



Facts and Figures

Office market Frankfurt am Main
Q1 2024

“The best way of obtaining information is to provide some in the first place.”

Quote from Niccoló Machiavelli

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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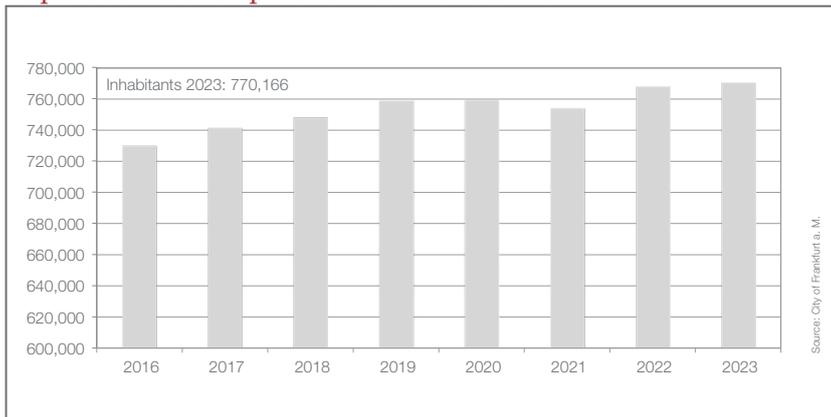
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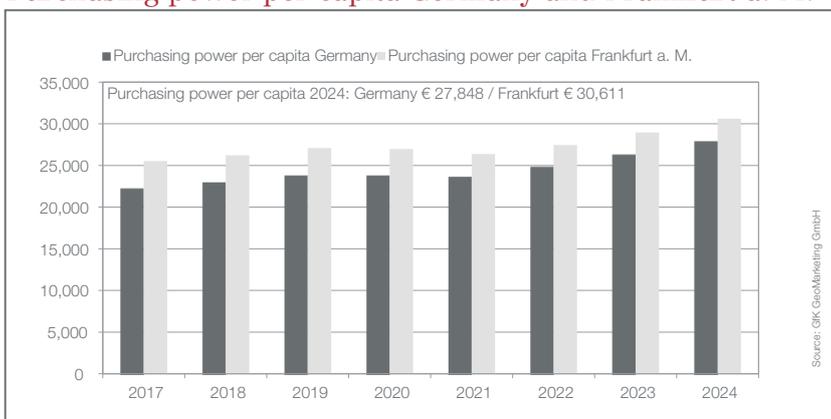


Population development Frankfurt a. M.



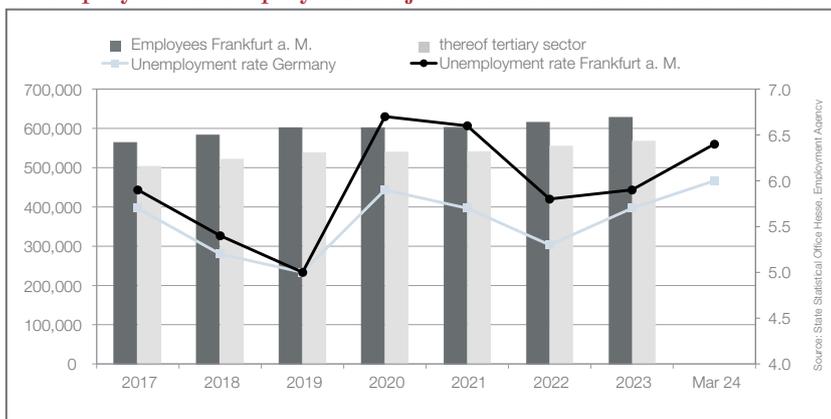
In 2023, the banking metropolis of Frankfurt am Main was able to build on the positive population growth that has already been evident in recent years. At the beginning of 2024, 770,166 citizens were registered as having their main residence in the city. This means that the 770,000 population threshold has been exceeded for the first time, and corresponds to a 0.3 % increase compared to the previous year. The main driver of this growth is a large increase in citizens with a foreign nationality.

Purchasing power per capita Germany and Frankfurt a. M.

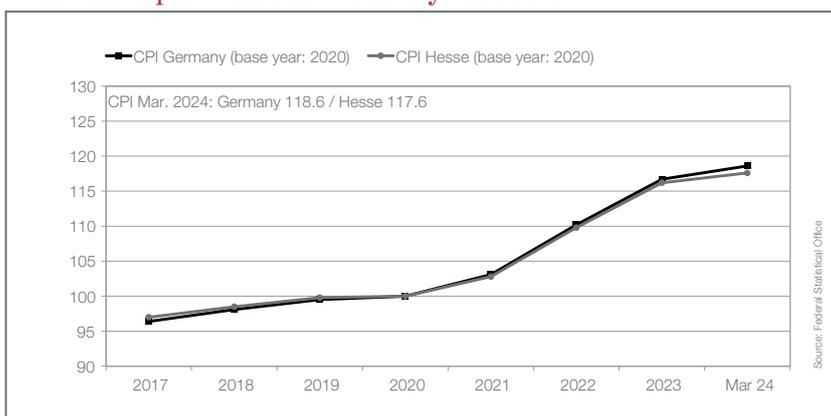


By contrast, the key economic figures for Frankfurt are mixed in the first few months of 2024. For example, the current unemployment rate is 0.6 percentage points higher than the previous year's figure and stands at 6.4 % as of March 2024. A further increase is very likely in view of the macroeconomic development in Germany. The German government is forecasting marginal GDP growth of just 0.2 % for 2024 as a whole, while leading research institutes predict a stagnating economy. Although inflation slowed to 2.2 % in Germany and 1.6 % in Hesse in March 2024, the lowest levels since April 2021, consumers are extremely cautious with their spending. Accordingly, the economy could continue to be hampered by domestic consumption.

