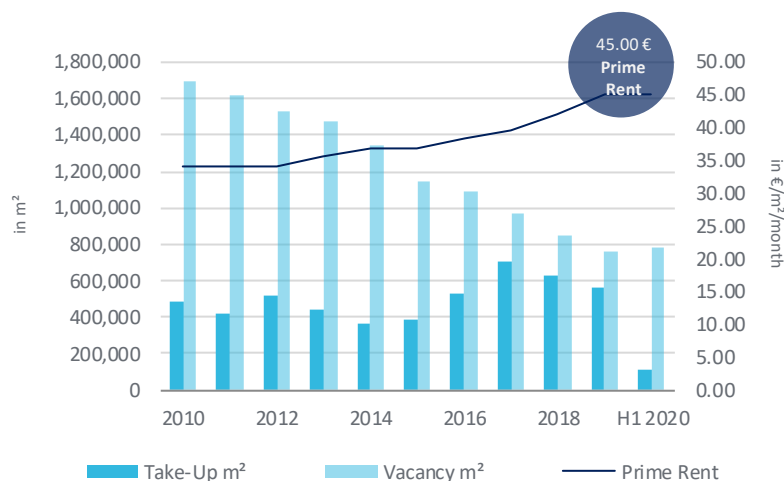


Take-Up, Vacancy and Prime Rent

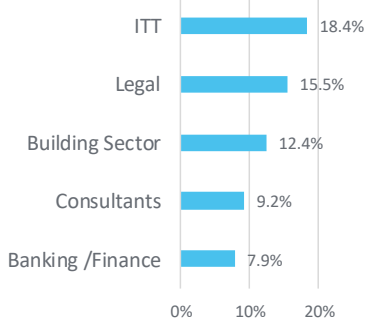


Take-Up	110,000m²
Vacancy	784,000m²
Vacancy Rate	6.5%
Completions	64,700m²
Under Construction	672,000m²
Prime Rent	45.00 €/m²/month
Average Rent	21.35 €/m²/month
Prime Yield (NIY)	2.90%

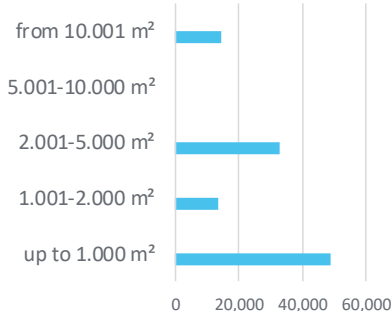
Market Area = City of Frankfurt, Eschborn, Offenbach-Kaiserlei

Take-Up H1 2020 by:

