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MAIN REGIONAL REAL ESTATE MARKETS IN GERMANY 2025 | 2026

New realities for office and retail markets

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PREFACE

Dear readers,

Real estate markets in Germany continue to be shaped by the broader economic environment, high interest rates and political developments. The close link between office and retail segments and the country's economic performance is particularly apparent. At the same time, both asset classes are undergoing structural transformation – a challenging process that also creates opportunities. Our study examines current trends in the office and retail markets across twelve main regional centres – Augsburg, Bremen, Darmstadt, Dresden, Essen, Hanover, Karlsruhe, Leipzig, Mannheim, Mainz, Münster and Nuremberg – and compares them with developments in Germany's seven major cities.

On the office market, hybrid working models are driving demand for smaller but higher-quality spaces. Prime rents in top locations are continuing to rise, while regional centres shaped by small and medium-sized enterprises are seeing less momentum. The retail segment is experiencing even more far-reaching change, with businesses closing and vacancies rising in many city centres causing prime rents to fall noticeably, albeit at a far slower rate than before. However, these developments also open up opportunities for inspiring and innovative new concepts. In the major cities, steady population growth and a thriving tourism sector to provide a more stable environment.

As one of the leading real estate banks in Germany, we regularly analyse the markets we actively cover. "Main Regional Real Estate Markets 2025 | 2026" is intended as a supplement to "Real Estate Market Germany", our series of specialist publications released every spring. We also analyse the commercial real estate markets in individual German federal states. A report on Berlin and the Eastern German federal states will be published in November.

For more information on our market research, please visit our website at https://www.dzhyp.de/en/about-us/market-research/.

Yours sincerely,

DZ HYP

October 2025

OFFICE AND RETAIL: STRUCTURAL CHANGE PROGRESSING

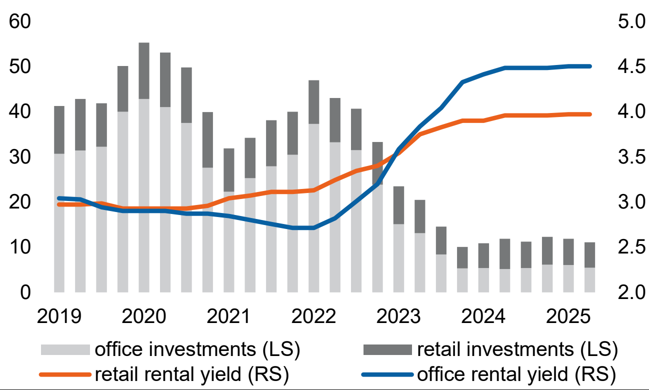
Structural change impacts commercial real estate market

The German Economic Institute describes structural change as a “significant shift in the economic structure”. This tends to be mainly associated with the closure of steel works and the phasing-out of coal mining. However, the property market is also heavily impacted, particularly in the office and retail segments which are the focus of this report. Mobile working and e-commerce are not the only factors that have led to a major shift in both quantitative and qualitative demand for these types of commercial properties, leading to the “decommissioning” of office buildings and department stores. Vacant properties will always be a feature of the real estate market because supply cannot be adjusted immediately to meet shifts in demand. However, vacancy rates which are increasingly caused by structural shifts do not disappear when the economy picks up again.

Adverse conditions for real estate make adjustment process more difficult

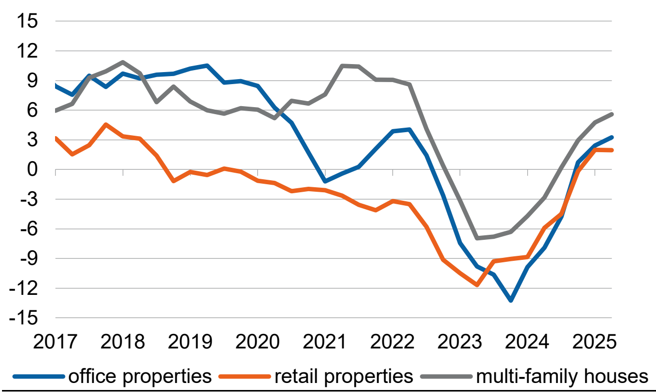
The associated adjustment processes are aggravated by a challenging environment. The difference compared to the “golden decade” for the property market with its low interest rates, high levels of investor interest, and dynamic growth in property prices, could scarcely be greater. The pandemic, the war in Ukraine, demographics, climate change, inflation and the US tariff chaos are producing strong headwinds for the property market, which is now having to absorb much higher construction and financing costs, lower demand due to recession, rising unemployment, and consumer restraint.

Investor interest in previously sought-after offices collapses
Initial rental yields stabilise at a higher level
LS: Annualized investments in billion euros, RS: Rental yield in %



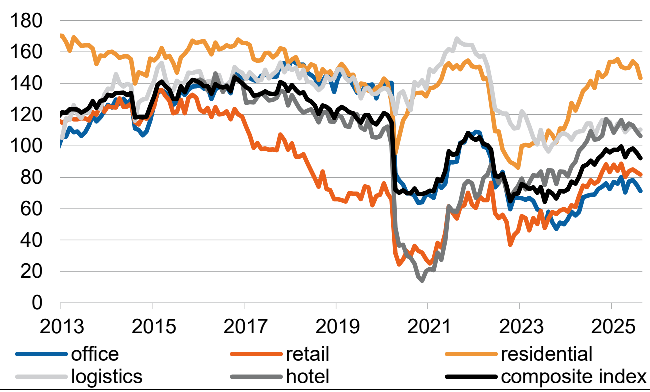
Source: CBRE, bulwiengesa

Valuations recover after property market correction
Multi-family homes clearly outperform commercial property
Property valuations, in % yoy



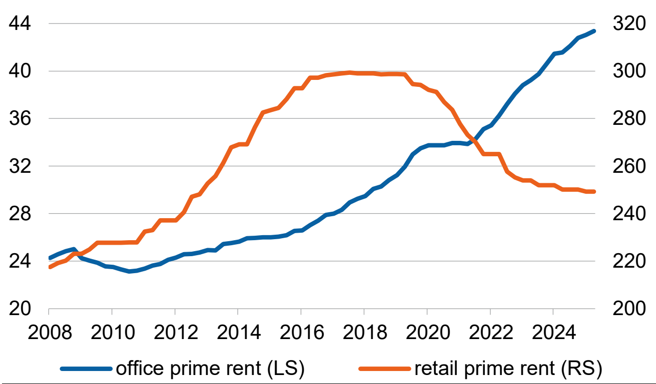
Source: vdp

Retail and offices bring up the rear in the property market
Real estate climate in points (index range from 0 to 200 points*)



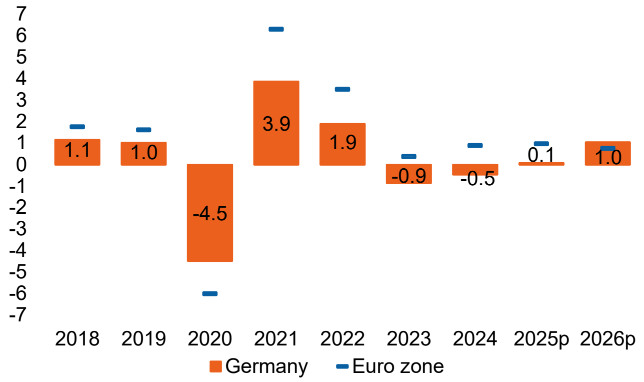
Source: bulwiengesa *) Figures <100: increasing uncertainty/scepticism

Opposing trends in office and retail rents since 2020
Rent, in euros/m²



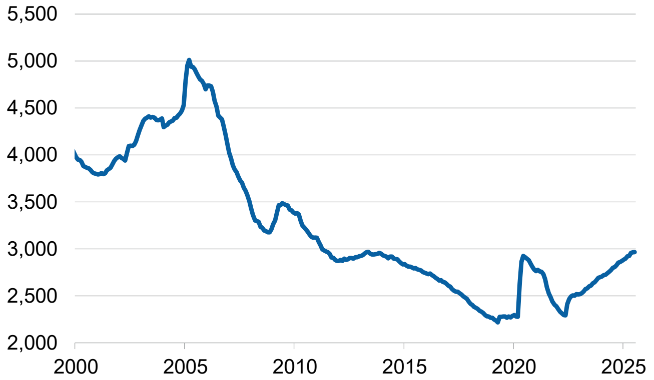
Source: bulwiengesa

Germany lags Europe in terms of growth and is emerging with difficulty from recession
Real economic output, in % compared to previous year



Source: Eurostat

No. of unemployed people increases again to 3 million for the first time since 2011
Number of unemployment persons, in thousands (August 2025)



Source: Federal Employment Agency

Commercial property valuations also slightly positive again

Despite adverse conditions, after the market correction caused by the rise in interest rates, valuations of both residential and commercial properties have clearly risen again. However, in contrast to the upturn in residential property driven by a supply shortage, the recovery in commercial property is fragile as investors remain cautious. Investment in previously sought-after offices has fallen particularly sharply. Rental yields are stable after rising since the end of 2023. However, the divergence from ten-year sovereign bonds, which was more than 400 basis points in 2016, has more than halved and is clearly not attractive enough – also on the basis of the economic environment.

Slump in new construction boosts potential of existing property

In addition to investment, new construction has also fallen sharply. Although the number of building permits has stopped falling, the time lag in construction means that the supply of apartments and modern commercial premises will continue to contract. This will then improve the prospects for existing developments. Projects in many cities show how the future can look for obsolete offices and department stores.

Structural change also offers opportunities

Despite the undoubted risks, the prospects for office and retail are not bad at all. Shopping centres and the contraction in city centre retail will also continue to play an important role for the retail sector. And the number of office workers, which has risen to around 15 million, is likely to remain at a high level as the economy gradually recovers, and for demographic reasons, decline only gradually if at all. Demand for

Overview of locations

12 Regional Centres (Index: Regional 12)				7 Top Locations (Index: Top 7)	
City	**Federal state**	**City**	**Federal state**	**City**	**Federal state**
Augsburg	Bavaria	**Leipzig**	Saxony	**Berlin**	Berlin
Bremen	Bremen	**Dresden**	Saxony	**Düsseldorf**	North Rhine-Westphalia
Darmstadt	Hesse	**Mainz**	Rhineland-Palatinate	**Frankfurt**	Hesse
Essen	North Rhine-Westphalia	**Mannheim**	Baden-Württemb.	**Hamburg**	Hamburg
Hannover	Lower Saxony	**Münster**	North Rhine-Westphalia	**Cologne**	North Rhine-Westphalia
Karlsruhe	Baden-Württemb.	**Nuremberg**	Bavaria	**Munich**	Bavaria
				Stuttgart	Baden-Württemb.

modern office space remains high, with moderate vacancy rates – which were less than six per cent throughout Germany in 2024. Properties are still needed. The structural change thus provides opportunities.

16th edition of the "Regional property centres" market report provides updated information on the office and retail market segments in 12 regional centres and 7 top locations

In this market report, we examine trends in the office and retail markets in 19 locations. We focus on **twelve regional centres throughout Germany**; although these are important real estate locations, the information available on their commercial property segments is limited. Conversely, much more detailed information is available for the **seven largest German cities, the top locations**, which are also included in the report. This facilitates a comparison of the two location categories.

In the following chapter we analyse the office market. A market overview of the retail sector then begins on page 16. A review of the individual locations in alphabetical order follows from page 26. The development of the locations is summarised in tables on pages 69 to 70. The report ends with a Glossary on page 71.

Is this what the future will look like for our cities? Example of a mixed use quarter produced using generative AI

Source: DZ Chat/ChatGPT

OFFICE MARKET

Working from home and weak economy slowing down demand for office space

Many factors affecting office market, e.g. working from home, demographics, AI and ailing economy

After a long period of strong employment growth, there has been a change in factors affecting the office market. The first is an accelerated change towards a hybrid work model with a significant share of remote working. Then, there is the ongoing economic weakness, which is also slowing down demand for office space. Demographic changes arising from baby boomers coming to retirement age at a time of much smaller cohorts of young talent to replace them are also dampening demand. The impact of AI is still unclear. What is certain, though, is that huge steps forward are being made with algorithms, as a result of which they are able to take over increasingly complex tasks.

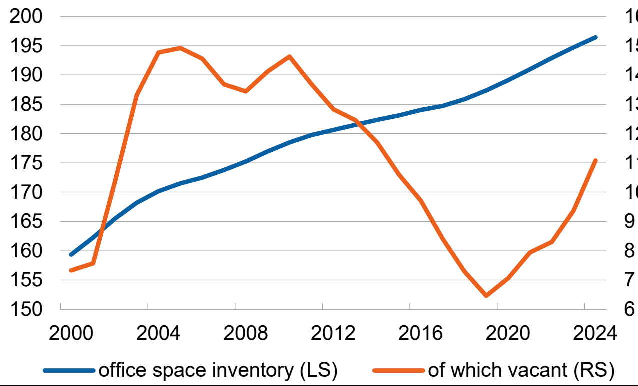
Offices being downsized and quality of space improved, but working from home not the only reason

Against this background, companies are adjusting their office use and downsizing accordingly. Working for home, though, is not the only driver. Offices were often too big, even prior to the pandemic, since holidays, business trips, part-time work or even sick days meant that many desks were unoccupied. In addition, the aim is for offices to offer a high-quality physical work space which is optimised for hybrid working; they should also meet ESG requirements. Modern offices in green buildings aim to improve in-person presence and communication, highlight a company's sustainability credentials as well as score points with an attractive work environment in a competitive climate for attracting skilled staff.

Long-term leases and lack of modern space: adjustment only taking place slowly

However, these adjustments are only taking place relatively slowly. Consequently – and especially in the case of smaller office markets – there are no signs of any steep rise in vacancy rates. Progress is being slowed down by long-term leases or owner-occupied offices which may only offer limited scope for repurposing by third parties. In addition, sought-after, modern offices are hardly available, which makes the search for suitable space more difficult. Added to that, future office demand is difficult to predict. Whereas it is still relatively easy to forecast how many employees will retire, the future availability of replacements is definitely much more difficult to gauge. This also applies to staffing needs in the context of a growing use of AI. In a recent KPMG study for Germany, two thirds of respondents said they expected a stable number of employees through generative AI. One in nine companies anticipates a positive effect on staffing levels, whereas one quarter assume a decline in their roll.

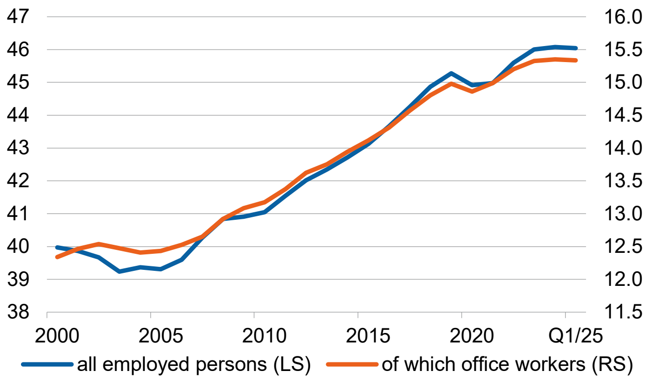
Widespread working from home during the pandemic has led to turnaround in vacancy trend
in million m² respectively



Source: bulwiengesa

cumulative values across 127 locations

Fall in office vacancies up to 2019 driven by ongoing increase in staffing levels
in million persons respectively



Source: bulwiengesa

Mandating more days in the office not sounding the end for working from home, but rather creating framework for balanced model

Is working from home in retreat? Again and again, we hear of companies mandating a higher number of days in the office. However, there are no signs of any move away from the hybrid model; employers see the value of flexibility, not least in view of tight housing markets. Fewer days in the office make a long commute more acceptable, thus making it easier to find somewhere to live. Moreover, it seems that one or two more days in the office may only have a minimal impact on productivity in any case, since office workers can interact in busy offices from Tuesday to Thursday. Should there be an increase in in-person presence, however, demand for space would be limited. Offices would mainly be fuller on Mondays and Fridays.

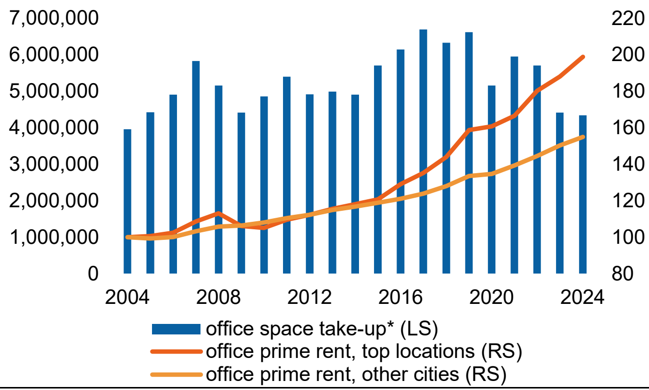
Office market adjusting to new reality

In spite of factors slowing down the trend, the adjustment in the amount of space used is having a noticeable impact on the office market. Lower demand for space and a weak economy are leading to increasing vacancies and relatively low take-up. In contrast, strong interest in modern office space is pushing up prime rents.

Vacancy rate in office market across Germany up by two percentage points since 2019

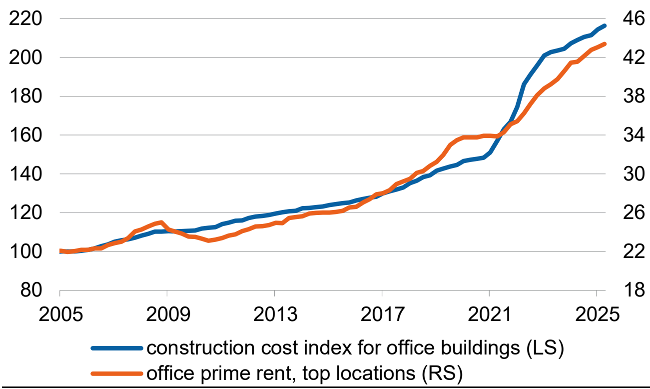
After an earlier, multi-year decline, vacant space in the 127 locations analysed by bulwiengesa rose by almost 5 million to some 11 million sqm in the period from 2019 to 2024. This led to an increase in the vacancy rate by a good two percentage points to 5.6 per cent across Germany as a whole. However, the office stock rose by nine million to slightly over 196 million sqm during the same period. There was demand since the number of office workers rose by 350,000 to roughly 15.3 million during the five-year period in question. Based on 25 sqm per employee, the additional space requirement is roughly in line with the increase in space, so that growth in supply cannot be blamed for the rise in vacant space. Working from home, overly generous offices in the past and a persistently weak economy are therefore responsible for the trend.

Sharp rise in prime rents above all in top locations in spite of generally weak demand for office space
LS: in m², RS: prime rents 2004 = 100



Source: bulwiengesa *) cumulative values across 127 locations

Office construction increasingly expensive and being financed through similarly sharp rise in prime rents
LS: construction cost index 2005=100, RS: prime rent in EUR/m²



Source: bulwiengesa, Destatis

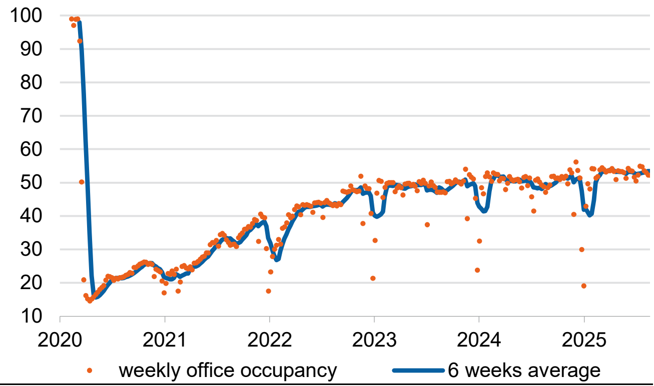
Adjustments in office occupancy and modernisation bolstering leasing activity

The downturn in demand for office space against the background of ongoing economic stagnation has had a clear impact on leasing activity. The cumulative office take-up across the 127 office markets already mentioned earlier reached a high of 6.7 million sqm in 2017. The figure in 2024 was down to 4.3 million, i.e. only just over two-thirds of the earlier figure. It would probably have been even lower if office adjustments in relation to quantity and quality as well as the modernisation of buildings were not leading to transactions. This process is likely to continue for some time to come since many office buildings, which are often over 50 years old, are in dire need of renovation. This means that office workers will need alternative space, at least temporarily.

Prime rents are rising sharply in spite of weak demand for office space and a growing supply through vacant units. This is not a contradiction since demand for modern office space often exceeds a virtually non-existent supply. Landlords are therefore able to charge higher rents, although these are also necessary in order to be able to realise office construction projects which have become much more expensive because of a sharp rise in construction costs. These costs have increased by around 45 per cent since 2020, while prime rents in top locations have lifted by a good 30 per cent. Outside the small premium segment, it is much more difficult to let offices. Far more than half the office stock predates 1990 and often no longer meets tenant requirements. In addition, vacant units are concentrated in this outdated stock which means an ample supply, thus weakening the negotiation position of landlords.

Demand for modern office space and sharp rise in construction costs fuelling surge in prime rents

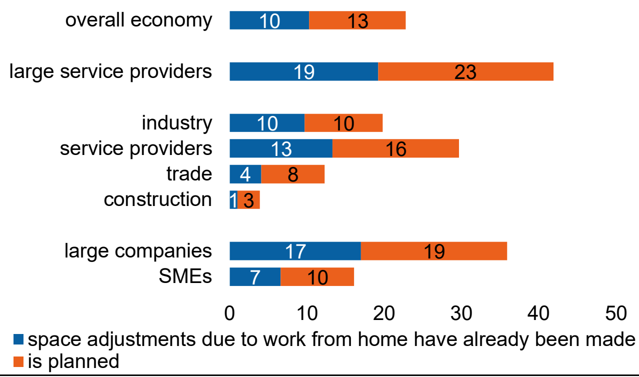
US: Office usage stabilizes at just over 50 percent. Despite all the calls to "back to office," working from home has become firmly established
Kastle Back to Work Barometer*, in % of pre-pandemic level



Source: Kastle Systems

*) ten-city average

German companies have reduced their office space in view of working from home – or intend to do so
Companies surveyed, %



Source: ifo Institute

SME = small and medium-sized enterprises

Calls by many companies for more in-office presence or even a return to a five-day week in the office would suggest that office occupancy should be increasing. However, the relevant data from the US confirms no such a trend. Office occupancy in the US has risen to roughly 50 per cent of the pre-pandemic level since the end of the pandemic in 2023. Since then, though, the figure has hardly increased any further, pointing to a lasting integration of hybrid models in everyday working life. The trend is likely to be similar in Germany, although no comparable data are available.

In-office presence has stabilised at middling level

A company consultation as part of the ifo business survey (Spring 2025) underlines the fact that office adjustments are set to continue. A quarter of respondents indicated that workspace occupancy is insufficient. Around 10 per cent said that working from home had already led to a reduction in their office space; a further 12.5 per cent are still planning to downsize. The percentage of companies in question is especially high among large service providers and major companies. Downsizing or planned downsizing is rarer among SMEs.

12% of companies still planning to downsize offices in view of hybrid working

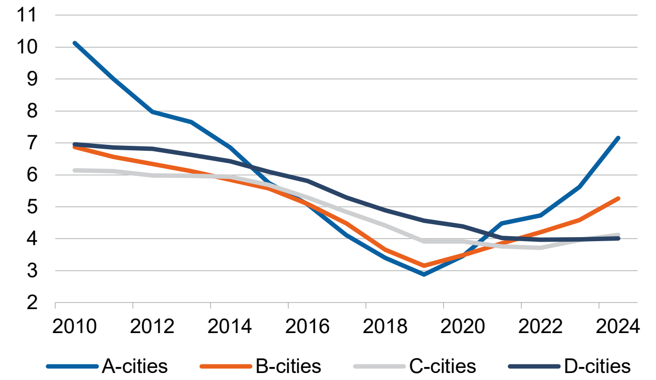
How can these differences be explained? Major companies and big service providers are more likely to be found in cities with expensive office markets. Their premises are often in rented office buildings, which means a lower hurdle when it comes to giving up space. Moreover, high rents in large cities lead to greater cost savings. In contrast, SMEs, which are present throughout the country, are more likely to use offices which they have developed themselves, and these are often located in business parks, making their use by third parties more difficult. Moderate office rents outside expensive office locations, moreover, reduce any cost savings effect.

Downsizing rarer in SME segment

The difference in structure between the various office locations is clear from the trend in vacant space. There has been an especially sharp rise in expensive top locations ("A cities"). The increase in vacant space in the next lower level, "B locations", which are already much cheaper, has been much weaker. In contrast, medium and small office locations with low rents have not shown any meaningful rise. Here, vacancy rates are low at around four per cent, whereas, in top locations, they had already increased from under three per cent since the beginning of 2000 to a good eight per cent by mid-2025.

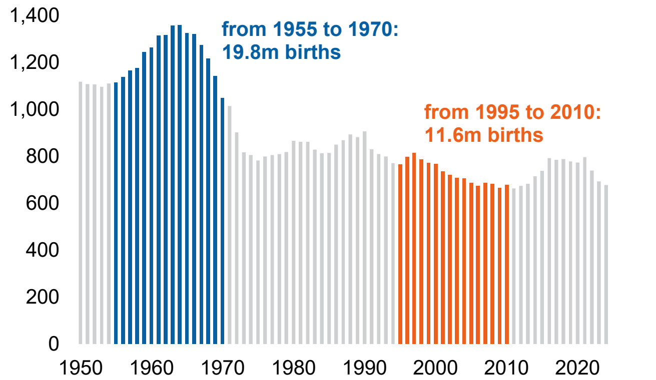
So far, no sign of any rise in vacancies in medium and smaller office locations

Smaller office locations hardly affected by rising vacancy rate
Vacancy rate, in %



Source: bulwiengesa

No recovery in birth rate since dip brought about by advent of the Pill
Births in '000



Source: Destatis

Demographic changes will become another dampening factor for future office demand. The advent of the contraceptive pill led to a sharp fall in births at the beginning of the 1970s and, consequently, there is a shortfall in the number of younger workers to replace baby boomers now taking retirement. However, companies should be able to make up for the gap to some extent through a greater use of AI. Those in work are likely to be tasked with more creative duties, while algorithms should take over more routine tasks. The way in which office space is configured will therefore have to support office workers in their altered roles.

Demand for office space set to decline further in view of hybrid work patterns and demographic changes

Ailing economy slowing down the office market

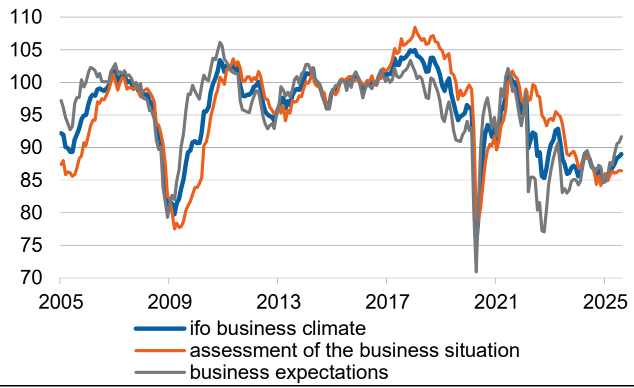
The German economy has been slowing down the office market for some time and it is expected to contract for the third year in a row in 2025. Hopes of a recovery have been dashed by the tariff chaos unleashed by President Trump. Red tape, expensive energy and high levels of sickness are further dampening factors, leading to job cuts, offshoring and plant closures. The number of unemployed is back up to three million; the last time Germany had higher unemployment figures was in 2011.

Office market suffering from the fact that German economy has contracted for third year in a row

Poor business sentiment is reflected in the ifo Business Climate index. The only time readings were worse was during periods of acute crisis such as the global financial crisis or the pandemic. Consequently, cost-cutting is on the agenda for many companies. However, not all companies are being affected equally by a weak economy and industrial crisis. International groups are often able to hold their own against the competition, as illustrated by a rise in the DAX40, in spite of an ailing economy. Even overall, companies are now becoming slightly more optimistic. The Ifo index has picked up slightly in the last few months on the back of a massive government investment package for infrastructure and defence.

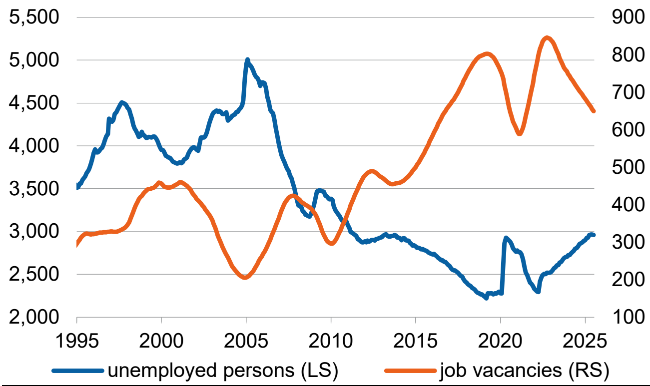
Government investment and its more economically friendly course providing a ray of hope

Business confidence remains rather muted, but government investment improving business expectations
Business climate index in points, 2015 = 100 (August 2025)



Source: ifo Institute

Three million unemployed: labour market hit by weak economy
LS: unemployment in '000, RS: job vacancies in '000 (August 2025)



Source: Federal Employment Agency (BA)

Construction of modern offices has slowed down noticeably

What does the future hold in terms of office supply and demand, and vacancy rates? The reduction in vacant space in previous years through rising employment drove up rents and fuelled the development of new offices. In the next few years, however, far less new office stock is expected, since many projects have been shelved because of high construction costs and therefore hardly any new space is being planned either. There is still demand for modern offices, though, in spite of a weak employment trend, and supply remains insufficient to meet it in view of the downturn in construction figures.

After a boost from rising rents, upturn in new office construction now slowed down by high construction and financing costs

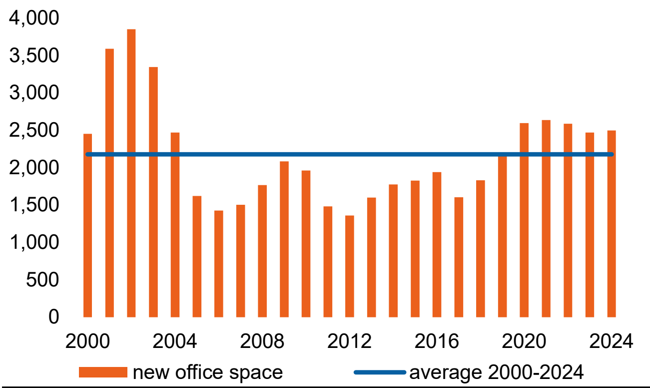
Apart from weaker office construction, repurposing of redundant space should also slow down the rise in vacancies. Although this often involves high costs, the outlook for such projects is better, especially in the case of locations where rents are higher. Repurposing uses include regular flats, commercial rentals, hotels or even schools. Another factor in favour of this option is that it is greener than demolition and rebuilding which are no longer so acceptable from an environmental point of view.

Office buildings lend themselves quite well to alternative uses, e.g. housing, schools or hotels:

Building permits down by more than half since 2021
Building permits for office space, 2010 = 100 (June 2025)

Source: Eurostat

Impact of construction crisis not obvious (yet) from new office space
New space, in '000 m² (cumulative values over 127 locations)



Source: bulwiengesa

Offices with poor sustainability rating difficult to let

Decarbonisation as a result of climate change is a major factor in the case of older office buildings. Stricter requirements – e.g. those demanded by the Building Energy Act (GEG) which is up for revision – are one aspect of this. Another factor is the search profile of tenants. Companies are trying to score bonus points with their staff, customers, investors and lenders through squeaky-clean green credentials. Offices in old buildings which are highly polluting in terms of CO2 are therefore more difficult to let, so that regulatory requirements such as EU taxonomy are having an indirect impact on the leasing of office space.

Manage-to-green has to be financially viable

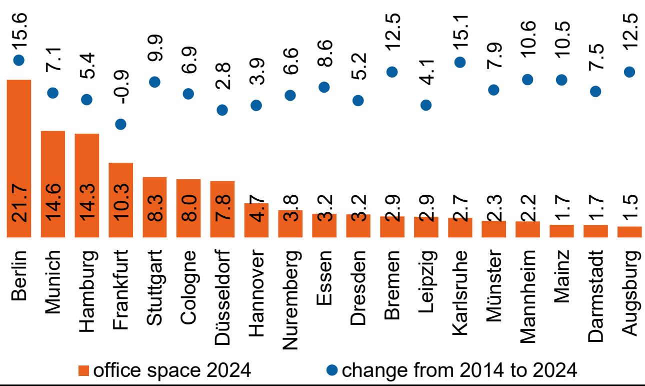
A higher stranded asset risk in the case of office buildings with poor energy efficiency is closely connected to the above. Although renovation measures improve letting prospects, investment costs have to be passed on in correspondingly higher rents for such measures to be economically viable. Prospects for a comprehensive green retrofit – and likewise for repurposing – are therefore better in locations with high rents, especially top locations.

Market trend for office market in locations under consideration

Market report largely covers most important German office locations

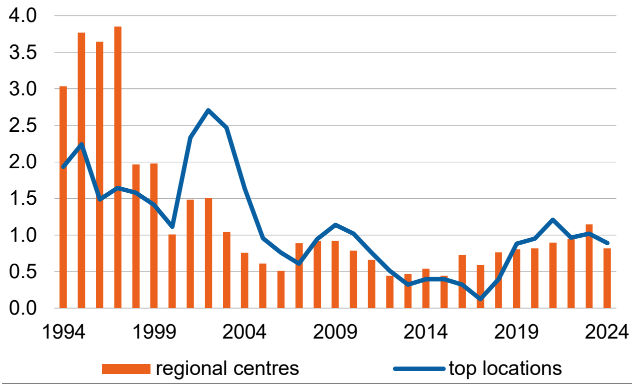
This report looks at the majority of the most important German office locations, including all the markets with a stock of over two million sqm with the exception of Bonn, Dortmund, Duisburg and Wiesbaden. Overall, the 19 locations under consideration have a total stock of more than 118 million sqm. This equates to 60 per cent of the 127 German office locations analysed by bulwiengesa. The difference in size between the locations is illustrated by an office stock of 85 million sqm in the seven top locations against a combined 33 million sqm in the 12 regional centres. Hannover stands out in this segment as the largest office market outside the top locations with almost five million sqm of space.

