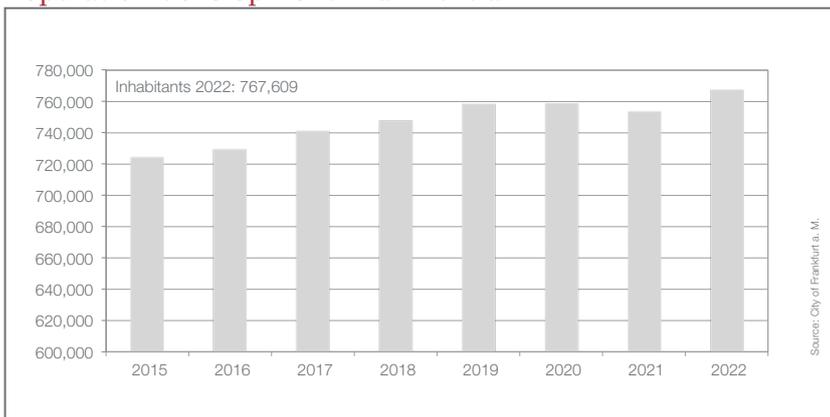
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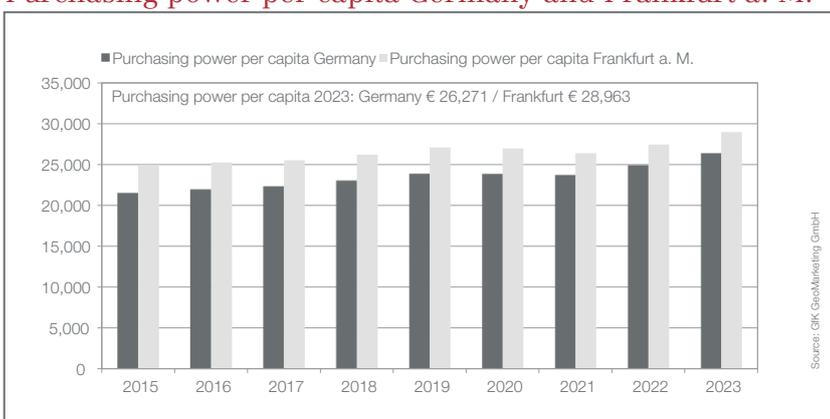
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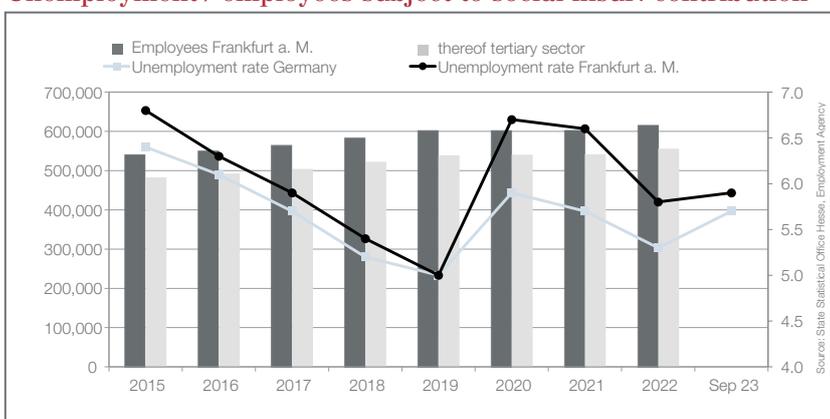
Population development Frankfurt a. M.



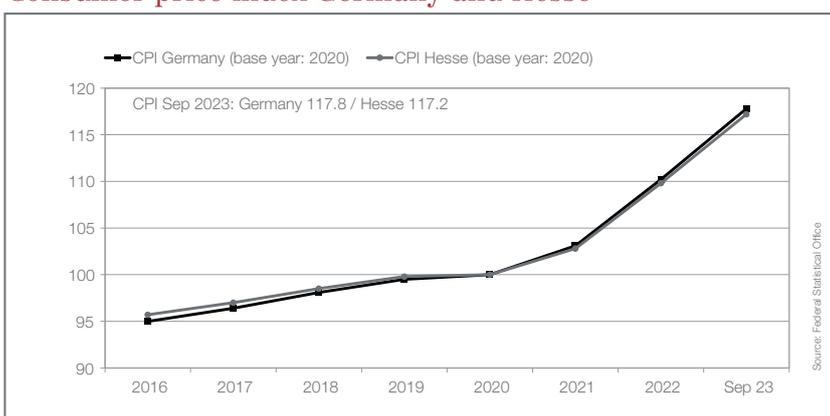
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

