

Office market Frankfurt am Main

Q3 2024



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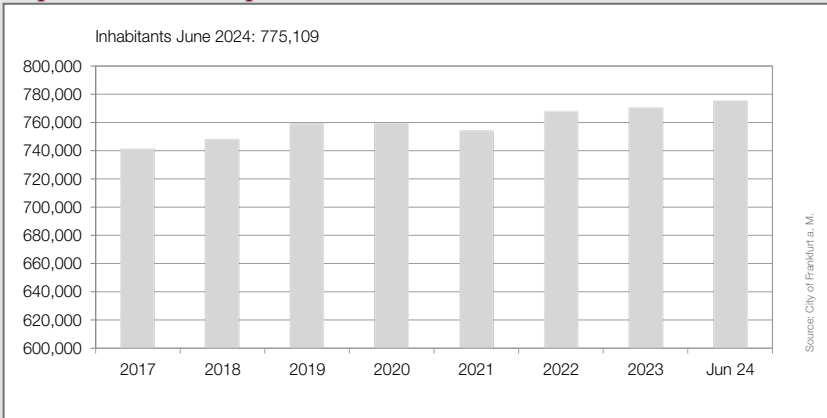
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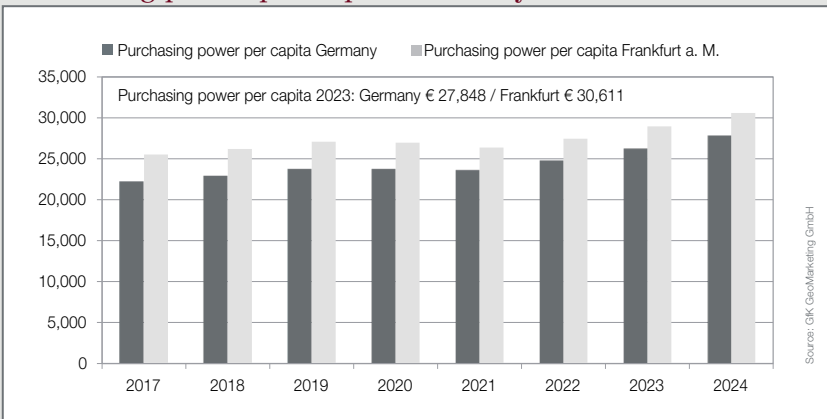
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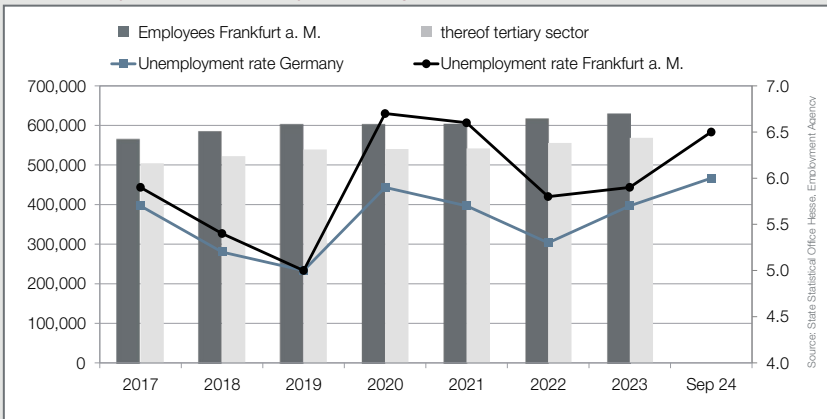
Population development Frankfurt a. M.



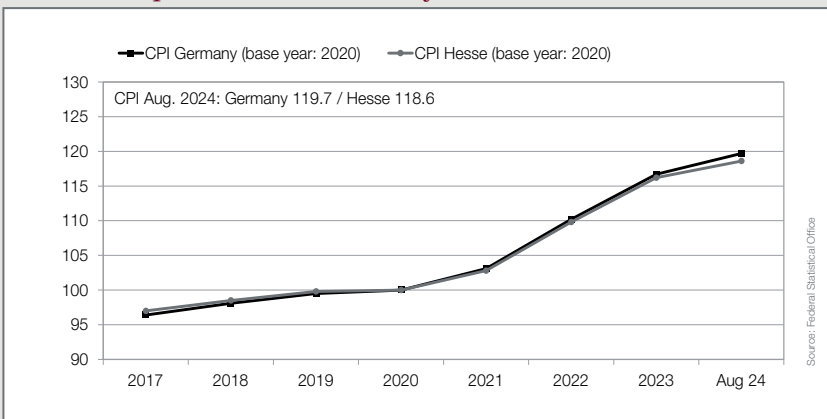
Purchasing power per capita Germany and Frankfurt a. M.



