

### MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>112,000</b> Take-up (cum.), m <sup>2</sup>	▼	▲
<b>9.7%</b> Vacancy Rate	▲	▲
<b>45.00</b> Prime Rent, €/m <sup>2</sup> /month	▬	▬

### LABOUR MARKET

	YOY Chg	12-Month Forecast
<b>861,600</b> Office Employees City of Berlin (Mar 2025)	▬	▬
<b>10.2%</b> Unemployment Rate City of Berlin (Mar 2025)	▲	▲

Sources:  
Moody's Analytics, Federal Employment Agency

### ECONOMIC OVERVIEW

The economic sentiment in Berlin was subdued at the beginning of 2025. The latest economic report from the IHK (Chamber of Industry and Commerce) indicates a persistent phase of economic weakness. While the service sector, relevant to the office market, remained relatively stable, business expectations in this area were also marked by skepticism. Companies increasingly cited structural factors such as the economic policy framework and high labor costs as the main obstacles to economic development. Nevertheless, Berlin's attractiveness, particularly for new talent, remains a positive factor. This is underscored by the high number of students, which stood at 200,527 in the 2024/25 winter semester, about a quarter of whom were from abroad.

### TAKE-UP

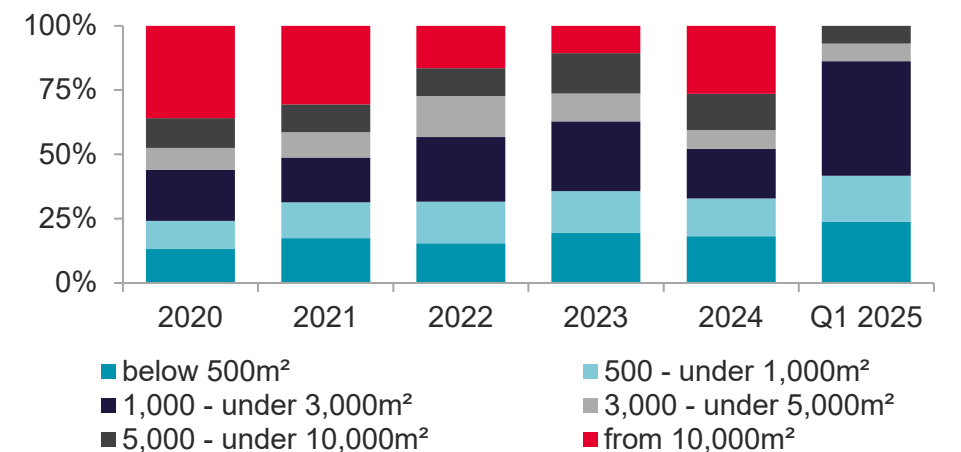
Office space take-up in Berlin amounted to 112,000m<sup>2</sup> in Q1 2025 – 12% below the previous quarter and 37% below the 5-year average. Of this total, 101,000m<sup>2</sup> were attributable to lettings and 11,000m<sup>2</sup> to owner-occupiers. The reason for the low take-up is the lack of large deals. The largest and only letting over 5,000m<sup>2</sup> was secured by the Jobcenter Marzahn-Hellersdorf for around 7,700m<sup>2</sup> in a new DIBAG development on Beilsteiner Strasse.

In contrast, the number of deals increased to 159 (Q4 2024: 149, Q1 2024: 141), but remained below the 5-year average (183). This indicates renewed momentum in the office letting market. For instance, the number of deals and the take-up volume in the medium size segment (1,000m<sup>2</sup> to 3,000m<sup>2</sup>) were about one-third above the 5-year average. The small segment below 500m<sup>2</sup> also showed positive development, with an 8% increase in take-up compared to the previous quarter and the previous year.