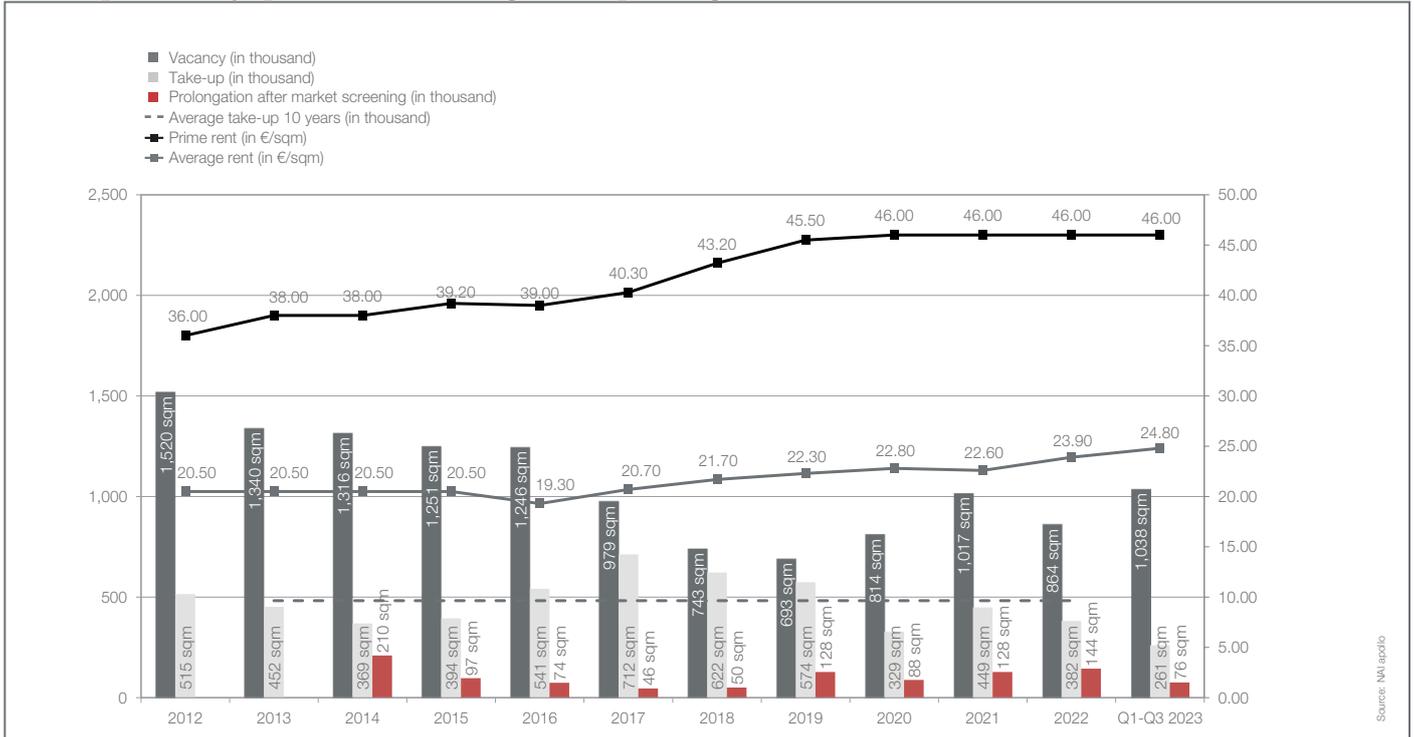


According to the latest joint diagnosis by leading economic institutes on behalf of the Federal Ministry for Economic Affairs and Climate Action, Germany will experience a significantly stronger economic slump in 2023 than had been expected in the previous study, with growth of -0.6 %. For 2024, growth expectations have been lowered to 1.3 %. At the same time, inflation is expected to remain at a high level of around 6.1 % this year, falling to 2.6 % next year. These assessments are in line with other economic indicators and surveys. The ifo business climate index, for example, fell again to 85.7 points in September. Within the economic sectors, the situation is particularly negative in the construction industry, where the business climate indicator has fallen to its lowest level since January 2009. Domestic consumption, the pillar of the German economy, is also doing little to balance things out at present. The GfK Consumer Climate fell to 26.5 points in the October 2023 forecast, in part owing to a noticeable increase in the propensity to save. Accordingly, consumers are not expected to provide any positive impetus for the economy for the time being. Only with more normal levels of inflation should domestic demand improve again.

The economic situation has so far had a relatively minimal impact on the labour market in the Rhine-Main region. The unemployment rate in Frankfurt am Main stood at 5.9 % in September 2023, which is 0.1 percentage points lower year-on-year and 0.2 percentage points lower compared to the previous month. The number of employees subject to social insurance contributions in Frankfurt increased by 2.8 % year-on-year to around 630,300 people according to the last available update in March 2023.

The population trend in the Rhine-Main metropolis is particularly positive. At the beginning of 2023, the population in Frankfurt reached a new record of 767,609 people. In relation to this, the number of households is also at a new all-time high of 417,632.

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



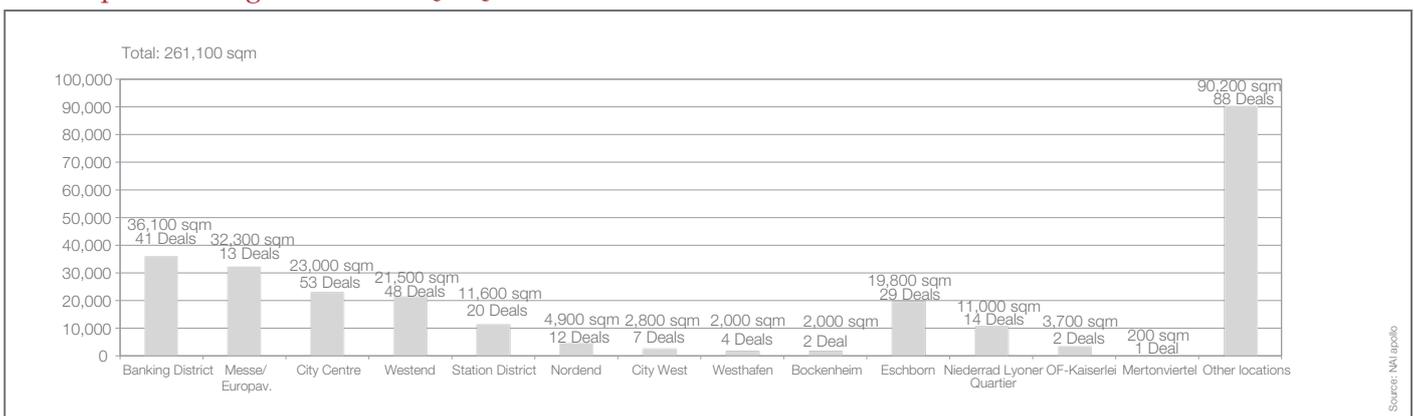
Source: NAI apollo

Weak market dynamics remained in place on the Frankfurt office space market including Eschborn and Offenbach-Kaiserlei in the third quarter of 2023. NAI apollo registered take-up of 87,000 sqm through lettings and owner-occupier projects for the period from July to September 2023. This falls within the range of the similarly weak previous quarters (Q1 2023: 82,800 sqm; Q2 2023: 91,300 sqm) and also represents the lowest Q3 result since 2011 (Q3 2011: 73,000 sqm).

