



Facts and Figures

Office market Frankfurt am Main
2023

“An investment in knowledge pays the best interest.”

Quote from Benjamin Franklin

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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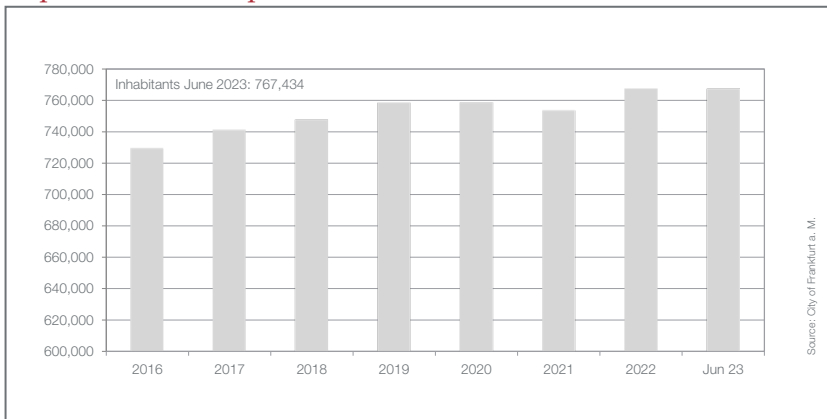
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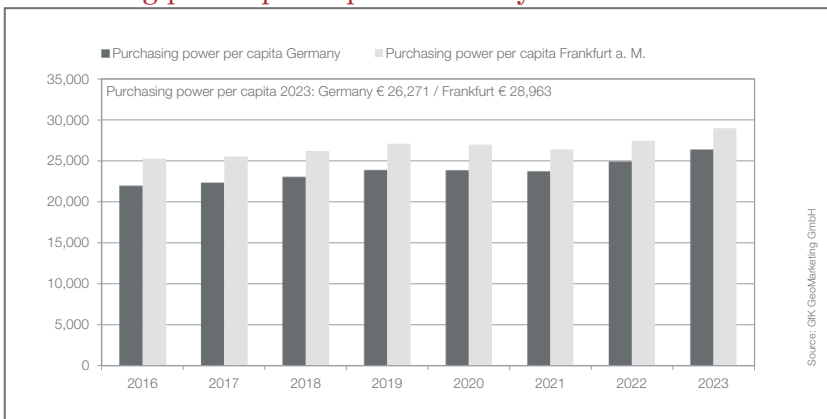
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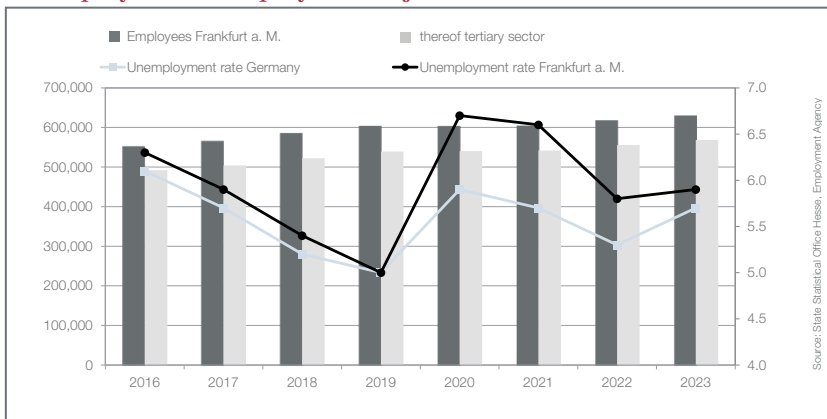
Population development Frankfurt a. M.



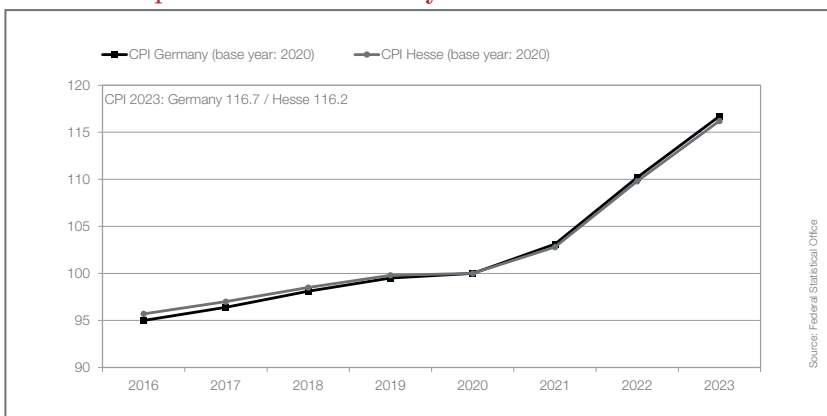
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

