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MAIN REGIONAL REAL ESTATE MARKETS IN GERMANY 2026 | 2027

Office and retail place new
demands on properties

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PREFACE

Dear readers,

The German economy is only making a slow recovery, with rising interest rates, high construction costs and demographic trends dampening investment activity and constraining property valuations. This applies in particular to the office and retail markets, both of which are sensitive to economic cycles. However, a closer look at individual locations reveals numerous opportunities, even in this challenging environment.

In the office segment, hybrid working models are driving the trend towards smaller, high-quality spaces in central locations. Prime rents in top locations are continuing to rise despite higher vacancy rates, while older, less sustainable properties are losing their appeal. The downtrend in high-street retail rents has been slowing noticeably. At the same time, the conversion of obsolete sites into mixed-use neighbourhoods has reinvigorated many locations and, together with tourism and local purchasing power, is opening up new prospects for vibrant, resilient city centres. Even though investment market activity remains subdued, there is still interest in prime locations and robust mixed-use properties. Rental yields have largely stabilised following the sharp rises seen in recent years.

These are the findings set out in this market report – “Main Regional Real Estate Markets Germany 2026” – which examines recent developments in 19 key locations across Germany. The focus is on twelve important regional centres – Augsburg, Bremen, Darmstadt, Dresden, Essen, Hanover, Karlsruhe, Leipzig, Mainz, Mannheim, Münster and Nuremberg – where markets are often dominated by small and medium-sized enterprises. The report also analyses developments at the seven top locations, namely Berlin, Cologne, Düsseldorf, Frankfurt/Main, Hamburg, Munich and Stuttgart. The analysis shows that markets are diverging significantly, with some locations benefiting from high purchasing power, strong tourism and a keen interest in modern office and retail space, while others are facing greater challenges due to high vacancy rates, decreased prime rents or weaker structural demand.

As one of the leading real estate banks in Germany, we have been monitoring the markets for many years and regularly provide in-depth analyses. This publication complements our “Real Estate Market Germany” series and our surveys on selected German federal states and cities. Further information and publications on our market research activities can be found at <https://dzhyp.de/en/about-us/market-research/>.

Yours sincerely,

DZ HYP

October 2026

OFFICES AND RETAIL: ADAPTING TO A NEW REALITY

Despite the rise of working from home and e-commerce, office buildings and retail properties are still needed for work and shopping. This is supported by the interest in modern offices and city-center retail space, even though the demand for space is falling overall. In addition to structural change, the real estate sector faces further challenges. These include the ongoing economic slump, a further rise in construction and financing costs, and inflation resulting from the war with Iran, as well as consumer reluctance to spend, demographic change and artificial intelligence. Climate change, which was clearly felt during the hot summer, also requires investment to make buildings sustainable and adapt them to higher temperatures.

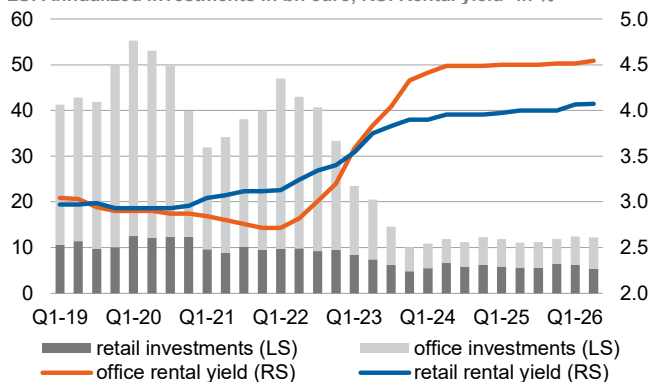
The real estate sector faces a wide range of challenges

This challenging environment is reflected in rising office vacancy rates, falling city-center rents and low levels of investment in commercial property. Furthermore, new-build activity has slowed, as has been the case with residential construction. Equally evident are the processes of adaptation to the new reality. In this way, office and retail space that is no longer required is repurposed. Office buildings are being converted into apartment blocks or hotels. Retail property is being given a new lease of life in the form of mixed-use neighborhoods. Retail space is confined to the lower floors; the upper floors can be used as offices, for example. However, old department stores also provide space for museums, schools or administrative

The building stock is being adapted to the new reality

Real estate investments have barely recovered Rental yields have stabilized at a higher level

LS: Annualized investments in bn euro, RS: Rental yield* in %

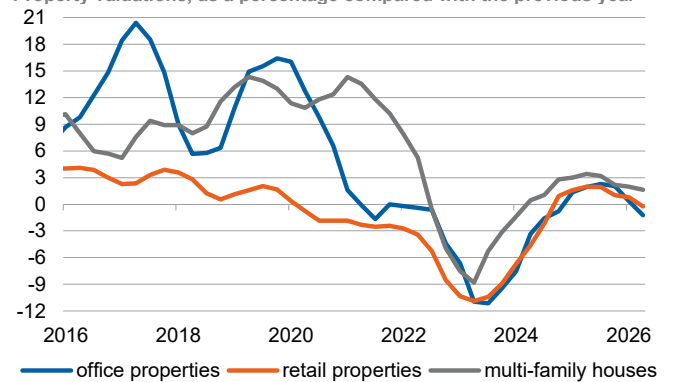


Source: CBRE, bulwiengesa

*) top locations only

Rising interest rates are once again hampering the recovery in the property market

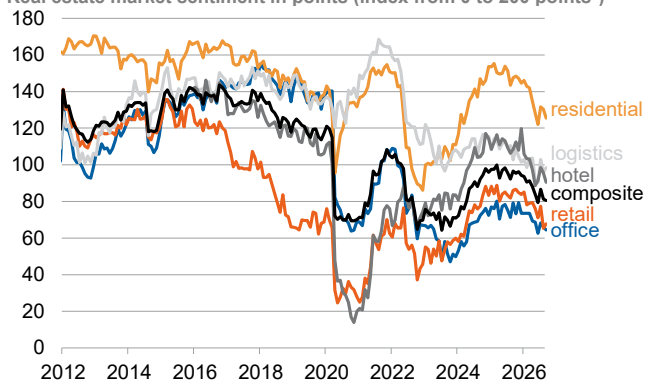
Property valuations, as a percentage compared with the previous year



Source: vdp

Following a recovery, the real estate market sentiment has taken a turn for the worse again Retail and office sectors continue to lag behind

Real estate market sentiment in points (index from 0 to 200 points*)

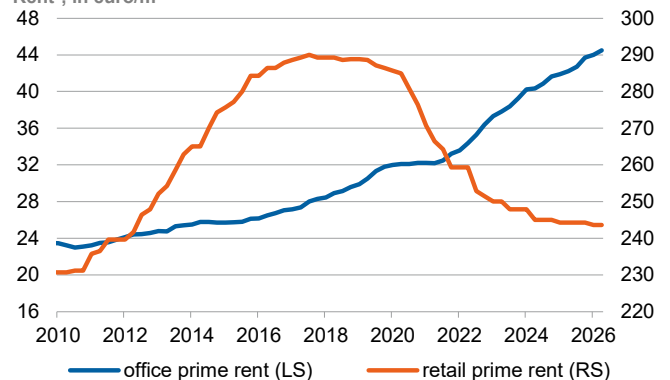


Source: bulwiengesa

*) Values <100: increasing uncertainty/scepticism

Since 2018, prime rents for office and retail space have been moving in opposite directions

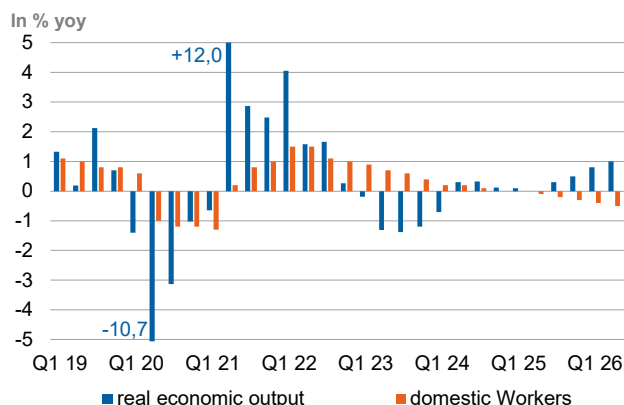
Rent*, in euro/m²



Source: bulwiengesa

*) top locations only

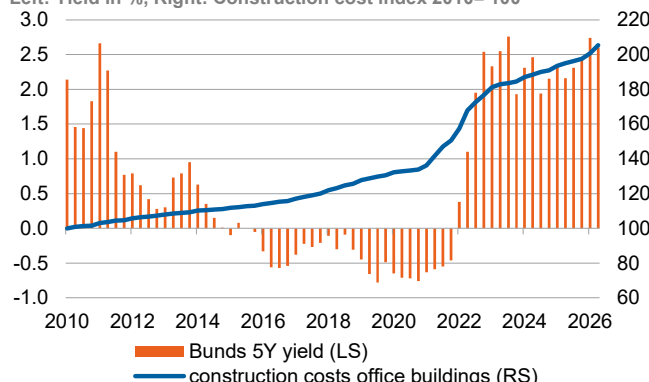
The German economy has bounced back, yet the labor force is falling



Source: Destatis

Headwinds for real estate: The rise in construction costs has accelerated, and financing costs have risen once again

Left: Yield in %, Right: Construction cost index 2010= 100



Source: Destatis, Macrobond

centers. City centers, which have hitherto been characterized by a monoculture of chain stores, are also benefiting from this diversity.

It is encouraging to see that the German economy is gaining momentum following a period of recession and stagnation. However, this does not apply to the labor market. The number of people in employment is gradually falling from the high level it has reached, a trend attributable in particular to the manufacturing sector. However, even during an economic upturn, the decline in the number of people in employment will continue. According to IAB figures, Germany will have reached its maximum labor force potential in 2025, with 48.7 million people. In 2026, the figure will fall slightly by 40,000 as the baby boomers retire. According to calculations by the IW, by 2036 the surplus of retirees compared with the younger generation will amount to a shortfall of 4.3 million workers, which will continue to dampen the economy's growth potential.

The challenging environment for the real estate sector is reflected in the property market sentiment. Following the market correction triggered by the sharp rise in interest rates in 2022, it showed signs of recovery, but has been falling again since autumn 2025. Office and retail bring up the rear. The recent rise in interest rates is also having an adverse effect, pushing bond yields in 2026 to their highest level since 2011. According to the vdp, the rise in financing costs has caused commercial property valuations to fall slightly once again in mid-2026.

In this market report, which examines a total of 19 key German property locations, we analyze the challenges and opportunities facing office and retail property. The focus is on **twelve major regional centers across the country**, which, despite their economic significance, often play a rather minor role in the real estate market. The lack of available information is problematic for this market report. The information available is much better for the **seven largest German cities, the top locations**. These are also included in the market report, making it possible to compare the two location categories.

The following chapter analyzes the office market. This is followed, from page 15, by the retail market overview. From page 26 onwards, the individual locations are discussed in alphabetical order. The development of the sites is summarized in tabular form on pages 71 and 72. The glossary brings the report to a close on page 73.

Demographic trends are increasingly posing a challenge for Germany

During this record-breaking summer, the real estate market has taken a turn for the worse, whilst rising interest rates are weighing on property valuations

The 17th edition of the 'Regional Property Centers' market report provides information on the office and retail market segments in 12 regional centers and the 7 prime locations

An overview of our locations

12 Regional Centers (Index: Regional-12)				7 Top Locations (Index: Top -7)	
City	State	City	State	City	State
Augsburg	Bavaria	Leipzig	Saxony	Berlin	Berlin
Bremen	Bremen	Dresden	Saxony	Cologne	North Rhine-Westphalia
Darmstadt	Hesse	Mainz	Rhineland Palatinate	Dusseldorf	North Rhine-Westphalia
Essen	North Rhine-Westphalia	Mannheim	Baden-Württemberg	Frankfurt	Hesse
Hanover	Lower Saxony	Münster	North Rhine-Westphalia	Hamburg	Hamburg
Karlsruhe	Baden-Württemberg	Nuremberg	Bavaria	Munich	Bavaria
				Stuttgart	Baden-Württemberg

The real estate sector is adapting to new circumstances: Vacant department stores are being converted into mixed-use developments



Image created with AI assistance

THE ECONOMIC SITUATION IN GERMANY

The German economy recorded meagre growth of 0.2 per cent in 2025. US trade policy and mounting competitive pressure from China created headwinds – exports and investment declined. In 2026, the war with Iran added to the strain. The impact of this has so far been limited, although restrictions on shipping continue to cause bottlenecks and inflationary pressure remains high. Economic output rose slightly in both the first and second quarters of 2026. In the third quarter, the disruption to inland waterway transport caused by the hot summer is likely to put the brakes on economic growth once again. At the turn of the year 2026/27, the fiscal stimulus from the infrastructure package is likely to give the economy a further boost. We expect gross domestic product to grow by 1.1 per cent in 2026. We expect a slightly higher figure of 1.2 per cent for 2027. However, the recovery remains fragile and is largely based on higher public debt. This is not a broad-based, self-sustaining economic upturn.

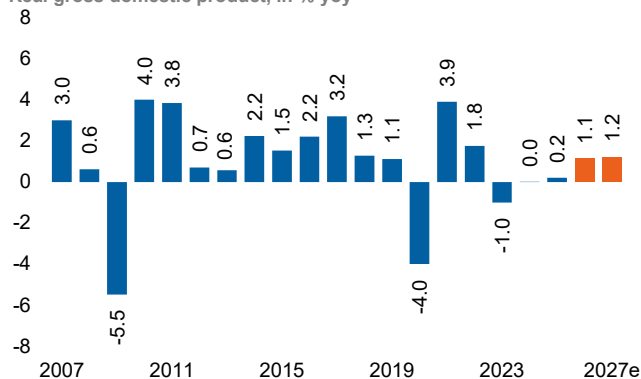
After three years of stagnation, the German economy is recovering slightly in 2026

Whilst the rise in consumer prices in 2025, at 2.3 per cent, was still close to the ECB's target, inflation this year is proving to be significantly higher as a result of the war in Iran. This is primarily due to higher energy prices, which households feel directly at the petrol station, but which may also be felt indirectly through higher transport costs for other products. Overall, we expect consumer prices to rise by 3.0 per cent in 2026. Inflation could fall slightly to 2.8 per cent in 2027.

Rising energy prices are driving inflation up again

Macroeconomic trends: Gradual recovery

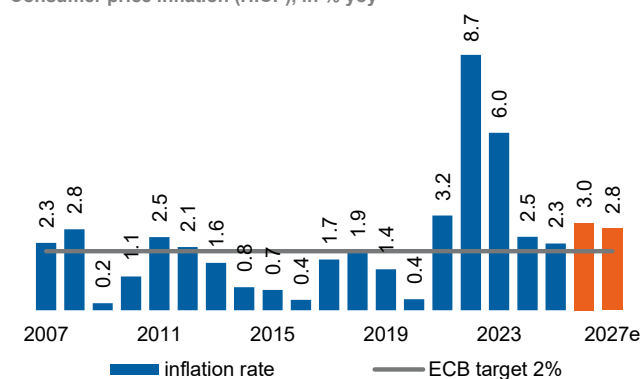
Real gross domestic product, in % yoy



Source: Eurostat, BANK AG

Inflation: Rise caused by the increase in energy prices following the Iran War

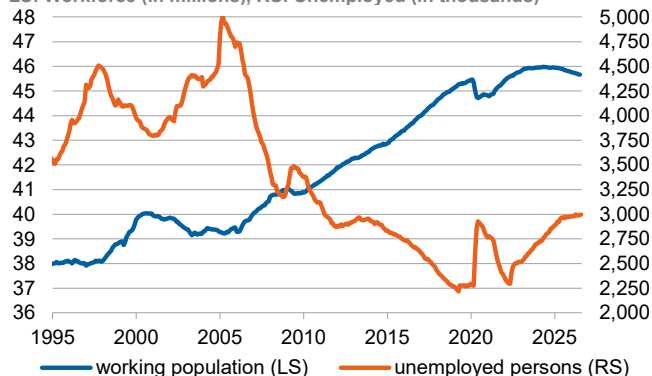
Consumer price inflation (HICP), in % yoy



Source: Eurostat, BANK AG

Labor market trends: Employment is gradually falling

LS: Workforce (in millions), RS: Unemployed (in thousands)



Source: Federal Employment Agency

Ifo Business Climate Index: Rising expectations are driving the index upwards

Indices, 2015 = 100



Source: ifo Institute

OFFICE MARKET

Demand for modern offices continues to rise, driving up rents

In the knowledge-based society, the office has become increasingly important in the world of work. The importance of knowledge work is evident from the fact that, today, a third of the working population works at a desk. Combined with the long-term rise in the number of people in work, demand for office space grew steadily until 2019. This led to a sustained reduction in office vacancy rates, causing the vacancy rate to fall to 1 per cent in some locations.

But that's all in the past: There are several reasons why the demand for office space is falling. The weak economy is also a contributing factor, but it is essentially structural reasons that are having a lasting effect. Working from home, which became necessary during the pandemic, has evolved into the mix of remote working and days in the office that is now the norm – a arrangement that many staff members are keen to keep. Furthermore, the labor force is shrinking as large numbers of baby boomers retire, due to significantly smaller cohorts of younger people entering the workforce. According to IW calculations, there will be a shortfall of 4.3 million workers by 2036. For one third of office workers, this figure will fall by just over 1.5 million, which corresponds to a reduction in the demand for office space of around 30 million square meters. Artificial intelligence (AI) helps to cope with demographic change, but it may also lead to further job losses.

Furthermore, the reduction in office space extends beyond the direct consequences of the above factors due to two additional factors. In the past, office spaces were often far too large. Every member of staff had their own desk, which was often left unused due to holidays, business trips, part-time work or illness. Furthermore, digital files reduce the amount of space required, as the filing cabinets and sideboards that used to be everywhere are now largely redundant.

As they require less space, companies can consolidate their premises and give up space they were previously renting. There is a demand for modern, climate-friendly offices in easily accessible locations. However, the high rents required for this are not only put into perspective by the reduced floor space. Optimized floor plans and attractive workspaces offer added benefits, as they have a positive impact on staff attendance and communication, thereby boosting productivity. Modern 'green buildings' can also help a company gain an edge in the competition for skilled workers and make it easier to achieve its sustainability targets.

Whilst offices are certainly of great importance to the world of work, ...

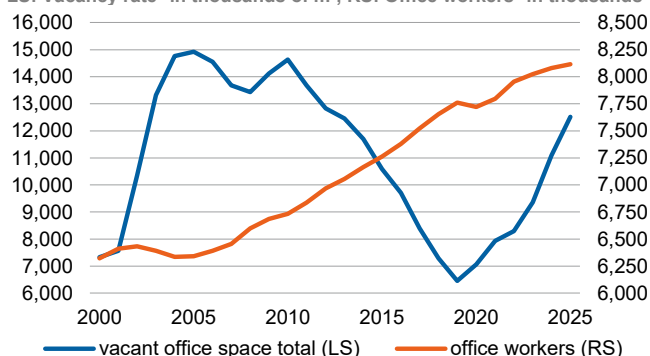
... but the amount of space required continues to fall

The space required is also falling because offices were often oversized in the past

Office spaces are becoming smaller, of a higher standard and only appear more expensive at first glance

Remote work is having a significant impact on the office market: Despite rising office employment, the vacancy rate is set to rise sharply

LS: Vacancy rate* in thousands of m², RS: Office workers* in thousands

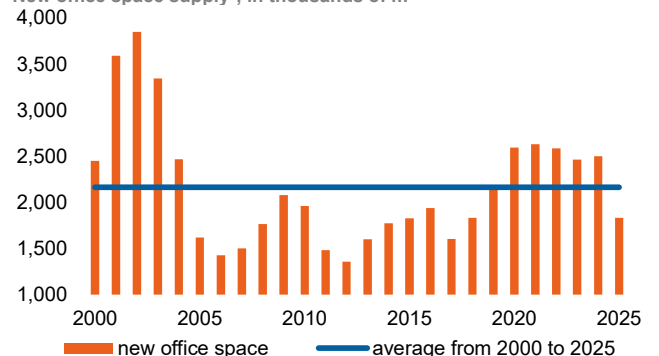


Source: bulwiengesa

*)cumulative over 127 cities

Part of the rise in the vacancy rate is also due to the accelerated rate of office construction from 2019 onwards

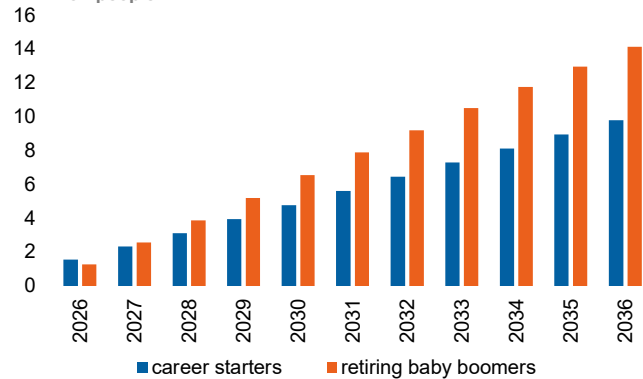
New office space supply*, in thousands of m²



Source: bulwiengesa

*)cumulative over 127 cities

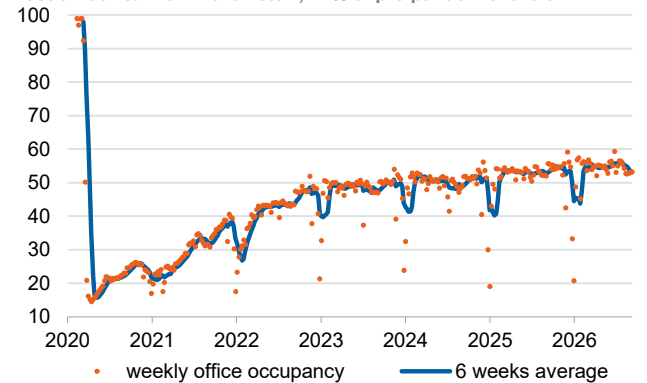
Pensions for the baby boomers: The German Economic Institute estimates that there will be a shortfall of over 4 million workers by 2036
in million people



Source: iwd

US: Working from home has become the norm – office usage is barely rising at all, despite all the calls to 'return to the office'

Kastle Back to Work Barometer*, in % of pre-pandemic levels



Source: Kastle Systems

*) average for 10 cities

Although working from home has been a feature of everyday office life for several years now, the consequences of these structural changes on the office market are only becoming apparent after a considerable delay. This is evident from the vacancy rates, which have been rising steadily since 2020, although this trend is particularly noticeable in larger office locations. Long-term leases, owner-occupied office properties – which may have restricted availability for third parties – and a lack of supply of the modern spaces in demand are slowing down the adjustment process. Furthermore, it is difficult to estimate the future impact of demographic change and the influence of AI on office requirements, which delays decisions regarding the amount of office space required. Uncertainty about future economic developments is further fueling this wait-and-see attitude.

Long-term tenancy agreements, a shortage of modern premises and uncertainty: Land-use adjustment is proceeding only slowly

The stricter requirements for increased office attendance introduced in some companies do not lead to a general move away from remote working. Employees value the flexibility. Furthermore, spending fewer days in the office in conurbations with tight housing markets makes it easier to find accommodation, as long commutes then become less of a factor. All in all, it looks as though there will be a high turnout from Tuesday to Thursday and a modest turnout on Mondays and Fridays. An increased presence would, at most, only moderately increase the space required, as the offices are simply utilised more effectively on Mondays and Fridays. Data from the US shows that office occupancy there rose to around 50 per cent of pre-pandemic levels by 2023, but has barely increased since then. This points to the firm integration of hybrid working models into everyday office life, a trend that can probably be applied to a large extent to Germany as well.

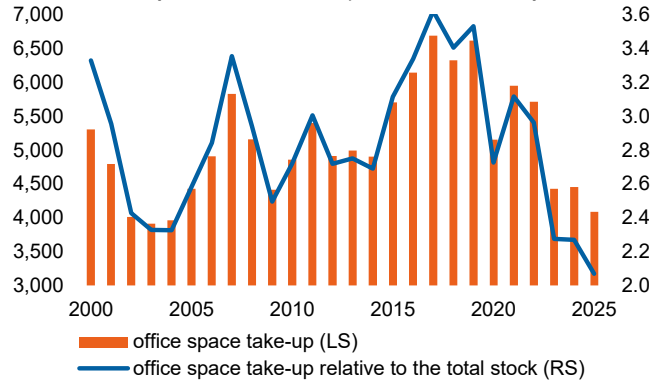
Requirements for more days in the office do not signal the end of working from home, but rather provide a framework for a balanced approach

Data on the office market reflects the reduced demand for space due to working from home and the economic slowdown. On average, around 5.1 million square meters of office space were let each year between 2000 and 2025 across the 127 property locations analyzed by bulwiengesa. During the recession years of 2023 and 2024, the figure was already noticeably lower at 4.4 million square meters, but fell even further in 2025 to just over 4.1 million square meters. In relation to the total stock of office space, the take-up rate fell to 2.1 per cent, its lowest level in 25 years. On average, 2.8 per cent of office space was let each year during this period.