Unemployment / employees subject to social insur. contribution



Consumer price index Germany and Hesse

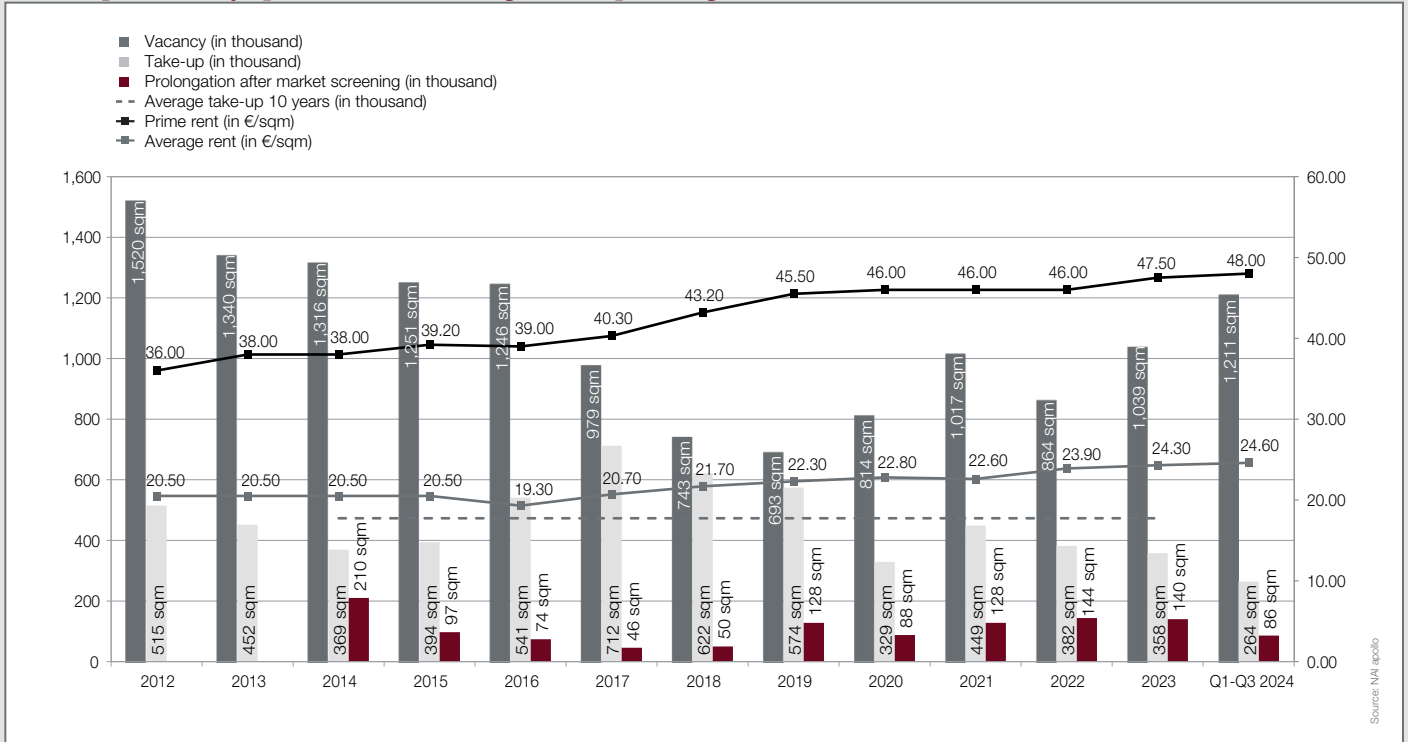


Germany's economic outlook is becoming increasingly gloomy. Various GDP forecasts have been continuously revised downwards over the course of the year. The current Joint Economic Forecast Autumn 2024, compiled on behalf of the Federal Ministry for Economic Affairs and Climate Action, most recently forecast a 0.1 % decline in gross domestic product (GDP) when adjusted for price, seasonal and calendar effects. By contrast, moderate economic growth of 0.8 % is expected for 2025. Sectors with high office space occupancy, such as 'financial and insurance services' or 'public service providers', will not be able to escape the effects of this development, and demand for office space is likely to stagnate at the current level. This means that the wider economy is unlikely to provide significant positive impetus for the German office markets for the time being.

The trend is more positive for consumer prices, on the other hand. In September, the provisional inflation rate in Germany was 1.6%, while Hesse recorded an inflation rate of 1.2 % - the lowest figure in Hesse since February 2021. Owing to the decline in prices, the European Central Bank cut interest rates in September for the second time in only a few months. Further interest rate cuts are likely to follow in the coming months. This will provide positive impetus for the economy as a whole as well as the construction and property sectors.

The subdued economic development is now also clearly having an impact on the unemployment figures. In September, the unemployment rate in Germany rose by 0.3 percentage points year-on-year to 6.0 %. In the Rhine-Main metropolis of Frankfurt am Main, an increase of 0.6 percentage points to 6.5 % was recorded. According to the Joint Economic Forecast, a noticeable decline in the unemployment rate in Germany is not expected until 2026 at the earliest.

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

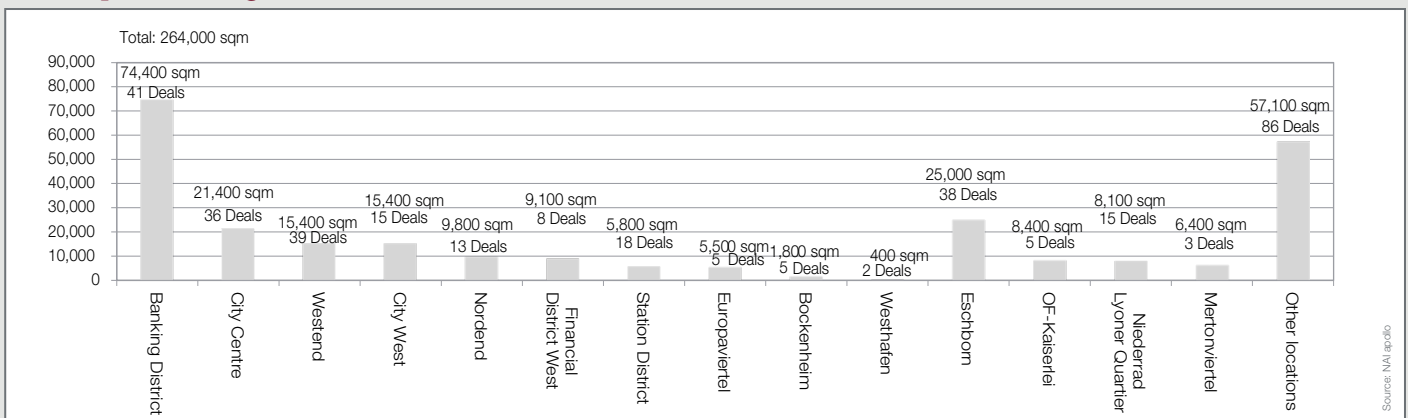


The Frankfurt office market including Eschborn and Offenbach-Kaiserlei again failed to show signs of a revival in the third quarter of 2024. Space take-up by tenants and owner occupiers amounted to only 82,500 sqm between July and September 2024. This represents the lowest level for a third quarter for 13 years and is 5.2 % below the year ago volume (Q3 2023: 87,000 sqm). Compared to the mid-term (five years) and long-term (ten years) average, take-up is 14.1 % and 29.2 % lower respectively. For the first three quarters of 2024, total take-up amounts to 264,000 sqm. Although this is above the previous year's level (Q1-Q3 2023: 261,100 sqm), it still represents one of the weakest results since the turn of the millennium.