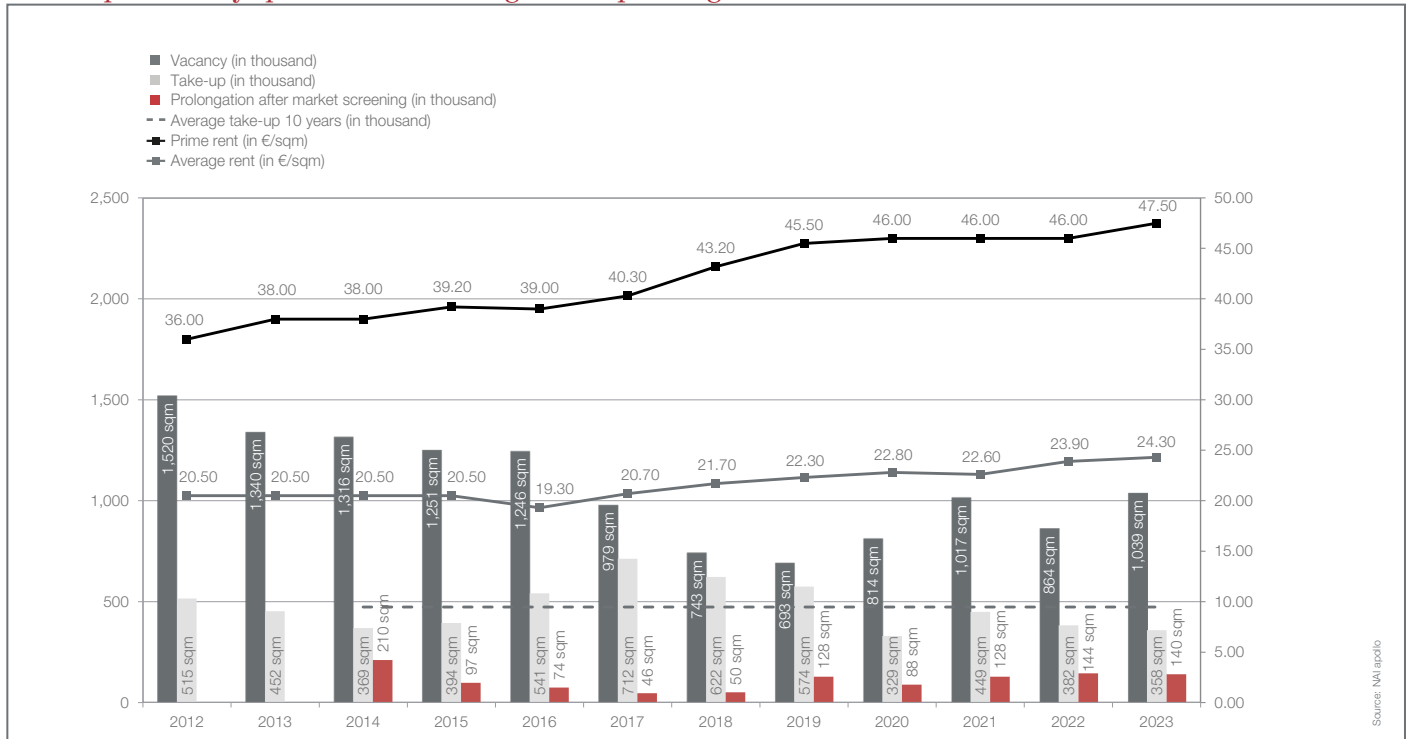


The macroeconomic downturn in 2023 caused Germany's GDP to shrink by 0.3 % and is highly likely to have had a similar impact on Frankfurt. Indeed, the latest employment and economic forecast from the "PERFORM Zukunftsregion FrankfurtRheinMain" initiative assumes that GDP in the Rhine-Main region fell by 0.2 % in 2023. Developments at both national and local level were influenced by the combination of continued high prices, unfavourable financing conditions and low demand from Germany and abroad. The average consumer price index for 2023 stood at 5.9 % in Germany and was only marginally lower in Hesse at 5.8 %. Although the December figures were slightly higher again at 3.7 % in Germany and 3.5 % in Hesse due to a base effect ("December emergency aid" in 2022), the declining price trend is cautiously optimistic. Accordingly, the ECB's restrictive interest rate policy could be relaxed somewhat in 2024, potentially leading to a slight increase in momentum not only for the economy but also in the property sector.

Meanwhile, the Frankfurt labour market remains robust despite the current environment. In December 2023, the unemployment rate in Germany's financial centre stood at 5.9 %, which is unchanged from the previous month and only 0.2 %-points higher year-on-year. However, the number of registered jobs in Frankfurt fell to 9,265 at the end of 2023, although this remains at a high level.

Overall, sentiment among companies in the region has deteriorated, as confirmed by the latest business survey carried out by the Chamber of Industry and Commerce (IHK) in the Frankfurt district. Compared to the previous survey, the business climate index has fallen by five points to 98, which is once again below the 100 threshold that represents the boundary between positive and negative overall sentiment. The increase in the business climate index for the finance, credit and insurance industry to 111 points, largely driven by more positive expectations for the coming months, can be seen as a ray of hope for the office market.

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

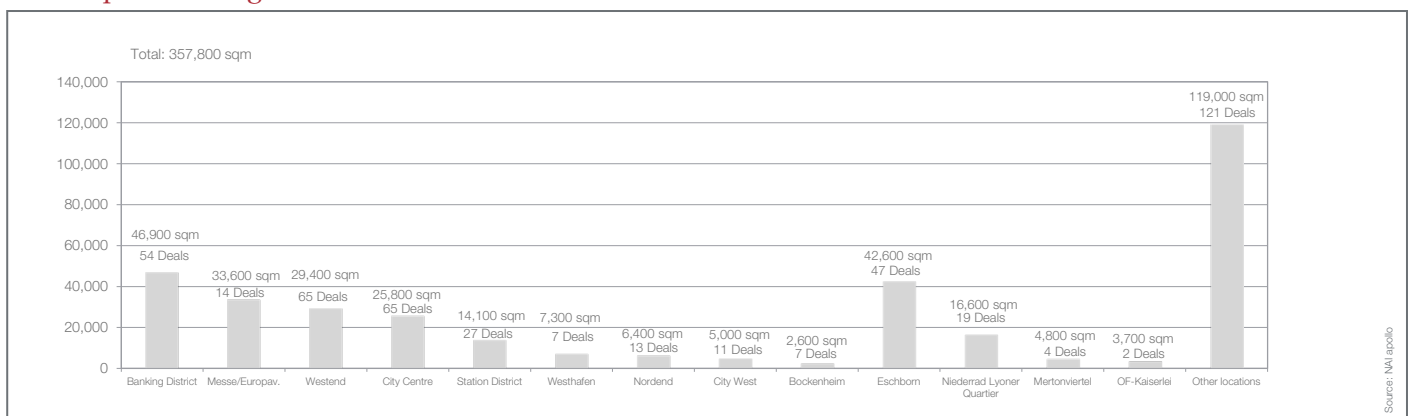


The Frankfurt office lettings market including Eschborn and Offenbach-Kaiserlei registered below-average take-up in the fourth quarter of 2023, continuing a trend that was already evident in previous quarters. For the period from October to December 2023 a total take-up by tenants and owner-occupiers of 96,700 sqm was recorded. While this represents the best quarter of the year, it does not compare well with the long-term average. For example, the Q4 result is around 40 % below both the five-year and ten-year average for fourth quarters of about 160,000 sqm in each case.