Total take-up for the first nine months amounts to 261,100 sqm. In recent years, apart from 2020, when take-up reached 207,500 sqm in the first three quarters because of the COVID-19 pandemic, only the take-up result for 2014 was lower, with 258,200 sqm recorded for the first nine months. Accordingly, the latest result is 17 % and 19 % below the average for the past five and ten years respectively and 12 % lower than the previous year. Along with the lower take-up, the number of deals is also below the previous year's level after falling from 365 in the first nine months of 2022 to 334 in 2023. This indicates that any market revival is currently receding further into the distance. Tenants have become even more cautious and those who do not currently need to rent are scaling back their market activities.

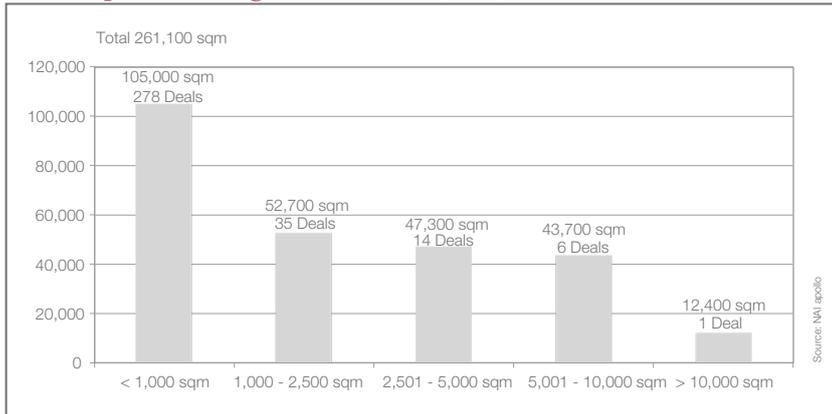
Take-up generated through the extension of leases following an active market exploration also weakened considerably to 76,000 sqm. After a temporary increase in the second quarter, companies were noticeably re-strained in the last three months. Overall, the result for the first three quarters of 2023 is around 30 % below the previous year's figure.

Take-up according to location Q1-Q3 2023

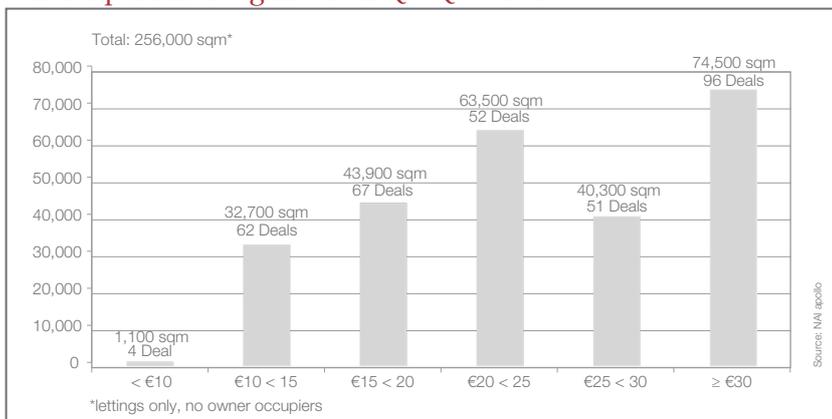


Source: NAI apollo

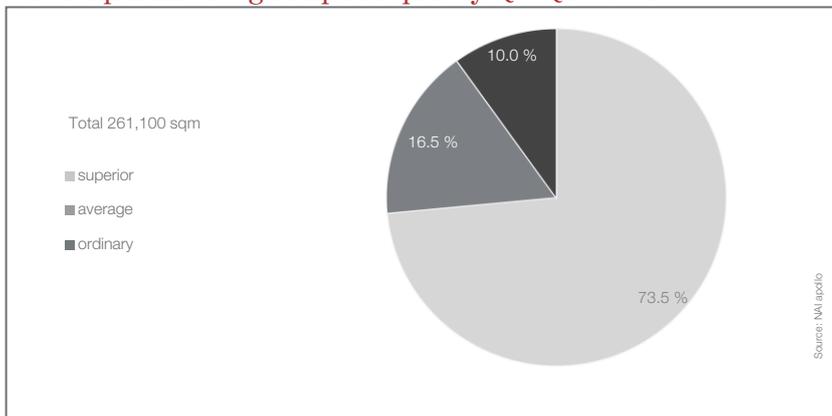
Take-up according to unit size Q1-Q3 2023



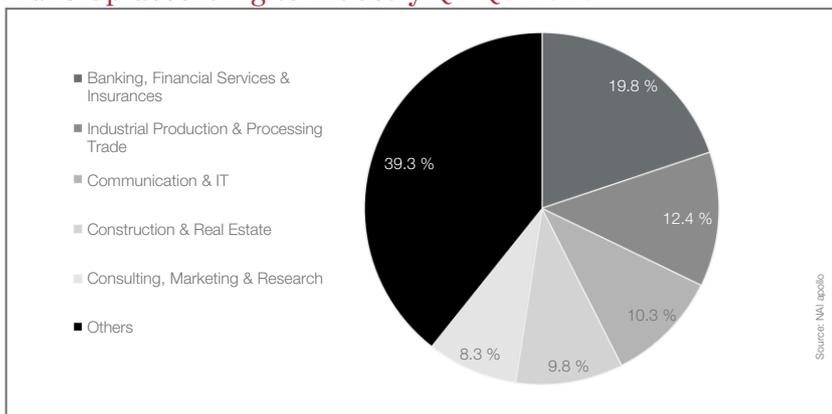
Take-up according to rents Q1-Q3 2023



Take-up according to space quality Q1-Q3 2023



Take-up according to industry Q1-Q3 2023



As was already the case at the end of the first half of the year, there was a clear dichotomy on the market in terms of the size of deals. While small deals below 2,500 sqm and large deals above 10,000 sqm generated lower total take-up of 157,600 sqm and 12,400 sqm respectively, medium-sized deals ranging from 2,501 sqm to 10,000 sqm are well above the previous year's level with a total of 91,000 sqm.