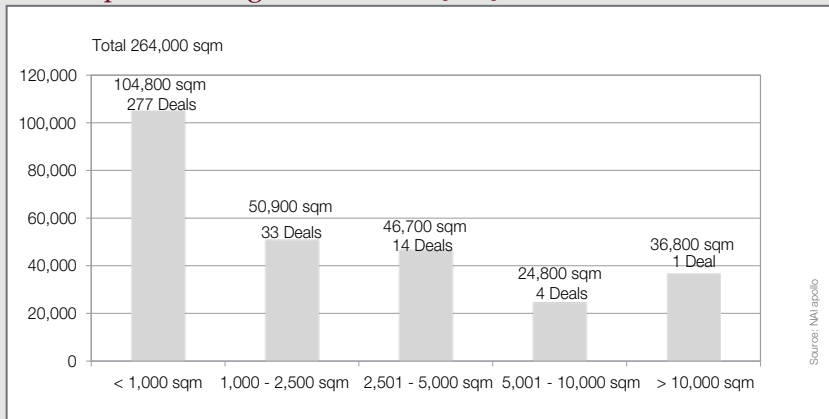
As a result of the weak take-up trend, the number of signed deals also fell further. The total number of lettings reached 329, which is five fewer than in 2023 and a quarter below the ten-year average of 430.

In the first nine months of 2024, occupiers extended leases for a total of 86,000 sqm of space after previously actively searching the market. This corresponds to an increase of 13 % compared to the same period last year. The uncertain economic situation, but also a decline in available new office space, mean that many companies are remaining in their existing premises.

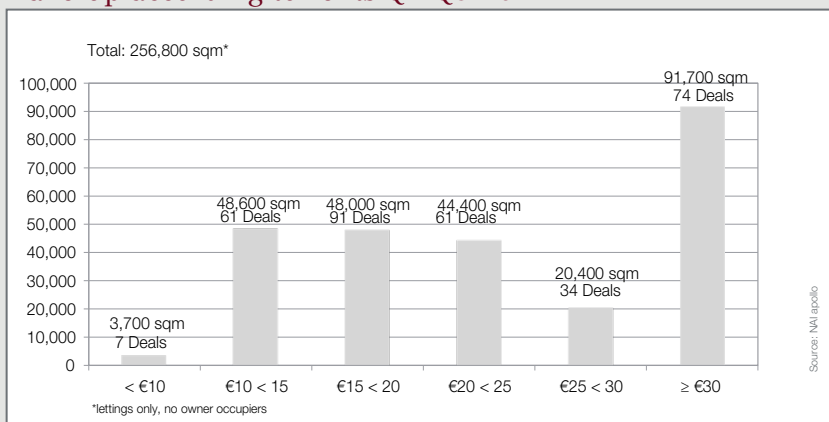
Take-up according to location Q1-Q3 2024



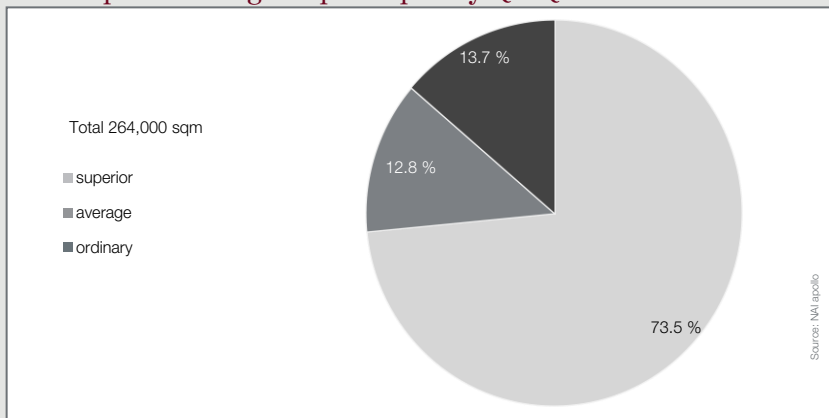
Take-up according to unit size Q1-Q3 2024



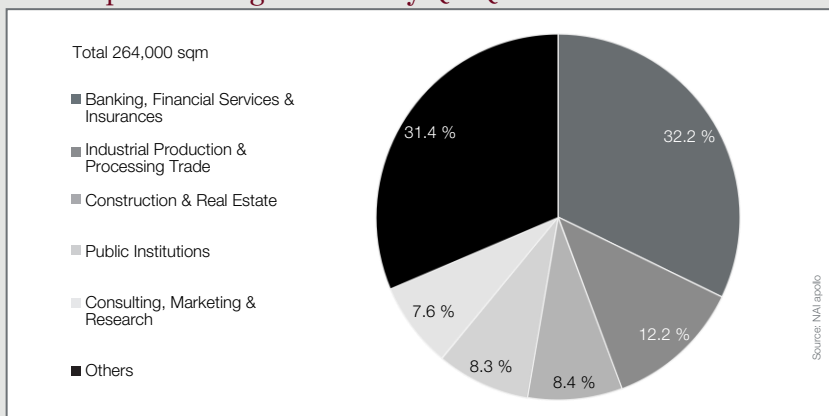
Take-up according to rents Q1-Q3 2024



Take-up according to space quality Q1-Q3 2024



Take-up according to industry Q1-Q3 2024



While take-up in the segment below 1,000 sqm remained at the previous year's level, the category above 10,000 sqm saw a significant increase of 36,800 sqm due to the ECB contract signing in Q1 2024. In contrast, there were some significant declines in the segments between 1,001 and 10,000 sqm.

The leasing by the ECB of space in Gallileo and the owner-occupier purchase of 7,200 sqm of office space in the 1, Hauptwache project by Frankfurter Sparkasse in the first six months remain the largest deals this year. Major deals in the third quarter included the rentals of 6,700 sqm by the Frankfurt School of Finance & Management and of 5,800 sqm by the Federal Republic of Germany - Finance Agency in Opal.

In the first three quarters of 2024, the group comprising banking, financial services & insurances recorded the highest take-up with 85,000 sqm or 32.2 % of the market. The two largest deals of the year made an important contribution to this result. These also affected the distribution of take-up by location: the banking district accounted for the highest share of take-up with 74,400 sqm (28.2 %), followed by Eschborn with 25,000 sqm and the city centre with 21,400 sqm.

While the average rent has remained stable at €24.60/sqm, the prime rent has risen to €48.00/sqm, which is 4.3 % above the previous year's level. Once again, the current market situation shows that some occupiers are prepared to pay higher prices per square metre for modern, ESG-compliant and centrally located premium space than in their existing properties.

Projects, new buildings and renovations continue to generate a high proportion of take-up after the first nine months of 2024, accounting for 52 % of the registered volume in terms of leases for more than 1,000 sqm.