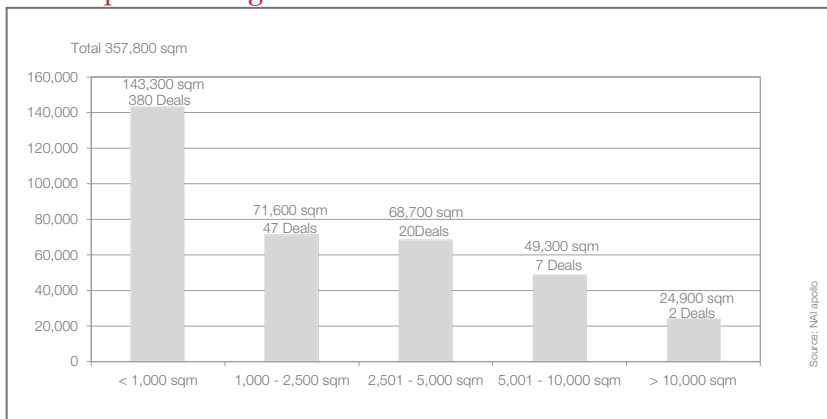
For 2023 as a whole, space take-up amounts to 357,800 sqm, which is around a quarter below the long-term average (2013 - 2022: 482,000 sqm). In recent years, only 2020 registered a weaker performance with 329,200 sqm. This result comes as no surprise, however, given the current mixed picture of economic decline, high inflation and interest rates, apparent political uncertainty and a skills shortage. The number of contract signings also decreased in conjunction with the lower take-up. The figure fell to 456 from 503 in the previous year, almost reaching the 2020 level when 455 lettings took place.

Compared to late summer, there was also a noticeable rise in take-up attributed to the extension of leases following an active market exploration. The 140,000 sqm recorded here for the full year is only slightly below the previous year's level and also represents the third-highest level within the last ten years. A tendency towards lease extensions is associated with economic uncertainty.

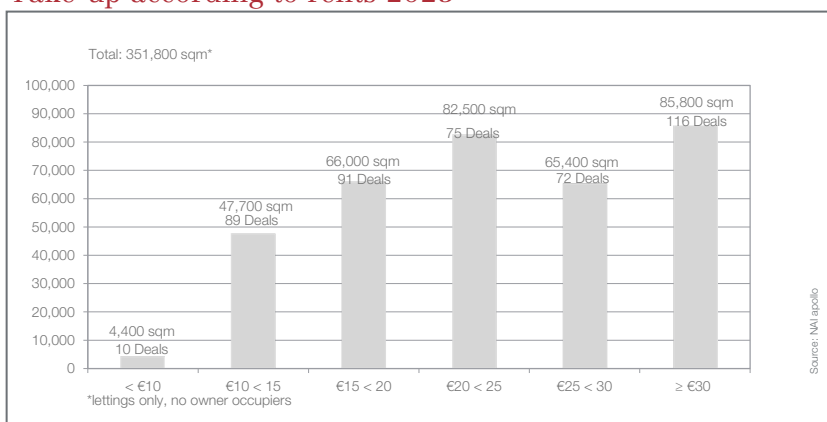
Take-up according to location 2023



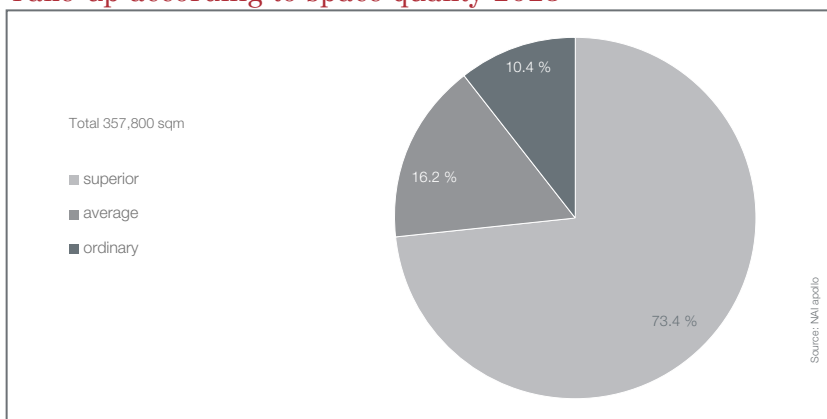
Take-up according to unit size 2023



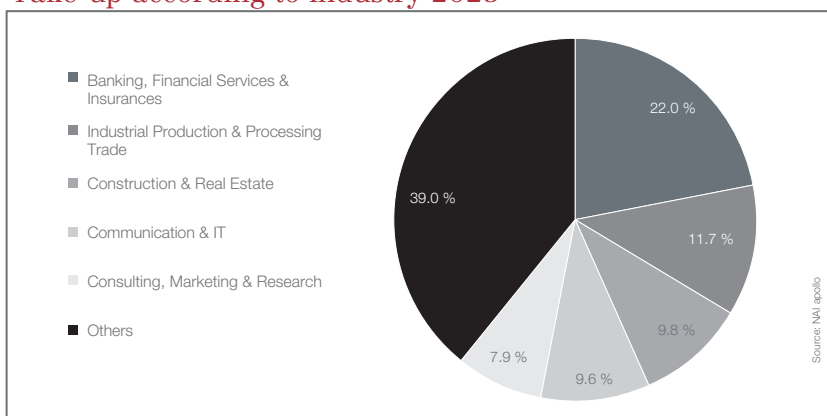
Take-up according to rents 2023



Take-up according to space quality 2023



Take-up according to industry 2023



The last three months of 2023 saw a confirmation of the trend towards higher take-up of medium-sized spaces between 2,500 sqm and 10,000 sqm. On the other hand, deals above 10,000 sqm and below 2,500 sqm decreased year-on-year.

