G&B Real Estate Market Survey

Commercial | Office letting

2023/Q1–Q4

Berlin

Photo: © Grossmann & Berger GmbH

No end-of-year rally – final quarter likewise lacks large-volume agreements

At the end of the year the limited number of large-volume rental agreements for office space in Berlin was still visible in the results. Once again, take-up fell year on year, dropping by 38%. At the close of the year, only 14 new agreements had been signed for office suites sized 5,000 m² or more, totalling some 125,300 m²; a year ago the figure was 25 for a total volume of about 288,300 m².

Most activity was concentrated in Mitte 1a, Mitte and Kreuzberg districts. These three accounted for some 27% of total take-up. An ongoing shortage of space in the top locations diverted attention to the adjoining City locations and peripheral areas.

Rents remain high

When looking for office space, companies were increasingly quality-conscious. The highest rents were paid for properties on Potsdamer Platz/Leipziger Platz at well over €50/m²/month. Altogether, 218,000 m² of space was newly let at rents above the €30/m² mark.

Appreciable increase in available space

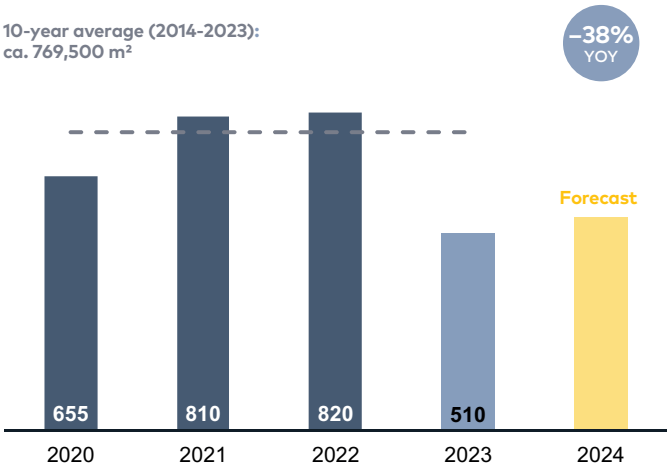
The range of office space in the German capital available at short notice was appreciably greater by the end of the year. A growing number of sub-let leases, expiring rental agreements and building completions combined to push the vacancy rate back above 5 per cent for the first time in ten years.

Antje Helmer | Head of office letting Berlin

>> Demand for top quality space in central locations and prime properties remain high. Tenants are requiring better and better quality; and indeed, quality comes before quantity. Over 60 per cent of take-up related to offices in new-builds. Nevertheless we have to admit that the office-letting market in Berlin has entered a new type of normal; in the next few years take-up figures of 800,000 square metres and more could well be a thing of the past. <<

Take-up of space

2020–2024 | Berlin | in 000s m² | incl. owner-occupiers



Source: Grossmann & Berger GmbH

GERMAN PROPERTY PARTNERS

Office letting

Berlin | Key Facts

2023/Q1–Q4

TOP 5

Top contracts

2023/Q1–Q4 | Berlin | Selection

1 | Boston Consulting Group | ca. 19.600 m²
AP15 | Am Postbahnhof 15 | Mediaspree

2 | BIMA for BKA | ca. 19.500 m²
Evolve | Eisenstrasse 87 – 96 | Peripherie-Ost

3 | Jobcenter Marzahn Hellersdorf | ca. 12,800 m²
Märkische Allee 171 & 173 | Peripherie-Ost