Office Locations Frankfurt a.M. Q3 2024

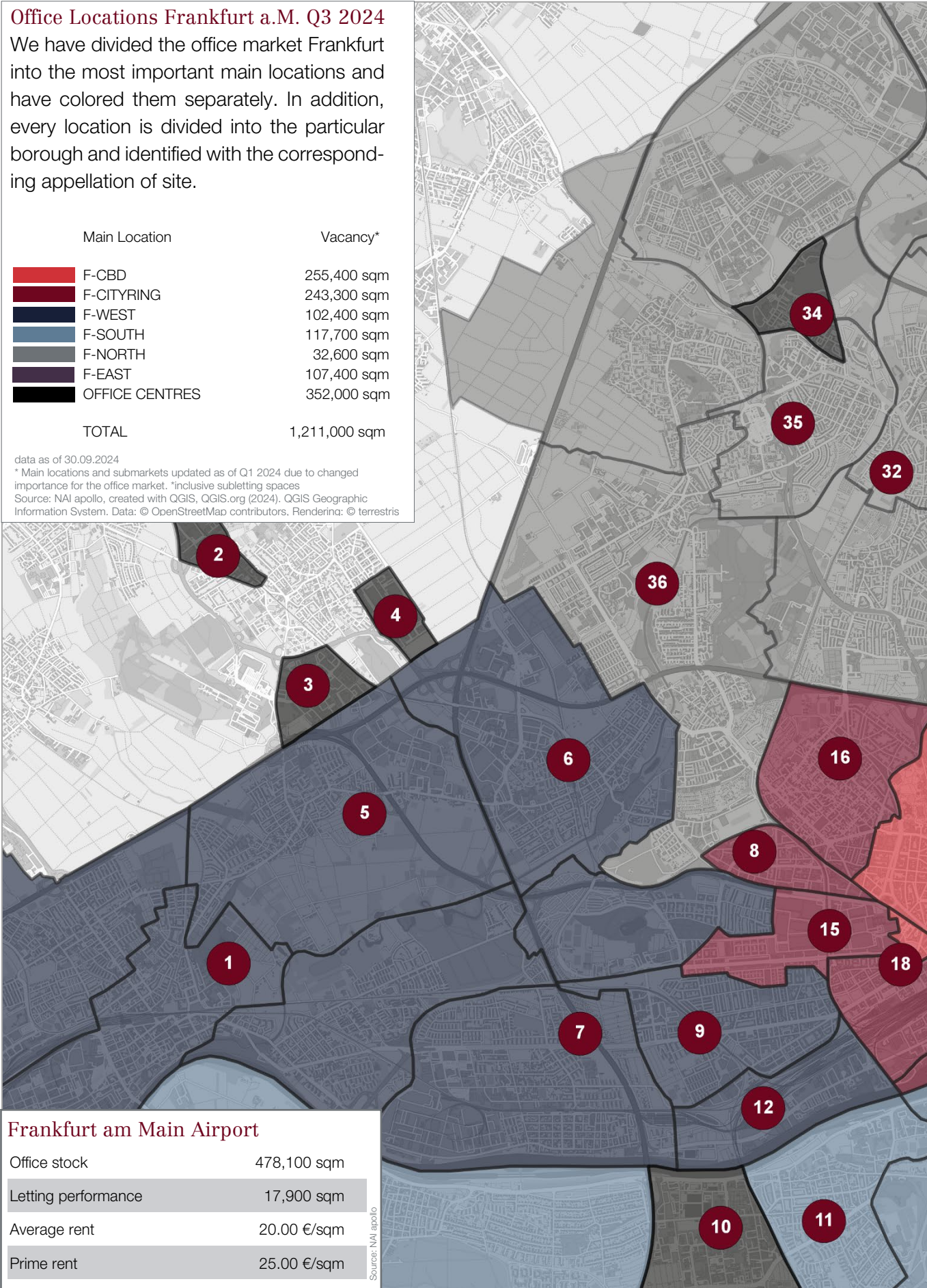
We have divided the office market Frankfurt into the most important main locations and have colored them separately. In addition, every location is divided into the particular borough and identified with the corresponding appellation of site.

Main Location	Vacancy*
F-CBD	255,400 sqm
F-CITYRING	243,300 sqm
F-WEST	102,400 sqm
F-SOUTH	117,700 sqm
F-NORTH	32,600 sqm
F-EAST	107,400 sqm
OFFICE CENTRES	352,000 sqm
TOTAL	1,211,000 sqm