The largest deal of the year was recorded in the final quarter of 2023 with the leasing of over 12,400 sqm by Deutsche WertpapierService Bank at Kölner Strasse 5 in Eschborn. However, together with the lease contract signed by an industrial company for around 12,400 sqm in 'The Move Orange' in Gateway Gardens, only two lettings above 10,000 sqm were recorded for the year as a whole.

"Banking, financial services & insurances" were responsible for the largest lease signing of the year and maintained their dominant market position with take-up of 78,800 sqm or a market share of 22.0 %. Next were "industrial production & processing trade" with 41,700 sqm and "construction & real estate" with 34,900 sqm. Among the submarkets, Banking District dominated the office market with 46,900 sqm of take-up, followed by Eschborn with 42,600 sqm, Messe/Europaviertel with 33,700 sqm and Westend with 29,400 sqm.

High-priced deals in city centre projects pushed up the prime rent in the fourth quarter to €47.50/sqm, representing an increase of 3.3 % or €1.50/sqm compared to both the previous quarter and the previous year. With the increased willingness to pay for modern and ESG-compliant properties in central locations, prime rents are likely to stabilise at this level. By contrast, the average rent has fallen as a result of lettings in less central locations and stood at €24.30/sqm at the end of the year. Nevertheless, this represents an increase of 1.7 % compared to the previous year.

Around a third of total take-up relates to spaces in projects, new builds or refurbishment projects. New space is particularly relevant in the case of lease signings for above 1,000 sqm, which account for almost half of take-up in this segment.

Office Locations Frankfurt a.M. Q4 2023

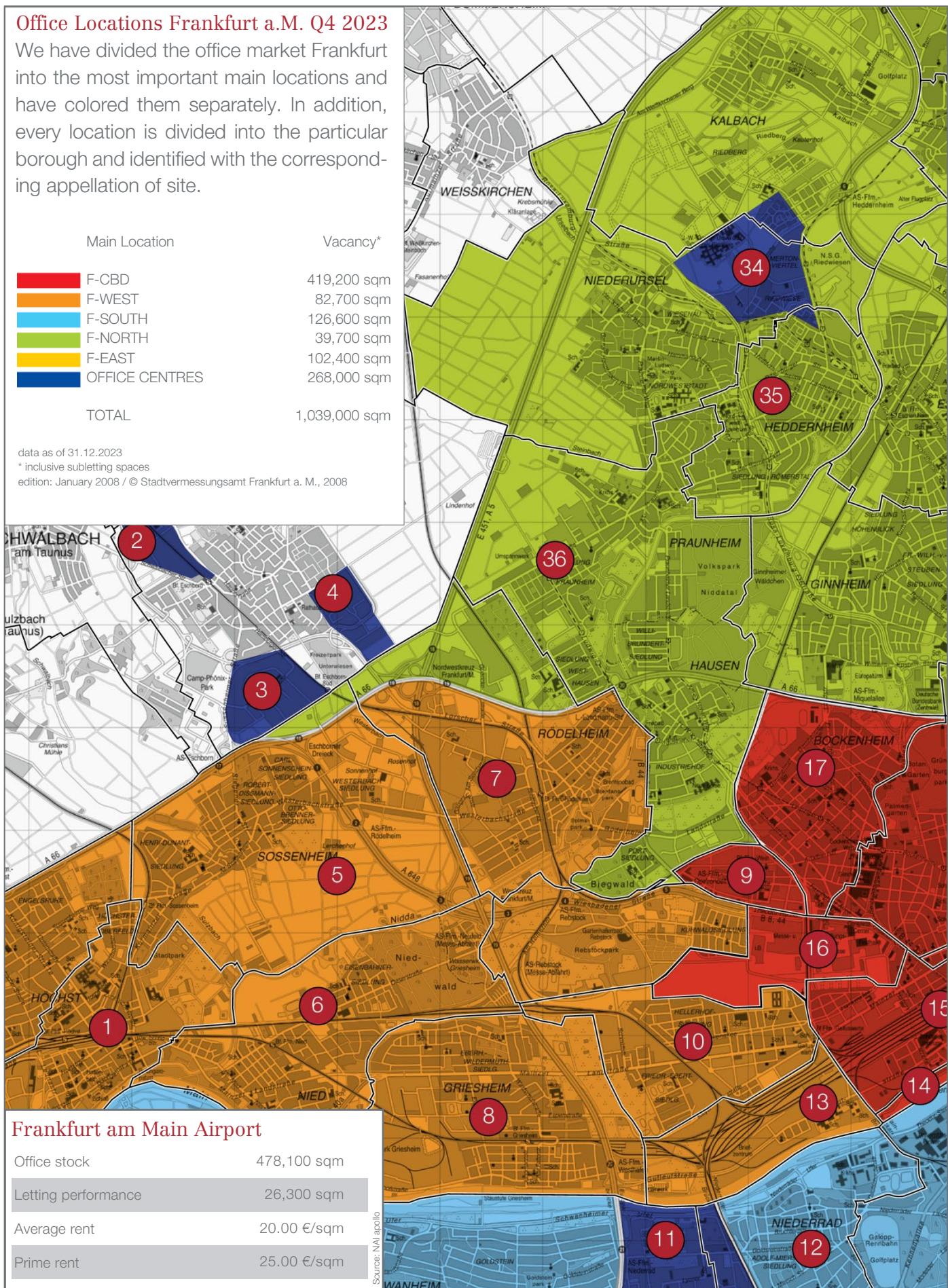
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