4 | Berlinovo | ca. 9.900 m²
Linkstrasse 10 | Potsdamer-/Leipziger Platz

5 | Universal Music GmbH | ca. 8,500 m²
Mühlenstrasse 2A | Friedrichshain

Highest-turnover sectors

2023/Q1–Q4 | Berlin | Take-up of space by industry

Top-5-Industries
Take-up of space
year-on-year change

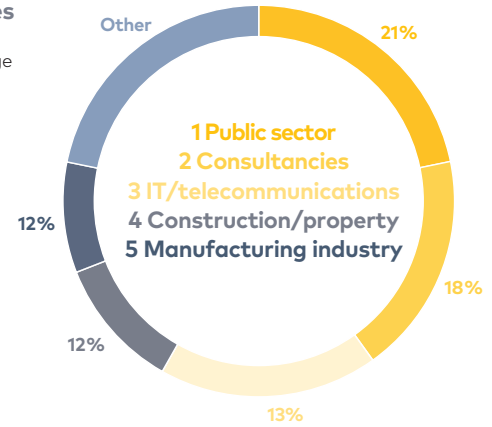
1 | 110,300 m²
–40%

2 | 93,000 m²
+26%

3 | 91,800 m²
-30%

4 | 55,100 m²
–43%

5 | 46,300 m²
–51%



Source: Grossmann & Berger GmbH

Market outlook | Office

Ongoing focus on top quality space in central locations

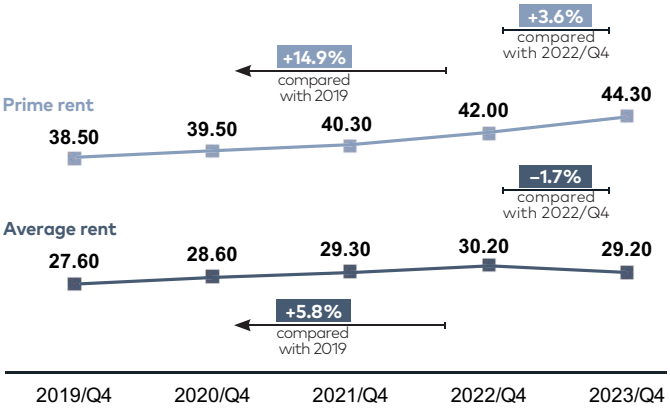
Take-Up of space: Caution will also prevail at the start of 2024. Over the course of the year it is unlikely that many agreements will be signed for more than 10,000 m² of space, meaning that the final result for 2024 will probably be no more than 600,000 m².

Rents: Demand remains high for top-quality space conforming to ESG criteria and located in central areas. Rents are therefore set to remain steady at their current high levels, the premium rent could even see a modest increase.

Available space: The building development pipeline is well filled. By the end of 2024 it is expected that 725,000 m² of new office space will come onto the market, more than half of which has been let off plan.

Office rents

2019–2023/Q4 | Berlin | in €/m²/mth (net)



