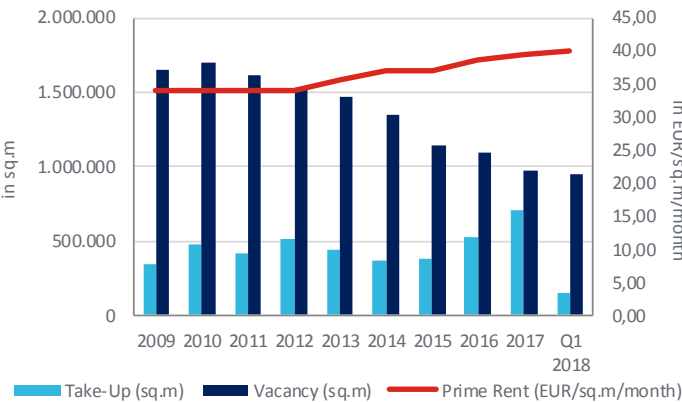




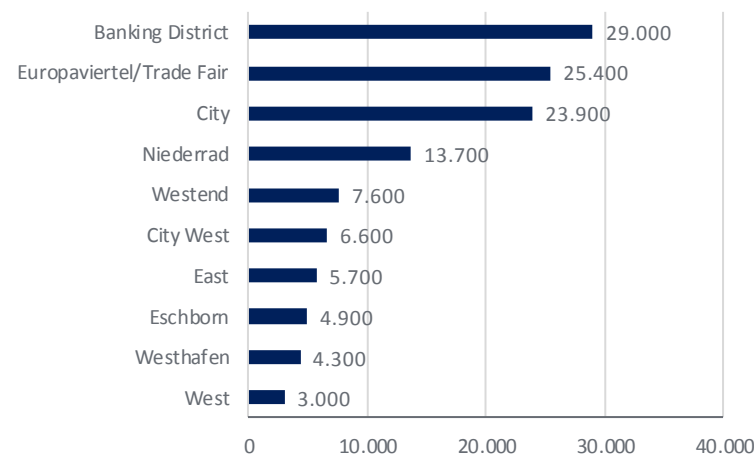
OFFICE MARKET FRANKFURT Q1 2018



Overview

Frankfurt’s office market had a strong first quarter in 2018. With a letting volume of 146,000 sq.m the market performed noticeably above the long-term average. Last year’s Q1 result was surpassed by 24%. The decreasing trend of office vacancy continued in Q1 and the low vacancy keeps rents across the market under pressure. In consequence, the prime rent rose to EUR 40.00 per sq.m/month which is a rise by 4% compared to March 2017. It is the first time since 2003 that office prime rents have reached the EUR 40.00-level.

Take-Up by Submarket, Top-10



KEY MARKET FIGURES

Market Area Frankfurt*

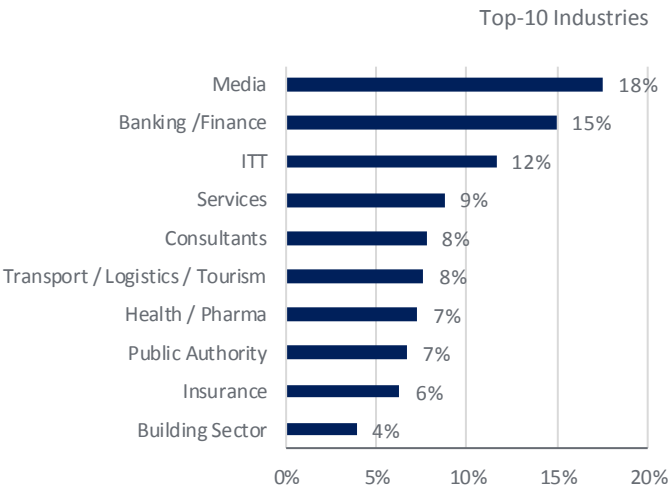
Take-Up	146,000 sq.m
Vacancy	945,000 sq.m
Vacancy Rate	7.8%
Completions	39,500 sq.m
Under Construction	481,000 sq.m
Prime Rent	40.00 EUR/sq.m/month
Prime Yield (net initial)	3.25%