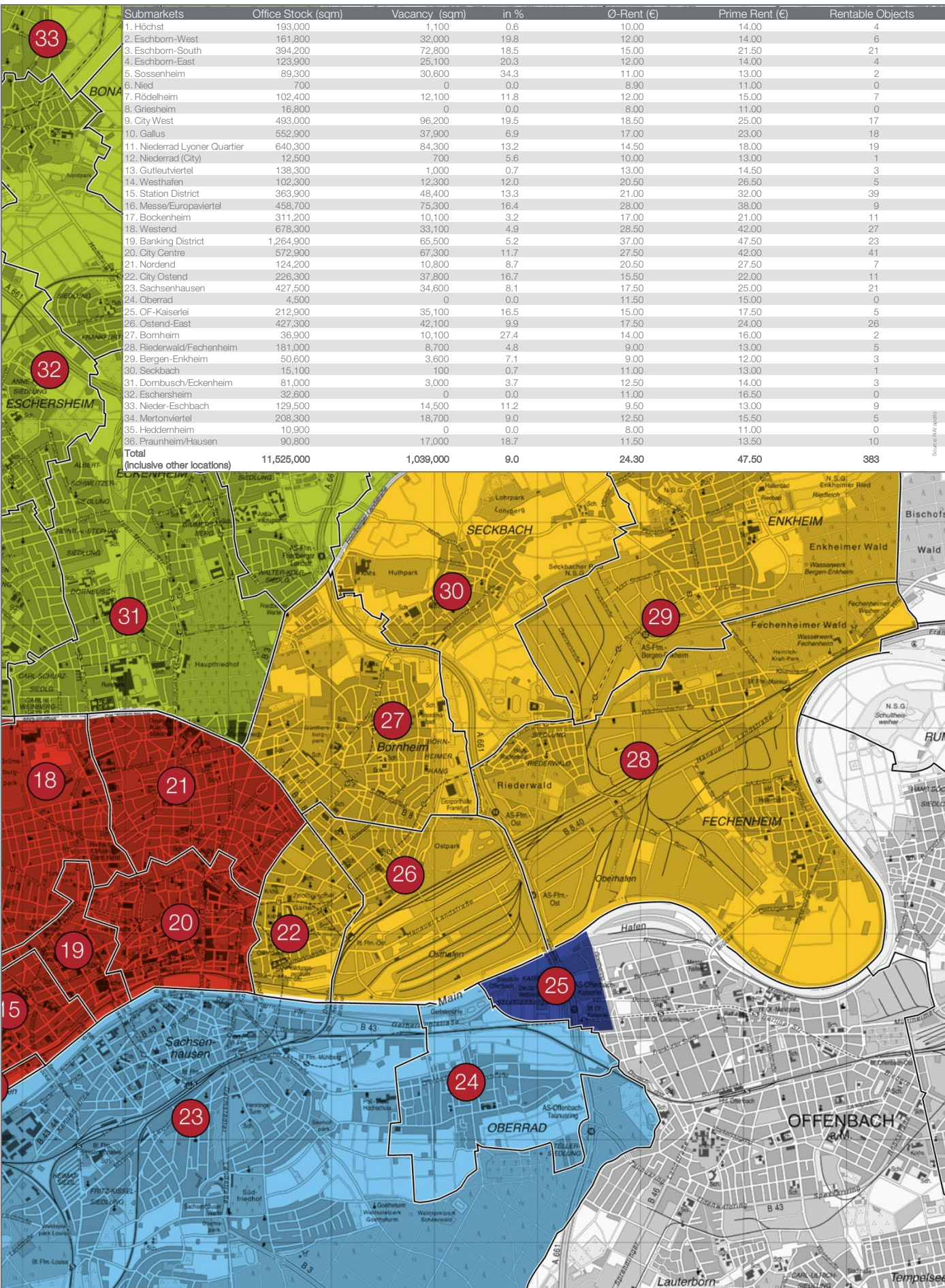
Main Location	Vacancy*
F-CBD	419,200 sqm
F-WEST	82,700 sqm
F-SOUTH	126,600 sqm
F-NORTH	39,700 sqm
F-EAST	102,400 sqm
OFFICE CENTRES	268,000 sqm
TOTAL	1,039,000 sqm

