

Office market Frankfurt am Main 2024



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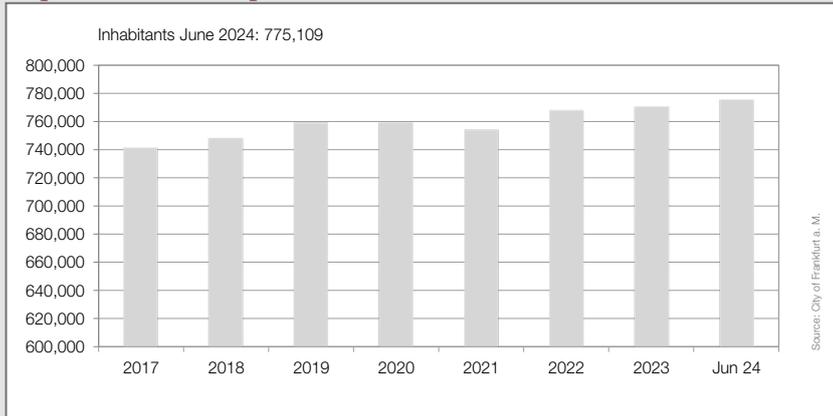
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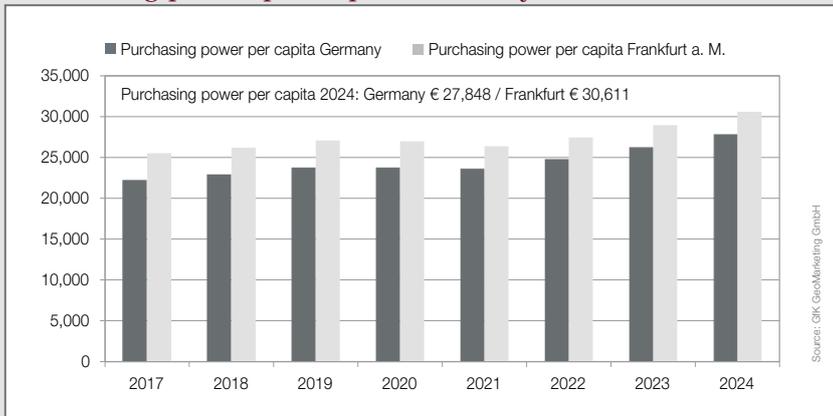
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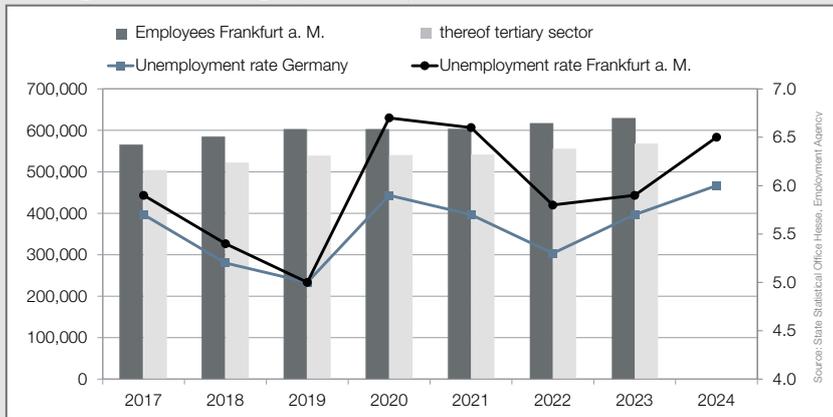
Population development Frankfurt a. M.



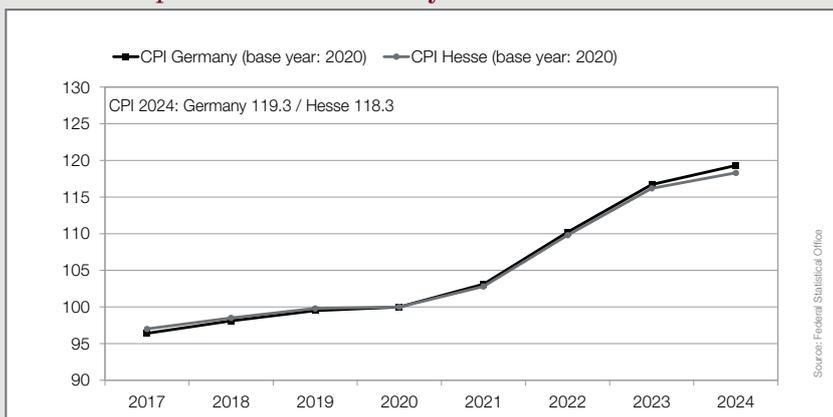
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