FRANKFURT

Inhabitants (06-2016)	736,222
Unemployment Rate (03-2018)	5.7% (German Average 5.5%)
Trade Tax Rate	460%

Take-Up by Industry

It was the large deal signed by Frankfurter Allgemeinen Zeitung (FAZ) comprising approx. 25,000 sq.m which pushed the media's market share to 18%. The publishing house will move into a new office complex in Europaallee near Frankfurt's trade fair. Bethmann Bank's 8,000 sq.m deal was most of all responsible for the 15% market share of the finance industry. A number of small to medium-sized contracts contributed to the strong office take-up by the ITT sector.



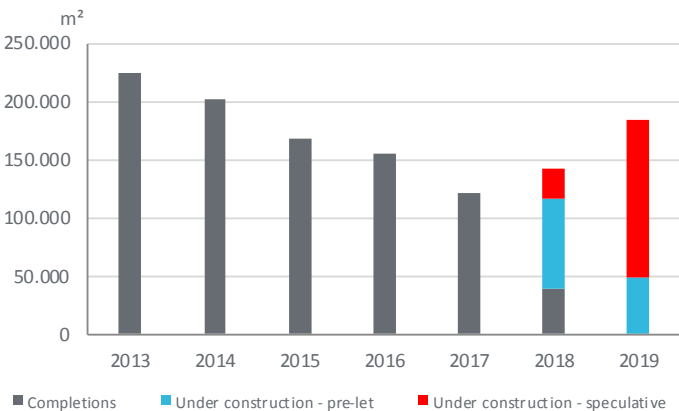
Take-Up by Size

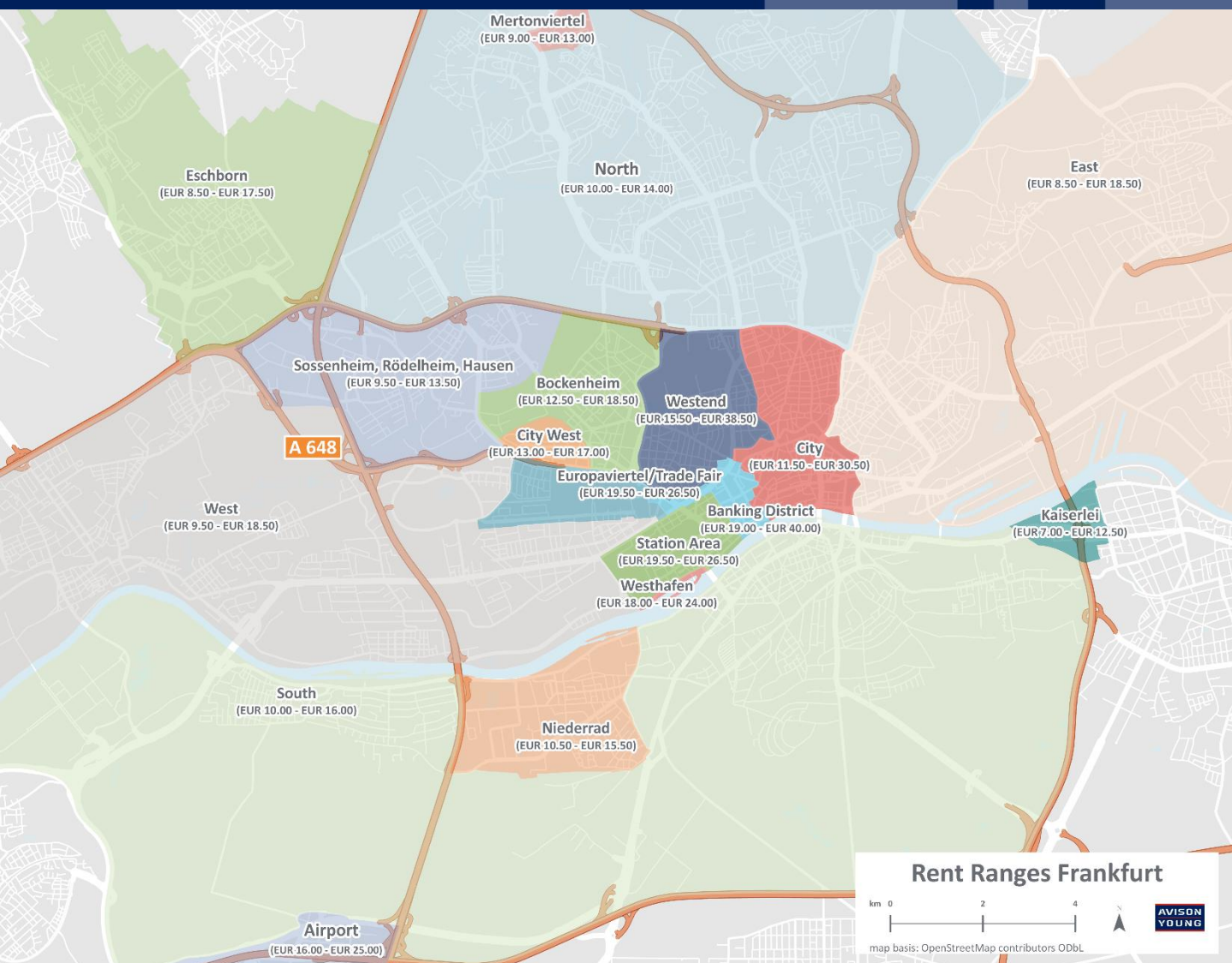
Apart from FAZ 25,000 sq.m office deal it was the strong leasing activity in the medium-sized segment that was responsible for the very good first quarter result. However, take-up was also vivid in the size segment below 1,000 sq.m. Their market share was at 22% in the first three months of the year. These numbers give proof for a strong and diversified base which will be fundamental for future growth.

Office Submarket	Company	Letting Area approx. in sq.m
Europaviertel/ Trade Fair	Frankfurter Allgemeine Zeitung (FAZ)	25,000
Banking District	Bethmann Bank	8,000
Banking District	FM Global	6,600
West	Jobcenter Frankfurt	5,000
East	Crytek	4,400
Westend	Deutsche Bahn	4,100

Completion Volume