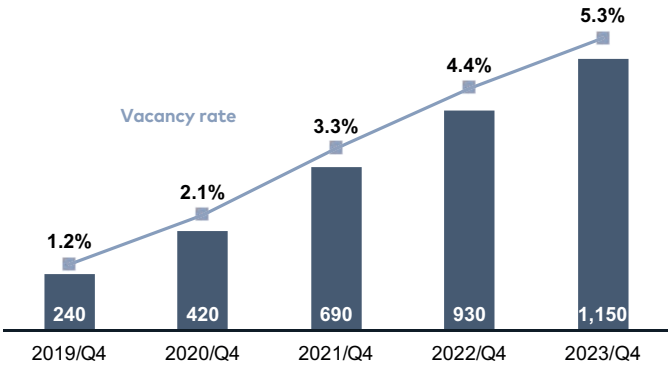
Source: Grossmann & Berger GmbH

Vacant space

2019–2023/Q4 | Berlin | in 000s m²

Vacant space
includes all office space that is available within three months

+23.7%
year-on-year change

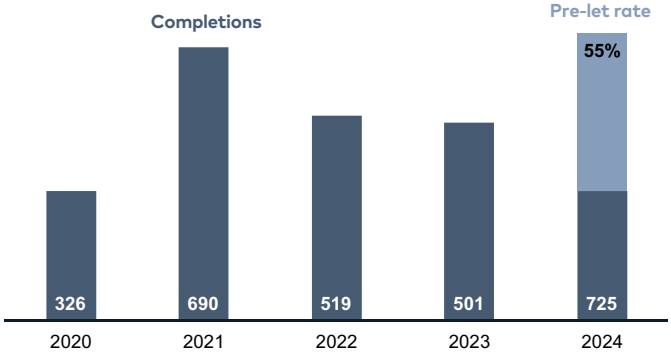


Source: Grossmann & Berger GmbH

Completions

2020–2024 | Berlin | in 000s m²

75
Projects
2023/2024

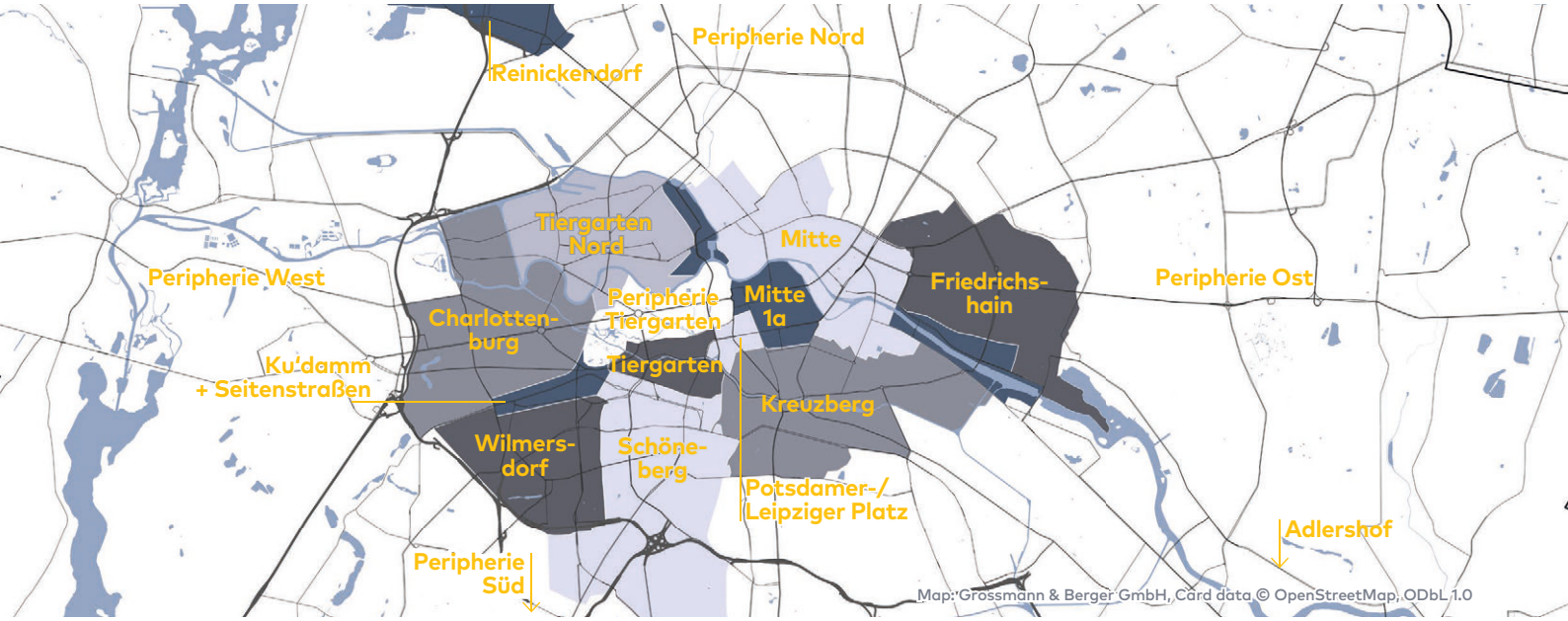


Source: Grossmann & Berger GmbH

Office letting

Berlin | Office sub-markets

2023/Q1–Q4



Hot Spots

2023/Q1–4 | Berlin | distribution of space take-up

Top-5-Sub-markets
Take-up of space
year-on-year change

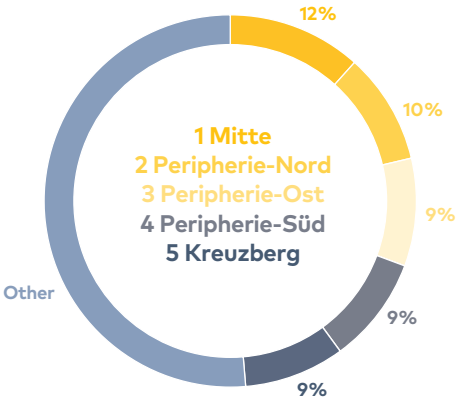
1 | 59,000 m²
–60%

2 | 49,000 m²
–16%

3 | 47,500 m²
+163%

4 | 47,000 m²
–53%

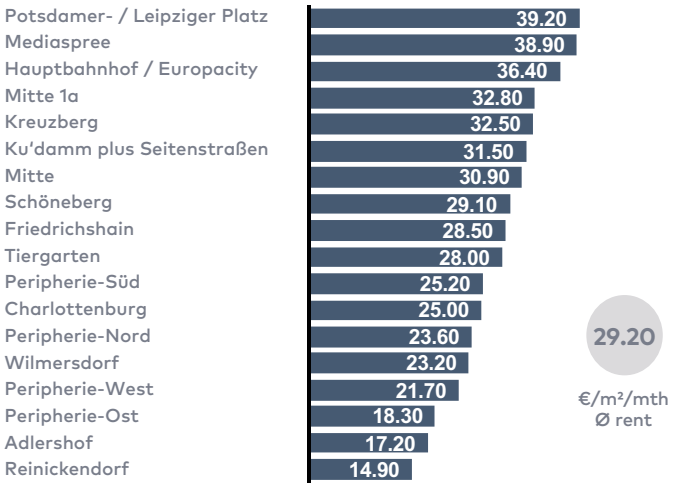
5 | 44,300 m²
–24%



Source: Grossmann & Berger GmbH

Rent level

2023/Q4 | Berlin | Ø Office rents | in €/m²/mth (net)



Source: Grossmann & Berger GmbH

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