data as of 30.09.2024

* 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, Fenderina: © terrestris



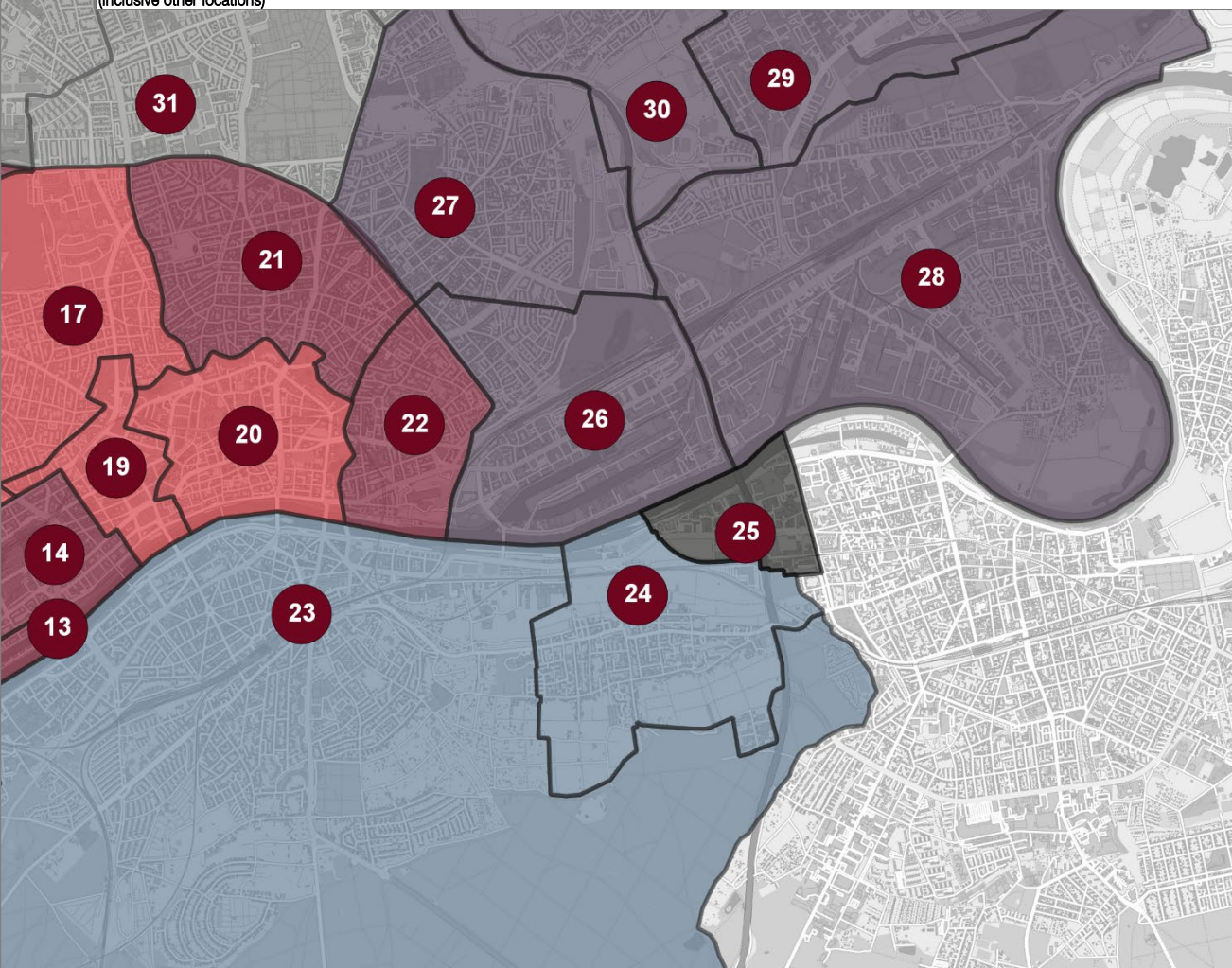
Frankfurt am Main Airport

Office stock	478,100 sqm
Letting performance	17,900 sqm
Average rent	20.00 €/sqm
Prime rent	25.00 €/sqm

