



Catella: Investment Analysis of 76 German Office Locations 2018

Ideal investment conditions in the German office markets, yield decline slowed down, rent increase due to lack of supply, A- and B-locations remain the focus of investors.

The highest increase of rents in the past months can be recorded in the seven A-locations with +3,3% compared to the same time last year, followed by the B-category (13 locations, +2,4%). The positive economic situation can be noticed in many regions, as seen by the fact that for the first time ever, the prime rent in D-locations (26) has exceeded the 10.00€/sqm-mark to an average of 10.31 €/sqm (10.25€/sqm in 2016). Regarding prime rents, the frontrunner is Frankfurt with 39.90 €/sqm – the lowest measured rent is in Salzgitter with 7.00€/sqm.

With an average prime yield of 3.30% in the seven A-locations (-37 basepoints compared to 2016), this category fell below the 4%-mark for the first time. The frontrunners in the A-locations are Munich and Berlin with 3.0% prime yield, the highest measured value of the 76 locations is recorded in Solingen (8,5%), followed by Wilhelmshaven (8,0%).

“The average yield-gap between the A- and B-locations (currently 203 basepoints) became even larger in 2017, which is reflected in the large tendency of investors towards A-locations”, explains Dr. Thomas Beyerle, Head of Group Research at Catella. “It also shows the rational market activity of investors in B-locations”, he continues. However, so far – despite the attractive yield figures and many market analyses – the C and D locations can’t record any above-average investment activities. Most investments result from portfolio activities or are due to the demand of local investors.

Regarding rent increase, the analysts point out: the most rental increases are due to a lack of new-builds in the respective markets, especially because of the booming economy.

The full analysis is available at catella.com/research.

For more information please contact:

Dr Thomas Beyerle

Head of Group Research

+49 69 3101 9302 20

thomas.beyerle@catella.de