data as of 31.12.2023

* inclusive subletting spaces

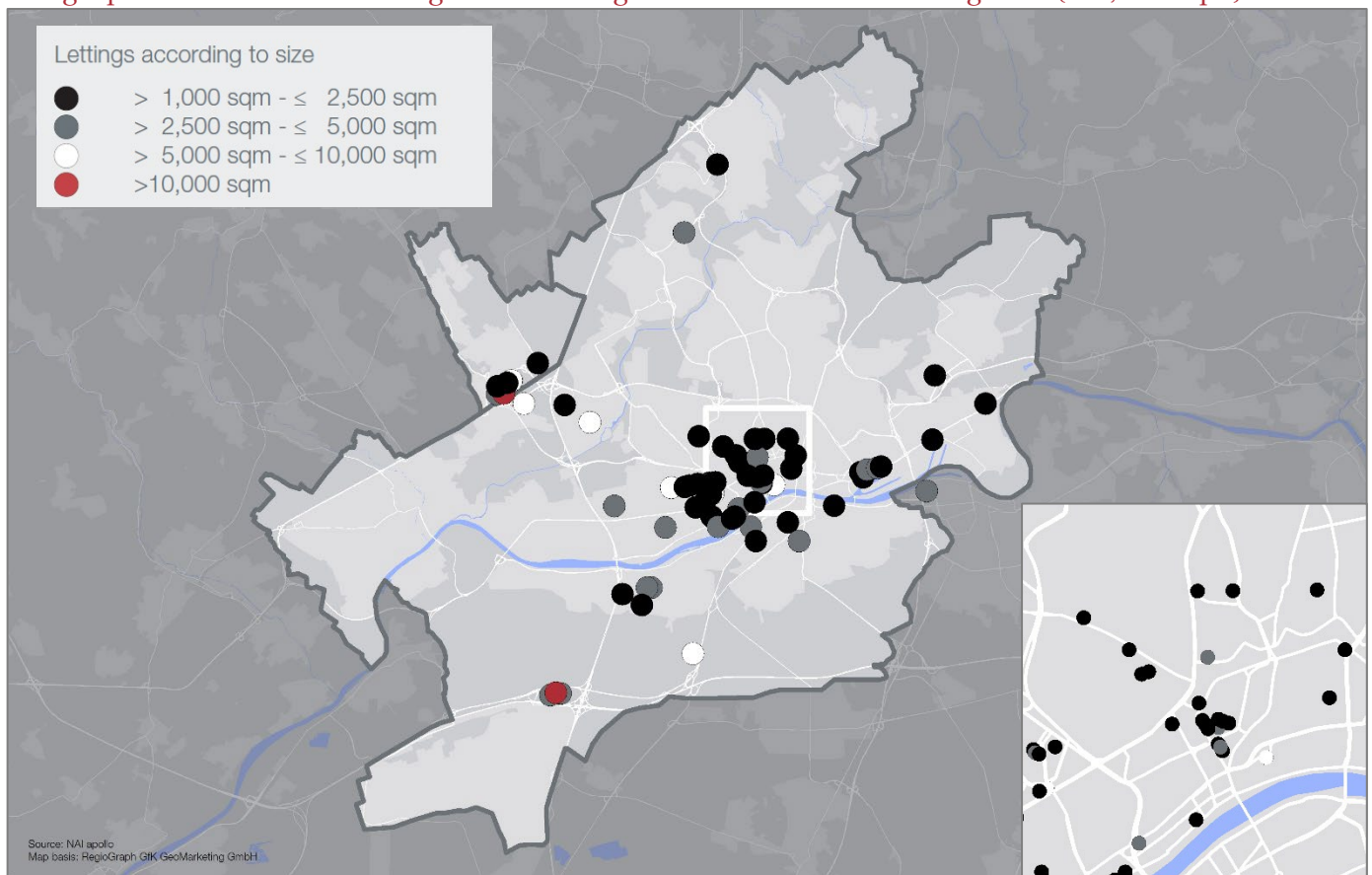
edition: January 2008 / © Stadtvermessungsamt Frankfurt a. M., 2008