Our market report clearly illustrates the difference in size between the main German office locations
Office space inventory in million m², % change



Source: bulwiengesa

After a long weak period, office construction picked up from 2018 onwards, but has slowed down again
Office space inventory, in % yoy

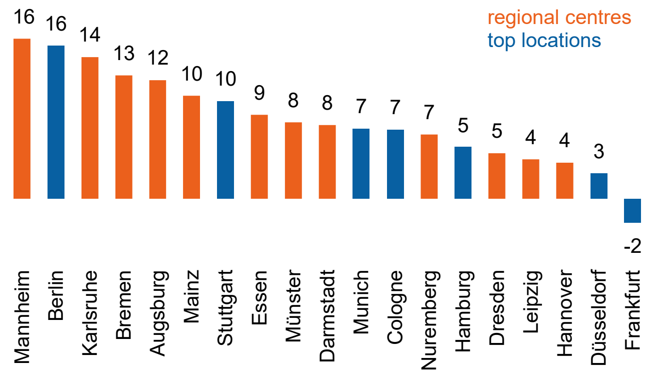


Source: bulwiengesa

Office space was on the increase, but is already slowing down again

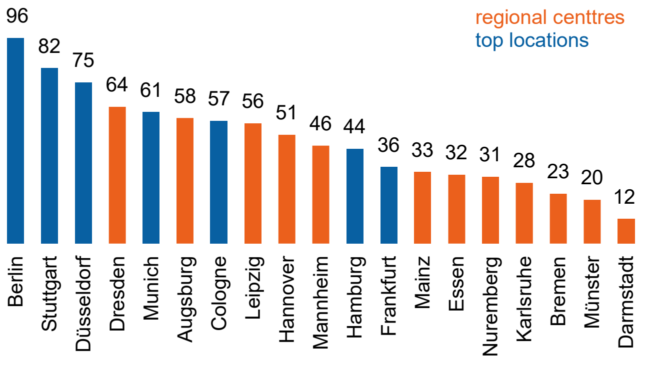
The upturn in office construction is also evident in the locations under consideration. Whereas the office stock in the 19 locations grew by only around 0.4 per cent per year from 2013 to 2018, it grew by around one percent per year thereafter. In 2024, however, the pace slowed down again and is likely to be even weaker in 2025. As regards the increase in new space, the difference between regional centres and top locations is small on an aggregated level. Since 2014, the office stock in regional centres has grown by around eight per cent and only marginally slower at seven per cent in the top locations. In contrast, there are quite considerable differences between individual locations. Berlin has experienced the strongest growth in space in absolute terms with a ten-year rise of almost three million sqm. In relative terms,

Uneven trend in office stock evolution in last ten years
Office stock in 2024 vs. 2014, %



Source: bulwiengesa

Prime office rents generally rising faster in top locations
Prime rents for office space 2024 vs. 2014, %



Source: bulwiengesa

Mannheim just beat Berlin with an increase in space of 16.3 per cent against 15.6 per cent in Berlin. In contrast, there has been a slight reduction in stock in Frankfurt through repurposing and demolition.

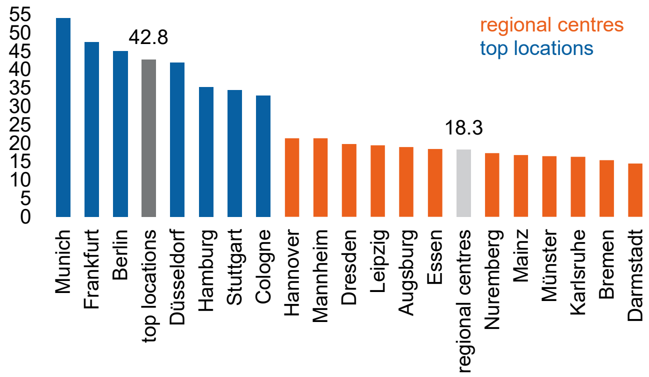
Prime rents still rising

Interest in modern office space is going hand-in-hand with a generally noticeable rise in prime rents, although there are marked differences between locations. At the higher end, Berlin stands out in relation to the rental trend since prime rents there have almost doubled within ten years. In contrast, rents in a number of locations such as Darmstadt, Bremen and Münster have remained largely unchanged in the past ten years. Overall, prime rents in top locations have increased much more sharply than rents in regional centres. Rental growth is much weaker in less sought-after peripheral locations.

Very little difference in prime rents from one regional centre to another

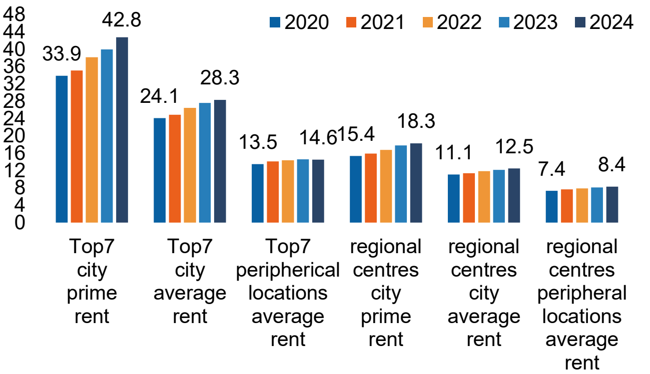
As regards the absolute level of prime rents, it is clear not only that they are much higher in top locations, but also that their range is much wider – from EUR 33 in Stuttgart to EUR 54 per sqm in Munich. Prime rents in regional centres vary from EUR 14.50 in Darmstadt to EUR 21.40 sqm in Hannover and Mannheim.

Prime rents in top locations more than twice as high as in regional centres
Prime rents in EUR/m² (2024)



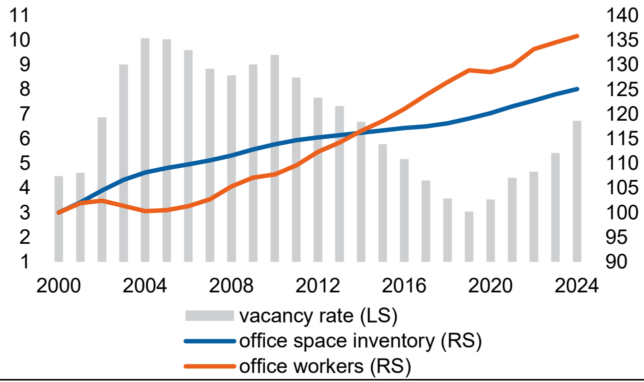
Source: bulwiengesa

Growth in prime rents mainly in city locations in spite of already high levels
Rent for office space by location, in EUR/m²



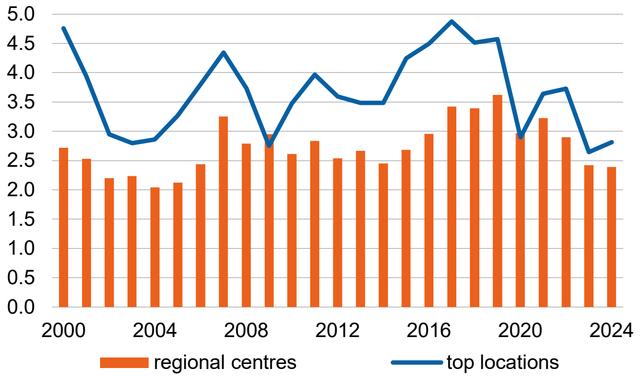
Source: bulwiengesa

Sharp rise in office work led to reduction in vacancies, but trend reversed by hybrid work patterns
L.S.: vacancy rate* %, R.S.: stock* and no. of office jobs* 2000 = 100



Source: bulwiengesa
*cumulative values across top locations and regional centres

Marked decline in office take-up, but this eased off in 2024
Take-up, % of stock



Source: bulwiengesa

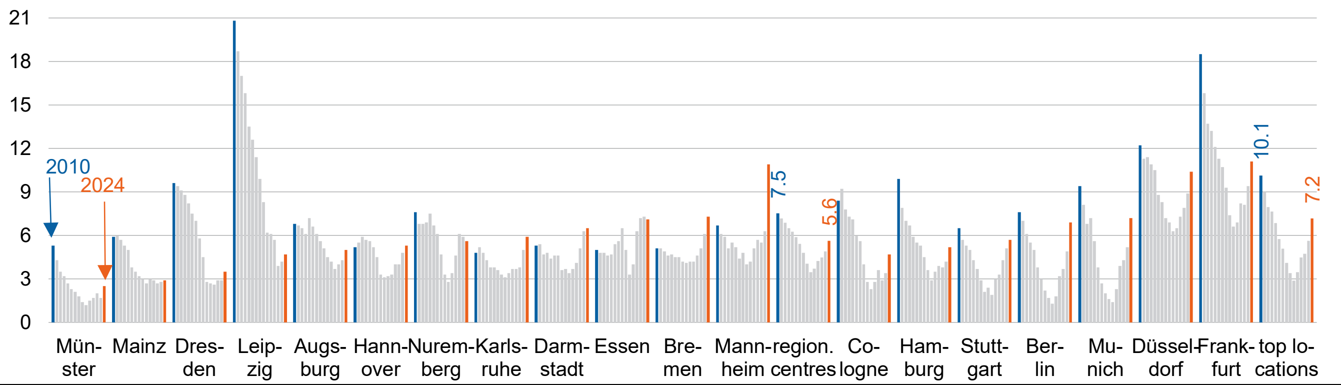
Vacant space on the increase in almost all locations

A simultaneous rise in prime rents and vacant space is in evidence in practically all the locations. The average of the 19 cities under consideration shows that the vacancy rate has more than doubled since 2019, up from three per cent to now 6.7 per cent. In the case of top locations, the figure of 7.3 per cent in 2024 was slightly higher; for regional centres, it was much lower at 5.6 per cent. The figure ranged from 2.5 per cent in Münster to more than four times that level at just over 11 per cent in Frankfurt. So far, the Mainz office market has been able to buck the general trend with a vacancy rate that is both low and stable at three per cent. Münster and Dresden also stand out with low vacancies. Hamburg and Cologne have the lowest vacancies among top locations.

Top locations helped office take-up recover slightly in 2024

The slowdown in demand for office space driven by structural change and a weak economy has seriously dampened take-up in the last few years. The highest cumulative value across the 19 locations so far was in 2017 at 4.9 million sqm. The figure in 2023 was down to just 3.0 million sqm. It improved slightly to 3.2 million sqm in 2024. However, the uptick was only generated by the top locations. In contrast, there was no sign of any upturn in the regional centres.

Vacancy rates up in almost all locations, but there are significant differences and the figures are mostly still moderate
Vacancy rate from 2010 to 2024, %

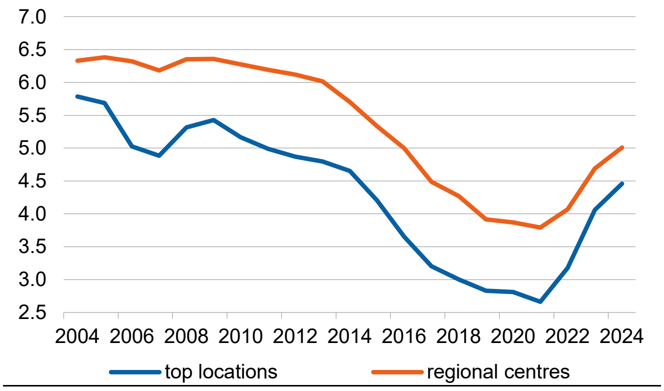


Source: bulwiengesa

For many years, initial rental yields for office real estate generally followed the downtrend in bond yields. From 2022 onwards, though, rental yields surged in the wake of a sharp rise in bond yields. By 2024, initial office yields for central locations in regional centres had widened to 5.0 per cent from 3.8 per cent (2021). Although the 4.5 per cent average yield in top locations is lower, the rise since 2021 (starting from 2.7 per cent) has been 180 basis points higher. The yield in regional centres has been more moderate at 120 basis points, tightening the gap.

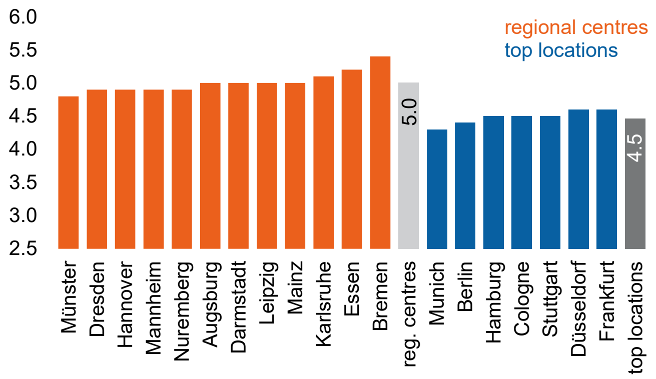
Further sharp rise in initial rental yields in 2024

Uptrend in office yields continued in 2024
Initial office rental yield, % (central locations)



Source: bulwiengesa

Office rental yields of regional centres and top locations moving closer
Initial office rental yield in 2024, % (central locations)



Source: bulwiengesa

The yield spread between the locations has also tightened, from 200 basis points in 2021 to about half in 2024. In absolute terms, rental yields ranged from 4.3 per cent in Munich to 5.4 per cent in Bremen. However, it should be noted that this figure is of limited informational value because investment volumes are low, with only few transactions

Office rental yields ranged from 4.3 to 5.4 per cent in 2024

Conclusion for office markets: further rise in prime rents and vacancies

A rather limited office space take-up indicates generally dampened leasing activities. In addition, office market developments are split in two. While demand for high-end, modern office space in the prime segment is exceeding a tight supply and driving up rents, the bulk of the market – which often includes office stock that is decades old – is facing the opposite dilemma. Vacancies are rising as a result of hybrid working and a weak economy; in other words, weakened demand meets a rising supply. With many companies planning to downsize, this trend is likely to continue, and the prospects of a strong upturn are muted. In the labour market, new recruitment is hitting even graduates with a good degree. Future multi-year employment growth rates are likely to be impacted by an ailing economy, by baby boomers reaching retirement age and possibly also by generative AI.

Office market currently hit by ailing economy and structural changes

Against the backdrop of this situation, the outlook for offices is subdued, though not bleak. Office employment is likely to remain at a high level for many years to come. In addition, it has been shown that working from home, even with high-performance communication tools, does not match more productive teamwork in the office. Even though vacancy rates should continue to rise slightly, they are unlikely to reach high levels.

The office has a future: employees are more productive when working face-to-face

Modernisation improves chances of letting space, but has to be economically viable

Prospects for the lease of outdated offices are deteriorating. They improve if space is modernised and adjusted to the higher requirements of potential tenants. Offices that offer not only attractive working conditions but also good value for money should be easy to lease. Higher rents for modernised offices can be mitigated by opting for a smaller space. It is likely to be easier to carry out modernisation measures in locations with generally higher rents. Apart from a high overall need for contemporary office space, demand for high-end offices should not be overestimated, especially since challenging economic conditions could limit the willingness of tenants to pay higher rents.

Outlook: moderate increase in vacancies and rents

However, there are still likely to be sufficient tenants for the tight supply resulting from a decline in new building. Assuming a moderate rise in vacancies, rents for new or modernised space are likely to depend on production costs.

office – forecast for prime rents and vacancy rates

	2023	2024	2025e
12 regional centres			
Prime rents in EUR/m² (vs. previous year in %)	17.8 (6.1)	18.3 (2.9)	18.7 (2.0)
Vacancy rate in % (vs. previous year in % points)	4.9 (0.4)	5.6 (0.7)	6.2 (0.6)
7 top locations			
Prime rents in EUR/m² (vs. previous year in %)	40.0 (4.8)	42.8 (7.1)	44.2 (3.3)
Vacancy rate in % (vs. previous year in % points)	5.6 (0.9)	7.2 (1.6)	7.8 (0.6)

Source: bulwiengesa, DZ BANK forecast — all averages are space-weighted

Prime rents represent the average of the top 3 to 5 per cent of market rentals, and the stated figure does not therefore correspond to the absolute maximum rent.

RETAIL MARKET

Consumer reluctance persists

City centres impacted by structural change

City centres, with their multi-faceted amenities and often several hundred thousand square metres of sales space, continue to play an important role for the retail sector. However, normality has not returned since the end of the pandemic. Consumer behaviour which has been altered by e-commerce, a loss of purchasing power due to high inflation, and a labour market weakened by economic conditions, is resulting in sluggish sales and spending restraint. As a consequence, demand for sales space is falling steadily, as reflected in a very obvious structural shift. Vacant properties - from small local shops to department stores on several floors - are visible and are often being converted or demolished. The aim is less sales space, and more mixed usage consisting of retail, office, hotels, restaurants, leisure and residential. The “trading down effect” on the edge of city centres - with specialist shops replaced by discounters or fast food outlets - is particularly problematic, and has an adverse impact on location quality.

City centre retail depressed by consumer restraint and numerous shopping options

Vacancy rates, construction sites and trading down are making it harder for city centres to reinvent themselves, because these factors make a location less attractive and the quality of stay suffers. On the other hand, cost-conscious consumers have a range of shopping options. In addition to online retail, these include peripheral specialist stores, shopping malls and outlet centres. Unlike groceries and drugstore items, purchases of the kind of products typically on offer in city centres can also often be deferred. Finally, most households are already well supplied with electronics, fashion and shoes.

Conditions in the retail market

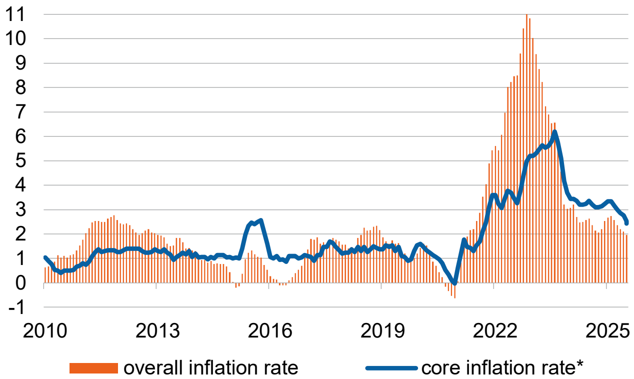
Decline in inflation and high propensity to save are positive

The inflation trend - which has fallen back to the ECB’s target of two per cent - is a positive factor in a gloomy economic climate, and the higher prices which erode purchasing power have therefore receded. The recent increase in the propensity to save of private households has also eased again. In the first quarter of 2025 the savings ratio fell again to the average in the period from 2000 to 2019.

Consumer climate remains gloomy

However, this is of only limited benefit to the retail sector as reflected in continuing negative consumer sentiment. Although the GfK consumer climate survey has improved from its low level during the pandemic, it remains well below previously

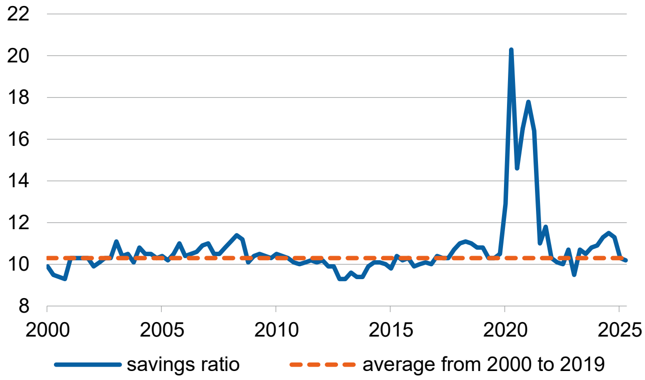
Inflation falls to the ECB’s 2% target, but core rate remains elevated
Inflation rate in % (August 2025)



Source: Destatis

*) excl. energy and food

Savings rate slips back to long-term average
Savings rate of private households, in % (Q1/2025)

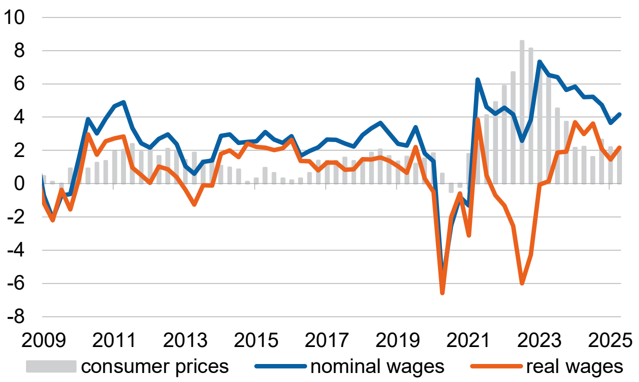


Source: Destatis

Economic slowdown and concerns about jobs dent consumer climate
Consumer climate in points (September 2025)

Source: GfK

Pace of income growth has slowed both nominally and in real terms
Wages and prices in % compared to previous year (Q2 2025)



Source: Destatis

recorded levels. Strong growth in both nominal and real incomes has not visibly boosted consumer sentiment. However, income growth has now clearly slowed again. Households are also often reluctant to curb spending on holidays, going out and leisure activities.

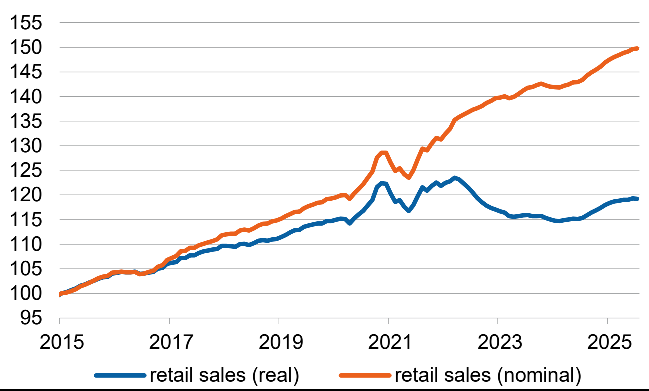
Retail sales growth based mainly on price rises

At first glance the retail sector has performed well, with strong sales growth, albeit mainly in nominal terms. The sales growth has been primarily attributable to price rises. In real terms, sales have not even regained their 2022 level. The situation is even worse for the types of retail which are important in the city centre – fashion, shoes, leather goods and textiles – which have not only clearly underperformed the retail sector as a whole, but have also contracted both nominally and in real terms.

Retail should grow moderately in 2025, as in the previous year

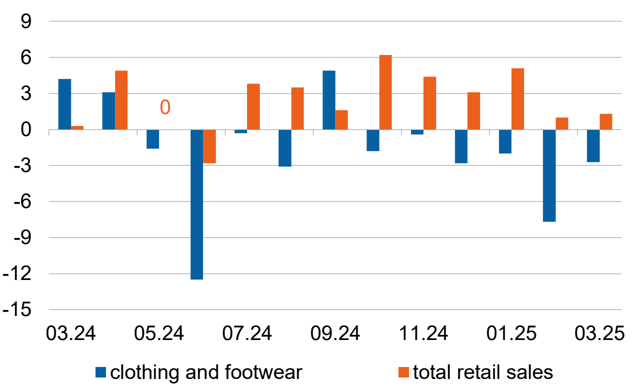
According to an estimate from the German Retail Federation (HDE), retail sales in Germany are likely to reach a good EUR 680 billion in 2025. Nominal sales growth of two per cent is broadly in line with the previous year. In real terms, growth looks set to reach only half a per cent in 2025. HDE anticipates nominal sales growth of four per cent in online retail to around EUR 92 billion. As a result of the slightly higher growth rate, the proportion of e-commerce sales may increase marginally to 13.6 per cent. Online retail will no longer achieve the high, often double-digit growth rates of previous years. Given the already very high proportion of sales - in some cases more than 40 per cent,

Mainly nominal retail growth, stagnation in real terms since 2022
Retail sales, 2015 = 100 (July 2025)



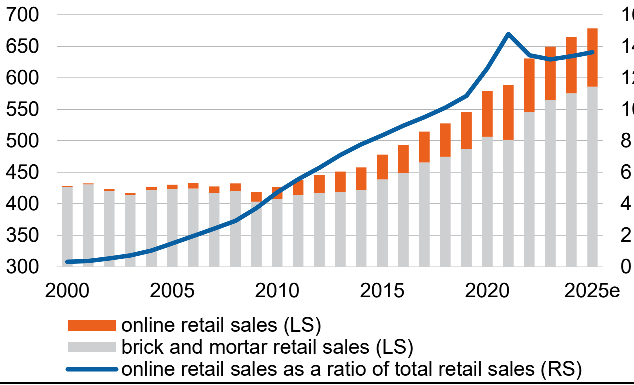
Source: Destatis

Below-average growth in fashion and footwear retail
Nominal retail sales, in % yoy



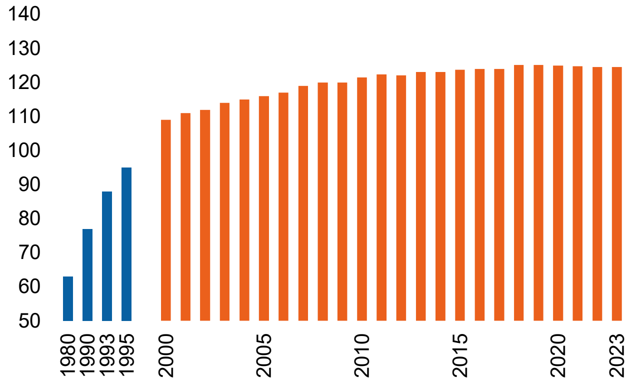
Source: KPMG (Destatis database)

Because online retail sales growth has slowed, market share is only increasing slowly
LS: Sales in EUR bn, RS: Proportion in %



Source: HDE

Despite shift towards e-commerce, sales space has been growing for a long time – but has contracted gradually since 2020
Retail sales space, in million m²



Source: HDE

particularly of electronics, fashion, office supplies, and leisure and hobby products, high growth rates are more difficult to achieve. The online proportion for food, which accounts for about a third of total retail sales, is well below-average at three per cent. Conditions are difficult here for online retailers due to pre-existing dense networks of supermarkets and discounters.

New competition from cheap Chinese online retailers

Booming low-cost online suppliers based in China such as Temu and Shein are also making life more difficult for the retail sector. Their large advertising budgets and carefully crafted social media presence targets mainly younger shoppers. Their low prices are also an advantage when budgets are tight. According to the EU Commission, 4.6 billion packages were delivered to the EU in 2024, more than 90 per cent of which came from China. The sales of the two leading low-cost retailers in Germany are already estimated to exceed EUR 3 billion per year. Their success is unaffected by dubious consumer protection practices and often low product quality. Instead of focusing on sustainability, they promote a throwaway culture.

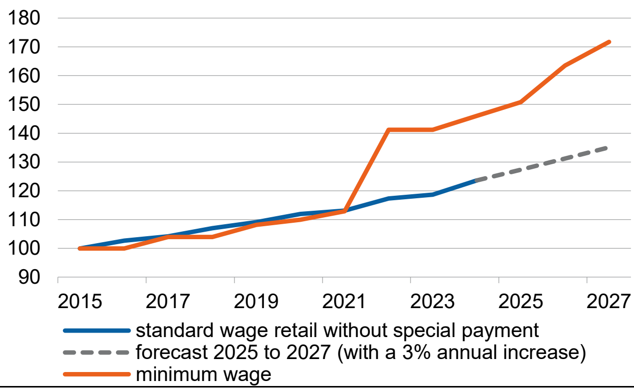
Increase in minimum wage intensifies already high cost pressure in retail sector

Within the scope of the HDE economic survey carried out in summer 2025, the key issue highlighted by two thirds of retailers was consumer restraint. The three points subsequently mentioned most often related to the cost drivers bureaucracy, the

What are the issues of concern for retailers? Many retailers are worried about rising wages
Data in % (multiple responses are possible)

Source: HDE economic survey Summer 2025

The sharp rise in the minimum wage means a further cost surge for retailers
Hourly wages, 2015 = 100



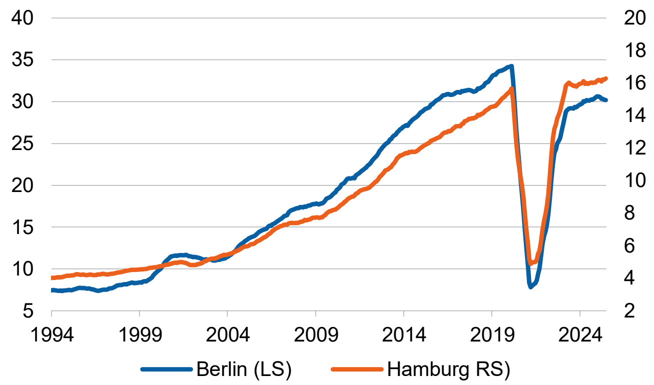
Source: Destatis

minimum wage and the price trend. The results of the survey highlight the difficult climate for retailers, under pressure from both weak sales and rising costs. The forthcoming increase in the minimum wage which applies to many employees in the retail sector will intensify the problem further. By 2027 the figure is set to rise to EUR 14.60 per hour, an increase of more than 50 per cent compared to 2021. The divergence from negotiated wages is thus increasing further.

Tourism and footfall have recovered

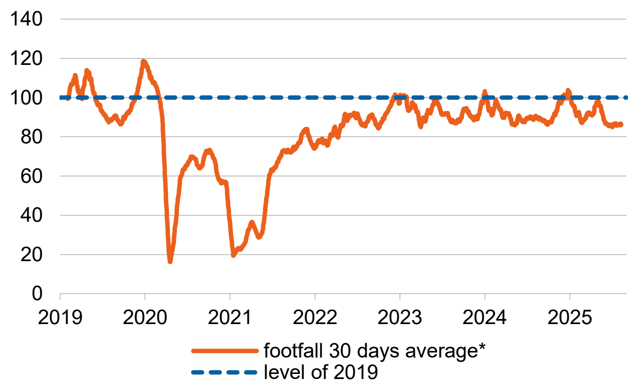
Conditions in city centres would be even more difficult if visitor numbers and footfall had not recovered after the pandemic. This is particularly true for city tourism which has been growing for many years, and which is a major contributor to city centre retail. However, the extent of the recovery varies from region to region, as shown in the chart below for Berlin and Hamburg. While the number of overnight stays in Hamburg exceeds its 2019 level, the current figure in Berlin is more than ten per cent below its previous peak. This decline compared to 2019 is also broadly reflected in footfall in shopping streets. Shopping trips nevertheless remain one of the most popular leisure activities.

City tourism has recovered well, but with regional variations: Hamburg is higher than in 2019, but Berlin is lower
Overnight stays, annualized in million (June 2025)



Source: bulwiengesa

Footfall in shopping streets has recovered from the pandemic, but remains below the 2019 level
Footfall index, 2019 = 100 (August 2025)



Source: Hystreet/Destatis *) average of 21 shopping streets

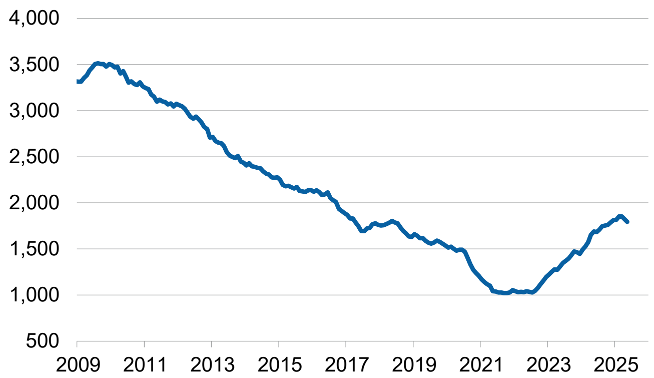
Vacancy rates and falling rents create opportunities for new suppliers

Insolvencies and branch closures continue in 2025

Weak business for fashion, shoes, furniture and home accessories has until recently led to insolvencies among chain stores. In 2024, these included well-known names such as Depot, Esprit, Scotch&Soda, Sinn and Sør. This was already Sinn's fourth insolvency after previous applications in 2008, 2016 and 2020. Insolvency proceedings are often associated with branch closures or even the cessation of business operations. The Galeria group – which completed its third set of insolvency proceedings in mid-2024 – has also closed branches. Examples of insolvencies this year include Gerry Weber and Palmers. Branch networks are also being scaled down to improve profitability. One example is the sports retailer JD Sports which announced the closure of 30 of its 100 German branches at the end of May. Overall, the number of insolvencies in 2025 has not however continued to grow after the previous increase. The ongoing and longstanding decline in the number of retail outlets is any case likely to continue. According to the HDE, the number of shops in Germany has fallen by nearly 20 per cent to just over 300,000 since 2015.

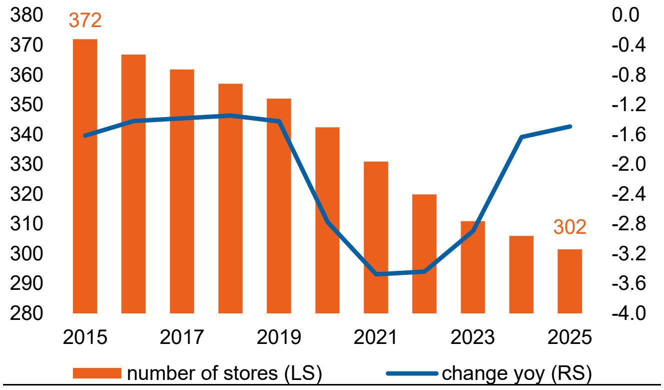
Number of shops down by nearly a fifth within ten years

Steep rise in retail insolvencies seems to have come to a halt
Applications for insolvency proceedings in retail sector, annualized



Source: Destatis

Number of shops down by a fifth within ten years
LS: Number of stores in thousand., RS: Change in %



Source: HDE

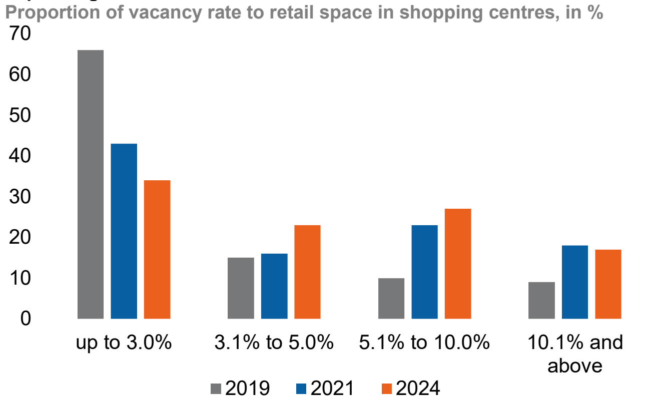
Vacancy rates up everywhere, but pressure to act varies from centre to centre

As a result of the previous expansion of sales space followed by a decline in demand, a substantial proportion of available retail space is now surplus to requirements. Conversion demand is correspondingly high. This is borne out by an EHI Retail Institute survey of shopping centres which shows a strong uptick in the vacancy rate since 2019. However, not all centres have been equally affected. A maximum of three per cent of retail space was unoccupied in a third of centres in 2024. The proportion of shopping centres with low vacancy rates has nevertheless halved since 2019. Conversely, the proportion of centres where the vacancy rate has increased to more than ten per cent has doubled. It is therefore unsurprising that an increasing amount of space in many shopping centres is being let to non-retail users.

Interest in city centres has not disappeared as reflected in retail growth

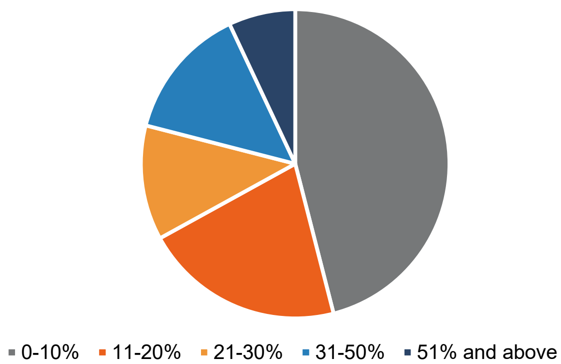
Conversely, other retailers are either expanding, or plan to enlarge their previously scaled down branch networks again. Thanks to a generous supply of space in city centres and a sharp fall in rents, the preconditions for opening branches are also favourable. Examples are the furniture giant Ikea, sports discounter Decathlon, electronics retailers MediaMarkt Saturn and Coolblue, the Douglas perfumery chain, US fashion chains Guess and rag & bone, the Spanish fashion chain Stradivarius, and German footwear retailer Deichmann. The Swedish fashion chain Lager 157 prefers shopping malls and outlying locations in particular.