The first lease this year for an office space larger than 10,000 sqm was recorded in the third quarter. An industrial company rented the entire property called "The Move Orange" in Gateway Gardens with around 12,400 sqm. Other large lettings in the third quarter include the agreements signed by LG ELECTRONICS Vehicle Components Europe in "Matchbox" in Eschborn for 5,500 sqm and the Sweco Group in "Oval" with 4,500 sqm.

The largest contract signing of the third quarter elevated the "industrial production and manufacturing" sector into second place with 32,300 sqm after the first nine months, behind "banking, financial services and insurance" with 51,800 sqm.

Within the Frankfurt office market area, the "banking district" remains the popular sub-market with take-up of 36,100 sqm. Supported by transactions in "The Spin", "ONE", "Meandris" and "Timber Pioneer", the "Messe/Europaviertel" sub-market recorded the second highest take-up volume of 32,300 sqm.

In the third quarter, premium lettings in the banking district ensured that the prime rent remained stable at €46.00/sqm, both compared to the previous quarter and the same quarter of the previous year. In the last three months, the average rent fell slightly by 10 cents to €24.80/sqm compared to the previous quarter owing to larger lettings in less central locations. However, this represents an increase of 7.8 % compared to the previous year.

Office Locations Frankfurt a.M. Q3 2023

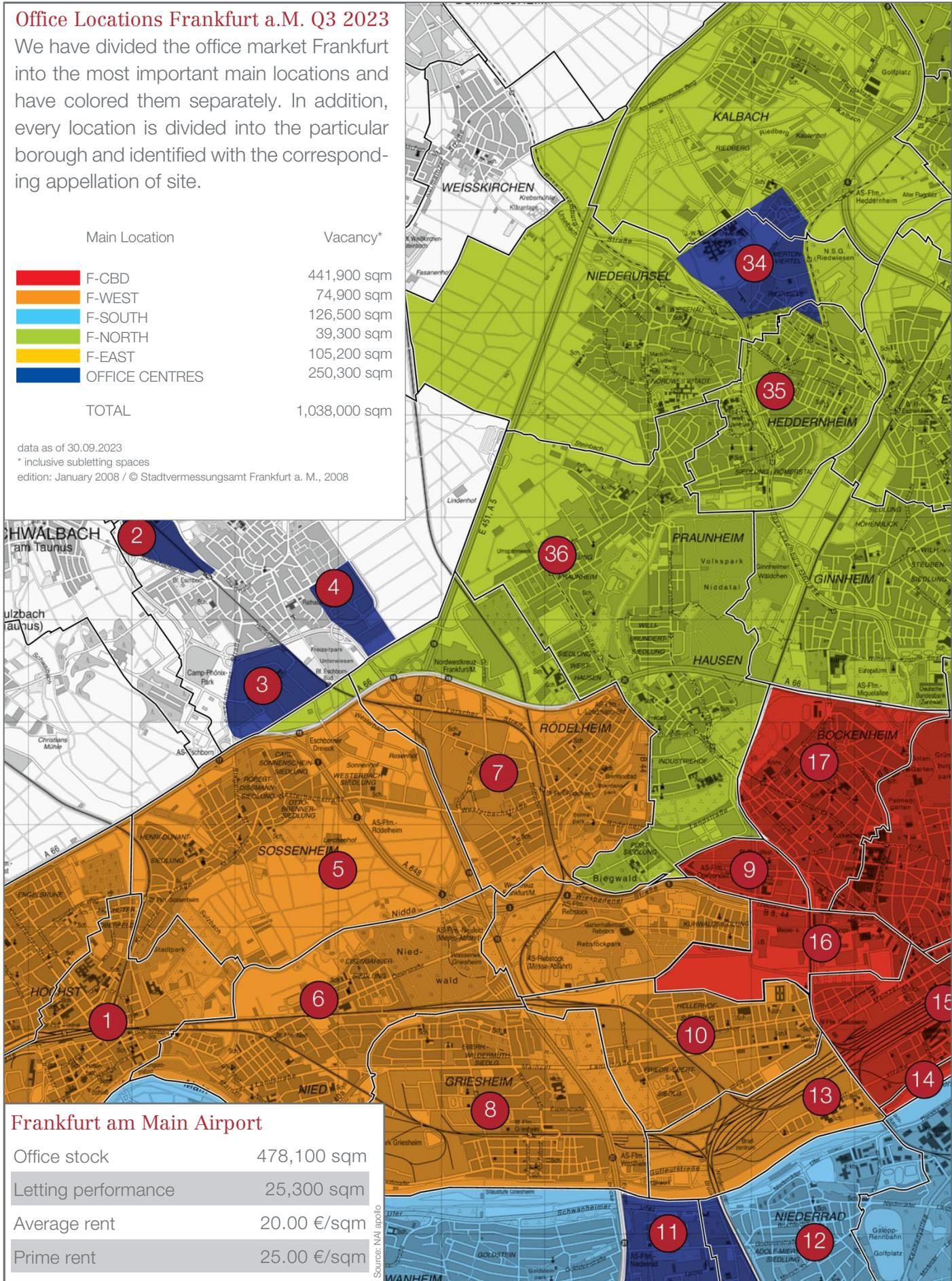
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
■ F-CBD	441,900 sqm
■ F-WEST	74,900 sqm
■ F-SOUTH	126,500 sqm
■ F-NORTH	39,300 sqm
■ F-EAST	105,200 sqm
■ OFFICE CENTRES	250,300 sqm
TOTAL	1,038,000 sqm