Unemployment / employees subject to social insur. contribution

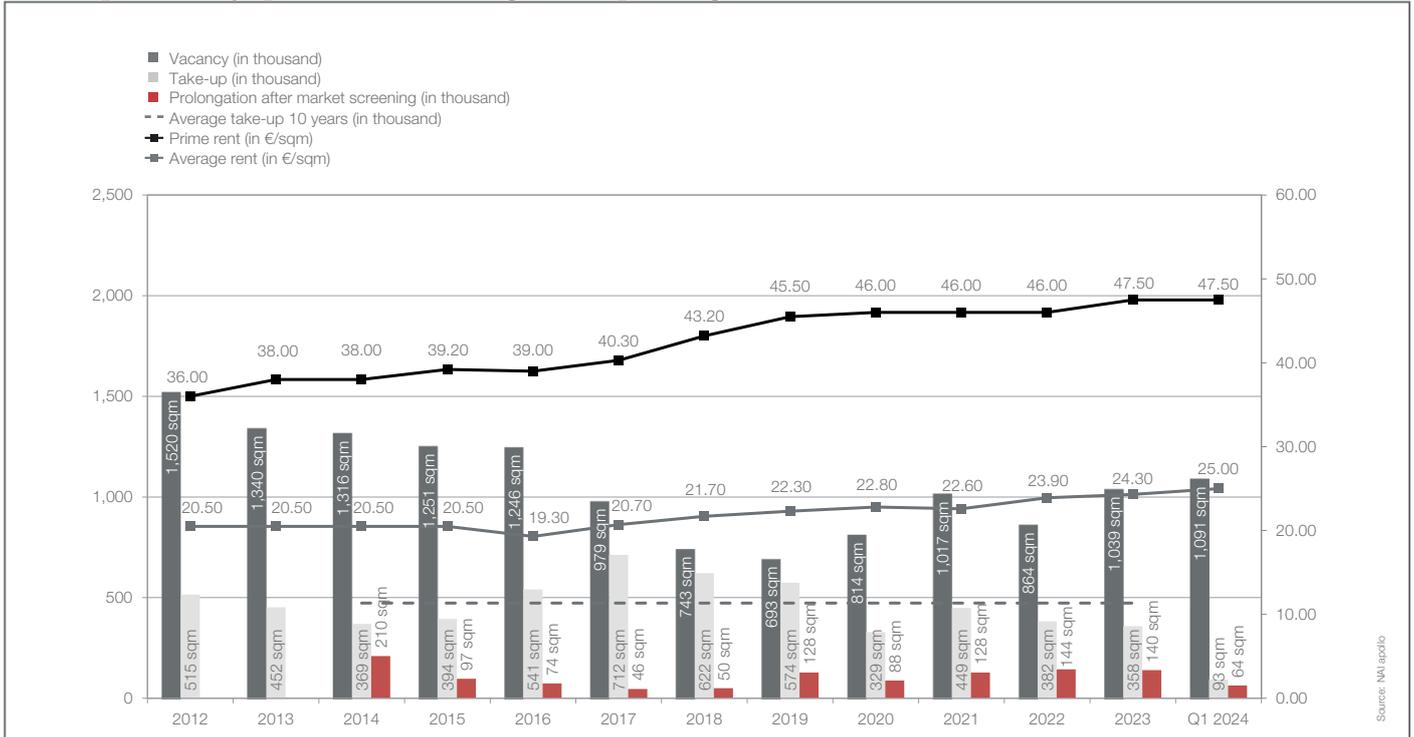


Consumer price index Germany and Hesse



The local economy also reflects this challenging situation. According to the latest economic report carried out by the Frankfurt am Main Chamber of Commerce and Industry (IHK) at the beginning of 2024, the overall sentiment of companies remains below the growth threshold with a climate index of 98 points. They are particularly pessimistic about the coming months. However, the financial, credit and insurance sector, which is a major user of office space, deviates from this and has the highest index value among the sectors at 122 points. Both the assessment of the current situation and business expectations have improved considerably in this sector.

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

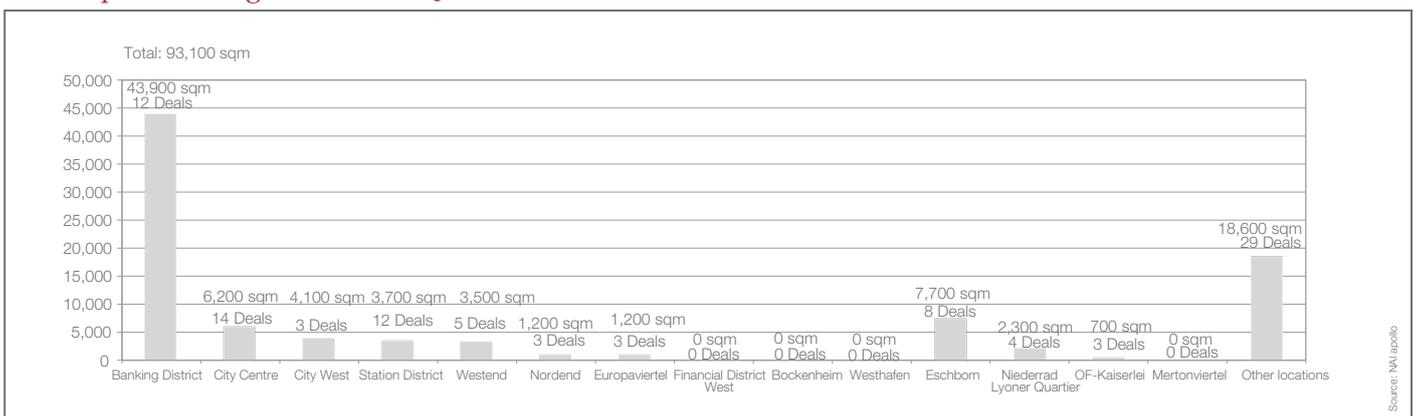


The Frankfurt market for office space including Eschborn and Offenbach-Kaiserlei has made a somewhat stronger start to 2024 compared to 2023, with tenants and owner-occupiers generating take-up of 93,100 sqm in the period from January to March. The figure is 12.4 % higher compared to the previous year, and 11.1 % above the average for the past five years. It must also be mentioned that the lease agreement signed by the European Central Bank for 36,800 sqm in the Gallileo tower accounted for 40 % of the overall volume. Without this deal, the market would have registered one of its weakest first quarters to date in 2024.