The slump in the office market has further exacerbated the rise in vacancy rates

A lull in the office market: Office take-up, relative to the total stock of space, has fallen to its lowest level since 2000

LS: Office take-up* in thousands of m², RS: as % of office space

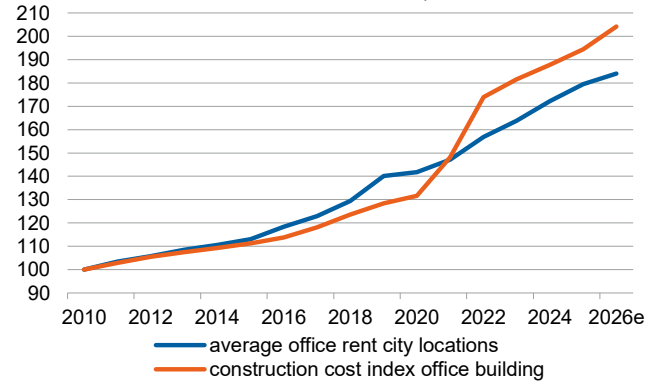


Source: bulwiengesa

*)cumulative over 127 cities

Office buildings are more difficult to construct from an economic point of view: Construction costs have risen faster than prime office rents

Office rent and construction costs as an index, 2010=100



Source: bulwiengesa, Destatis, DZ BANK (2026)

Weak demand has exacerbated the rise in vacancy rates caused by working from home. Across the 127 bulwiengesa office locations, the amount of vacant space has almost doubled from 6.4 million square meters in 2019 – around 3.4 per cent of the total stock – to 12.5 million square meters, or 6.3 per cent, by 2025. However, the vacancy rate is not high; rather, it corresponds quite closely to the average over the past 25 years. Furthermore, the stock of office space in these locations expanded by around 10 million square meters to 198 million square meters between 2019 and 2025. Without the shift to working from home, this growth would not have led to a significant rise in the vacancy rate, as the increase in floor space has been offset by a rise of almost 400,000 in the number of office workers.

Vacant office space has more than doubled since 2019

Despite weak demand for office space and higher vacancy rates, prime rents continued to rise. This is not a contradiction, because demand for modern premises exceeds the limited supply. In the premium segment, it is primarily service providers based in prime locations – such as banks, accountancy firms and law firms – that are driving demand for office space. This explains the sharp rise in rents seen in the seven largest cities, despite above-average vacancy rates. The higher rents are also necessary in order to be able to carry out office projects that have become more expensive due to a significant rise in construction and financing costs. However, even the sharp rise in rents in city-center locations is still lagging behind construction costs (see figure top right), thereby hampering the development of new office projects.

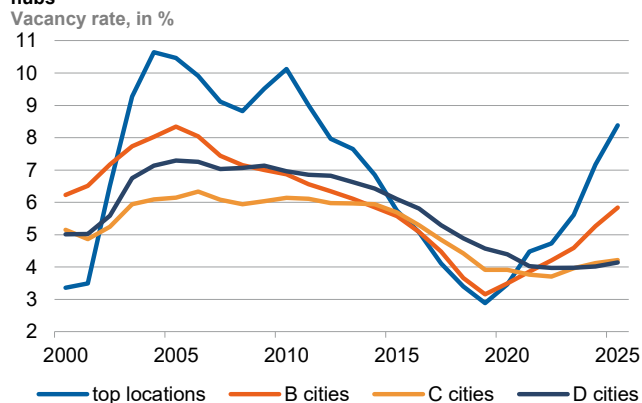
Demand for modern offices, coupled with a sharp rise in construction costs, is driving up prime rents

Outside the premium segment, letting office space is more difficult. A large proportion of the existing office building stock was built before 1990 and often fails to meet tenants' current requirements. The situation for landlords of older buildings is made more difficult by the increasing supply of space resulting from higher vacancy rates. However, an unchecked rise in the amount of vacant space is unlikely. On the one hand, the slowdown in office construction is limiting the supply of space; on the other hand, the conversion of obsolete office buildings is helping to counteract the rise in vacancy rates. However, changes of use often involve high costs, meaning that they can primarily be carried out at locations with higher rent levels. Suitable uses include mixed-use residential and commercial developments, hotels or even schools. The 'Retail to Residence' funding scheme is designed to facilitate the conversion of commercial premises into residential accommodation. From a sustainability perspective, the advantage of repurposing is that greenhouse gas emissions are significantly lower than those associated with new-build projects.

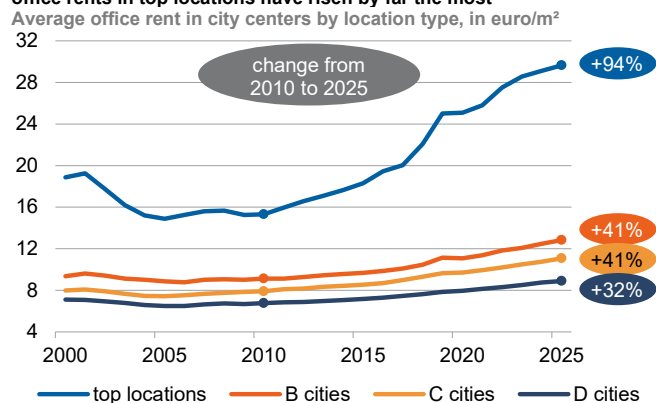
Outside the premium segment, the growing supply is making it more difficult to let office space

Home, school or hotel: Office buildings lend themselves quite well to alternative uses

The rise in vacancy rates has so far been most noticeable in major office hubs



In-demand city center offices: Despite a sharp rise in vacancy rates, office rents in top locations have risen by far the most



Decarbonisation, driven by climate change, has serious implications for office buildings – which are often older – and not just because of stricter regulatory requirements. Of greater significance is the change in search behavior among tenants. Companies are under pressure to score highly with employees, customers, lenders and investors through strong sustainability performance. Office space in buildings with low greenhouse gas emissions – or even those that are carbon-neutral – helps to achieve this and therefore offers an additional benefit. When climate conditions are poor, the opposite is true, meaning that such offices are correspondingly harder to let. Regulatory requirements such as the EU taxonomy therefore also have an indirect impact on the letting of office space.

Offices with poor sustainability performance are more difficult to let

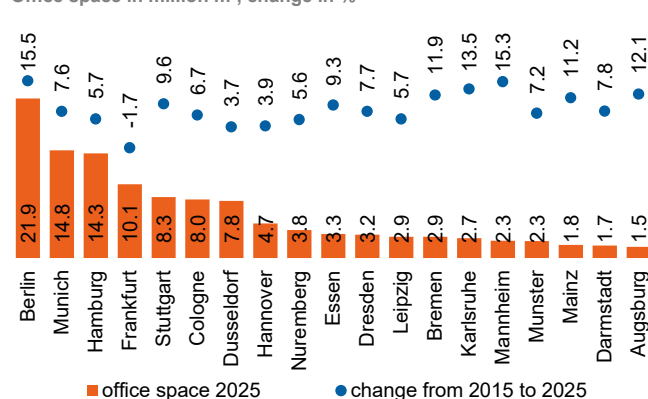
Offices: Market trends at the locations under review

The locations examined in this market report cover a large proportion of the space relevant to the office market. With the exception of Bonn, Dortmund, Duisburg and Wiesbaden, all German office markets with more than 2 million square meters of floor space are included. In total, the 19 locations under review comprise 118 million square meters of office space, representing around 60 per cent of the 127 German office locations analyzed by bulwiengesa. Behind this lies a huge disparity in the size of the sites, as the top locations alone account for 85 million square meters of office space. By contrast, the 12 regional centers analyzed have a significantly smaller total

The market report covers the majority of Germany's most important office locations

Size differences: The market report provides a good overview of the range of key German office locations

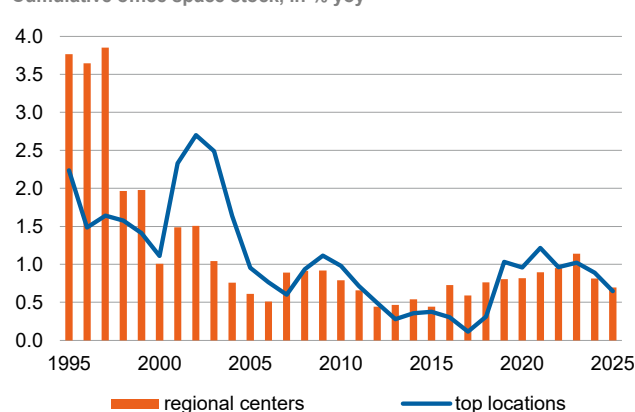
Office space in million m², change in %



Depending on the source, figures of up to 4 million square meters are cited for Leipzig

The expansion of office space, which had accelerated in the meantime, has now visibly slowed down again

Cumulative office space stock, in % yoy



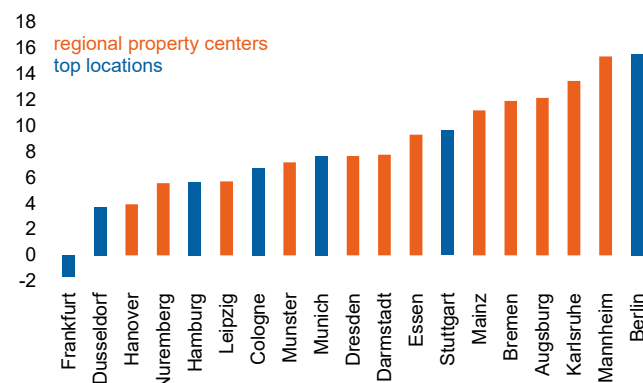
floor area, amounting to 33 million square meters. With 4.7 million square meters, Hanover is the largest office market outside the top locations. These range from Düsseldorf, with 7.8 million square meters of floor space, to Berlin, with around 22 million square meters.

The expansion of the office space stock had accelerated as a result of the increased rate of office construction in recent years. Between 2014 and 2018, office space across all 19 locations increased by just 0.4 per cent per year, whilst between 2019 and 2023 it grew by 1 per cent annually. After that, the growth slowed down again. In 2025, office space increased by 0.7 per cent. As a result, the supply of sought-after modern office space remains limited. There are also significant differences between the individual sites in terms of the increase in floor area. Whilst office space in Frankfurt actually fell slightly between 2015 and 2025, it increased by over 15 per cent in Berlin. On average, office space increased by around 8 per cent over this ten-year period, both in regional centers and in prime locations.

The growth in office space, which had accelerated in the meantime, has slowed down again

The stock of office space has varied significantly depending on location over the past ten years

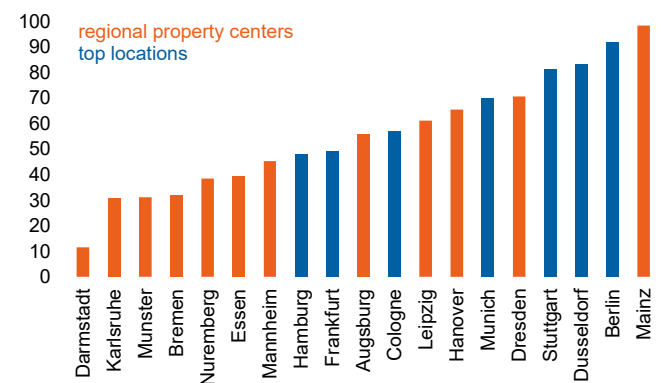
Stock of office space from 2015 to 2025, as %



Source: bulwiengesa

Prime rents for office space rose more sharply overall in top locations

Prime rents for office space from 2015 to 2025, in %



Source: bulwiengesa

The high level of interest in modern office space, coupled with a supply that is generally limited, is reflected in the noticeable rise in prime rents. Between 2015 and 2025, these figures rose by a good 50 per cent in the regional centers. Despite the higher rent levels, the percentage increase in prime locations was even more pronounced, at almost 70 per cent. However, there are significant differences at site level. Whilst prime rents in Berlin and Mainz have almost doubled within ten years, those in Darmstadt have risen by just over 10 per cent. In Bremen, Karlsruhe and Münster, the rise in rents also fell well short of the average. In 2025, however, the comparison of rental trends favored the regional centers, with rents rising by over 7 per cent compared with the previous year. However, even prime rents in prime locations rose quite sharply in 2025, by around 5 per cent.

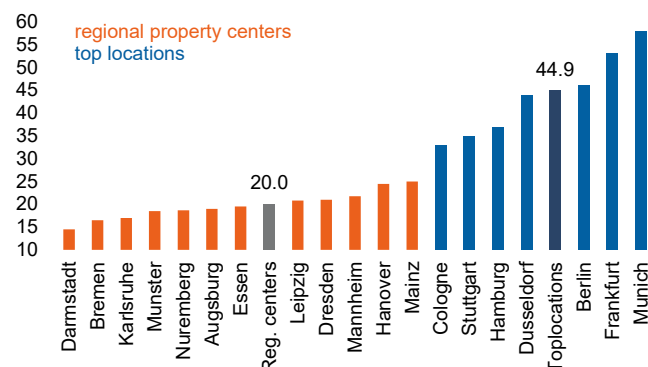
Prime rents continue to rise

When considering the absolute levels of prime rents, it is not only the significantly higher levels in prime locations that stand out, but also the considerable variation between them. In 2025, it ranged from 33 euros in Cologne to 58 euros in Munich, per square meter in each case. However, even the top rents in regional centers show a marked disparity. They ranged from 14.50 euros in Darmstadt to 25 euros in Mainz, also per square meter.

Prime rents vary considerably depending on the location

In top locations, the prime rent is more than twice as high as in regional centers

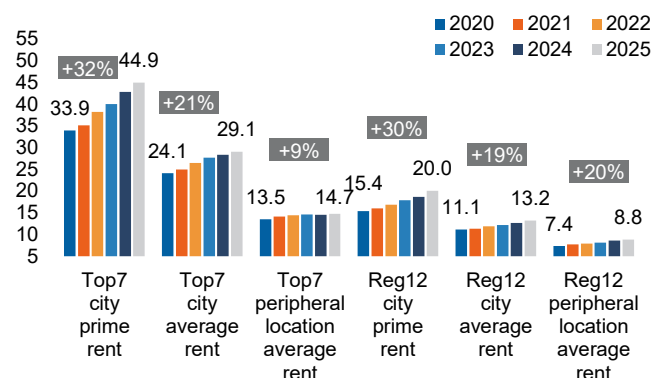
Prime rent in euro/m² (2025)



Source: bulwiengesa

Despite the already high level of rents, prime rents in city centers of top locations in particular are set to rise sharply

Rents for office space by location, in euro/m²



Source: bulwiengesa

When broken down by office location, it is clear that prime rents, despite their higher level, have also seen the strongest relative growth. By contrast, average rents in city centers and on the outskirts have risen at a noticeably slower rate. However, the chart on the right above also shows that, since 2020, there have been only minor differences in rent trends between prime locations and regional centers. Overall, prime rents in city center locations rose by around 30 per cent between 2020 and 2025, whilst average rents increased by 20 per cent.

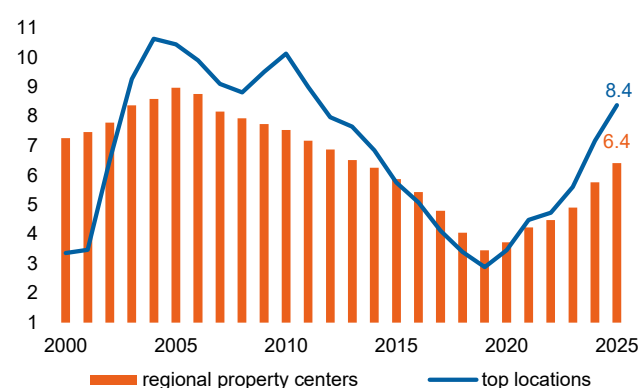
Rent trends depend primarily on the location of the office

In 2025, too, the rise in office rents was not held back by the further increase in the supply of office space. However, the vacancy rate in prime locations in 2025 rose by 1.2 percentage points compared with the previous year to 8.4 per cent – twice the rate of increase seen in regional centers, where the vacancy rate rose by 0.6 percentage points to 6.4 per cent. Starting from the low vacancy levels in 2019, the vacancy rate in prime locations has risen by 5.5 percentage points and that in regional centers by 2.9 percentage points. Vacancy rates have risen across the board compared with 2019. In 2025, there was a wide disparity in vacancy rates. The range – as shown in the chart on the following page – extends from around 3 per cent in Mainz and Münster to just over 12 per cent in Düsseldorf and Frankfurt.

Vacancy rates have risen at all locations, but to significantly different levels

The rise in the vacancy rate is, on the whole, more pronounced in prime locations

Vacancy rate*, in %

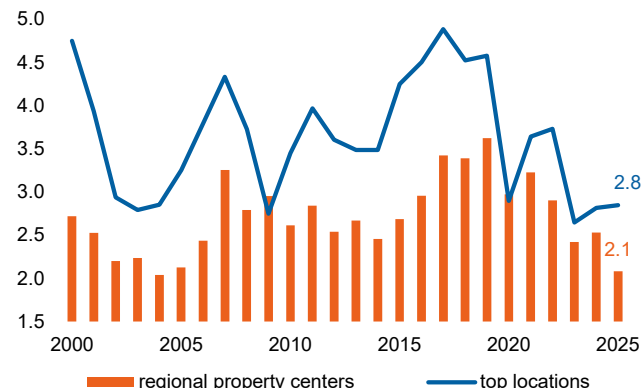


Source: bulwiengesa

*cumulative figures across top locations and regional centers

Office space take-up has stabilized in prime locations, but has continued to decline in regional centers

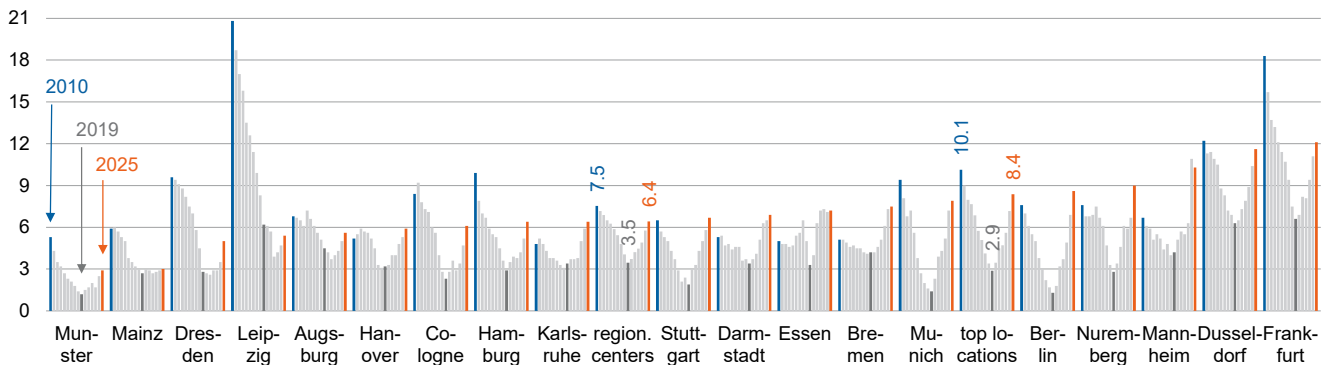
Office space take-up*, as % of the total stock



Source: bulwiengesa

*cumulative figures across top locations and regional centers

Vacancy rates are rising in virtually all locations, although there are significant differences between them and they often remain moderate
Vacancy rate from 2010 to 2025, in %



Source: bulwiengesa

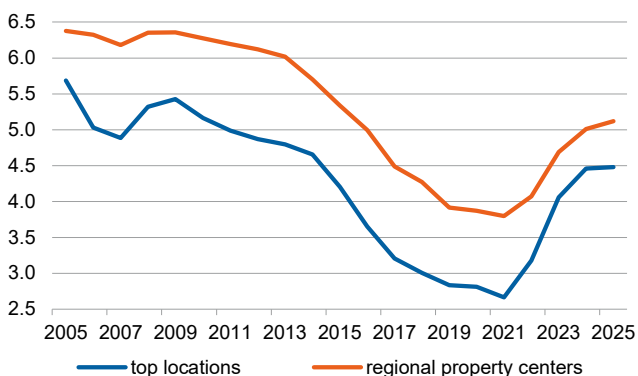
As demand for office space was dampened by structural change and an economic slowdown, take-up in 2025 was, as expected, low at 3.1 million square meters, cumulatively across all locations. That is just two-thirds of the previous record, which was set in 2017 at 4.9 million square meters. However, whilst the downward trend in office market activity in regional centers continues, take-up has stabilized in top locations. In 2025, only around 2 per cent of the total space was let in regional centers, compared with almost 3 per cent in prime locations.

Office market activity is declining once again in regional centers, whilst it is stabilising in top locations

After rental yields for office space had been falling for more than a decade up to 2021, they rose sharply again from 2022 onwards. In 2025, the trend stabilized though. In top locations, the initial rental yield for central office locations remained constant at 4.5 per cent in 2025. For regional centers, the figure rose slightly by 10 basis points to 5.1 per cent. Compared with the low yields seen in 2021, rental yields in top locations rose by 180 basis points. In the regional centers, the rise was more moderate, totaling 130 basis points, meaning that the yield gap between top locations and regional centers has narrowed significantly. In 2025, Munich had the lowest rental yield, at 4.3 per cent. The highest rate of return, at 5.5 per cent, was achieved in Bremen. Compared with retail property, the difference in yields between locations is significantly smaller for office property.

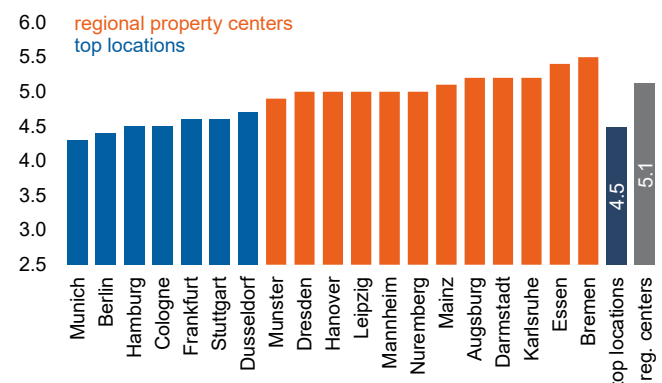
Initial rental yields will barely rise at all in 2025

The upward trend in office yields had slowed significantly by 2025
Initial office rental yield, in % (central locations)



Source: bulwiengesa

The spread in rental yields for office property is moderate
Initial office rental yield in 2024, in % (central locations)



Source: bulwiengesa

Conclusion on offices: Prime rents and vacancy rates continue to rise moderately

The demand for office space has changed fundamentally as a result of hybrid working. Added to this is the growing importance of sustainability. Other contributing factors include demographics, ongoing economic weakness and artificial intelligence. This is linked to an overall decline in demand for office space, but also to increased uncertainty regarding the future number of office workers. AI can take over many tasks, meaning that it is primarily mostly office-based higher-skilled jobs that are being lost. At the same time, it is to be expected that AI – like previous technological leaps – will enable new products and services, which in turn will lead to new recruitment.

Private and public sector office tenants have adapted to this situation and are adjusting their office space accordingly. Premises are being downsized and sites consolidated. Provided that the limited supply allows it, priority is given to leasing modern, well-located, and sustainable spaces. This has led to the polarization of the office market that has been evident for a good five years, and which is likely to continue in 2026 and probably beyond. This is leading to a further rise in, and a persistent level of, vacancy rates in outdated office buildings. By contrast, prime rents – which are characterized by a shortage of supply and rising construction costs – are likely to continue to rise.

It is also evident that the downturn in office market activity has levelled off at the top end of the market. Law firms, accountancy firms, banks and industrial and technology companies are looking for high-quality offices in prime locations here and are prepared to pay high rents for them. In Munich, these have reached the 60 euros per m² mark. In the regional centers, by contrast, activity in the office market had weakened once again by 2025, although prime rents there rose even more sharply in percentage terms.

Future demand for office space is subject to conflicting factors. On the one hand, the German economy, buoyed by government investment programs, is gradually gaining momentum. On the other hand, the adjustments to office space brought about by remote working are not yet complete, whilst the retirement of the baby boomers is gradually making itself felt. Added to this is the uncertainty surrounding AI, which is fueling a wait-and-see approach to leasing new premises. We therefore expect activity in the office market to remain subdued. We also expect the vacancy rate to continue to rise, albeit at a slower pace, as office space is being repurposed and there is virtually no new construction taking place. The rises in rents seen in the previous two years are likely to continue. However, given the rent levels achieved, growth could slow to between 3 and 4 per cent in 2026. This is also indicated by the half-yearly figures for the top locations. Against the backdrop of rapidly rising construction costs, the upward trend in the luxury segment is continuing.

Structural change, driven by a variety of factors, is shaping the office market

Shortages and surpluses depending on land quality

Market activity has stabilized in top locations

The economy is picking up, whilst the mixed trend in the office market continues

Office – Forecast for prime rents and vacancy rates

12 regional centers	2024	2025	2026e
Prime rent in euro/m ² (yoy change in %)	18.7 (4.2)	20.0 (7.3)	20.7 (3.4)
Vacancy rate in % (yoy change in %)	5.8 (0.9)	6.4 (0.6)	6.9 (0.5)
7 top locations			
Prime rent in euro/m ² (yoy change in %)	42.8 (7.1)	44.9 (5.0)	46.5 (3.6)
Vacancy rate in % (yoy change in %)	7.2 (1.6)	8.4 (1.2)	9.0 (0.6)

Source: bulwiengesa, DZ BANK forecast; all averages are area-weighted

The prime rent represents an average of the top 3 to 5 per cent of lettings in the market, meaning that the figure given does not correspond to the absolute highest rent.

RETAIL MARKET

Lots of activity in the retail sector: City centers in a state of renewal and upheaval

The city center continues to be of great importance to the retail sector. However, the same applies in the opposite direction as well. This is because, on the one hand, more than half of sales from the typical high-street product range – fashion, footwear and electronics – is still generated in high-street shops. On the other hand, according to surveys, shopping is the main reason for visiting the city center, ahead of going to restaurants and cafés, visiting the doctor or using healthcare services, and meeting friends. The success of e-commerce therefore poses a challenge in equal measure to the retail sector, due to falling sales; to property owners, due to declining rental income; and to towns and cities, which face the threat of decline.

