

# MARKETBEAT GERMANY: TOP 5 OFFICE MARKET Q1 2025



## MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>592,300</b> Take-up (cum.), m <sup>2</sup>	▲	▲
<b>8.6%</b> Vacancy Rate	▲	▲
<b>3.7%</b> Prime Rent Growth*	▲	▲
<b>2.8 mn</b> Under Construction, m <sup>2</sup>	▼	▼

## ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<b>-0.19%</b> Germany GDP Growth (Q1 2025 vs. Q1 2024)	▬	▲
<b>6.4%</b> Germany Unemployment Rate (Mar 2025)	▲	▲

\* Average annual change in the prime rent index  
Source: Moody's Analytics, Federal Employment Agency

## LARGE DEALS IN FRANKFURT SAVE TAKE-UP INTO THE PLUS

Around 593,000m<sup>2</sup> of office space was taken up on the Top 5 office markets in Q1 2025. This is 16% above the previous year's figure and 5% above the 5-year average for the first quarters. The office lettings market is affected by poor economic prospects, geopolitical uncertainties and concerns about a trade war. Occupiers are therefore reluctant to make long-term commitments. The issue of flexibility and costs is once again very much to the fore. Within the Top 5 markets, the letting result varies greatly: At the start of the year, Frankfurt more than doubled the previous year's figure (+107%), putting the Main metropolis in first place by some distance. Hamburg also saw an upturn in take-up (+38%), while Munich remained stable (-1%) and Berlin (-20%) and Düsseldorf (-35%) recorded declines. Three deals above the 30,000m<sup>2</sup> mark were registered in the quarter under review. These include Commerzbank's rental of 73,000m<sup>2</sup> in the "Central Business Tower" high-rise development in Frankfurt - the largest deal in the top 5 markets since mid-2022.

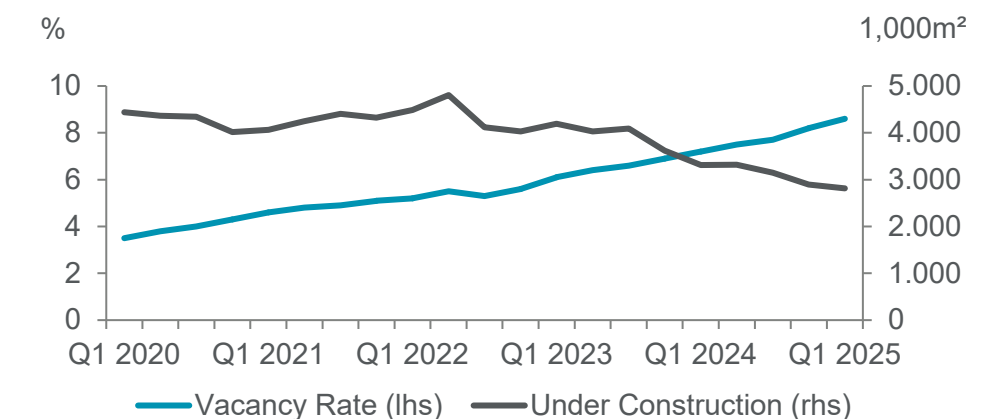
## VACANCY CONTINUES TO INCREASE

The office space vacancy rate in the Top 5 markets stood at 6.7 million m<sup>2</sup> at the end of Q1 2025. This corresponds to a vacancy rate of 8.6% and is 1.4 percentage points higher than twelve months ago. Among the Top 5 markets, Hamburg still has the lowest vacancy rate at 5.8%, while Frankfurt overtook Düsseldorf and now has the highest at 10.8%. In Q1 2025, 224,000m<sup>2</sup> of office space was completed. This marks a decline compared to the previous quarters and is a good third below the average of the last ten quarters. Almost three quarters of the completed space was let or occupied by owner-occupiers at the time of completion. Around 2.8 million m<sup>2</sup> of office space was under construction in the Top 5 markets at the end of March 2025, around half of which is still vacant.