Vacancy rates in shopping centres have grown, but extent varies depending on the centre
Proportion of vacancy rate to retail space in shopping centres, in %



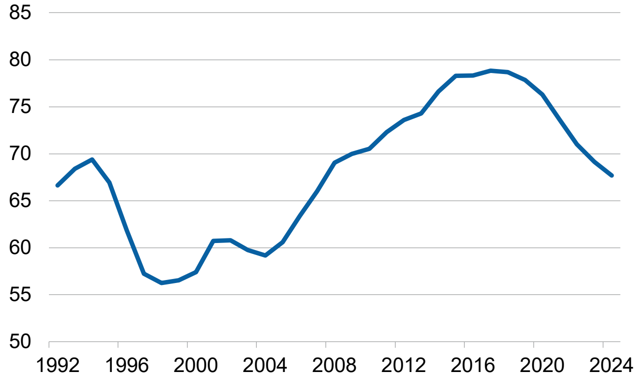
Source: EHI

Nearly half of shopping centres are still focused on retail
Proportion of space for non-retail use in shopping centres, in % (2024)



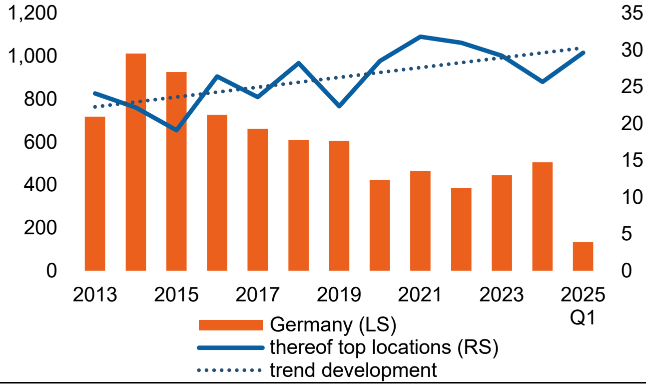
Source: EHI

Retail rents have fallen sharply in German city centres
Average retail rent for prime locations throughout Germany, in EUR/m²



Source: bulwiengesa

City centre rental activity has revived
L: Take-up city centre locations in tsd. m², R: proportion in %



Source: BNP Paribas Real Estate

Retail market trend in the locations reviewed

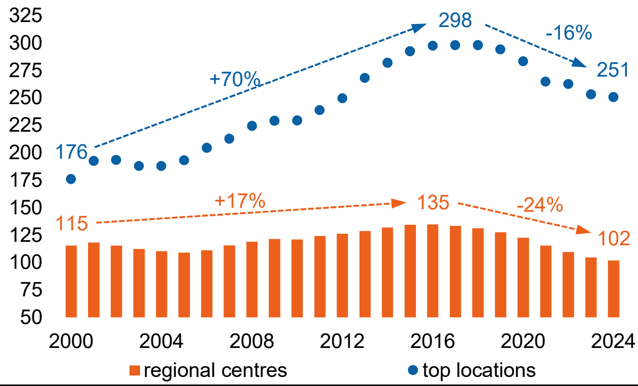
Significant divergence between prime rents in top locations and regional centers

The developments described above are clearly visible in the cities in our coverage. This is not surprising, since factors of influence such as the pandemic, inflation and weak purchasing power are leaving their mark everywhere. However, the impact varies significantly depending on the individual real estate market. This is illustrated by diverging rent trends in regional centres and top locations. In the regional centres, prime rents have climbed more slowly and have subsequently fallen faster. The result is a currently massive spread between prime rents. In the top locations, prime rents have increased on average by more than 40 per cent since the millennium, while they have weakened by around ten per cent in the regional centres.

Prime rents in regional centres still narrowly reach three digits

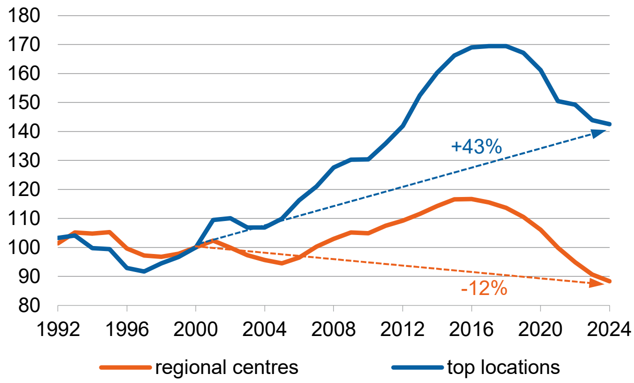
Last year, prime rents in the top locations averaged around EUR 250 per sqm. Down by about one per cent on the previous year, rents showed virtually no further downward movement. In the regional centres, prime rents narrowly reached three digits at EUR 102 per sqm. The rate of decline was also much more pronounced at nearly three per cent.

More moderate decline in prime rents in top locations despite much steeper rise previously
Prime retail rents, in EUR/m²



Source: bulwiengesa

On an indexed basis, diverging rent trends between the top locations and the regional centres are particularly evident
Retail prime rent, indexed 2000 = 100



Source: bulwiengesa

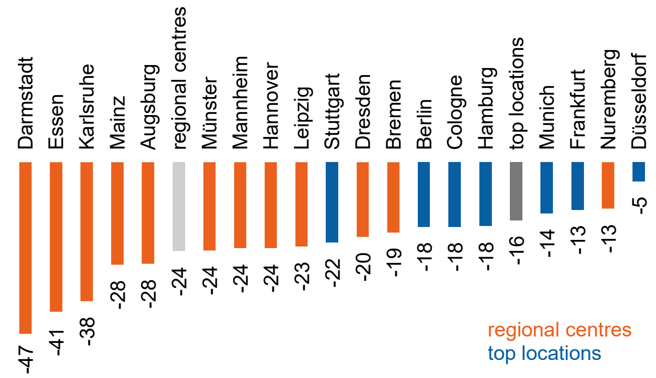
Location factors generally more favourable in top locations

The top locations benefit from more favourable location factors which make them more interesting to retailers. Criteria are market size, internationality, better purchasing power and high visitor numbers. Although the regional centres we have reviewed are also often strong retail locations, they do not benefit from the favourable mix of location factors in the seven top locations. The regional centres are also more interchangeable as retail locations because they are more numerous.

Rent decline diverges widely depending on location

However, rent trends also vary widely among the top locations and regional centres. Compared to the peak rent levels mainly evident in the period from 2017 to 2019, prime rents in Darmstadt have almost halved. However, they have also fallen sharply - by nearly 40 per cent - in Essen and Karlsruhe. Conversely, prime rents in Düsseldorf have fallen by only five per cent. Nuremberg is the regional centre with the smallest decline in rents of 13 per cent.

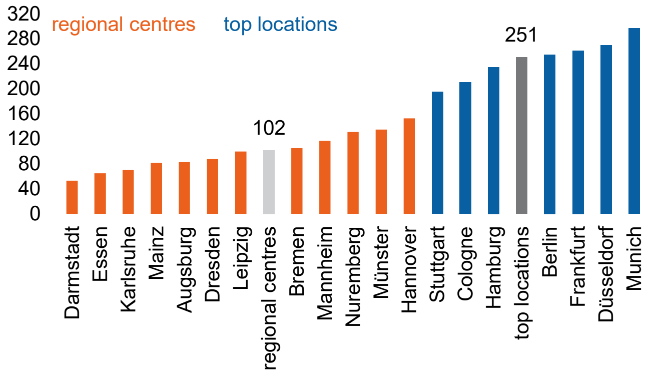
Extent of decline in rents varies widely depending on location
Maximum prime rent vs. 2024, in %



Source: bulwiengesa

Maximum in period from 2010 to 2020

Only a third of locations still show double-digit prime rents
Retail prime rent; in EUR per m²



Source: bulwiengesa

Of the regional centres, Darmstadt is the cheapest, and Hannover the most expensive retail location

In addition to the diverging rates of decline in rents, there is also a pronounced gap between rent levels. The range has also widened over time. Up to 2015, all of the 19 locations reviewed were still reporting triple-digit prime rents. Today this applies to only 13 locations. In 2024, the range per sqm extended from EUR 53 in Darmstadt to EUR 297 in Munich. The most expensive regional centre was Hannover with EUR 153 per sqm. In Stuttgart – the cheapest of the top locations – rent per sqm is around EUR 40 higher. In Bremen and Leipzig, the prime rent was broadly in line with the average for the regional centres. Among the top locations, this was true of Berlin.

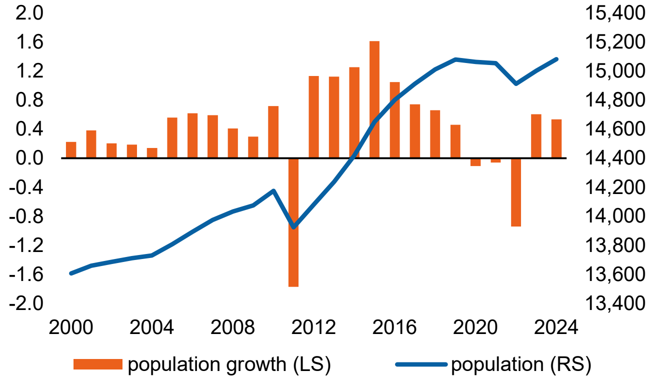
Combination of location factors

The divergence in rent trends in the various locations is essentially attributable to the trend in regional location factors. One aspect is customer potential, which is influenced by the demographic trend, tourism, and competition. Apart from growing customer potential, an attractive city centre and easy access are plus points. The purchasing power of the population is equally important.

In 2022, the population was corrected as part of the census

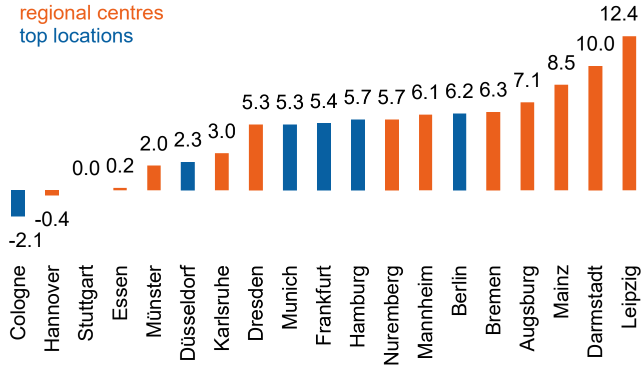
In recent years the cities in our review have benefited from strong population growth; on a cumulative basis, numbers have increased by around 11 per cent to just over 15 million people. However, the number has since stagnated, despite the influx from Ukraine. The correction of population statistics within the context of the 2022 census was a contributory factor here. Immigration to Germany also fell in 2023, and particularly in 2024. The severely strained housing markets are also an obstacle to migration into the major cities.

Strong population growth has eased significantly
LS: in % yoy, RS: in million inhabitants



Source: bulwiengesa

Population growth diverges widely in the 19 cities
Population trend from 2014 to 2024 in %



Source: bulwiengesa

Demographic trends in the 19 cities nevertheless vary. From 2014 to 2024 the populations of Darmstadt and Leipzig grew particularly rapidly, by 10 and 12 per cent respectively. However, Augsburg and Mainz also recorded strong growth. The populations of most cities increased by five to six per cent in this period. Conversely, numbers stagnated in Cologne, Essen, Hannover and Stuttgart.

Darmstadt and Leipzig are the fastest growing cities in the market report

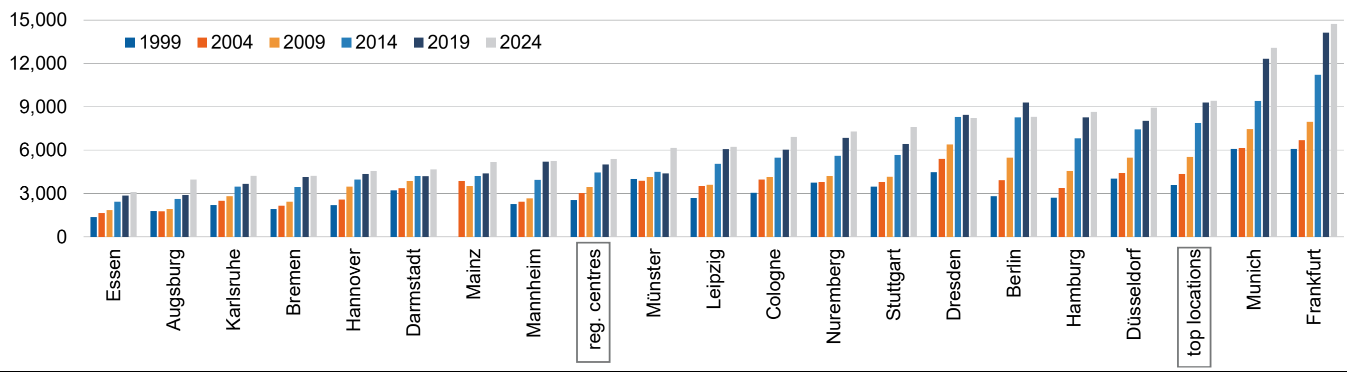
Tourism has also had a positive impact on retail sales, with the number of visitors and overnight stays increasing over many years. In 2024, a cumulative 122 million overnight stays were recorded in the 19 cities, compared to less than 40 million in 1995. Growth in tourist numbers is important for city centre retail, because visitor spending is focused on shops and restaurants there. The additional revenue has also offset some of the decline in sales caused by e-commerce.

Tourism figures triple since 1995

The favourable trend in tourism in all the cities is positive. However, individual cities are benefiting to a varying degree. This is reflected in the number of overnight stays calculated per 1,000 inhabitants. Essen has the lowest figure in the market report at around 3,000. The level in Frankfurt is almost five times as high. On average, visitor numbers in the top locations are significantly higher than in the regional centres. In the latter group, Nuremberg and Dresden in particular show high levels of more than 7,000 and more than 8,000 overnight stays respectively.

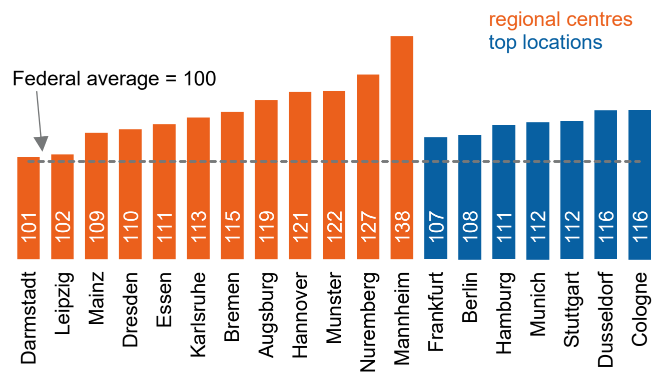
Tourism grows strongly in all cities

City tourism and business travellers a growing economic factor in all locations
Overnight stays per 1,000 inhabitants



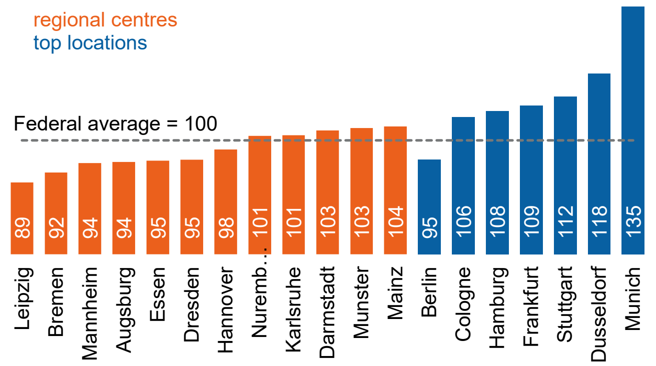
Source: bulwiengesa

Most regional centres show higher centrality figures
Centrality figures in points (2024)



Source: bulwiengesa

Top locations - apart from Berlin - lead the way in terms of purchasing power
Purchasing power figures in points (2024)



Source: bulwiengesa

Centrality figures mainly moderate

All the locations are able to attract purchasing power from the surrounding area. Apart from upward and downward outliers, the differences between the locations are however fairly small. This is particularly true of the top locations. The two regional centres Nuremberg and Mannheim show very positive levels. The reason for the mainly moderate centrality figures is that items for daily use – which account for a large proportion of consumer expenditure – can be purchased without the need to visit a large city.

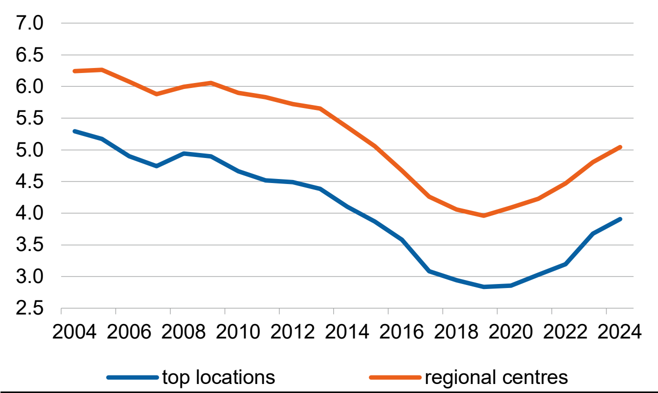
A whole series of locations show visibly weak purchasing power

In terms of purchasing power, the range between the cities is broader. As with tourism, the top locations also lead the way here. Only Berlin shows below-average purchasing power compared to the German average. Conversely, among the regional centres, half are below-average. Leipzig and Bremen bring up the rear. However, even Mainz - the regional centre with the highest purchasing power figure - is only slightly above-average. The highest levels are achieved by Düsseldorf and Munich.

Rental yields from retail properties increase by 100 basis points from their low

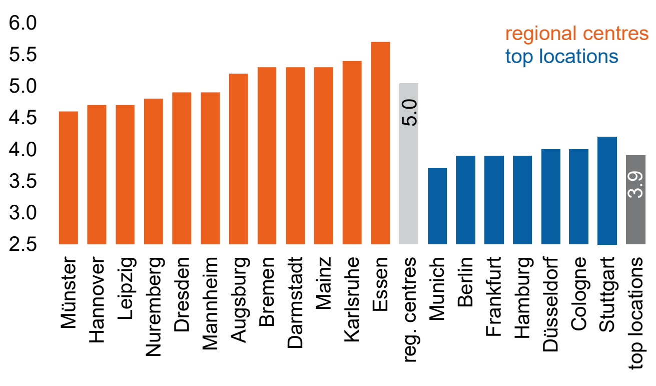
Investor interest in retail properties has weakened considerably, with the exception of local businesses. Initial rental yield figures are thus based on a small number of transactions. Compared to the yield low reported in 2019, by 2024 rental yields in both the top locations and the regional centres had increased by, on average,

Rental yields for city centre retail properties have increased by around 100 basis points since 2019
Retail central locations: Initial rental yield, in %



Source: bulwiengesa

Retail rental yields range from 4 per cent to nearly 6 per cent
Retail central locations: Initial rental yield in %



Source: bulwiengesa

100 basis points to 3.9 per cent and 5 per cent respectively. In both cases this is broadly in line with 2015 levels. However, at that time, the yield of around 0.5 per cent on 10-year Bunds was well below the 2024 figure of around 2.4 per cent. Accordingly, the yield advantage of retail properties compared to government bonds has been clearly eroded. In terms of individual locations, initial rental yields for retail properties in central locations ranged from 3.7 per cent in Munich to 5.7 per cent in Essen in 2024.

Retail market conclusion: Headwind persists

Retail sector's hopes of better business have been dashed

The "High Street" with its prime locations continues to play a key role for the retail sector despite the loss of sales due to e-commerce. The outlook nevertheless remains subdued given the ongoing economic slowdown, industrial weakness, and growing concerns about jobs. However, other factors are also having an impact. For example, rising expenditure on pensions, health and care due to demographic change, and hence higher social security contributions, will limit the spending power of private households. Total social security contributions could increase from currently 43 per cent of gross wages to 46 per cent by 2029 and 49 per cent by 2035. The bottom line is that currently weak consumption is likely to continue.

Cutting spending on clothing and shoes is relatively easy for households

One complicating factor for city centre retail is that households are unwilling to cut back on many types of spending such as leisure and travel, and savings on groceries and drugstore products are virtually impossible. Conversely, it is easier to rein in spending on products typically sold in a city centre – particularly fashion, shoes and electronics – partly because many households are already well supplied with these items. The situation is also being compounded by the large proportion of online shopping and new competition from Chinese low-cost suppliers.

High degree of fluctuation: Clear shift in city centre offer

With city centre sales stagnating or falling slightly, retailers are faced with the dilemma of withdrawing or expanding. The generous supply of sales space is beneficial for new businesses. For example, sports discounter Decathlon uses empty department stores to establish a large-scale city centre presence. Rent levels could therefore stabilise after several years of decline. However, as in the past, there are likely to be differences depending on regional trends in location factors. The repurposing of obsolete retail space which has been evident for some time will also continue. Shopping centres are also changing course by using more space for restaurants, experience-orientated leisure and fitness activities.

Transition to more attractive and multi-faceted city centres will necessitate many construction sites

This should make cities more diverse and attractive, in contrast to the monotony of chain stores. Surveys show that people value the wider range of offerings in cities. Cleanliness and safety are other relevant aspects. On a positive note, the crisis in city center retail and concerns about urban decay have intensified efforts to promote sustainable inner-city development. The upgrading of city centers also helps the retail sector. However, the process involves a large number of construction projects, which can temporarily hamper retail activity.

retail – forecast for prime rates

	2023	2024	2025e
12 regional centres			
Prime rents in EUR/m² (vs. previous year in %)	104.6 (-4.5)	101.9 (-2.6)	100.5 (-1.4)
7 Top locations			
Prime rents in EUR/m² (vs. previous year in %)	253.1 (-3.6)	250.7 (-0.9)	249.1 (-0.6)

Source: bulwiengesa, Prognose DZ BANK all averages are space-weighted

Prime rents represent the average of the top 3 to 5 per cent of market rentals, and the stated figure does not therefore correspond to the absolute maximum rent.

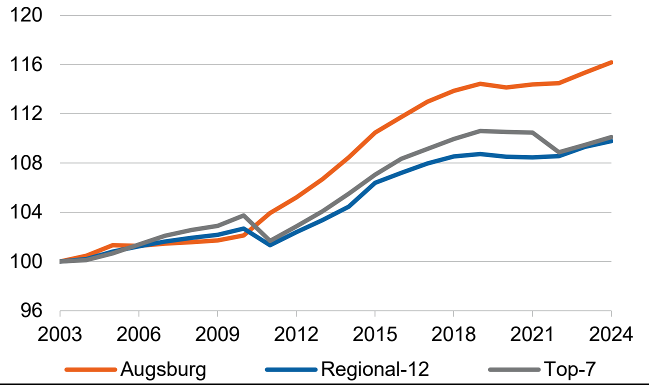
AUGSBURG

Augsburg property market

Important business and education centre also benefits from proximity to Munich

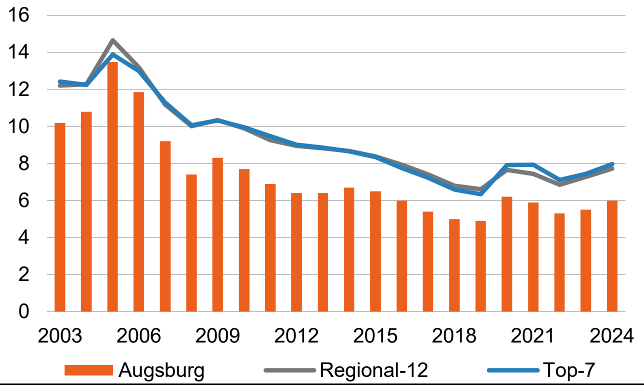
Augsburg - founded by the Romans and famous for its Town Hall, Goldener Saal, and Fuggerei alms houses - is the third largest city in Bavaria based on the number of inhabitants. Its population stagnated for a long time, before starting to grow strongly from 2010; it has now reached just over 300,000, an increase of 7 per cent since 2014. One trend driver is the city's proximity to Munich, where housing is in very short supply, and where purchase prices and rents diverge widely from Augsburg. The 60 kilometre distance between the two cities is also easily manageable via the Autobahn A8 or the Intercity Express (ICE) train. One factor in Augsburg's favour is the availability of substantial space reserves freed up by redundant industrial and military sites which can be used for urban development. Most of this space was previously used by the formerly important textile industry and the US military forces. However, the Swabian city is also progressing economically. High unemployment caused by structural change has fallen sharply. A moderate rate of 7.2 per cent was recorded in August 2025. Important economic sectors are mechatronics and automation, environmental technology, light construction, and information and communications technology. Tourism does not play a major role. MAN Energy Solutions and Kuka AG are important companies which produce, inter alia, industrial robots. The founding of the university in 1970 created positive momentum for the city's development. Augsburg is an important centre of education with 27,000 students.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



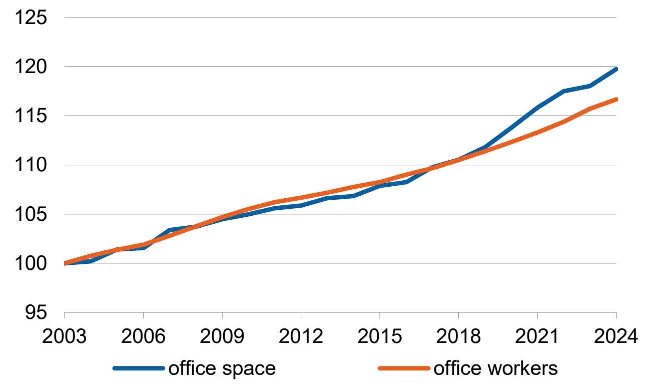
Source: bulwiengesa

Augsburg office market

Prime rents up sharply since 2022

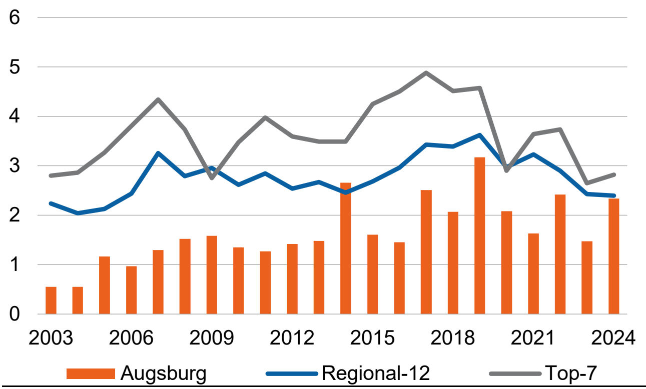
Compared to the Munich office market, which is ten times larger, Augsburg has space of only around 1.5 million sqm. One positive feature is the development potential created for the office location by converted space and new office centres. This has generated a large volume of new space. Within ten years, office space has expanded by 12 per cent. Demand is mainly of a regional nature. Annual take-up is around 30,000 sqm. Despite the absence of large contracts, a solid volume of 35,000 sqm was achieved in 2024. Although the vacancy rate has been increasing since 2021, it remains moderate at 5 per cent. Prime rents have risen sharply to EUR 19 per sqm due to the supply of new, and thus fairly expensive office space.

Office jobs and office space
2003 = 100



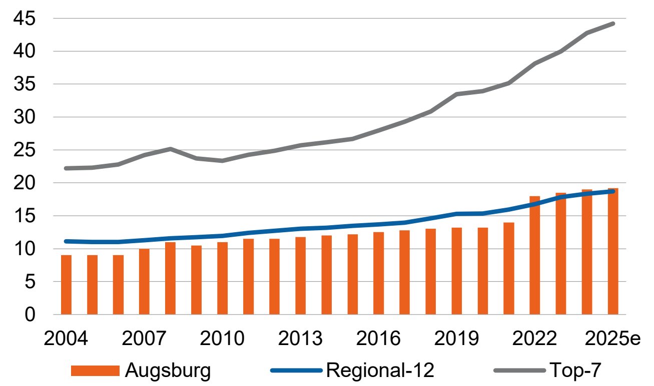
Source: bulwiengesa

Take-up
% of office stock



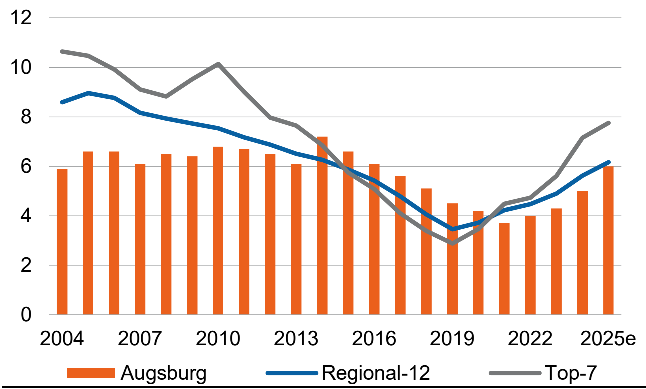
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



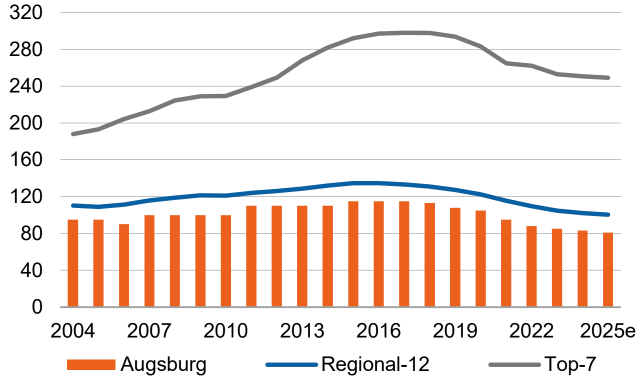
Source: bulwiengesa, DZ BANK

Augsburg retail market

Prospects hampered by weak purchasing power and low level of tourism

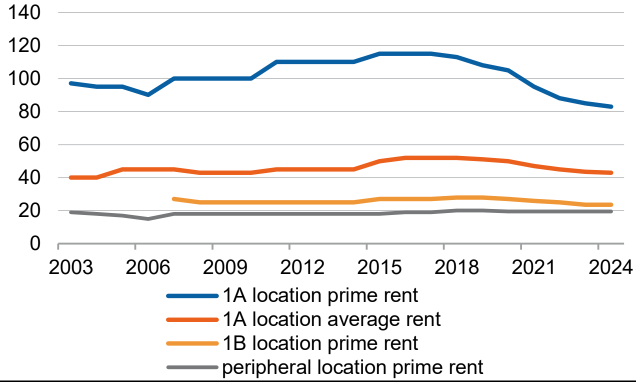
The centrality of this city - which lies halfway between Munich and Ulm - remains fairly good at 116 points. Conversely, purchasing power is well below-average at 94 points. One plus point for the retail sector is increasing customer potential as a result of demographic growth. In contrast, tourism plays an insignificant role. The city centre, which has around 280 shops and 100 food and beverage outlets, was upgraded in 2018 when the former Fuggerstadt Centre close to the main railway station reopened as Helio, and the old K&L building in Bürgermeister-Fischer-Straße was converted. Quality of stay is also enhanced by the city's many restaurants. Negative factors for retail include the number of vacant properties - including the branch of Karstadt which closed last year. Aldi is currently the only tenant on the lower level of the building. When renovation has been completed, a large branch of Deichmann will also open in the basement. The first floor has also been earmarked for retail. Alternative uses will also be found for the upper levels. Prime rents in Augsburg have recently fallen by almost 30 per cent from their peaks, to EUR 83 per sqm. Insufficient and expensive parking frequently attracts criticism and is curtailing footfall from the surrounding area.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

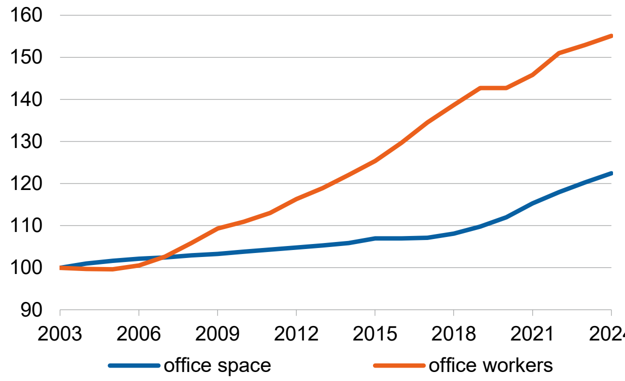
BERLIN

Berlin office market

Rent growth slows visibly after rising sharply

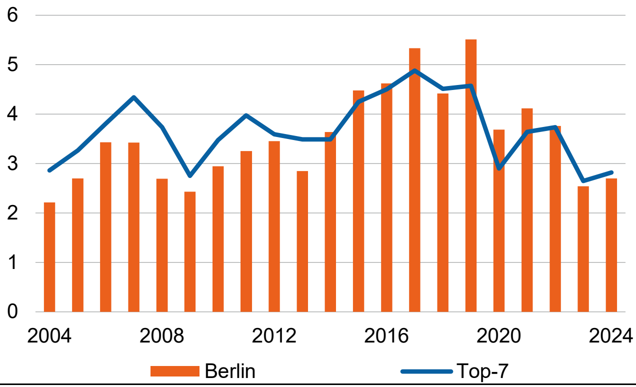
The upturn in Berlin has clearly revived Germany's biggest office market which has space of nearly 22 million sqm. The capital city's office market is also unique in having achieved take-up of more than 1 million sqm – in 2017 and 2019. However, like the other top locations, the Berlin market lagged well behind previous record levels last year, at 585,000 sqm. This is attributable to ongoing economic weakness and only a small number of large contracts. The situation was very similar in the first half of 2025, when take-up reached 244,000 sqm (BNP). Only one contract for more than 10,000 sqm was signed (for the tenant House of Games). Conversely, demand for smaller, modern space is buoyant. The vacancy rate, which fell to around 1 per cent in 2019, has increased sharply in the interim. By June 2025, weaker demand and strong office construction had driven the figure up to 7.8 per cent. Although construction activity has passed its peak, the volume of new space could also exceed 400,000 sqm in 2025. The vacancy rate could therefore continue to increase, albeit not quite as quickly. Prime rents, which have almost doubled within ten years, have remained nearly flat recently, partly due to a larger supply of modern space. Prime rents are therefore likely to show at best only moderate further growth in the near future, and have been EUR 45 per sqm since autumn 2024. Berlin is the third most expensive office market after Munich and Frankfurt.