E-commerce and consumer reluctance are likely to continue to weigh on the retail sector. However, rather than a downward spiral, signs of renewal and upheaval can be seen in many places. The vacancy rates caused by downsizing of retail networks, business closures and insolvencies have often not become entrenched, but have instead brought new life to town centers. In this way, retail spaces that are now too large for current needs are being repurposed. Former department stores are being converted into mixed-use properties, with the upper floors earmarked for offices, hotels or flats. In shopping centers, the proportion of retail space is declining in favour of catering, specialist medical centers, leisure facilities and fitness centers.

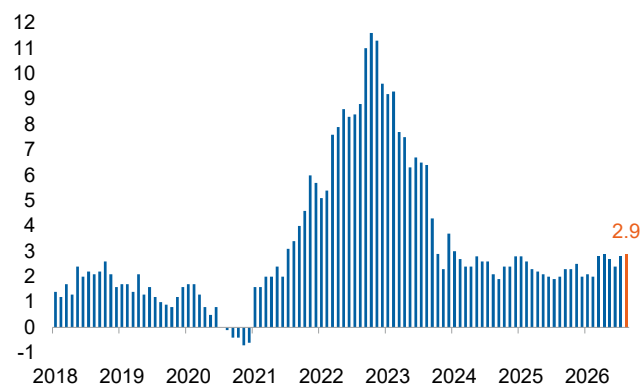
However, the range of facilities in town centers is being improved not only by greater diversity in building use, but also by new retail formats. New retailers have set up shop in many town centers. Foreign retailers, in particular, are taking advantage of the improved range of attractive retail spaces to enter the German market. The significantly lower rents also make it easier to decide to let retail premises in the city center. It is also evident that towns and cities have recognized the importance of the town center to their residents' quality of life. This results in modernized city center concepts, upgraded pedestrian areas and active management of space and vacant premises.

Retail and the city center have a symbiotic relationship

Renewal and upheaval in the city: Share of retail space in inner-city commercial areas is falling

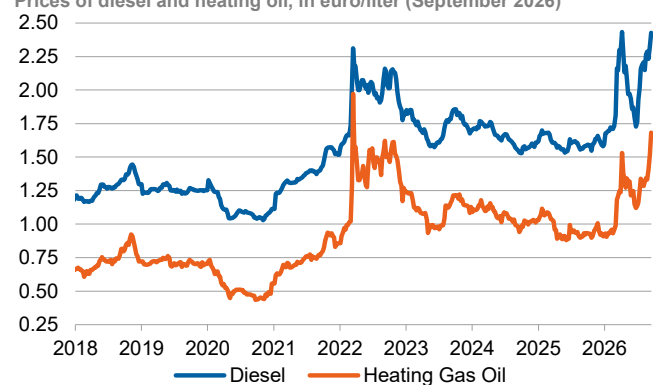
Foreign retailers are taking advantage of the good availability of retail space to enter the German market

Energy prices are pushing the inflation rate towards 3 per cent
Inflation rate (HICP), in % (August 2026)

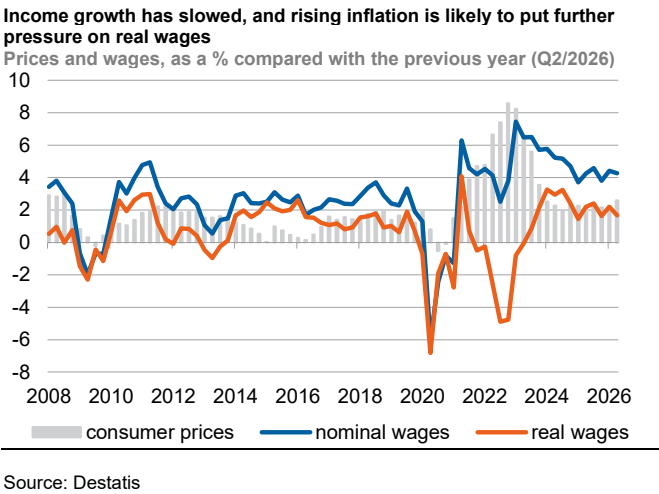
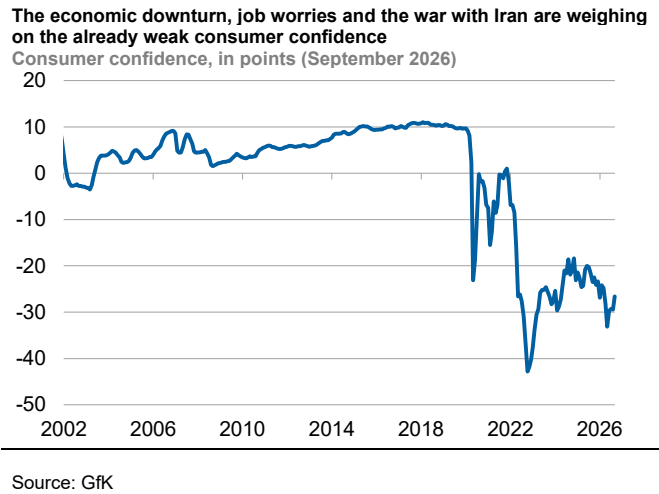


Source: Destatis

The war in Iran has caused a significant rise in the price of fuel and heating oil
Prices of diesel and heating oil, in euro/liter (September 2026)



Source: European Commission



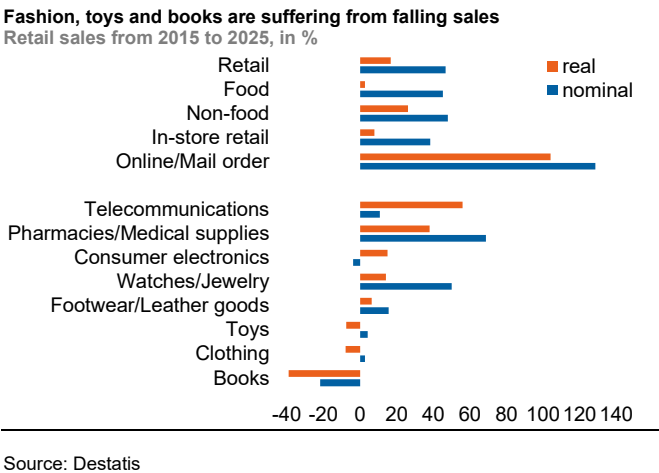
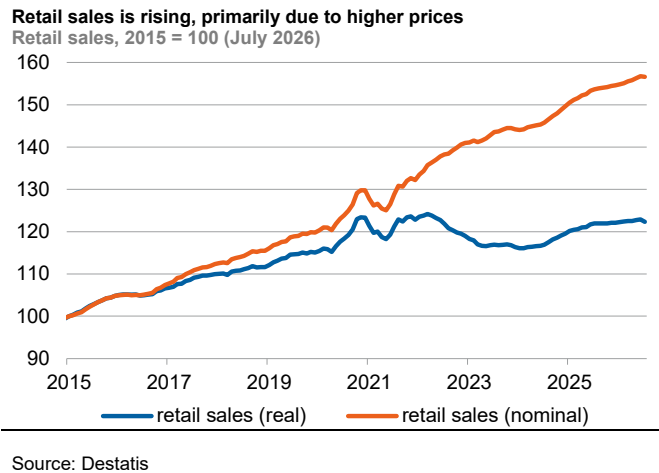
Retail market environment

Inflation, which had soared in 2022, had crept back close to the ECB's 2 per cent target and thus appeared to have been largely brought under control. However, in the spring of 2026, rising energy prices – a consequence of the war in Iran – once again drove up the rate of inflation. In addition to the direct impact on prices, there may also be indirect effects, such as higher transport costs. The drought in Europe is also driving up prices due to crop failures and the reduced navigability of the Rhine. Higher prices at petrol stations and in supermarkets are limiting the shopping budget for the city center, particularly for households with limited financial resources, and may therefore dampen retail turnover there.

Inflation returned in 2026 as a result of the Iran War

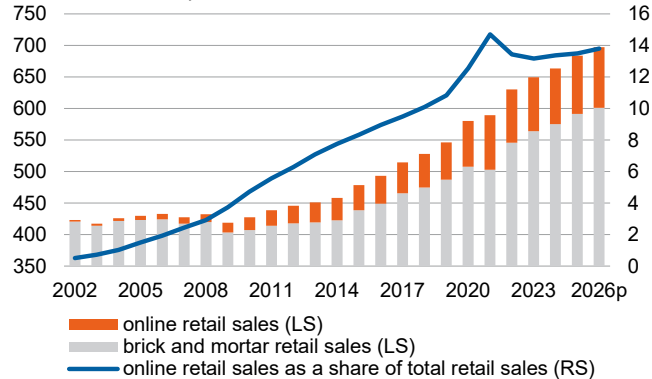
Although incomes have been rising again in real terms since 2024, this does little to boost consumption in this crisis-hit environment. On the one hand, real incomes have fallen significantly as a result of the previous high levels of inflation. On the other hand, consumer sentiment is being affected by the ongoing economic weakness in Germany, which is reflected in the labor market in the form of rising unemployment figures and job cuts in industry. The consumer confidence index measured by GfK remains at a low level despite the recent rise .

Persistent economic weakness is weighing on consumer confidence



Due to the slowdown in the growth of online retail, its market share is now increasing only gradually

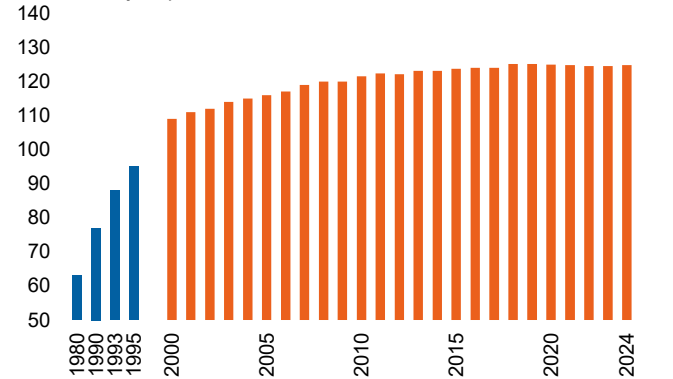
LS: Sales in bn euro, RS: Share in %



Source: HDE

The shift in sales towards e-commerce has not yet been reflected in retail floor space

Retail floor space, in million m²



Source: HDE

The trend in retail sales reflects weak consumer spending. For several years now, growth in revenue has been primarily due to price rises. Adjusted for inflation, sales have largely stagnated since 2022. The situation looks even bleaker for the retail sectors of fashion, footwear, textiles and books – which are vital to the city center – as their performance has been noticeably below average.

Sales growth in the retail sector is primarily driven by price rises

Despite the gloomy outlook, the retail sector remains a major economic force in Germany, employing over 3 million people. According to the HDE, total revenue of just over 700 bn euros is expected for 2026. Of this total, almost 100 bn euros – around 14 per cent – is attributable to online retail, meaning that high-street retailers can record takings of a good 600 bn euros. Of this total, households spend around 240 bn euros on food.

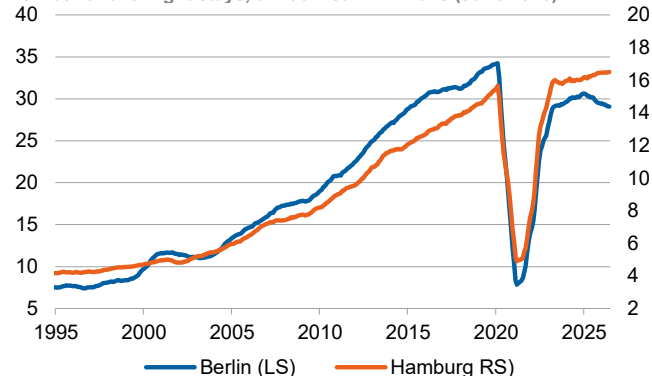
The retail sector is a major economic factor

E-commerce no longer achieves the high growth rates it used to. This is also due to the already high share of online retail in the electronics, fashion, leisure and sport sectors, which stands at a good 40 per cent. Whilst e-commerce sales of food are growing strongly, the online share in this sector is very low at 3 per cent, meaning that this strong growth has little impact on total online sales. Although the food sector still has considerable growth potential due to its low online market share,

E-commerce is still growing, but at a much slower rate

City tourism is of great importance to high-street retail, but the pre-pandemic growth trend is not continuing

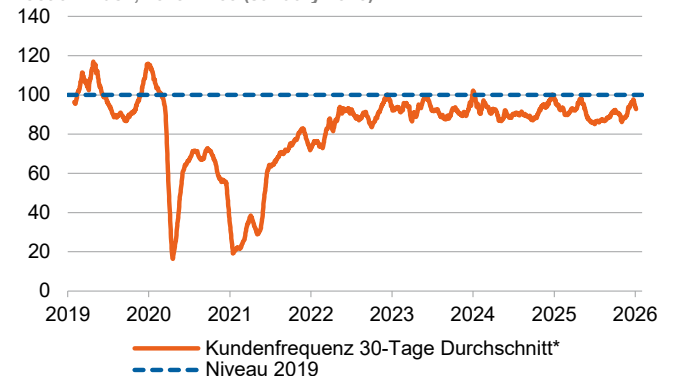
Number of overnight stays, annualized in millions (June 2026)



Source: Destatis

Footfall in shopping streets has recovered following the pandemic, but has not quite reached 2019 levels

Footfall index, 2019 = 100 (January 2026)



Source: Hystreet/Destatis

*) average from 21 shopping streets

supermarkets and discounters are comparatively 'resistant to online shopping'. These retailers stand out thanks to their extensive branch networks and low prices, meaning that very few households do their daily shopping online.

The situation in town centers would be even more difficult if visitor numbers and footfall had not largely recovered following the pandemic. This applies in particular to city tourism, which makes a significant contribution to city retail sales. However, the strong growth in visitor numbers – which were often already high before the pandemic – has not resumed. Footfall in the shopping streets is also still slightly below 2019 levels. Nevertheless, a spot of shopping remains one of the most popular leisure activities.

The booming low-cost online retailers from China, each of which generates several billion euros in revenue in Germany, are also making life difficult for the retail sector. In times of tight budgets, these businesses attract customers with low prices and reach mainly younger consumers on social media. Temu and Shein alone are estimated to cost the retail sector 2.5 bn euros in lost revenue each year. Shortcomings in consumer protection and poor product quality do not detract from its success. Rather, low-cost mail order companies are benefiting from the need for many private households to cut back on spending.

In the survey of retailers on their key concerns, conducted as part of the HDE economic survey in the summer of 2026, almost 80 per cent of those surveyed cited reluctance to spend due to red tape and price trends as the most important issue. This is in line with the expectation of a good two-thirds of retailers, who anticipate lower sales in 2026 than in the previous year. An even larger proportion – around three-quarters – of retailers expect customer footfall at their shops or branches to decline. Furthermore, the retail sector remains under pressure due to rising costs. The increase in the minimum wage – which many retail workers earn – is making the problem even worse. An increase to 14.60 euros per hour is planned by 2027, which represents a rise of over 50 per cent compared with 2021. Among the top retail issues, the minimum wage came in fourth place.

In the wake of sluggish sales of fashion, footwear, furniture and home accessories, a number of chain retailers have recently gone into administration. Well-known names such as Closed, Depot, Esprit, Eterna, Galeria, Gerry Weber, Palmers, Scotch& Soda, Sinn, Sør and Wormland were affected. This is often accompanied by

City tourism boosts high-street retail

New competition from low-cost Chinese online retailers

On top of consumer reluctance, there are also rising costs due to the increase in the minimum wage

Bankruptcies and branch closures: The number of high street shops has fallen by a fifth since 2015

Many retailers are concerned – the dominant issue is consumer reluctance to spend

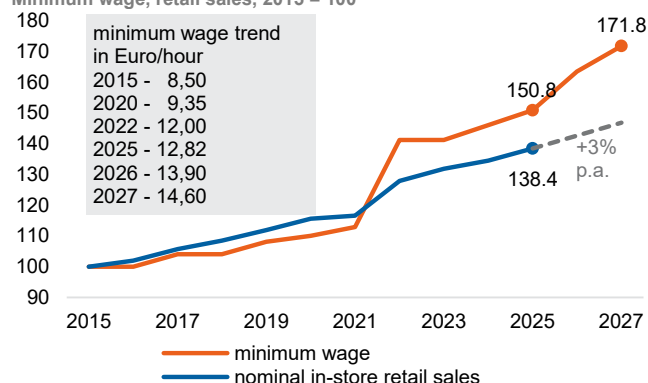
Figures in % (multiple responses possible)



Source: HDE Economic Survey, Summer 2026

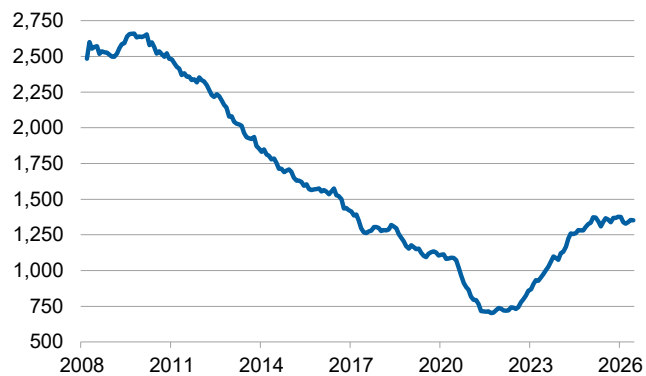
The sharp rise in the minimum wage in 2026 and 2027 will mean a further surge in costs for the retail sector

Minimum wage, retail sales, 2015 = 100



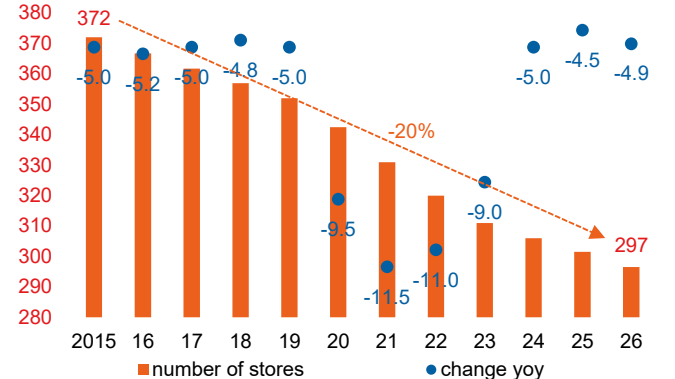
Source: Destatis, DZ BANK

Insolvency trends in the retail sector have stabilized again
Insolvencies in the retail sector, annualized (June 2026)



Source: Destatis

The number of shops has fallen by a fifth within ten years
Number of shops, in thousands



Source: HDE

Sinn, Sør and Wormland were affected. This is often accompanied by the closure of many or all of the chain's branches. Overall, the number of insolvencies continued to rise until mid-2025, but has remained stable since then. Regardless of this, the decline in the number of shops is likely to continue. Apart from the sharp decline during the pandemic, the figure has been falling by around 5,000 shops a year since 2015, mainly due to business closures. Between 2015 and 2026, the number of high-street shops fell by a total of almost 80,000, representing a 20 per cent decline.

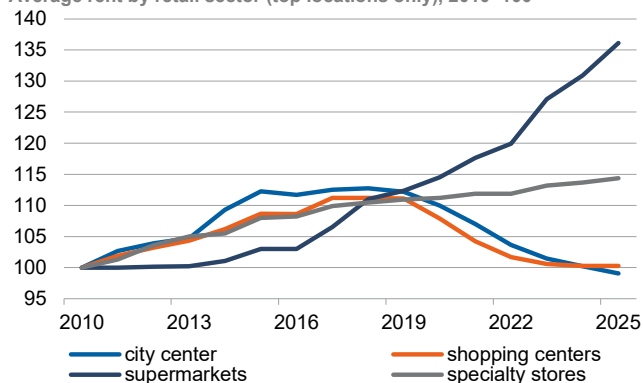
Rental trends in the retail sector have varied significantly in recent years, depending on the segment and location category. Whilst rents in city centers and shopping centers fell noticeably, they performed significantly better in local retail areas. Rents rose noticeably, particularly for food. Rents in city centers have performed best in the seven top locations. Here, the rise in rents up to 2015 was more pronounced, and the subsequent fall in rents from 2018 onwards was less pronounced than in B, C and D cities. In those areas, city center rents have fallen significantly below 2010 levels, whereas top locations have largely managed to maintain their initial levels.

Rent trends in the retail sector vary widely

Behind this lies a shift in focus within traditional high-street retail towards promising retail locations, such as top locations. Retailers, on the other hand, are pulling out of cities they consider less attractive. Top locations benefit from their favourable location factors, which make them more attractive to retailers. The criteria are market

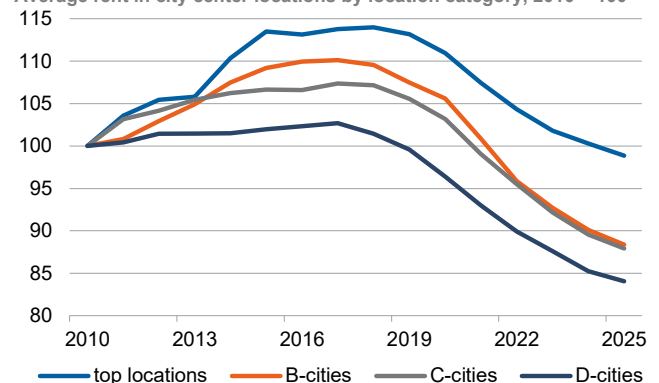
Retailers often have high expectations of a location

Rents in the food retail sector have performed best
Average rent by retail sector (top locations only), 2010=100



Source: bulwiengesa

In top locations such as Hamburg, high-street retail is more resilient
Average rent in city center locations by location category, 2010 = 100



Source: bulwiengesa

size, international reach, greater purchasing power and high visitor numbers. In addition, Germany has a whole range of other strong business locations, although most of them do not quite match the quality of the top locations. Furthermore, there are significantly more B to D locations, meaning that not all of these towns are suitable for a branch.

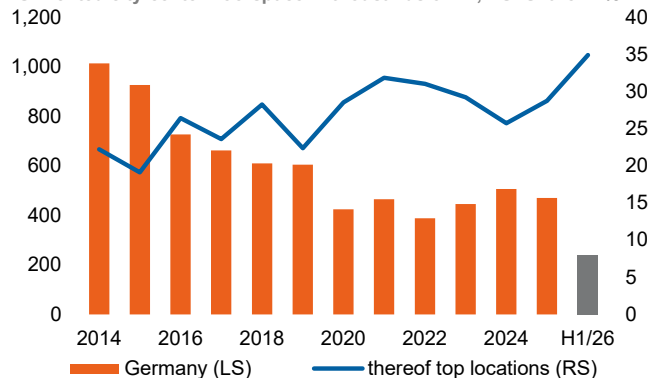
Attractive city center locations remain in demand

Demand for retail space in city centers is being driven by retail chains that are looking to rebuild their previously downsized branch networks or are on an expansionary course. The latter applies to various foreign retailers wishing to expand their operations into the German market. Thanks to the good availability of premises in city centers, this is often achievable, with a number of new market entries taking place in the first half of 2026. Examples include Møbelkompagniet (Denmark) and Tikamoon (France) for home furnishings. Flabelus, based in Spain, is a new supplier of shoes and leather goods. Bath & Body Works, Kenneth Cole (fashion) and YETI (sports/camping) are from the USA. Selected is a Danish fashion retailer. China is home to the car manufacturer Denza, the coffee chain Cotti Coffee – which already operates 18,000 branches worldwide – and Yoyoso (affordable lifestyle products). In addition, online retailers such as Flaconi are increasingly turning to high-street shops so that they can convince local customers of the quality of their products.

Interest in city centers remains strong: This is demonstrated by the expansion in the retail sector

Retailers are increasingly favoring top locations for new branches

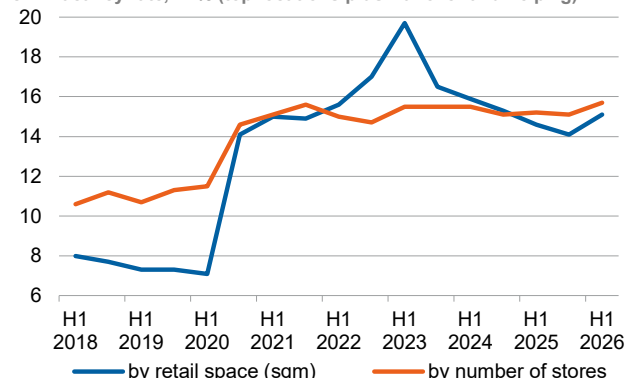
LS: Rented city-center floorspace in thousands of m², RS: Share in %



Source: BNP Paribas Real Estate

Floorspace is still readily available in city centers

JLL vacancy rate, in % (top locations plus Hanover and Leipzig)



Source: JLL

All in all, 470,000 square meters of retail space were let in German city centers in 2025, 7 per cent less than in 2024, but slightly more than in 2022 and 2023. In the first half of 2026, the figure of 238,000 square meters fell just short of the otherwise strong result achieved in the first half of 2025. When it comes to demand for retail space, retailers are focusing on prime locations. The proportion of top locations within the total let space continued to rise to 35 per cent in the first half of 2026. However, this also means that letting premises in city centers outside the top locations has become more difficult. The majority of the let space continues to be concentrated in a small number of sectors. In the first half of 2026, fashion and catering/food each accounted for around a quarter of the let space. Health and beauty accounted for around one-sixth. All other sectors are in the single-digit percentage range. According to JLL's availability rate, the supply of floorspace in city centers remains good.

