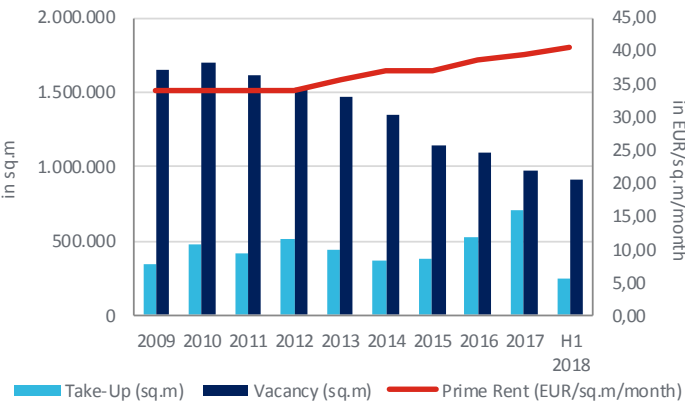




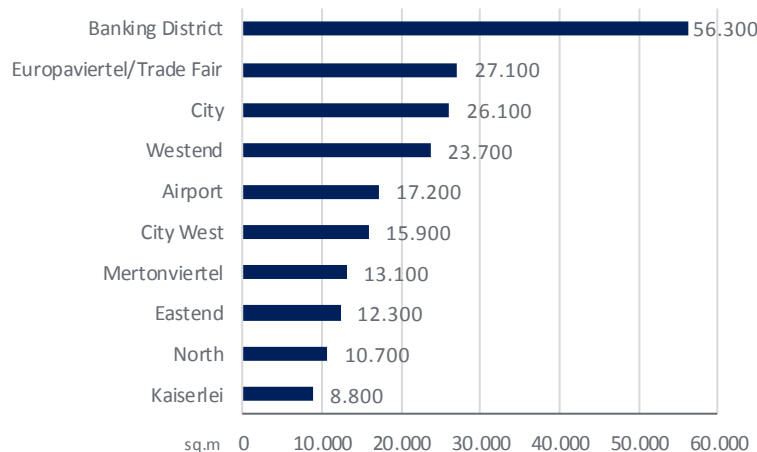
# OFFICE MARKET FRANKFURT H1 2018



## Overview

Office take-up amounted to some 253,000 sq.m in Frankfurt’s market area. It was most of all the strong first quarter with a number of large scale deals which contributed to this every good half year result. In Q2 no deal with a letting area above 10,000 sq.m was closed and take-up was at 107,000 sq.m. Compared to the same period last year, H1 take-up rose by 9% and the result was also above the long-term average. Office vacancy further decreased. The office prime rent gave in to upward pressure and is currently recorded at EUR 40.50 per sq.m/month.

## Take-Up by Submarket, Top-10



## KEY MARKET FIGURES

### Market Area Frankfurt\*

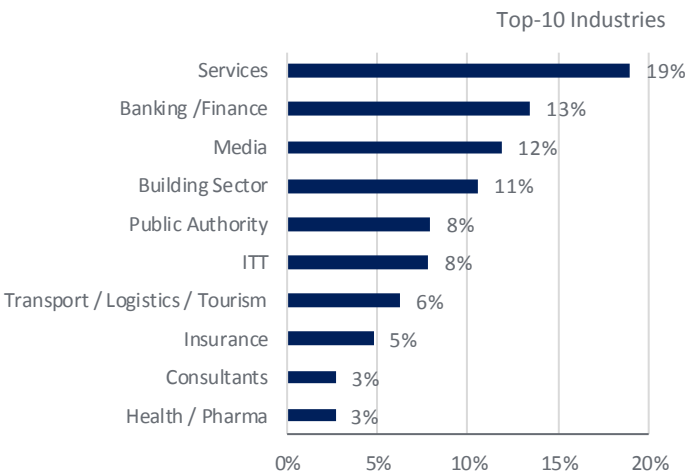
Take-Up	253,000 sq.m
Vacancy	913,000 sq.m
Vacancy Rate	7.6%
Completions	47,300 sq.m
Under Construction	538,000 sq.m
Prime Rent	40.50 EUR/sq.m/month
Prime Yield (net initial)	3.25%

