



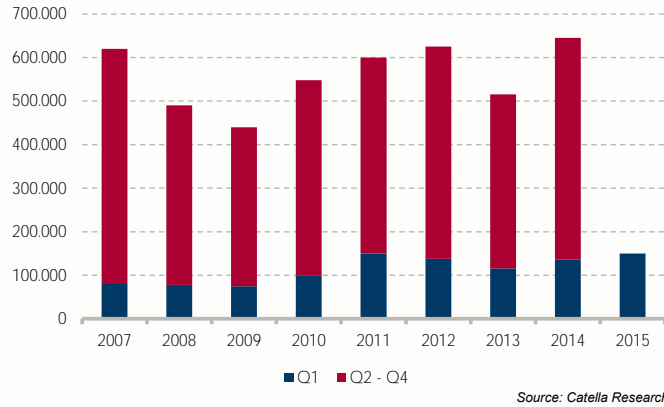
Office market report 2015 | Q1

Berlin

Berlin office market with strong start to the new year

Due to strong demand, particularly in the City district, the German capital posted a strong quarterly result. Large-scale leases also posted rising take-up. Prime rents were unchanged to the end of 2014.

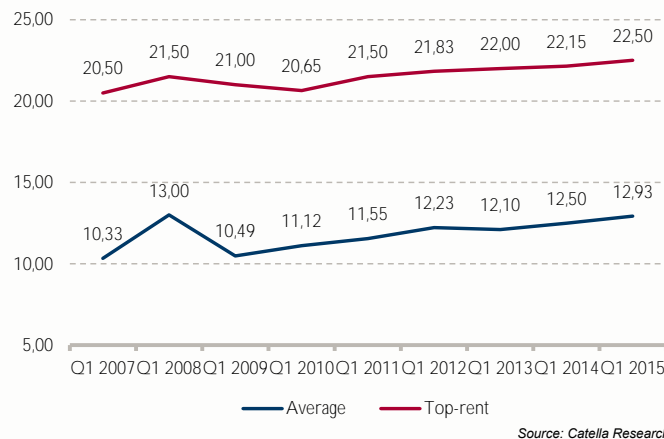
Take-up in square metres



In the first quarter, the German capital posted impressive take-up of 150,000 square metres, repeating the strong result to the end of 2014. At the beginning of the year, take-up was 11% higher than the previous year. Particularly large-scale leases over 5,000 square metres posted strong growth, with the number of lease agreements remaining steady.

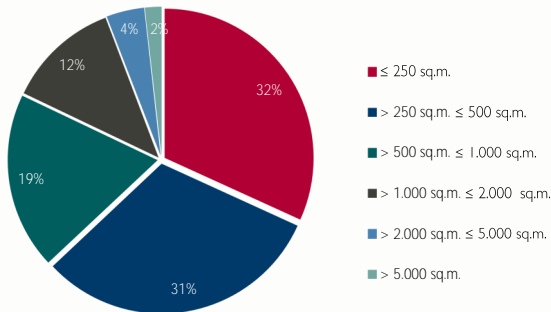
In the Berlin office market, the highest demand for space comes from the City district. With a total of 147 lease contracts registered, the number was up by 28 on the previous year. As in the previous year, City Periphery was the region with the most lease contracts. With take-up of 59,520 square metres, it posted a strong upturn of 67%. On the basis of almost the same number of lease contracts, City-West almost doubled lease take-up to 38,230 square metres. This was driven primarily by a higher number of contracts concluded for space over 1,000 square metres. The City East region enjoyed a dynamic development of demand in the small-scale size segment (< 500 square metres). For the first time since 2013, the demand shift in the outlying Berlin districts posted a downturn overall in terms of both take-up and demand.

Rent prices trend in €/square metre



The price level on the Berlin market continued to post a positive trend, with prime rents being unchanged to the end of 2014 at € 22.50 / square metre. The weighted average rent also increased to the current level of € 12.93 / square metre due particularly to numerous leases above 1,000 square metres. The figure is thus up 3% on the previous year. The successful upturn was driven primarily by ongoing high demand for high-quality office space in the Berlin City district.