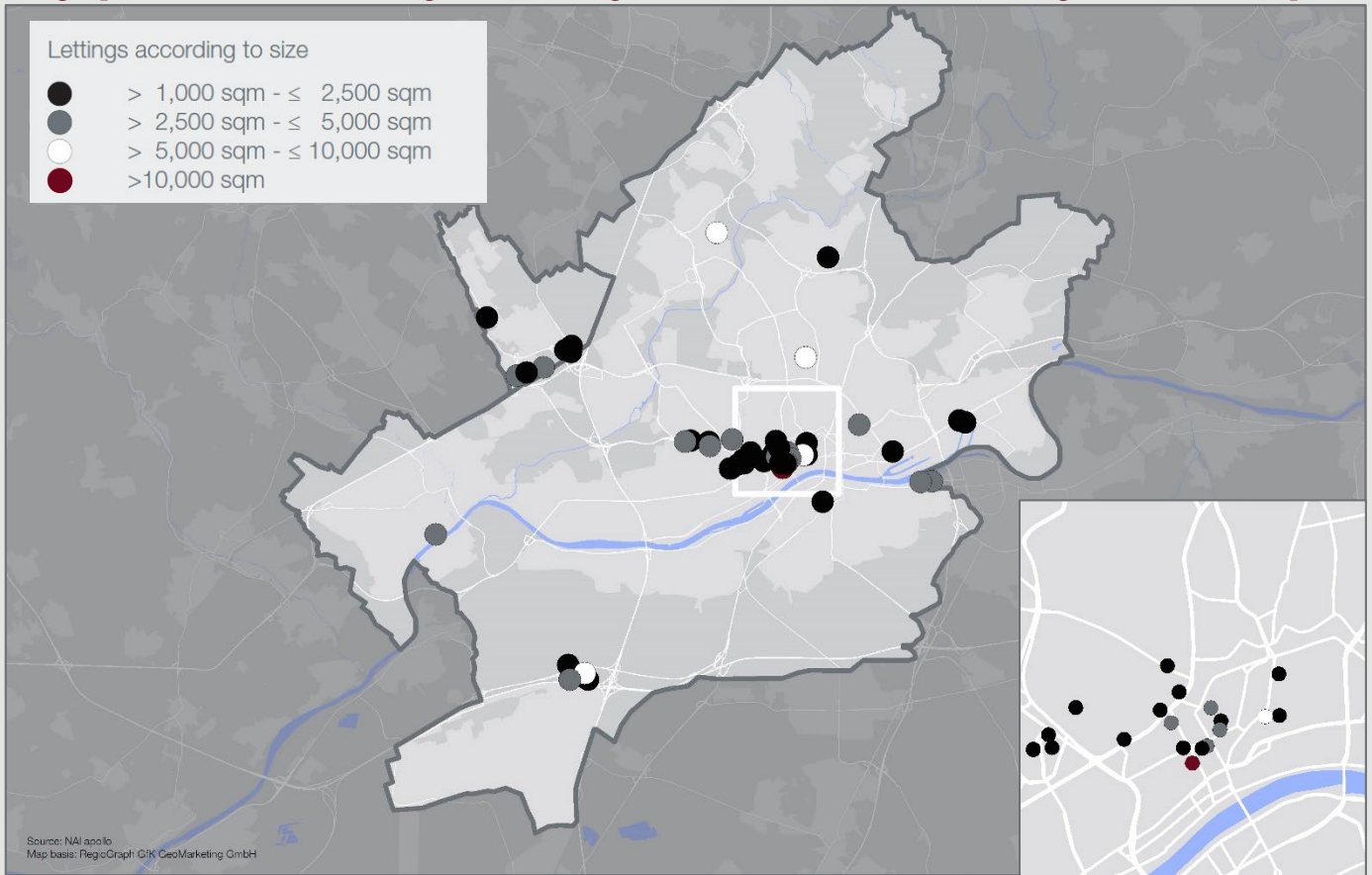
Source: NAI apollo

Submarkets	Office Stock (sqm)	Vacancy (sqm)	in %	0-Rent (€)	Prime Rent (€)	Rentable Objects
1. Höchst	193,000	1,100	0.6	10.00	14.00	4
2. Eschborn-West	161,800	49,100	26.6	12.00	14.00	7
3. Eschborn-South	428,000	77,400	18.1	15.00	22.00	21
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. Rödelheim	102,400	17,800	17.4	12.00	15.00	9
7. Griesheim	16,800	0	0.0	8.00	11.00	0
8. City West	458,100	142,100	31.0	18.50	25.00	17
9. Gallus	552,900	47,500	8.6	17.00	23.00	20
10. Niederrad Lyoner Quartier	640,300	126,700	19.8	15.00	19.00	21
11. Niederrad (City)	12,500	700	5.6	10.00	13.00	1
12. Gutleutviertel	138,300	1,000	0.7	13.00	14.50	3
13. Westhafen	102,300	6,900	6.7	20.00	25.50	6
14. Station District	386,300	62,300	16.1	20.00	32.00	46
15. Europaviertel*	207,500	18,100	8.7	25.00	28.00	4
16. Bockenheim	311,200	11,200	3.6	17.00	21.00	11
17. Westend	679,900	62,700	9.2	29.50	42.00	38
18. Financial District West*	265,100	47,700	18.0	32.00	40.00	6
19. Banking District	1,338,700	73,000	5.5	36.50	48.00	27
20. City Centre	518,500	72,000	13.9	28.50	42.00	54
21. Nordend	124,200	2,700	2.2	22.00	27.50	5
22. City Ostend	226,300	30,200	13.3	15.00	22.00	8
23. Sachsenhausen	427,500	34,300	8.0	17.50	25.00	22
24. Oberrad	4,500	0	0.0	11.50	15.00	0
25. OF-Kaiserlei	212,900	61,700	29.0	15.00	19.50	9
26. Ostend-East	440,000	49,300	11.2	18.00	24.00	30
27. Bornheim	36,900	8,300	22.5	14.00	16.00	2
28. Riederwald/Fechenheim	180,100	12,700	7.1	10.00	13.50	6
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	300	0.4	12.50	14.00	2
32. Eschersheim	32,600	0	0.0	11.00	16.50	0
33. Nieder-Eschbach	129,500	14,000	10.8	10.00	13.00	9
34. Mertonviertel	208,300	20,500	9.8	13.00	16.00	6
35. Heddernheim	10,900	0	0.0	8.00	11.00	0
36. Praunheim/Hausen	90,800	17,800	19.6	11.50	13.50	9
Total (inclusive other locations)	11,594,000	1,211,000	10.4	24.60	48.00	433

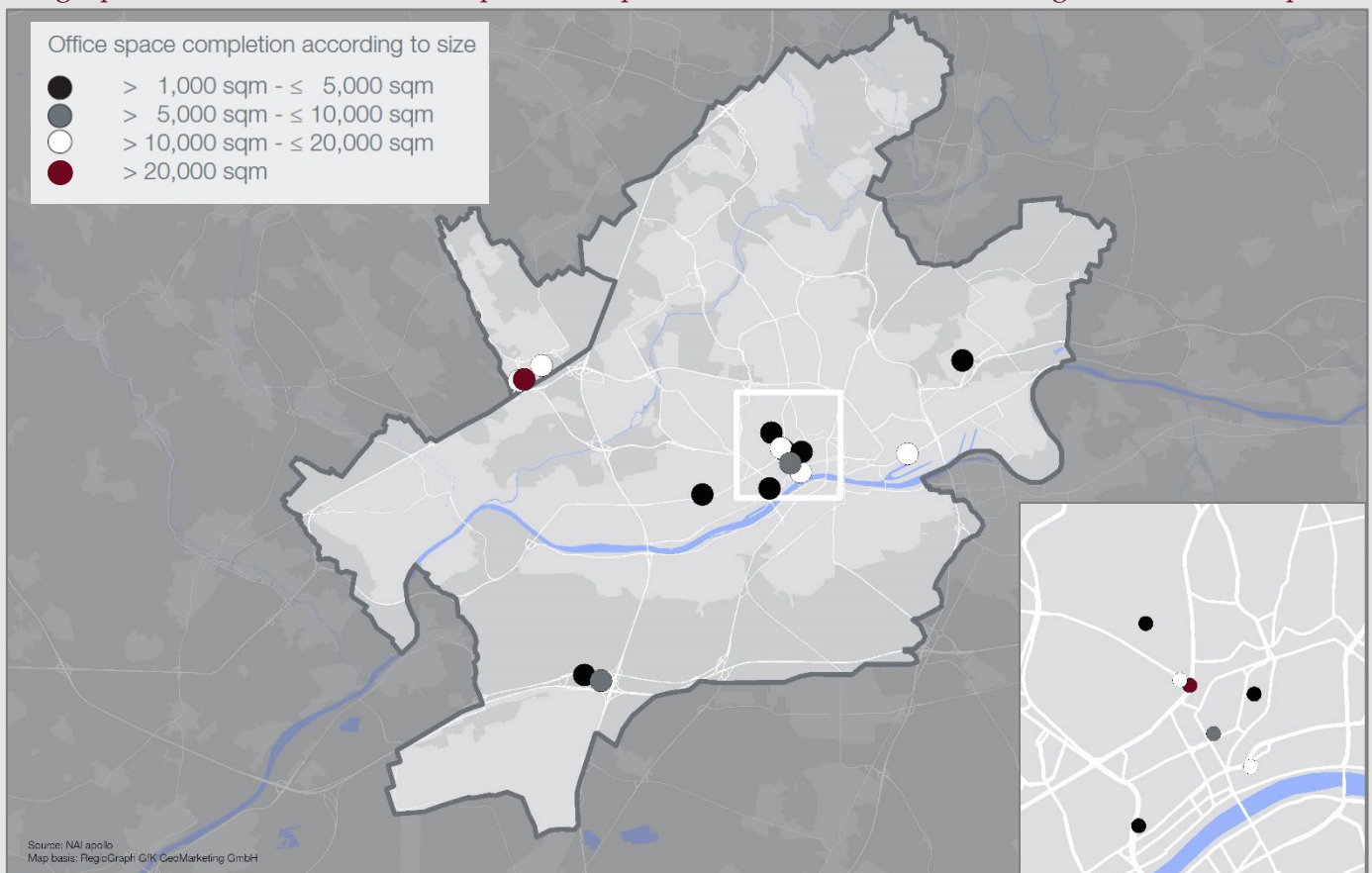
Source: NAI apollo



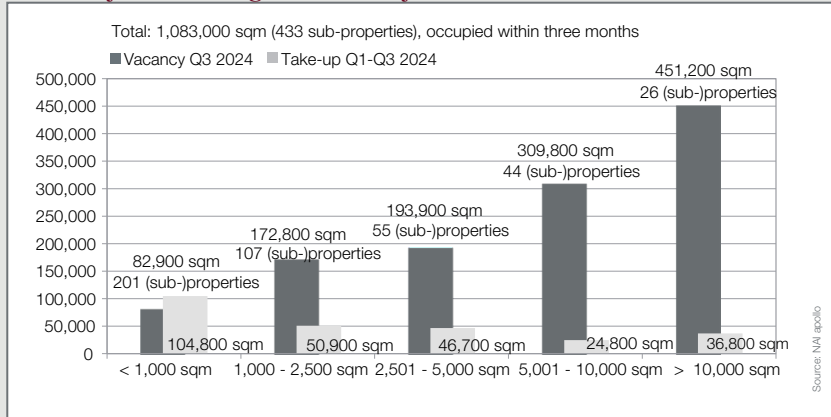
Geographical localisation of large-scale lettings Q1-Q3 2024 accor. to size categories (> 1,000 sqm)