The share of top locations amongst let city-center floorspace has continued to rise

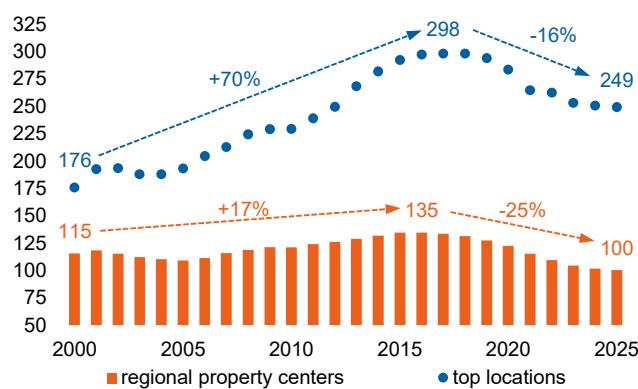
Retail: Market trends at the locations under review

In the cities under consideration, the developments described above are evident across the board. This comes as no surprise, as factors such as the pandemic, inflation and weak purchasing power are being felt everywhere. However, the impact on individual property markets varies considerably. This also applies to the varying trends in rents by location category, as mentioned earlier. In the regional centers, prime rents rose at a significantly slower rate, but subsequently fell more sharply. This results in a huge spread in prime rents. In the top locations, prime rents have increased by an average of over 40 per cent since the turn of the millennium, whilst in the regional centers they have fallen by a total of 13 per cent.

Rent differentials based on the size of the location are also evident in the cities under consideration

Prime rents in top locations fell moderately, despite the much sharper rise seen previously

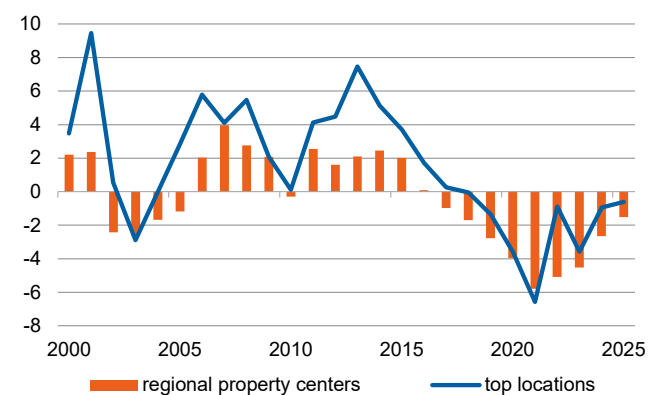
Prime rents in the retail sector, in euro/m²



Source: bulwiengesa

The downward trend in city center rents slowed further in 2025

Prime rents in retail, in % yoy



Source: bulwiengesa

It is encouraging that the downward trend in rents slowed last year in both categories of location. Prime rents in top locations remained largely stable, falling by just 0.6 per cent to 249 euros per square meter in 2025. In the regional centers, the decline was once again slightly higher at 1.5 per cent, as in previous years. The prime rent in regional centers fell to 100 euros per square meter.

Prime rents in regional centers now just barely in the three figures

Compared with the all-time high for prime rents, these fell by 16 per cent in top locations and by 26 per cent in regional centers. Rents have shown mixed trends in both top locations and regional centers. Compared with the peak rents reached mostly between 2017 and 2019, prime rents fell by between 5 per cent in Düsseldorf and almost 50 per cent in Darmstadt. In Essen and Karlsruhe, too, city center rents fell significantly, by around 40 per cent. Apart from the top locations, falls in rents of less than 20 per cent were observed only in Nuremberg, where rents fell by 17 per cent.

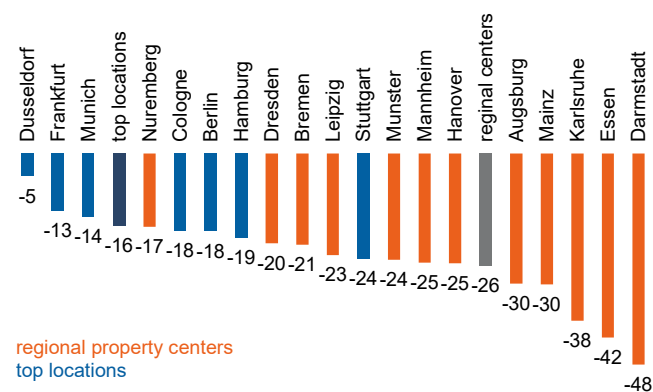
The fall in rents varies widely depending on the location

In addition to the extent of the fall in rents, there is a marked disparity in rent levels. In fact, the gap has widened even further over time. Up until 2015, all the locations under review had a three-figure peak rent. Today, this is true of only 13 towns. In 2025, prices per square meter ranged from 52 euros in Darmstadt to 295 euros in Munich. The most expensive regional center was Hanover, at 150 euros per square meter. Stuttgart, the most affordable top location, costs 190 euros per square meter. In Bremen and Leipzig, the highest rents were fairly close to the average for regional centers. Of the top locations, Berlin was the closest to the average.

Among the regional centers, Darmstadt is the cheapest and Hanover the most expensive retail location

The decline in rents varies significantly depending on the location

Prime rent in 2024 compared with the maximum, in %

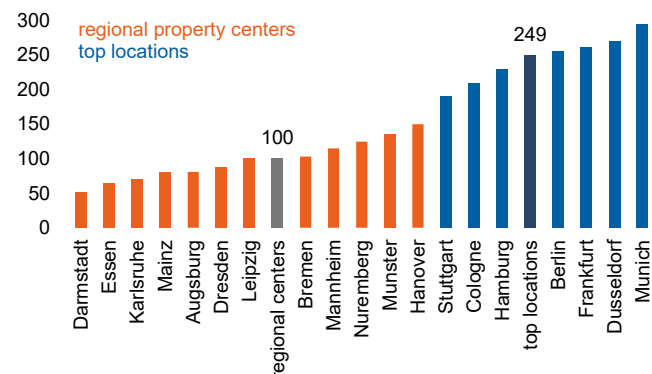


Source: bulwiengesa

Maximum for period 2010 to 2020

At one third of the locations, the prime rent is now only in double figures

Prime rent in euro/m² (2025)



Source: bulwiengesa

The wide variation in rent trends is due to the specific combination of location factors in each case. One factor is customer potential, which is influenced by population trends, tourism and the competitive landscape with neighboring locations. Furthermore, an attractive town center, good transport links and high regional purchasing power are all favorable factors.

The combination of location factors is crucial to regional rent trends

In recent years, the cities under consideration have benefited from strong population growth. Since 2000, the cumulative population has increased by 1.6 million, or 11 per cent, to 15.1 million people. However, the growth was concentrated in the period from 2005 to 2019. Since then, the population has remained largely stable overall. However, population trends in the 19 towns – see also the figure on the right below – have varied considerably. Since 2011, it has grown by 21 per cent in Leipzig – the highest rate of growth – which is more than twice as fast as the average for the 19 cities. In Cologne and Essen, on the other hand, it remained largely stagnant.

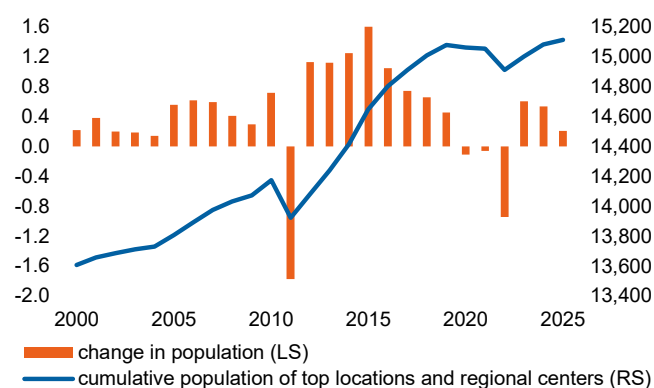
In 2022, the population figure was revised as part of the census

The growth in the hospitality sector has also had a positive impact on retail sales. In 2024, a total of 122 million overnight stays were recorded across the 19 cities. In 1995, by contrast, the figure was not even 40 million. For city-center retailers, the rise in visitor numbers – some of which are high – is of interest because visitors'

Tourism figures have tripled overall since 1995

Following a sharp rise in population, the population of these locations is now stagnating

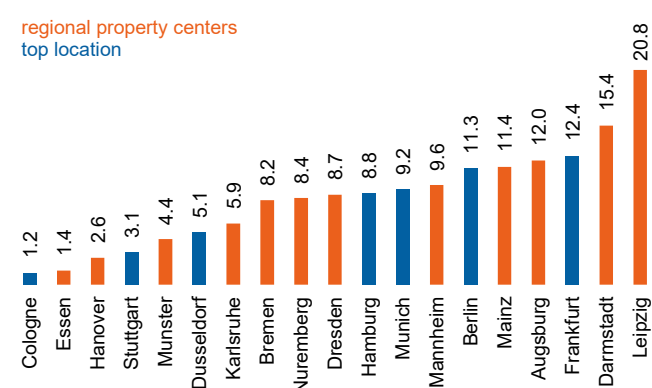
LS: in % yoy, RS: in millions of inhabitants



Source: bulwiengesa

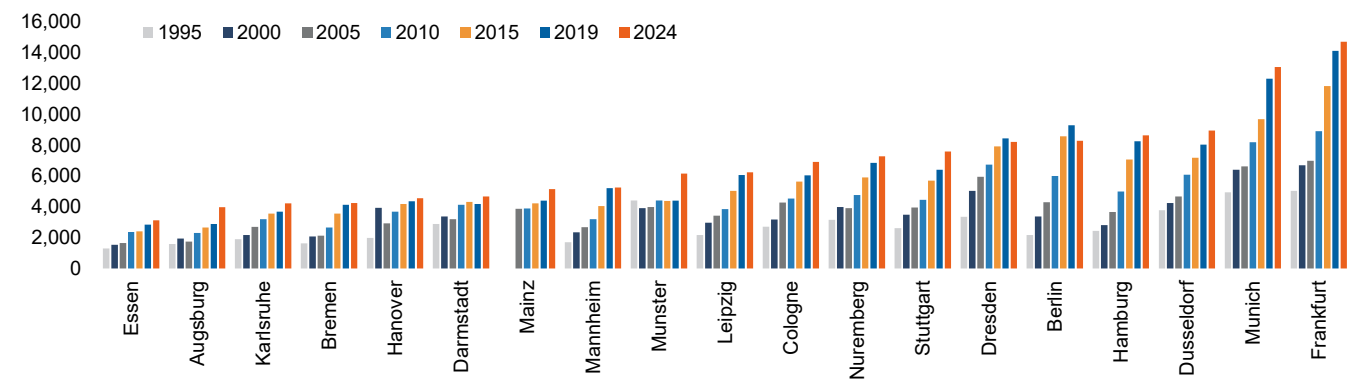
Population trends across the 19 towns and cities vary considerably

Population growth from 2011 to 2025, in %



Source: bulwiengesa

City tourism and business travelers are a significant economic factor for many locations
Overnight stays per 1,000 inhabitants



Source: bulwiengesa

spending is concentrated on shops and restaurants in the city center. In sectors with a strong tourism sector, the decline in sales caused by e-commerce and consumer reluctance is easier to cope with. The wide range in city tourism is illustrated by the number of overnight stays per 1,000 inhabitants. Essen has the lowest figure, with around 3,000 overnight stays. Frankfurt is almost five times that level. Overall, visitor numbers at the top locations are significantly higher than those at the regional centers. Dresden, Leipzig and Nuremberg also record relatively high figures.

With the exception of Darmstadt, which has a centrality index of just under 100, all locations are successful in attracting purchasing power from the surrounding area. However, Dresden, Leipzig and Mainz only just manage to exceed the average of 100. Reasons for relatively low centrality scores include competing shopping destinations such as nearby major cities or large out-of-town shopping centers. Hanover, Mannheim and Nuremberg achieve relatively good results. Whilst the centrality scores of the regional centers are more widely spread, the top locations are closely clustered together.

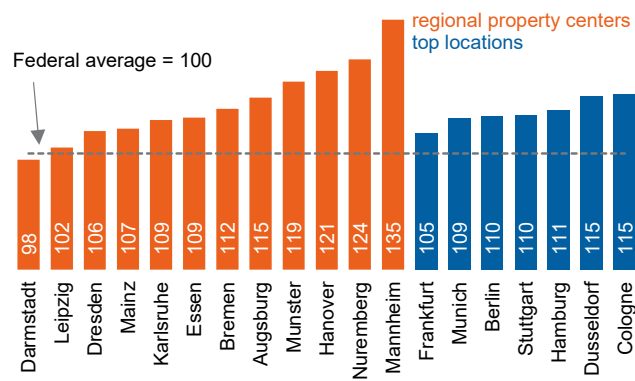
Centrality scores are usually moderate

When it comes to purchasing power, the range of cities is noticeably wider. As with tourism, the top destinations benefit from high purchasing power. Berlin is the only city in this segment where purchasing power is below the national average. In the

A whole number of locations show clear signs of weak purchasing power

Regional centers often achieve significantly higher centrality scores

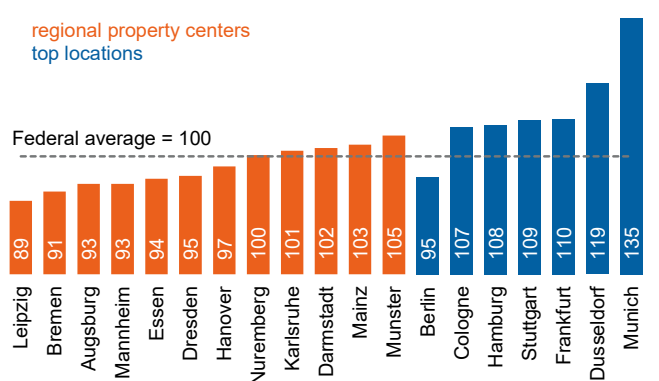
Centrality index in points (2026)



Source: bulwiengesa

Apart from Berlin, the top locations lead the way in terms of purchasing power

Purchasing power index in points (2026)



Source: bulwiengesa

case of regional centers, however, purchasing power in seven out of twelve locations falls short of the average of 100. Leipzig and Bremen are bringing up the rear. But even Münster, as a regional center with the highest purchasing power index, falls short of the vast majority of top locations with a score of 105. Düsseldorf and Munich have by far the highest purchasing power figures.

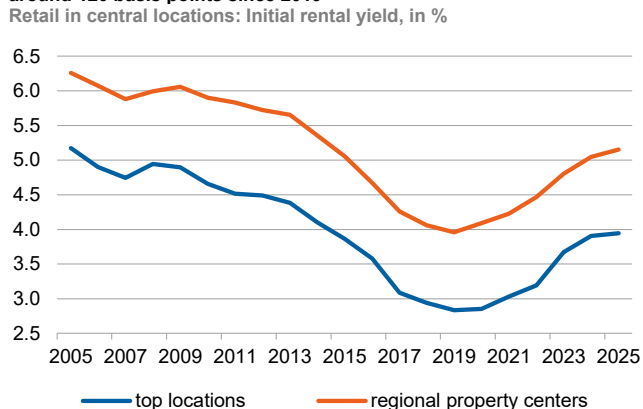
Investment in retail property was relatively weak in the first half of 2026, totaling just over 2 bn euros. Almost half of this was spent on the acquisition of specialist retail outlets and local retail properties. Shopping centers accounted for just under one-sixth, whilst the proportion for other retail properties was slightly lower. This meant that only a quarter of the total remained for commercial properties in the city center. The low volume can be attributed to there being fewer active investors and their high standards when it comes to concluding a deal. As is the case on the tenant's side, the shopping location and the micro-location must be of a high standard. To reduce the risk of a sustained downturn in the retail sector, a diverse mix of uses and the property's suitability for third-party use are advantageous.

Given the low volume of investment, particularly outside the top locations, the rental yields calculated are based on only a few transactions. Whilst the average rental yield for retail properties in central locations in the top locations remained largely stable at just under 4 per cent in 2025, it increased by 20 basis points year-on-year to 5.2 per cent in regional centers. This meant that the initial rental yields were roughly on a par with those of 2015. Looking at the individual locations, the range of initial rental yields varied from 3.7 per cent in Munich to 5.8 per cent in Essen.

In the first half of 2026, only euro 2 billion were invested in retail property

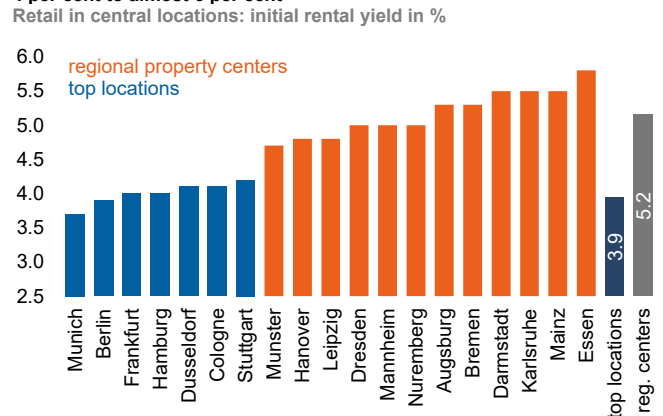
In top locations, the rental yield remained stable in 2025, whilst in regional centers it rose slightly

Rental yields for inner-city retail properties have widened by around 120 basis points since 2019
Retail in central locations: Initial rental yield, in %



Source: bulwiengesa

Rental yields in the city-center retail sector range from under 4 per cent to almost 6 per cent
Retail in central locations: initial rental yield in %



Source: bulwiengesa

Conclusion on retail property: Opportunities in a challenging environment

The 'high street', with its 1A locations, remains a key part of the retail sector despite the loss of sales due to e-commerce. Retailers' interest in the city center therefore remains strong. Yet the challenges facing high-street retailers have by no means diminished. The continuing weakness of the economy and the labor market, the renewed rise in inflation, and the growing burden on households to finance government deficits and depleted social security funds are limiting people's spending power. On top of that, there are higher housing costs. Furthermore, the crisis-hit environment is exacerbating consumer reluctance. As households are only able – or willing – to cut back to a limited extent on their spending on food, leisure and travel,

Despite headwinds for the retail sector, retailers remain keen on city-center locations

high street retailers, with their product ranges focused on fashion, footwear, beauty, homeware and electronics, are likely to continue to bear a disproportionate burden.

With sales in high-street retail either stagnating or falling slightly, retailers are divided between those scaling back and those expanding. This trend is stabilizing city center rents, but it also leaves little scope for a sustained rise. Despite the slump in retail trade, however, a significant rise in vacancy rates is unlikely, as the trend towards repurposing obsolete retail space – which has been evident for some time – is continuing. However, by offering a more varied range of products instead of the monotony of chain stores that has long dominated the retail landscape, towns and cities also have a good chance of becoming more attractive, which in turn will benefit the retail sector in the long term.

The best prospects for high street retail lie with top locations, which offer a favorable combination of location factors such as demographics, purchasing power and tourism. As far as regional centers are concerned, the outlook is rather mixed. Rents in city centers could fall slightly further, meaning that the average prime rent in the regional centers under consideration could drop just below the 100 euros/m²-mark in 2026 for the first time since the early 1990s.

A challenging economic climate leaves no scope for rising high-street rents

Prime rents in regional centers could fall slightly by 2026

Retail – Forecast for prime rents

	2024	2025	2026e
12 regional centers			
Prime rent in euro/m ² (yoy change in %)	101.8 (-2.7)	100.3 (-1.5)	99.4 (-0.9)
7 top locations			
Prime rent in euro/m ² (yoy change in %)	250.7 (-0.9)	249.2 (-0.6)	248.8 (-0.4)

Source: bulwiengesa, DZ BANK forecast

all averages are area-weighted

The prime rent represents an average of the top 3 to 5 per cent of lettings in the market, meaning that the figure given does not correspond to the absolute highest rent.

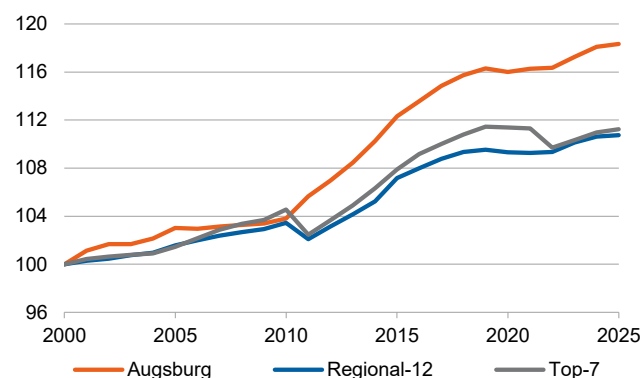
AUGSBURG

Augsburg as a property market

Augsburg, founded by the Romans – and famous for its town hall, the Golden Hall and the Fuggerei – is the third-largest city in Bavaria in terms of population. For a long time, the population remained stable at around 260,000, but following a period of strong growth that began in 2010, the figure rose to almost 300,000. However, the population has remained largely stable since 2019. In 2025, there were 302,000 people living in Augsburg. The proximity to Munich and the significant price gap compared with the particularly tight housing market there are likely to have contributed significantly to this growth. Commuters can travel the 60 kilometers to the state capital via the A8 motorway or by ICE. One of the city's strengths is the significant amount of land available for urban development, thanks to industrial and military sites that are no longer needed. Previously, these sites were used by the textile industry and the US armed forces, which had since withdrawn. The success of this structural change is evident in the fact that the unemployment rate – which was still in double figures 20 years ago – has now halved. Although it has risen recently, it remains at a moderate level. In August 2026, a figure of 7.2 per cent was recorded. Key economic sectors include mechatronics and automation, environmental technology, lightweight construction, and information and communication technology. However, tourism does not play a significant role. Major companies include AVAG Holding, Everllence (known as MAN Energy Solutions until 2025), the industrial robot manufacturer Kuka AG, Premium Aerotec (part of Airbus Aerostructures) and the Renk Group, which, amongst other things, manufactures propulsion systems for tanks. The university, founded in 1970, and the establishment of research institutes are having a positive impact on economic development. With around 27,000 students, Augsburg is a major center of education.

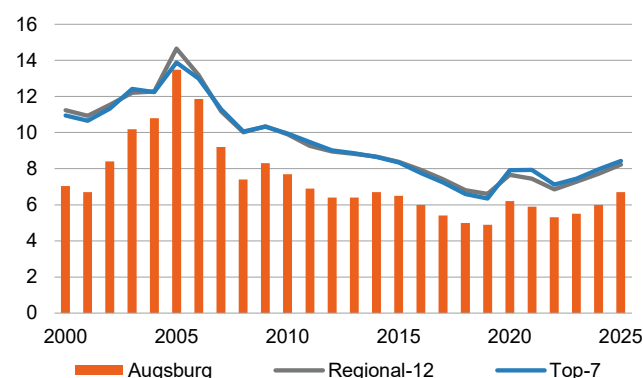
A major center for education and business, which also benefits from its proximity to Munich

Population trends
2000 = 100



Source: bulwiengesa, Destatis

Unemployment rate
in %



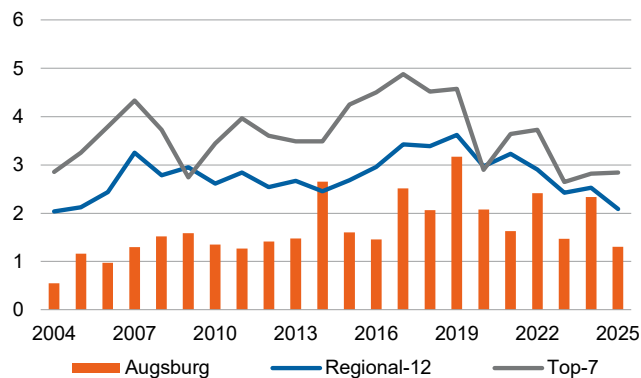
Source: bulwiengesa

Office properties in Augsburg

Compared with the Munich office market, which is ten times the size, things are a bit more low-key in Augsburg, with a total floor space of just over 1.5 million square meters. Demand for floorspace is primarily driven by regional factors. In recent years, a number of project developments have been carried out on redeveloped sites and in new office complexes. The Augsburg Office Lofts are currently under construction. Developments such as these are improving the availability of the sought-after modern office space, particularly outside the city center. However, here too, modern spaces will be created in the coming years as part of the redevelopment

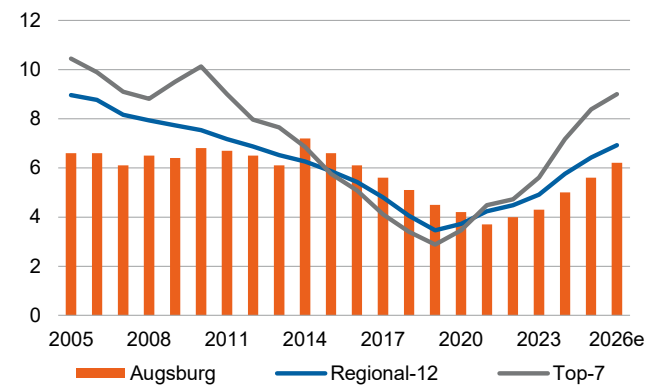
Offices: Prime rents remained stable in 2025 following the previous sharp rise

Take-up
as % of the office stock



Source: bulwiengesa

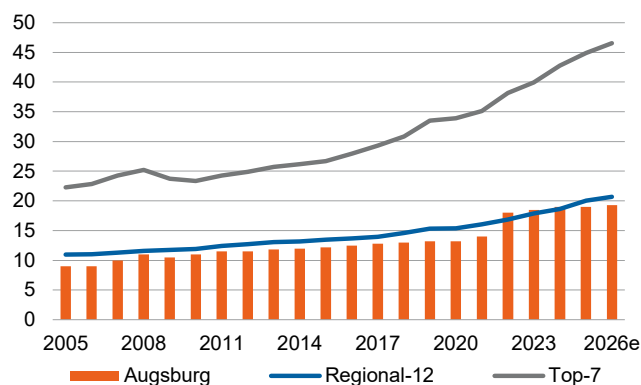
Vacancy rate for office space
as %



Source: bulwiengesa, DZ BANK

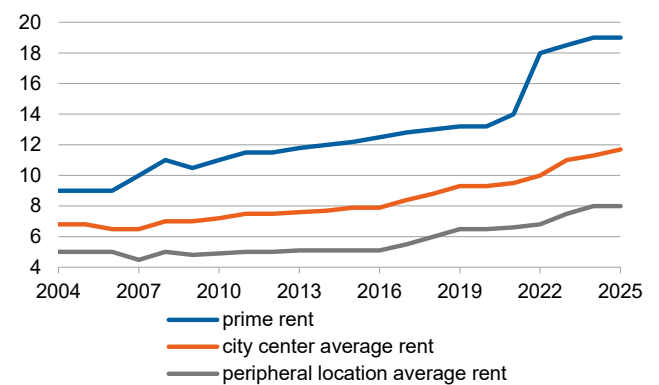
of the Augsburg Stadtparkasse's headquarters on Halderstrasse. The completion of the mixed-use neighborhood, which is set to house not only offices but also flats and retail premises, is planned for 2033. Overall, office space has grown faster than office employment in recent years; as a result, and in conjunction with structural changes in the office market, the vacancy rate has risen from its 2021 low of 3.7 per cent to 5.6 per cent by 2025. Annual take-up is moderate in relation to the total office stock. It averages around 30,000 square meters, but fluctuates significantly due to lettings in large-scale property developments. In 2025, the let area stood at 20,000 square meters, which was a good third below the average. With 2,200 square meters, the Jobcenter rented the largest space in the outlying Deuter Park. Thanks to the supply of new – and therefore rather expensive – office space, the prime rent rose sharply to 19 euros per square meter by 2024. In 2025, it remained stable. Overall, prime rents have risen by a good 50 per cent since 2015.

