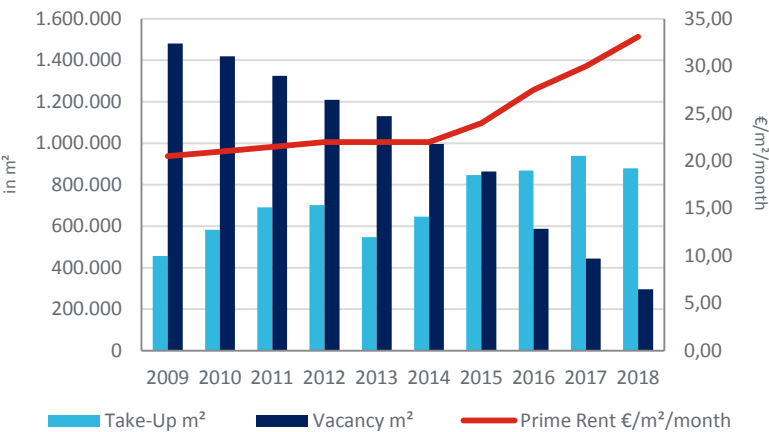




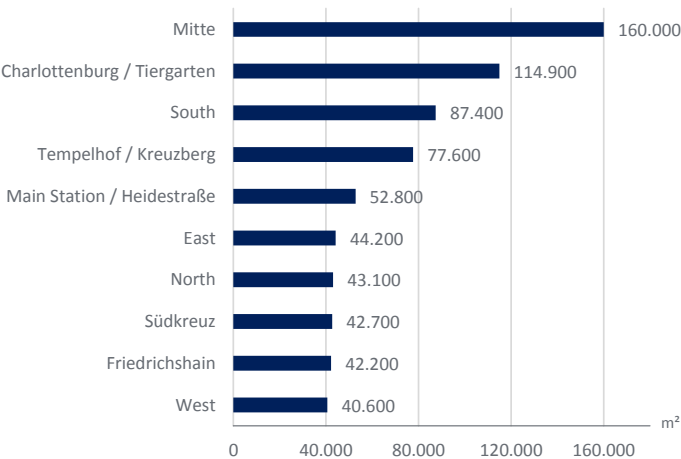
# OFFICE MARKET BERLIN Q4 2018



## Overview

After an impressive year-end rally with a take-up of 284,000m² in the fourth quarter, another top result can be reported for the Berlin office market. The letting volume added up to 879,000m² in 2018. Although the record result from the previous year was missed by 6.5%, it was the second highest ever recorded take-up. The 10-year average was surpassed by 29.9%. Vacancy has fallen by 33.3% at the same time. Accordingly, the rents in the market area have reached an unprecedented level.

## Take-Up by Submarket, Top-10



## KEY MARKET FIGURES

Market Area Berlin\*

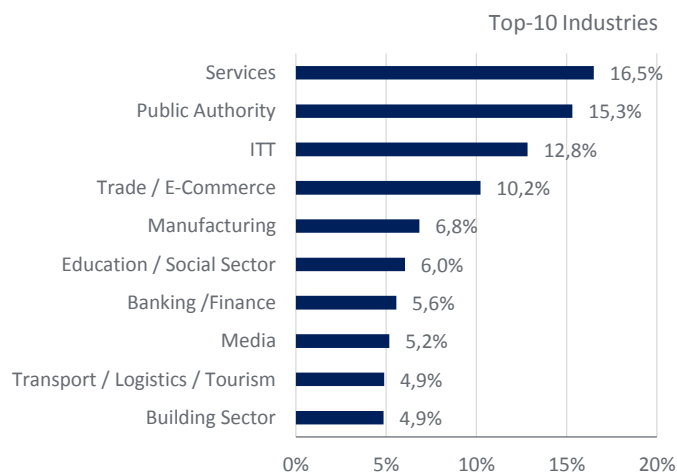
Take-Up	879,000m²
Vacancy	296,000m²
Vacancy Rate	1.6%
Completions	138,400m²
Under Construction	1,139,000m²
Prime Rent	33.10 €/m²/month
Average Rent	21.70 €/m²/month
Prime Yield (net initial)	2.80%