Office jobs and office space
2003 = 100



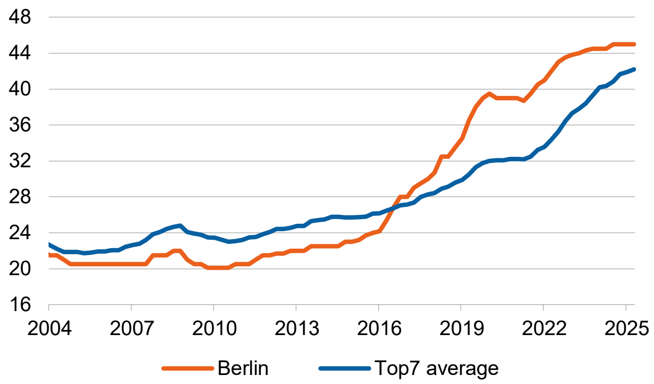
Source: bulwiengesa

Take-up
% of office stock



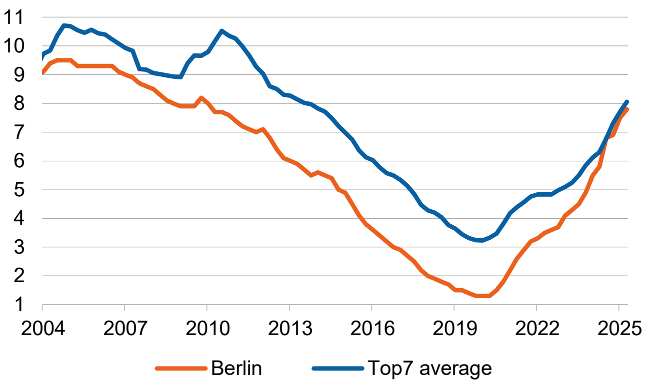
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa

Vacancy rate
in %



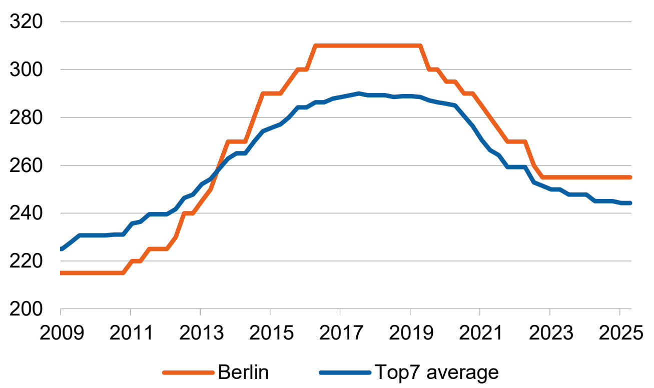
Source: bulwiengesa

Berlin retail market

The Berlin retail sector has benefited from the upturn. The main contributory factors are a sharp fall in unemployment, a significant increase in customer potential due to population growth, and flourishing tourism. With more than 30 million overnight stays per year, visitors also play a particularly important role for city centre retail, given Berlin's low regional purchasing power. Because the population of Greater Berlin has grown to more than 5 million people, the city's retail sector has the largest catchment area among the German cities. Apart from its size, the Berlin retail sector is characterised by several geographicallly separate prime locations. These include Tauentzienstraβe which has the highest prime rents, Ku'damm, Alexanderplatz with its high footfall, Friedrichstraβe, and the trendy Hackescher Markt. The city also has around 40 shopping centres, first and foremost among them is the large Mall of Berlin. The continuing high level of retailer interest in Berlin is reflected in lively rental activity. However, the increased supply of sales space and the large number of shopping destinations leads to tough competition, with the main impact felt by peripheral and outdated locations. One example of the consolidation process is the closure in 2024 of the French luxury goods store Galeries Lafayette which opened in 1996. A number of centres and former department stores have also been repurposed. Prime rents have fallen by around 18 per cent from their peak levels to EUR 255 per sqm. However, rents have remained stable since the end of 2022. At the "2nd Centres Summit" held in mid-2025, the Senate presented a 10-point plan to support retail locations in Berlin.

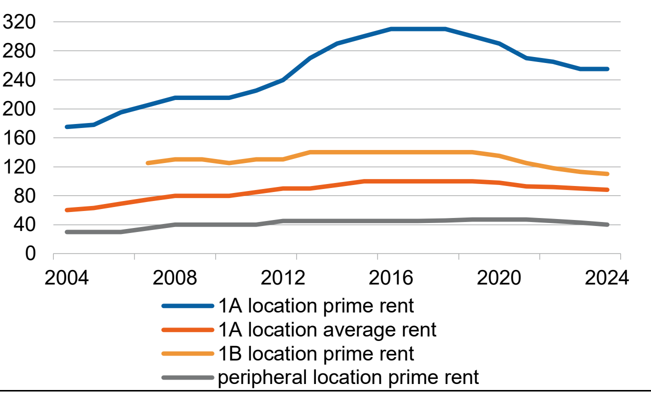
Germany's leading shopping location also hit by consolidation of excess space

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

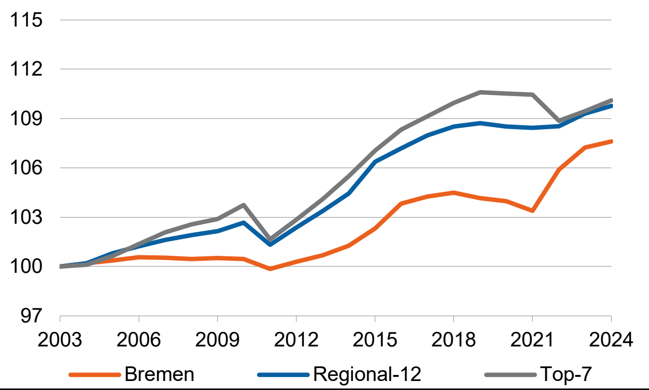
BREMEN

Bremen property market

Bremen property market gains momentum from numerous project developments

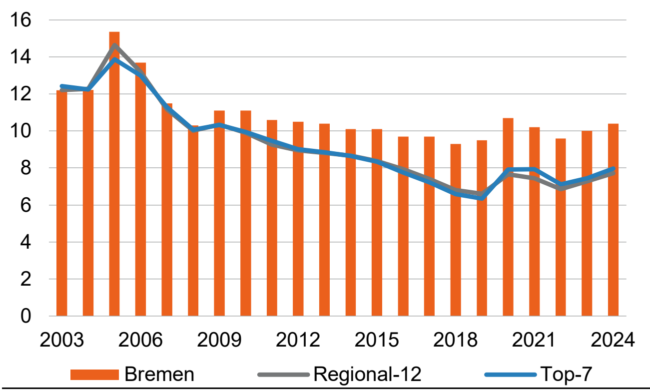
The capital of the smallest federal state ranks tenth among the most densely populated German cities. Between 2014 and 2024 the number of inhabitants grew very rapidly by more than 6 per cent to nearly 590,000 people. This followed a prolonged period of stagnation. Employment growth is likely to be one reason for the migration to Bremen. However, despite successful structural change after crises in shipbuilding and heavy industry, and a more diversified economy today, the unemployment rate was high in August 2025 at 11.2 per cent. Important sectors are vehicle construction, aerospace, food and drink, renewable energies, the maritime industry and logistics. Tourism does not play a very significant role, but is growing. The transition towards a services and technology location was supported by the founding of the university in 1971. More than 35,000 students attend higher education institutions in Bremen. Good road, rail, sea and air links are another positive factor. The largest companies and employers in Bremen include Airbus, ArcelorMittal, BLG Logistics and Mercedes-Benz. The Überseestadt – one of the biggest urban construction projects in Europe - is of major importance for Bremen's development as a business and real estate location. The Überseeinsel quarter is also being created on the former Kellogg's site. Other major development projects are under way in the Tobacco Quarter, the Hachez Quarter, the former headquarters of the Am Brill Savings Bank, and the Gartenstadt Werdersee. Development is also taking place in the city centre, where a university campus has also been built.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



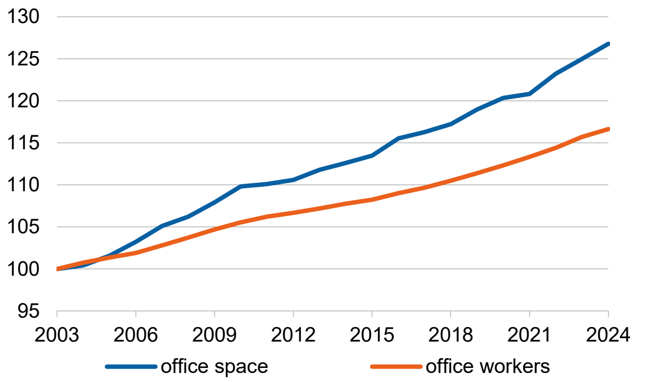
Source: bulwiengesa

Bremen office market

Stable long-term vacancy rate up sharply

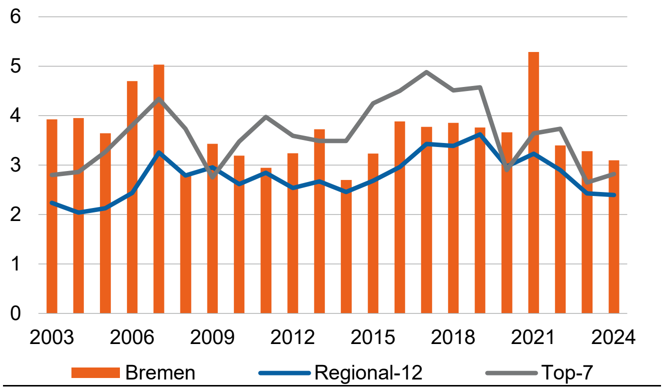
Bremen's office market has 2.9 million sqm of space, which has grown on average by around 13 per cent within ten years. For a long time, office demand prevented any increase in the vacancy rate as the volume of space grew. However, since 2022 the proportion of vacant office premises has increased sharply. Consequently, the vacancy rate reached 7.3 per cent in 2024 – well above the previous range of four to five per cent. Contributory factors are the availability of a large volume of cumulative new office space of 160,000 sqm from 2022 to 2024, and the abandonment or scaling down of locations. Vacancy rates are no longer focused primarily on contemporary office properties, while the main demand for high-value office space is in sought-after locations. Prime rents have therefore continued to increase further, recently reaching EUR 15.40, despite growth in the vacancy rate. However, rental growth has been fairly moderate since 2014 at 23 per cent. As in most locations, take-up has fallen, but has not collapsed. From

Office jobs and office space
2003 = 100



Source: bulwiengesa

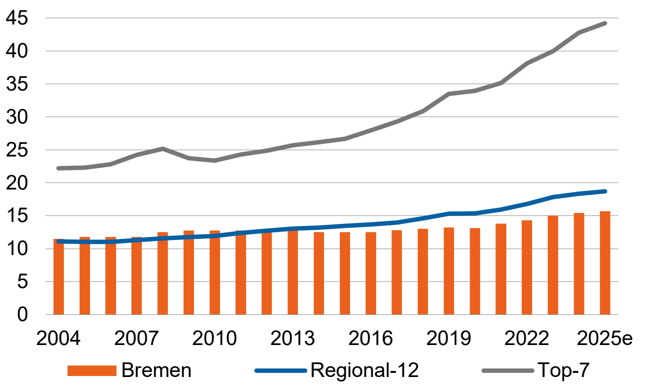
Take-up
% of office stock



Source: bulwiengesa

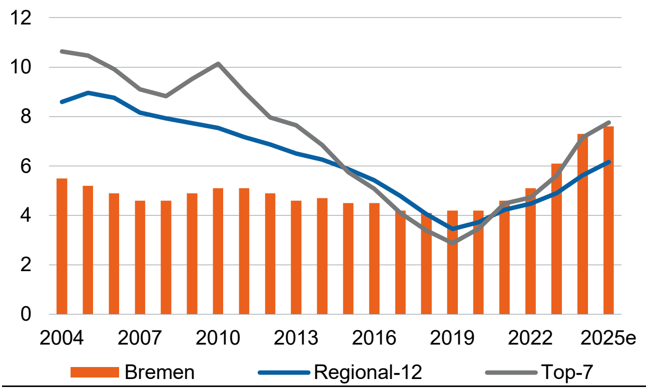
2014 to 2021, take-up just about reached six figures. In 2024, the figure was moderately lower at 89,000 sqm despite a weak economy and a scarcity of large contracts. The largest space of 5,200 sqm was rented by the SAP service provider abat in the Überseestadt. Overall, one third of the space let last year was in the Überseestadt. Conversely, given the supply shortage, the city centre accounted for only 15 per cent. The modernisation of the office stock is becoming more important based on tenants' quality criteria and the decline in new build activity. With the volume of new space already significantly lower this year and likely to remain so in 2026, the increase in the vacancy rate could level off. Prime rents should continue to rise moderately.

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



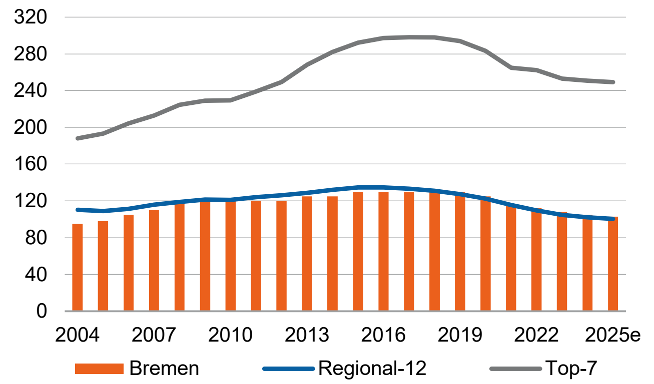
Source: bulwiengesa, DZ BANK

Bremen retail market

This large shopping destination in North West Germany benefits from an attractive city centre; tourism highlights include the Town Hall, the Roland-Center and the Schnoor quarter. The large catchment area is also a plus point, although centrality is not overly high at 113 points. Low purchasing power of only 91 points is less favourable. Tourism has developed positively, but can provide only limited support for purchasing power, with around 4,000 overnight stays per 1,000 inhabitants. Large peripheral shopping malls such as the Waterfront, the Roland-Center and the Weserpark detract from the city centre, where there are no large shopping malls. On the other hand, the prime locations of Sögestraße, Obernstraße and Hutfilterstraße have a broad retail

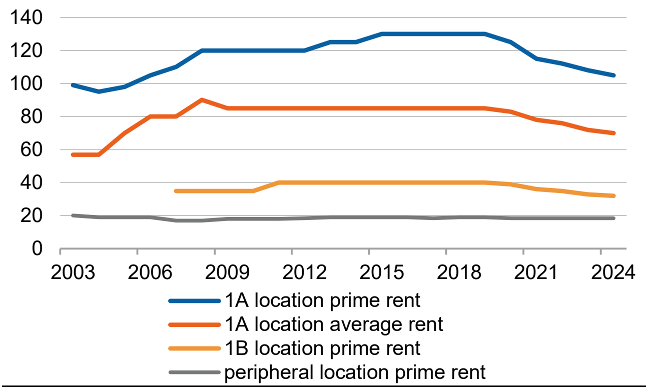
Bremen city centre will be redesigned in the year ahead with a large number of projects

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

offer. Covered arcades are also a unique feature of Bremen. The below-average fall of nearly 20 per cent in prime rents from their maximum reflects the level of retailer interest in Bremen city centre. In 2024, prime rents were still reaching EUR 105 per sqm, which is slightly above-average for the regional centres we review. Sales space which becomes available frequently attracts interest. A number of large properties are nevertheless empty; solutions have been found in some cases – such as the mixed use concept for the 19,000 sqm in the former C&A store. Another project is the historic Balge Quarter, scheduled for completion by 2026. It consists of the Johann Jacobs House and neighbouring buildings such as the Essig- und Kontorhaus (the former vinegar factory and counting house). After the failure in the past of various plans for large-scale city centre developments, the new urban development company Brestadt has now come on board. It plans a mixed-use new build project on the site of the former Parkhaus Mitte car park. The concept is to be realised in conjunction with the adjacent former Kaufhof building which has been acquired by the Bremen city authorities. However, the Senate has not yet decided whether the Kaufhof building will be demolished or renovated. Overall, Bremen city centre is on the right course. The disruption caused by large construction sites in the city centre will nevertheless have to be tolerated until projects have been completed.

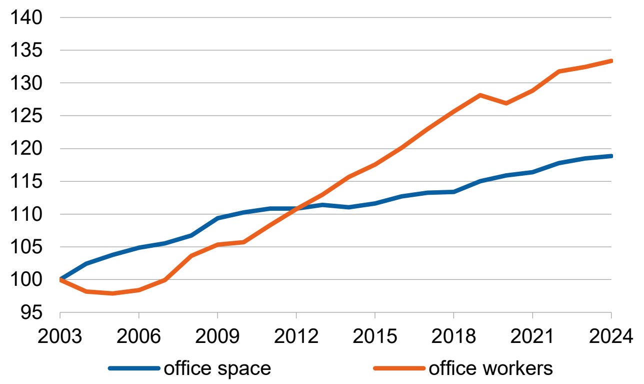
COLOGNE

Cologne office market

Lowest vacancy rate among the top locations

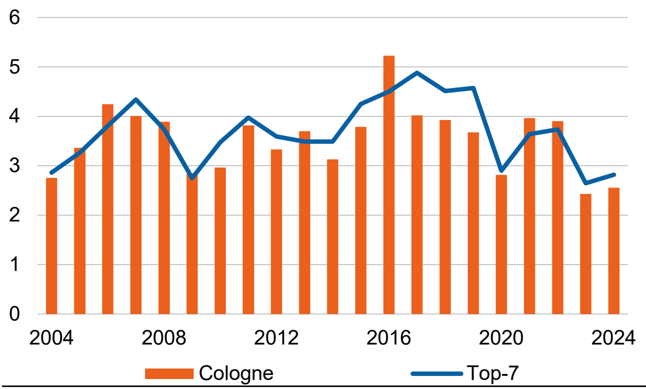
The office market in the million-strong city of Cologne is on the more moderate side at eight million sqm; its performance in the last few years can nevertheless be described as solid. This is true especially of the lowest vacancy rate among top locations at 5.5 per cent (June 2025) – a rate which rose noticeably slower from 2020 onwards. From 2024, though, Cologne also saw a sharper rise in its vacancy rate, even though the figure remains moderate. Even prime rents which increased fairly slowly over many years have seen a much stronger lift in the last few years. However, just like the vacancy rate, prime rents are also on the moderate side. At EUR 33 per sqm, the Cologne office market is the cheapest of all the top locations. Take-up is also at the lower end of the top locations. The figure of 205,000 sqm in 2024 was only marginally better than the previous year and is therefore around one third below the multi-year average, in spite of two large transactions amounting to a combined figure of over 50,000 sqm. Both deals involved the public sector (City of Cologne, the Rhineland Regional Council, LVR and the MesseCity/Deutz business district). Activity in the office market has picked up in 2025 with take-up of just over 100,000 sqm at the halfway

Office jobs and office space
2003 = 100



Source: bulwiengesa

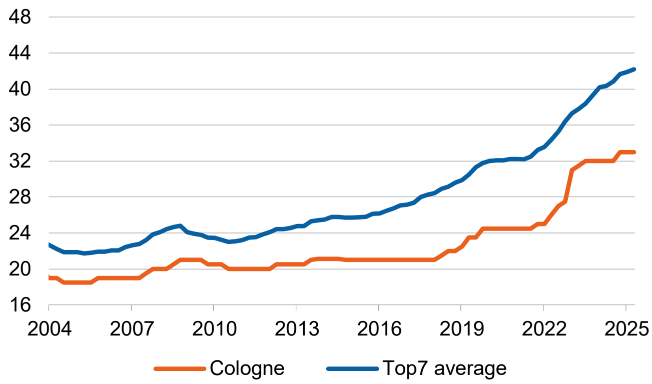
Take-up
% of office stock



Source: bulwiengesa

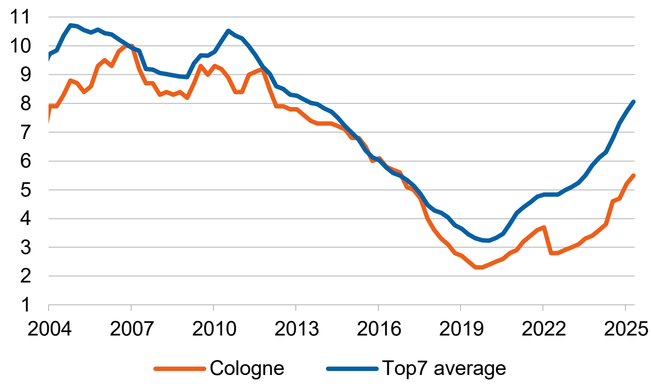
stage. The figure is almost double the level in the same previous-year period. The upturn was felt in all size segments of the market. However, the sharp increase mainly reflected two Job Centre deals which came to a combined figure of over 30,000 sqm. This once again highlights the importance of the public sector for the Cologne office market. There is a shortage of modern office space in view of a fairly small number of developments in the past. In light of the decline in new building, a persistently tight supply is likely to fuel a further rise in prime rents.

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



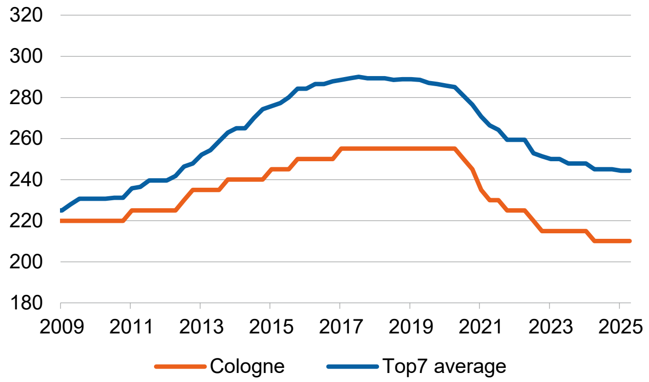
Source: bulwiengesa, DZ BANK

Cologne retail market

Cologne city centre attractive for retailers in view of a high footfall

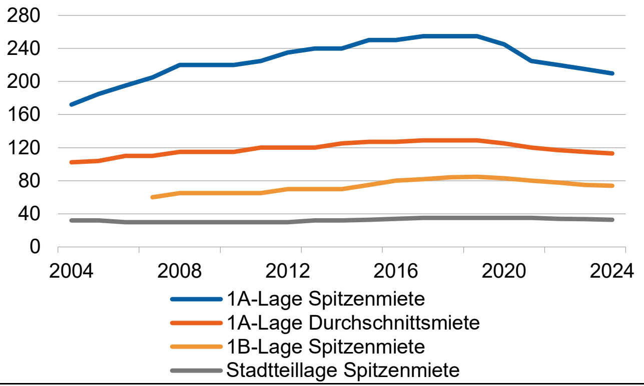
The million-strong city of Cologne is one of two top retail locations in western Germany along with Düsseldorf – a fact which generates a certain amount of competition. Cologne is attractive for retailers in view of potential from a large catchment area along with many day trippers from the Benelux countries. Purchasing power, moreover, is some way above the countrywide average. Unlike the state capital, Düsseldorf, which has a significant luxury segment, Cologne's city centre caters more for the mass market. Although the city centre is not especially attractive, it has a three-kilometre long shopping circuit with a high footfall. This is mainly true of the Schildergasse which is mostly given over to a large number of high-street chains. The location is being upgraded by a 40-metre high expansion of the P&C Weltstadthaus ('global city building') on the neighbouring site. There are plans for mixed use along with

Prime retail rents
in EUR per m²



Source: bulwiengesa

Retail rents by location
in EUR per m²



Source: bulwiengesa

a roof terrace overlooking the cathedral. The former Karstadt Sport building is also being remodelled before Douglas opens a flagship store. The Hohe Straße likewise experiences a high footfall, although it does not present such a pleasant visitor experience and the small-scale type of post-war construction has little to offer fashion chains. Plans for modernisation will aim to improve the current tenant structure which mostly consists of cheap fashion and fast-food outlets. However, the very visible vacant stores are mainly being blamed on renovation measures. The Ehrenstraße is a trendy destination which has benefited from its transformation into a pedestrianised area. The Domkloster/Wallraffplatz area is home to a smaller luxury segment. The city centre is benefiting from progress made on long-standing construction sites. The Dom-Carré with its exclusive stores is expected to open before the end of the year, while the completion of the Laurenz Carré is no longer under threat after the project was taken over from the insolvent Gerchgroup by HanseMerkur. Prime rents have fallen by 18 per cent to EUR 210 per sqm from their peak, although the level has been holding steady since mid-2024.

DARMSTADT

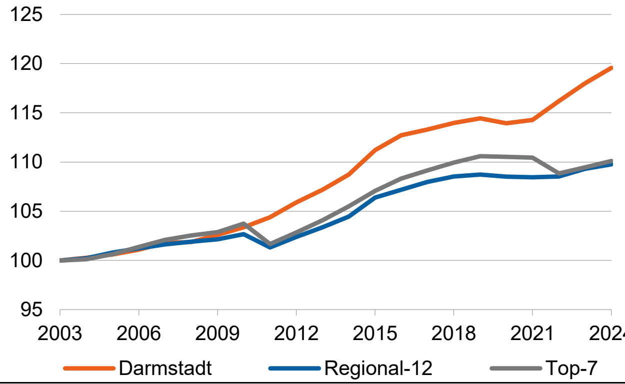
Darmstadt property market

“City of Science” an important business and research centre

Darmstadt is one of the fastest growing cities in Germany - its population has increased by 10 per cent within ten years. Since the millennium, it has grown by slightly more than 20 per cent – a good 30,000 – to 167,000 people. Apart from a high quality of life, this is attributable to Darmstadt’s strong economic position, its favourable location on the southern edge of the Rhine-Main region, and a strong focus on research. Around 41,000 students account for about a quarter of the population. Pre-eminent among the research institutions are the ESOC aerospace control centre and the FAIR particle accelerator facility which is under construction. Research activity is also reflected in the many company start-ups. With 11.5 start-ups per 100,000 inhabitants in a year, Darmstadt ranks fourth among German cities here. Core sectors are IT, chemicals, pharmaceuticals, biotech, mechanical engineering, space technology and cosmetics. Important companies are Merck, Telekom, the cosmetics groups Goldwell/Kao and Wella, the specialty chemicals company Evonik/Röhm, Software AG, the mechanical engineering company Schenck, and the food ingredients producer Döhler. Strong population growth has resulted in an expensive housing market. The average initial rent of EUR 16 per sqm is close to levels in the top locations. The repurposing of large military sites such as the Lincoln residential scheme and the Cambrai Fritsch Barracks/Jefferson Village - where the new Ludwigshöhviertel quarter with 1,400 apartments is being built - are having a positive impact on urban development. The unemployment rate is moderate at 6.5 per cent (August 2025). The awarding of

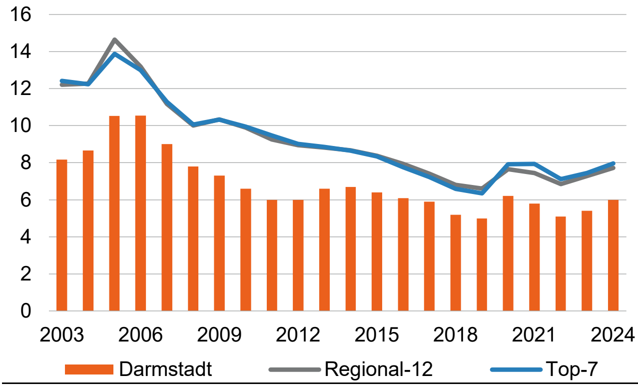
UNESCO World Heritage status to the Mathildenhöhe artists' colony is likely to boost tourism. The favourable prospects for Darmstadt are reflected in its positive ranking of 13 out of 400 German cities in the Prognos Future Atlas.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



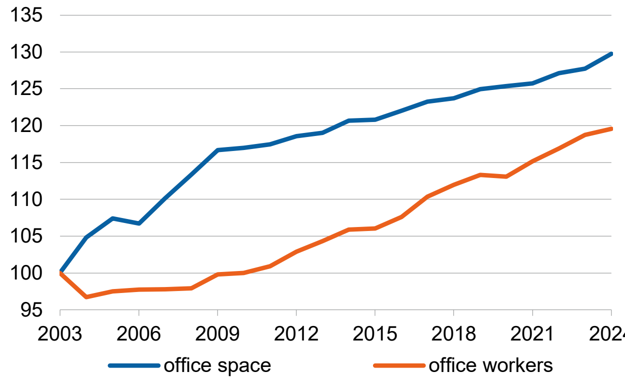
Source: bulwiengesa

Darmstadt office market

Growing vacancy rate and low momentum for rents

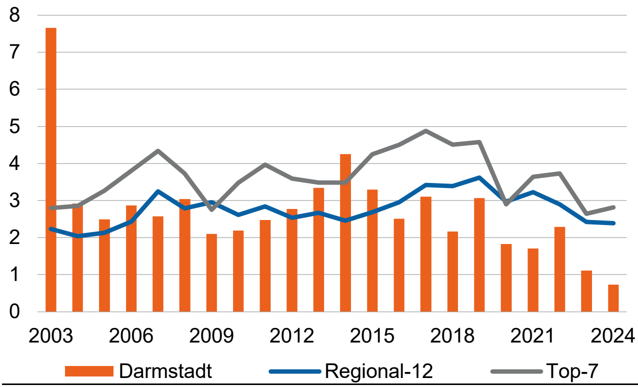
The administrative functions of the many companies based in Darmstadt and its strong science sector generate high demand for office space. The office market is correspondingly large at around 1.7 million sqm. The vacancy rate had declined to 3.4 per cent by 2019 but has subsequently almost doubled to 6.5 per cent due to weaker office demand and the provision of new space, and more than 100,000 sqm of space is therefore available. Recently weak rental activity has been reflected in very low take-up of 18,500 sqm in 2023 and 12,500 sqm in 2024. Conversely, Darmstadt has reported an average long-term take-up figure in excess of 40,000 sqm. These significantly below-average levels can be attributed to the absence of large-scale rental agreements, with most contracts for premises of less than 500 sqm. However, prime rents picked up again in 2024 to EUR 14.50 per sqm despite further growth in the vacancy rate. From 2012 to 2020 prime rents had stagnated at EUR 13 per sqm – despite decreasing vacancy rates. At just over 10 per cent, ten-year rent growth is the weakest among all the locations reviewed. Below the line, market data reflects the focus of office tenants on modern office space in a high- quality location.

Office jobs and office space
2003 = 100



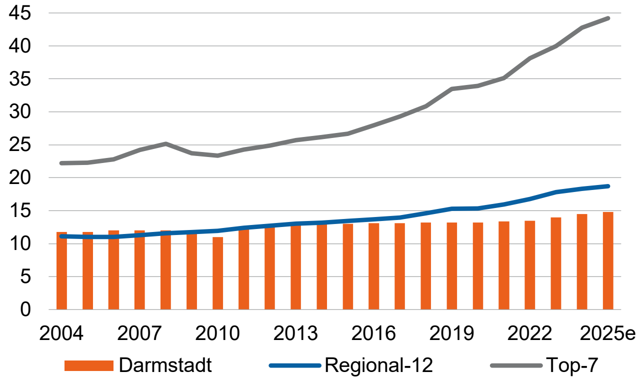
Source: bulwiengesa

Take-up
% of office stock



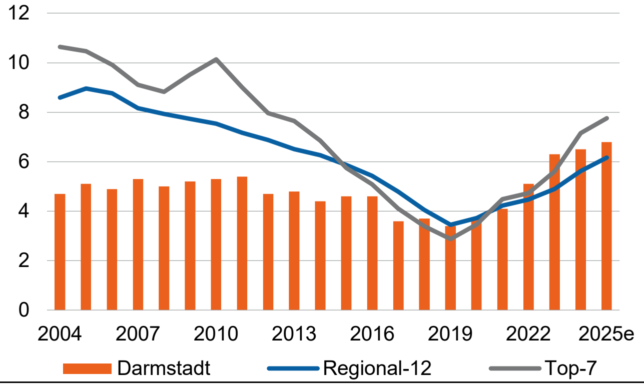
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



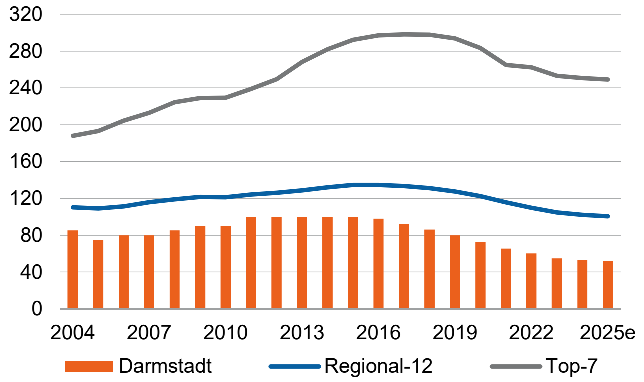
Source: bulwiengesa, DZ BANK

Darmstadt retail market

Economic strength fails to slow the steep decline in prime rents

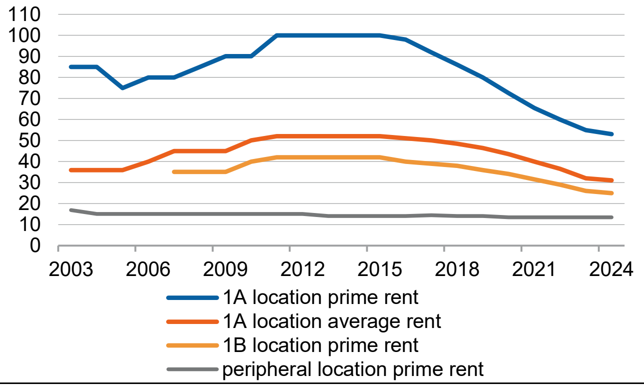
One positive factor for the Darmstadt retail sector is continuing growth in the city's population and a slightly above-average purchasing figure of 102 points despite the large number of students. Also beneficial are the growth in visitor numbers and the UNESCO World Heritage listing of the Mathildenhöhe. However, negative factors are having a greater impact, for example prime rents have almost halved to EUR 53 per sqm since 2015. Rents in the city are thus the lowest, and show the steepest relative decline among the locations covered in this report. Tough competition with nearby shopping destinations is creating a headwind. These include Frankfurt, at a distance of only 30 kilometres, as well as the extensive retail offer in neighbouring Weiterstadt with its various specialist shops, a large furniture store, and the Loop 5 shopping centre which has been repurposed as an events venue. The city centre offers a high quality of stay based on a broad retail offer, supported by many restaurants, in the prime locations of Schuchard Straβe and Ernst-Ludwig-Straße, and in two shopping centres – Luisencenter and Carree Darmstadt. However, based on current standards, it has a large volume of sales space which also depresses rent growth. One branch of Galeria remains. The second Galeria store closed at the beginning of 2024. The city authorities plan to repurpose the 22,000 sqm of space in the former department store for mixed use. The discounter Tedi is using part of the space temporarily. In 2024, the Hugendubel book retailer relocated its branch to the revitalised “Römer-Eck“, now the “Town House”. Its former premises in Carree Darmstadt are now being used by the city council.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

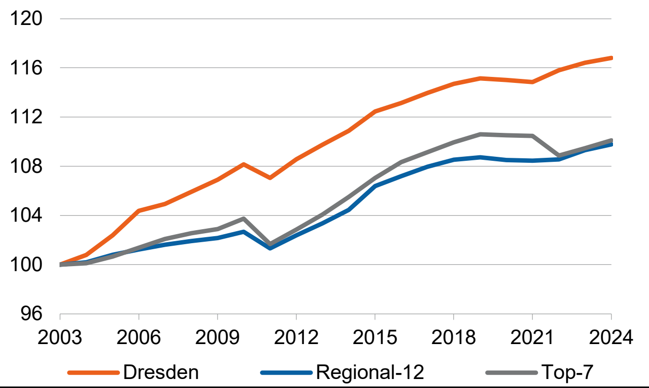
DRESDEN

Dresden property market

"Tomorrow's Home": Capital of Saxony an important microelectronics location

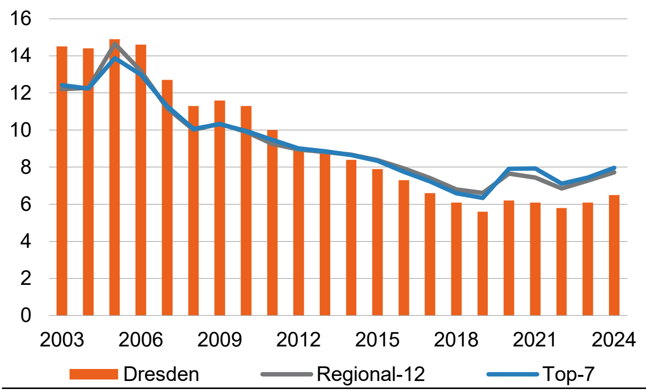
Dresden's successful development is being accompanied by steady growth in its population which has increased by 5 per cent to 565,000 within ten years. A high quality of life in this attractive city and economic success have been contributory factors. The previously high unemployment rate remains moderate at 7.2 per cent (August 2025) despite a further uptick. The upturn has eroded the advantage of a lower cost of living. However, initial rents for apartments in Dresden are the lowest among the locations reviewed here, at just over EUR 12 per sqm. As a result of the city's function as an administrative centre, the public sector is an important employer. Education and research also play an important role. Higher education institutions with 36,000 students, and numerous research facilities not only create many jobs, but also form the basis of the "Silicon Saxony" high tech location. More than 80,000 people are already employed in the microelecronics and IT and communications technology sectors. The high tech sector is also becoming more important thanks to the investment of billions by Bosch, infineon and TSMC in semiconductor production. However, there is an increasing shortage of available space for large projects in Dresden. In addition to microelectronics, vehicle construction, aviation, life sciences, nanotechnology/new materials and mechanical and plant engineering are contributing to dynamic economic development. However, the cultural and creative industries are also important. The baroque city is also a key focus for city tourism in Germany. Dresden ranks number 38 among 400 German cities and regions in the Prognos future atlas – the second highest rating in east Germany after Jena (25).