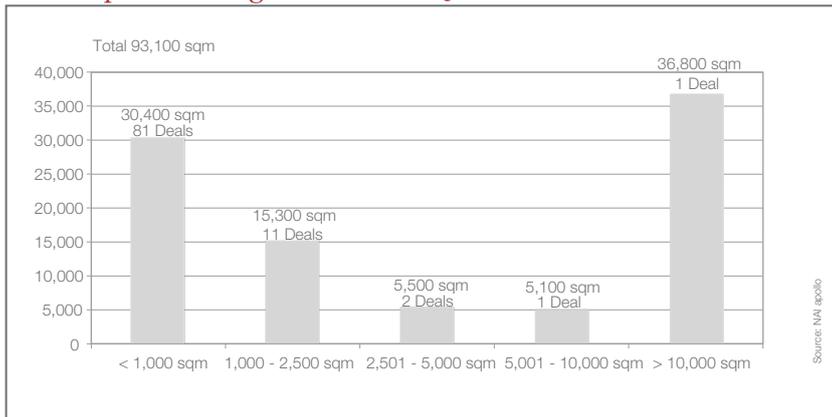
The low number of lettings clearly reflects the weaker market dynamics, with 96 deals registered in the first quarter of 2024. This is 8.6 % lower than the already weak result recorded for the corresponding period of 2023, when 105 deals were finalised. Moreover, this is the first time since 2012 that the number of deals has fallen below 100 in a first quarter.

In the first three months of 2024, lease renewals following an active exploration of the market accounted for a volume of 64,000 sqm. This represents more than a four-fold increase in take-up through extensions compared to the previous year and illustrates the ongoing tendency to extend leases in these uncertain times.

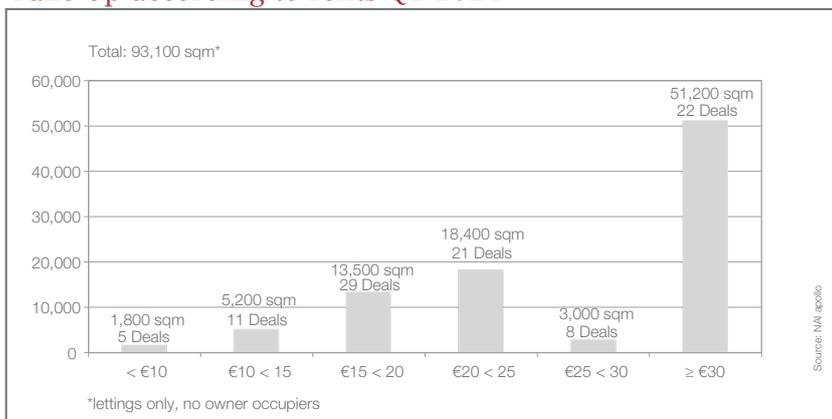
Take-up according to location Q1 2024



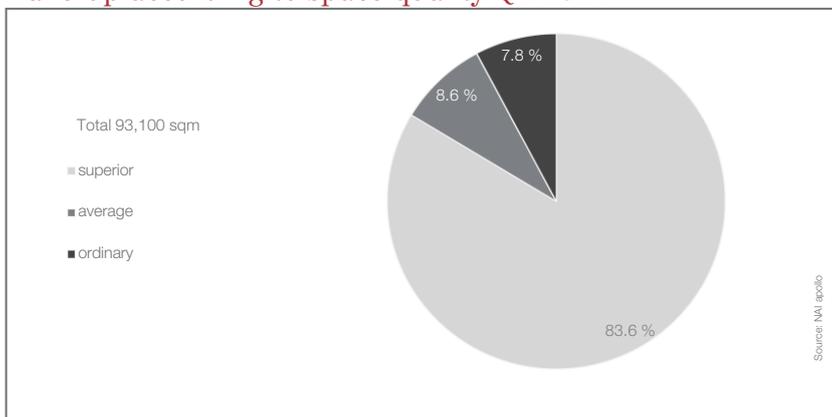
Take-up according to unit size Q1 2024



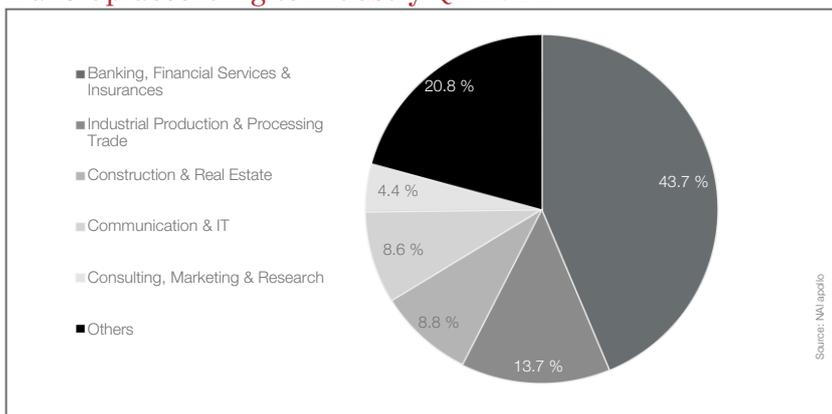
Take-up according to rents Q1 2024



Take-up according to space quality Q1 2024



Take-up according to industry Q1 2024



The slowing in take-up dynamics was evident in categories below 1,000 sqm as well as in the segments between 2,501 sqm and 10,000 sqm. Here, decreases of up to 80 % were recorded compared to the previous year. In contrast, a slight upturn was observed in the segment between 1,001 sqm and 2,500 sqm as well as above 10,000 sqm.

