

Q3 2023

Office space take-up in Berlin amounted to 424,300 sq m, a decrease of 28.5% compared to the previous year. The vacancy rate continued to rise albeit only slightly, as did the rent level.

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Subdued start to the second half of the year in the Berlin office market

► The Berlin office market performed stronger in the third quarter than in the two previous quarters, but a trend reversal was not heralded. Take-up remains significantly below previous years.

After three quarters, take-up in 2023 totalled 424,300 sq m, a decline of 28.5% on the previous year. The 3rd quarter accounted for 173,200 sq m. It is thus the strongest quarterly result this year, but compared to Q3 2022 it remains 25.8 % behind.

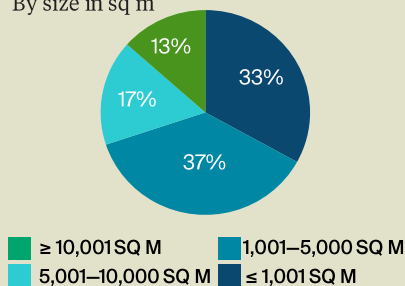
In general, the lack of large deals is affecting overall take-up, with only three deals above 10,000 sq m recorded to date. On the other hand, the space-size segment of 5,000-10,000 sq m is the only one to have experienced growth, an increase of around 6 %.

Overall, the number of leases signed during the last nine months dropped by 26% compared to 2022.

The public sector, which has a strong influence on the Berlin office space market, once again provided support

Take-up

By size in sq m



Source: Knight Frank Berlin GmbH

here; with a contribution of 18% of the overall take-up volume.

VACANCY AND RENTS

The vacancy rate rose by around 41% over the course of the year and is gradually moving towards the 1 million sq m mark. This is due to a com-

Indicators (Q1-Q3 2023)

Take-up in sq m

424,300

Completion in sq m

376,600

Vacancy in sq m

893,600

Stock in sq m million

21.5

Vacancy rate in %

4.2

Prime rent in €/sq m/month

44.50

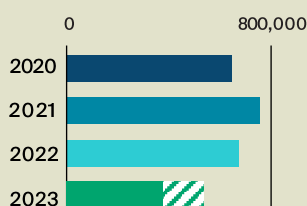
Average rent in €/sq m/month

28.70

bination of lower market activity, continually high completion figures and increased sublet space including high-quality new build space. The vacancy rate increased by 30 bps

Take-up

In sq m



Source: Knight Frank Berlin GmbH

Rental Range by Submarket

In €/sq m/month

Ku'damm 1A	24.00 - 43.00
Charlottenburg	18.00 - 35.00
Schöneberg/Wilmersdorf	19.00 - 34.00
Tiergarten	21.00 - 34.00
Wedding/Moabit	15.50 - 30.00
Siemensstadt	15.00 - 28.00
Europacity	27.00 - 36.00
Mitte	20.00 - 41.00
Prenzlauer Berg	18.00 - 38.00
Hackescher Markt	25.00 - 43.50
Potsdamer Pl./Leipziger Pl.	28.00 - 45.00
Gendarmenmarkt	26.00 - 40.00
Presseviertel	23.00 - 37.50
Mediaspree	25.00 - 37.50
Kreuzkölln	20.50 - 34.50
Friedrichshain	22.00 - 31.50
Südkreuz	24.00 - 30.00
Adlershof	14.00 - 21.00
Schönefeld	12.50 - 19.00
Peripherie West	12.00 - 25.00
Peripherie North	12.00 - 25.00
Peripherie East	11.00 - 25.00
Peripherie South	12.00 - 28.00

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Research enquiries

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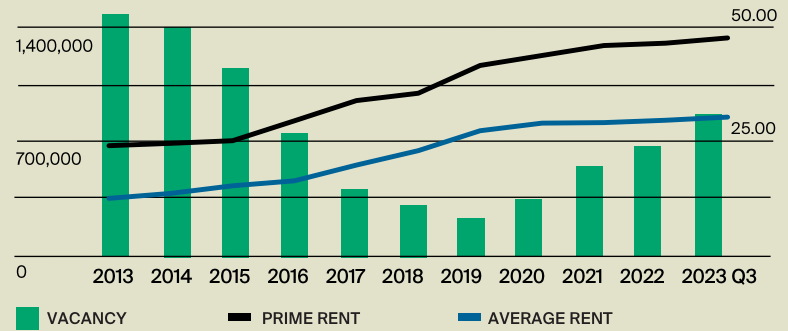
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¹ <https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2023/11/04-herbstprojektion.html>

Vacancy vs. Prime and Average Rent

In sq m; in €/sq m/month



Source: Knight Frank Berlin GmbH

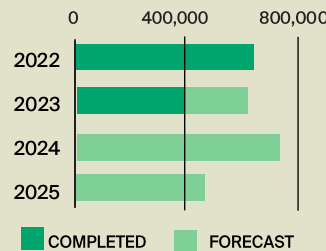
and stood at 4.2 % at the end of September.

The achievable prime rent rose by €0.50 in the third quarter and stands at €44.50/sq m/month, a

plus of 3.4% y-o-y. The weighted average rent was able to rise by another €0.30 to € 28.70/sq m on the basis of many transactions in the high-priced segment, but fell by €0.10 compared to Q3 2022.

Completion

In sq m (under construction and planned)



Source: Knight Frank Berlin GmbH

PROJECTS

As many projects have been launched in recent years, construction activity remains at a high level: around 1.3 million sq m of office space is under construction. In the first three quarters of 2023, approx. 376,600 sq m of office space was added to the market, 13% more than in the previous year.

With the growing availability of space, the options for potential users are expanding significantly. On the landlord side, the willingness to react more flexibly to the changing market situation is increasing.

BERLIN 2023 The Berlin office leasing market is facing a challenging end to the year. The dampened expectations for economic development – the German government has had to revise its GDP forecast to -1.3% for 2023¹ – will continue to weigh on the real estate market. Against this backdrop, not only occupiers but also owners are currently happy to renew where possible. The target for total annual

take-up is around 600,000 sq m.

The continuing slight increase in vacancies will relieve the pressure on occupiers with regard to the overall rent level. However, the supply of attractive and high-quality new construction space that is also ESG-compliant remains limited. High construction costs allow little leeway and so the prime rent continue to be under upward pressure.