OFFICE LEASING Q1 2018
FRANKFURT

KEY FACTS

[Change year-on-year]

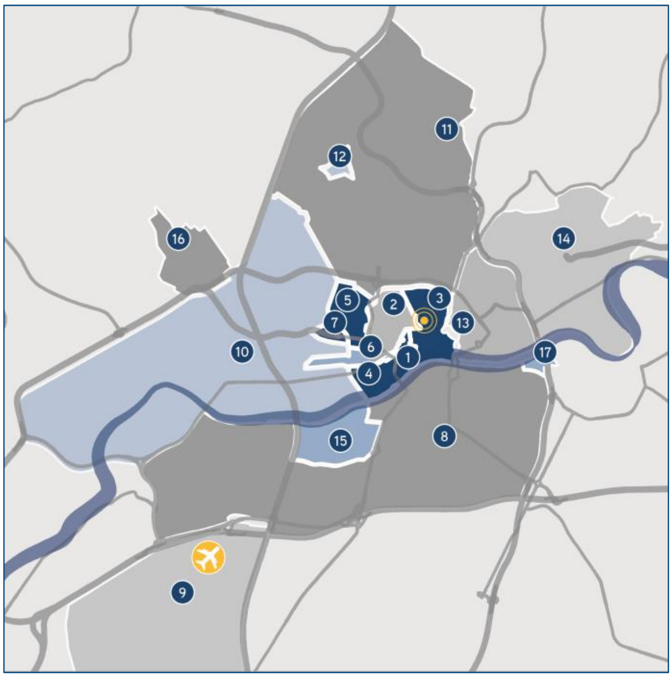
Take-Up of Space **[29.5%]**
159,600 sq m
Leasing Performance **[29.5%]**
157,900 sq m

Vacancy **[-18.5%]**
1,024,800 sq m
Vacancy Rate **[-210 bp]**
8.9%

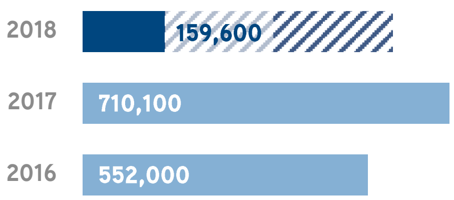
Prime Rent **[9.3%]**
41.00 € per sq m/month
Average Rent **[7.0%]**
20.00 € per sq m/month

Outlook 2018
Demand ↗ Vacancy ↘ Ø Rent ↗

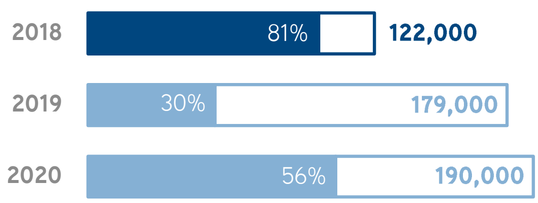
SUBMARKETS



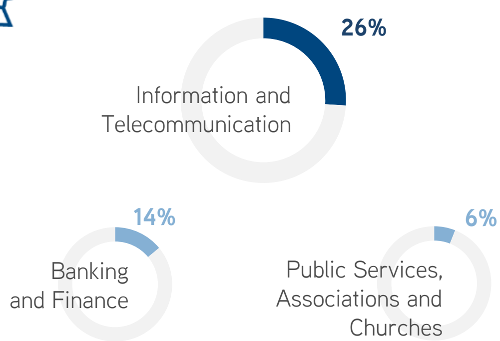
TAKE-UP OF SPACE (sq m)



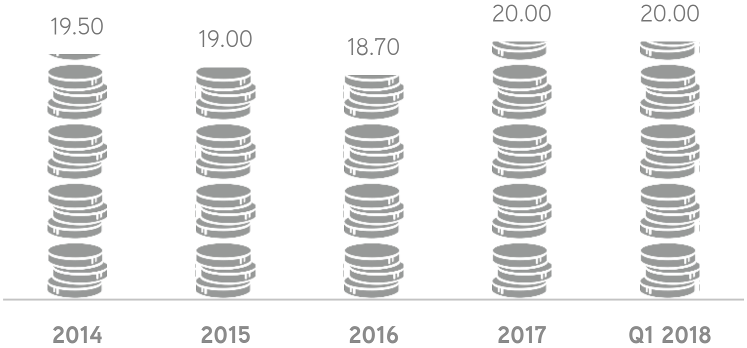
COMPLETION VOLUME (sq m, pre-let in %)