Backed by high office take-up and in the lee of Brexit, construction activity rose by 72% since Q1 2017. Currently some 481,000 sq.m is under construction. Thereof 142,000 sq.m is expected to be completed until year end 2018. Office completion amounted to 39,500 sq.m in the first quarter of the year.





Outlook

- The outlook for Frankfurt's office market is favourable in spring 2018. The overall economic performance is promising, the economy is moving on a growth path and a noticeable rise in office demand has lately been recorded. For the months ahead we expect a dynamic office market and an annual letting volume above the long-term average.
- Office vacancy is forecast to continue its downward trend. Also in Frankfurt has the volume of high quality vacant office space decreased considerably – most of all in the CBD and in the large scale segment. This market trend will continue in the near future.
- In the lee of high take-up and decreasing vacancy, rents will remain under upward pressure. In selected areas of the market the rise in rent levels has already been recorded in Q1.

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

Avison Young - Germany GmbH

Neue Mainzer Straße 28
60311 Frankfurt am Main

Inga Schwarz Head of Research Germany
Tel: +49 40 360 360 41 | inga.schwarz@avisonyoung.com

Michael Horn Head of Occupier Solution Germany
Tel: +49 69 962 443 113 | michael.horn@avisonyoung.com

Najia Aarab Head of Office Leasing Frankfurt
Tel: +49 69 962 443 104 | najia.aarab@avisonyoung.com



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