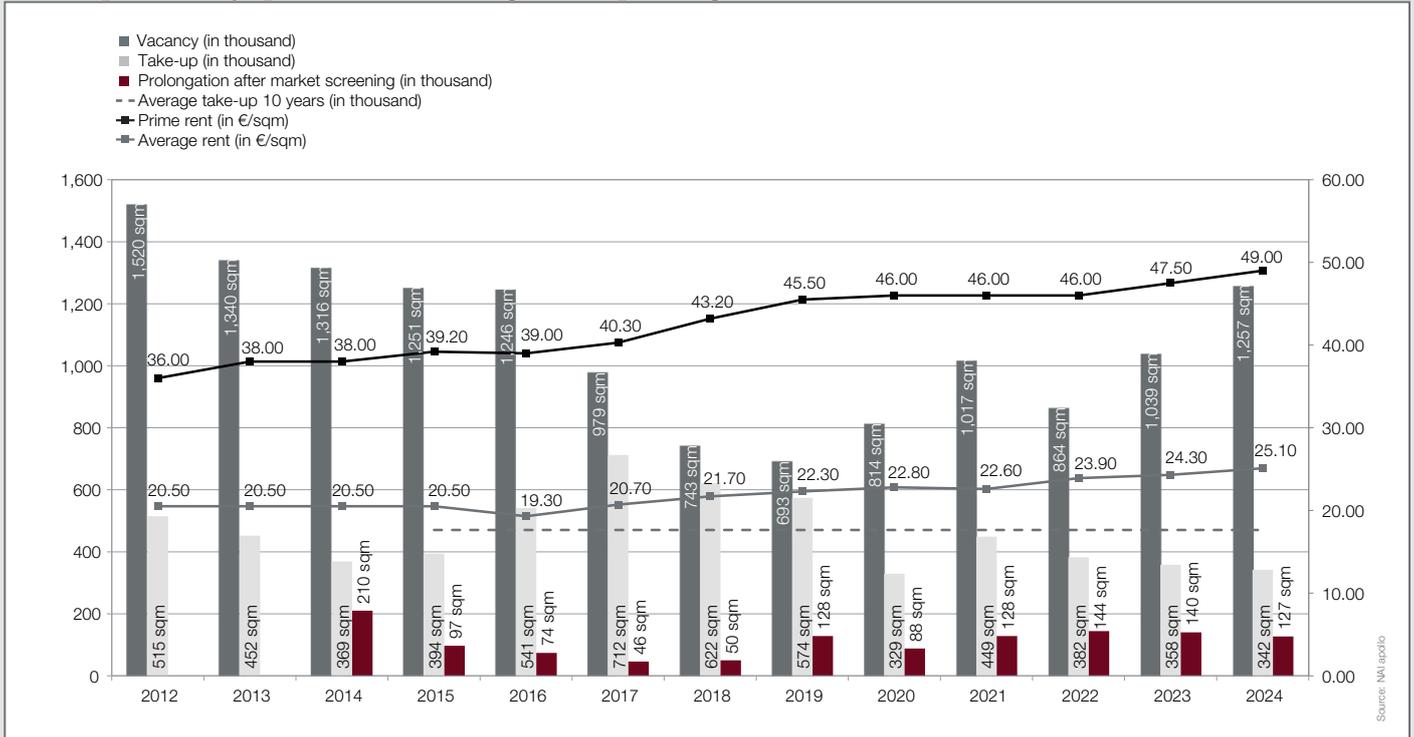


An economic recovery remains elusive. According to the ifo-Institute's "Winter 2024 Economic Forecast," Germany's gross domestic product (GDP) is expected to decline by 0.1% in real terms in 2024. This marks the fifth consecutive year without significant growth for the German economy. In addition to cyclical factors, structural issues are the main causes. According to the ifo-Institute, aspects such as digitalization, decarbonization, demographics, and deglobalization necessitate a lasting realignment of production structures. In its baseline scenario, the ifo-Institute predicts that the gradual deindustrialization will continue, with no fundamental changes expected in the coming years. In this scenario, GDP growth is forecast at only 0.4 % for 2025 and 0.8 % for 2026. Unemployment is expected to peak in 2025 at 2.96 million people or 6.3 %, declining only slightly to 6.2 % in 2026.

Similarly, businesses in Hesse and the Frankfurt/Rhine-Main region hold a pessimistic view of the near future. According to the Hessian Chamber of Industry and Commerce's (IHK) survey "Economic Conditions in Hesse – Autumn 2024," the business climate index remains below the growth threshold at 90 points. Both the assessment of the current situation and, more notably, business expectations – key components of the index – have deteriorated further. In the Frankfurt IHK district, the latest economic survey also reveals a renewed decline in business confidence. Domestic demand and economic policy conditions are among the greatest risks cited by companies.

The finance, credit, and insurance sectors, which are closely tied to office properties, remain the only industry still above the growth threshold, although a downward trend is also evident here.

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

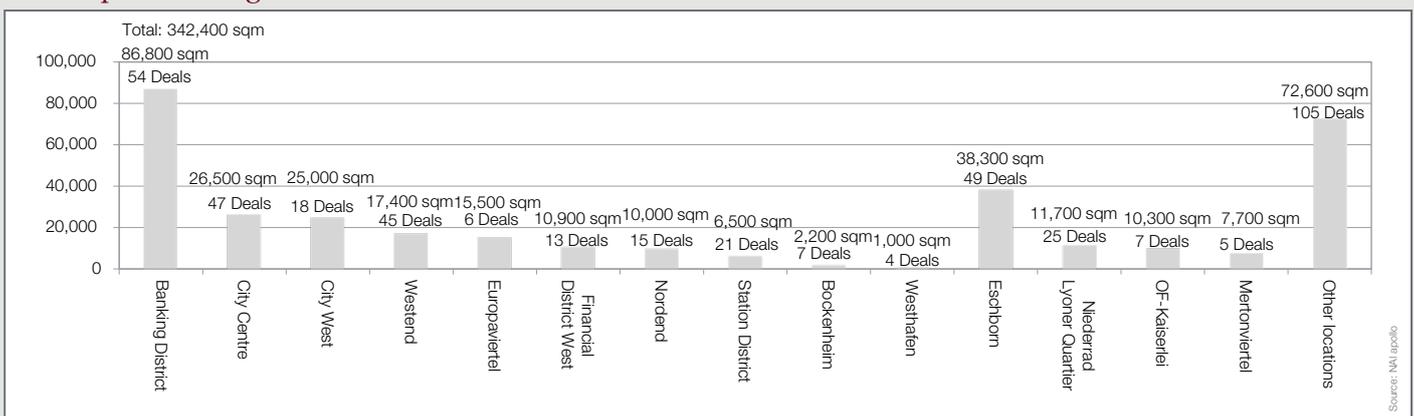


The Frankfurt office space market including Eschborn and Offenbach-Kaiserlei reached a new low in the fourth quarter of 2024 compared to recent years. Take-up by tenants and owner-occupiers amounted to only 78,400 sqm between October and December. A weaker quarterly result was last recorded at the beginning of 2021, when take-up was only 76,200 sqm owing to the impact of the COVID-19 pandemic. As a consequence, the result for the fourth quarter of 2024 is 44 % and 50 % below the respective averages for the past five and ten years. Given the equally below-average performance in previous months, take-up was only 342,400 sqm for 2024 as a whole. This figure is not only 28 % below the long-term trend, but is also the fourth-weakest take-up result since 1995 (306,000 sqm) and therefore of the past 30 years.

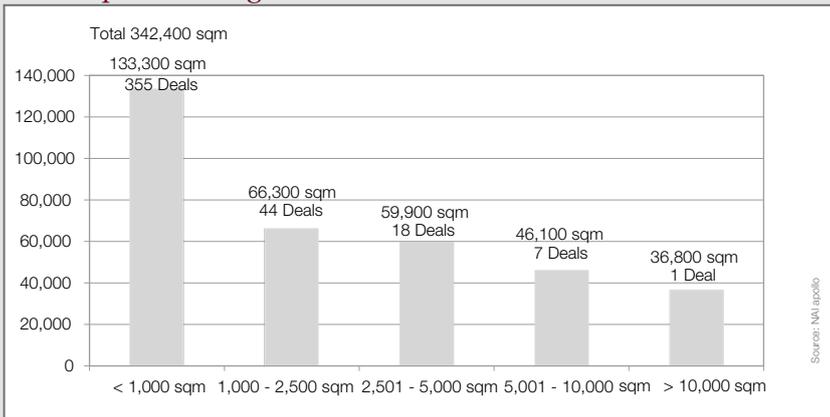
The Frankfurt office market has not escaped the effects of the economic stagnation and the structural problems of the German economy. In addition, the political environment remains challenging, which in turn influences behaviour on the lettings market. Some anticipated major deals that could have proved beneficial for the market have failed to materialise.