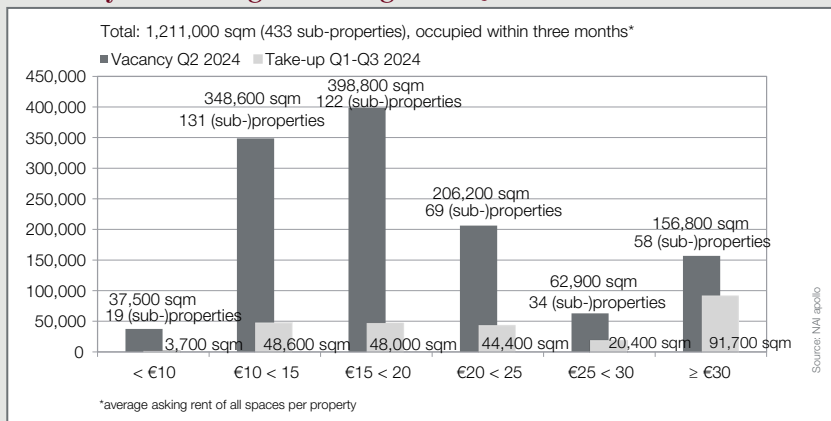
Geographical localisation of office spaces completions 2024 accor. to size categories (> 1,000 sqm)



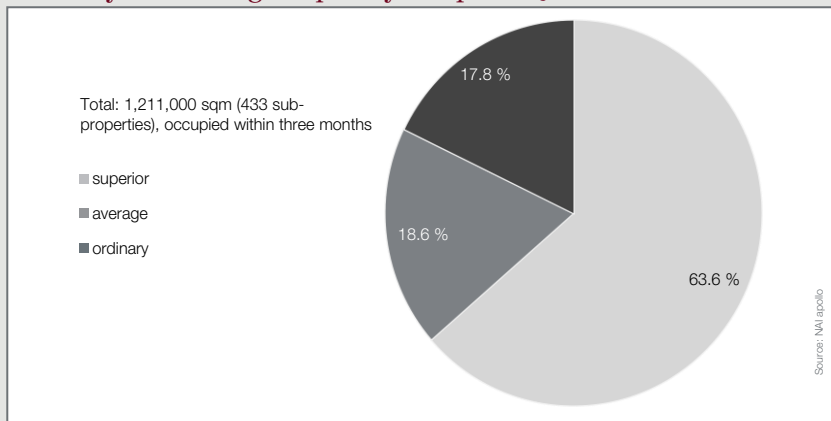
Vacancy according to vacancy size Q3 2024



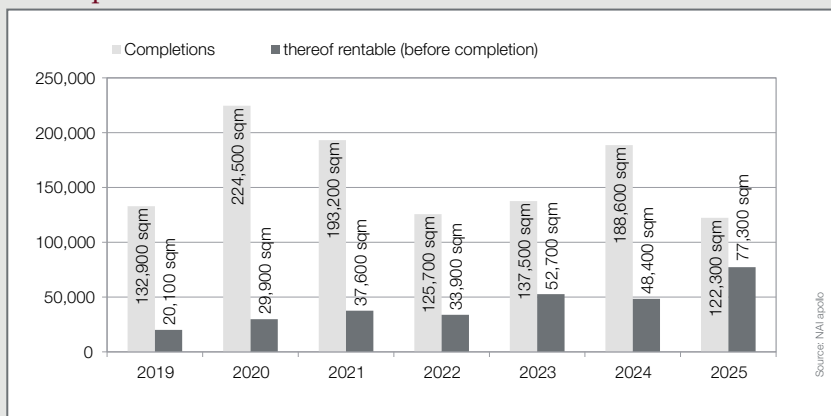
Vacancy according to asking rent Q3 2024