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



Source: bulwiengesa

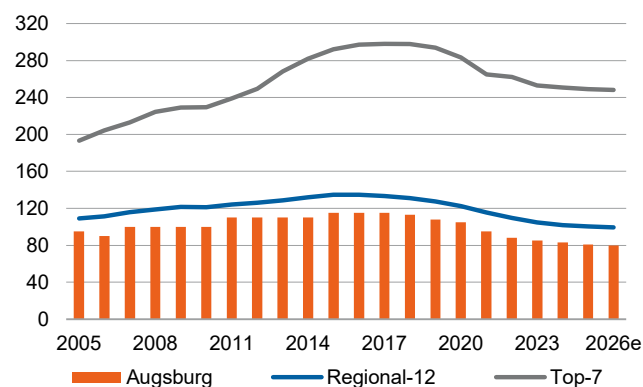
Retail property in Augsburg

Augsburg is a major commercial center in Swabia. However, the customer potential is limited by the proximity to Munich. Furthermore, the centrality index – which stands at a modest 115 points as a result – has been falling steadily for some time. Purchasing power is also on the decline. At 93 points, this figure is well below the national average. With population growth having come to a standstill, the potential

Retail: Low purchasing power, sluggish consumer spending and low levels of tourism are dampening the region's prospects

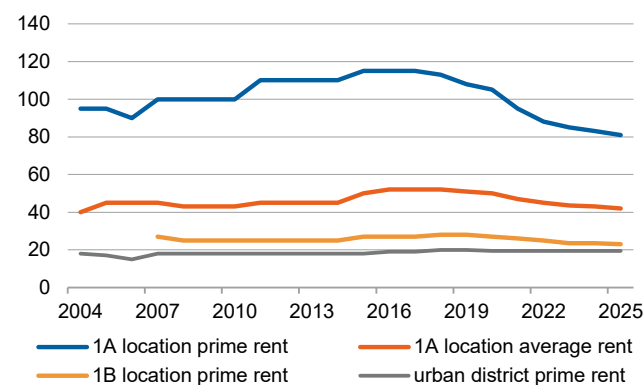
customer base is no longer expanding. Tourism's contribution is also rather small. By contrast, the current slump in consumer spending is clearly evident, resulting in visible vacancies in the city center retail sector, to which the Karstadt branch that closed in 2024 also contributes. However, the building is back in use now that Deichmann has moved in alongside Aldi. In addition, P&C will relocate its existing branch on Bahnhofstrasse to the Karstadt building. Furthermore, the city of Augsburg is interested in the building being used for educational purposes. In addition, the city is making use of vacant properties for temporary purposes, for example in the cultural sector. In total, the city center – with its prime locations on Annastrasse and Bürgermeister-Fischer-Strasse – is home to just over 280 shops and around 100 restaurants and cafés. In 2018, it was revitalized with the reopening of the former Fuggerstadt Center – now known as Helio – near the railway station. In addition, there is a large shopping center, the City-Galerie, situated just outside the city center; however, the Saturn branch there closed at the beginning of 2026. The prime rent in Augsburg fell by 30 per cent from its peak to 81 euros per square meter by 2025. One criticism that is frequently raised is the lack of adequate and expensive parking facilities, which reduces the number of customers from the surrounding area.

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

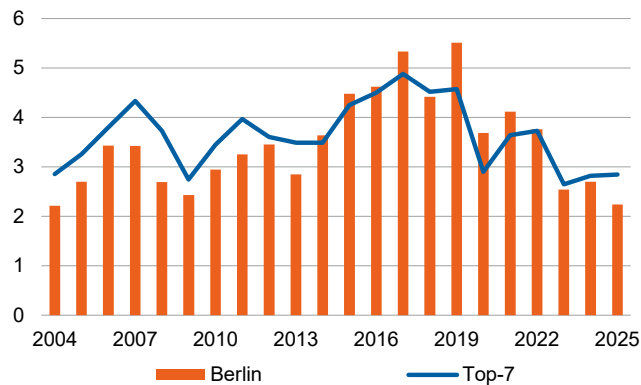
BERLIN

Office property in Berlin

Berlin's economic upturn has given a significant boost to the country's largest office market, which now covers almost 22 million square meters. In 2017 and 2019, take-up reached record levels of more than 1 million square meters in each year. By contrast, take-up in 2025 halved to 490,000 square meters, falling to its lowest level since 2009. This is due to the ongoing economic downturn and a lack of large-scale deals. In 2025, only two tenancy agreements covered an area of more than 10,000 square meters. By comparison, there were still eight in 2024. The average size of the leased premises was less than 1,000 square meters. The vacancy rate, which had fallen to just over 1 per cent in 2019, continued to rise to 9.1 per cent by mid-2026. As a result, the amount of vacant office space has increased eightfold compared with 2019, to 2 million square meters. Office construction, which was a major contributing factor, reached a fairly high level again in 2025, but has since slowed down. Prime rents, which had been rising sharply for a long time, have recently been increasing at a slower rate due to the growing supply of modern office space. By mid-2026, this had reached 47 euros per square meter. This makes Berlin the third most expensive

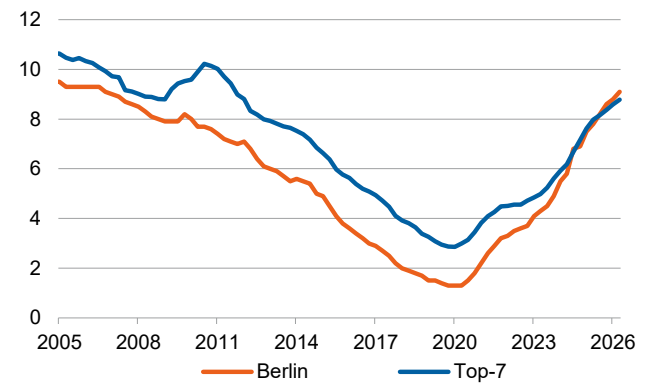
Offices: The vacancy rate continues to rise and is heading towards 10 per cent

Take-up
as % of the office stock



Source: bulwiengesa

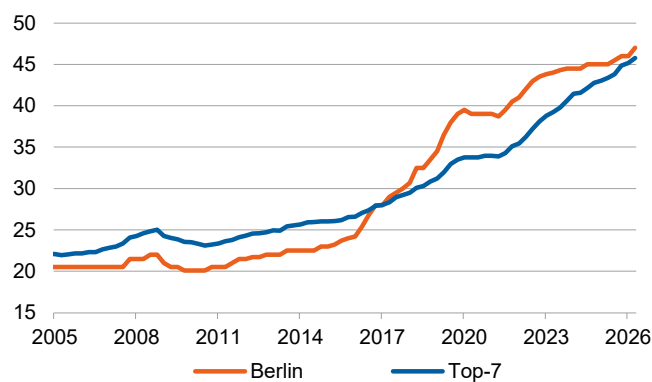
Vacancy rate for office space
as %



Source: bulwiengesa

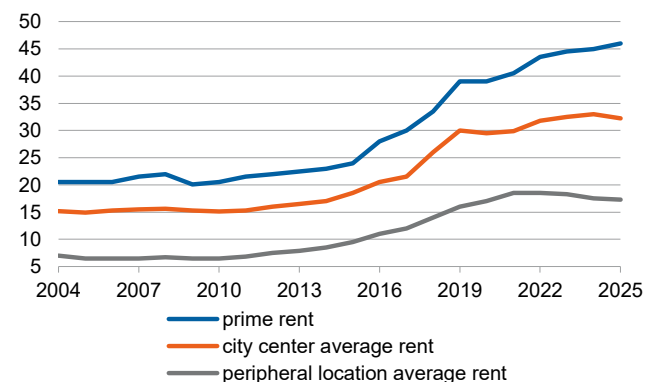
German office market after Munich and Frankfurt. However, given the significantly improved supply of space, average rents are falling slightly both in the city center and in outlying areas. In the first half of 2026, take-up was encouragingly high at 380,000 square meters. Last year, this figure was not reached until the end of the third quarter. As at other locations, large-scale transactions involving the public sector's own use of property contributed to the strong result.

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

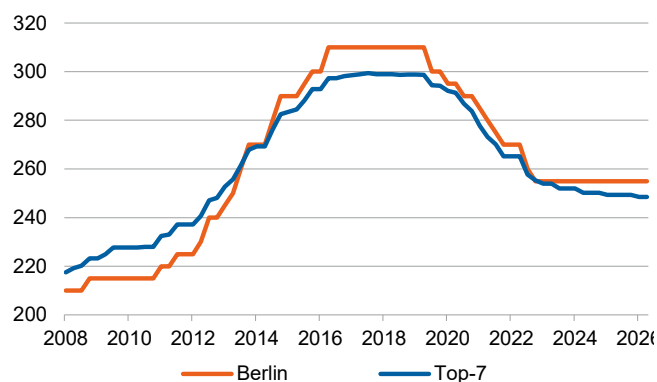
Retail property in Berlin

The retail sector has clearly benefited from Berlin's economic upturn. This is due to the fall in unemployment, the increased customer base resulting from population growth, and the thriving tourism sector. With over 30 million overnight stays a year, these visitors are important for high-street retailers, given the low regional purchasing power. Thanks to the Greater Berlin area, which has grown to over 5 million people, it has the largest catchment area of any German city. Apart from its size, Berlin's retail sector is characterized by several geographically separate prime locations. These include Tauentzienstrasse, which commands the highest prime rent, the Ku'damm and the bustling Alexanderplatz, as well as Friedrichstrasse and the trendy Hackescher Markt area. In addition, there are around 40 shopping centers, the largest of which is the Mall of Berlin. The large amount of retail space available and the wide variety of shopping locations result in significant competition.

Retail: Berlin remains a popular choice amongst international retailers

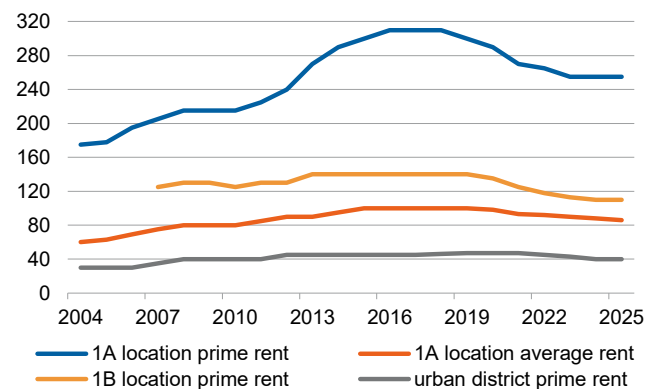
One example of the consolidation process in Berlin is the closure in 2024 of the French luxury department store Galeries Lafayette, which had opened in 1996. In addition, a number of centers and former department stores are being repurposed. The continued high level of interest shown in Berlin is reflected in brisk letting activity and numerous market entries, including by foreign retailers. The prime rent in Berlin fell by 18 per cent from its peak to 255 per square meter. This makes Berlin the third most expensive per square meter. However, it has remained stable since the end of 2022. There could be a major change on Tauentzienstrasse. According to press reports, P&C no longer intends to use the three large 'Weltstadt' buildings in Berlin, Düsseldorf and Frankfurt itself, but instead plans to let them to fashion brands belonging to the Spanish Inditex Group. At the '2nd Center Summit', which took place in mid-2025, the Senate presented a 10-point plan to support Berlin's shopping districts. The focus is on diversifying the use of space.

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

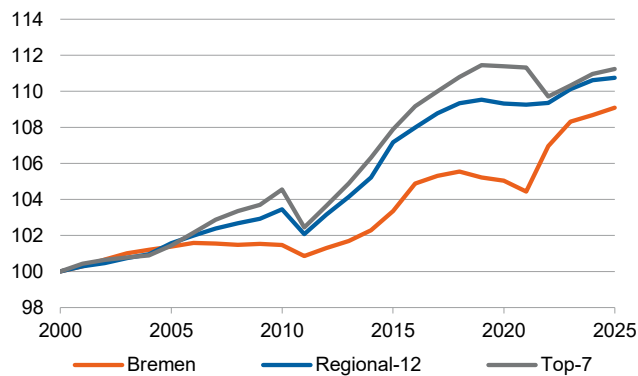
BREMEN

Bremen as a property market

The capital of Germany's smallest federal state ranks tenth amongst Germany's most populous cities. Although the population remained stable for some time, it began to grow strongly from 2011 onwards, rising to almost 590,000 by 2025. Economic development is divided. For although the region has successfully undergone structural change following the crises in shipbuilding and heavy industry, resulting in a more diversified economy today, the unemployment rate remains in double figures. In August 2026, unemployment stood at 10.9 per cent. Key sectors include the automotive, aerospace, food and drink, renewable energy, maritime and logistics industries. Although tourism is not of great importance, its significance is growing. This transformation into a center for services and technology was accompanied by the university, which was founded in 1971. In total, there are just over 35,000 students enrolled at Bremen's universities. The excellent transport links by road, rail, sea and air have a positive impact. Among the largest companies and employers in Bremen are Airbus, ArcelorMittal, BLG Logistics and Mercedes-Benz. As one of Europe's largest urban development projects, Überseestadt is of great importance to the development of the region as a center for business and property. That is also where the Überseeinsel neighborhood is being developed on the former Kellogg's site. Other neighborhood development projects include the

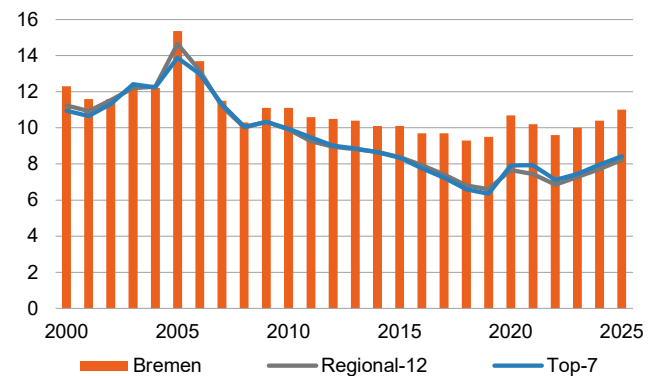
The Bremen property market has been set in motion by a large number of property development projects

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



Source: bulwiengesa

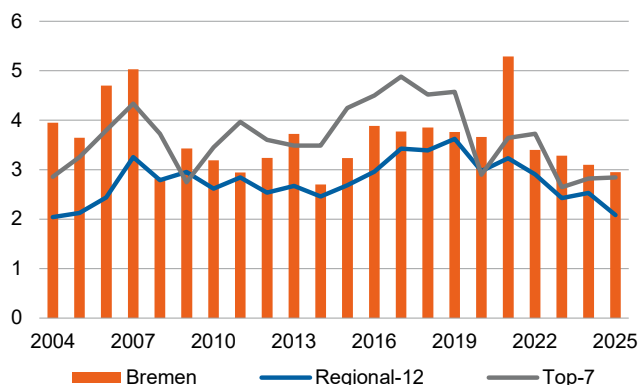
Tabak neighbourhood, the Hachez neighbourhood and the Werder garden city. The city is also focusing on the development of the town center, where a university campus has been built.

Office properties in Bremen

Bremen's office market comprises 2.9 million square meters of space and has grown by 12 per cent over the past ten years. For a long time, the increase in office space did not lead to a rise in the vacancy rate, due to the increased demand for office space. However, since 2022, it has risen sharply. In 2025, the relevant figure stood at 7.3 per cent. Vacancies mainly affect office properties that are no longer up to modern standards, whilst demand is concentrated on high-quality office space in sought-after locations. Consequently, the prime rent here rose to 16.50 per square meter. This makes Berlin the third most expensive per square meter, despite the increase in available space. Since 2015, this has grown by just over 30 per cent. However, average office rents in the city center and in outlying areas have been stagnating for several years, a situation attributable to the increased supply of space. Take-up fell, as it did at most locations, but did not collapse. To date, the typical take-up in Bremen has been around 100,000 square meters. In 2025, a figure of 85,000 square meters was achieved, which was a fairly good result in this respect. In view of tenants' quality expectations and the decline in new-build activity, the modernisation of the existing stock is becoming increasingly important. With new

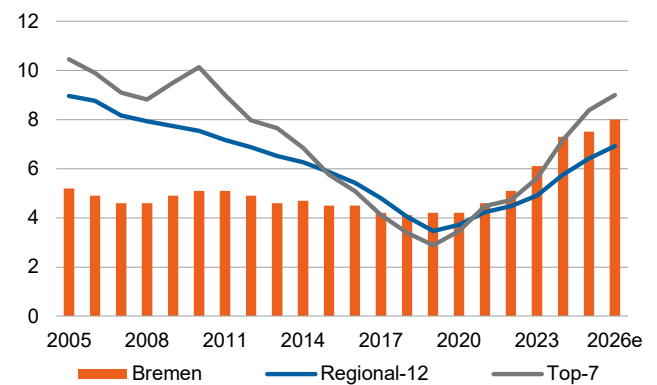
Offices: The vacancy rate, which had remained stable for many years, has risen significantly

Take-up
as % of the office stock

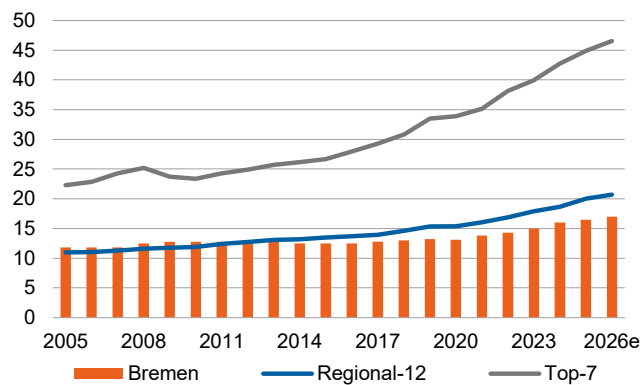


Source: bulwiengesa

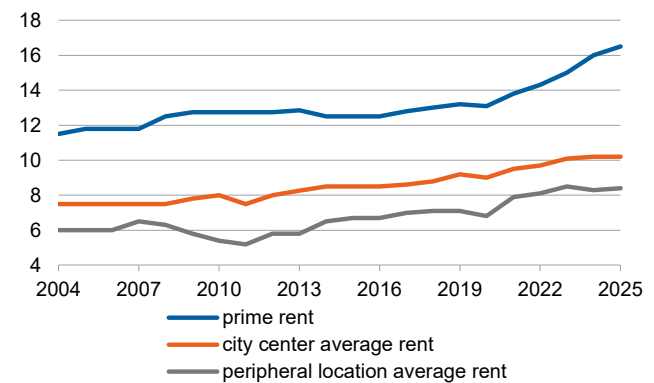
Vacancy rate for office space
as %



Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²

Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²

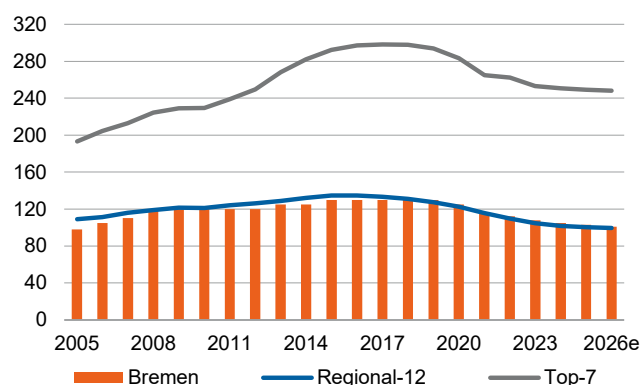
Source: bulwiengesa

space coming onto the market likely to remain subdued in 2026 as well, the rise in vacancy rates is expected to slow. In the high-end segment, rents are expected to rise moderately.

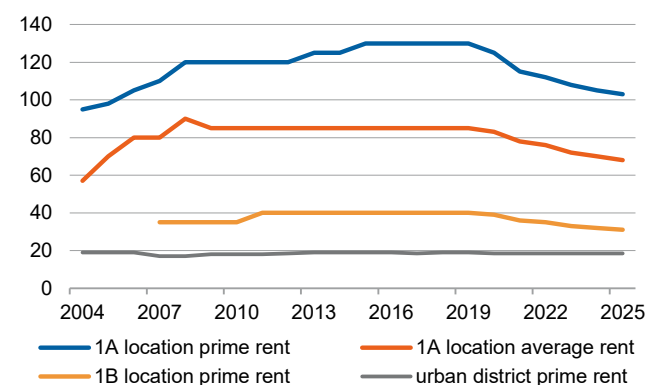
Retail property in Bremen

This major shopping destination in the north-west benefits from an attractive city center, which offers a range of tourist highlights, including the Town Hall, the Roland statue and the Schnoor district. The large catchment area is also a plus point, although its centrality score of 113 points is not particularly high and is, moreover, showing a slight downward trend. Low purchasing power, with an index of just 91 points, has a negative impact. Tourism has developed positively; however, with just over 4,000 overnight stays per 1,000 inhabitants, it can only support purchasing power to a limited extent. Large out-of-town shopping centers such as Waterfront, Roland-Center and Weserpark have a negative impact on the city center. In contrast, the city does not have a large shopping center. However, with its prime locations on Söge-, Obern- and Hutfilterstrasse, it offers a wide range of options. The fact that the decline in prime rents has been relatively moderate – at just over 20 per cent compared with the peak – suggests that retailers remain interested in the city center. In 2025, this stood at 103 euros per square meter. For retail space that has become available, interest is often present. However, a number of larger properties are

Retail: Bremen city center is set to be redeveloped over the coming years thanks to a number of projects

Prime rent in retail
in euro/m²

Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²

Source: bulwiengesa

standing empty, although solutions have already been found for some of them, such as the mixed-use scheme for the 19,000-square-meter former C&A building at Hanseatenhof. Another project is the Balgequartier, which is almost complete, although a link with Böttcherstrasse is still under consideration. However, the projects undertaken by the new Brestadt urban development company are having an even greater impact on the development of the city center. One major project is the planned Bremer Hof, a mixed-use development, for which the former Mitte car park is due to be demolished in 2027. Brestadt has also acquired the neighboring former Horten building, which is likely to be demolished as well. The design for the new building is due to be presented later this year. Until these promising plans for the city center are realised, however, the people of Bremen will have to put up with major building sites, which could temporarily disrupt retail trade.