The slump in take-up is highlighted by the significant reduction in the number of deals to 425, which is around 28 % below the average of the last ten years (2014-2023: 593). The latest result is around 300 deals short of the market's last peak in 2017 and 2018.

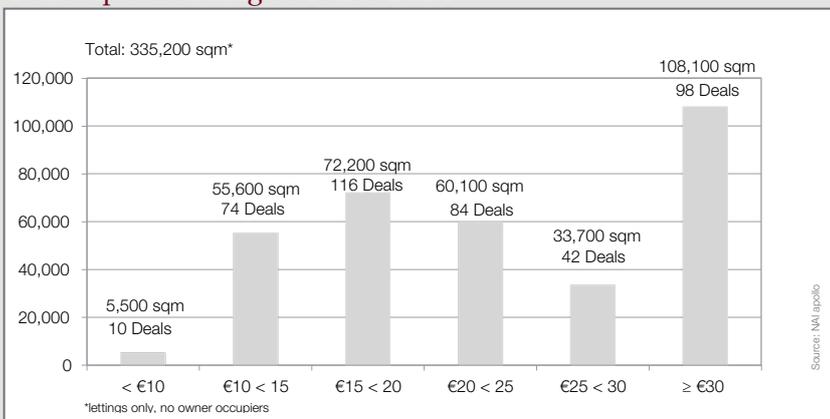
Take-up according to location 2024



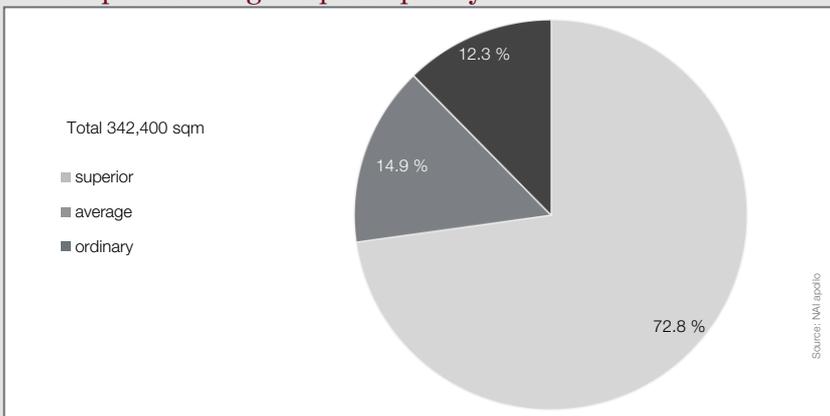
Take-up according to unit size 2024



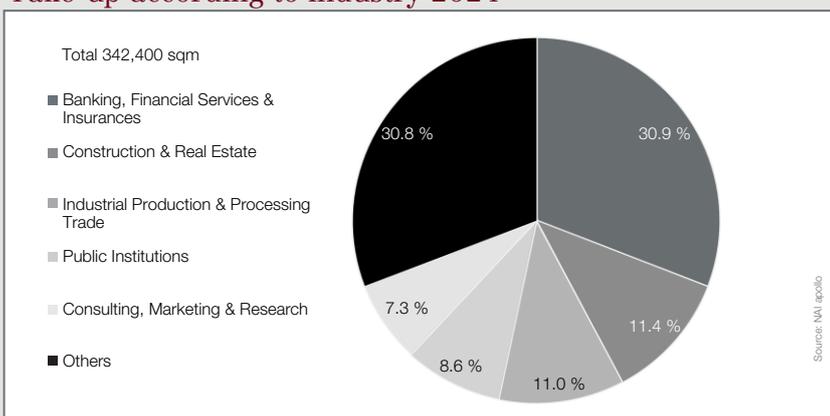
Take-up according to rents 2024



Take-up according to space quality 2024



Take-up according to industry 2024



The lower take-up momentum affected almost all size categories. Compared to the equally weak previous year, there were declines of 6.5 % in the 5,001 to 10,000 sqm segment and up to 12.8 % for spaces between 2,501 and 5,000 sqm. Only in the 10,000 sqm-plus segment was there an increase of 47.9 % owing to the ECB's lease contact for 36,800 sqm in the Gallileo complex. The largest deal in the fourth quarter, and therefore the second-largest of the year, was concluded by STRABAG SE, which intends to occupy 10,000 sqm in the 'Seed' project in the Europaviertel.

With take-up of 105,600 sqm, 'banks, financial service providers and insurances' remained the most important occupants on the Frankfurt office market in 2024. Next was the 'construction and property sector' with 38,900 sqm, supported by the STRABAG deal. In terms of geographical distribution, the main locations in the Central Business District (CBD) accounted for around 41 % of take-up, or 141,600 sqm. The banking sub-market particularly stood out here with 86,800 sqm. Other significant sub-markets are Eschborn with 38,300 sqm, the city centre with 26,500 sqm and City West with 25,000 sqm.