data as of 30.09.2023

* inclusive subletting spaces

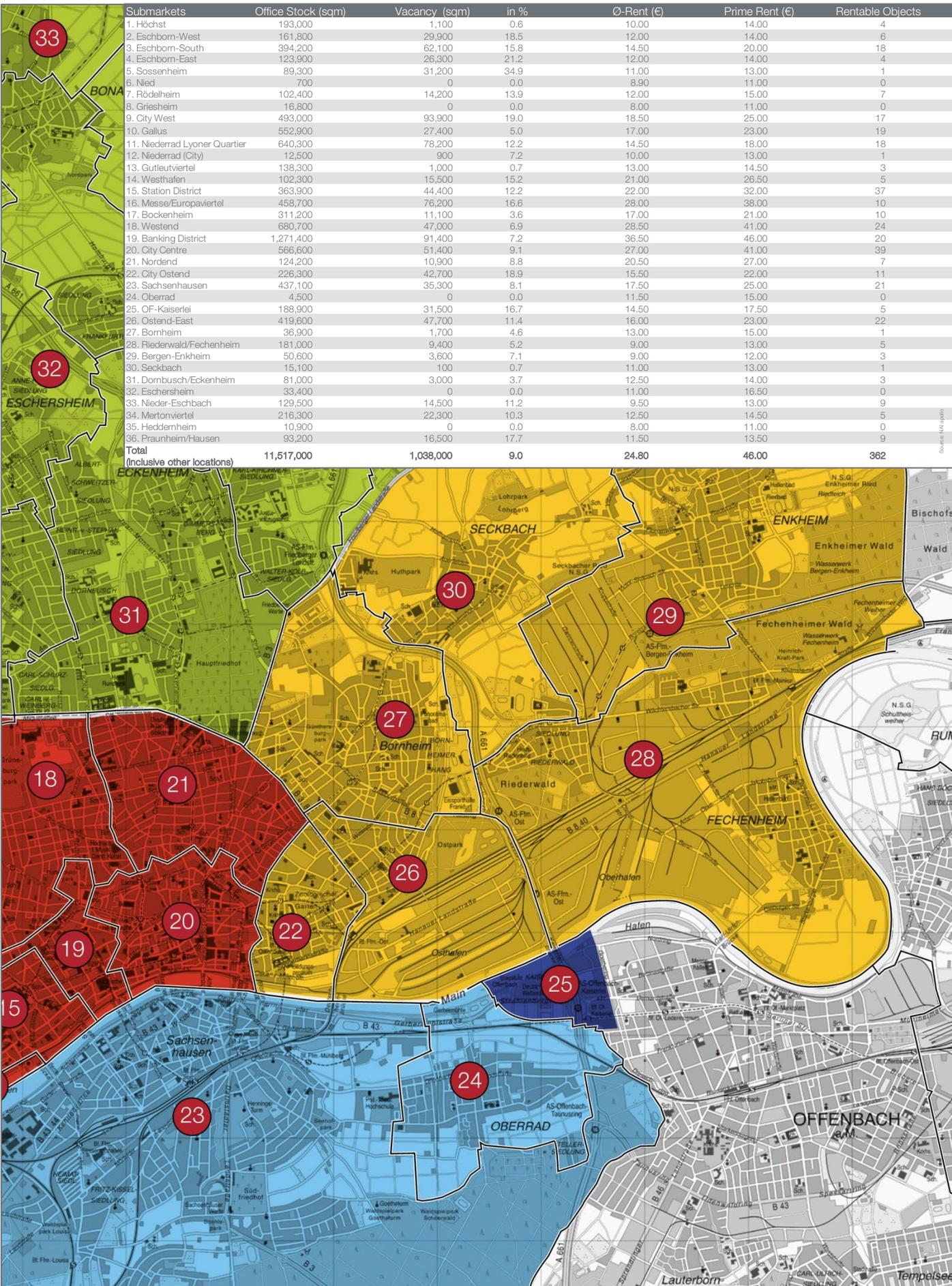
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