Take-Up by Industry



Take-Up by Size



Completions

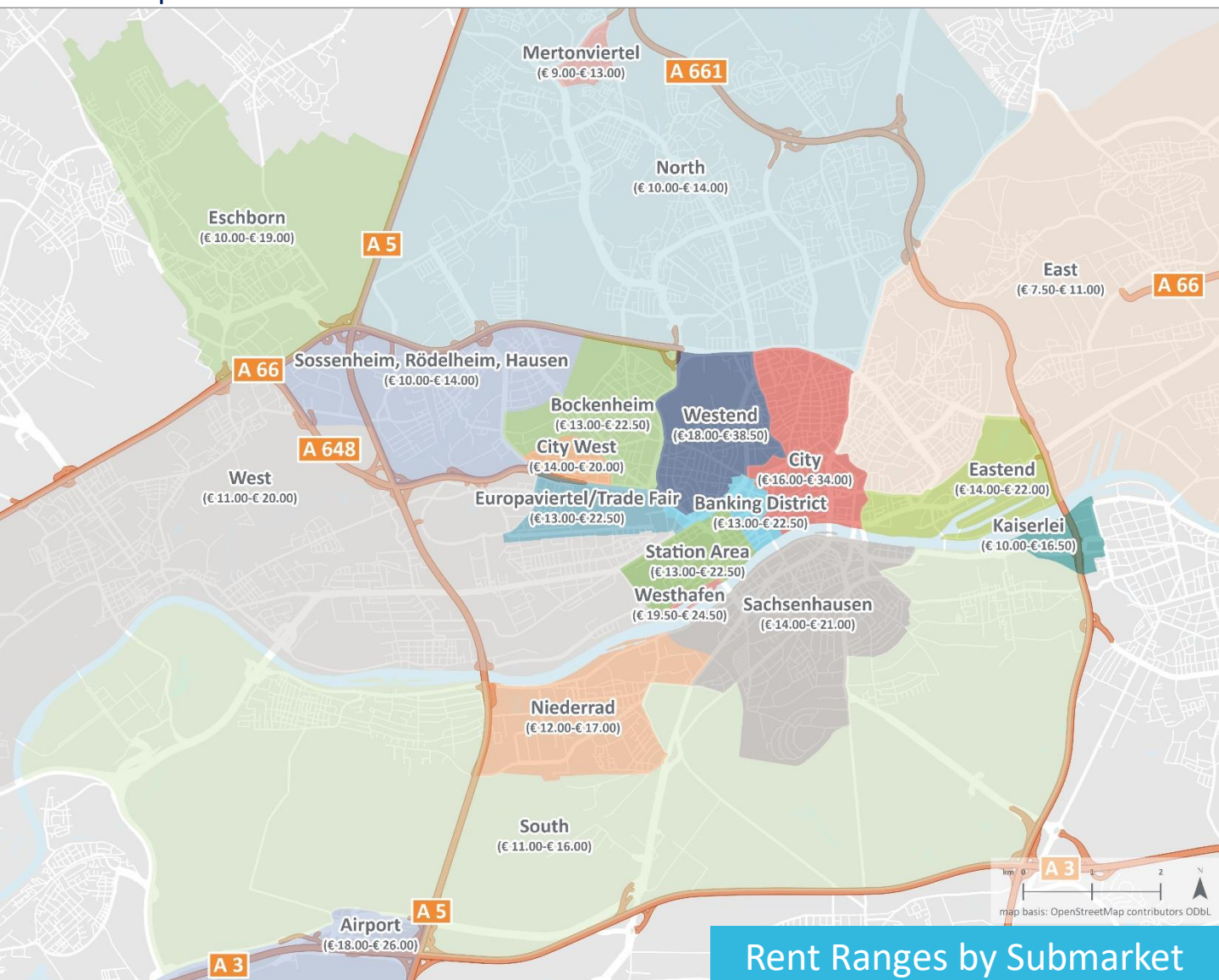


Overview

The effects of the COVID 19 pandemic can be felt massively on the Frankfurt office market. With a take-up of 67,000m² in Q1, the start of the year was already very slow. Although market activity picked up slightly after the so-called "lockdown", only 43,000m² was let in Q2. The half-year result of 110,000m² is thus 57% below the previous year's value. The decisive factor driving the market is the lack of the large contracts which are so typical of Frankfurt. The largest deal so far was Freshfields Bruckhaus Deringer's 14,500m² contract signed in Q1. In H1 not a single deal was recorded in the size class between 5,001 - 10,000m². The vacancy rate rose slightly to 6.5%. The prime rent has remained stable at € 45.00 /m²/month.

Frankfurt in Numbers

Inhabitants (03-2020)	764,152
Unemployment Rate (06-2020)	7.2% (Germany 6.2%)
Trade Tax Rate	460%



Rent Ranges by Submarket

Outlook

Letting activity will also be clearly below average in the latter half of the year. Take-up will remain subdued, despite the sentiment improvement among entrepreneurs recently registered by the ifo Institute as no one can yet estimate whether a second wave of COVID 19 will come and when the German economy will finally start to experience a sustainable upswing. Furthermore, the changed working habits during lockdown times with the increased proportion of working from home are likely to make some companies rethink their use of space – let alone the distance regulations to be followed. Many firms are expected to postpone their leasing decisions on the back of the needed restructuring process. Currently, an annual letting volume of approx. 350,000m² is realistic. The turnaround in vacancy has taken place, office vacancy will continue to rise in the coming months. The rent structure will react with a delay and rents are forecast to moderately decrease in the short to medium term.

Source: Federal Labour Office, Statistik Hessen, Avison Young

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