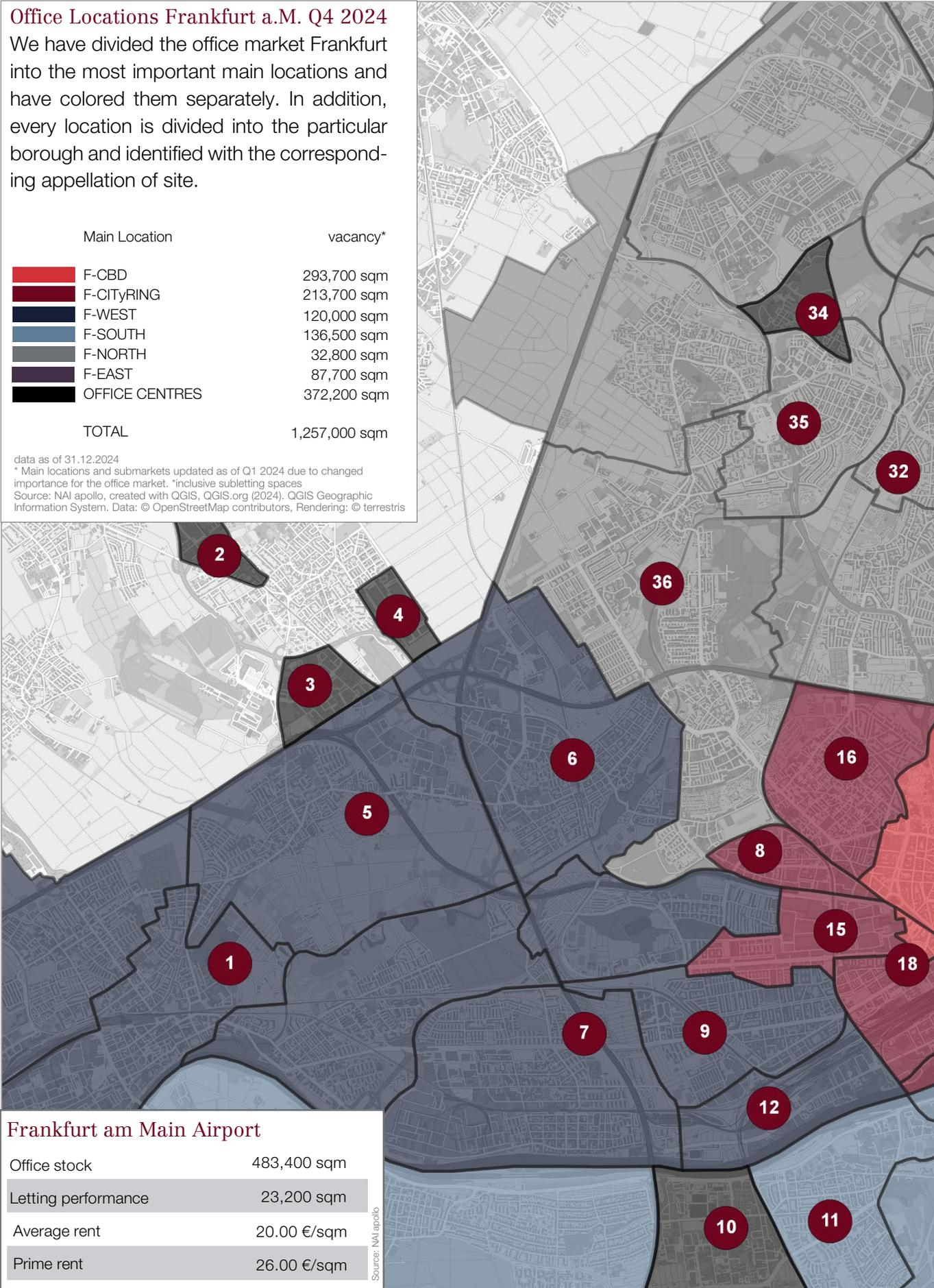
The overall weak letting activity, in combination with a high proportion of deals in project developments as well as new and renovated buildings that are modern and generally ESG-compliant, caused rents to rise significantly on the Frankfurt office market. About 49 % of take-up above 1,000 sqm was registered in this high-quality space category. As a result, the average rent has risen from €24.60/sqm in the third quarter of 2024 to €25.10/sqm. This corresponds to a year-on-year increase of 3.3 %. Over the last three months, the prime rent has risen by €1.00/sqm to €49.00/sqm owing to further premium lettings in CBD project developments, an increase of 3.2 % over the 12-month period.

Office Locations Frankfurt a.M. Q4 2024

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	293,700 sqm
F-CITYRING	213,700 sqm
F-WEST	120,000 sqm
F-SOUTH	136,500 sqm
F-NORTH	32,800 sqm
F-EAST	87,700 sqm
OFFICE CENTRES	372,200 sqm
TOTAL	1,257,000 sqm

data as of 31.12.2024
 * Main locations and submarkets updated as of Q1 2024 due to changed importance for the office market. *inclusive subletting spaces
 Source: NAI apollo, created with QGIS, QGIS.org (2024). QGIS Geographic Information System. Data: © OpenStreetMap contributors, Rendering: © terrestris