Frankfurt am Main Airport

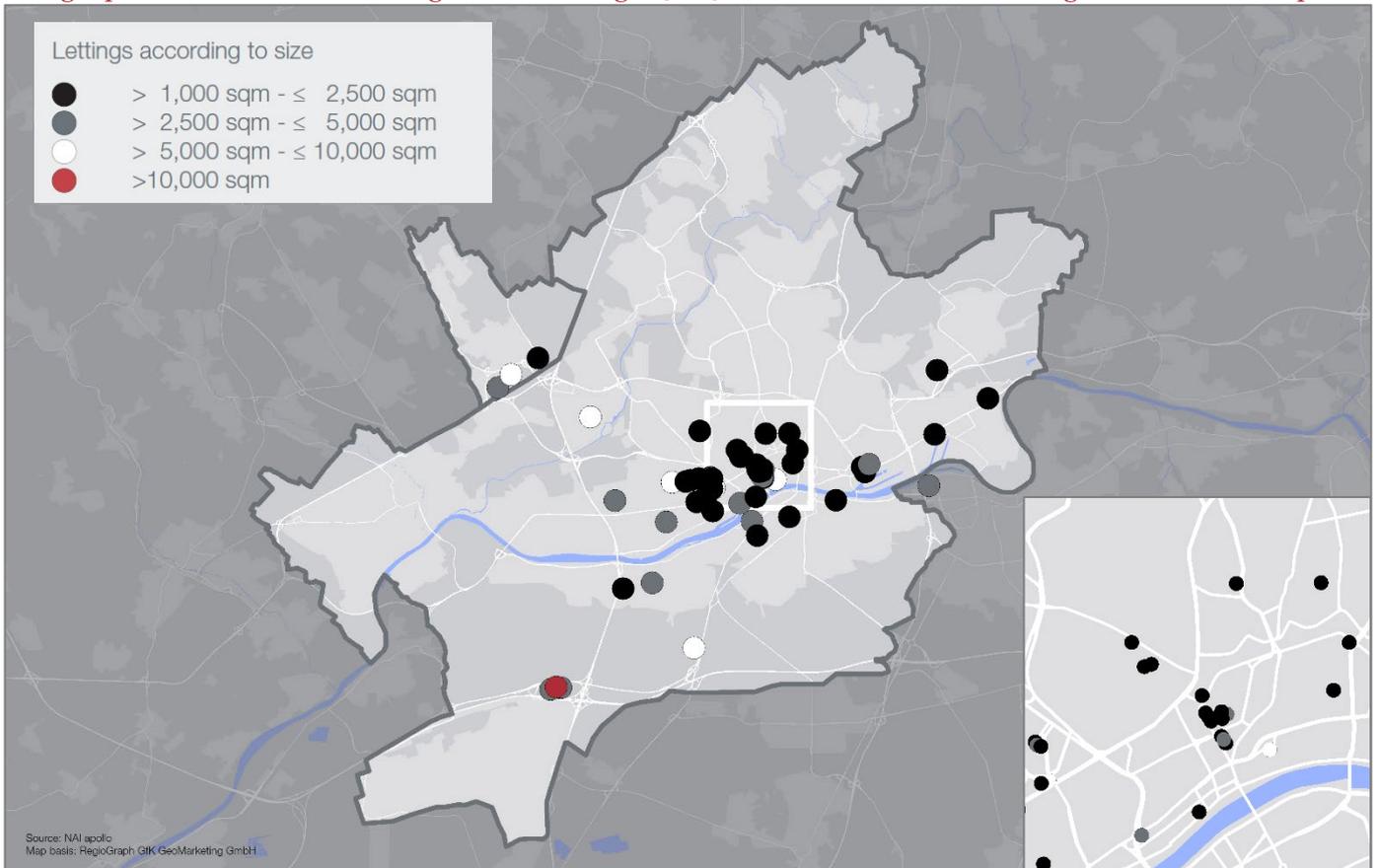
Office stock	478,100 sqm
Letting performance	25,300 sqm
Average rent	20.00 €/sqm
Prime rent	25.00 €/sqm