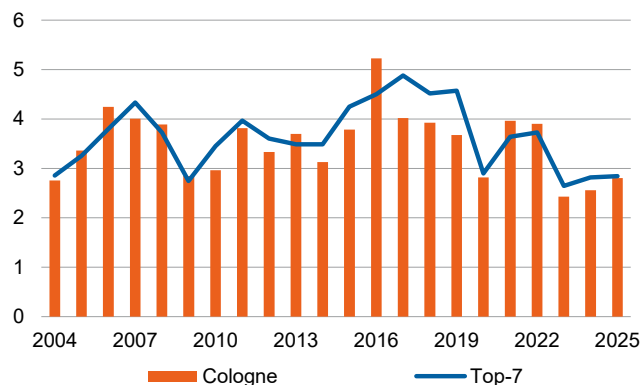
COLOGNE

Office properties in Cologne

With a total area of 8 million square meters, the office market in the metropolis of Cologne is of a comparatively moderate size. Furthermore, both the prime rent and the vacancy rate are at their lowest levels amongst the seven leading locations. The gap between prime rents and the average for top locations has also widened, as the latter has largely stagnated in Cologne since 2023. At mid-2026, the price stood at

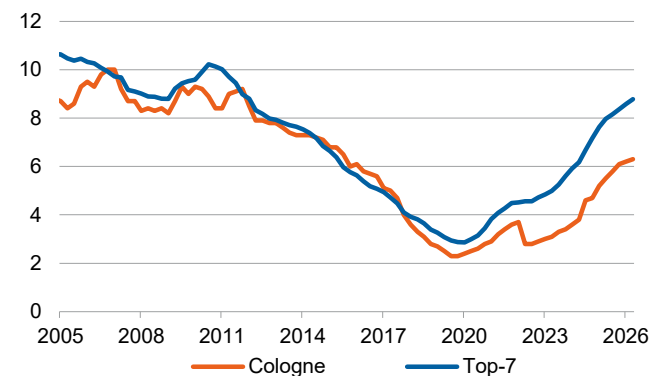
Offices: Lowest vacancy rate and lowest prime rent amongst Germany's top locations

Take-up
as % of the office stock



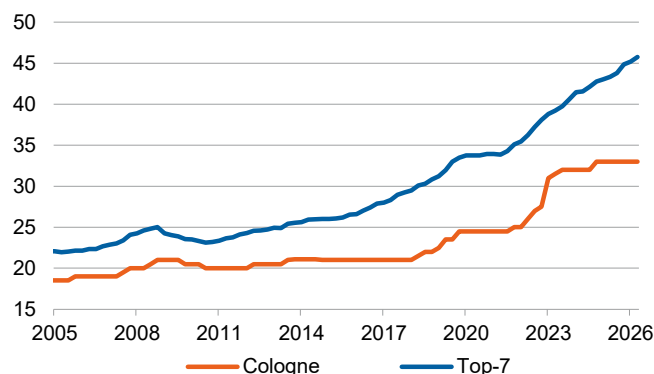
Source: bulwiengesa

Vacancy rate for office space
as %



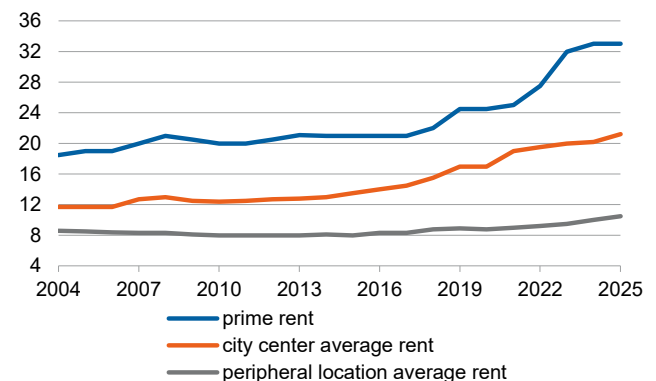
Source: bulwiengesa

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

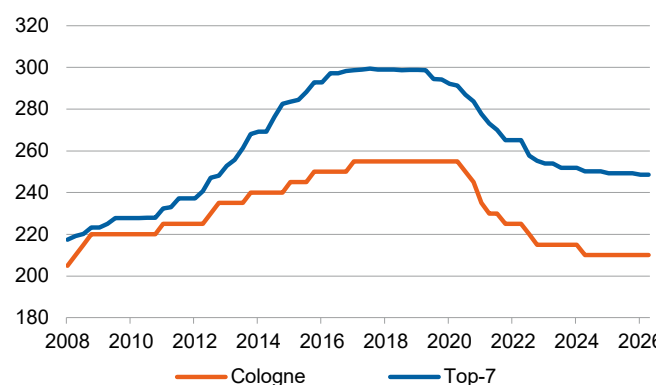
33 euros per square meter, which is only about half that in Munich. By way of contrast, average rents rose both in the city center and in outlying areas has increased successively. Office space take-up reached 225,000 square meters in 2025, which was somewhat higher than in each of the previous two years. However, this figure is unlikely to be reached by 2026, as less than 70,000 square meters of space were let in the first half of this year. There were no major deals, particularly in the second quarter of 2026, as demand for large premises was lower. However, such deals are also made more difficult by the fact that there is a shortage of modern office space. As in other top locations, the comparatively low vacancy rate has risen sharply in recent years. It stood at 6.3 per cent in mid-2026.

Retail property in Cologne

Cologne, a city with a population of over a million, is the second top location in North Rhine-Westphalia alongside Düsseldorf. The large catchment area and day trippers from the Benelux countries make it an attractive prospect for retailers. In contrast to the distinct luxury segment in Düsseldorf, Cologne city center tends to focus more on the consumer sector. It isn't particularly attractive, but it offers a three-kilometer-long shopping circuit with a high volume of foot traffic. This is particularly true of Schildergasse, where many retail chains have a presence. The location will be enhanced by an extension to the P&C Weltstadthaus on the neighboring plot. The plan is for a mixed-use development, including a roof terrace with a view of the cathedral. The former Karstadt Sport is also being refurbished before Douglas opens a flagship store there. The Hohe Strasse is also an area of high footfall. However, the narrow street offers only limited amenity. Furthermore, the small-scale post-war development is unattractive to high-street chains. Renovations are intended to improve the tenant mix – currently dominated by budget fashion retailers and takeaways – in the long term. Visible vacancies are primarily due to refurbishment work. Ehrenstrasse is more of a trendy area. A small luxury segment has become established in the Domkloster/Wallraffplatz area. At the end of 2025, Rimowa opened the first shop in the exclusive Dom-Carré. Work is also progressing at Cologne's most high-profile building site, the Laurenz Carré – now split into three parts – a former project of the insolvent Gerchgroup. In August 2026, a large-scale MediaMarkt Tech Village opened in the former Saturn store on Hohe Strasse. Due to the good availability of space, the prime rent in Cologne fell by 18 per cent from its peak to 210 euros per square meter. However, it has remained at this level since mid-2024.

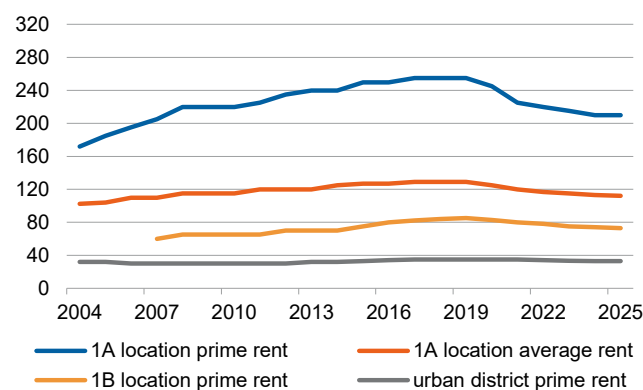
Retail: Cologne city center is an attractive location for retail businesses thanks to its high footfall

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

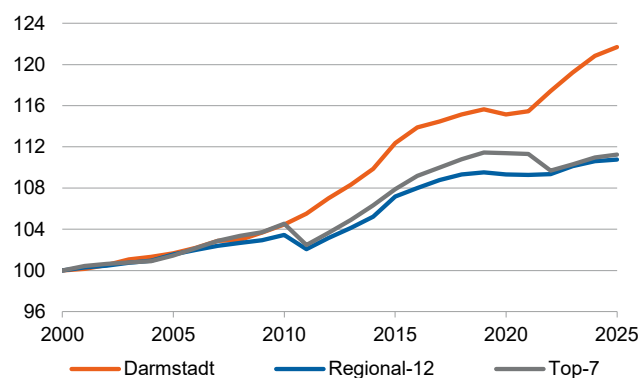
DARMSTADT

Darmstadt as a property market

Darmstadt is one of the fastest-growing cities in Germany. Within ten years, the population increased by 8 per cent. After Leipzig, this is the largest percentage increase among the locations under consideration. Since the turn of the millennium, the population has actually grown by more than 20 per cent – a good 30,000 people – to 168,000. The reasons for this are the high quality of life, the city's status as a major economic center with its favorable location on the southern edge of the Rhine-Main region, and the significant role played by research and science. The European Space Operations Center (ESOC) and the FAIR particle accelerator, which is currently under construction, are the standout examples. Around 41,000 students at the Technical University and other higher education institutions account for around a quarter of the population. This research is also reflected in the large number of start-ups. With 11.5 start-ups founded per 100,000 inhabitants in a year, Darmstadt ranks fourth amongst German cities. The key sectors are IT, chemicals, pharmaceuticals, biotechnology, mechanical engineering, space technology and cosmetics. Major companies include Merck, Deutsche Telekom, the cosmetics firms Goldwell/Kao and Wella, the speciality chemicals firm Evonik/Röhm, the engineering firm Schenck, and the food additives manufacturer Döhler. The sharp rise in the population is accompanied by a high-priced housing market that rivals that of prime locations. Military conversion sites such as the Lincoln Estate or the Cambrai-Fritsch Barracks/Jefferson Estate are conducive to urban development; it is here that the new Ludwigshöviertel neighborhood, comprising 1,400 flats, is being developed. The unemployment rate is 6.8 per cent (August 2026), which is moderate. The inclusion of the Mathildenhöhe artists' colony on the UNESCO World Heritage List is likely to boost tourism. These positive prospects are reflected in the Prognos Future Atlas 2025, in which Darmstadt ranks 13th out of 400 towns and districts.

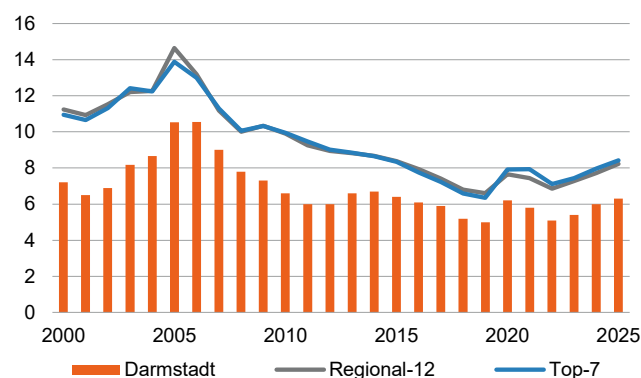
The 'City of Science' is a major center for business and research

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %

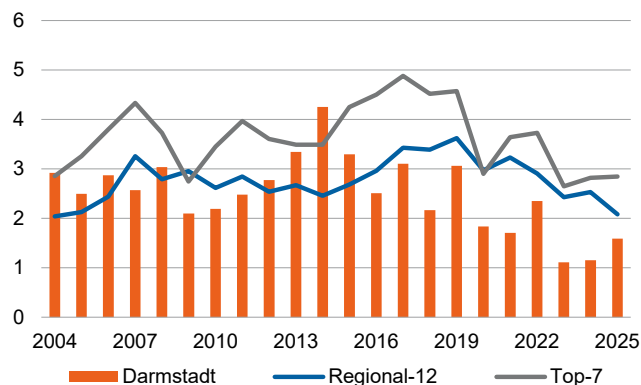


Source: bulwiengesa

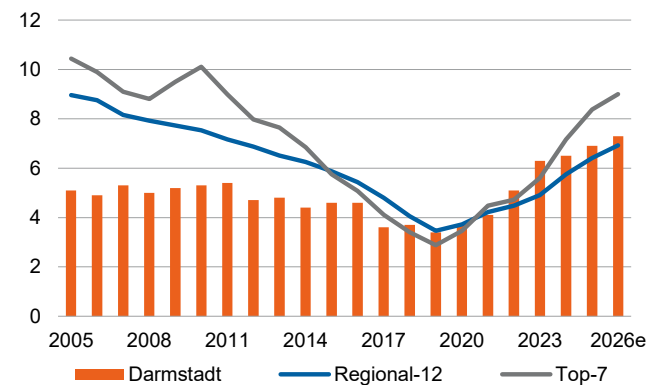
Office properties in Darmstadt

The administrative functions of the many companies based in Darmstadt and the city's thriving academic sector go hand in hand with a high demand for office space. Accordingly, the office market is substantial, with a total stock of just over 1.7 million square meters. However, the vacancy rate – which had fallen to 3.4 per cent by 2019 – subsequently doubled to 6.9 per cent by 2025 due to weaker demand for office space and new supply, meaning that 120,000 square meters of space are now available. Leasing activity, which was subdued in 2023 and 2024 with a take-up of just 20,000 square meters, increased to 27,000 square meters in 2025, but remained

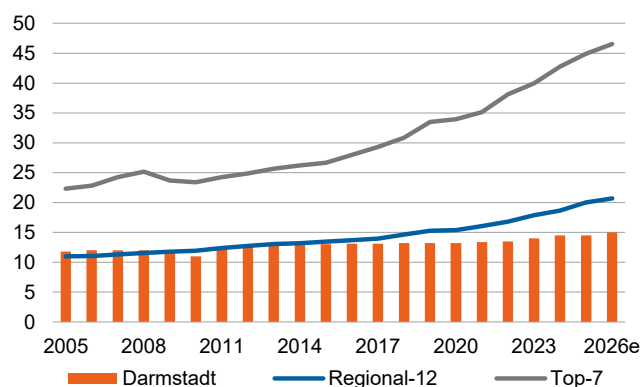
Offices: A relatively large office location with rising vacancy rates and sluggish rental growth

Take-up
as % of the office stock

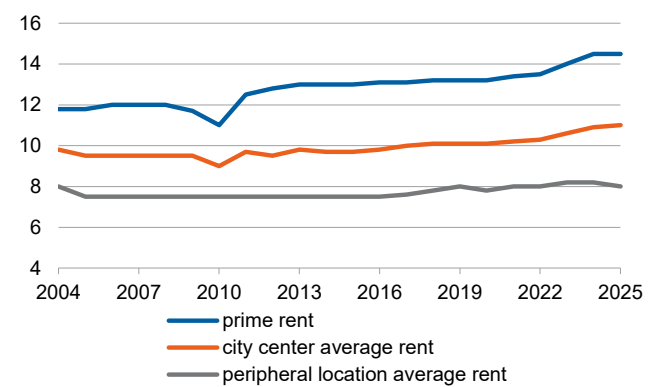
Source: bulwiengesa

Vacancy rate for office space
as %

Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²

Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²

Source: bulwiengesa

below the ten-year average of 34,000 square meters. By far the largest deal in 2025 was concluded by Wella, covering 14,000 square meters. The prime rent, which had risen to euro14.50 by 2024, remained stable in 2025. In any case, the rate of rent increase is rather low, as rents rose by just 12 per cent compared with 2015. This is by far the smallest increase in rent of all the locations considered. As part of the demerger of Software AG, the 22,000-square-meter site of the former company headquarters has been sold. An innovative campus is to be built here.

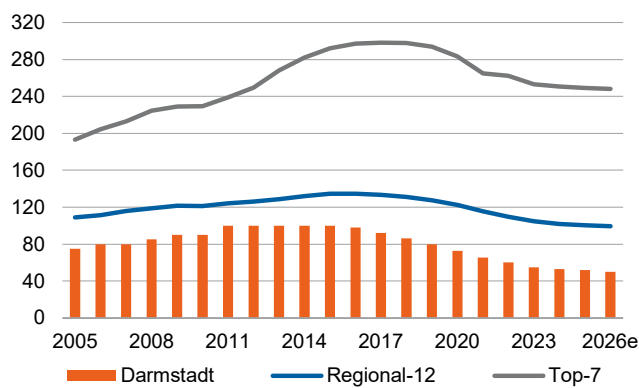
Retail property in Darmstadt

A positive factor for the retail sector in Darmstadt is the sustained growth in the population and a purchasing power that is slightly above average – at 102 points – despite the high proportion of students. The inclusion of the Mathildenhöhe on the UNESCO World Heritage List is also likely to have a positive impact. However, the negative factors carry greater weight, with the result that the prime rent has almost halved since 2015 to 52 euros per square meter. The city therefore has the lowest rent levels and the sharpest relative decline of all the locations examined in this publication. This headwind is caused by fierce competition from nearby shopping destinations. This is partly due to Frankfurt, which is only 30 kilometers away, as well as the shopping facilities in neighboring Weiterstadt, which include various specialist shops, a large home furnishings store and the Loop 5 shopping center, which has been converted into an events center. This results in a low centrality score of just

Retail: Economic strength is unable to halt the sharp decline in prime rents

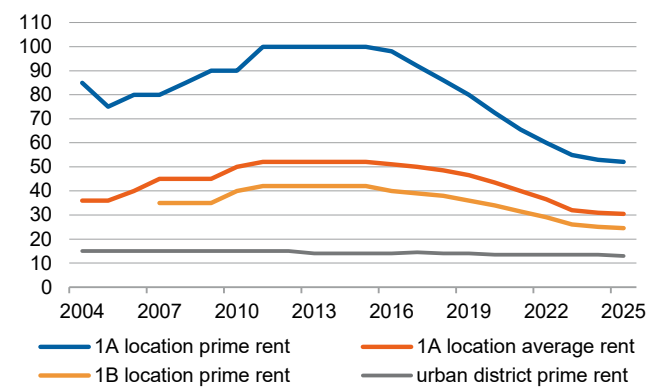
under 100 points. At the same time, the city center offers a good range of shopping opportunities, complemented by an attractive atmosphere enhanced by the many restaurants. This comprises the prime locations of Schuchardstrasse and Ernst-Ludwig-Strasse, as well as two shopping centers – the Luisencenter and Carree Darmstadt. However, this also means that the city center has an oversized retail area by today's standards, which is putting pressure on rent growth. The Luisencenter was sold in 2025 to local investors, who are planning to develop it further. Galeria still has one branch. The second Galeria building closed in early 2024. A plan for this has yet to be drawn up. However, there is interest in retail premises in Darmstadt, which is having a positive effect on vacancy rates.

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

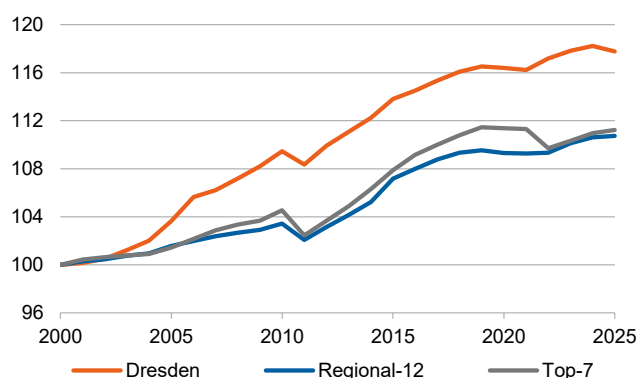
DRESDEN

Dresden as a property market

Dresden's successful development went hand in hand with strong population growth. Despite a slight decline last year, the population grew by 45,000 compared with the 2011 census, reaching 563,000 people. This is due not only to the high quality of life in this attractive city, but also to its economic success. Despite the rise, the previously high unemployment rate of 7.2 per cent (August 2026) remains moderate. However, as the economy picks up, the advantage of a low cost of living is being

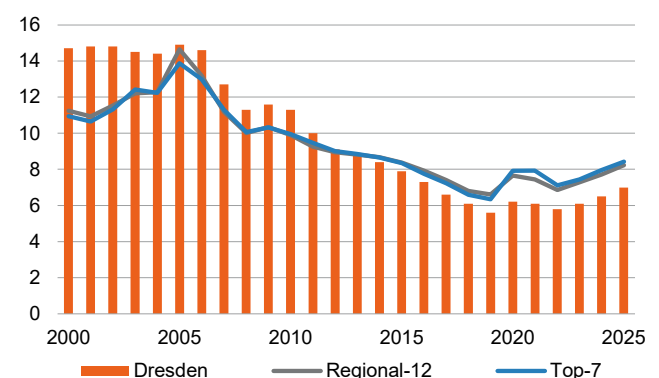
"Tomorrow's Home": Saxony's capital is a major center for microelectronics

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



Source: bulwiengesa

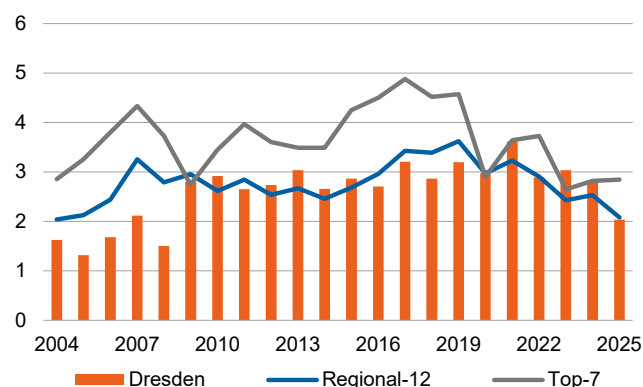
eroded by sharply rising rents. The public sector, with its many administrative functions, is a major employer. Education and research are also important. The universities, with their 36,000 students, and numerous research institutes not only create many jobs, but also form the foundation of the high-tech hub 'Silicon Saxony'. Today, over 80,000 people are employed in the microelectronics and information and communications technology sectors. At the same time, the importance of the high-tech sector continues to grow, driven by the boom in artificial intelligence and the expansion of data centers. In this regard, Dresden is benefiting from investments worth billions in semiconductor manufacturing, made by companies such as Bosch, Globalfoundries, Infineon and TSMC. However, the land available for large-scale projects is gradually becoming scarcer. Alongside microelectronics, the automotive industry, the aerospace sector, the life sciences, nanotechnology and new materials, as well as mechanical and plant engineering, contribute to the region's dynamic economic development. The crisis in the car industry is also affecting Dresden, as Volkswagen is halting production at the 'Gläserne Manufaktur'. Instead, an innovation campus is being built there. Alongside the manufacturing sector, the cultural and creative industries are also significant. What's more, this Baroque city is a 'hotspot' for city breaks. In the Prognos Future Atlas 2025, Dresden ranks 38th out of 400 cities and districts, achieving the second-best result in eastern Germany.

Office properties in Dresden

Dresden's office market has performed well, with a total floor area of around 3.2 million square meters. Among the regional centers in eastern Germany, the prime rent recorded the sharpest increase in percentage terms, rising by 70 per cent over the past ten years. The prime rent stands at 21 euros per square meter (2025) – which is also above the average for regional centers across Germany. Average office rents have also shown a positive trend in recent years, both in and outside the city center. However, the vacancy rate rose sharply last year. As a result, the vacancy rate rose to 5 per cent, having more than doubled since its low in 2021. The generally positive trend in the office market is attributable to Dresden's economic upturn and the fact that office construction has been limited for a long time. Consequently, there is a shortage of modern office space. Owing to the lack of supply and the economic slowdown, take-up fell to 65,000 square meters in 2025, which was a good quarter below the ten-year average. Above all, there were no major lease agreements. With new space coming onto the market in 2026 and 2027 expected to total less than 70,000 square meters, the supply backlog in the office market cannot be cleared. We anticipate a slight increase in the vacancy rate and a possible further slight rise in prime rents.

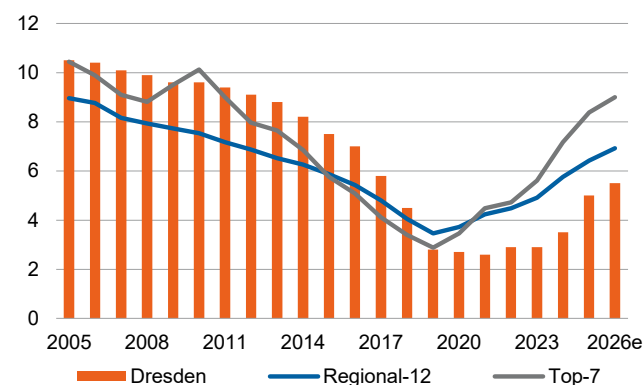
Offices: Above-average market performance is met with limited supply

Take-up
as % of the office stock



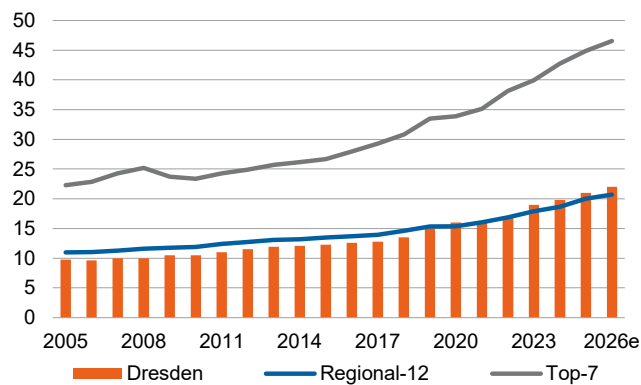
Source: bulwiengesa

Vacancy rate for office space
as %



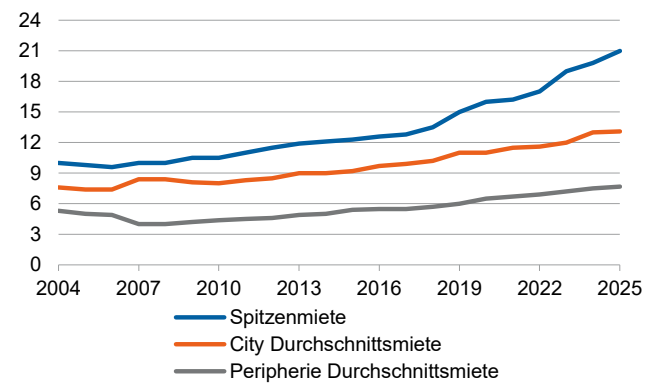
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



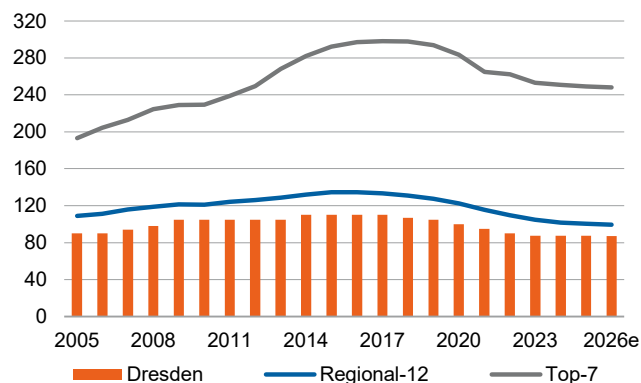
Source: bulwiengesa

Retail property in Dresden

Together with Berlin and Leipzig, Dresden forms the trio of leading East German shopping destinations, all of which are characterized by economic growth, population growth and thriving tourism. The weakness in purchasing power, which also affects all three cities, is relatively easy for Dresden to cope with. Accordingly, the purchasing power index stands at 95 points, not far below the national average. Furthermore, the tourism sector is particularly strong, with 8,000 overnight stays per 1,000 inhabitants. Only a few top locations still achieve higher overnight stay figures. However, centrality within the wider catchment area is rather weak, with an index of 108 points; this is primarily due to competition from out-of-town shopping centers. Regardless of this, the city center of this Baroque town is an attractive retail destination offering a high quality of life and a wide range of shops and restaurants. In addition to the three prime locations – Prager Strasse, Seestrasse/Altmarkt and Neumarkt – there are two large shopping centers with a combined retail area of 100,000 square meters. However, the Altmarkt-Galerie needs a new anchor tenant to replace the two-story Saturn branch, which closed in September 2026. The prime rent fell moderately by 20 per cent from its peak to 87.50 euros per square meter by 2023 and has held stable since then.