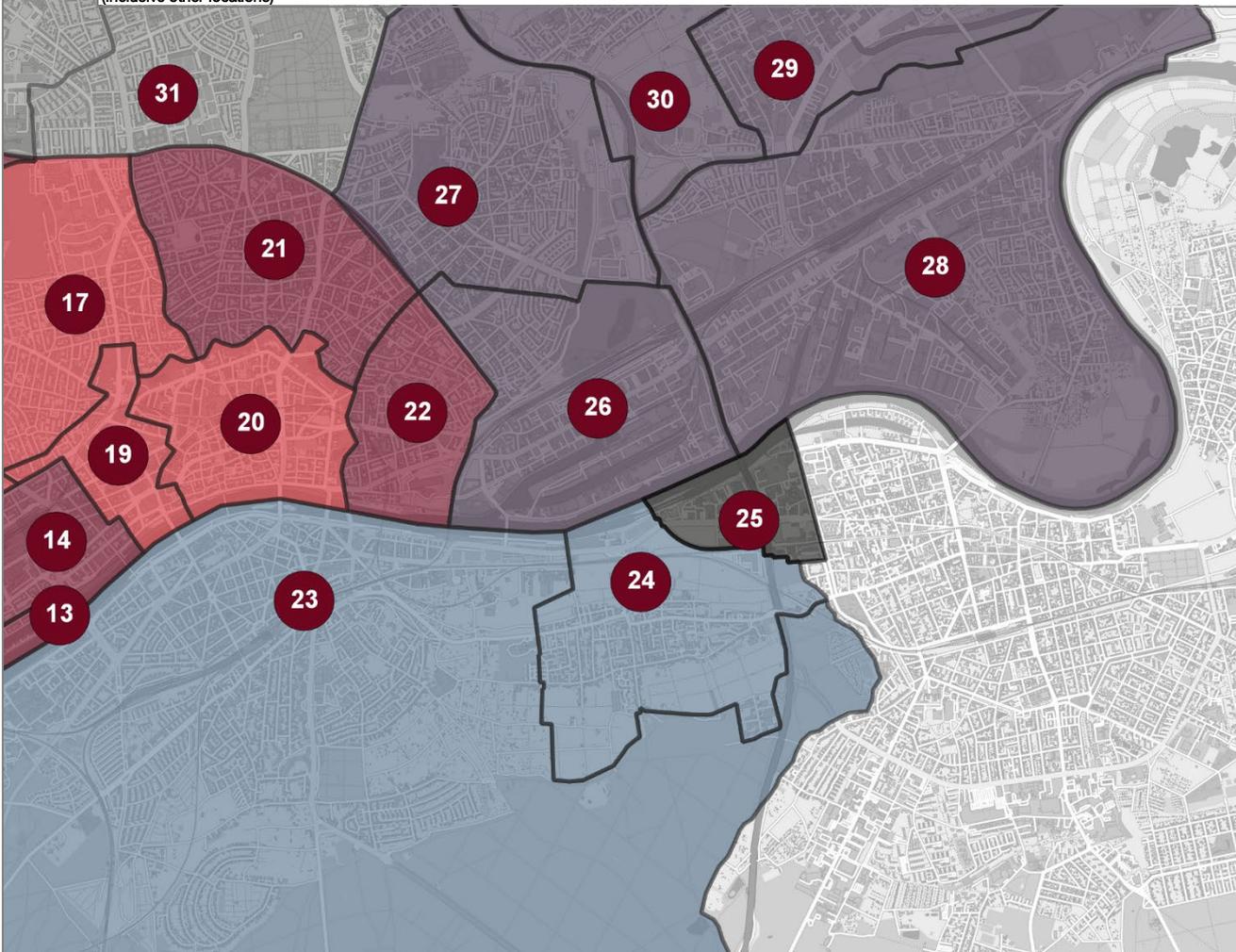


Frankfurt am Main Airport

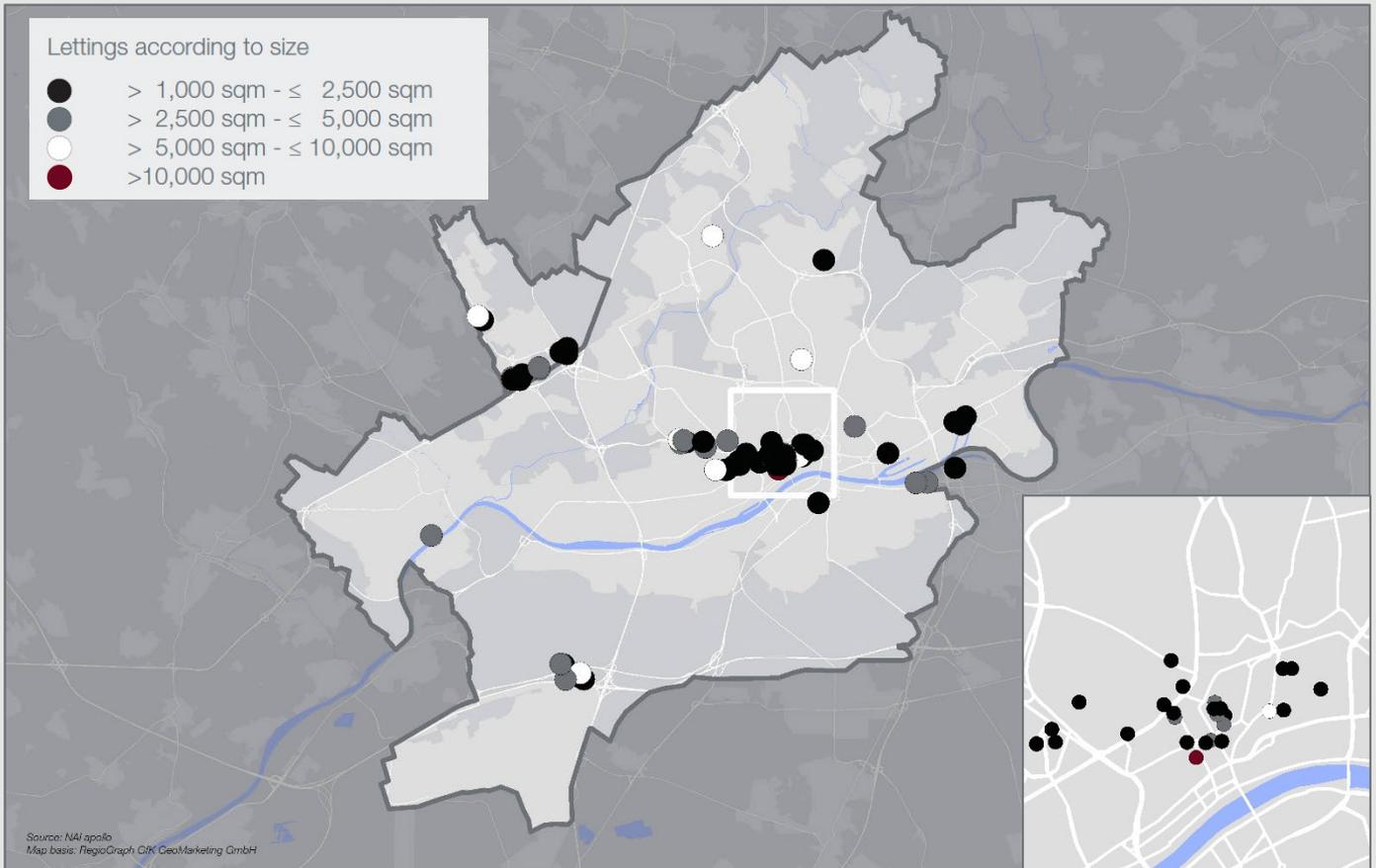
Office stock	483,400 sqm
Letting performance	23,200 sqm
Average rent	20.00 €/sqm
Prime rent	26.00 €/sqm