The positive development in the latter two segments was primarily driven by the lease signed by the ECB in the Gallileo at 7, Gal-lusanlage. The ECB will occupy the entire building with 36,800 sqm. The second-largest deal in the first three months was the lease signed for over 5,100 sqm of office space by an industrial company in ‚The Move Blue‘ building in Gateway Gardens.

The lease agreement signed by the ECB ensured that the group comprising “banks, financial service providers and insurance companies” generated by far the largest share of take-up, with total volume of 40,700 sqm and a market share of 43.7 %. Next were “industrial production and manufacturing industries” with 12,800 sqm and “construction and property” with 8,200 sqm. Similarly, the largest deal influenced the amount of take-up according to sub-market. The banking district accounted for 43,900 sqm and 47.2 % of total space take-up.

While the prime rent was unchanged from the €47.50/sqm recorded at the end of 2023, the average rent increased again by €0.70/sqm compared to the year-end figure. It now stands at €25.00/sqm. Occupiers continue to favour primarily modern and ESG-compliant properties in central locations. At the same time, office users are highly price sensitive. As a result, rents are expected to stabilise at current levels in today’s market environment, although some higher-priced transactions are also likely to be registered.

Projects, new buildings and refurbishments remained of high importance for the rental market in the first quarter of 2024. Around 80 % of take-up above the 1,000 sqm mark is accounted for by the new office space segment.

Office Locations Frankfurt a.M. Q1 2024

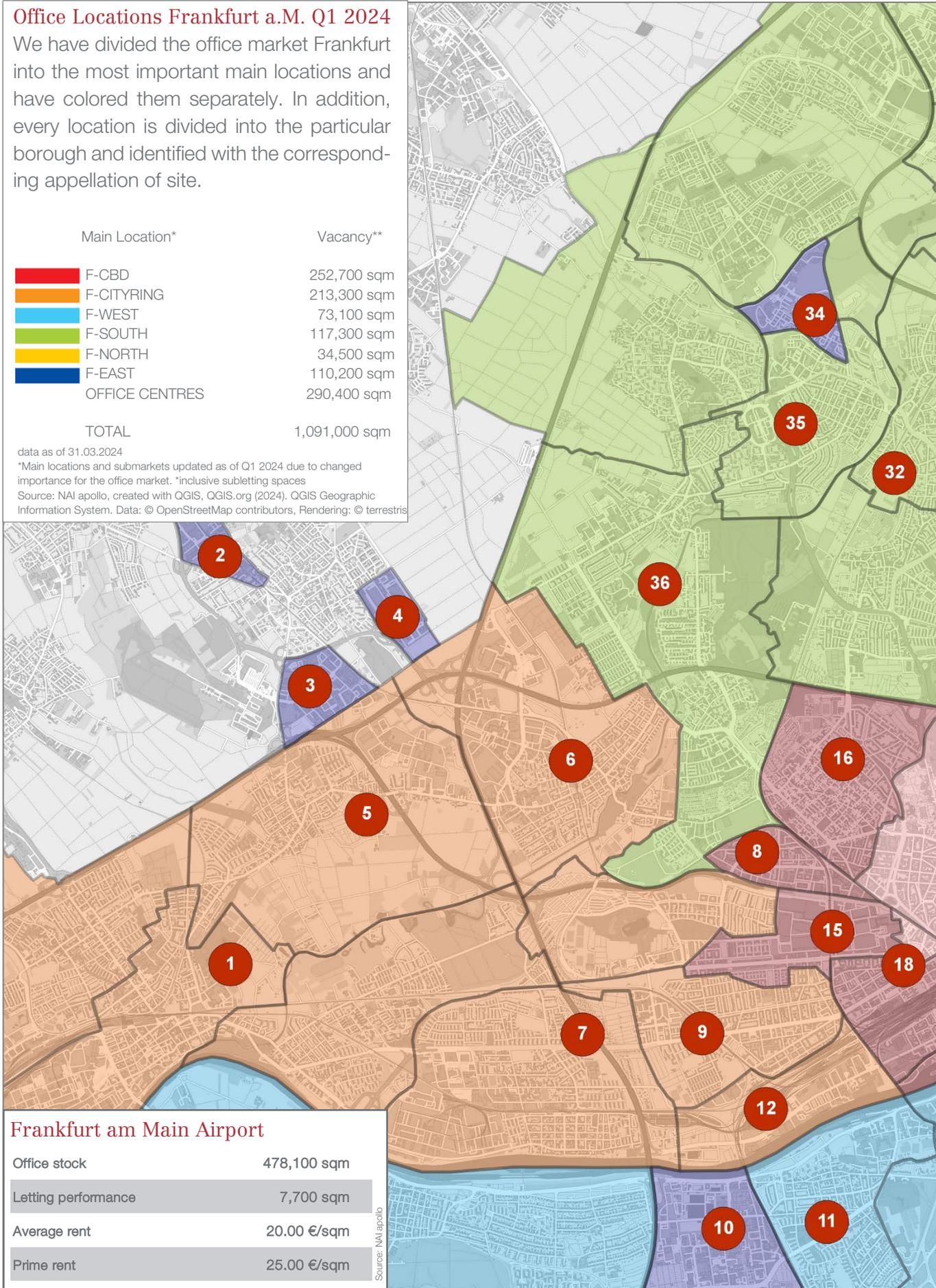
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location*	Vacancy**
F-CBD	252,700 sqm
F-CITYRING	213,300 sqm
F-WEST	73,100 sqm
F-SOUTH	117,300 sqm
F-NORTH	34,500 sqm
F-EAST	110,200 sqm
OFFICE CENTRES	290,400 sqm
TOTAL	1,091,000 sqm