## BERLIN

Inhabitants (12-2017)	3,712,000
Unemployment Rate (12-2018)	7.6% (German Average 4.9%)
Trade Tax Rate	410%

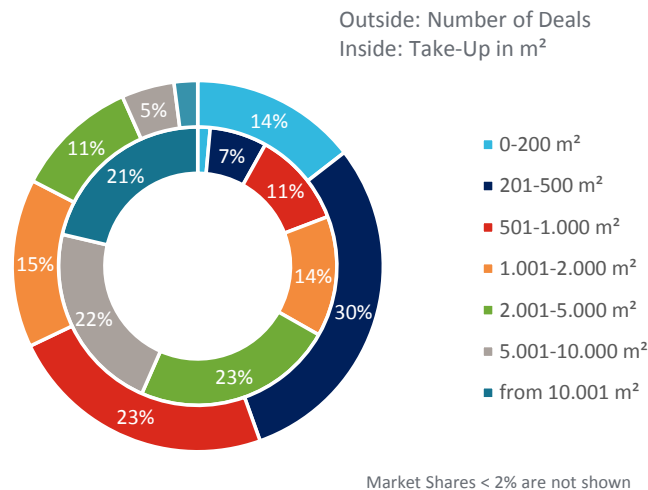
### Take-Up by Industry

Service companies were the strongest tenant group in 2018. Especially co-working providers with more than 15 contracts and a take-up of nearly 80,000m<sup>2</sup> contributed to their market share of 16.5%. The public sector stuck out in particular with 3 deals over 10,000m<sup>2</sup>. Market shares of over 10% have also reached Berlin's traditionally strong IT and E-commerce sectors.



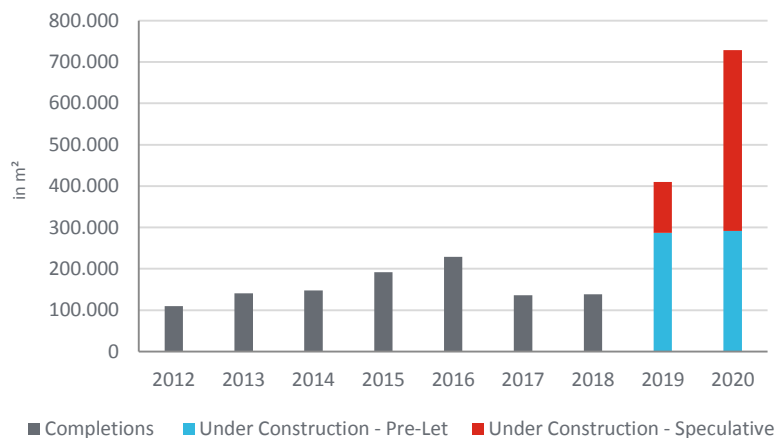
### Take-Up by Size and by Number of Deals