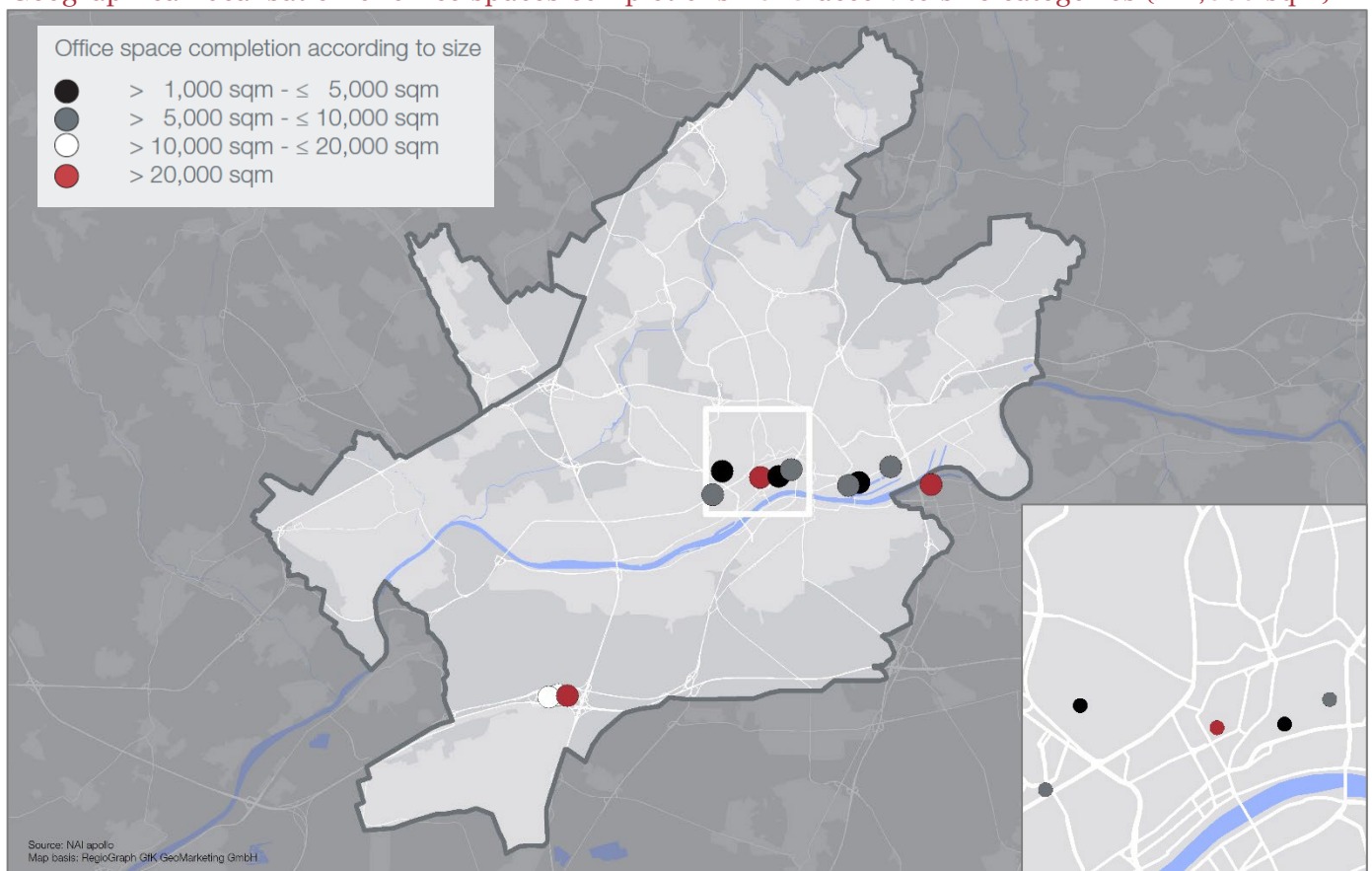


Source: IMA realty

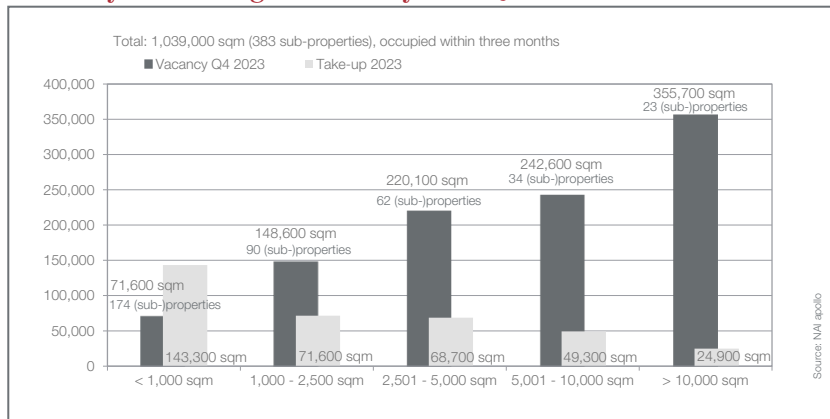
Geographical localisation of large-scale lettings 2023 accor. to size categories (> 1,000 sqm)



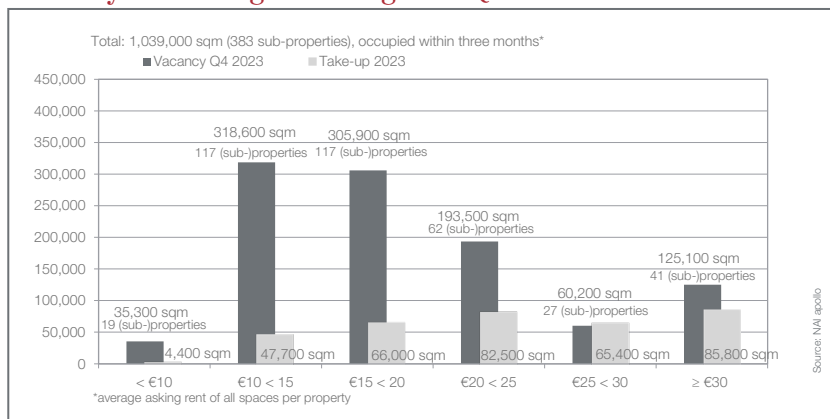
Geographical localisation of office spaces completions 2023 accor. to size categories (> 1,000 sqm)



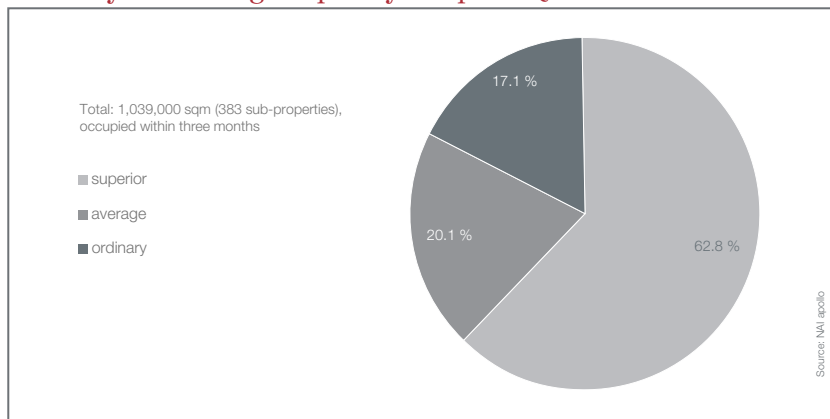
Vacancy according to vacancy size Q4 2023



Vacancy according to asking rent Q4 2023



Vacancy according to quality of space Q4 2023

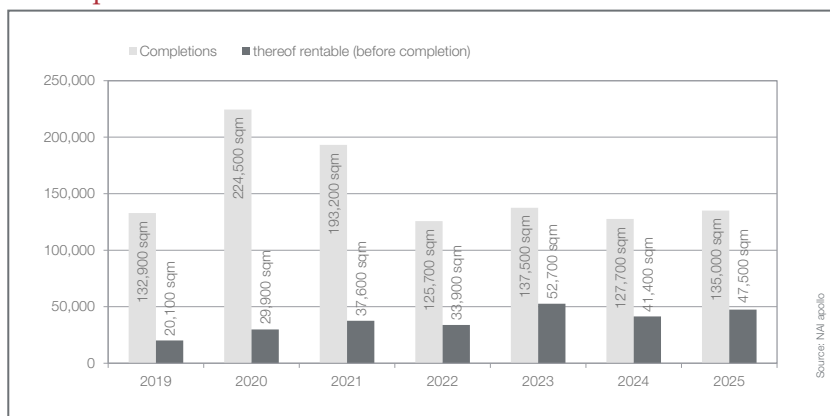


137,500 sqm of office space was completed in 2023. Of this, 38 % is still available to the market for letting. Around 55,000 sqm of space was removed from the office market in the last three months. As a result, office stock has remained almost stable compared to the previous year at 11.525 million sqm.