Source: IMA apollo

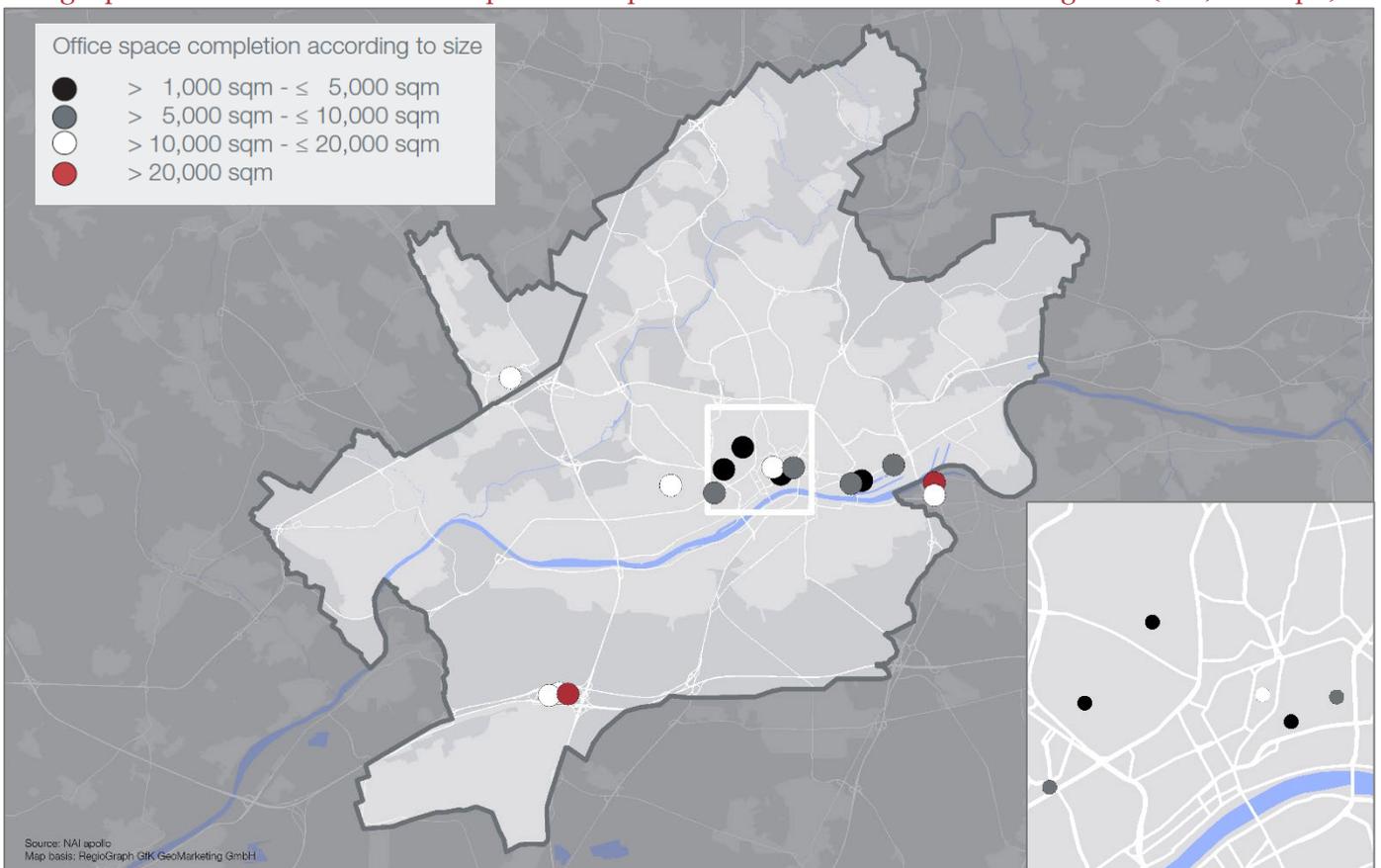


Source: M&I Real Estate

Geographical localisation of large-scale lettings Q1-Q3 2023 accor. to size categories (> 1,000 sqm)



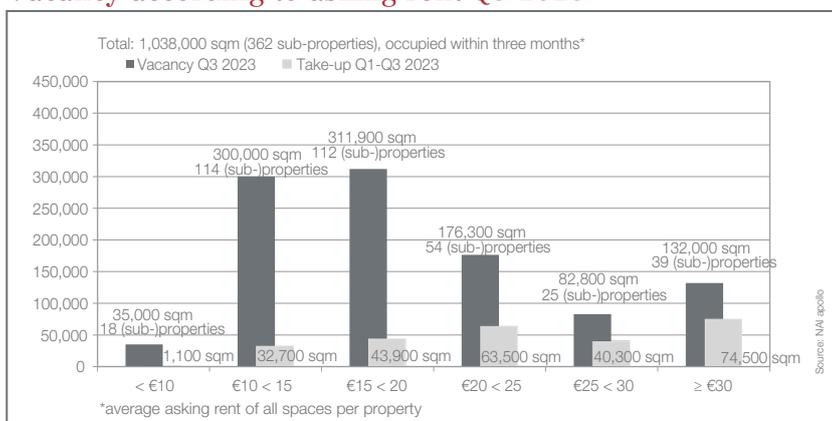
Geographical localisation of office spaces completions 2023 accor. to size categories (> 1,000 sqm)



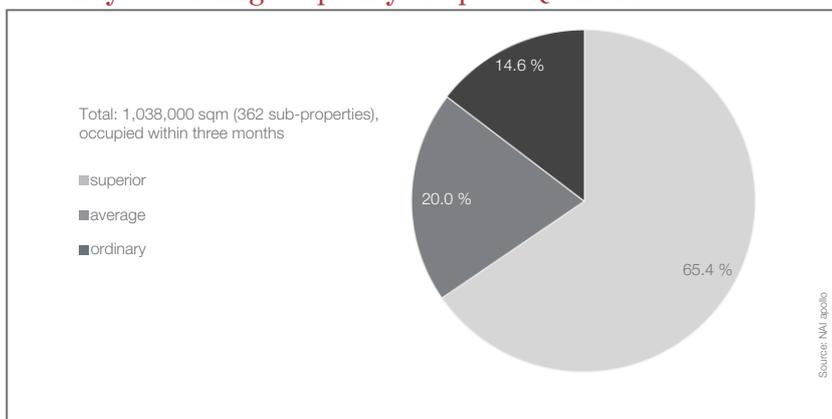
Vacancy according to vacancy size Q3 2023



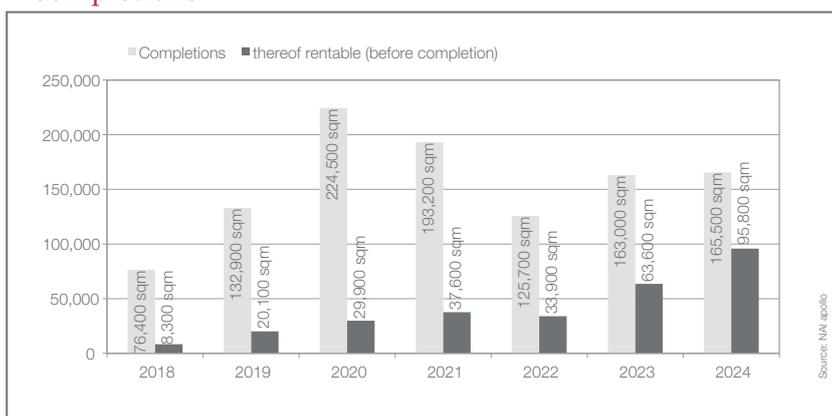
Vacancy according to asking rent Q3 2023



Vacancy according to quality of space Q3 2023



Completions

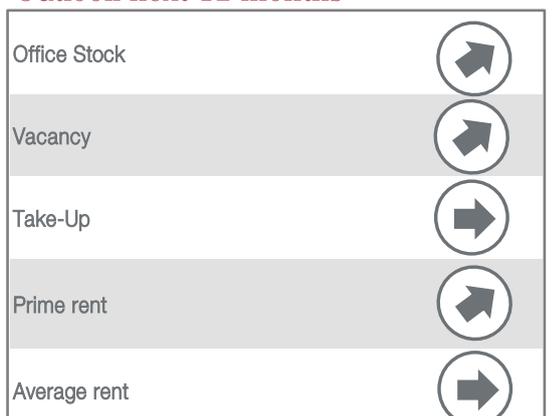


Office stock amounted to 11.52 million sqm at end of the third quarter of 2023. Within the last three months, office properties with a total of 36,500 sqm were completed, while the removal of space from the office market amounted to 56,900 sqm. The largest building to be completed in the third quarter was “The Move Blue” at the airport with over 23,000 sqm. As things stand, the completion volume for the year as a whole is expected to amount to 163,000 sqm, of which around 39 % is still available.