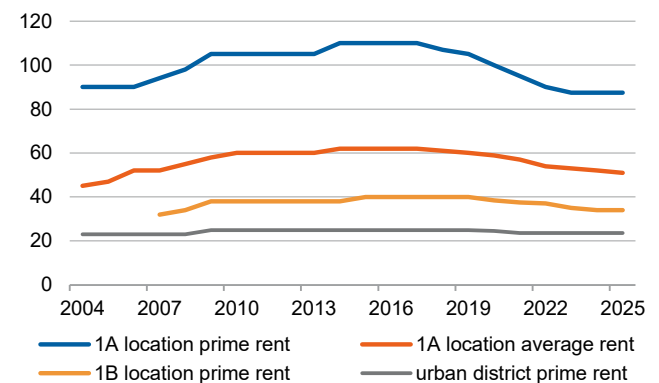
Retail: A thriving tourism sector and urban growth are bolstering high-street retail

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

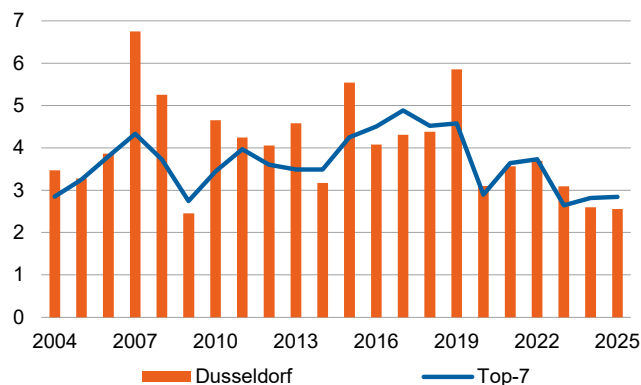
DÜSSELDORF

Office properties in Düsseldorf

Although Düsseldorf is a major office hub, with 7.8 million square meters it ranks last amongst the top locations in terms of floor space. Cologne and Stuttgart, however, are hardly any bigger. Prime rents in Düsseldorf have shown a striking trend in recent years. Whilst rents for high-quality offices rose noticeably overall, they remained stable in Düsseldorf from 2014 to 2022, before soaring sharply; since then, they have once again been in line with the average for prime locations, as they were in 2014. This is due to the increased interest in modern office space, coupled with a shortage of supply. By the end of 2025, the prime rent had reached 44 euros per square meter and has remained stable so far in 2026. Average rents in central and outlying areas were unable to benefit from the rise in prime rents and recorded only a slight increase. Unlike in Frankfurt, the sharp rise in rents was not accompanied by a high level of letting activity. On the contrary, take-up in 2025 remained at the previous year's low level, at just 200,000 square meters. Since the turn of the millennium, the figure has fallen below that level only once. Consultancy firms accounted for almost a fifth of the office space let in 2025, underlining their importance to Düsseldorf as a business location. Whilst the office vacancy rate in prime locations remains low, the overall vacancy rate has risen to almost 12 per

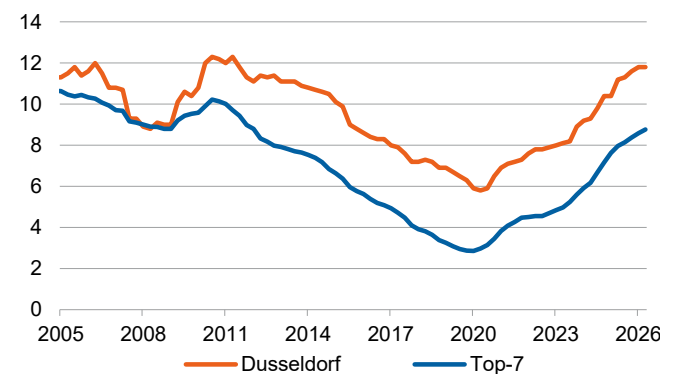
Offices: Prime rents in Düsseldorf have remained stable since the end of 2025, following a previous sharp rise

Take-up
as % of the office stock



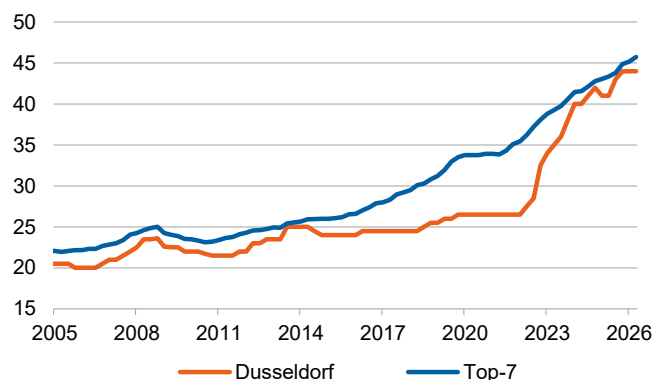
Source: bulwiengesa

Vacancy rate for office space
as %



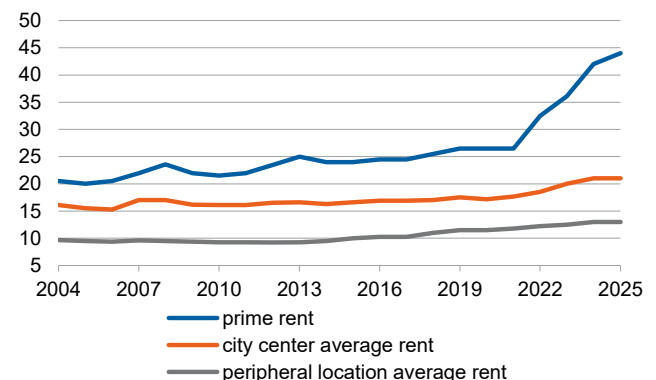
Source: bulwiengesa

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

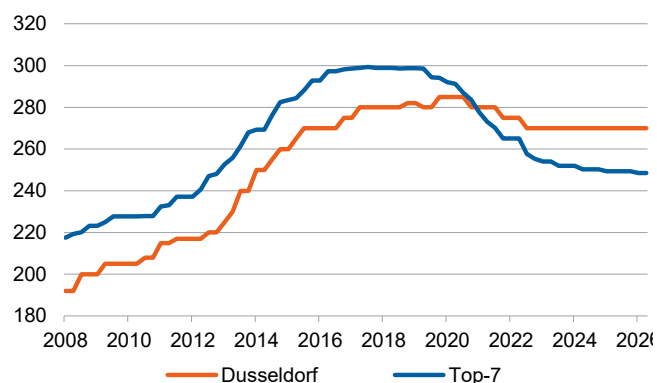
cent. This means that over 900,000 square meters of office space are vacant in Düsseldorf. However, like the prime rent, this figure has remained stable since the end of 2025. Leasing activity slowed in the first half of 2026 despite a 20,000-square-meter deal with KPMG. The new 36,500-square-meter Uniper headquarters, finalized in the second half of the year, marked the largest deal in Düsseldorf in recent years. However, the energy company is significantly reducing the amount of office space it previously occupied as a result of the move.

Retail property in Düsseldorf

Düsseldorf has performed well as a shopping destination, despite the various challenges facing the city center retail sector. The city center has become more attractive thanks to a wide range of urban development projects and substantial investment in new and existing retail properties. The resilience of the city center, which has been positively influenced by this, is reflected in the above-average growth in prime rents compared with other prime locations. It fell by just 5 per cent from its peak. Since 2022, the figure has also remained stable at 270 euros per square meter. Owing to the sharper fall in rents in Berlin, Frankfurt and Hamburg, Düsseldorf is now the second most expensive retail location in Germany. The key advantages are the large catchment area and a purchasing power that is almost 20 per cent above the national average. Furthermore, the focus on the relatively stable luxury segment – which is concentrated primarily on the well-known ‘Kö’ shopping boulevard – is also helpful. Alongside Königsallee, the prime 1A locations include Flinger Strasse and the newly developed shopping area on Schadowstrasse. In addition, the past few years have seen iconic retail developments such as the Kö-Bogen and the K11. At the moment, construction work is mainly taking place on the Kö. New retail spaces are being developed as part of the Le Coeur and Trinkaus Karree projects. The Kö-Galerie, which was built in the 1980s, is to be modernized in stages. The city has halted plans to build a new opera house on the site of the former Kaufhof Am Wehrhahn due to a lack of funding. The future of the Carsch House, built in 1915 and formerly part of the Signa Group, is clear, however: The current owner, Midstad, intends to convert the department store into a mixed-use development. The refurbishment of the Seven shopping center on the Kö is at an advanced stage; its upper floors will be used as offices in future. A major change also affects Schadowstrasse. According to press reports, P&C no longer intends to use the three large ‘Weltstadt’ buildings in Berlin, Düsseldorf and Frankfurt itself, but instead plans to let them to fashion brands belonging to the Spanish Inditex Group.

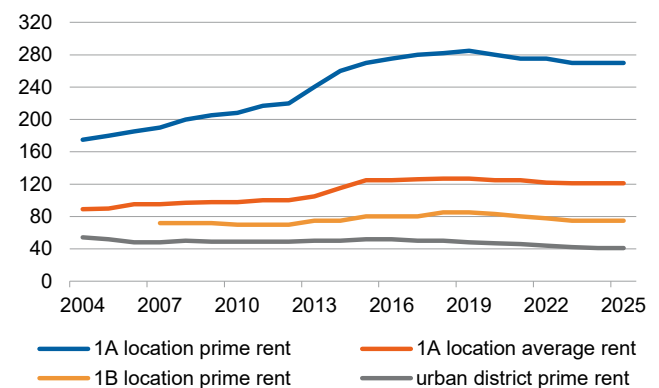
Retail: Düsseldorf city center is showing remarkable resilience in the face of the challenges facing the retail sector

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

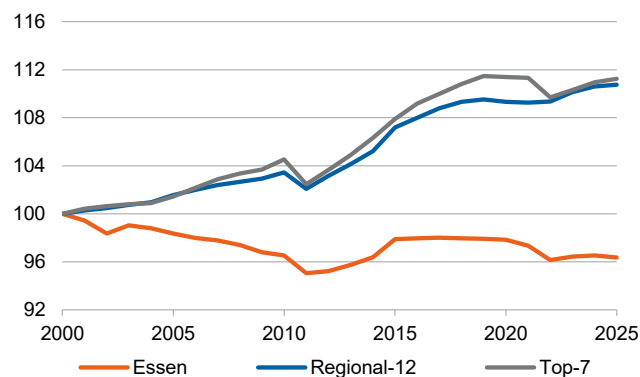
ESSEN

Essen as a property market

As an industrial, service and cultural center, Essen forms the heart of the Ruhr region. However, the structural changes brought about by the coal and steel crisis have left a deep mark, which can be seen in the population trends. Compared with the 1960s, what was then Germany's fifth-largest city has lost almost a quarter of its population and, with a population of 574,000, now ranks only eleventh. For the last 20 years or so though, the population has remained largely stable. On the labor market, the consequences of structural change are still being felt today, as evidenced by the high unemployment rate of 11.5 per cent (August 2026). Nevertheless, the transition to becoming a center for services has been a success. The economic focus has shifted from industrial production to administrative functions, with an impressive concentration of corporate headquarters. Essen is home to the headquarters of four DAX companies (Brenntag, E.ON, Hochtief and RWE) and two MDAX companies (Evonik and Thyssenkrupp). Other major companies include Aldi Nord, Deichmann, E.ON Ruhrgas, Funke Mediengruppe, Open Grid, Schenker and STEAG. The University of Duisburg-Essen, which emerged from the comprehensive university founded in 1972, has had a positive impact on the city's development. In total, there are 38,000 students enrolled at Essen's universities. Thanks to its central location in the Ruhr region, transport links are excellent. Düsseldorf Airport is just over 30 kilometers away.

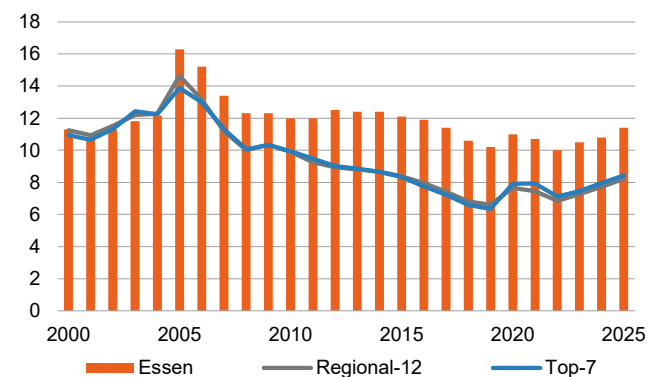
Despite the presence of many corporate headquarters, the unemployment rate remains in double figures

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



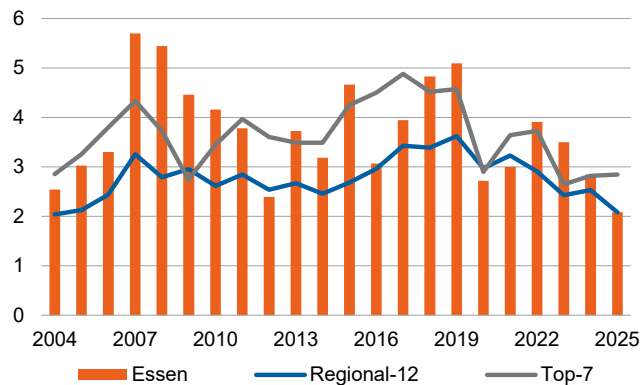
Source: bulwiengesa

Office properties in Essen

Given the large number of corporate headquarters in the area, Essen's office market boasts a substantial stock of space totaling almost 3.3 million square meters. Apart from the top locations, only the office markets in Hanover, Nuremberg and Bonn are larger. The office market has recently been unable to match the high take-up figures of the record years 2018 and 2019, which stood at 150,000 square meters. In 2024, take-up stood at 92,000 square meters; in 2025, this figure fell further to 68,000 square meters. The fact that the figure was not even lower is primarily due to large-scale tenancy agreements concluded by the City of Essen. By contrast, there were few deals, particularly in the medium-sized segment, where the figures remained in the four-figure range. There was strong demand for modern premises, which meant that the prime rent rose further to 19.50 euros per square meter. Within ten years, the rent rose by almost 40 per cent. Average office rents also rose both in and

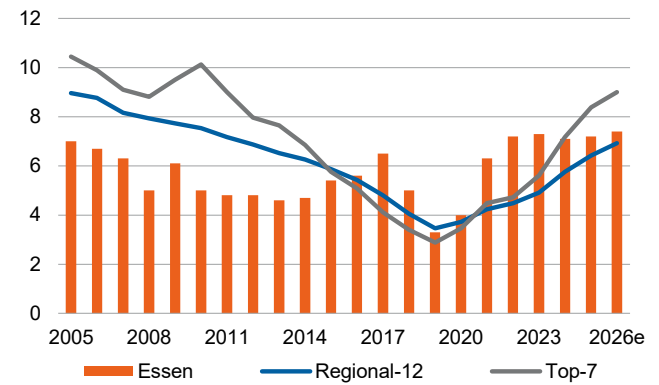
Offices: Prime rents continue to rise, whilst the vacancy rate has stabilized at a higher level

Take-up
as % of the office stock



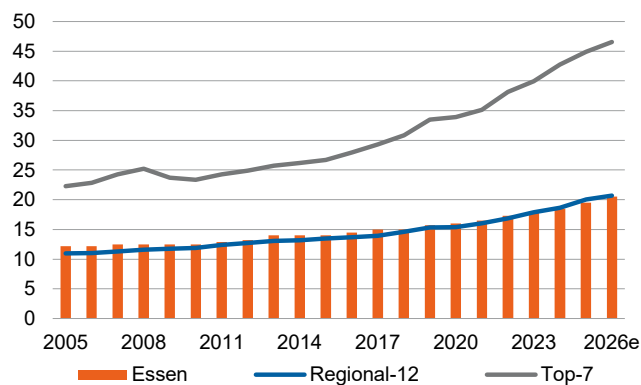
Source: bulwiengesa

Vacancy rate for office space
as %



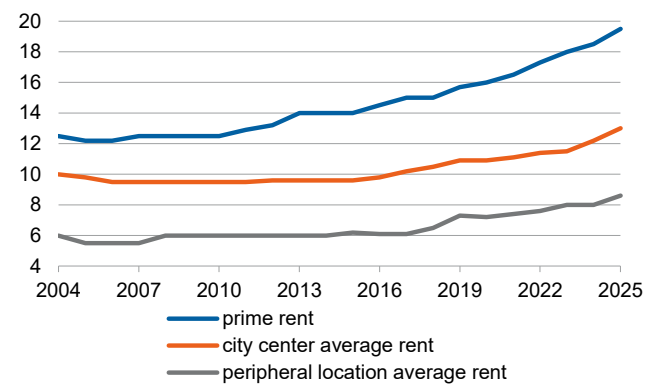
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



Source: bulwiengesa

outside the city center. This is likely to be due, in part, to the stable vacancy rate. The vacancy rate had more than doubled between 2019 and 2022 to just over 7 per cent, but had remained virtually unchanged since then. In 2025, the figure stood at 7.2 per cent. Instead of picking up, letting activity fell in the first half of 2026 to its lowest level on record for this period. The largest contract was awarded to the public sector. At mid-2026, the prime rent stood at around 20 euros per square meter.

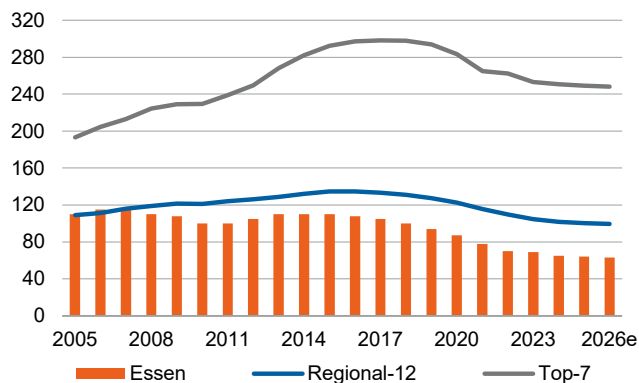
Retail property in Essen

The luster of Essen as a 'shopping city' has faded. Instead of the familiar lettering on the roof of the Handelshof, it now simply reads 'Essen', framed by the city's coat of arms. The problems facing Essen's high-street retail sector go back a long way. The reasons for this are the shrinking population, purchasing power weighed down by high unemployment – with a low index figure of 94 points – and competition from various neighboring shopping destinations. Measured against this, the centrality index of 109 points is still quite good. As well as individual factors, the city center – like everywhere else – is being hit by e-commerce and weak consumer spending. From today's perspective, the amount of retail space on offer is excessive. As well as the prime locations on Limbecker Strasse and Kettwiger Strasse, the city center has three large shopping centers. This has led to a decline in retail rents, which began in the 1990s. By 2025, the prime rent had fallen by a total of around 100 euros per square meter to just 64 euros per square meter. One positive development is that the

Retail: Gradual improvements in the city center and a slowdown in the fall in rents

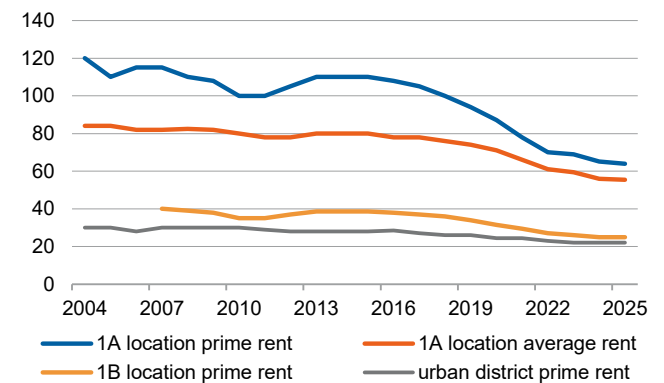
high vacancy rates – particularly along Limbecker Strasse – have fallen. However, several discount shops have opened here, which do not fit in with the typical mix of tenants in a prime location. It is encouraging to note that the former Karstadt premises in the Limbecker Platz shopping center have once again been largely let to Intersport, Lager 157, Netto and P&C. The Kaufhof branch, which closed in 2020, has been converted into the Königshof mixed-use development, featuring a market hall on the ground floor. The city of Essen has adopted various measures as part of the Integrated Development Plan (IEK) to shape the future of the city center by 2025.

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

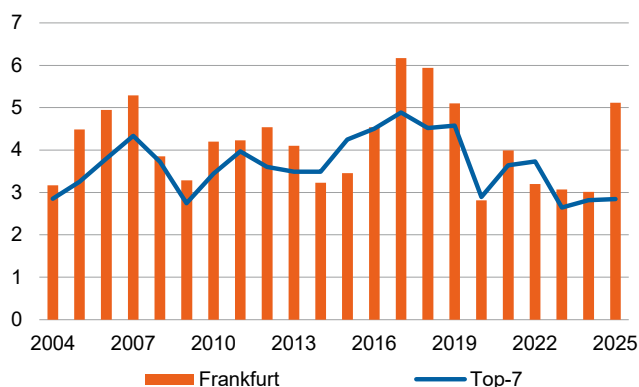
FRANKFURT

Office properties in Frankfurt

With a total floor area of just over 10 million square meters, Frankfurt is one of Germany's largest office markets and has long boasted the highest prime rent. However, the Munich office market has overtaken Frankfurt in recent years and now holds a clear lead over it. With a prime rent of 55 euros per square meter, the Frankfurt office market has also reached a high level, which is around 10 euros per square meter above the average for prime locations. The sharp rise in rents in the

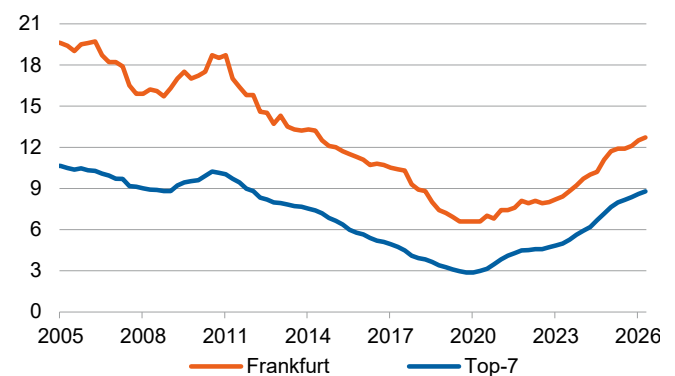
Offices: By 2026, the office market had stabilized again following the boom year of 2025

Take-up
as % of the office stock

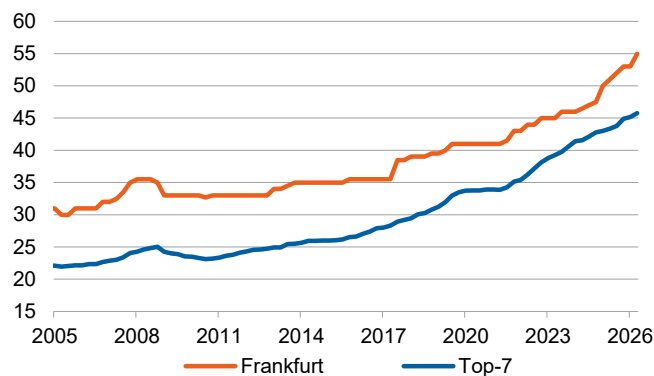


Source: bulwiengesa

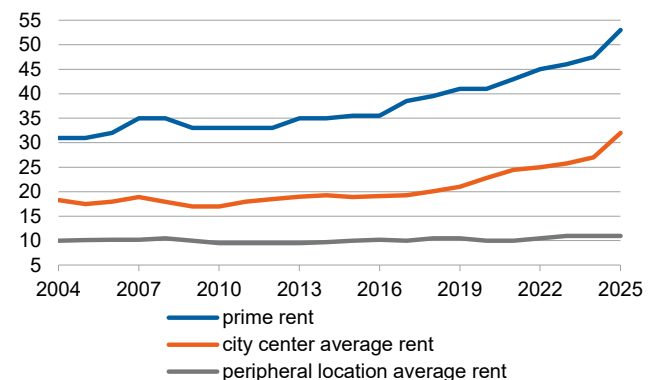
Vacancy rate for office space
as %



Source: bulwiengesa

Prime rent for office space
in euro/m²

Source: bulwiengesa

Rent for office space by location
in euro/m²

Source: bulwiengesa

financial hub from 2025 onwards is attributable to a large number of major letting agreements, covering both new developments and thoroughly modernized premises. One example is the 205-meter-high Central Business Tower, which Commerzbank has leased next to its headquarters on Kaiserplatz. Other examples include ING and KPMG. The Dutch bank will take up residence in new headquarters in 2028 in the east of Frankfurt, near the ECB. In contrast, after many years, the consultancy firm KPMG is giving up its premises at the airport and moving into the city center. Thanks to major deals, office space take-up in 2025 totaled 516,000 square meters, exceeding the previous year's figure by more than 200,000 square meters and reaching its highest level since 2018. However, the move to modern offices is accompanied by the closure of existing premises and, in most cases, an overall reduction in the amount of space used. The high level of letting activity therefore did not help to reduce the high vacancy rate in Frankfurt. This rose to 12.7 per cent by mid-2026. However, whilst the supply of older properties is increasing, particularly in outlying areas, demand remains low. This trend is reflected in the rent figures. Whilst prime and average rents have risen sharply in the city center, the average rent in outlying areas has hardly changed over the past 20 years. In the first half of 2026, letting activity slowed down again. In terms of annual lettings, the total lettings volume amounted to just 140,000 square meters, as there were hardly any major deals concluded. However, prime rents continued to rise. In August, the Bundesbank published its plans for a new headquarters, for which it intends to either construct a new building or purchase an existing property within the Frankfurt city limits. BaFin is also moving to new premises. It is expected to move into the refurbished former railway headquarters in the Gallus district in 2028.