data as of 31.03.2024

*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

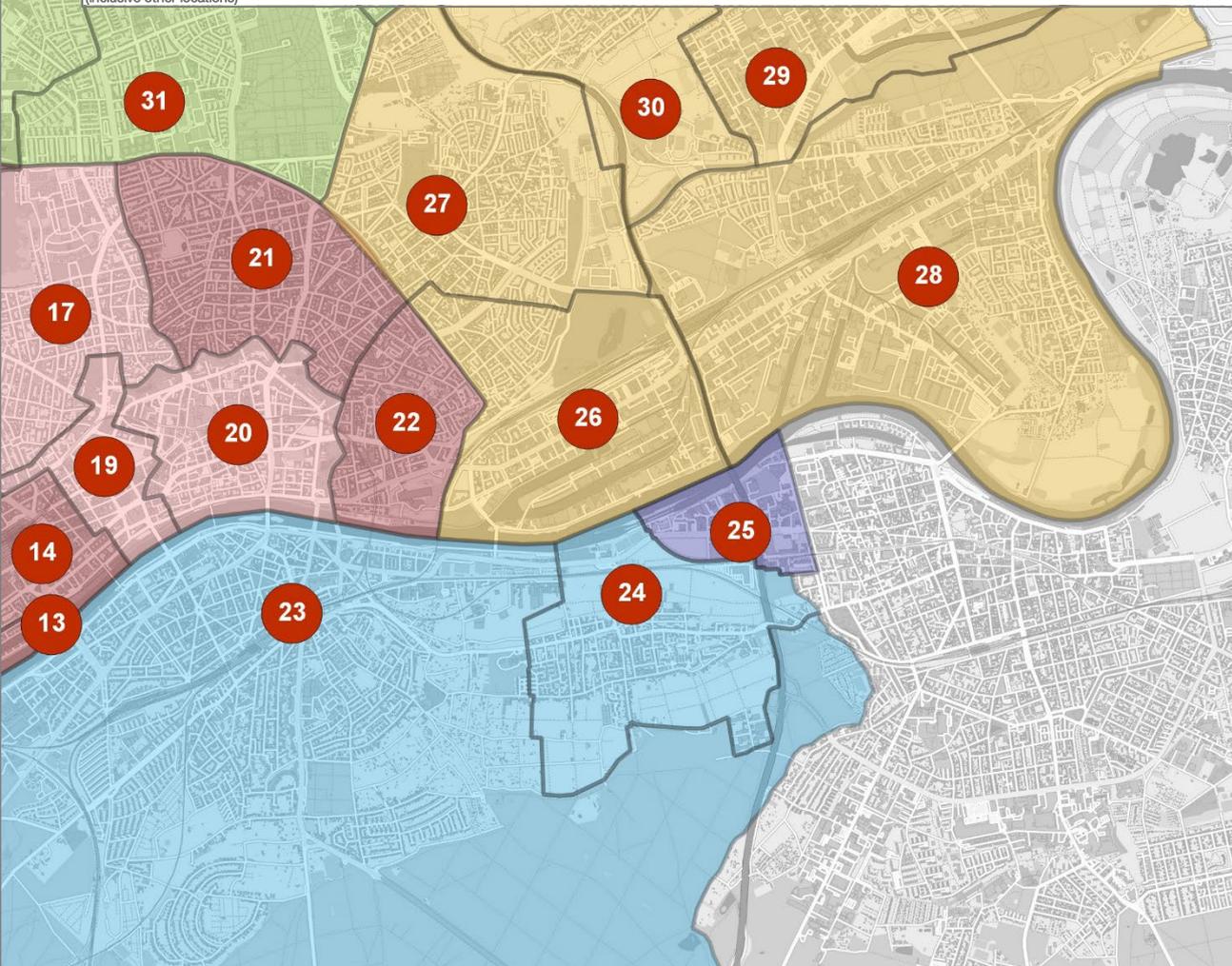


Frankfurt am Main Airport

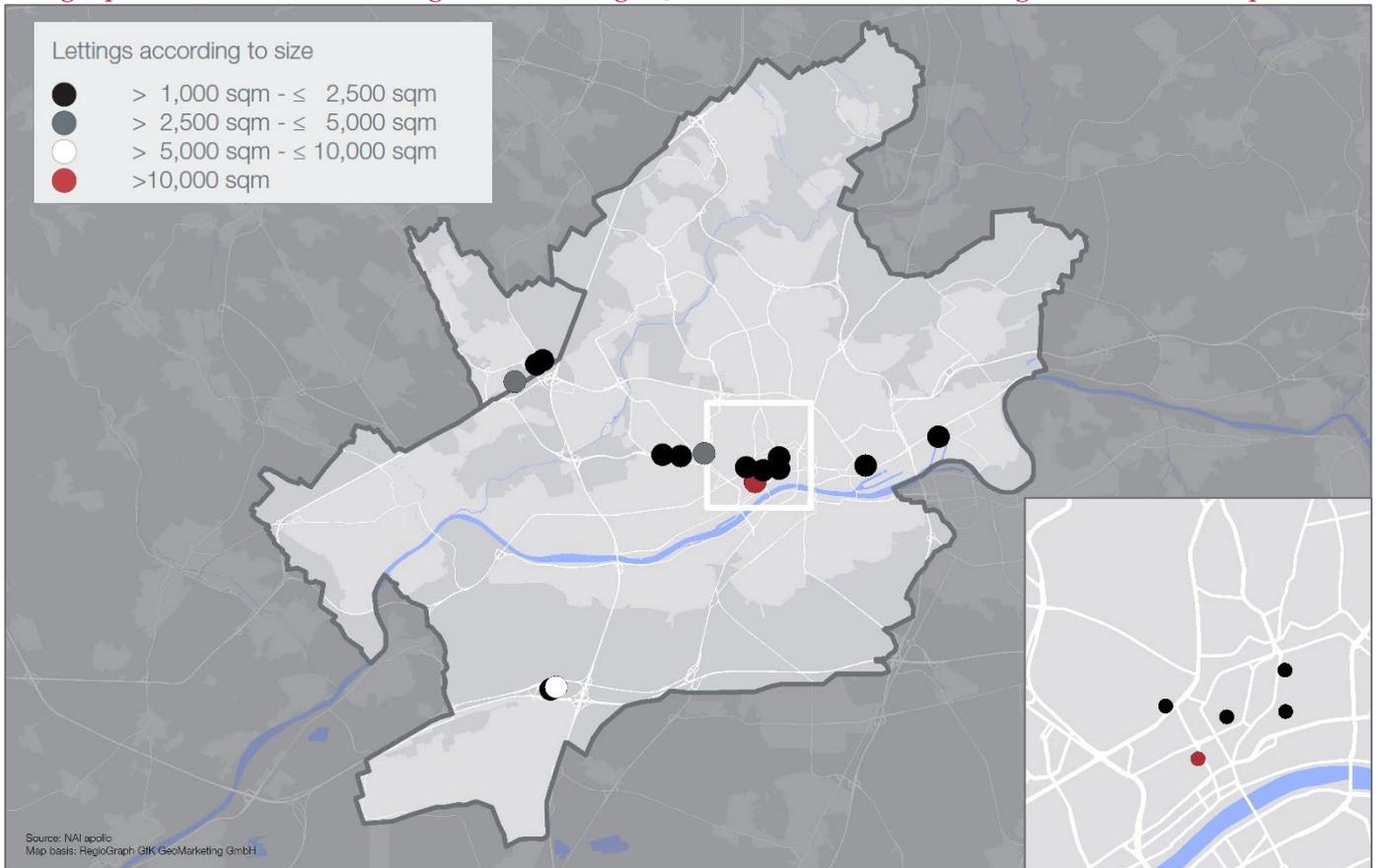
Office stock	478,100 sqm
Letting performance	7,700 sqm
Average rent	20.00 €/sqm
Prime rent	25.00 €/sqm