Vacancy according to quality of space Q3 2024



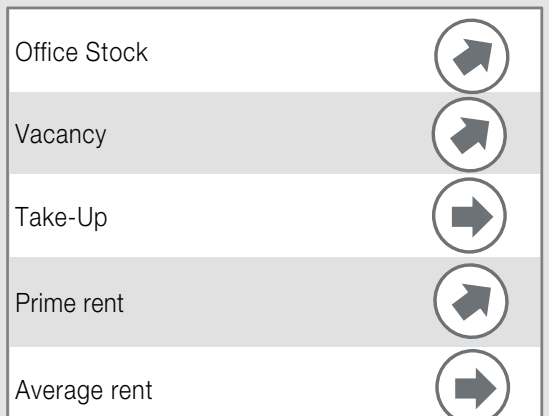
Completions



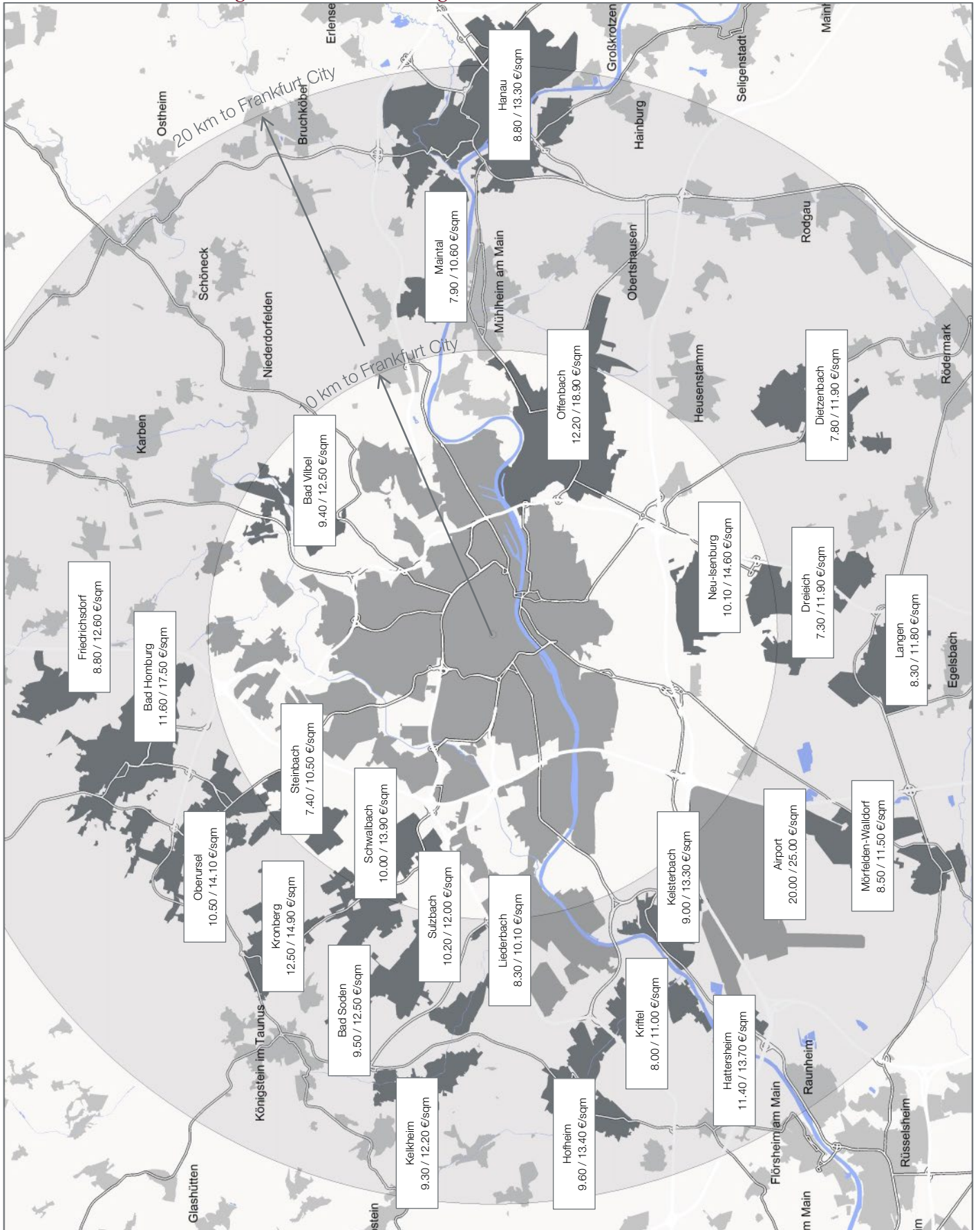
Market-active vacancies on the Frankfurt office market increased further in the third quarter of 2024. As of 30 September 2024, around 1.21 million sqm were vacant on a short-term basis – the highest level in eight years. This puts the vacancy rate at 10.4 %, an increase of 1.4 percentage points compared to the same quarter of the previous year. Of the total vacancies, around 11 % is attributable to sublet space. In the third quarter of 2024, office space completions amounted to around 96,200 sqm. This includes „T1“ of the FOUR development with around 74,000 sqm of office space and the ‘Kreiser’ with over 22,000 sqm. Office stock was reduced by almost 33,000 sqm through the removal of space, and therefore totalled around 11.59 million sqm in the Frankfurt market area at the end of the third quarter.

Sentiment among office users on the Frankfurt office market remains bearish for the time being. Provided that the focus is not on premium space, companies are currently tending to remain in their existing premises. Despite potential major deals, it is already clear that the fourth quarter will also be below average. For the year as a whole, take-up is therefore likely to be well below 400,000 sqm. This is likely to be accompanied by a further increase in vacancies. Rents are expected to stabilise in the short term, while prime rents could rise again in the medium term as a result of high-priced lettings in new buildings.

Outlook next 12 months



Market Data Surroundings of Frankfurt Average and Prime Rents



Source: NAI apollo
 Map Basis: RegioGraph GfK GeoMarketing GmbH
 Based on 1,818 offers (09/2023 - 08/2024)
 from VALUE Marktdatenbank

Cities

Office space, vacancy, prime rent, average rent Q3 2024

	Office Space (in m. sqm)	Take-Up (sqm)	Vacancy (in %)	Prime rent (€/sqm)	Average rent (€/sqm)
Berlin	20.45	426,000	6.3	44.50	28.40
Dusseldorf	7.54	155,000	8.7	43.50	20.60
Frankfurt a. M.	11.59	264,000	10.4	48.00	24.60
Hamburg	14.50	298,000	5.0	35.50	20.50
Munich	21.45	447,000	6.8	53.50	25.00

Source: NAI apollo

Prime yields Q3 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 %

Source: NAI apollo

Frankfurt a.M.

Top take-up Q1-Q3 2024

Property + Location	Tenant / Owner Occupier	Leased area in sqm
Gallileo, Gallusanlage 7 / Banking District	European Central Bank	36,800
Hauptwache 1 / City Centre	Frankfurter Sparkasse	7,200
Bertramshof, Am Steinernen Stock 1 / Dornbusch/Eckenheim	Frankfurt School of Finance & Management	6,700
Opal, Olaf- Palme-Strasse 13-15 / Mertonviertel	Bundesrepublik Deutschland – Finanzagentur GmbH	5,800
The Move Orange, De-Saint-Exupéry-Strasse 3-7 / Airport	Air Liquide	5,100

Source: NAI apollo

Top investments Q1-Q3 2024

Property + Location	Purchaser	Purchase Price in €*
Canyon, Mainzer Landstrasse 23	Tite Street Capital	confidential
Hauptwache 1	Frankfurter Sparkasse	confidential
The Move Orange, De-Saint-Exupéry-Strasse 3-5	Siemens pension fund	confidential
LEIQ Bauteil A, Nordring 144, Offenbach	HT Group (HT Top 8 Invest)	confidential
Office Mozartplatz, Bockenheimer Anlage 15	ConrenLand	35,000,000

Source: NAI apollo; *partly estimated

SERVICES

- ASSET MANAGEMENT
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- CORPORATE SERVICES
- FINANCE ADVISORY
- INVESTMENT
- RESEARCH
- LETTING

ASSET CLASSES

- OFFICE
- DATA CENTER
- RETAIL
- 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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