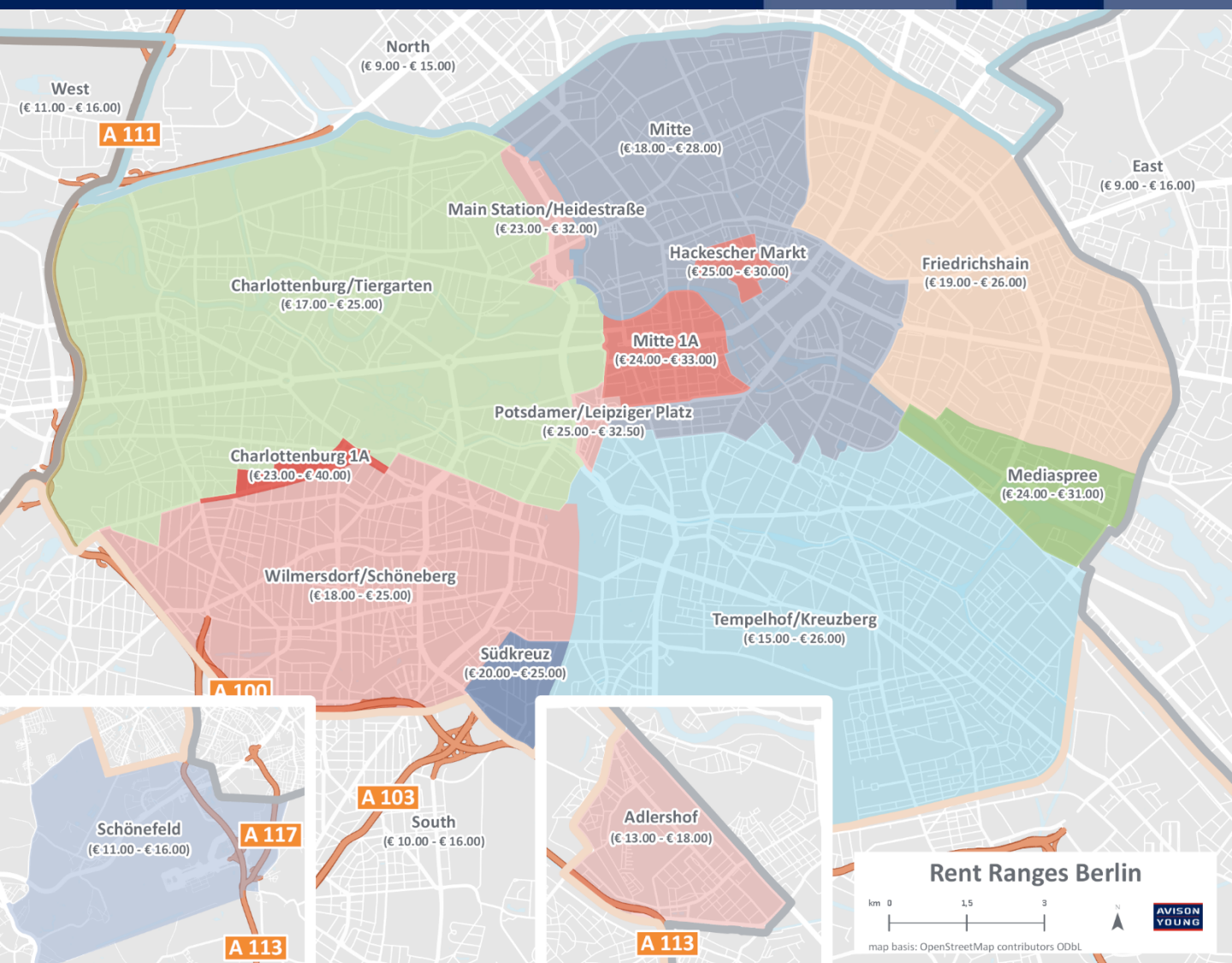
Despite the very low vacancy rate, the number of contracts with more than 10,000m<sup>2</sup> of rental space is almost at the previous year's level. In 2018, 12 contracts were signed (2017: 14) totaling approx. 187,000m<sup>2</sup> of rented office space. Not least because large-scale units are in short supply in existing stock. 8 of these completions were made in project developments. Compared to 2017, letting activity rose most of all in the size segment 1,001-2,000m<sup>2</sup> (86 contracts) and 5,001-10,000m<sup>2</sup> (27 contracts). Noticeable is the 22.6% decrease of take-up in the segment below 500m<sup>2</sup>.



### Completion Volume

Construction activity has continued to increase in recent months. Currently, around 1.4 million m<sup>2</sup> is under construction. A completion volume of nearly 400,000m<sup>2</sup> is anticipated for 2019 – with a current pre-letting rate of around 70%. For 2020, a significant increase to 710,000m<sup>2</sup> of new office space is forecast. By the end of December 2018, around 40% had already been taken by tenants.





## Outlook

- Berlin will not lose its appeal for companies in 2019 either. Buoyed by a generally solid German economy, demand for office space is likely to remain high in the coming year and once again an above-average annual result is on the horizon.
- The very low vacancy volume will remain market-determining in the coming months. In particular, the lack of large-scale units in the central locations should be responsible for rising letting activity in Berlin's peripheral submarkets. In addition, this shortage is likely to stir a large number of pre-lettings in project developments in 2019. The vacancy rate will remain at a very low level in 2019. A relaxation of the tight supply situation is not expected before 2020.
- Rental prices will continue to rise in 2019, although the increases are likely to be more moderate.

Sources: Thomas Daily, Bundesagentur für Arbeit, Destatis, Land Berlin, Avison Young

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