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



Source: bulwiengesa

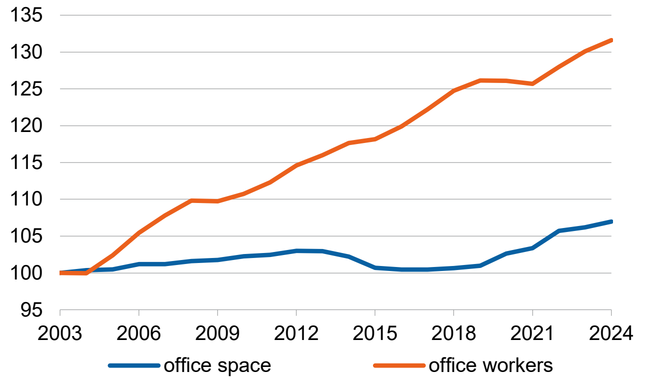
Dresden office market

Above-average market development hampered by limited supply

Dresden's office market has developed successfully with more than 3.2 million sqm of space. Prime rents have shown the steepest percentage rise among the regional centres reviewed, increasing by more than 60 per cent within ten years. The prime rent of nearly EUR 20 per sqm recorded in 2024 is also well above average for the regional centres. The vacancy rate has also increased only slightly. By 2024 it had risen to only 3.5 per cent, an increase of only about one percentage point on the 2021 low. This growth in the office market is attributable to the economic upturn in Dresden and weak office construction in recent years. Since 2014, space has only expanded by about five per cent, despite strong growth in the number of office jobs. Modern office space is therefore in short supply. Despite the shortage of space and the economic slowdown, average take-up of 89,000 sqm in 2024 was only slightly below the ten-year average.

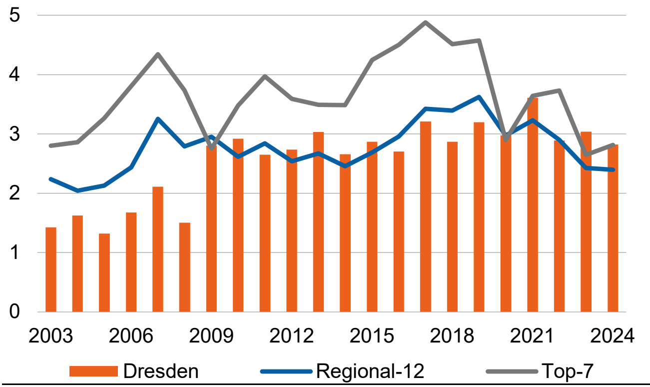
In the absence of any large contracts, robust rental income has been generated, mainly in the small and medium-sized segment. Expected cumulative new space of 70,000 sqm in 2025 and 2026 will not resolve the supply bottleneck in the office market. We therefore expect the vacancy rate to increase marginally and prime rents to pick up further.

Office jobs and office space
2003 = 100



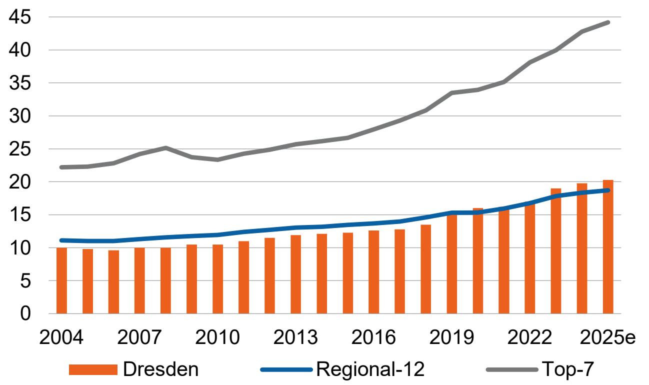
Source: bulwiengesa

Take-up
% of office stock



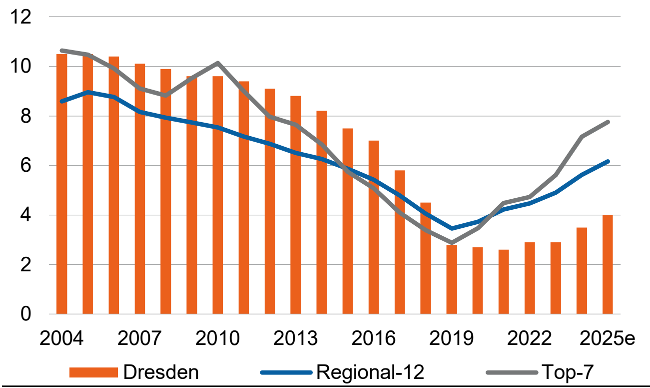
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



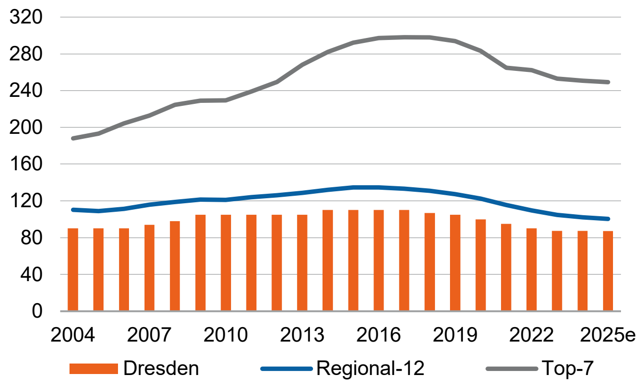
Source: bulwiengesa, DZ BANK

Dresden retail market

Flourishing tourism and urban growth support city centre retail

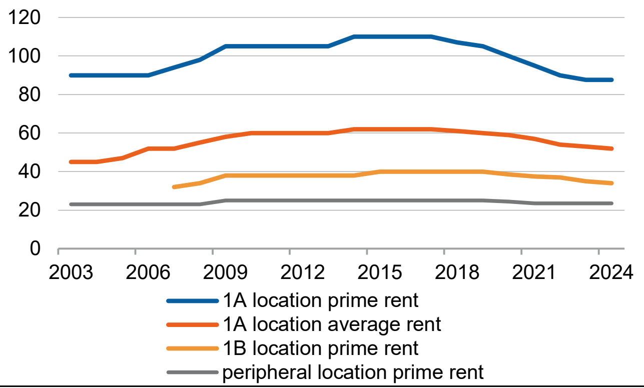
Dresden, Berlin and Leipzig are the three leading east German shopping destinations. All three cities are benefiting from the economic upturn, strong population growth, and flourishing tourism. The low purchasing power which is a feature of all three cities can therefore be more easily offset. This is particularly true of Dresden, whose purchasing power of 95 points is not far below the German average, while the number of visitors is extremely high at 8,000 overnight stays per 1,000 inhabitants. Only a few top locations achieve even higher overnight figures. However, the centrality of the large catchment area is relatively low at 108 points. This is mainly attributable to competition from peripheral shopping centres. The centre of the baroque city is an attractive retail location with a high quality of stay and a wide range of shops and restaurants. In addition to the three prime locations of Prager Straße, Seestraße/Altmarkt and Neumarkt, there are two large shopping centres with joint sales space of 100,000 sqm. By 2023, prime rents had fallen by a moderate 20 per cent from their peaks to EUR 87.50. Rents remained unchanged in 2024. This stability should continue in the current year.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

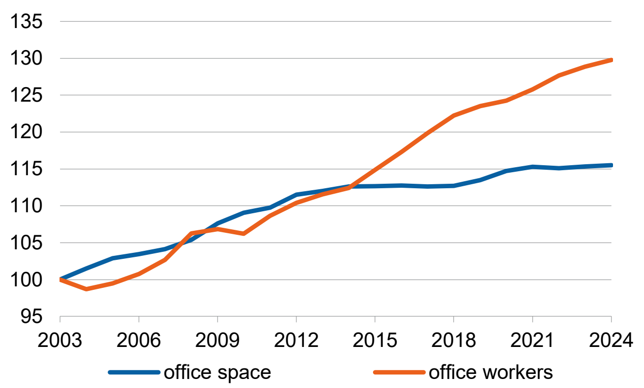
DÜSSELDORF

Düsseldorf office market

Prime rents already increasing sharply since 2022

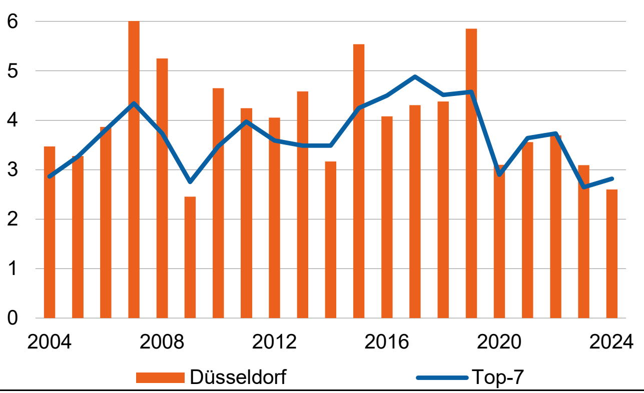
Düsseldorf is the smallest office market among the top locations, with office space of around 7.8 million sqm. However, the divergence from Cologne and Stuttgart is small. While prime rents in the top locations have risen steadily in recent years, there has been virtually no upward movement in Düsseldorf. Thanks to interest in modern office space on the back of a supply shortage, prime rents have nevertheless surged since 2022, reaching EUR 41 per sqm by the end of the second quarter of 2025. This is more or less average for the top locations. The steep rent growth has not been accompanied by high take-up. In the absence of any large contracts, the figure of 200,000 sqm recorded in 2024 was even weaker than in the previous year (approx. 240,000 sqm). The largest contract in 2024 was approximately 7,000 sqm for the Bau- und Liegenschafts-betrieb NRW (building and real estate management North Rhine-Westphalia). The market picture remained virtually unchanged in the first half of 2025. With no large-scale contracts, office take-up had reached only 92,000 sqm by mid-year. Conversely, rental activity in the small to medium segment has remained lively. The largest rental contract

Office jobs and office space
2003 = 100



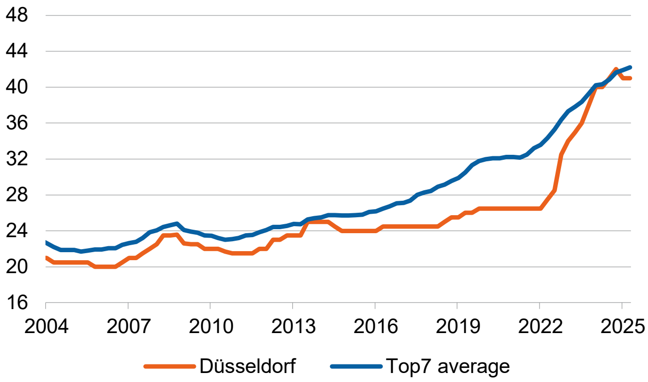
Source: bulwiengesa

Take-up
% of office stock



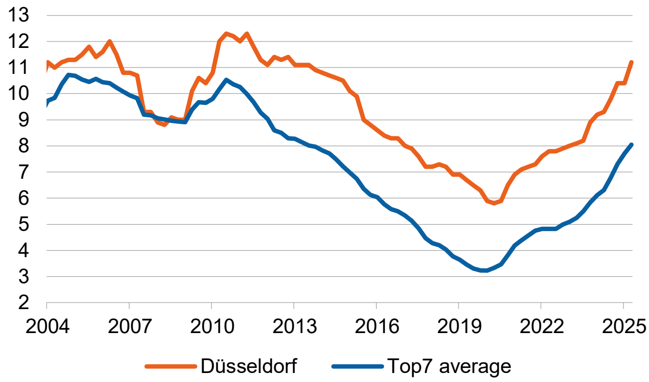
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa

Vacancy rate
in %



Source: bulwiengesa

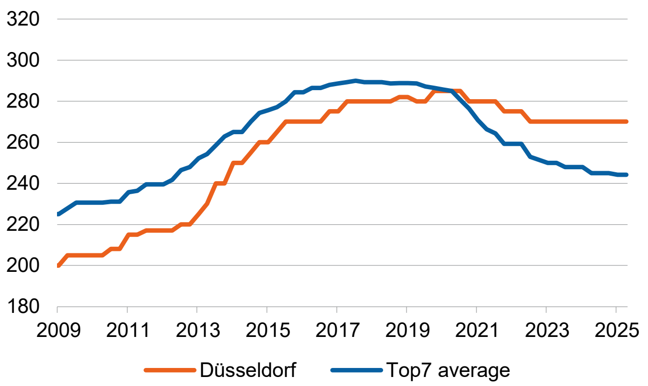
so far in 2025 has been 7,800 sqm for Helaba. The office vacancy rate has increased to 11.2 per cent as a result of new building, unoccupied space and weaker rental activity. Only Frankfurt shows a slightly higher vacancy rate. The number of vacant properties is likely to continue to grow as more new space becomes available. In contrast, the upward trend in prime rents could come to a halt.

Düsseldorf retail market

Revamped Düsseldorf city centre remains crisis-resistant

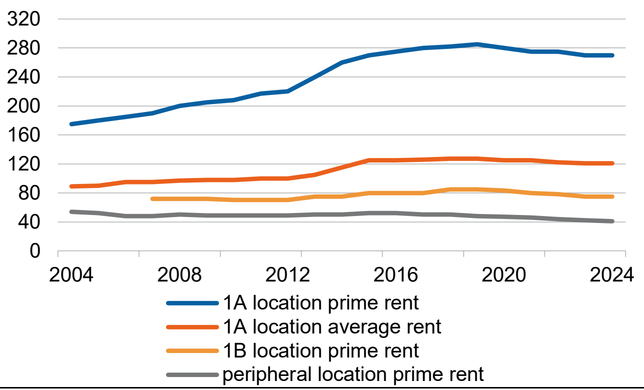
Düsseldorf has developed successfully as a shopping location. The city centre has become visibly more attractive due to various urban infrastructure projects and substantial investment in new and existing retail properties. Although the Düsseldorf retail sector has not escaped the negative factors, the impact has been less severe than in other top locations. By 2022, prime rents had fallen by only 5 per cent from their peak level. The figure has since remained stable at EUR 270 per sqm. With rents in Berlin, Frankfurt and Hamburg having fallen much more steeply, Düsseldorf is today the second most expensive retail location. Plus points are a large catchment area and purchasing power which is almost 20 per cent above the German average. A focus on the more stable luxury segment - particularly the famous “Kö” shopping boulevard – is also helpful. In addition to Königsallee, other prime locations include Flinger Straße and the redeveloped shopping location of Schadowstraße. Other additions in recent years have

Prime retail rents
in EUR per m²



Source: bulwiengesa

Retail rents by location
in EUR per m²



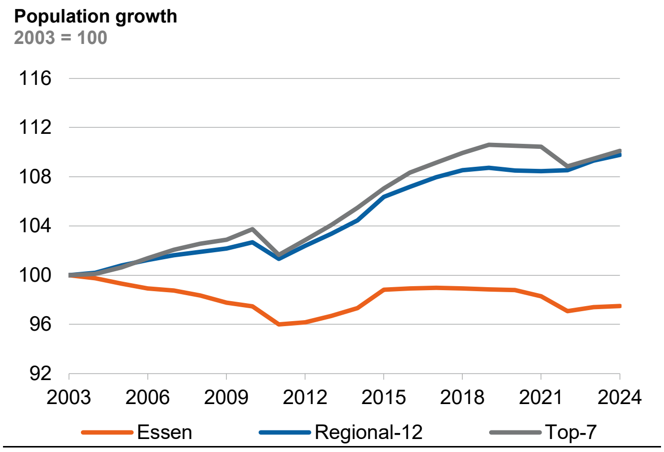
Source: bulwiengesa

been iconic retail developments such as the Kö-Bogen and the KII. Construction activity is currently focused mainly on the Kö Galerie shopping mall. New retail space is being created in the Le Coeur and Trinkaus Karree projects. The Kö Galerie, which was built in the 1980s, is to be gradually modernised. The site of the former Kaufhof store Am Wehrhahn will not be used for retail, but for the construction of a new opera house. The future of the Carsch-Haus department store built in 1915 is also clear. The Thai Central Group which also operates the Berlin store KaDeWe has acquired Benko's stake as co-owner and is continuing the conversion which has been paused for two years. Rental business is positive with a large number of contracts. However, the branch of Primark which opened in Schadowstraße in 2013 is closing.

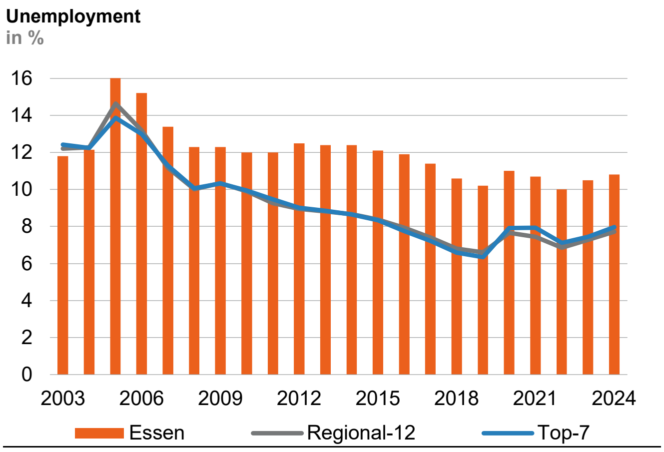
ESSEN

Despite many company headquarters, unemployment remains in double digits

As a centre of industry, services and culture, Essen is at the core of the Ruhr region. However, the structural change triggered by the crisis in mining and steel construction has had a major impact, and is reflected in the demographic trend. Since the 1960s, the then fifth largest German city has lost nearly a quarter of its population, which currently stands at 575,000. The Ruhr city therefore ranks number eleven. However, the contraction of the population has been largely overcome, with numbers remaining more or less stable for around 15 years. In the labour market, the unemployment rate of nearly 12 per cent is the highest among the locations we have reviewed and reflects the radical economic shift to a successful services location. The main economic focus has switched from industrial production to administrative functions, with an impressive concentration of corporate headquarters now based in Essen. The head offices of three DAX (Brenntag, E.ON and RWE) and three MDAX companies (Evonik, Hochtief and Thyssenkrupp) are located here. Other important companies are Aldi-Nord, Deichmann, E.ON-Ruhrgas, Funke Mediengruppe, Innogy, Medion, Open Grid, Schenker and STEAG. The University of Duisburg-Essen - created in 1972 from the former polytechnic - has provided positive impetus for urban development. A total of 35,000 students are enrolled at higher education institutions in Essen. Transport links are good thanks to the city's central location in the Ruhr region. Düsseldorf airport is only about 30 kilometres away.



Source: bulwiengesa



Source: bulwiengesa

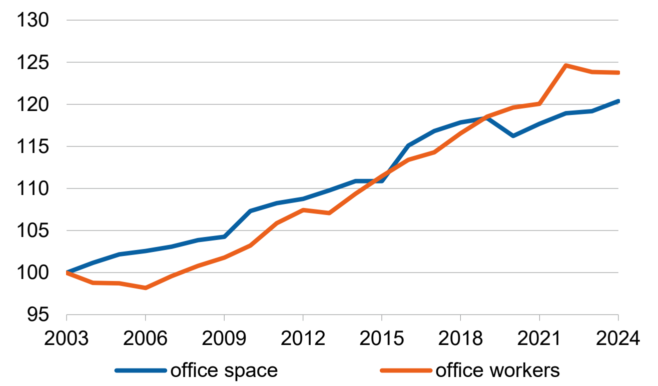
Essen office market

Vacancy rate more than doubles since 2019

Based on the large number of corporate headquarters located there, Essen's office market has substantial space of more than 3.2 million sqm. Apart from the top locations, only Hannover, Nuremberg and Bonn have larger office markets. However, the office market has recently failed to match the high take-up of more than 150,000 sqm achieved in the record years of 2018 and 2019. In 2024, take-up was still 92,000 sqm.

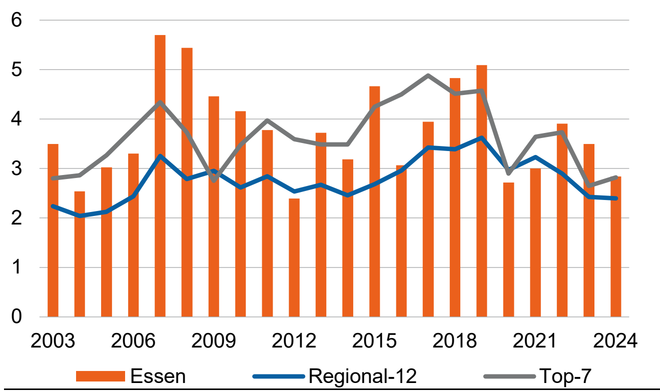
Two large contracts have provided support: Telus International has rented 11,000 sqm, and Evonik 14,000 sqm. Dispelling rumours of a relocation to Düsseldorf, the chemical company therefore remains in Essen. In the first quarter of 2025, another large contract of 13,000 sqm was signed off for the city of Essen which also concluded the largest rental contract in the second quarter – albeit for only 2,200 sqm. Overall, by mid-2025 take-up was significantly below the long-term average due to only a small number of large rental contracts. Weaker rental business has also driven up the vacancy rate which more than doubled from its 2019 low to 7.1 per cent in 2024. The figure increased again in the first half of 2025. The general ”Flight to Quality” has also led to a steady increase in prime rents to EUR 18.50 per sqm. From 2014 to 2024, rents in the top market segment rose by just over 30 per cent – which is slightly below-average. However, given that virtually no modern space is available, prime rents are likely to continue to rise on the back of a marginal increase in the vacancy rate.

Office jobs and office space
2003 = 100



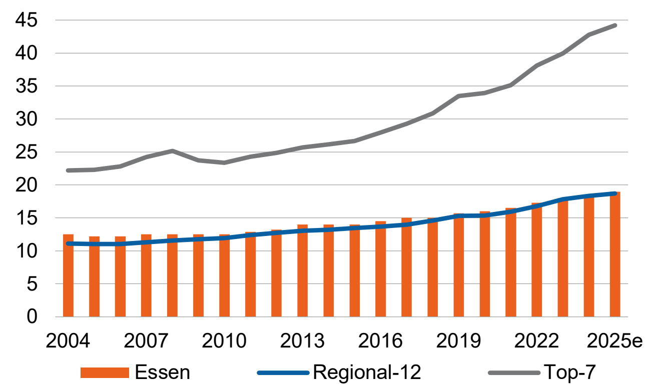
Source: bulwiengesa

Take-up
% of office stock



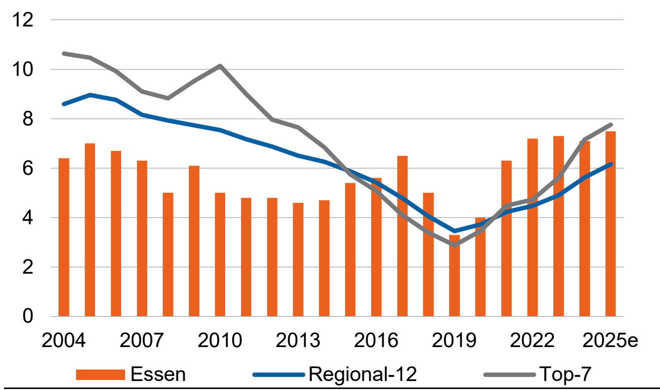
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



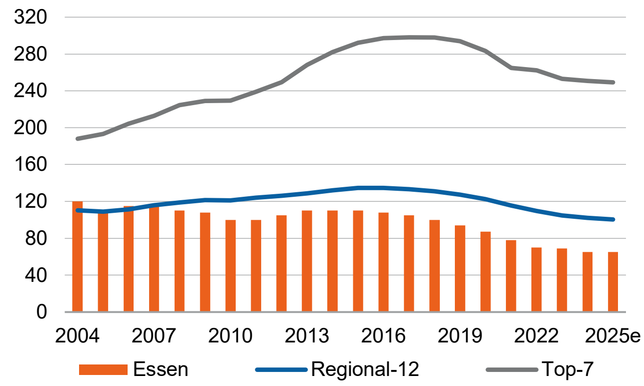
Source: bulwiengesa, DZ BANK

Essen retail market

Falling rents and high vacancy rates, but also retailer interest in sales space

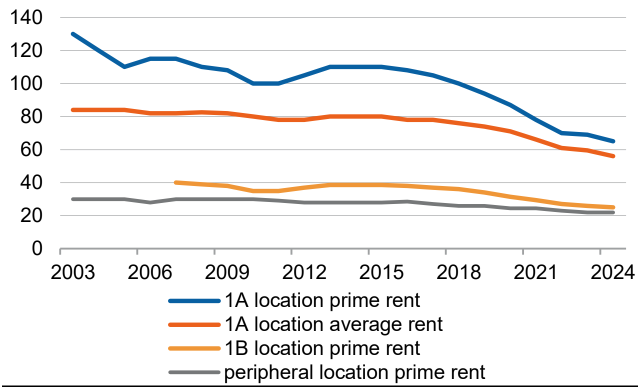
Essen's lustre as a "shopping city" has faded. The familiar lettering on the roof of the Handelshof building now reads simply "Essen", framed by the municipal coat of arms. Essen city centre's retail problems go back a long way. Contributory factors are a

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

shrinking population, a fairly low purchasing power figure of 94 points - which has been depressed by high unemployment - and competition with a number of other shopping locations in the surrounding area. Against this background, the centrality figure of 111 points is still fairly good. In addition to individual factors, the city centre is being adversely affected, like everywhere else, by e-commerce and weak consumption. From a current perspective, the city has a surplus of sales space. In addition to the prime locations of Limbecker and Kettwiger Straße, there are three large shopping malls in the city centre. The result has been a downward rent trend which began in the 1990s. By 2024, prime rents had fallen by more than EUR 100 per sqm overall to only EUR 65 per sqm. Vacancy rates which threaten to become a permanent fixture in the city centre, particularly outside the prime locations, are compounding the situation. However, Essen remains a major shopping destination, which undoubtedly attracts interest from retailers. For example, large tenants including P&C and Intersport Voswinkel have been found for the vacant Karstadt store in the Limbecker Platz shopping centre. The Kaufhof branch which closed in 2020 has been repurposed as the mixed use Königshof with a market hall on the ground floor. The city authorities are also supporting city centre development, for example with the ”Zukunft.Essen.Innenstadt” (Future.Essen.City Centre”) initiative. The integrated development concept (IEK) for the city centre comprises various measures, at an estimated cost of around EUR 40m.

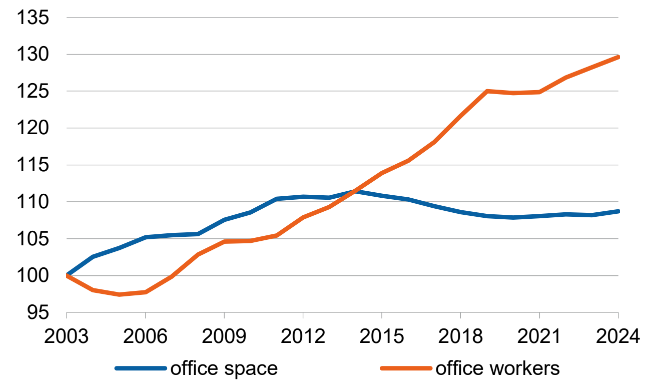
FRANKFURT

Frankfurt office market

Vacancy rate increases to 11 per cent

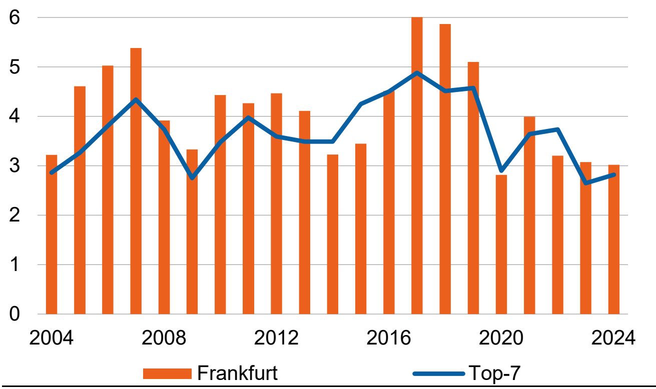
With space of just over 10 million sqm, the Frankfurt office market is one of the largest in Germany, and has long achieved the highest prime rents. However, the Munich office market has pulled ahead in recent years and has now left Frankfurt well behind. The financial centre has nevertheless caught up to some extent since mid-2024. By mid-2025 prime rents had climbed to EUR 51 per sqm. This represents a 45 per cent increase within ten years. The steep rent growth is attributable to a series of large rental contracts, project developments and extensive space modernisation. Examples are the 205 metre Central Business Tower with 73,000 sqm of space beside the Commerzbank headquarters on Kaiserplatz which has been rented by the bank. Conversely, the bank plans to relinquish other locations and to generally scale down its office space. ING Diba plans to move into a new headquarters with 32,000 sqm of space close to the European Central Bank (ECB) in the east of Frankfurt in 2028. And KPMG is moving away from the airport towards the city centre. Thanks to these large contracts, take-up of more than 330,000 sqm in the first half of 2025 exceeded the 2024 level. Older office towers

Office jobs and office space
2003 = 100



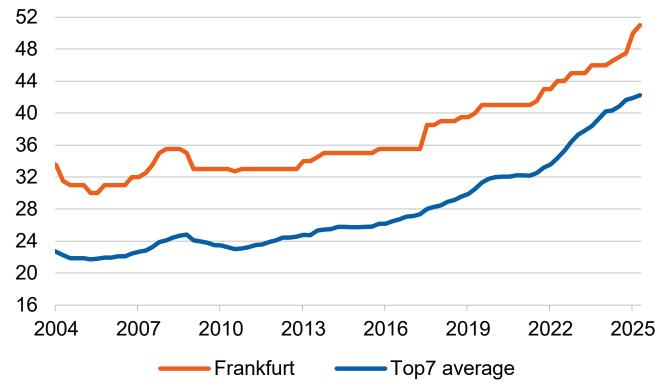
Source: bulwiengesa

Take-up
% of office stock



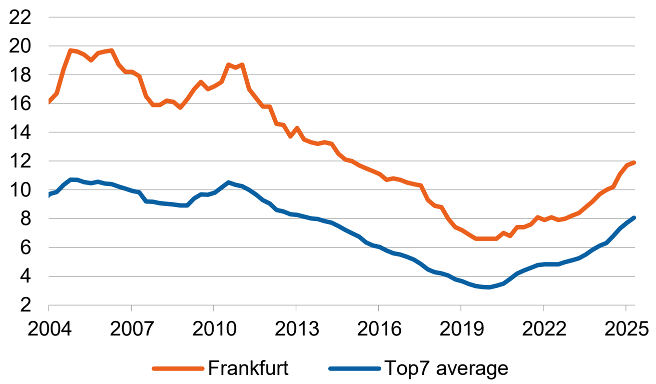
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



Source: bulwiengesa, DZ BANK

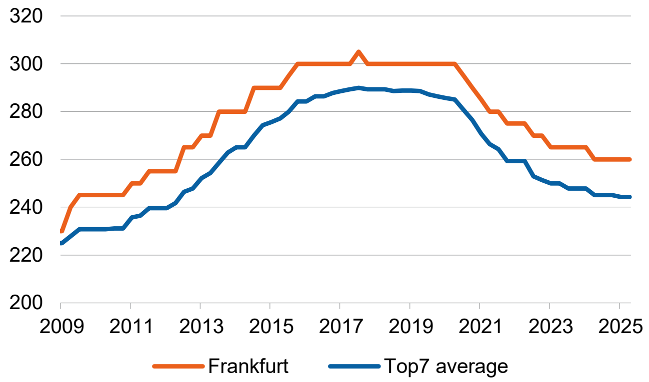
such as the Trianon, which is up for sale, are much more difficult to let than modern space. This is borne out by the increase in the vacancy rate to 11.9 per cent at the end of June 2025, which is one of the highest in Germany; it could now stabilise at this level. On the other hand, prime rents could increase again moderately. According to press reports, the Bundesbank, which already uses space in the Trianon building, could rent the entire building instead of the FBC Tower it has used to date.

