

# MARKETBEAT OFFICE SNAPSHOT



## FRANKFURT

A Cushman & Wakefield Research Publication

Q1 2015



### OVERVIEW

Frankfurt am Main, Germany's most important centre of banking and finance and the location of the HQ of the European Central Bank (ECB), currently has some 701,000 inhabitants. The city is also the heart of the economically

strong Rhine-Main region. According to the local chamber of commerce, the region's economy began 2015 vigorously and entrepreneurs are optimistic. The chamber of commerce's business sentiment index improved by two percentage points and currently stands at 124 points. The city's unemployment rate is currently at 7.1% (Ø Germany: 6.8%).

### OCCUPIER FOCUS

The Frankfurt office market had a solid start to the year. In Q1 take-up amounted to some 88,000m<sup>2</sup>, including a 32,000m<sup>2</sup> owner-occupier deal. Thus, take-up is at the same level as in the same quarter last year (86,000m<sup>2</sup>) and the long-term mean. The five-year average was surpassed by 3.2% and the ten-year average equalled (+0.3%).

### VACANCY AND PROJECTS

The trend of decreasing vacancy has continued into spring 2015. Currently some 1.32 million m<sup>2</sup> of the total stock of 12.15 million m<sup>2</sup> is available for immediate entry. This implies a vacancy rate of 10.9% (Q1 2014: 11.9%). The combination of solid take-up and a considerable amount of office space removed from the market for demolition, refurbishment or conversion purposes (Q1: 122,000m<sup>2</sup>) has supported this trend. In Q1 some 27,900m<sup>2</sup> was completed, some 201,000m<sup>2</sup> is under construction.

### RENTS

Prime rents have again remained static at some EUR 37.00 per m<sup>2</sup>/month. In the months to come, prime rents are expected to move laterally.

### INVESTMENT FOCUS

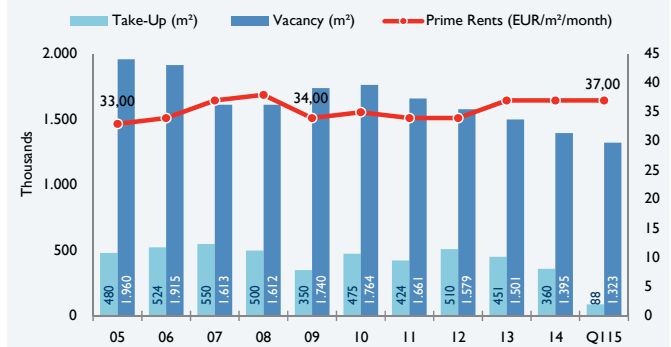
Frankfurt's investment market had a very strong start to the year. Some EUR 1.11 billion was invested. Accordingly, last year's strong Q1 result was surpassed by 39% making it the highest Q1 volume ever recorded. Prime rents are at 4.50%.

### IMPORTANT TRANSACTIONS

Deutsche Vermögensberatung (DVAG) purchased Windmühlstraße 14 in the station area submarket. After the asset's refurbishment, DVAG will use some 32,000m<sup>2</sup> as its HQ.

Klinik am Opernplatz signed a 4,200m<sup>2</sup> office lease for space in Opernplatz 14, in the City submarket.

### OFFICE MARKET FRANKFURT



### RENTS FOR OFFICE SPACE

SUBMARKET	EUR/m <sup>2</sup> /month
Banking District	17.00 – 37.00
Westend	16.50 – 34.00
City	13.00 – 34.00
Europaviertel/Exhibition Centre	16.00 – 30.00
Westhafen	17.00 – 27.00
Airport	16.00 – 29.00
Station Area	8.00 – 18.50
Sachsenhausen	12.00 – 20.00
City West	11.00 – 22.00
Niederrad	8.50 – 15.50
West	8.50 – 16.00
Rödelheim/Hausen	7.00 – 13.50
Mertonviertel	8.50 – 13.50
East	12.00 – 15.00
North	11.00 – 15.00
Eschborn	8.00 – 16.00
Kaiserlei	8.00 – 14.50

### LOCAL MARKET OUTLOOK

PRIME RENTS	▶
PRIME YIELDS	▶
SUPPLY	▶
DEMAND	▶

Source: Cushman & Wakefield