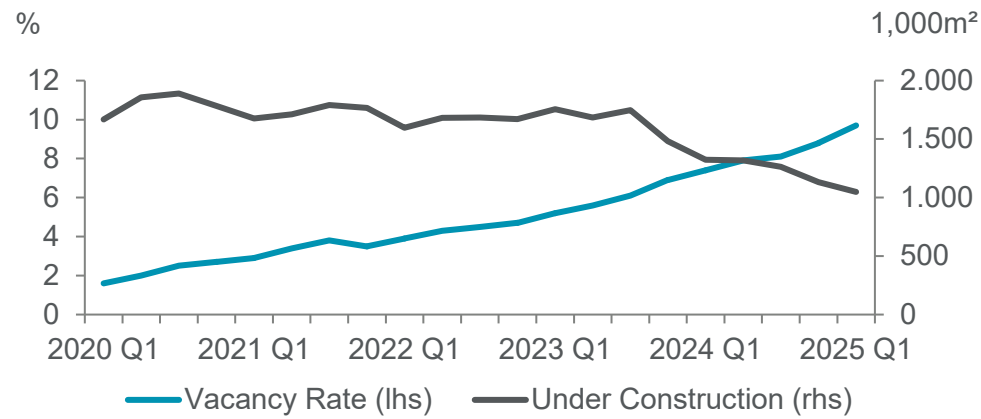
### TAKE-UP



### TAKE-UP BY SIZE CLASS



**VACANCY / UNDER CONSTRUCTION**



**VACANCY**

Vacancy, including subletting space, reached 2.08 million m<sup>2</sup> at the end of the first quarter, corresponding to a vacancy rate of 9.7%. Compared to the previous quarter alone, vacancy increased by over 200,000m<sup>2</sup>, and by over 500,000m<sup>2</sup> compared to the previous year. In Q1 2024, the rate was still 7.4%.

**COMPLETIONS**

In the first quarter, 84,000m<sup>2</sup> of new or core-refurbished office space was completed, 57% of which was occupied. Currently, only a few new development projects are starting construction. The construction volume is steadily decreasing and, at 1.05 million m<sup>2</sup> in Q1 2025, was around 40% or 700,000m<sup>2</sup> below the level of Q3 2023.

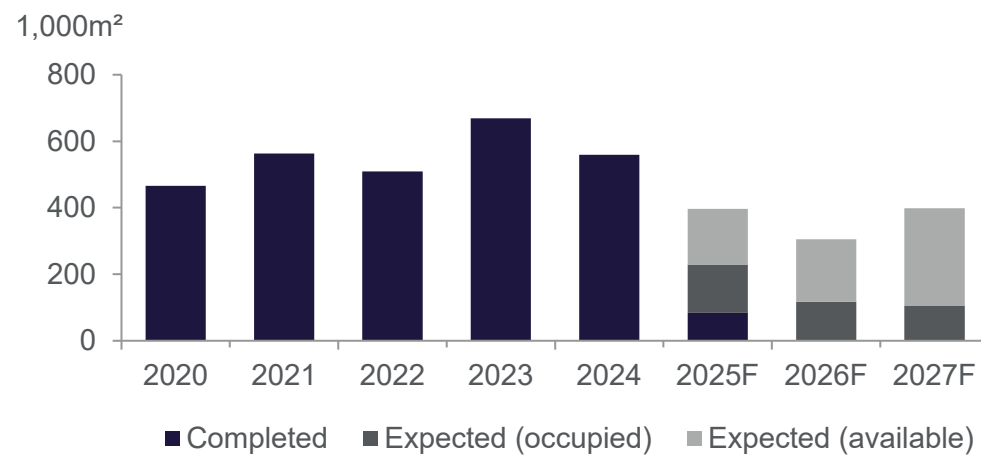
**RENTS**

The prime rent has remained stable at €45.00/m<sup>2</sup>/month since the end of 2023 and is expected to stay at this level until the end of the year. The weighted average rent fell by 80 cents compared to the previous quarter to €28.35/m<sup>2</sup>/month. For the past three years, it has fluctuated between just under €28.00/m<sup>2</sup> and over €29.00/m<sup>2</sup>. The availability of incentives continues to increase. Rent-free periods for a 5-year lease in Berlin's inner-city prime locations average 9.2%.

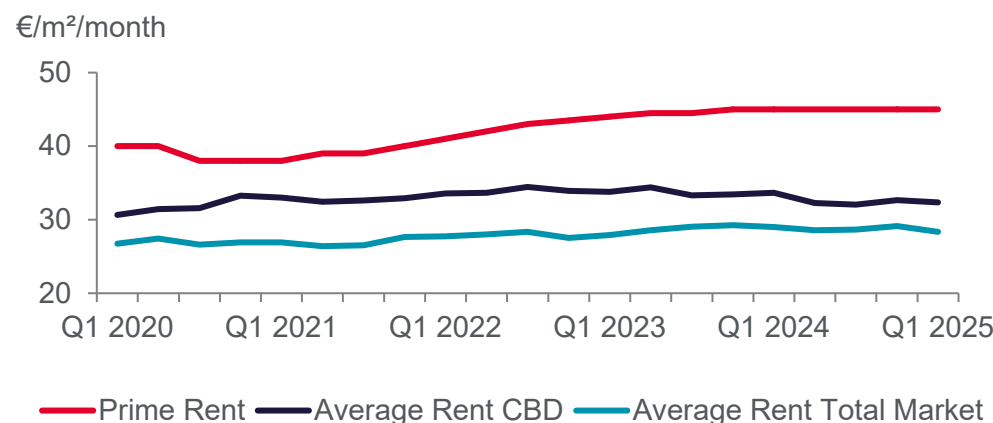
**OUTLOOK**

- The weak economy will dampen demand for office space this year. However, significant economic and employment growth is expected from 2026 onwards, which should positively impact take-up. At the same time, the potential for take-up will increase in the second half of the decade due to a larger volume of expiring leases.
- For 2025, a total completion volume of less than 400,000m<sup>2</sup> is anticipated. For 2026, this figure is projected to be only around 300,000m<sup>2</sup>.
- It is likely that the vacancy rate will rise to around 11% by the end of 2025.