## FRANKFURT

Inhabitants (12-2017)	741,093
Unemployment Rate (06-2018)	5.3% (German Average 5.0%)
Trade Tax Rate	460%

### Take-Up by Industry

Leasing activity was strongest among providers of co-working space with a total take-up of 30,000 sq.m in H1. This result pushed the services industry’s market share to 19% and thus to the top of the industry ranking. While the large deal signed by Frankfurter Allgemeinen Zeitung (FAZ) comprising approx. 25,000 s.qm was first of all responsible for the media’s market share of 12%, leasing activity in the banking and finance sector was backed by various deals contributing to 13% market share.



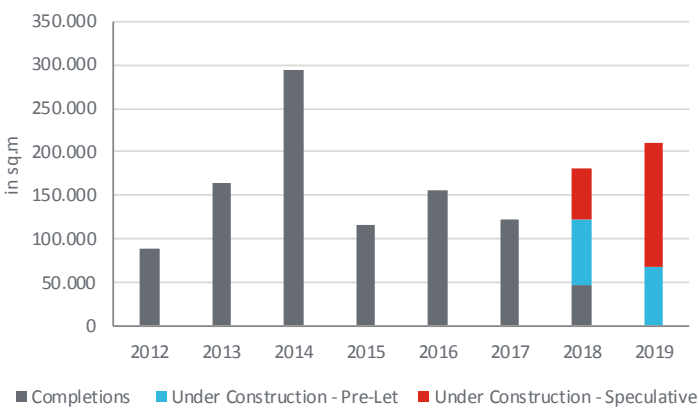
### Take-Up by Size

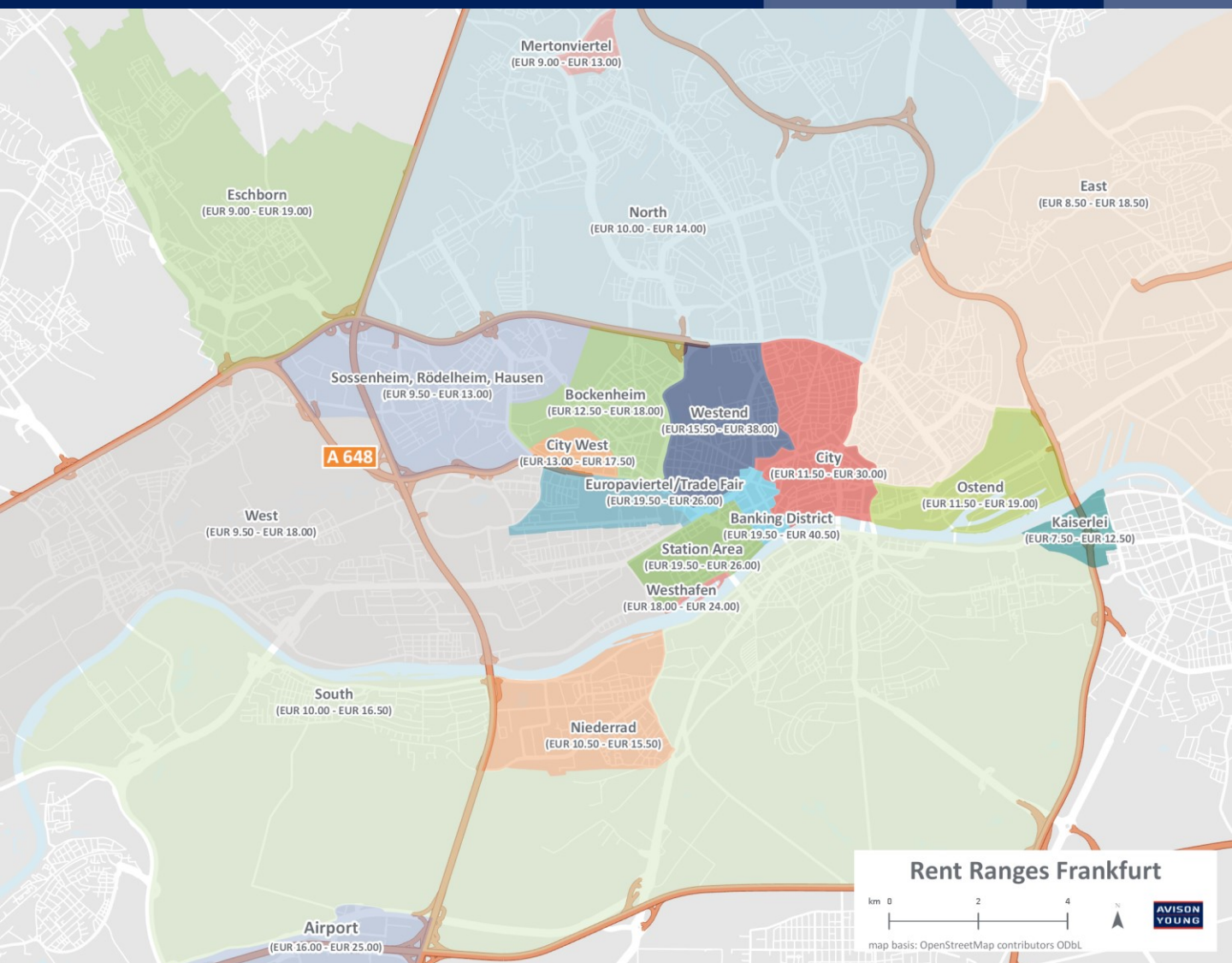
The 25,000 sq.m deal signed by FAZ in Q1 is still the largest deal closed in 2018. Strong leasing activity was recorded in the size segment between 5,001 sq.m and 10,000 sq.m with 7 deals and take-up of 52,000 sq.m in H1. Another 62,000 sq.m (19 deals) was generated by 19 deals closed in the segment between 2,001 sq.m and 5,000 s.qm. Deals below 1,000 sq.m accounted for 32% market share. Overall, the Frankfurt office market is stable and very diversified – in terms of office space demand by industry and size segment.

Office Submarket	Company	Letting Area approx. in sq.m
Europaviertel/Messe	Frankfurter Allgemeine Zeitung (FAZ)	25,000
Niederrad	DB Schenker Deutschland	9,500
Mertonviertel	BaFin	8,250
Bankenviertel	Bethmann Bank	8,000
Bankenviertel	FM Global	8,000
Westend	The Office Group	6,500

### Completion Volume

Currently, some 538,000 sq.m office space is under construction. Thus, construction activity more than doubled over the past 12 months. So far 47,300 sq.m was completed in 2018 and another 134,000 sq.m is forecast for completion in the latter half of the year. Thereof some 56% is already pre-let. For 2019, completion is expected to amount to 210,000 sq.m with more than 30% pre-let in summer 2018.





## Outlook

- Demand for office space is high in Frankfurt backed by a solid and strong German economy. A number of large scale deals are in the pipeline which are likely to be successfully closed in the second half of 2018. Accordingly, annual take-up is forecast to be above the long-term average in 2018. The office letting volume is expected to surpass the 500,000 sq.m mark by the end of the year.
- Office vacancy will further decrease in the second half of the year. The speed at which office vacancy has lately decreased is likely to lose momentum in 2019 as completion levels are set to rise – combined with a higher share of speculative space coming into the market.
- In the months to come, rent levels will further rise across all submarkets.

Sources: Thomas Daily, Bundesagentur für Arbeit, Destatis, Stadt Frankfurt am Main, Avison Young

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