Source: NAI apollo

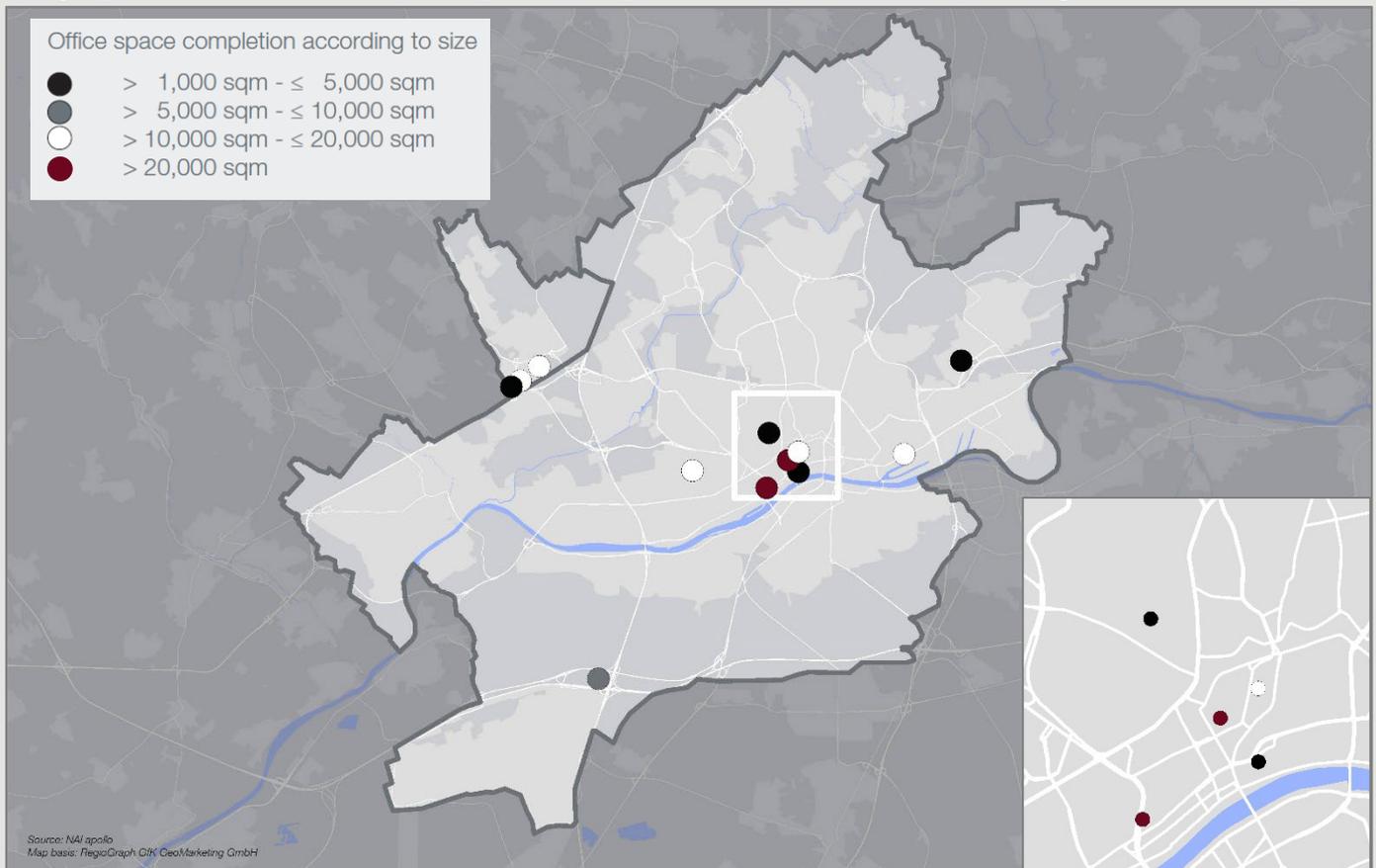
Submarkets	Office Stock (sqm)	Vacancy (sqm)	in %	Ø-Rent (€)	Prime Rent (€)	Rentable Objects
1. H chst	193,000	1,100	0.6	10.00	14.00	4
2. Eschborn-West	161,800	37,100	22.9	12.00	14.50	7
3. Eschborn-South	428,000	88,400	20.7	15.00	23.00	22
4. Eschborn-East	123,900	22,500	18.2	12.00	14.00	4
5. Sossenheim	89,300	34,900	39.1	12.00	14.00	4
6. R delheim	102,400	18,100	17.7	12.00	15.00	9
7. Griesheim	16,800	0	0.0	8.00	11.00	0
8. City West	458,100	108,900	23.8	18.50	25.00	16
9. Gallus	552,900	64,900	11.7	17.00	23.00	19
10. Niederrad Lyoner Quartier	640,300	143,500	22.4	15.50	20.00	22
11. Niederrad (City)	12,500	500	4.0	10.00	13.00	1
12. Gutleutviertel	138,300	1,000	0.7	13.00	14.50	3
13. Westhafen	102,300	12,600	12.3	21.00	25.50	6
14. Station District	378,700	62,000	16.4	19.50	32.00	47
15. Europaviertel*	207,500	16,600	8.0	25.00	28.00	3
16. Bockenheim	311,200	11,600	3.7	17.00	21.00	11
17. Westend	675,700	59,300	8.8	29.50	42.00	37
18. Financial District West*	265,100	46,500	17.5	32.00	40.00	5
19. Banking District	1,338,700	112,700	8.4	37.50	49.00	28
20. City Centre	528,600	75,200	14.2	28.50	42.00	56
21. Nordend	124,200	2,000	1.6	22.00	27.50	4
22. City Ostend	226,300	10,400	4.6	15.00	22.00	8
23. Sachsenhausen	404,600	35,000	8.7	17.50	25.00	20
24. Oberrad	4,500	0	0.0	11.50	15.00	0
25. OF-Kaiserlei	212,900	61,700	29.0	15.00	20.00	9
26. Ostend-East	440,000	49,400	11.2	18.00	24.00	30
27. Bornheim	36,900	8,300	22.5	14.00	16.00	2
28. Riederwald/Fechenheim	182,600	12,700	7.0	10.50	14.00	6
29. Bergen-Enkheim	50,600	6,700	13.2	9.00	12.00	4
30. Seckbach	15,100	100	0.7	11.00	13.00	1
31. Dornbusch/Eckenheim	81,000	300	0.4	12.50	14.00	2
32. Eschersheim	32,600	100	0.3	11.00	16.50	1
33. Nieder-Eschbach	129,500	14,000	10.8	10.00	13.00	9
34. Mertonviertel	208,300	18,900	9.1	13.00	16.00	5
35. Heddemheim	10,900	0	0.0	8.00	11.00	0
36. raunheim/Hausen	90,800	17,800	19.6	11.50	13.50	10
Total (inclusive other locations)	11,577,000	1,257,000	10.9	25.10	49.00	434