TOP 3 INDUSTRIES



AVERAGE RENT (in € per sq m/month)



MARKET AT A GLANCE

Thanks to the broad activity in all sectors and size segments, take-up on the Frankfurt office leasing market summed up to approx. 159,600 sq m, an increase of almost 30% yoy. A number of major deals, including the lease of 24,000 sq m by Frankfurter Allgemeine Zeitung in Europaviertel and an above-average number of leases in the segment of up to 1,000 sq m, illustrate the pressure of demand that extends across almost all submarkets.

As a result of above-average market activity, vacancy reduction continues. By the end of the first quarter, only just over 1.0 million sq m were available, which corresponds to a decline of more than 50% compared to the peak in 2010.
Due to the solid economic situation, a high demand for office space in the Rhine-Main-region is to be expected by the end of the year, so that an above-average result can be expected for the leasing market.

INVESTMENT Q1 2018
FRANKFURT

KEY FACTS
[Change year-on-year]

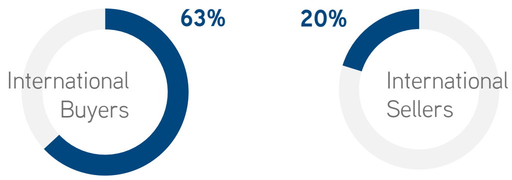
Transaction Volume **[+196.9%]**
€ 1.43 bn
Most Important Property Type
Office (€ 1.15 bn)

Prime Yield Office **[-80 bp]**
3.30%
Largest Buyer Group
Asset / Fund Managers

Outlook 2018
Transaction Volume ↗ Prime Yield →

TRANSACTION VOLUME (TAV, bn €)

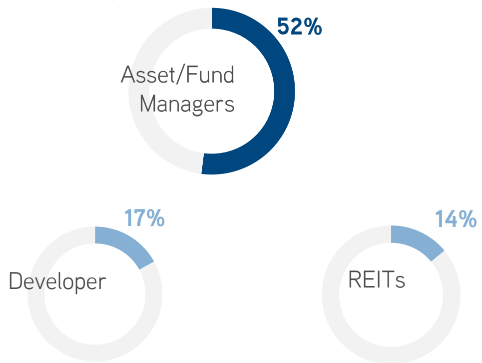
ORIGIN OF CAPITAL (TAV in %)



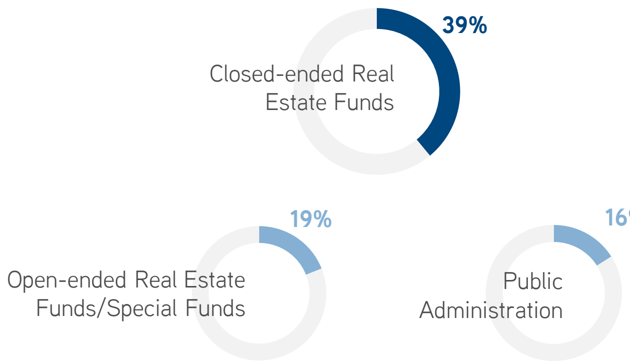
IMPORTANT PROPERTY TYPES (by TAV, Prime Yield)

Office	Retail	Logistics	Hotel
81%	-	-	1%
3.3%	2.8%	4.65%	4.6%

TOP 3 BUYER GROUPS (TAV in %)



TOP 3 SELLER GROUPS (TAV in %)



MARKET AT A GLANCE

With an above-average transaction volume of almost € 1.4 bn, the positive market sentiment of the previous year at the investment market continued in the first quarter of 2018. In comparison to the same period of the previous year, results were almost three times higher. Particularly megadeals such as the sale of the "Behördenzentrum" for around € 500 m had a major impact on the market. The office asset class continued to be very popular with investors, accounting for around 81% of the volume.

Due to the high price level, especially in coveted prime locations, numerous investors are increasingly examining products in other urban districts and the periphery. As a result of this development, yields on products outside of prime locations have recently fallen considerably.
The continued favorable interest rate environment continues to drive numerous investors into the real estate asset class. Frankfurt is currently also benefiting from the high demand on the leasing market, so that a high activity can also be expected on the investment market in the further course of the year.

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