Vacancies continued to increase on the Frankfurt office market in the third quarter of 2023. Active vacancies as of 30 September 2023 stood at around 1.04 million sqm. On an annual basis, total vacancies increased by 157,000 sqm while the rate rose by 1.4 percentage points to 9.0 %. A further increase in the availability of vacancies is therefore foreseeable.

The economic slowdown is set to continue in the coming quarters and is already evident from the reluctance of potential tenants to take on new leases as well as a significant increase in subletting. For the most part, there will be less demand for space than before in new lettings. At the same time, the focus on modern or ESG-compliant office space will continue, which will have a positive effect on the rent structure in the coming months. Until the end of the year, the public sector is likely to be the mainstay of letting activity. This sector is already conducting a number of searches on the market and is less dependent on the economy than the private sector. In this respect, take-up in the region of 350,000 sqm is considered achievable on the Frankfurt office market for 2023 as a whole.

Outlook next 12 months



Cities

Office space, vacancy, prime rent, average rent Q1-Q3 2023

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	20.10	428,000	4.3	44.30	28.60
Dusseldorf	7.50	171,000	8.2	39.50	21.10
Frankfurt a. M.	11.52	261,000	9.0	46.00	24.80
Hamburg	14.33	320,000	4.1	34.50	20.90
Munich	21.30	324,000	5.4	46.50	23.70

Prime yields Q3 2023

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	4.10 %	4.05 %	4.20 %
Dusseldorf	4.25 %	4.20 %	4.20 %
Frankfurt a. M.	4.25 %	4.20 %	4.20 %
Hamburg	4.20 %	4.15 %	4.20 %
Munich	4.10 %	4.00 %	4.20 %
Total	Ø = 4,20 %	Ø = 4,10 %	Ø = 4,20 %

Frankfurt a.M.

Top take-up Q1-Q3 2023

Property + Location	Tenant / Owner Occupier	Leased area in sqm
The Move Orange, De-Saint-Exupéry-Strasse 3-7 / Airport	Industrial company	12,400
Timber Pioneer, Europa-Allee 92 / Messe/Europaviertel	Universal Investment	9,600
B92, Breitlacher Strasse 92 / Rödelheim	Public institution	9,100
Otto-Fleck-Schneise 7 / Sachsenhausen	Eintracht Frankfurt	8,800
Bethmannhof, Bethmannstrasse 7-9 / City Centre	Kreativzentrum Massif Central	5,800

Top investments Q1-Q3 2023

Property + Location	Purchaser	Purchase Price in €*
Kö10 + Kö12, Eschborn	Advenis	approx. 70.000.000
Former Postbank building, Eckenheimer Landstrasse 240-246	City Frankfurt	confidential
Frankenallee 2-4	Hamburg Team Investment Management	confidential
Lyoner Strasse 28	confidential	confidential
Villa Sander, Mainzer Landstrasse 10	confidential	confidential

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ASSET MANAGEMENT

VALUATION AND RESEARCH

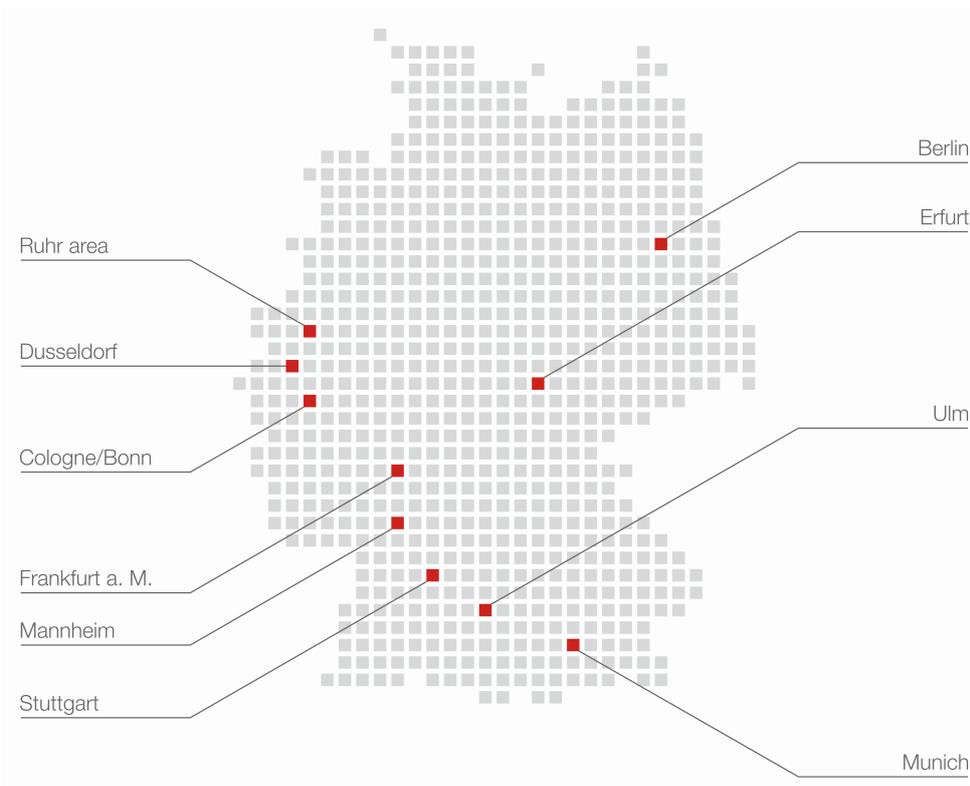
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