Source: NAI apollo

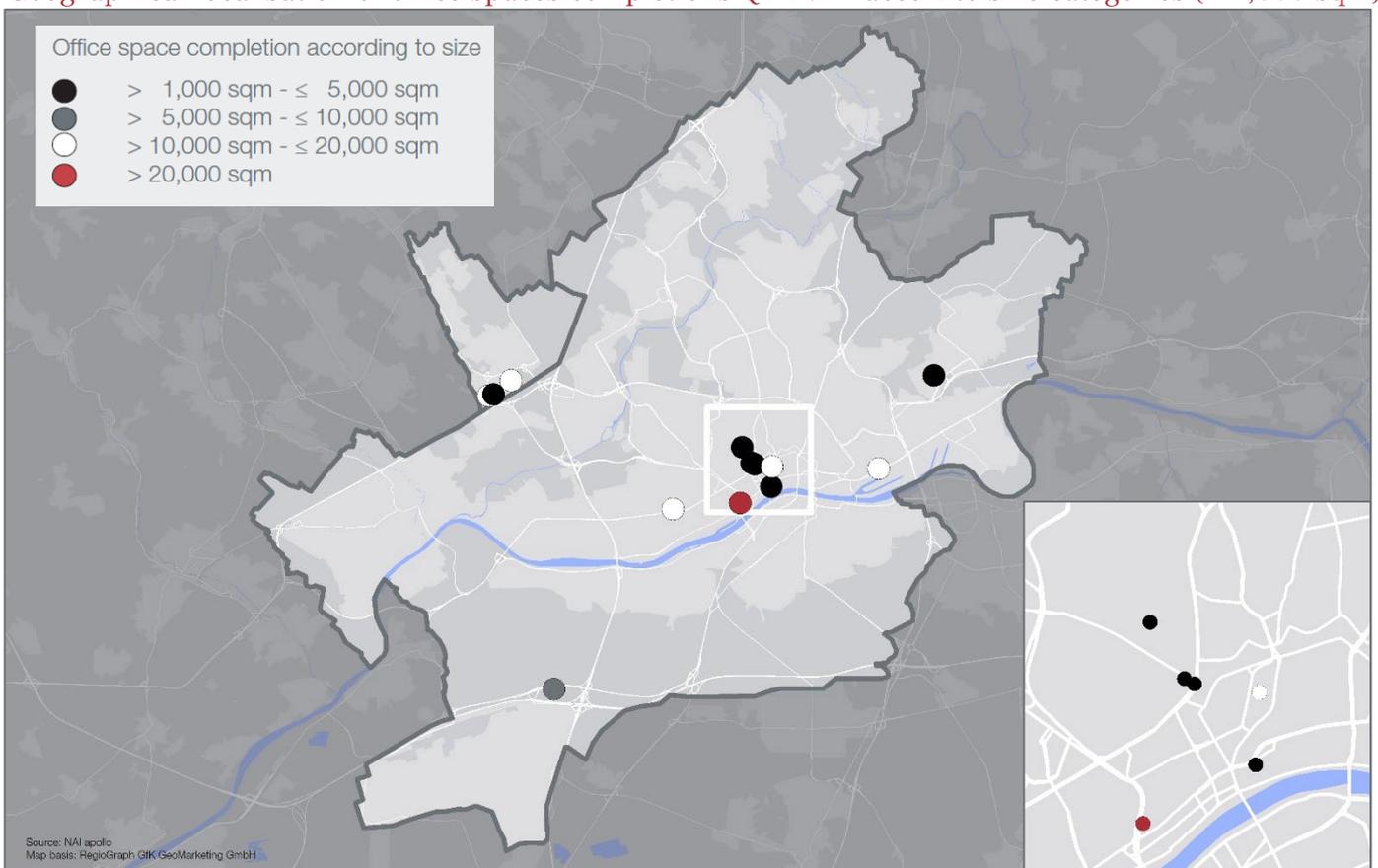
Submarkets	Office Stock (sqm)	Vacancy (sqm)	in %	Ø-Rent (€)	Prime Rent (€)	Rentable Objects
1. Höchst	193.000	1.100	0,6	10,00	14,00	4
2. Eschborn-West	161.800	41.400	25,6	12,00	14,00	7
3. Eschborn-South	406.300	79.400	19,5	15,00	21,50	22
4. Eschborn-East	123.900	23.800	19,2	12,00	14,00	5
5. Sossenheim	89.300	29.700	33,3	12,00	14,00	2
6. Rödelheim	102.400	13.400	13,1	12,00	15,00	8
7. Griesheim	16.800	0	0,0	8,00	11,00	0
8. City West	479.500	96.800	20,2	18,50	25,00	16
9. Gallus	552.900	27.900	5,0	17,00	23,00	17
10. Niederrad Lyoner Quartier	640.300	90.700	14,2	14,50	18,50	20
11. Niederrad (City)	12.500	1.000	8,0	10,00	13,00	1
12. Gutleutviertel	138.300	1.000	0,7	13,00	14,50	3
13. Westhafen	102.300	4.600	4,5	20,00	26,00	4
14. Station District	363.900	53.100	14,6	21,00	32,00	43
15. Europaviertel*	193.600	20.300	10,5	25,00	28,00	3
16. Bockenheim	311.200	29.700	9,5	17,00	21,00	12
17. Westend	679.900	47.800	7,0	29,00	42,00	33
18. Financial District West*	265.100	63.100	23,8	31,00	40,00	6
19. Banking District	1.264.900	81.600	6,5	37,00	47,50	27