Frankfurt retail market

Tourism gains pace in Frankfurt – The Zeil becomes a construction site

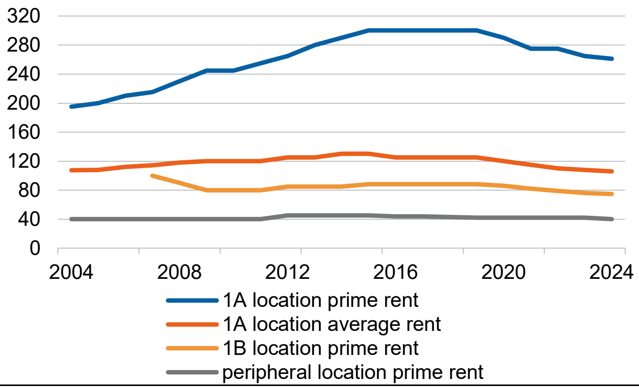
The Frankfurt conurbation and, correspondingly, customer potential for retail have grown dynamically in recent years. Another positive factor for the retail sector is high visitor numbers, with nearly 15,000 overnight stays per 1,000 inhabitants. With two prime locations – the consumer-orientated Zeil and the luxury shopping street Goethestraße – together with the MyZeil shopping centre, Frankfurt city centre has a broad retail offer. The stable luxury segment has developed more successfully than the Zeil shopping street which has clearly been adversely affected by the number of vacant properties. Various construction sites for renovations and new builds are likely to have a negative impact here for some time. One example is the conversion of the P&C store into a multi-use property including a primary school. Conversely, the former Karstadt store will continue to be used for retail purposes. At the moment Bershka is using the building for the largest European branch of the Spanish fashion label. The degree of interest in empty space is indicative of the Zeil's potential. Examples are the new flagship store of the sneaker retailer Snipes and the new branch of Thalia in the premises previously occupied by Esprit. Prime rents had fallen to EUR 260 per sqm by mid-2024 and have since remained at this level. They have shown a fairly moderate decline of around 14 per cent from their peaks. The eleven-year old Skyline Plaza located outside the city centre between the main railway station and the trade fair is to be converted at a cost of EUR 35 million. The proportion of the city centre devoted to fashion will be scaled back to include experience-orientated providers. In 2025 new tenants were acquired – TK Maxx and Douglas.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

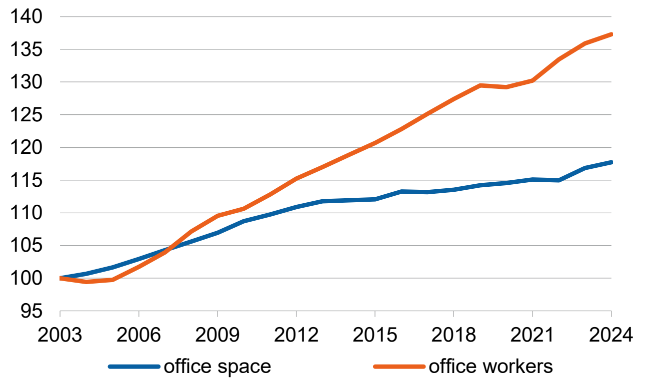
HAMBURG

Hamburg office market

Hamburg office market stands out with low vacancy rate and solid market growth

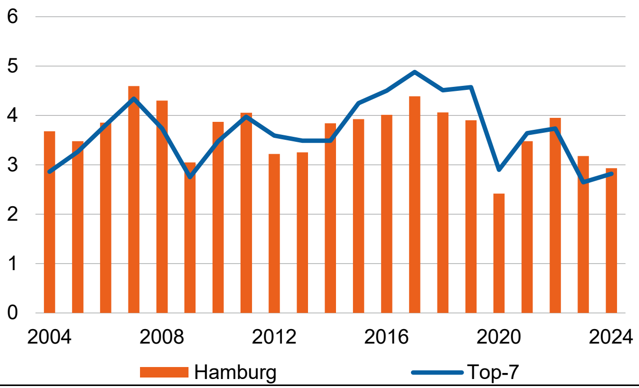
With space of 14.3 million sqm, Hamburg is the third largest office market in Germany after Berlin and just behind Munich. Following the ground breaking ceremony in 2001, the HafenCity offered space for a large number of office developments, most of which are currently located in the Elbbrücken Quarter. Grasbrook - another large office and residential quarter - is being created on the opposite side of the river Elbe. At the intersection of the River Elbe bridges, construction of the Elbtower has been suspended for more than two years. According to press reports, the city authorities plan to facilitate the further construction of the 245 metre high landmark by establishing a large natural history museum in the lower levels. Apart from this, the Hamburg office market is performing fairly well. Although rents are much lower than in Berlin and Munich, with prime rents of EUR 36 per sqm (June 2025), the vacancy rate is much more moderate at

Office jobs and office space
2003 = 100



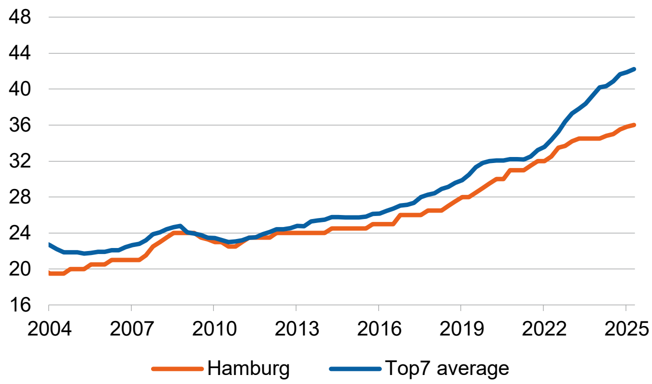
Source: bulwiengesa

Take-up
% of office stock



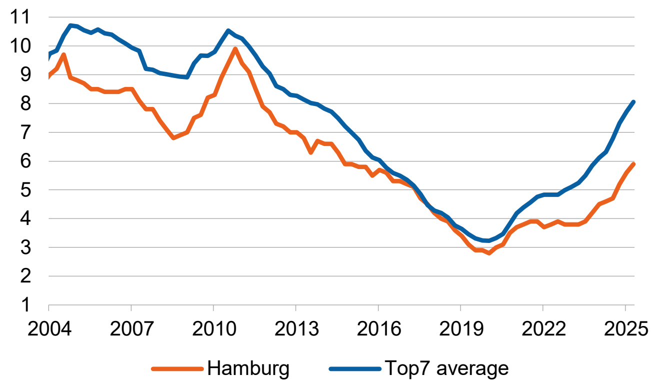
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa

Vacancy rate
in %



Source: bulwiengesa

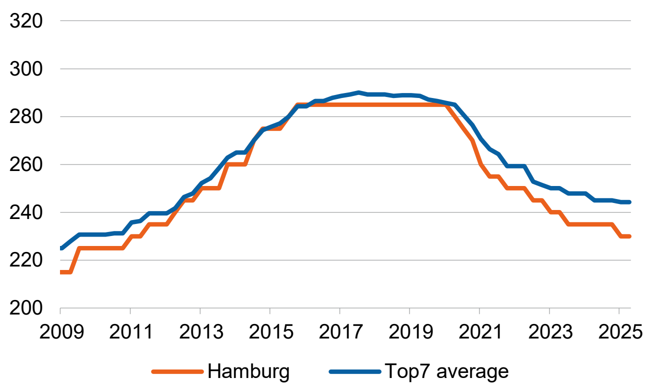
5.9 per cent. Among the top locations, only Cologne has a slightly lower vacancy rate. Although Hamburg has fallen behind the other top locations in terms of rent growth, prime rents have increased by a substantial 45 per cent over a ten-year period. In 2024 the office market reported acceptable results, with take-up of 420,000 sqm, partly due to a number of large contracts, including one for Strabag. The positive trend continued in 2025, with take-up of 214,000 sqm at the half-year stage. In addition to large private contracts, including one from the Hamburg Commercial Bank, public administration continues to play an important role for office demand. With prime rents largely stable, the vacancy rate has however increased slightly recently. Nevertheless, it is likely to stop rising as construction activity weakens. Conversely, the shortage of contemporary space could drive up prime rents again.

Hamburg retail market

The Hanseatic city stands out as the leading shopping destination in the North of Germany, with a large catchment area. In total, more than 5 million people live in the Hamburg metropolitan region. Purchasing power in the city is also positive at 108 points. Tourists and cruise passengers are also important customer groups. The broad retail offer is attractive to shoppers, with the classic consumer locations of Spitalerstraße and Mönckebergstraße in the east of the city, and the exclusive stores of

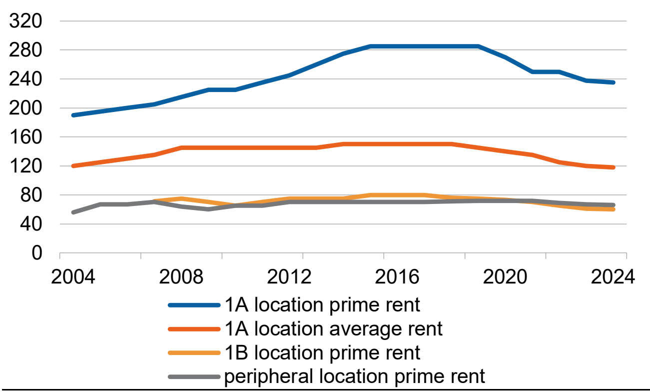
Central shopping location Mönckebergstraße undergoing radical change, HafenCity becoming a consumer counterweight

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

Neuer Wall and Jungfernstieg in the west. Between the two is the Europa Passage, a large city centre shopping mall. Since spring the city has had a shopping behemoth of around 170 shops in the Westfield HafenCity – the opening of which was delayed several times, and whose space of almost 100,000 sqm accounts for more than a quarter of total city centre sales space. The feared loss of customers in the city centre has clearly not materialised. Footfall in the centre has even increased slightly. It remains to be seen whether this remains the case. Continuing weakness would be unfortunate for the city centre which is already facing vacant properties and store closures. However, sales space is being reduced as a result of repurposing for mixed use, which is also mitigating the risk of vacancies. Prime rents in Hamburg have fallen to EUR 230 per sqm in 2025. Down by 20 per cent from their maximum levels, they show an above-average decline compared to other top locations. However, retailers remain very interested in Hamburg city centre. For example, the Dutch electronics retailer Coolblue opened a branch on Gaensemarkt in July.

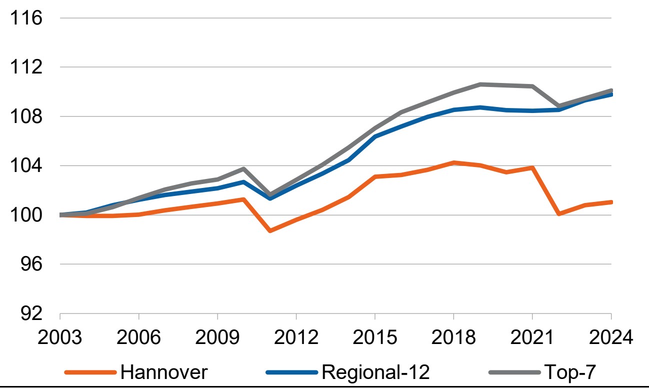
HANNOVER

Hannover property market

Hannover is by far the largest city in Lower Saxony with around 520,000 inhabitants, ranking 14th in Germany as a whole. In the last ten years, though, the city's population has stagnated. Hannover is among the most important property markets outside the top 7, as illustrated by high commercial rents and a large office market. There are several contributory factors: Hannover is the Land capital, administrative centre and foremost business location in Lower Saxony, being home to many large industrial and service companies. In addition, it is at the centre of the Hannover-Braunschweig-Göttingen-Wolfsburg metropolitan region and a major trade fair location. Industry is well represented with mechanical engineering and automotive along with their respective suppliers. Moreover, NORD/LB and Talanx have their headquarters in the city, making it an important financial services hub. Hannover is also home to automotive supplier Continental and travel group TUI. The city is an important seat of learning with various research institutions and higher education facilities with a combined student population of almost 50,000. In spite of job opportunities in business and administration, though, unemployment remains quite high at close to 10 per cent. As a location, Hannover benefits from excellent East-West and North-South road and rail connectivity, a fact which has had a positive impact on the logistics sector.

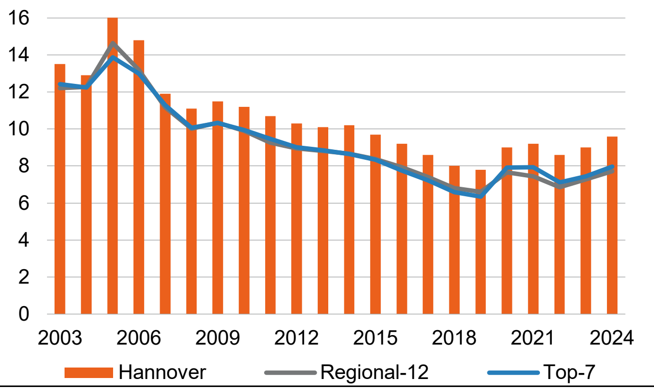
Hannover: one of the biggest real estate markets in Germany outside the top 7 locations

Population growth
2003 = 100



Source: bulwiengesa

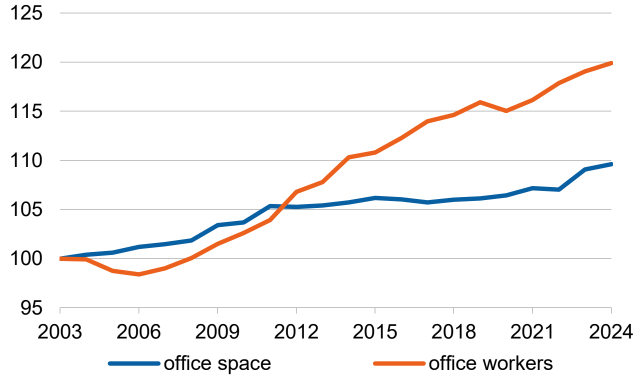
Unemployment
in %



Source: bulwiengesa

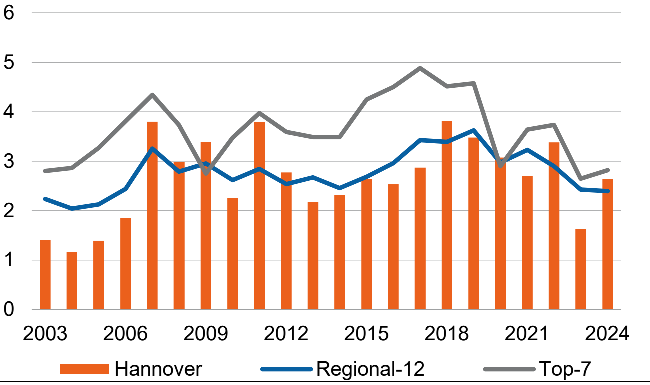
Hannover office market

Office jobs and office space
2003 = 100



Source: bulwiengesa

Take-up
% of office stock

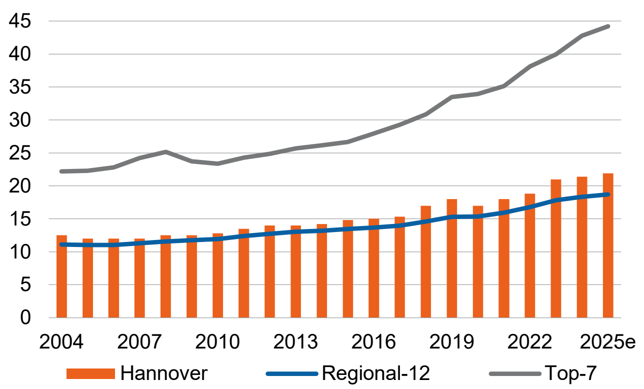


Source: bulwiengesa

Hannover is by far the leading office market after the top locations with 4.7 million sqm of space, a long way ahead of Nuremberg which has 3.8 million sqm. Service providers, office back-up in industry, education as well as the city's function as Land capital account for the large office stock. Rather moderate office construction has meant that there has hardly been any new supply for a fairly long time. This had led the vacancy rate to fall to just over three per cent prior to the pandemic, although it has risen again as a consequence of working from home and a weak economy. In 2024, the figure reached a relatively moderate 5.3 per cent. Demand for modern office space has gone hand-in-hand with a noticeable rise in prime rents which surged by around 50 per cent to EUR 21.40 per sqm within the ten-year period up to 2024. As such, apart from the top locations, Hannover and Mannheim are the only office markets with prime rents of over EUR 20 per sqm. Average annual take-up from 2014 to 2023 reached over 130,000 sqm. After a very poor figure of 76,000 sqm for letting activity in 2023, the market was almost back to the old average in 2024 with a figure of 124,000 sqm. This mainly reflected the public sector which was behind large transactions. Leasing activity accelerated somewhat in the first half of 2025. Several large deals contributed to the increase in space turnover. In spite of already high prime rents, they could rise further in view of demand for contemporary space which is hardly available.

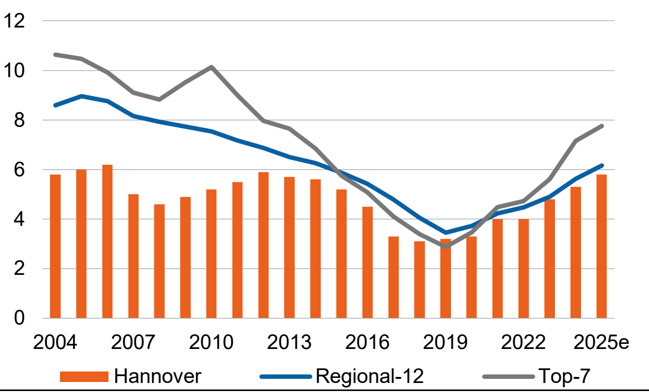
Hannover by far the largest office location in Germany after the top 7

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate for office space
in %



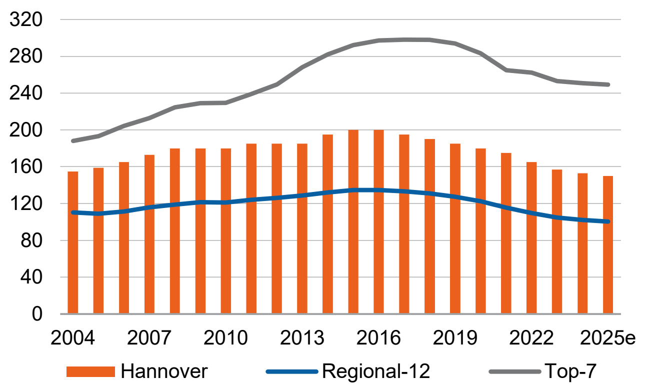
Source: bulwiengesa, DZ BANK

Hannover retail market

Hannover is among the retail locations with the highest prime rents in the whole of Germany. At EUR 153 per sqm (2024), the city scores the highest figure outside the top locations. Although prime rents have fallen sharply in absolute terms in relation to their earlier high of EUR 200 per sqm because of the problems affecting inner-city retailing, in relative terms, the decline has nevertheless been moderate at a shade over 20 per cent. However, the area in the city centre where it is still possible to achieve prime rents has become smaller. In addition, there are substantial amounts of vacant space, not least through the closure of two Galeria branches. The fact that rents remain very high reflects generally favourable conditions such as a large catchment area along with mild competition from surrounding retail locations. The city centre can still hold up well against retail outlets that are further out, as reflected by a relatively high centrality score of 123 points. However, at 97 points, purchasing power is slightly below average. The city centre's attraction is based on a good offer in A1 locations which are Bahnhofstraße/Niki-de-Saint-Phalle-Promenade, Georgstraße, Große Packhofstraße and Karmarschstraße. These A1 locations are enhanced by the city centre's Ernst-August-Galerie. Retail demand moreover benefits from business from visitors who come to Hannover for the trade fair, for example. Ways to repurpose the former Kaufhof and Karstadt department stores have yet to be found. Other vacant department stores are the former Karstadt-Sporthaus on the Große Packhofstraße since the former tenant, Sport Scheck, has now moved to new premises in Georgstraße.

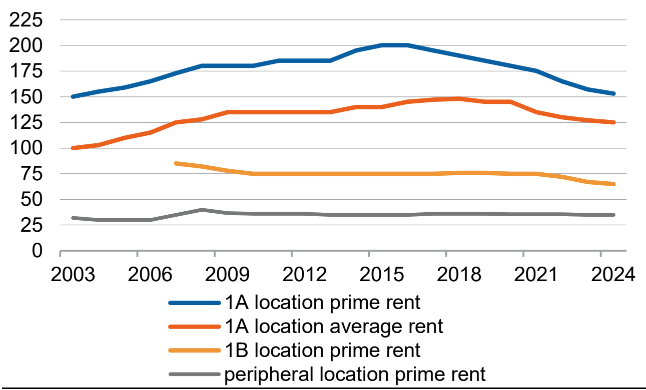
Hannover still one of the most expensive retail locations, but has yet to find ways to repurpose former Galeria stores

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents based on location
in EUR per m²



Source: bulwiengesa

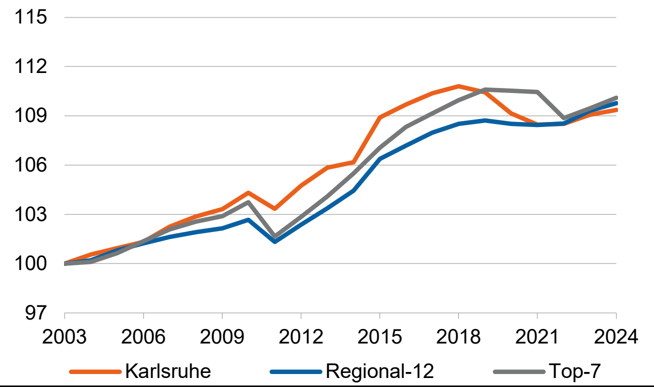
KARLSRUHE

Karlsruhe property market

After Stuttgart, Mannheim and, close behind, Karlsruhe are the most heavily populated cities in Baden-Württemberg although the number of inhabitants in Karlsruhe has been stagnating for just under ten years. In 2024, the city numbered a good 309,000 inhabitants. While they are roughly the same size, the three cities differ significantly in relation to their economic structure. Unlike the more industrial Mannheim, Karlsruhe is primarily an administrative and services hub as well as a centre of learning and research. Karlsruhe is located on the Upper Rhine and home to important bodies such as the Federal Constitutional Court, the Federal Court of Justice, the regional government and the Federal and State Government Employee Retirement Fund. The city also has a number of higher education institutions with around 38,000 students. Foremost among these are the University and the Karlsruhe Institute of Technology

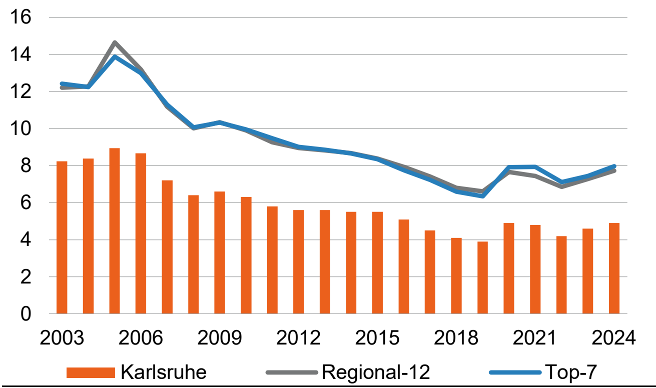
Karlsruhe an important centre for business, administration and research

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



Source: bulwiengesa

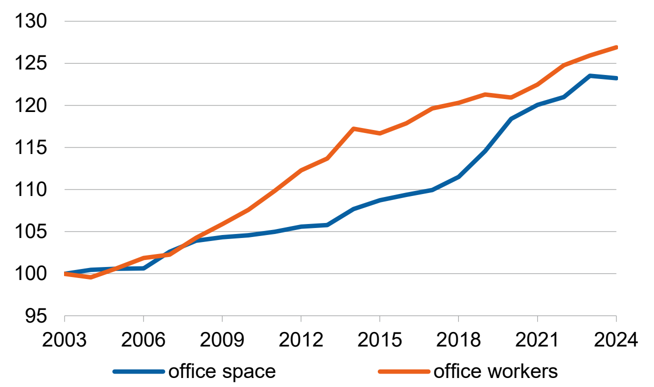
(KIT). Karlsruhe's importance in the field of science and technology is bolstered by many research institutions. The main sectors are IT, chemicals and mechanical engineering. Well-known companies based in Karlsruhe include dm-Drogeriemärkte, EnBW, IT service providers Atruvia and United Internet along with the pharmaceutical company Schwabe. Tourism does not play a big part in the baroque former royal residence. The city's economy benefits from good transport links via the A5 and A8 motorways, the ICE high-speed train connection, along with an airport and river port. Unemployment stood at a low 5.3 per cent in August 2025. Prospects for Karlsruhe are rated as positive in the Prognos Zukunftsatlas, where the city ranks in 18th place out of 400 German cities and districts.

Karlsruhe office market

As an administrative and services hub and a seat of learning and research, Karlsruhe has quite a large office market of almost 2.7 million sqm. From 2018 onwards, the stock grew fairly substantially through big developments, foremost among which the 1&1/Dommermuth office complex by the main railway station which has around 50,000 sqm of space. The structural change in the office market along with an increase in stock have led to a rise in the vacancy rate to 5.9 per cent after it had fallen to 3.1 per cent by 2018. The vacancy rate should now rise slower, though, in view of the likelihood of a smaller amount of new space becoming available from 2025 onwards. Higher

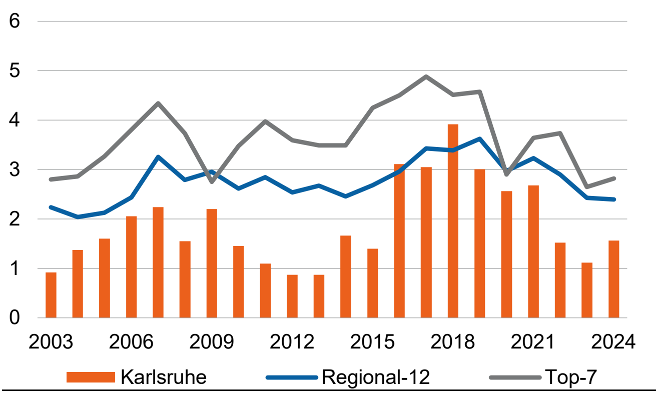
Major developments have gone hand-in-hand with rising rents but also higher vacancies

Office jobs and office space
2003 = 100



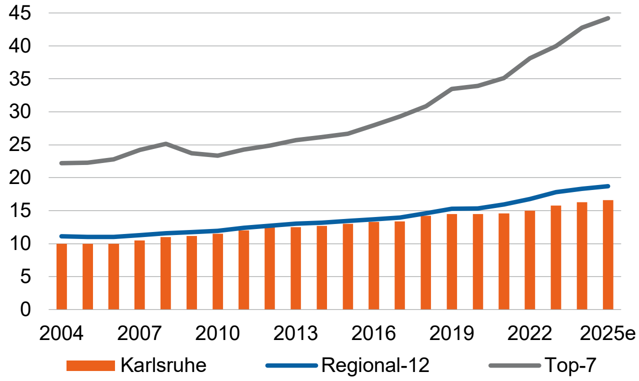
Source: bulwiengesa

Take-up
% of office stock



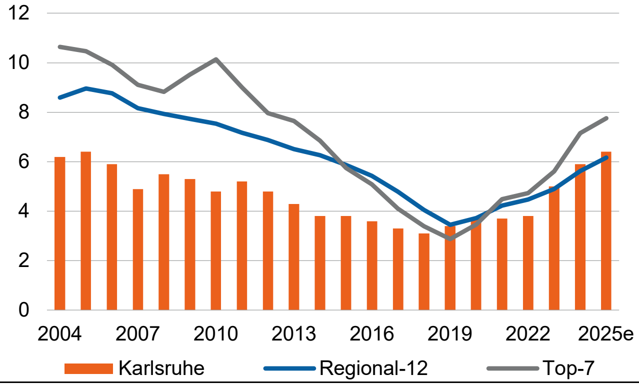
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



Source: bulwiengesa, DZ BANK

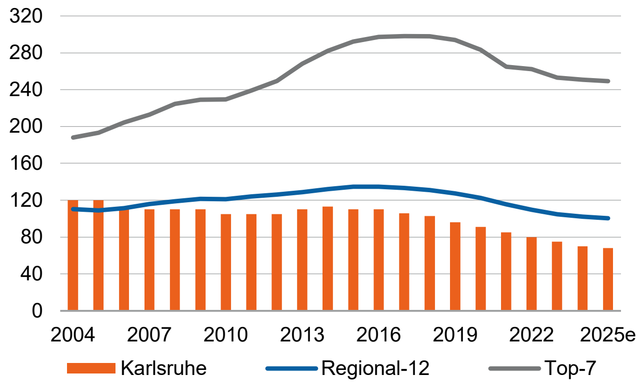
rents for newly built office space have also led to a further rise in prime rents to EUR 16.30 per sqm (2024) in spite of increasing amounts of vacant space. However, within a ten-year period, prime rents rose slower than the average for the top location under consideration at just under 30 per cent. Lately though, the office market has been unable to match earlier take-up which was almost 100,000 sqm at its peak. Since 2022, take-up has been in the region of 30,000 to 40,000 sqm. We expect a moderate increase in prime rents in 2025 and slightly a higher vacancy rate.

Karlsruhe retail market

City hit hard by major developments, online shopping and weak consumer spending

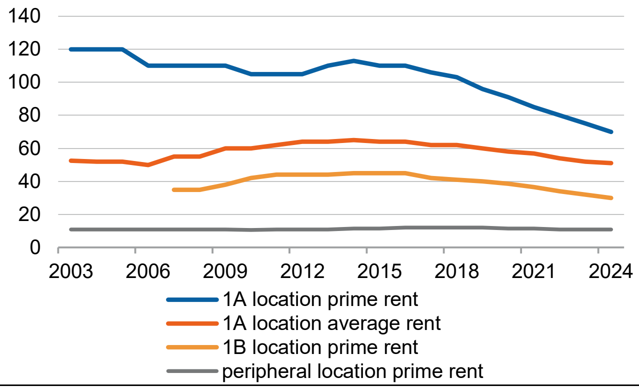
Karlsruhe is an important shopping destination in Baden-Württemberg, benefiting from a large catchment area and solid economic base with low unemployment. Even so, the purchasing power score is moderate at 102 points, reflecting a large student population. At 110 points, the centrality score is not that high either. Fifteen years ago, it was much higher at 130 points, clearly illustrating a decline in the city's attraction. The retail sector does not get any major boost from tourism. However, the city has a good shopping offer with its A1 location, the Kaiserstraße, and two well integrated shopping malls (Postgalerie and Ettlinger Tor). For some years now, though, apart from the ubiquitous problems affecting inner-city retailing, Karlsruhe has also been struggling from the impact of major infrastructure works. Work on the tunnel to move the tram

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

underground the length of the shopping mile was completed in 2021, but was immediately replaced by major works to revamp the Kaiserstraße which are now unlikely to be completed before 2028. It remains to be seen how well the city centre's retail trade can recover once the pedestrianised high street is then both modernised and free of trams. The departure of retailers is obvious from vacant stores and a proliferation of mobile phone shops, fast-food restaurants and kiosks along with a slump of almost 40 per cent in prime rents over ten years to just EUR 70 per sqm most recently.

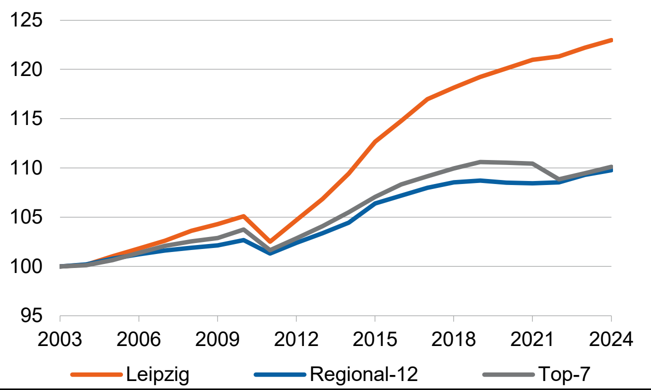
LEIPZIG

Leipzig property market

Flourishing economic centre with strong population growth

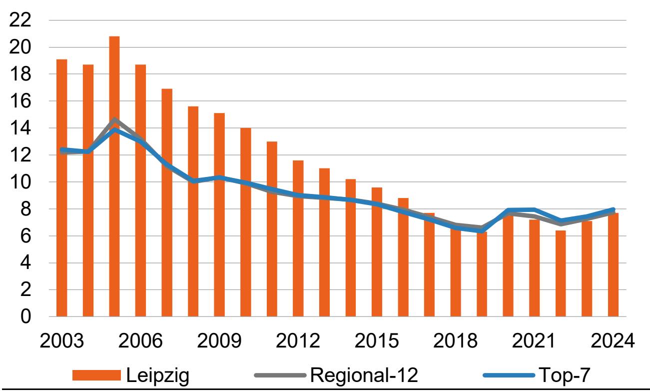
In Saxony, Leipzig is more heavily populated than the Land capital Dresden. It is not only quite a bit larger than Dresden with 612,000 inhabitants; it has also grown much faster. A ten-year population increase of 12 per cent moreover is the highest figure of the locations under consideration. The ongoing influx is being driven by a high quality of life in a city rich in historical buildings and by the economic upturn. In spite of strong population growth, unemployment has fallen by far more than half from its earlier peak. It stood at 8.8 per cent in August 2025. However, a growing number of inhabitants has also eroded the city's earlier advantage of a good housing supply with cheap rents. The city's strong tradition as a centre for trade fairs, commerce and industry has attracted cutting-edge sectors and major companies such as BMW, DHL, Porsche and Siemens. Moreover, Leipzig is a major centre for learning and research and a thriving start-up scene has developed around the city's dozen higher education institutions at which almost 41,000 students are enrolled. One example is the university's SaxonQ start-up, which concentrates on the development of mobile quantum computers. Leipzig also benefits from good transport links with the A9, A14 and A38 motorways as well as an international airport. Major economic clusters are the automotive sector, the digital economy, green technology, life science, media/creative industries and tourism. The logistics sector is especially important in view of the air freight hub. The plot freed up by the departure of Amazon is now being developed by the US logistics giant Realterm.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



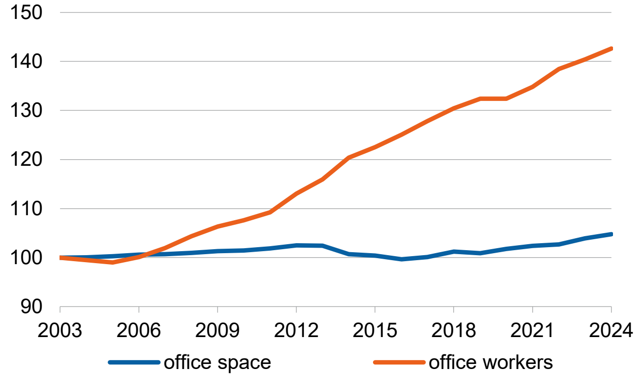
Source: bulwiengesa

Leipzig office market

Dynamic office market with sharp rise in prime rents

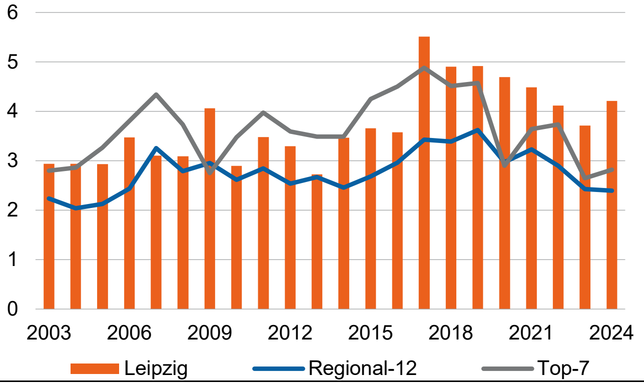
The size of the Leipzig office market is between around 3 million and almost 4 million sqm, depending on sources. A large part of the stock was built in the 1990s after which there was hardly any new office construction. The development of new offices

Office jobs and office space
2003 = 100



Source: bulwiengesa

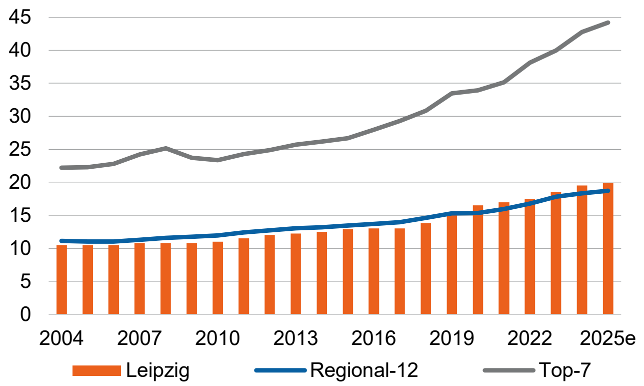
Take-up
% of office stock



Source: bulwiengesa

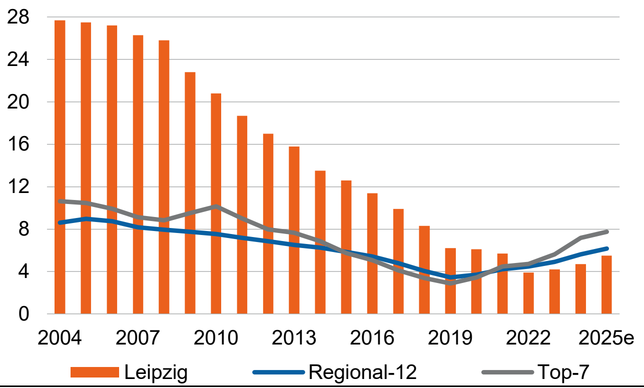
in Leipzig has only picked up again in the last few years. On balance, the stock has only increased by 4 per cent in the last ten years while the number of office workers has risen by almost 20 per cent. This trend meant that the vacancy rate continued to decline up to 2022. It was only from 2023 onwards that there was a slight increase in vacancies. Moreover, at 4.7 per cent (2024), the vacancy rate is moderate. In contrast, prime rents have risen sharply to EUR 19.50 per sqm last year with an increase of over 50 per cent since 2014. The surge has been boosted by a tight supply of sought-after, modern space. Letting activity did not fall noticeably in 2024. In fact, 120,000 sqm of office space was let - almost exactly in line with the ten-year average. This included a major transaction involving the Leipzig gas group VNG. Letting activity slowed down in the first half of 2025, however, not least because it is becoming more difficult to let existing stock. At the beginning of the second half of the year, Deloitte leased 8,000 square meters in the new Ostforum building in order to merge two locations. The increase in new space remains low and supply of modern space is still tight in view of the cooling in office building brought about by the construction crisis. On balance, there could be a moderate uptick in prime rents and the vacancy rate.