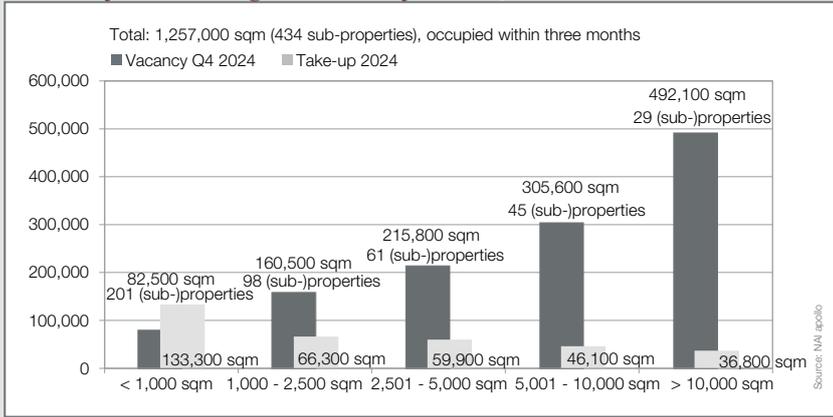
Geographical localisation of large-scale lettings 2024 accor. to size categories (> 1,000 sqm)



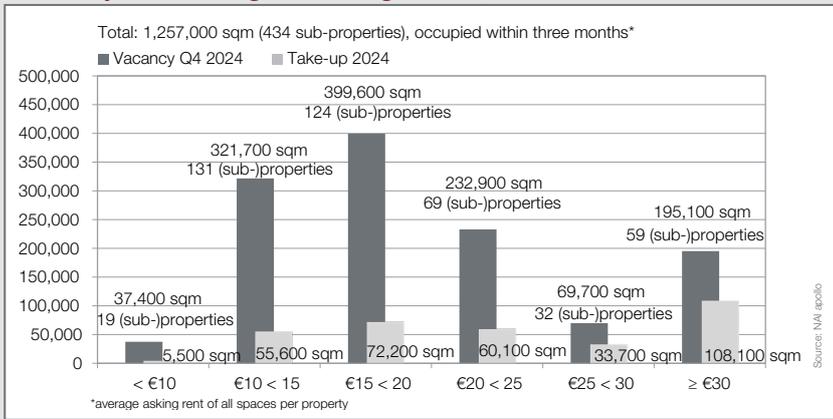
Geographical localisation of office spaces completions 2024 accor. to size categories (> 1,000 sqm)



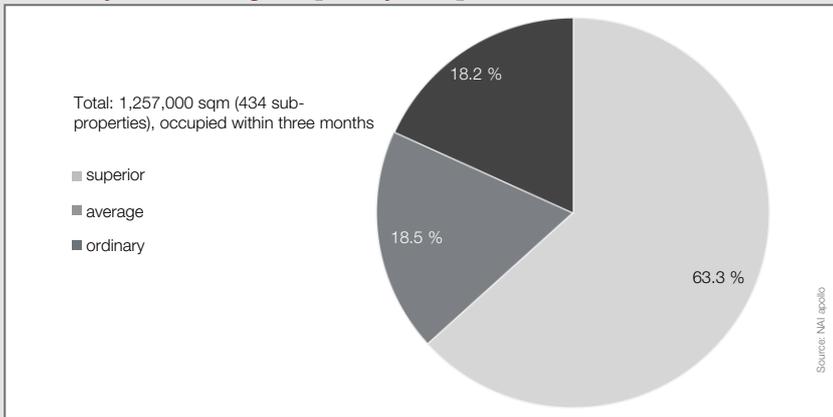
Vacancy according to vacancy size Q4 2024



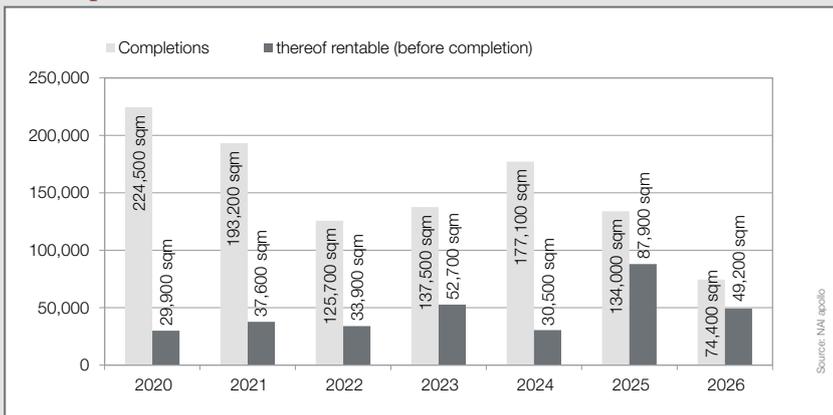
Vacancy according to asking rent Q4 2024



Vacancy according to quality of space Q4 2024



Completions

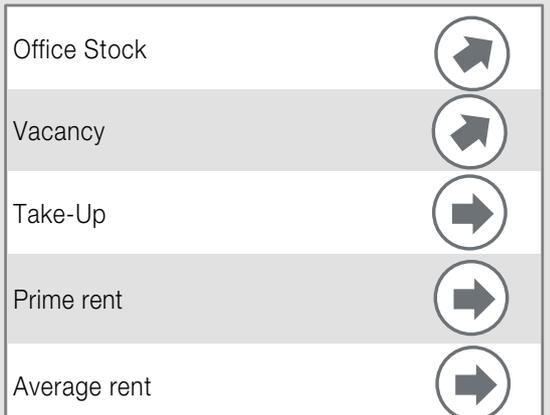


Market-active vacancies on the Frankfurt office market continued to increase in the final quarter of 2024. As at 31 December 2024, around 1.26 m sqm were available for lettings in the short term, the highest absolute vacancy rate since 2014. The current vacancy rate is 10.9 %, which corresponds to an increase of 1.9 percentage points compared to the previous year.