20. City Centre	547.900	60.100	11,0	28,00	42,00	44
21. Nordend	124.200	8.700	7,0	20,50	27,50	7
22. City Ostend	226.300	28.800	12,7	15,00	22,00	9
23. Sachsenhausen	427.500	30.500	7,1	17,50	25,00	21
24. Oberrad	4.500	0	0,0	11,50	15,00	0
25. OF-Kaiserlei	212.900	36.300	17,1	15,00	18,50	5
26. Ostend-East	427.300	51.300	12,0	18,00	24,00	29
27. Bornheim	36.900	10.100	27,4	14,00	16,00	2
28. Riederwald/Fechenheim	181.000	13.200	7,3	9,00	13,00	7
29. Bergen-Enkheim	50.600	6.800	13,4	9,00	12,00	4
30. Seckbach	15.100	100	0,7	11,00	13,00	1
31. Dornbusch/Eckenheim	81.000	3.000	3,7	12,50	14,00	3
32. Eschersheim	32.600	0	0,0	11,00	16,50	0
33. Nieder-Eschbach	129.500	14.000	10,8	9,50	13,00	9
34. Mertonviertel	208.300	18.700	9,0	12,50	15,50	5
35. Heddenheim	10.900	0	0,0	8,00	11,00	0
36. Praunheim/Hausen	90.800	17.000	18,7	11,50	13,50	10
Total (Inclusive other locations)	11.514.000	1.091.000	9,5	25,00	47,50	406



Geographical localisation of large-scale lettings Q1 2024 accor. to size categories (> 1,000 sqm)



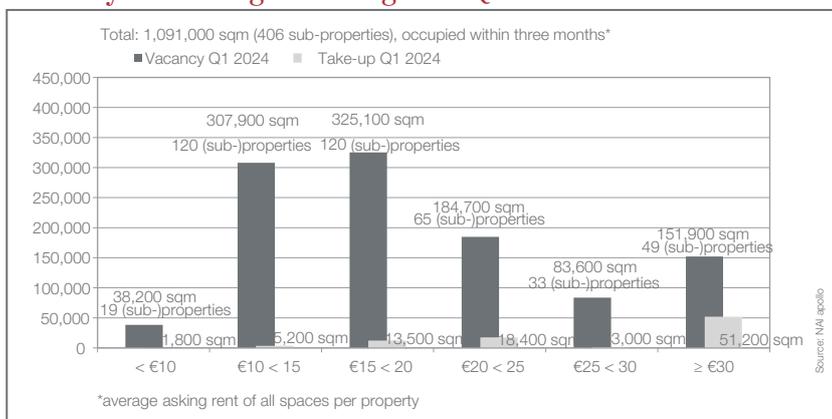
Geographical localisation of office spaces completions Q1 2024 accor. to size categories (> 1,000 sqm)