Lease agreements by size category



Source: Catella Research

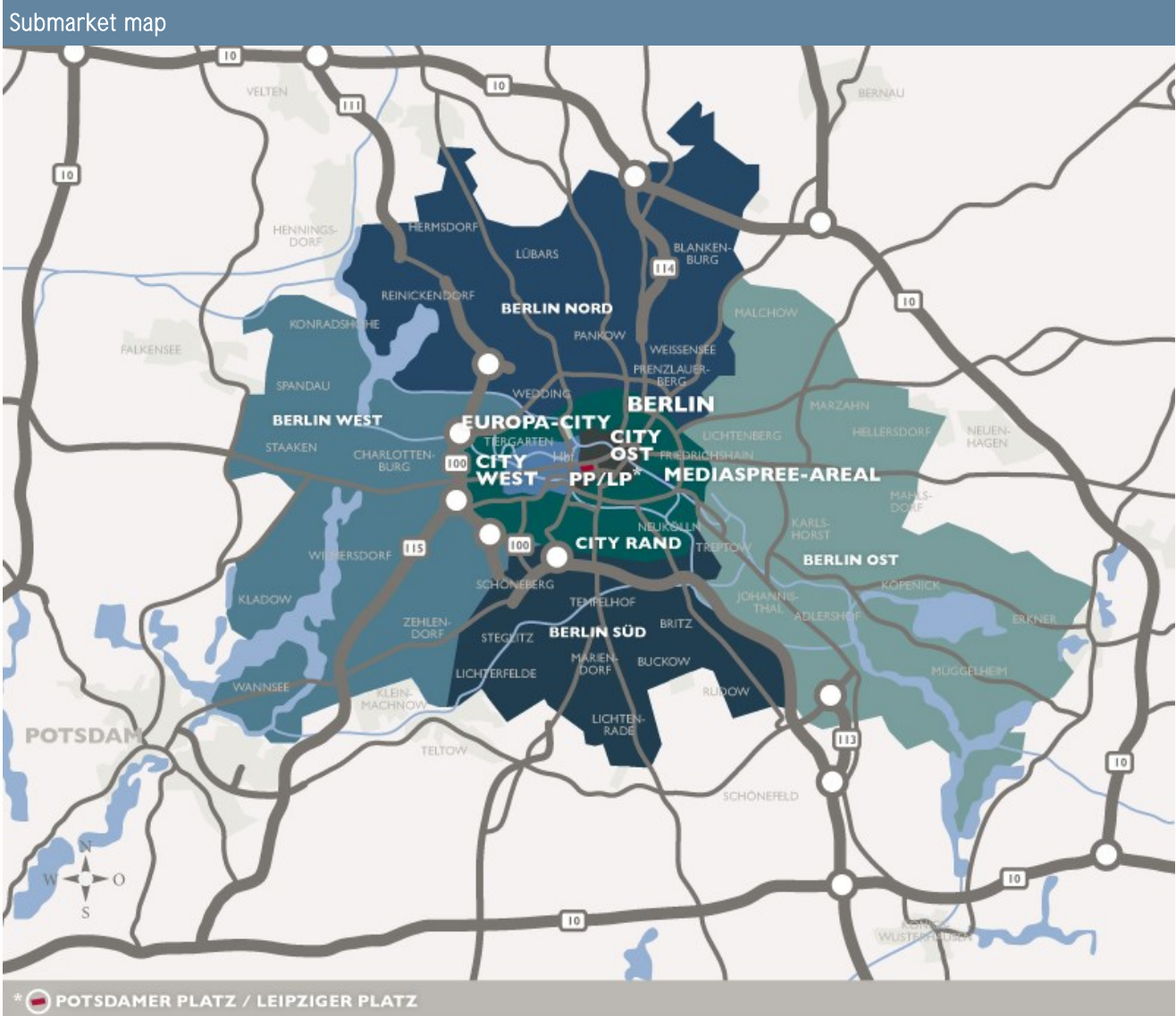
In terms of the number of lease agreements, almost all size categories were impacted by higher demand. Thus the small-scale space segment up to 500 square metres remained the one with the highest demand on the Berlin market. Here 63% of all registered lease agreements were recorded. The total of 109 lease agreements was 19 up on the first quarter of 2014. On the other hand, a slight downturn in demand was posted for the size category between 501 and 1,000 square metres. The number of contracts thus declined

from 33 after 38 in the first quarter of 2014. Due to attractive lease space in good locations, the majority of these contracts were concentrated in the area of City East and City Periphery. There was also a slight downturn in lease contracts in the size category between 1,001 and 5,000 square metres. On the other hand, the number of large-scale agreements higher than 5,000 at the beginning of 2015 was pleasing. With a total of three lease agreements, the figure is at the level of the previous year. However, what is striking is the considerable rise in the take-up to 37,170 square metres, up 31% year on year. Particularly worthy of mention here is the Rocket Internet lease with 22,000 square metres in Charlottenstraße, by far the largest contract in the first quarter.

The vacancy rate calculated by Catella Research is currently 5.2% and has decreased further against the comparative previous-year period. Thus the ongoing trend to reducing vacancy levels is continuing in the national capital. With total office space of 18,763,650 square metres, only 979,680 square metres are available for lease.

Conclusion

The Berlin office market posted a strong start to the new year, with a stable performance and increasing take-up is almost all size categories. There was a strong upturn, particularly in the size category above 5,000 square metres. There was increasing take-up primarily across the entire City district. The main reason for this was lower take-up in the Berliner Periphery districts. In comparison to the same period of the previous year, no large-scale lease agreements were reported here. What is also positive is brisk demand for high-quality office space in the City district, which has continued to push up the price level. For the rest of the year, higher take-up is anticipated, especially in the size category between 1,001 and 5,000 square metres. To the end of the year, Catella Research is expecting stable demand and is forecasting office space take-up of at least 575,000 square metres.



Submarket	Ø rent €/sq.m. / comp. Q1 2014	Top rent €/sq.m. / comp. Q1 2014	Take-up sq.m. / comp. Q1 2014
Leipziger-/Potsdamer Platz	19.50 ↑	25.60 →	980 ↓
City Ost	15.07 →	23.00 ↓	28,400 ↓
City West	12.56 ↓	19.60 ↑	38,230 ↑
City Rand	12.12 →	18.50 ↑	59,520 ↑
Berlin Nord	7.56 →	8.50 ↓	4,500 ↓
Berlin Ost	11.36 ↑	12.50 ↑	6,070 ↑
Berlin Süd	7.67 ↓	12.00 ↓	5,610 ↓
Berlin West	6.30 →	12.00 ↑	6,100 ↑

Source: Catella Research



Neues Kranzler Eck
Kurfürstendamm 21
10719 Berlin

Hofgarten Palais
Bleichstraße 8-10
40211 Düsseldorf

Mainzer Landstraße 46
60325 Frankfurt am Main

Neuer Wall 39
20354 Hamburg

Karolinen Karree
Karlstraße 14
80333 Munich

Contact:
Catella Property GmbH
+49 (0)211 527 00-0
info@catella.de
www.catella.de

Catella Research:
Dr. Thomas Beyerle
Andreas Slupik
research@catella.de

© Catella Property GmbH
April 2015