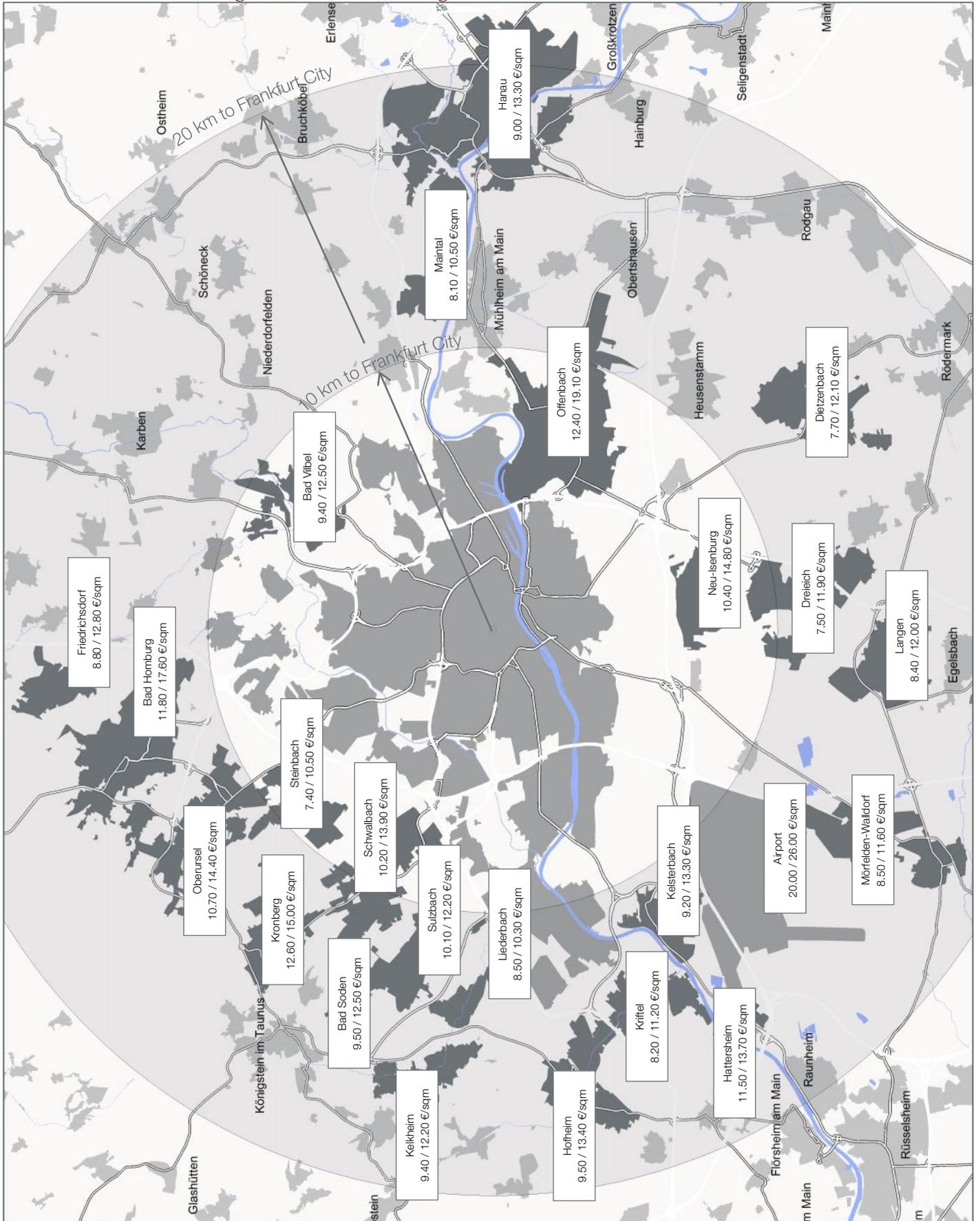
In 2024, a total of over 177,000 sqm of office space was completed, of which only 17 % was still available at the end of the year. The most notable completions include the 'T1' in the FOUR development with around 74,000 qm of office space and the 'Kreiser' with over 22,000 sqm. A noticeable decrease in the project volume is foreseeable for 2025 and 2026.

The first half of 2025 is likely to remain in the grip of tough economic conditions and a stagnating economy. As a result, companies will largely hold back on making decisions about leasing new office spaces or even expanding existing spaces for the time being. At the same time, there are still some major searches on the market that should be finalised in 2025, thus ensuring higher take-up. However, given the overwhelming preference for new buildings or modernised spaces, this is unlikely to have a positive impact on vacancies. The rental trend will remain stable for the time being, but harbours the potential for a further noticeable increase owing to further lettings in new project developments.

Outlook next 12 months



Market Data Surroundings of Frankfurt Average and Prime Rents



Source: NAI apollo
 Map Basis: RegioGraph GfK GeoMarketing GmbH
 Based on 2,166 offers (12/2023 - 11/2024)
 from VALUE Marktdatenbank

Cities

Office space, vacancy, prime rent, average rent 2024

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	20.60	578,000	6.7	45.00	29.00
Dusseldorf	7.55	207,000	9.2	43.50	20.00
Frankfurt a. M.	11.58	342,400	10.9	49.00	25.10
Hamburg	14.53	422,000	5.3	35.50	20.70
Munich	21.52	604,000	7.5	54.00	25.10

Prime yields Q4 2024

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	4.40 %	4.15 %	4.35 %
Dusseldorf	4.50 %	4.30 %	4.35 %
Frankfurt a. M.	4.50 %	4.30 %	4.35 %
Hamburg	4.45 %	4.25 %	4.35 %
Munich	4.40 %	4.10 %	4.35 %
Total	Ø = 4,45 %	Ø = 4,20 %	Ø = 4,35 %

Frankfurt a.M.

Top take-up 2024

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Gallileo, Gallusanlage 7 / Banking District	European Central Bank	36,800
Seed, Europa-Allee / Europaviertel	STRABAG SE	10,000
Hauptwache 1 / City Centre	Frankfurter Sparkasse	7,200
Bertramshof, Am Steinernen Stock 1 / Dornbusch/Eckenheim	Frankfurt School of Finance & Management	6,700
LES 30.32.34, Ludwig-Erhard-Straße 30-34 / Eschborn-West	City of Eschborn	5,900

Top investments 2024

Property + Location	Purchaser	Purchase Price in €*
Canyon, Mainzer Landstrasse 23	Tite Street Capital	confidential
The Move Blue, De-Saint-Exupéry-Straße 3-7	Strabag Hold Estate	120,000,000
Hauptwache 1	Frankfurter Sparkasse	confidential
The Move Orange, De-Saint-Exupéry-Strasse 3-5	Siemens pension fund	confidential
LEIQ Part A, Nordring 144, Offenbach	HT Group (HT Top 8 Invest)	confidential

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- DATA CENTER
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- HEALTHCARE
- HOTEL
- INDUSTRY/LOGISTICS
- LIFE SCIENCE
- MICRO LIVING
- RESIDENTIAL

LOCATIONS

- BERLIN
- BONN/COLOGNE
- ERFURT
- ESSEN/MÜHLHEIM
- FRANKFURT a. M.
- KÖNIGSTEIN i. T.
- MANNHEIM
- MUNICH
- STUTTGART
- ULM



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