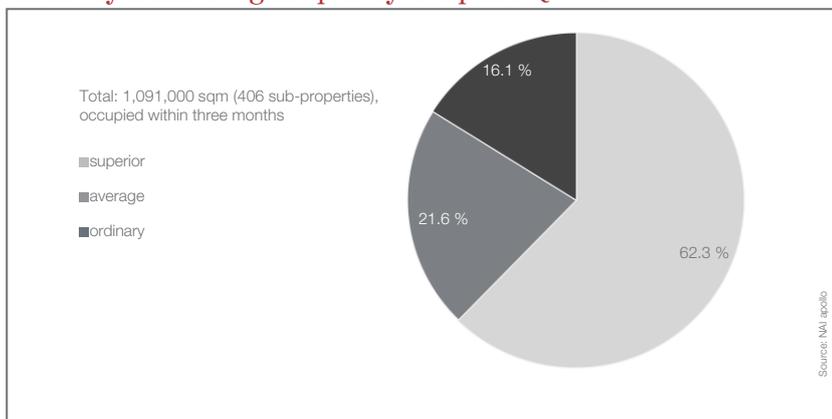
Vacancy according to vacancy size Q1 2024



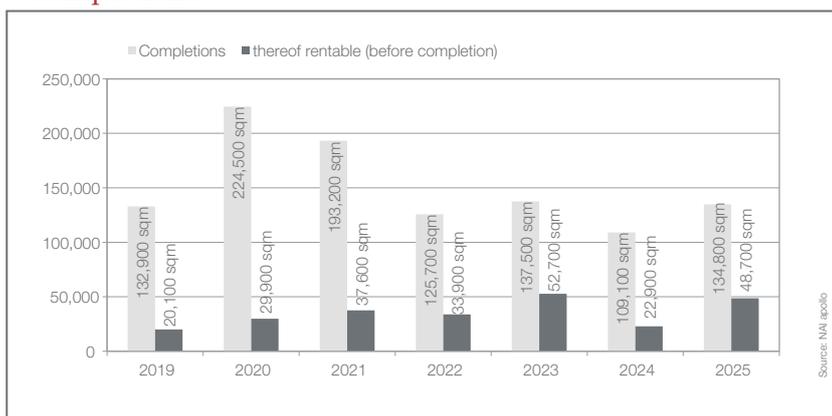
Vacancy according to asking rent Q1 2024



Vacancy according to quality of space Q1 2024



Completions

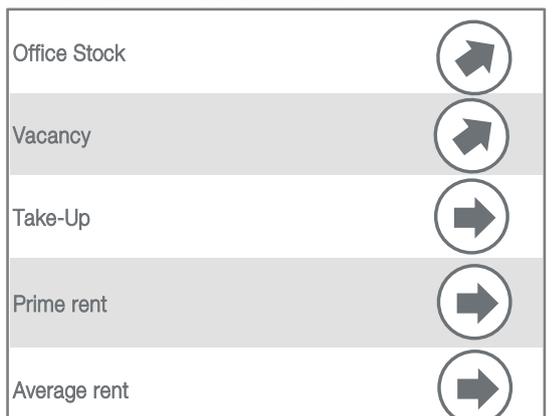


Currently, 109,000 sqm is expected to be completed by 2024, of which only around 21 % will be available for letting. Project completions of 13,700 sqm were recorded in the first three months of 2024, while 25,000 sqm of space was withdrawn from the market at the same time. Accordingly, office space in the Frankfurt market area totalled around 11.51 million sqm at the end of the first quarter.

Following signs of stabilisation in the fourth quarter of 2023, market-active vacancies on the Frankfurt office market increased again at the start of 2024. As of 31st March 2024, there were around 1.09 million sqm short-term vacancies, representing the highest absolute figure since 2016. The vacancy rate now stands at 9.5 % after rising by 1.6 percentage points compared to the same quarter of the previous year. Of total vacancies, around 13 % is attributable to sublet space.

It is well known that office markets react to changes in the economic environment with a delay of several quarters. These changes now appear to be fully established on the Frankfurt office market. Although major deals are still in the pipeline, market activity will remain at a low level this year. Companies are scrutinising their space requirements even more closely and are increasingly opting to remain in their existing premises for the time being. Nevertheless, even in the current situation certain less price-sensitive companies are leasing high-priced space in central and modern locations, although this is often in conjunction with a reduction in office space. In this respect, rents are expected to remain stable at the current high level.

Outlook next 12 months



Cities

Office space, vacancy, prime rent, average rent Q1 2024

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	20.28	148,000	5.4	44.50	28.50
Dusseldorf	7.52	58,000	8.5	42.00	20.90
Frankfurt a. M.	11.51	93,100	9.5	47.50	25.00
Hamburg	14.45	83,000	4.6	34.50	21.00
Munich	21.37	142,000	6.3	51.00	24.90

Prime yields Q1 2024

	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 %
Total	Ø = 4,45 %	Ø = 4,20 %	Ø = 4,40 %

Frankfurt a.M.

Top take-up Q1 2024

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Gallileo, Galusanlage 7 / Banking District	European Central Bank	36,800
The Move Orange, De-Saint-Exupéry-Strasse 3-7 / Airport	Industrial company	5,100
Horizon Tower, Alfred-Herrhausen-Allee 3-5 / Eschborn-South	Bosch	2,900
Senckenberg Turm, Senckenberganlage 19 / Westend	Wipro	2,500
Nexum, Franklinstraße 46-48 / City West	AOK Systems	2,300

Top investments Q1 2024

Property + Location	Purchaser	Purchase Price in €*
LEIQ construction phase A, Nordring 144, Offenbach	HT Group (HT Top 8 Invest)	confidential
Große Bockenheimer Strasse 6	Private Investor	confidential
Große Bockenheimer Strasse 19	Family Office	confidential
Holzhausenstrasse 30	Private Investor	confidential
Niddastrasse 76	Private Investor	confidential

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