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



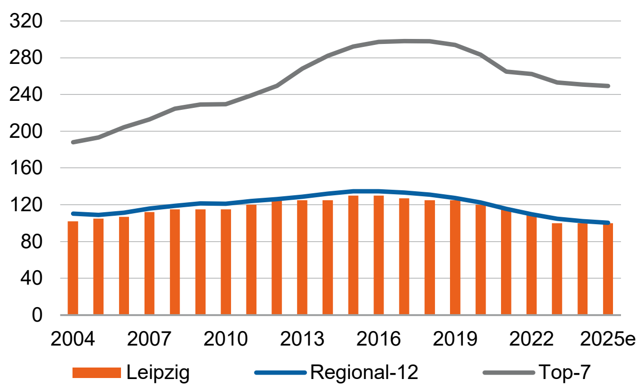
Source: bulwiengesa, DZ BANK

Leipzig retail space

Stable prime rents since 2023 benefiting from growing interest in city-centre space

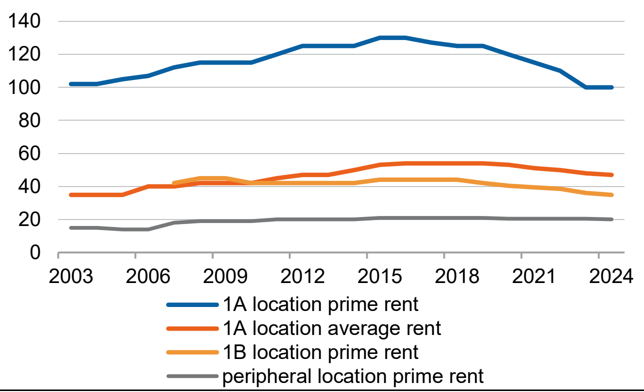
An attractive city centre makes Leipzig the third go-to shopping destination in eastern Germany along with Berlin and Dresden. The retail trade benefits from a large catchment area, strong population growth and the city's economic upturn along with solid tourism business. In addition, access to the city centre with its historical buildings, many alleyways, hidden courtyards and trade fair buildings is especially attractive. Customers can expect several A1 locations in the city centre such as the Petersstraße and Grimmaische Straße, along with the two shopping centres, am Brühl and the Promenaden im Hauptbahnhof. In spite of an attractive city centre and weak competition from surrounding cities, the centrality score is surprisingly low at 102 points. The main reasons for this are likely to be more out-of-town retail parks. They include the two NOVA shopping centres on the western edge of town and the Paunsdorf centre on the eastern edge, which jointly account for almost 150,000 sqm of sales space along with a number of specialist stores. Leipzig's retail trade generally also suffers from a low purchasing power score of just 88 points in spite of the city's economic success. As a result of the declining trend in prime rents in the retail sector, prime rents in the city centre have fallen by over a quarter from their peak, but they have remained at a stable level of EUR100 per sqm since 2023. Although there are obvious vacant stores in the city centre, it is mostly possible to find new businesses to fill the gaps. In 2024, moreover, there were several larger letting transactions of over 1,000 sqm each. Furniture stores such as Westwing and homewares retailers have leased space. However, vacancies are also being reduced by repurposing. The historic Karstadt store which closed down in 2019 has been remodelled and reopened at the end of 2023 as N30/NEO. Rents have been stable of late and the trend should continue.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

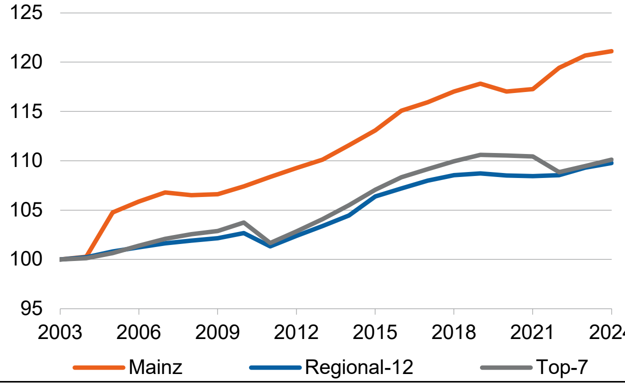
MAINZ

Mainz property market

Strong growth in the Rhineland-Palatinate capital which is becoming a biotech hub

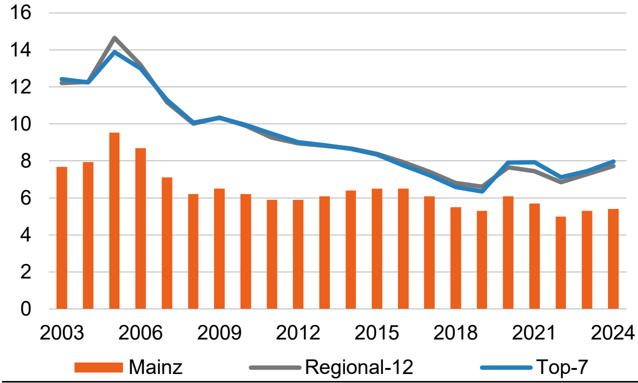
Mainz's advantageous position on the Rhine and Main was already prized by the Romans. Today, the city, which is located on the western edge or the Rhine-Main area, benefits from its inclusion in this economically strong region. It has experienced strong population growth in view of the high quality of life it offers. The number of inhabitants grew by a good nine per cent to 225,000 within the ten-year period up to 2024. This popularity comes at a price since the housing market is now almost on a level with the top locations. Until now, the city's economy has mainly relied on the public sector, along with media, prominent among which are ZDF, SWR and 3sat. The creative sector and services, mainly health and social services, are also major employers. Recent, up-and-coming sectors are biotechnology and life science. Although the millions

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



Source: bulwiengesa

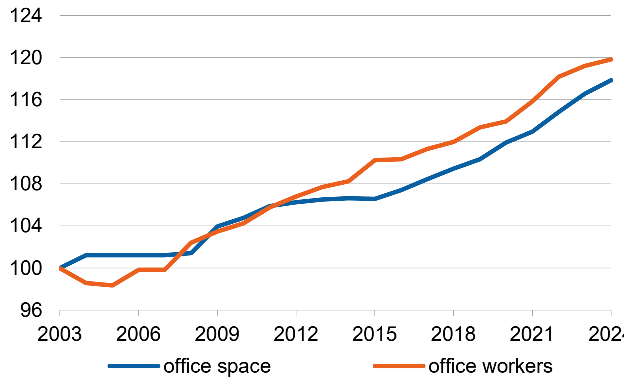
in tax revenue generated by Covid vaccine developer BioNTech are now a thing of the past, the investment from these taxes in the Mainz biotech campus should pay dividends in the long term. For example, the successful Danish pharmaceutical company Novo Nordisk which produces the weight-loss drug Wegovy has opened its German head-quarters on the campus. Moreover, as a major centre for science and technology with over 36,000 students and many research institutions, Mainz has now climbed to number seven among 400 cities and districts in the Prognos Zukunftsatlas. Manufacturing plays a lesser role, but is nevertheless present with a number of well-known companies. These include glass manufacturer Schott and chemical company Werner & Mertz (Erdal). Unemployment is at a moderate 6.0 per cent (August 2025). The city's future development should benefit from the huge Zollhafen project, which is expected to bring a total of 4,000 new jobs and 1,400 homes. Another major project is the refurbishment of the University Hospital.

Mainz office market

Mainz has an office market with a stock of over 1.8 million sqm. A ten per cent increase in the office stock within a ten-year period in the wake of a growing number of office jobs had no negative impact on the vacancy rate. The rate had fallen to under three per cent by 2019 and has since remained stable. The figure in 2024 was 2.9 per cent. In contrast, new office space – above all in the Zollhafen quarter – has led

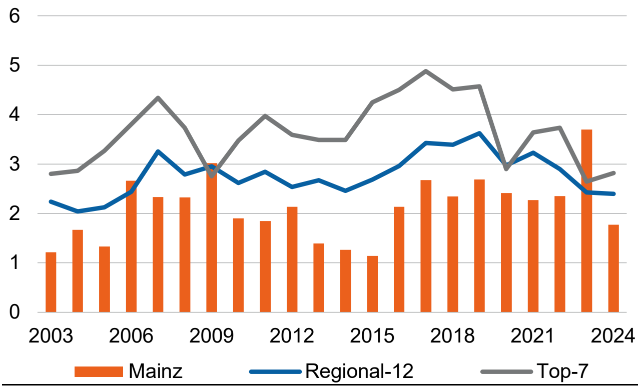
Main has a solid office market with a low and stable vacancy rate

Office jobs and office space
2003 = 100



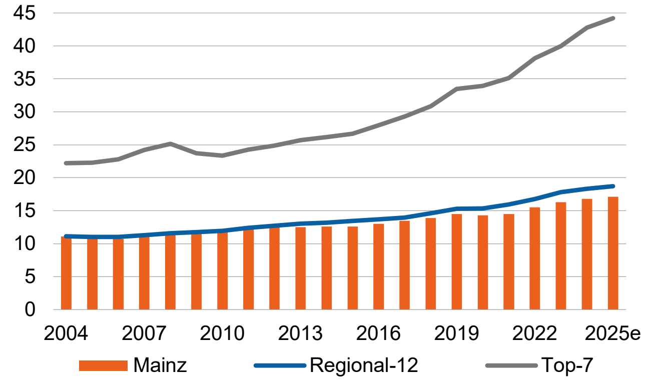
Source: bulwiengesa

Take-up
% of office stock



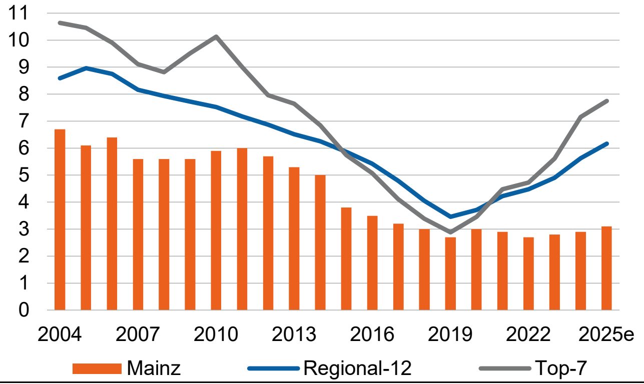
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



Source: bulwiengesa, DZ BANK

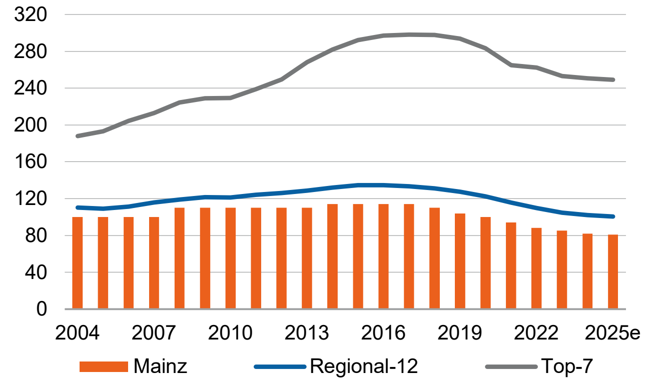
to a surge in prime rents to EUR 16.80 per sqm (2024). There has been a hike by one third since 2014. Take-up has also benefited from the new space. However, it halved to 31,000 sqm in 2024 from an historical peak of over 60,000 sqm in 2023, dropping below the ten-year average of 38,000 sqm. This reflected mainly the absence of any larger letting transactions and uncertain economic conditions. It remains to be seen whether or not letting activity in 2025 turns out much stronger. There should be a slight further uptick in prime rents, though.

Mainz retail market

Ludwigstraße redevelopment should have positive impact on city centre in the long-term

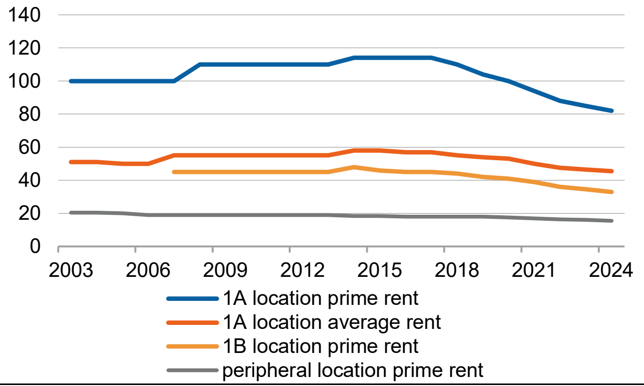
As a retail location, Mainz benefits from a large catchment area, which extends mainly south-west of the city; north and eastward, it is curtailed by the Rhine and the shopping locations in the Rhine-Main region. There is intense competition from Wiesbaden across the Rhine and Frankfurt which is only 40 kilometres away. Plus points for Mainz are a growing number of inhabitants and lively tourism business. Purchasing power is dampened by a large student population, although, at 104 points, it is still slightly above average. In view of intense competition from surrounding shopping destinations, the centrality figure of 107 points is also not that high. Mainz has no city-centre shopping mall apart from the small Römerpassage. However, it makes up for this weak point through a good mix of shops in the three prime shopping streets – Am Brand, Schuster- and Stadthausstraße. The city's attraction is likely to be bolstered by the long

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

planned remodelling of the Ludwigstraße. There are plans for a mixed-use concept 'Lu' on the former Hertie/Karstadt site which will include shops, places to eat and drink, a hotel along with cultural venues. The problems facing city-centre trading have also had a visible impact in Mainz. Prime rents had fallen to EUR 82 per sqm by 2024, a slump of almost 30 per cent from their former peak. However, they have now stabilised at this much lower level. Going forward, vacancies should be actively reduced through the LeAn vacancy and relocation platform.

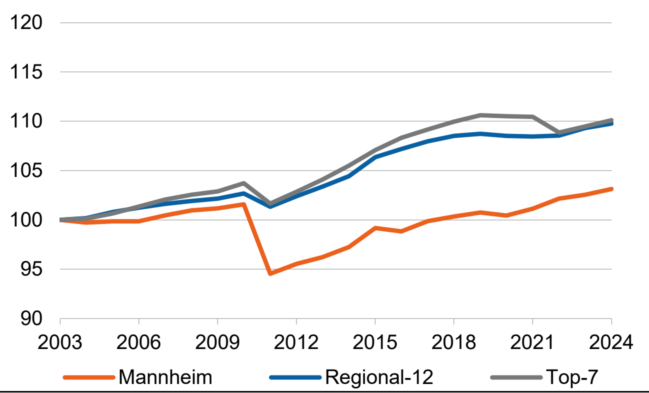
MANNHEIM

Mannheim property market

Mannheim benefiting from large conversion sites with space for housing and commerce

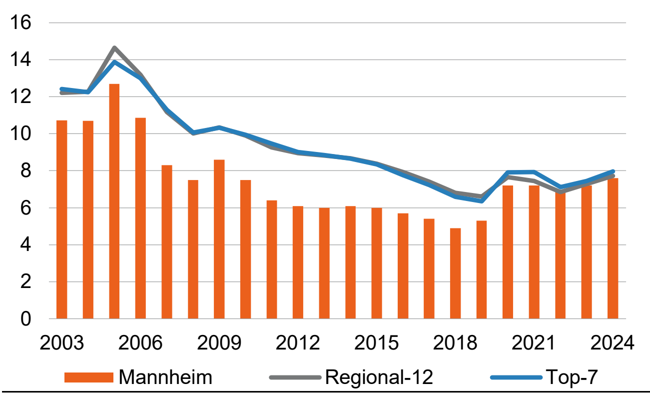
Mannheim is currently the second largest city in Baden-Württemberg with around 318,000 inhabitants, slightly ahead of Karlsruhe. The ten-year population increase up to 2024 was somewhat above the average of the top locations under consideration at six per cent. The city has been transformed from an industrial to a services hub in the wake of its structural change, although the manufacturing sector is still well represented. As an economic centre, Mannheim benefits from its position on the Rhine and Neckar with a river port and good transport links via the A5/A6 motorways and ICE network. Core sectors are the electrical/electronics industry, chemicals, pharmaceuticals along with machinery and automotive. The financial services and logistics sectors have also done well and Mannheim has a lively start-up scene in several hubs. Big names based in Mannheim include ABB, Bilfinger, Daimler, Fuchs Petrolub, John Deere, MVV Energie and Südzucker. Mannheim is also the economic centre of the Rhine-Neckar region and a renowned centre for science and technology with a large university and several higher education institutions with a student roll of 28,000. The city ranks in 31st place in the Prognos Zukunftsatlas of 400 cities and districts. Unemployment was average in August 2025 at 8.0 per cent. Development in the city is benefiting significantly from the availability of large civilian and military conversion sites on which new districts are rising up, such as the Franklin quarter which already has 7,000 inhabitants. The number is expected to rise to 10,000. The Federal Garden Show took place on the site of the former Spinelli Barracks in 2023.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



Source: bulwiengesa

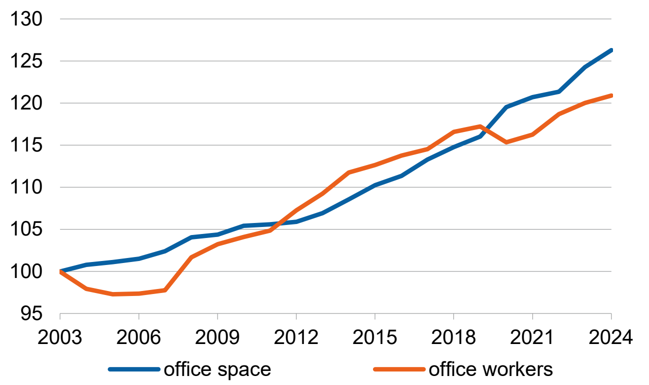
Mannheim office market

Sharp rise in new office space leads to marked rise in vacancy rate

Mannheim is a major office location in the economically strong Rhine-Neckar region with 2.3 million sqm of office space. There was an above-average 16 per cent increase in stock in the period from 2014 to 2024. However, the vacancy rate also shot up, compounded by weaker demand for space. Since its low of four per cent in

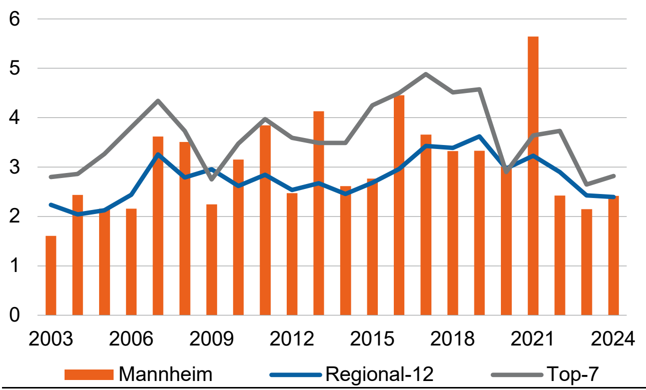
2018, the figure had almost trebled to 10.9 per cent by 2024. Contributory factors included the departure of ABB and Siemens which freed up around 75,000 sqm of

Office jobs and office space
2003 = 100



Source: bulwiengesa

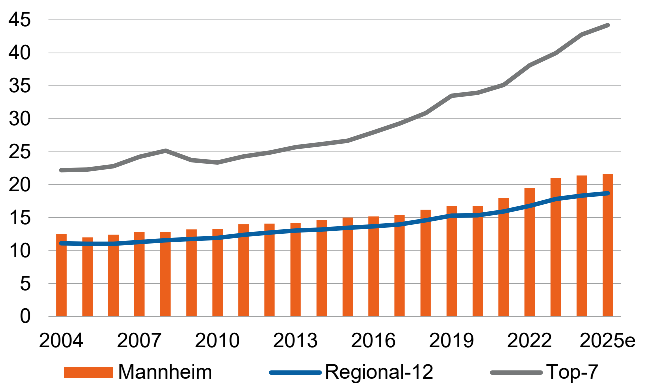
Take-up
% of office stock



Source: bulwiengesa

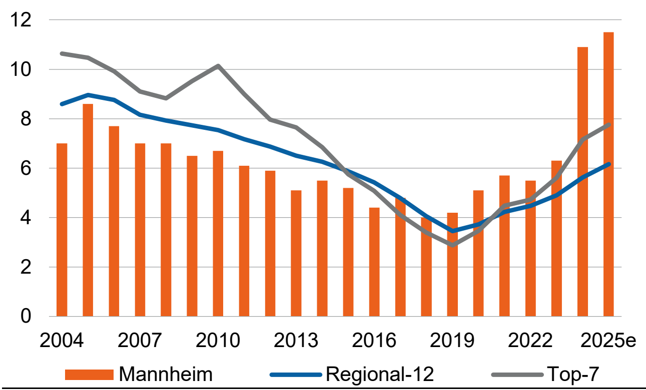
space. In view of tenant interest in new space, though, this has not affected the rise in prime rents which are now up to EUR 21.40 per sqm, as in Hannover – the highest level of all the top locations under consideration. Prime rents have risen by 45 per cent. In contrast, average rents in the city centre and peripheral locations only rose moderately. Take-up reached its best-ever level in 2021 at 125,000 sqm, but has been relatively low since at around 50,000 sqm per annum. The ten-year take-up average is considerably higher at 71,000 sqm. Given the level of the vacancy rate and the fact that it could rise slightly further, it is likely to become more difficult to let space outside the prime segment which is the only place where rents could rise further still this year.

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



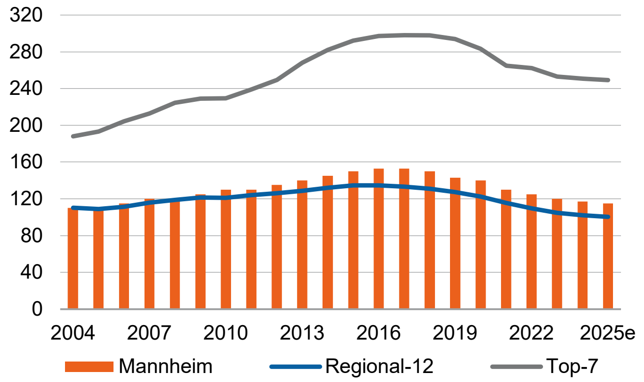
Source: bulwiengesa, DZ BANK

Mannheim retail market

Mannheim retail market scores points with modernised Planken

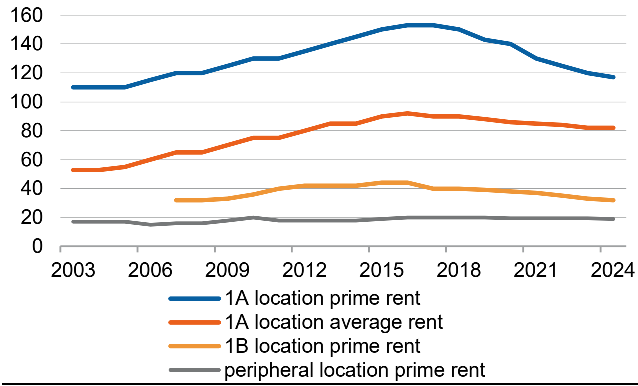
Mannheim is the leading shopping destination in the Rhine -Neckar region. Its attraction is reflected in a high centrality figure of 136 points. Although Mannheim's purchasing power is dampened by a sizeable student population, leading to a below-average score of 94, it is bolstered by a large catchment area. The city's attraction as a retail location led to a surge in prime rents to a peak of over EUR 150 per sqm, but then fell by a good quarter to EUR 117 per sqm (2024) on account of the problems affecting city-centre retailing. The fall in rents was compounded by a substantial increase in new space through the opening in 2016 of the Q6Q7 city-centre shopping mall. Combined with the remodelling of the A1 Planken location completed at the end of 2024, though, Mannheim's attraction as a shopping destination has also improved. An overall reduction in demand for retail space has led to repurposing – mostly mixed-used projects as in the case of the former Kaufhof in Square N7. Sales space in the Peek & Cloppenburg building has also been reduced in favour of mixed use. Prime rents could stabilise this year after their decline.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Prime rents by location
in EUR per m²



Source: bulwiengesa

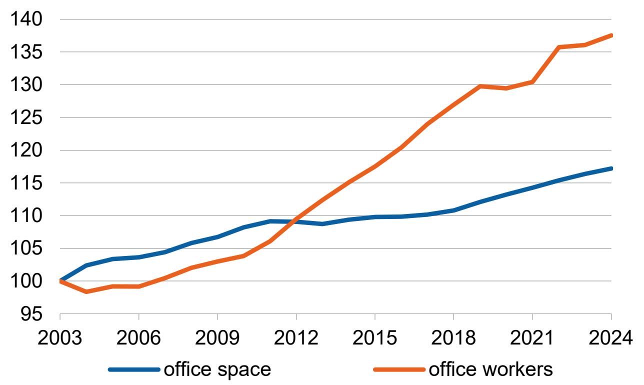
MUNICH

Munich office market

In 2023, Munich overtook Frankfurt to become the most expensive office market in Germany. Recently, though, the rapid rise in prime rents to EUR 55 per sqm has slowed down. The office market benefits from its location in one of the strongest economic regions in Germany. The location's potential is reflected in the fact that leading US IT giants such as Amazon, Apple, Google and Microsoft have established themselves there. At the beginning of 2025, they were joined by the German representative office of ChatGPT developers OpenAI. The Taiwanese chip

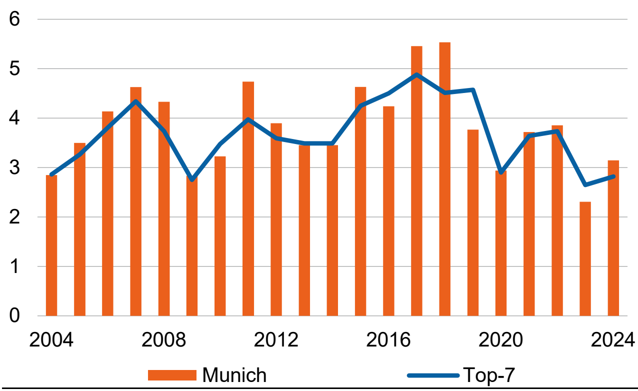
Munich the most expensive office market in Germany since 2023

Office jobs and office space
2003 = 100

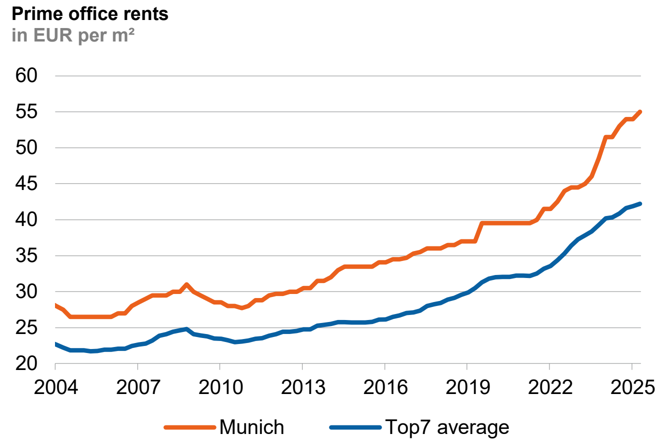


Source: bulwiengesa

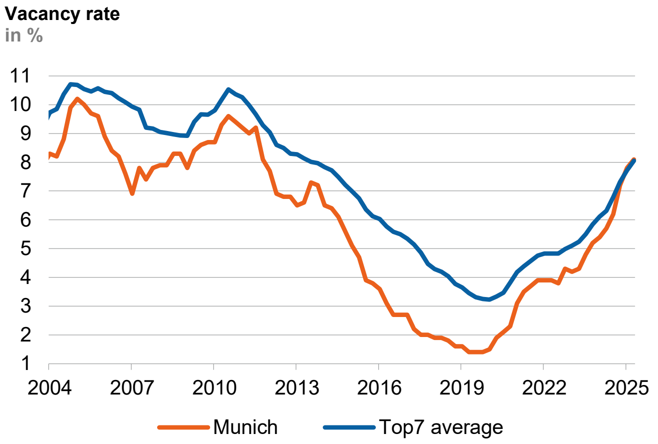
Take-up
% of office stock



Source: bulwiengesa



Source: bulwiengesa



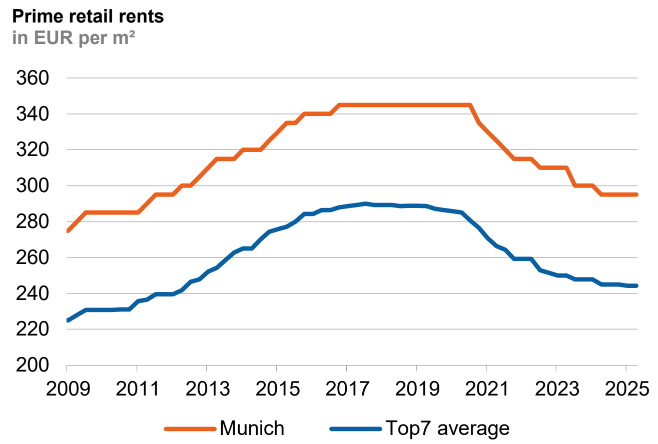
Source: bulwiengesa

manufacturer TSMC is also set to open a development centre in the Bavarian capital. Munich is moreover home to various established groups such as Allianz, BMW, MTU, Munich Re, Siemens and Siemens Energy. Vacant space in the office market dwindled to virtually nothing through a strong increase in office jobs, leading to a fall in the vacancy rate to under 2 per cent by 2019.Thereafter, the structural change in the office market went hand-in-hand with a marked rise in the vacancy rate to reach 8.1 per cent by mid 2025. One gratifying factor was a surge in take-up to 460,000 sqm in 2024, reflecting several large transactions of over 10,000 sqm each. Clients were companies from industry and from the IT and communication technology sectors as well as public bodies. In spite of several large deals, though, the uptrend in the Munich office market has not continued in 2025 with a half-year take-up of 205,000 sqm. The biggest transaction involved Siemens which has leased 33,000 sqm in the Werksviertel. This will involve combining several offices and reducing overall office space. There was a further rise in rents in the prime segment, but, on balance, the market trend could be affected by the fact that the amount of vacant office space has now risen sharply.

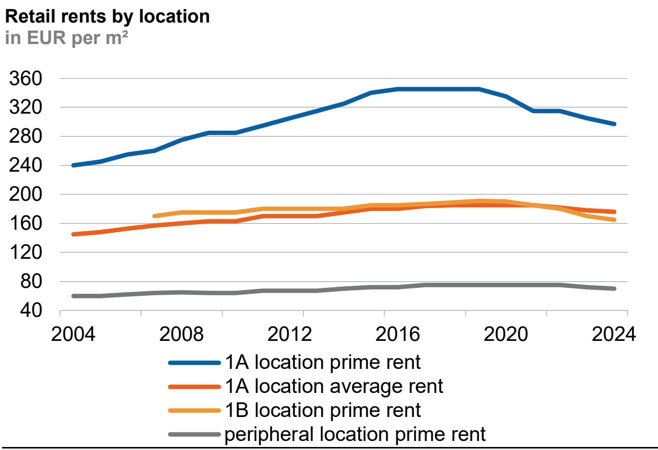
Munich retail market

Munich is the number one retail location in Germany based on prime rents and purchasing power. This mainly reflects a combination of favourable conditions. These include a strong economy and a catchment area of over three million people in

Munich city centre benefits from huge purchasing power and a large number of tourists



Source: bulwiengesa



Source: bulwiengesa

Greater Munich which moreover continues to experience strong growth, above all from continued migration to the city, further driving the potential pool of customers.Another positive factor is the great visitor experience offered by the city centre with its distinctive Bavarian ambiance and comprehensive range of shops, from mass-market retail concepts, old, family-run stores and luxury goods shops. The city's flourishing tourism industry is boosted further by trade fairs and the world-famous Oktoberfest. Together with Frankfurt, Munich tops the German tourism league with 13,000 overnight stays per 1,000 inhabitants. In light of this, prime rents have risen to the highest level in the whole of Germany, even though the city centre benefits from a fairly large stock of retail space amounting to over 0.5 million sqm. The highest rents are in the Kaufingerstraße, Neuhauser Straße and Maximilianstraße. Prime rents have fallen by a good 15 per cent from their peak to EUR 295 per sqm although the figure has been stable for well over a year. Even Munich is feeling the effects of the crisis in the retail sector in the form of vacant stores although shops that have closed down do not remain empty for long; they are often taken over by new businesses. At the same time, retail space is being shrunk by repurposing. The top floors of former department stores lend themselves to repurposing for offices, for example. That being said, solutions have yet to be found for Signa projects such as the Karstadt complex at the main railway station or the Alte Akademie.