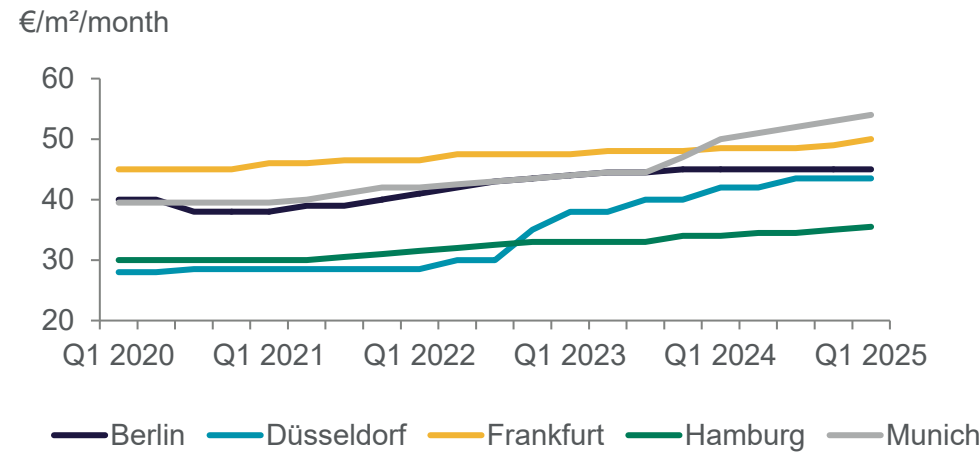
## TAKE-UP



## VACANCY / UNDER CONSTRUCTION



PRIME RENTS



PRIME RENTS CONTINUE TO RISE

With the exception of Berlin and Düsseldorf, prime rents continued to rise over the course of the quarter, by 1% on average in the Top 5 markets. Compared to the same quarter of the previous year, the increase was as high as 3.7%. During this period, Düsseldorf and Munich recorded the strongest increase with values between 8% and 9%. Average rents across the Top 5 markets rose by 2.2% compared to the same quarter of the previous year. However, there are significant differences between the markets. For example, the value in Düsseldorf fell by 10%, while in Frankfurt it grew by almost 20% on the basis of high-priced transactions.

OUTLOOK

- Take-up of 2.3 million m<sup>2</sup> is expected for 2025 as a whole, which equates to an increase of 8% compared to 2024.
- The vacancy rate is expected to rise towards 9% by the end of 2025.
- From today's perspective, completions of just under one million m<sup>2</sup> are expected for 2026.
- Prime rents will continue to rise in the coming years.

SELECTED TAKE-UP TRANSACTIONS Q1 2025

Property	Address	Market	Submarket	Tenant	m <sup>2</sup>	Type
Central Business Tower	Neue Mainzer Straße 57-59	Frankfurt	Banking District	Commerzbank	73,000	Pre-let
PANDION OFFICE-HOME BEAT	Anzinger Straße 23-29	Munich	Inner City East	Siemens	33,000	Pre-let
HPQ-ANQR	Hanauer Landstraße 102	Frankfurt	Ostend	ING	32,000	Pre-let
Neues Bruckmann Quartier	Nymphenburger Straße 84-86	Munich	Inner City West	Thüga	14,000	Pre-let
AJOUR Impuls Kontor	Mönckebergstraße 3	Hamburg	Inner City	Hamburg Commercial Bank	13,300	Pre-let

MARKET STATISTICS

Market	Stock (m <sup>2</sup> )	Vacancy (m <sup>2</sup> )	Vacancy Rate (%)	Take-up YTD (m <sup>2</sup> )	Completions YTD (m <sup>2</sup> )	Under Construction (m <sup>2</sup> )	Prime Rent* (€/m <sup>2</sup> /month)	Average Rent** (€/m <sup>2</sup> /month)	Prime Yield* (%)
Berlin	21,389,900	2,078,100	9.7	112,000	84,000	1,048,500	45.00	28.35	4.80
Düsseldorf	9,407,600	948,400	10.1	38,000	26,300	389,400	43.50	18.05	5.10
Frankfurt	11,730,200	1,272,700	10.8	194,600	2,500	393,800	50.00	30.90	4.90
Hamburg	14,124,600	821,100	5.8	110,000	39,300	418,400	35.50	21.90	4.90
Munich	21,809,300	1,652,000	7.6	138,100	72,300	563,900	54.00	26.10	4.60
<b>Total</b>	<b>78,461,600</b>	<b>6,772,300</b>	<b>8.6</b>	<b>592,700</b>	<b>224,400</b>	<b>2,814,000</b>	-	-	<b>4.86</b>

\* Rental /Yields rates reflect achievable values

\*\* Weighted average (12 months)

**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.

**Prime yield:** Net initial yield for a property in a prime location and of the best quality that can be achieved at the end of the period under review. It is based on the market assessment of local experts and recent transactions.

**TOP 5 MARKETS**



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