**COMPLETIONS**



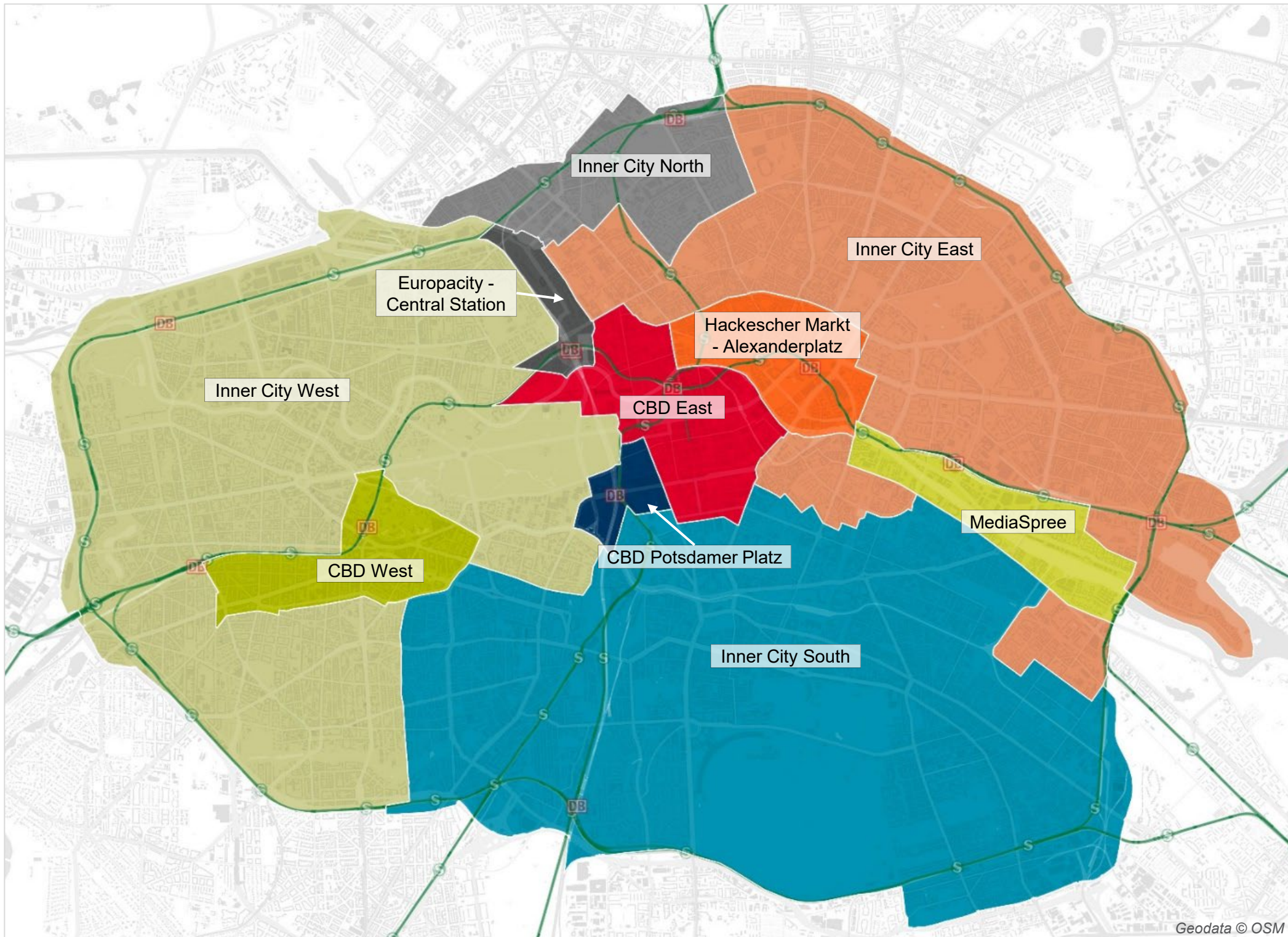
**RENTS**



**SELECTED DEVELOPMENT PROJECTS**

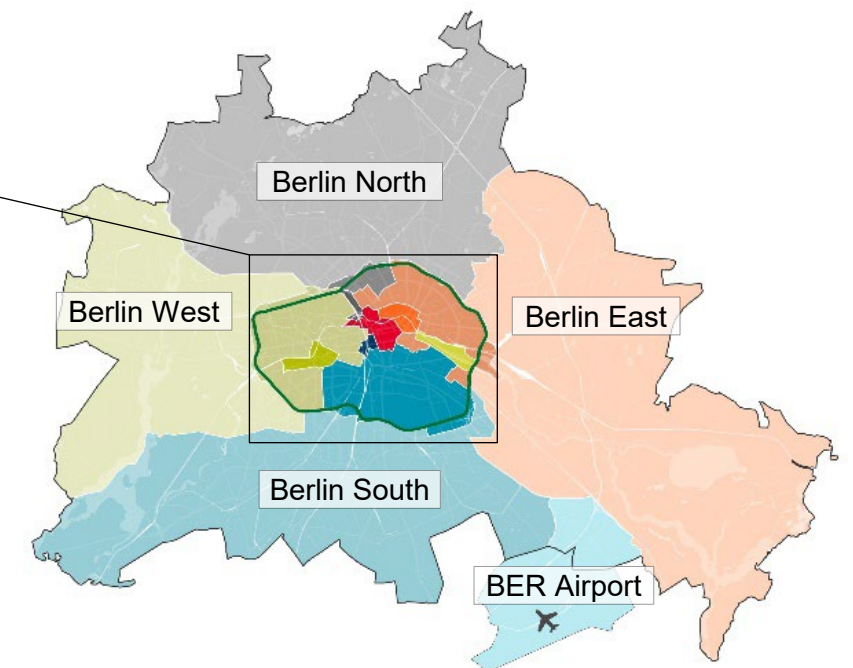
Property	Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
Sellersiebzehn	Inner City North	Completed	2025	22,200	UBM (Developer)
Huthmacher-Haus	CBD West	Under construction	2025	15,200	Bayerische Hausbau
EDGE Friedrichspark	MediaSpree	Under construction	2026	37,100	Edge / Allianz Real Estate
Urban Campus / ALX	Hackescher Markt – Alexanderplatz	Under construction	2027	26,700	Covivio

**SUBMARKET OVERVIEW**



**RENTAL PRICE RANGES Q1 2025**

Submarket	€/m <sup>2</sup> /month
CBD Potsdamer Platz	22.00 - 45.00
CBD East	20.00 - 45.00
CBD West	22.00 - 45.00
Hackescher Markt - Alexanderplatz	20.00 - 45.00
MediaSpree	20.00 - 39.00
Europacity – Central Station	24.00 - 39.00
Inner City East	17.00 - 40.00
Inner City South	16.00 - 37.00
Inner City West	16.00 - 35.00
Inner City North	14.00 - 29.00
Berlin East	8.00 - 25.00
Berlin South	10.50 - 25.00
Berlin West	8.50 - 25.00
Berlin North	8.00 - 25.00
BER Airport	12.50 - 20.00



MARKET STATISTICS REPORTING QUARTER

Selected Submarkets	Take-up YTD (m <sup>2</sup> )	Vacancy Rate (%)	Completions YTD (m <sup>2</sup> )	Under Construction (m <sup>2</sup> )	Average Rent (€/m <sup>2</sup> /month)
CBD Potsdamer Platz	2,500	11.1	0	5,700	39.20
CBD East	9,700	7.8	0	94,200	29.95
CBD West	5,900	11.3	0	95,400	33.80
MediaSpree	4,000	18.4	0	120,100	27.65
<b>Berlin Market</b>	<b>112,000</b>	<b>9.7</b>	<b>84,000</b>	<b>1,048,500</b>	<b>28.35</b>

EXPLANATION OF TERMS

**Take-up:** Office space that has been newly let, acquired by owner-occupiers or whose construction has been started for owner-occupation. This also includes subleases, interim leases and expansions. However, extensions do not count.

**Vacancies:** Office space that is unused on the reporting date, ready for marketing and available for occupation at short notice. This also includes sublet space offered on the market by a main tenant for a sublease with third parties.

**Vacancy rate:** Share of vacancies as percentage of total office stock.

**Completions:** Newly built or completely refurbished office space that was ready for occupation in the period under review or is ready for occupation in the short term. Space for which the tenant fit-out only begins once the tenant has been confirmed is considered completed.

**Space under construction:** Space in all new construction and core refurbishment projects that are in the development phase. This begins with the laying of the foundations.

**Prime rent:** The sustainably achievable prime rent is the nominal rent that can be expected for a high-quality space of at least 500 m<sup>2</sup> in the best submarket at the end of the period under review.

**Average rent:** Space-weighted average rent of all new lettings in the past twelve months.

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TOP 5 MARKETS



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