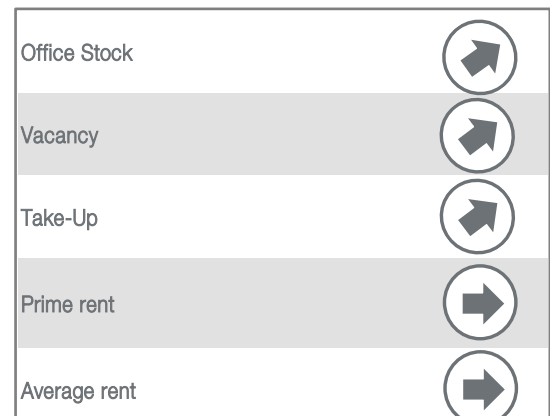
Market-active vacancies on the Frankfurt office market appear to have stabilised in the short term. As of 31 December 2023, vacancies stood at around 1.04 million sqm or a rate of 9.0 %, which is in line with the prior quarter. Compared to the previous year, this represents an increase of 175,000 sqm or 1.5 %-points.

Although potential tenants on the Frankfurt office market remained cautious at the turn of the year, we can look forward with slight optimism to the current year, particularly the second half. The first few months of 2024 will certainly still be difficult, but the expected economic recovery should subsequently lead to a moderate market revival. A number of applications are already in the pipeline, including for large spaces, and this is helping to underpin the market. Owner-occupier demand continues to focus on modern space in central locations that is as environmentally sustainable as possible. There is also a willingness to pay higher rents for ESG conformity and a highly attractive location and space. Accordingly, the trend towards high-priced lettings will continue. This will make it increasingly difficult to reduce vacancies in properties that do not fulfil these requirements.

Completions



Outlook next 12 months



Cities

Office space, vacancy, prime rent, average rent Q4 2023

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)	
Berlin	20.20	539,000	5.0	44.50	28.70	
Dusseldorf	7.52	238,000	8.4	40.00	21.20	
Frankfurt a. M.	11.53	357,800	9.0	47.50	24.30	
Hamburg	14.43	447,000	4.4	34.50	20.90	
Munich	21.32	461,000	6.0	48.00	24.00	Source: NAI Apollo

Prime yields Q4 2023

	Prime office yields	Prime retail yields	Prime logistics yields	
Berlin	4.40%	4.15%	4.40%	
Dusseldorf	4.50%	4.30%	4.40%	
Frankfurt a. M.	4.50%	4.30%	4.40%	
Hamburg	4.45%	4.25%	4.40%	
Munich	4.40%	4.10%	4.40%	Source: NAI Apollo
Total	Ø = 4.45%	Ø = 4.20%	Ø = 4.40%	

Frankfurt a.M.

Top take-up 2023

Property + Location	Tenant / Owner Occupier	Leased area in sqm	
Köln Strasse 5, Eschborn / Eschborn-South	Deutsche WertpapierService Bank AG	12,400	
The Move Orange, De-Saint-Exupéry-Strasse 3-7 / Airport	Industrial company	12,400	
Timber Pioneer, Europa-Allee 92 / Messe/Europav.	Universal Investment	9,600	
B92, Breitlacher Strasse 92 / Rödelheim	Public institution	9,100	Source: NAI Apollo
Otto-Fleck-Schneise 7 / Sachsenhausen	Eintracht Frankfurt	8,800	

Top investments 2023

Property + Location	Purchaser	Purchase Price in €* in million	
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	Source: NAI Apollo Transaction not disclosed
Villa Sander, Mainzer Landstrasse 10	confidential	confidential	

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ASSET MANAGEMENT

VALUATION AND RESEARCH

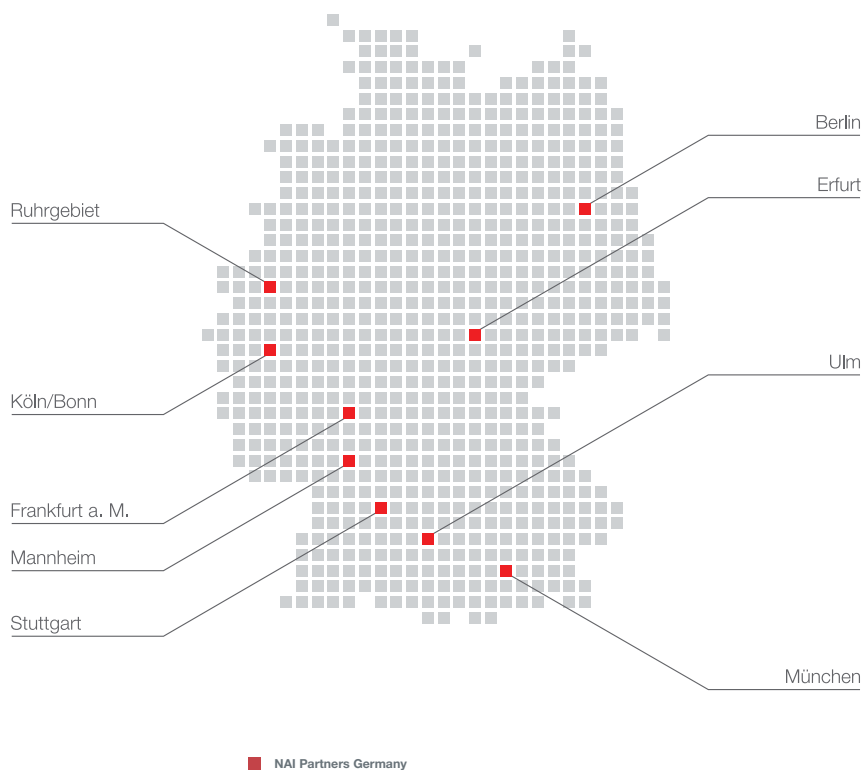
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CORPORATE REAL ESTATE SERVICES

HEALTH CARE

SALES

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LOCAL - NATIONAL - TOP NETWORK

FLEXIBLE - CUSTOMER-FOCUSED - COMPETENT



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