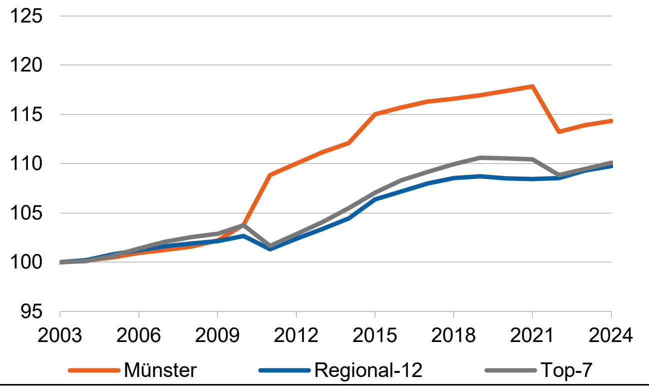
MÜNSTER

Münster property market

Growing centre of learning and research with a thriving, predominantly SME-driven economy and flourishing tourism trade

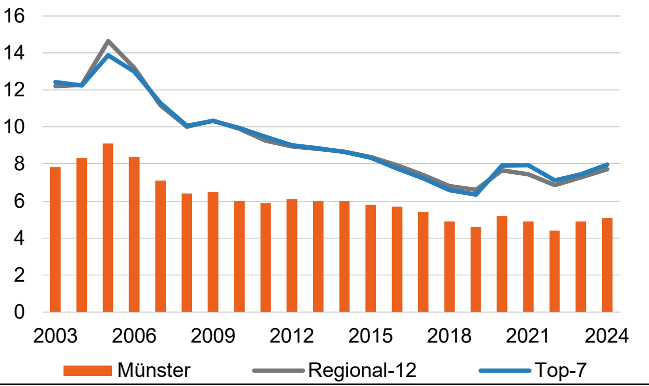
The problems which have beset the big cities in the Ruhr region such as high unemployment and population exodus are not such a feature in Münster to the northwest. Unemployment is very low by city standards at 5.6 per cent (August 2025) and the population has grown by 45,000 since the turn of the millennium – a good 17 per cent – to now over 310,000 inhabitants. The momentum has slowed down in the last ten years with an increase of just two per cent, reflecting not least a downward revision by 15,000 inhabitants in the 2022 census. Migration to the city is also likely to have slowed down because of a tight and expensive housing market – an area, however, in which there are no signs of any let-up in demand since housing rents rose further in 2024. Münster's attraction as a place to live reflects a high quality of life in attractive surroundings, a healthy labour market and the city's importance as a university town. The latter is of major importance for Münster in view of its many research and higher education institutions. Three quarters of the city's 65,000 students are enrolled at the University of Münster (WWU). Industry and major companies play hardly any part since the local economy is largely SME driven. The biggest employers include the University

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



Source: bulwiengesa

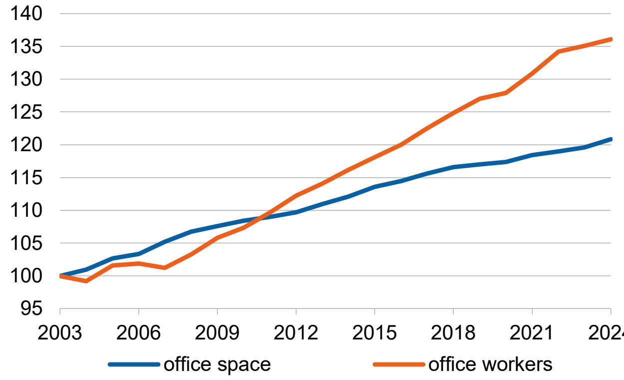
Hospital, the university itself, the city administration and Deutsche Rentenversicherung. The biggest companies include BASF Coatings, the paint manufacturer Brillux, insurer LVM and filter manufacturer Hengst. Tourism is flourishing on account of the city's medieval charm and famous Prinzipalmarkt. Münster also acts as the administrative centre of the Westphalia region which has a population of around eight million. Transport links are via the A1 and A43 motorways, link to ICE high-speed train network and the Münster/Osnabrück airport.

Münster office market

Quiet office market with persistently tight supply and gradual rent rise

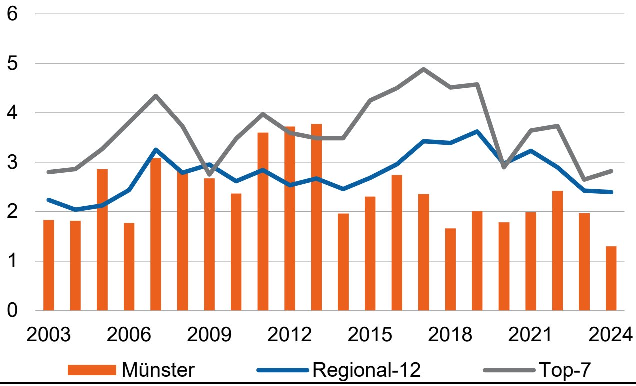
Münster's office market benefits from high demand for space from a large number of educational and administrative bodies. At the same time, activity in the market is largely driven by local demand and mostly for smaller spaces; speculative developments are the exception. Whereas the office stock of around 2.3 million sqm has been growing at a moderate pace, office employment has been growing much faster, leading to a very low vacancy rate of 2.5 per cent (2024) even though it has increased. Annual take-up is around 45,000 sqm. The figure in 2024 was well below that at 30,000 sqm – the lowest level since 2002. In view of a tight supply, prime rents have risen steadily. They rose to EUR 16.50 per sqm in city-centre locations in 2024. Within a ten-year period, however, they only increased by a moderate 20 per cent overall. One

Office jobs and office space
2003 = 100



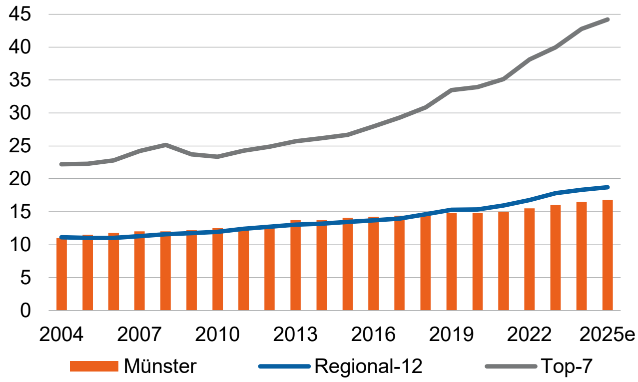
Source: bulwiengesa

Take-up
% of office stock



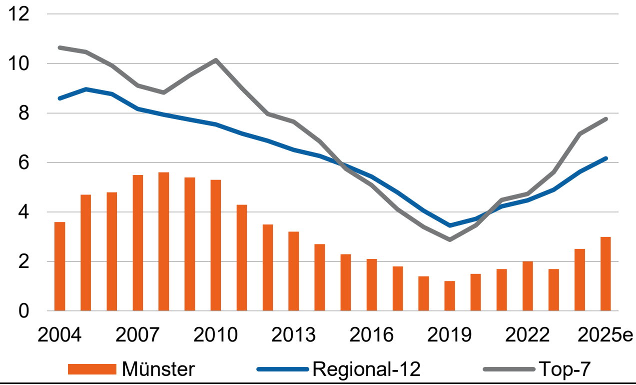
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



Source: bulwiengesa, DZ BANK

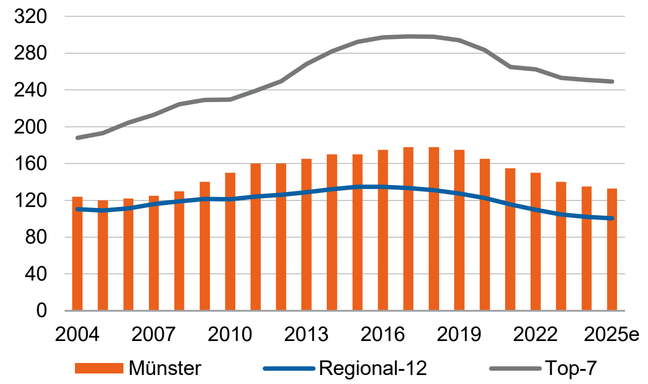
specific feature of Münster is that rents are slightly higher in office districts than in the city centre. The preference for modern space, which is then often smaller, is likely to lead to a further rise in both the low vacancy rate and prime rents.

Münster retail market

Relatively favourable conditions for retail sector in the city centre

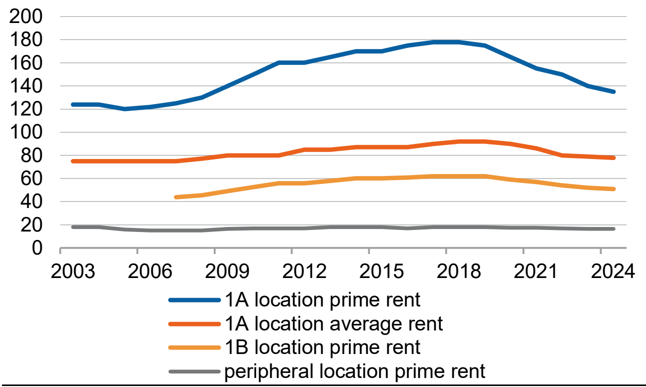
The impact of consumer restraint and loss of sales to online retailing is also being felt in Münster. However, Münster is still doing quite well compared with the difficult situation in many other retail locations and, moreover, it has been spared the many empty stores afflicting other cities. Even so, prime rents have fallen sharply, albeit from a very high earlier level. They had come down by a good quarter from their peak to EUR 135 per sqm by 2024. As such, though, Münster is still one of the most expensive top locations. The retail sector in the city is supported by a large catchment area. Centrality is a fairly high 120 points, although it has fallen over time. In the past, the figure could even top 130 points. Even purchasing power reaches a solid level of 103 points, in spite of a large student population. The city also benefits from a growing population and high number of visitors with over 6,000 overnight stays per 1,000 inhabitants. Another plus point is an attractive city centre offering a high-quality visitor experience. Customers can enjoy a wide range of shops consisting of mass-market, high-street stores in A1 locations such as the Ludgeristraße, enhanced by family-run and more exclusive shops in the Prinzipalmarkt. The city centre also has its own shopping mall with the Münster Arkaden. A sign of the strength of the location is that it retains both its Galeria stores. The city is planning to acquire the Galeria building in the Ludgeristraße. The 1,500 sqm of floor space which have become vacant as a result of the Esprit insolvency are being taken over by the Dutch electronics retailer Coolblue. Prime rents are likely to stabilise at their new, lower level.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

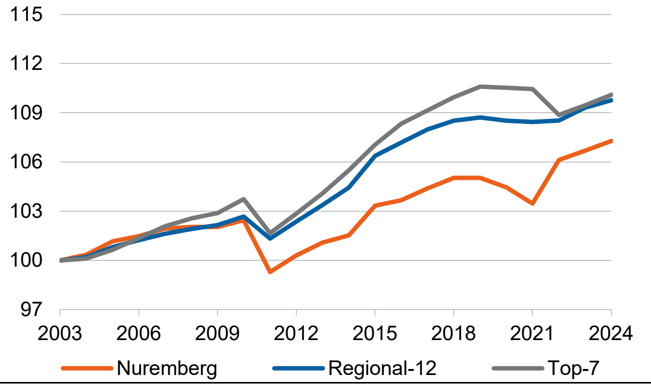
NUREMBERG

Nuremberg property market

Second-largest city in Bavaria increasingly evolving from industrial to services hub and a centre of learning and research

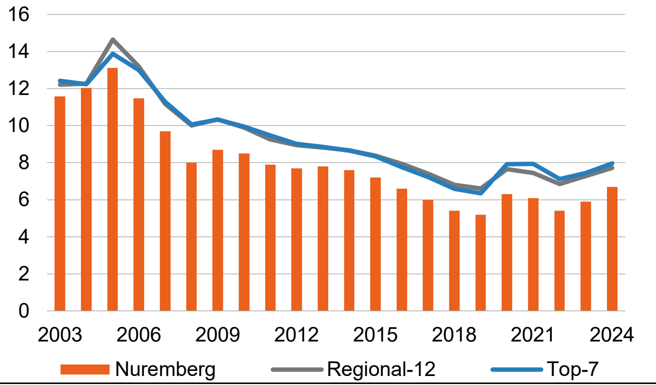
Nuremberg is the second largest city in Bavaria with 530,000 inhabitants; it is also the economic and cultural centre of Franconia. The city has experienced solid population growth with an increase of around six per cent in the last few years. On the international stage, Nuremberg is famous for its Kaiserburg, Christmas market and toy trade fair. From the 1970s onwards, the city's economy was hit by its structural transformation away from industry and by major company insolvencies such as that of Quelle and Grundig, as well as by plant closures. Overall, though, these challenges have been overcome successfully since the economy and labour market are clearly doing well. Nonetheless, whereas unemployment had fallen sharply previously, it has recently started creeping up again, rising to 7.7 per cent in August 2025. The city's successful development has been helped not least by the fact that the Friedrich-Alexander University, initially solely based in Erlangen, has also had a presence in Nuremberg since 1961. Today, Nuremberg is home to over a dozen higher education institutions with a student roll of around 26,000. The number is likely to swell by a further 6,000 or so in the next few years with the newly founded Technical University. In spite of the structural change, Nuremberg still has a relatively important industrial presence. Major sectors are mechanical engineering, electronics, printing and communication technology. Other major earners for the city are trade fairs and congresses along with tourism with over 7,000 overnight stays per 1,000 inhabitants, per annum. Nuremberg has outstanding transport links with the A3, A6 and A9 motorways, ICE high-speed train, along with an airport and river port on the Main-Danube canal.

Population growth
2003 = 100



Source: bulwiengesa

Unemployment
in %



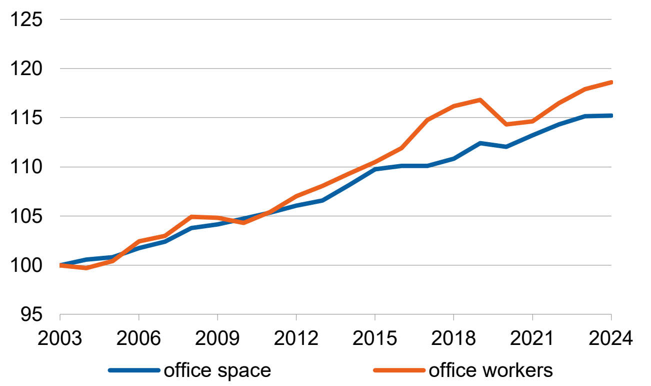
Source: bulwiengesa

Nuremberg office market

Stable vacancy rate and stagnating rents in weak market environment

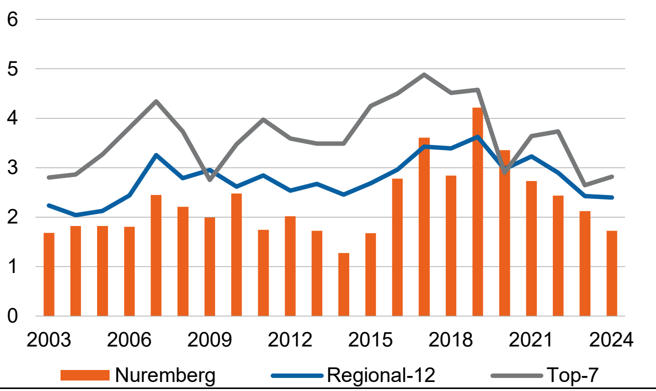
Nuremberg's office market is among the ten largest in Germany with a stock of 3.8 million sqm. Apart from the top locations, only Hannover has more office space. Moderate growth in new space had led to a fall in the vacancy rate to under 3 per cent by 2019. During the pandemic, however, the rate doubled as companies downsized their office space or even shut it down altogether. Unlike in other locations, there was no further rise in the vacancy rate thereafter; instead, it has remained largely stable as 5.6

Office jobs and office space
2003 = 100



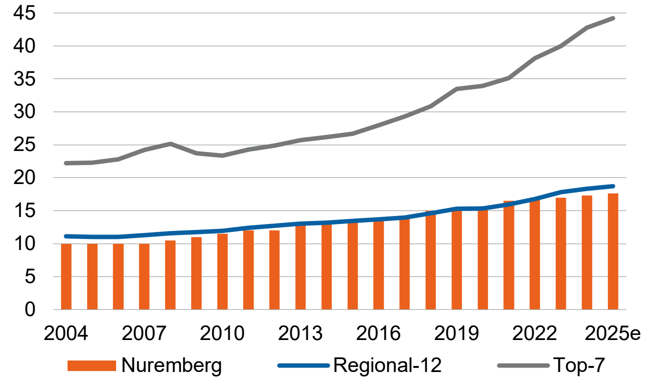
Source: bulwiengesa

Take-up
% of office space



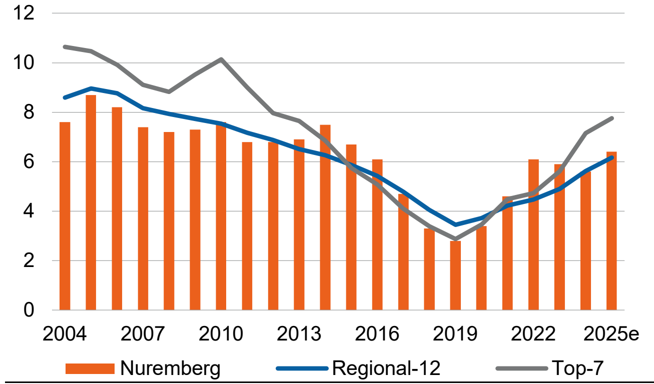
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



Source: bulwiengesa, DZ BANK

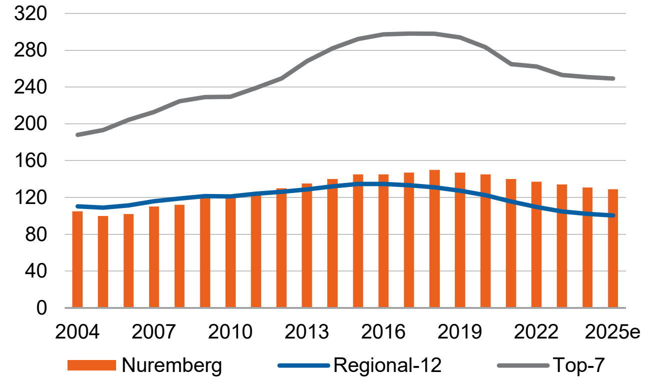
per cent most recently. At the same time, market activity was rather moderate lately. In 2024, take-up only reached 65,000 instead of the former six figures. Only a very small amount of new, modern office space came onto the market in 2024 at 17,000 sqm. And even the completion of new office projects such as The One, Thon Plaza or the Environmental Bank's new building will only improve supply marginally since the space in question is already mostly let. In view of weak market conditions, prime rents have hardly risen since 2021, contrary to the rising trend in the wider office market. They stood at EUR 17.30 per sqm in 2024, which means a ten-year increase of slightly over 30 per cent. However, interest in modern space should push up prime rents again. The same applies to the vacancy rate.

Nuremberg retail market

Strong retail location with high rents

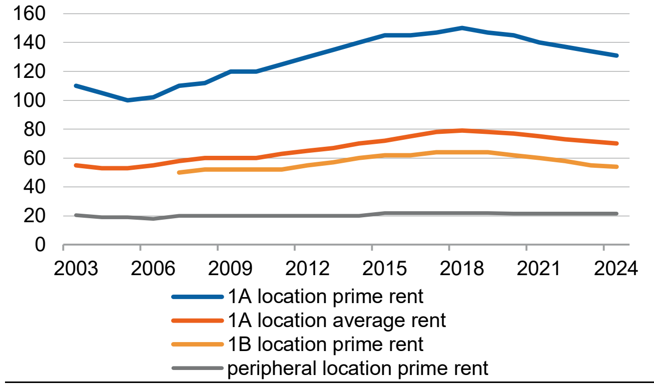
Nuremberg is the leading shopping destination in northern Bavaria with a large catchment area. Competition from surrounding towns is fairly limited, hence a good centrality score of 126 points. Although purchasing power of 101 points is only marginally above the average for the whole of Germany, a thriving tourism trade with over 7,000 overnight stays per 1,000 inhabitants provides a noticeable boost for retail demand in the city centre. Also on the plus side are a high-quality visitor experience in the attractive old town and shopping circuit around A1 locations. The Karolinenstraße has the highest figures for footfall, level of high-street cloning and prime rents. One plus point

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

for Nuremberg is a wide range of shops, including the trendier Gostenhof. There are also two shopping centres further out – the Mercado and Franken. Fairly steep prime rents calculated at EUR 131 per sqm in 2024 are testament to the strength of Nuremberg's retail trade; they are likely to stabilise at this level. Moreover, the decline was a moderate 13 per cent in relation to the peak in 2018. However, the crisis affecting city-centre trading has not spared Nuremberg, as clearly shown above all by empty stores in the Breite Gasse, most prominent of which is the former City Point. After the insolvency of the partner who planned to develop the 'Altstadt Karree', the new owner is now Versicherungskammer Bayern. Progress is being made across from the City Point with the Kaufhof building which closed in 2023 after its acquisition by the city. As a temporary measure, the Wöhrl clothing store will take up 3,000 sqm for an outlet and pop-up store. It is encouraging that the city has decided to redesign Breite Gasse. The work is expected to continue until 2027.

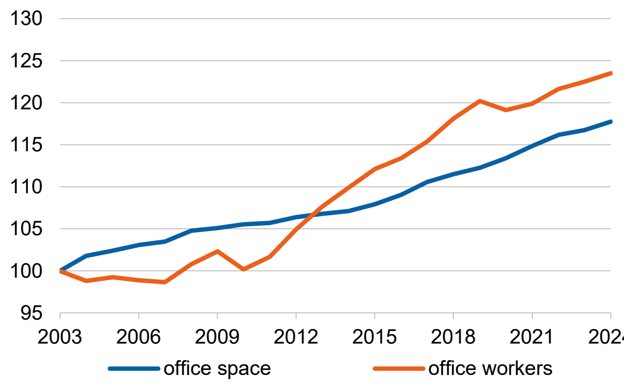
STUTTGART

Stuttgart property market

Major importance of industry also likely to dampen the office market

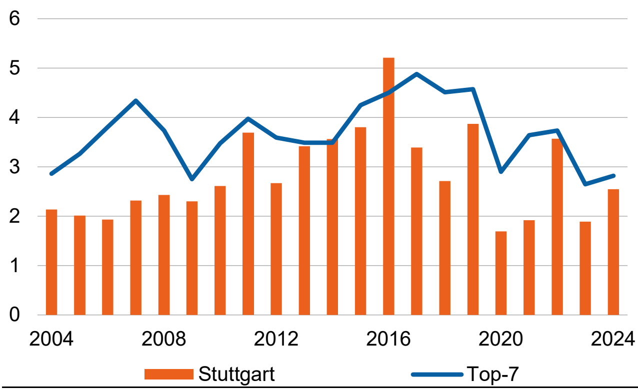
Stuttgart's office market has experienced fairly strong growth of a good 10 per cent to 8.3 million sqm in the last ten years, putting it in fifth place among the top locations although it is only just ahead of Düsseldorf and Cologne. Unlike in the case of the other six top locations, industry is of greater importance for Stuttgart's economy. The proportion of workers employed in manufacturing is roughly twice as high here. The more secondary importance of the services sector is clear from a mostly slightly more moderate take-up. This was no different in 2024 when big transactions involving the public sector (City of Stuttgart, Land Baden-Württemberg) led to a marked increase in take-up against the previous year to over 200,000 sqm. On balance, public sector deals in 2024 accounted for around one third of take-up. As in the three previous years, prime rents rose sharply in 2024 and have continued to do so this year: they had lifted to EUR 34.50 per sqm by mid-2025. The ten-year rent growth is above average at over 80 per cent. By the halfway stage, take-up had reached just under 90,000 sqm, helped by two major transactions. Apart from Daimler Truck, the City of Stuttgart was active once again. The public sector is therefore once again demonstrating its importance as regards demand for office space. Nevertheless, there was a further rise in the vacancy rate to now 6 per cent. In view of the high importance of the manufacturing sector and automotive industry, though, their current weakness could have a dampening impact on the office market.

Office jobs and office space
2003 = 100



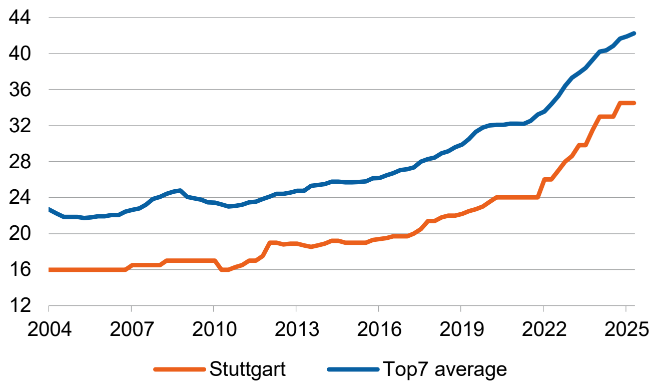
Source: bulwiengesa

Take-up
% of office stock



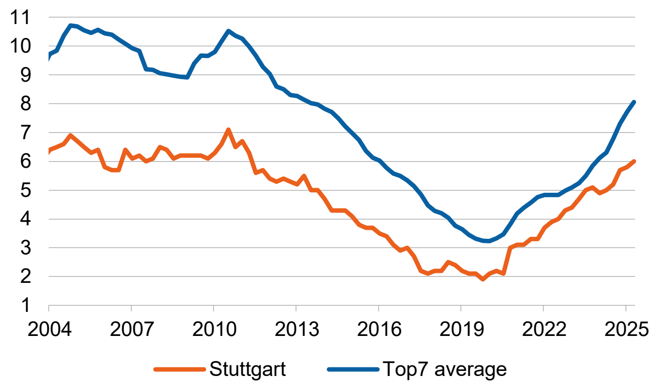
Source: bulwiengesa

Prime office rents
in EUR per m²



Source: bulwiengesa, DZ BANK

Vacancy rate
in %



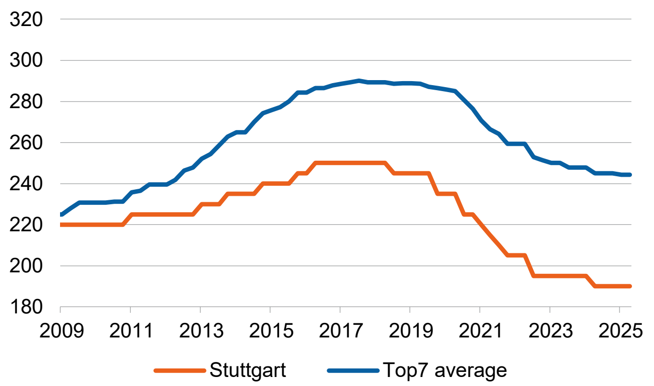
Source: bulwiengesa, DZ BANK

Stuttgart retail property

Prime rents stabilising gradually after sharp fall

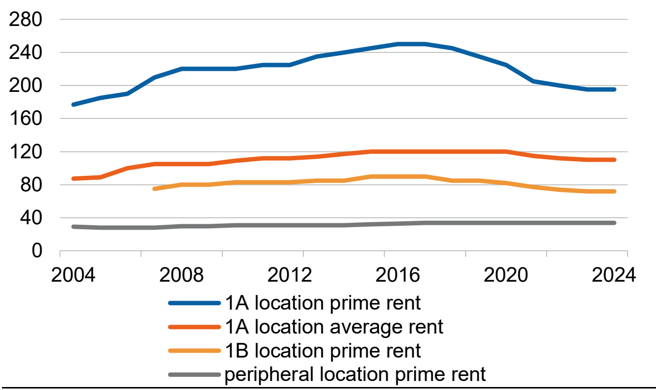
Stuttgart benefits from a large and affluent catchment area. The region has a strong economy and is home to a total of 2.8 million inhabitants. Though not as extensive as in other top locations, tourism should not be overlooked with around 7,500 overnight stays per 1,000 inhabitants. Too few visitors, however, are not the reason behind the relatively sharp fall in prime rents which are down by almost a quarter to EUR 190 per sqm (June 2025) from their peak in the Königstraße A1 location. Rather, apart from the ubiquitous problems affecting city-centre retailing, rents in Stuttgart are also being hit by an increase in sales space. Just over ten years ago, two new city-centre shopping malls opened more or less simultaneously. Trade has also been affected by major building works. In response to lower demand for sales space, one of the malls – the Gerber – has been repurposed as a mixed-use district with shops, places to eat and drink, offices, flats and a hotel. IKEA opened a planning studio here in 2024, with which the Swedish retailer plans to bring its solutions for the home from out of town to customers in the city centre.

Prime retail rents
in EUR per m²



Source: bulwiengesa, DZ BANK Research forecast

Retail rents by location
in EUR per m²



Source: bulwiengesa

However, there are no signs of any pronounced downturn in the city centre, as illustrated by a high footfall in the Königstraße along with largely stable prime rents since the autumn of 2022. There are obvious vacant stores just as in other city centres, and here also, they are being filled temporarily. There is also clear interest on the part of retailers, as illustrated for example by the opening of a Decathlon branch at the beginning of 2025 in the Königstraße. Prospects for the city centre are being boosted by building plans. One of these involves the 'Schlossgartenquartier' opposite the main railway station at the entrance to the Königstraße. The Signa project 'Zwei Hoch Fünf' which would replace the former sports arena (König-/Schulstraße) was taken over by the Doblinger Group at the end of 2024. The shop and retail project is to be rebranded as PATIO.

OVERVIEW OF LOCATIONS

Structural data (alphabetical)

Locations	Location class	Population	Population growth	Share of population 65+ years	Gross domestic product	GDP per capita	Working population	Purchasing power per inhabitant	Unemploy-ment rate
		2024	from 2014 to 2024	2023	2024	2024	2022	2024	August 2025
		in thousands	in %	in %	in millions of euros	in euros	in thousands	in euros	in
Augsburg	C	301	7.1	19.1	16,789	55,778	198	28,270	7.2
Berlin	A	3,685	6.2	20.6	198,539	53,878	2,158	28,458	10.5
Bremen	B	586	6.3	17.3	35,342	60,311	376	27,452	11.2
Cologne	A	1,025	-2.1	21.8	15,552	93,126	801	30,761	9.3
Darmstadt	C	167	10.0	19.0	29,100	51,505	141	28,469	6.5
Dresden	B	565	5.3	21.8	63,222	102,136	347	35,263	7.2
Düsseldorf	A	619	2.3	15.9	30,174	52,476	565	28,378	8.2
Essen	B	575	0.2	18.0	88,516	117,085	345	32,760	11.7
Frankfurt	A	756	5.4	19.2	154,304	82,825	746	32,308	7.1
Hamburg	A	1,863	5.7	19.4	43,406	83,154	1,322	29,265	8.5
Hannover	B	522	-0.4	17.9	27,010	87,411	n.a.	30,378	8.8*
Karlsruhe	B	309	3.0	19.6	80,396	78,435	241	31,828	5.3
Leipzig	B	612	12.4	17.9	28,154	46,003	360	26,652	8.8
Mainz	C	225	8.5	18.7	26,194	116,418	163	31,062	6.0
Mannheim	B	318	6.1	17.1	24,904	78,315	245	28,196	8.0
Munich	A	1,505	5.3	18.4	152,932	101,616	1,177	40,549	5.6
Münster	B	308	2.0	20.2	21,688	70,414	245	30,943	5.6
Nuremberg	B	530	5.7	18.3	38,012	71,721	402	30,341	7.7
Stuttgart	A	613	0.0	19.1	64,078	104,533	538	33,449	7.0

Source: BA, bulwiengesa, Destatis

*) Hannover region

Rental development (by location category)

	Retail properties Development of prime rents in %					Office properties Development of prime rents in %				
	10 years from 2014- to 2024	**5 years from 2019 to 2024**	**2022 yoy**	**2023 yoy**	**2024 yoy**	**10 years from 2014- to 2024**	**5 years from 2019 to 2024**	**2022 yoy**	**2023 yoy**	**2024 yoy**
Augsburg	-24.5	-23.1	-7.4	-3.4	-2.4	58.3	43.9	28.6	2.8	2.7
Bremen	-16.0	-19.2	-2.6	-3.6	-2.8	23.2	16.7	3.6	4.9	2.7
Darmstadt	-47.0	-33.8	-8.4	-8.3	-3.6	11.5	9.8	0.7	3.7	3.6
Dresden	-20.5	-16.7	-5.3	-2.8	0	63.6	32.0	4.9	11.8	4.2
Essen	-40.9	-30.9	-10.3	-1.4	-5.8	32.1	17.8	4.8	4.0	2.8
Hannover	-21.5	-17.3	-5.7	-4.8	-2.5	50.7	18.9	4.4	11.7	1.9
Karlsruhe	-38.1	-27.1	-5.9	-6.3	-6.7	28.3	12.4	2.7	5.3	3.2
Leipzig	-20.0	-20.0	-4.3	-9.1	0	56.0	27.5	2.9	5.7	5.4
Mainz	-28.1	-21.2	-6.4	-3.4	-3.5	33.3	15.9	6.9	5.2	3.1
Mannheim	-19.3	-18.2	-3.8	-4.0	-2.5	45.6	27.4	8.3	7.7	1.9
Münster	-20.6	-22.9	-3.2	-6.7	-3.6	20.4	11.5	3.3	3.2	3.1
Nuremberg	-6.4	-10.9	-2.1	-2.2	-2.2	31.1	11.6	3.0	0	1.8
Regional centres	**-22.8**	**-20.1**	**-5.1**	**-4.5**	**-2.6**	**38.9**	**19.8**	**5.2**	**6.1**	**2.9**
Berlin	-12.1	-15.0	-1.9	-3.8	0	95.7	15.4	7.4	2.3	1.1
Cologne	-12.5	-17.6	-2.2	-2.3	-2.3	57.1	34.7	10.0	16.4	3.1
Düsseldorf	3.8	-5.3	0.0	-1.8	0	75.0	58.5	22.6	11.1	16.3
Frankfurt	-10.0	-13.0	0	-3.6	-1.5	35.7	15.9	4.7	2.2	3.3
Hamburg	-14.5	-17.5	0	-5.0	-1.1	44.1	21.7	5.3	2.4	2.3
Munich	-8.6	-13.9	0	-3.2	-2.6	61.2	36.7	7.2	4.5	16.1
Stuttgart	-18.8	-17.0	-2.4	-2.5	0.0	81.6	50.0	16.7	7.1	15.0
Top locations	**-11.1**	**-14.7**	**-0.9**	**-3.6**	**-0.9**	**63.5**	**27.8**	**8.6**	**4.8**	**7.1**

Source: bulwiengesa

GLOSSARY

Centrality score	Retail centrality is calculated by dividing retail sales in a specific location by retail spending and then multiplying the result by 100. The figure will be above 100 points if retail sales are higher than retail spending and consequently that location in question has additional purchasing power.
Multi-family multiplier	The purchase price is divided by the cold rent in the first year and thus corresponds to the reciprocal value of the gross initial yield. Additional costs such as utilities and management costs are not taken into account.
Net initial yield	The initial rental yield for office and retail space is calculated dividing the annual net rent by the overall purchase price, taking into account additional charges.
New space	Office space completed in a particular year from new building.
Office space take-up	Office space newly occupied during a one-year period in a location either through letting or owner occupation. The figure does not include contract extensions. The timing factored in is not the beginning of the actual use of the space, but when the contract was signed.
Prime rent	The prime rent represents a mean of the top 3 to 5 percent of lettings in the market and therefore the figure given does not correspond to the absolute top rent.
Purchasing power score	Purchasing power relevant to the retail sector defines that part of the income of households in a region which is available for purchasing goods and services. The purchasing power figure describes a location's ability to purchase goods and services in relation to the German average which is set at 100 points.
Regional centres	(Reg-12/Regional-12) Space and inhabitant-weighted index consisting of 12 regional centres, namely Augsburg, Bremen, Darmstadt, Dresden, Essen, Hanover, Karlsruhe, Leipzig, Mainz, Mannheim, Münster and Nuremberg.
Top locations/Top-7	Space and inhabitant-weighted index of the seven top locations under consideration in this report, namely Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart.
Vacancy rate	Proportion of vacant space in a location in relation to existing space.

Source: bulwiengesa, DZ BANK

Imprint

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