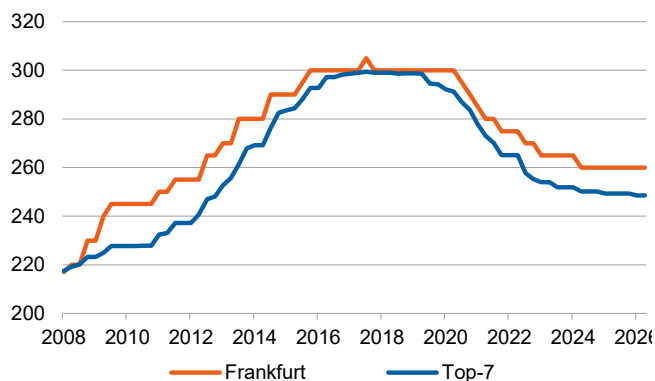
Retail property in Frankfurt

The Frankfurt metropolitan area, and with it the customer potential for the retail sector, has grown rapidly in recent years. Another factor favoring the retail sector is the extremely high number of visitors – almost 15,000 overnight stays per 1,000 inhabitants. With two prime locations – the consumer-oriented Zeil and the upmarket Goethestrasse – as well as the MyZeil shopping center, Frankfurt city center offers a wide range of shopping options. The stable luxury segment has, however, performed better than the Zeil shopping street, which has been visibly affected by high vacancy rates. In addition, retail trade there has been hampered for some time by various construction sites for renovation and new-build projects. One example is the conversion of the P&C building into a multi-use property, including a primary school. According to press reports, P&C no longer intends to use the retail space of the large

Retail: Frankfurt's Zeil shopping street is undergoing a transformation

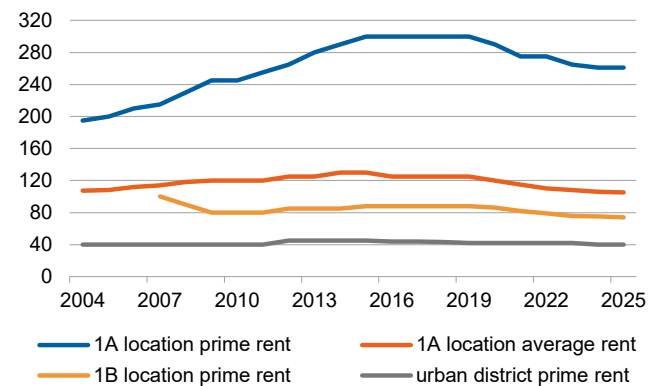
'Weltstadthaus' buildings in Berlin, Düsseldorf and Frankfurt itself, but instead plans to let them to fashion brands belonging to the Spanish Inditex Group. Plans to convert the former Karstadt building into a mixed-use property, however, are no longer being pursued. Instead, following the refurbishment, the focus will remain on retail. TK Maxx and C&A have already been confirmed as tenants. The large Bershka branch – part of the Inditex group – which has until now been housed in the Karstadt building, is moving to Skyline Plaza. However, the future use of the C&A building remains to be seen. The interest in vacant premises is a sign of the potential of the Zeil. Examples include the flagship store of the trainers retailer Snipes, a Thalia branch in the former Esprit building, and a large store belonging to the Japanese fashion brand Uniqlo in the former Görtz building. The prime rent fell by 14 per cent from its peak to 260 euros per square meter and has held stable since mid-2024. Skyline Plaza, situated outside the city center between the main railway station and the exhibition center, is due to be refurbished by 2027. As in many shopping centers, the proportion of fashion outlets is set to decrease in favor of experience-based retailers. However, new tenants have been secured in the form of TK Maxx and Douglas.

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

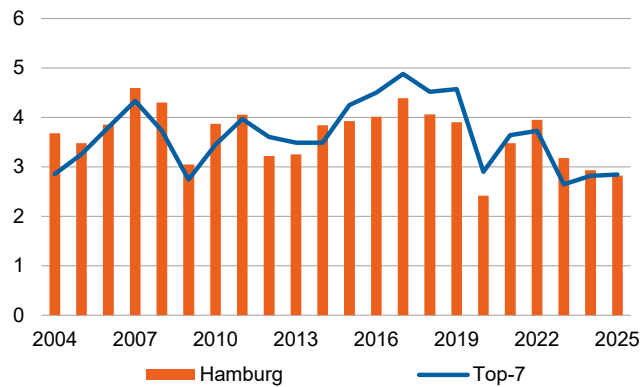
HAMBURG

Office properties in Hamburg

With a total area of 14.3 million square meters, Hamburg is the third-largest office market in Germany, after Berlin and just behind Munich. Following the ground-breaking ceremony in 2001, HafenCity provided space for a wide range of office developments, which are currently concentrated mainly in the Elbbrückenquartier. On the opposite bank of the Elbe, Grasbrook is taking shape as another large mixed-use development comprising offices and residential accommodation. At the junction – the Elbe bridges – is the construction site of the Elbtower, which has been derelict for three years now. Hamburg-based project developer Dieter Becken is still negotiating the continuation of construction on the former Signa property, but has lost a key supporter of the project with the death of billionaire Klaus-Michael Kühne. When looking at the Hamburg office market, the modest growth in rents compared with the average for prime locations is striking. Whilst prime rents in Hamburg were still at this level 15 years ago, a gap subsequently opened up which has been growing steadily ever since. This is particularly true of the major office hubs of Berlin, Frankfurt and Munich. In the second quarter of 2026, the prime rent stood at 37 euros per square meter. Within ten years, this could increase by 40 per cent.

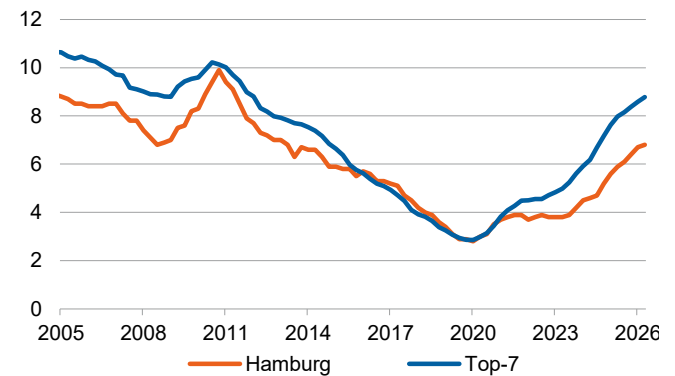
Offices: In the Hamburg office market, the vacancy rate and prime rent are below average

Take-up
as % of the office stock



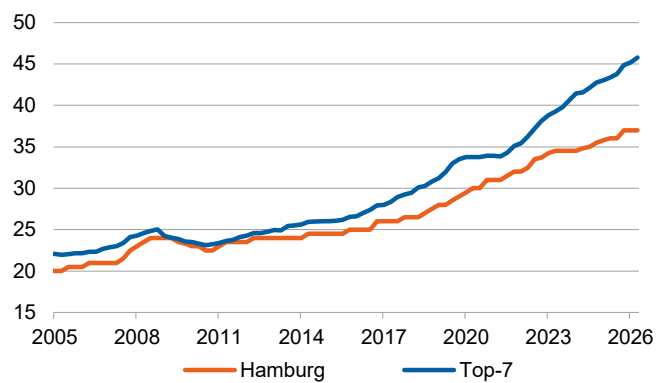
Source: bulwiengesa

Vacancy rate for office space
as %



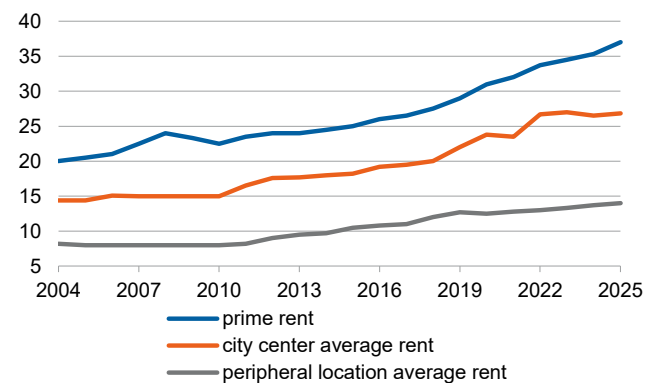
Source: bulwiengesa

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

However, the slower rise in rents is not due to an increase in the supply of space. In fact, at 6.8 per cent (mid-2026), Hamburg's vacancy rate is well below the average for top locations. Office space take-up in 2025, at around 400,000 square meters, was slightly lower than in previous years, a trend driven, as elsewhere, by the absence of major deals. In the first half of 2026, letting activity remained somewhat subdued, partly because the public sector leased less space. Furthermore, prospective buyers are holding back from making purchases because there is a lack of modern properties. Prime rents have remained stable this year.

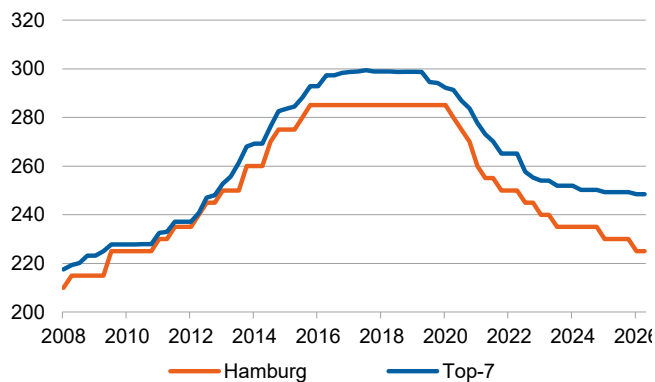
Retail property in Hamburg

The Hanseatic city stands out as a leading shopping destination in the north, with a large catchment area. In total, nearly 5 million people live in the Hamburg metropolitan area. Added to this is strong purchasing power, with an index of 108 points. Key customer groups include city breakers and cruise passengers. What appeals to customers is the wide range of options on offer, from traditional shopping areas in City-Ost – such as Spitalerstrasse and Mönckebergstrasse – to exclusive locations in City-West, such as Neuer Wall and Jungfernstieg. In between lies the Europa-Passage, a large city-center shopping center. Since spring 2025, the city has also been home to the Westfield Center in the Überseequartier district of HafenCity, a shopping megastore with almost 100,000 square meters of retail space, which is roughly a quarter of the retail space in the city center. However, the feared loss of

Retail: The Mönckebergstrasse shopping district is undergoing a transformation; HafenCity has become a major shopping destination

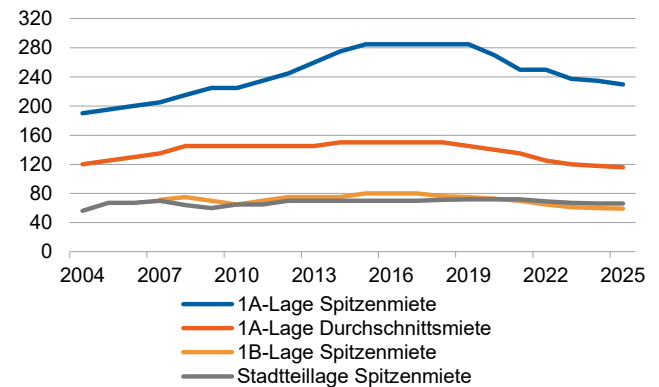
customers has not materialized so far. Any decline would be unfortunate for the city center, which is already suffering from high vacancy rates and the closure of department stores. However, the conversion of properties into mixed-use neighborhoods is leading to a decline in retail space, thereby reducing the risk of vacancies. Hamburg's top rent fell to 230 euros per square meter by 2025. Among the top locations, the decline from the peak was above average at 20 per cent. In the first quarter of 2026, the prime rent fell to 225 euros per square meter.

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

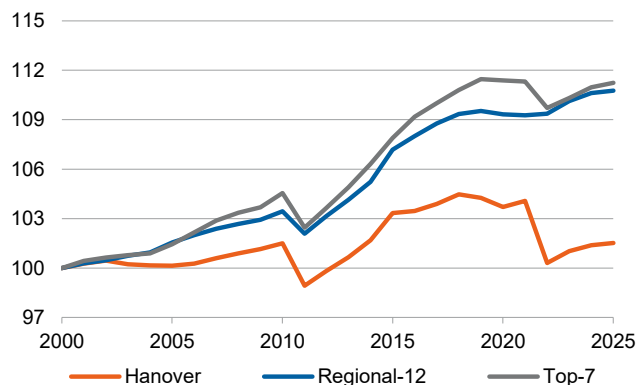
HANOVER

Hanover as a property market

With a population of 523,000, the capital of Lower Saxony ranks 14th amongst Germany's largest cities. Over the past quarter of a century, however, the population has largely remained stagnant. Despite failing to make the top ten in terms of population, Hanover is one of the most significant locations in the property market. This is evident from the high rents for commercial premises as well as the large office market. Several factors contribute to this: Hanover serves as the state capital, an administrative center and a major business hub in Lower Saxony, home to large industrial and service companies. Furthermore, the city forms the center of the

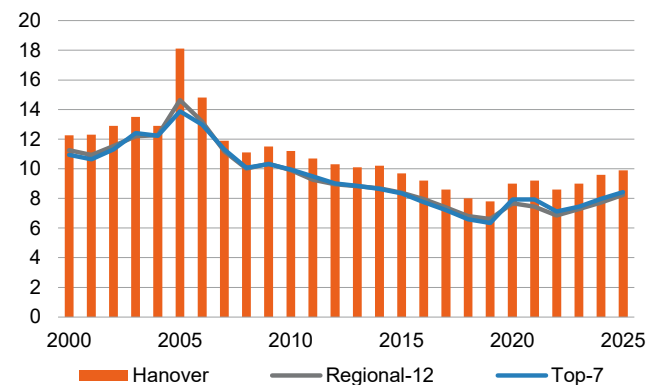
Among the top locations, Hanover is one of the most significant German property markets

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



Source: bulwiengesa

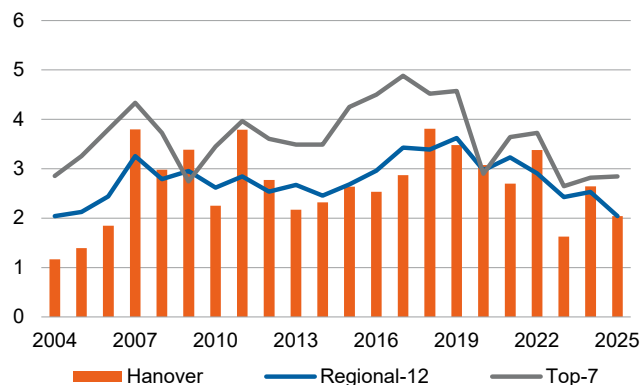
Hanover–Braunschweig–Göttingen–Wolfsburg metropolitan region and is a major trade fair venue. The industrial sector is well represented by the machinery and vehicle manufacturing industries and their suppliers. Furthermore, as the home of NORD/LB and Talanx, Hanover is an important center for financial services providers. In addition, the tyre manufacturer Continental and the travel group TUI with its head offices are based in Hanover. Furthermore, the city is a major center for science, home to various research institutes and universities, which together have almost 50,000 students enrolled. However, despite the employment opportunities in the private sector and the public sector, the unemployment rate remains quite high at around 10 per cent. As a business location, Hanover benefits from good transport links in both the east-west and north-south directions by road and rail, which has had a positive impact on the development of the logistics sector. Added to that is the international airport.

Office properties in Hanover

With a total area of over 4.7 million square meters, Hanover is the largest office market outside the top locations and leads the field among B-class locations by a considerable margin ahead of Nuremberg, which has 3.8 million square meters. Large service providers, industrial organizations, the education sector and the city's status as the state capital are the reasons for the large stock of office space. Over

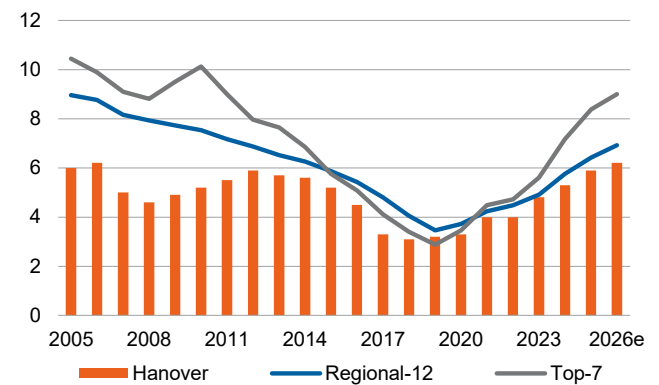
Offices: Hanover is by far the largest office location in Germany outside the top seven locations

Take-up
as % of the office stock



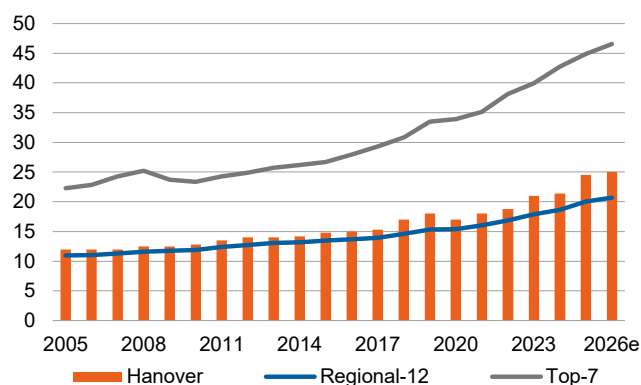
Source: bulwiengesa

Vacancy rate for office space
as %



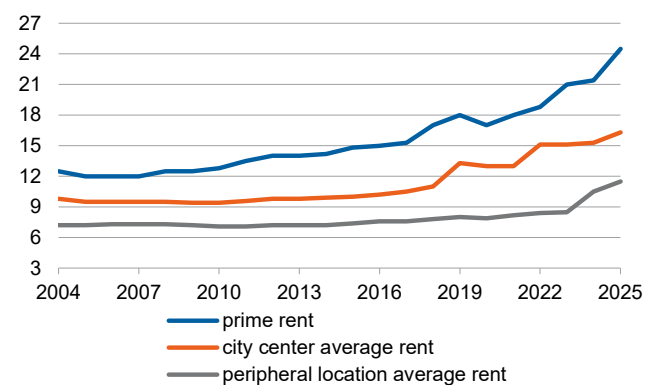
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



Source: bulwiengesa

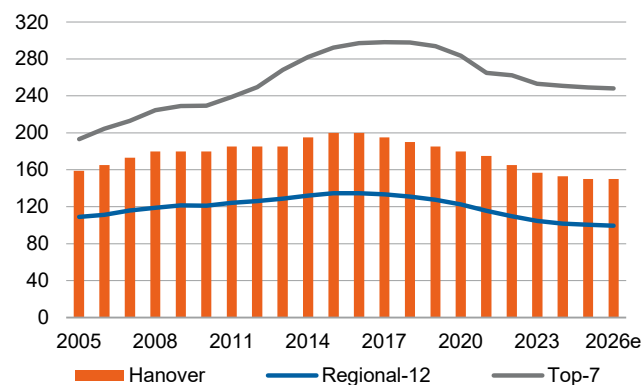
the past ten years, however, the area has grown only moderately, by 4 per cent. The rise in vacancy rates, which is particularly evident in major office hubs, is also evident in Hanover. The vacancy rate, which stood at just over 3 per cent between 2017 and 2020, had more than doubled to 5.9 per cent by 2025. The take-up of office space fell significantly. At 96,500 square meters, the figure recorded in 2025 was the lowest since 2007. The shortage of modern office space, for which there is high demand contributed to the prime rent rising significantly to 24.50 euros per square meter in 2025. This represented an increase of just over 15 per cent compared with 2024. Within ten years, the prime rents rose by 65 per cent. Furthermore, average office rents rose both in the city center and in outlying areas. Given the high construction and financing costs, the addition of new space is likely to remain low. Given the challenging economic climate, we expect only a moderate rise in rents at best, despite the scarcity of modern premises, partly because rent levels are already high. In the first half of 2026, however, letting activity picked up significantly. This was also due in part to two major public-sector contracts covering areas in the five-figure square meter range. The tenants of the premises are the Lower Saxony development bank, NBank, and the City of Hanover.

Retail property in Hanover

Hanover is one of the retail locations across Germany with the highest prime rents. At 150 euros per square meter (2025), this represents the highest figure among locations below the top tier. Although the prime rent has fallen sharply in absolute terms from its previous peak of 200 euros per square meter, owing to the pressures facing high-street retailers, in relative terms the 25 per cent drop in rent has been fairly average. However, the area in the city center where the highest rents are commanded has become smaller. Added to this are significant levels of vacancy, to which the closure of two Galeria branches has also contributed. Solutions are on the horizon though. The former Kaufhof has been acquired by the entrepreneur Oliver Blume and is now being converted for mixed-use development. In addition to a vocational school, retail, catering and residential accommodation are planned. There is also investor interest in the former Karstadt building on Georgstrasse. The fact that rents remain high is due to favorable underlying conditions. The advantages include the large catchment area and the fact that competition from neighboring locations is limited. Compared with out-of-town retail locations, the city center holds its own well thanks to its large retail space, which is reflected in a comparatively high centrality index of 121 points. One positive aspect is that the figure has risen gradually over

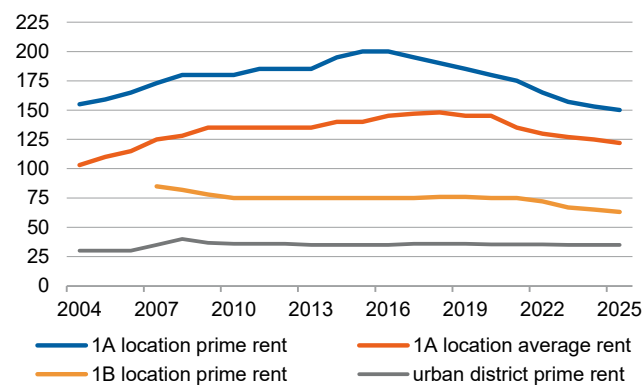
Retail: Hanover is one of the most expensive retail locations in Germany

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

recent years. Purchasing power is slightly below average, with an index of 97 points. The city center's appeal is enhanced by the excellent range of shops in the prime locations of Bahnhofstrasse/Niki-de-Saint-Phalle-Promenade, Georgstrasse, Grosse Packhofstrasse and Karmarschstrasse. These prime locations are complemented by the Ernst-August-Galerie in the city center. Retail demand is also benefiting from business generated by visitors. The trade fair sector, which is of great importance to Hanover, also plays a part in this.

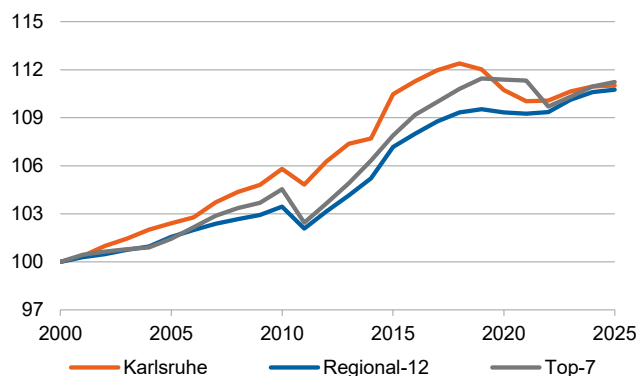
KARLSRUHE

The property market in Karlsruhe

After Stuttgart, Mannheim and – close behind – Karlsruhe are the largest cities in Baden-Württemberg in terms of population. However, following a sharp rise, the population of Karlsruhe has been stagnating for a good ten years. In 2025, the population stood at 309,000, unchanged from the previous year. Unlike Mannheim, which is characterized by its industrial character, Karlsruhe is primarily a center for administration, science and services. The city, situated on the Upper Rhine, is also home to a number of important institutions. This is where the Federal Constitutional Court, the Federal Court of Justice, the administrative offices of the administrative district and the Federal and State Pension Scheme are located. As a center of learning, Karlsruhe is home to several universities, with around 37,000 students enrolled. The Karlsruhe Institute of Technology (KIT) stands out in this regard. The science hub also benefits from a range of research institutes. The key economic sectors are IT, chemicals and mechanical engineering. Well-known companies based in Karlsruhe include the dm drugstores, EnBW, the IT firms Atruvia and United Internet, as well as the pharmaceutical company Schwabe. However, tourism plays hardly any role in this Baroque and royal city. One advantage is the good transport links via the A5 and A8 motorways, the ICE rail connection, and an airport and inland port. The unemployment rate stood at 5.4 per cent in August 2026, remaining at a low level. The outlook for Karlsruhe is rated positively in the Prognos Future Atlas, where it ranks 18th out of 400 towns and districts.

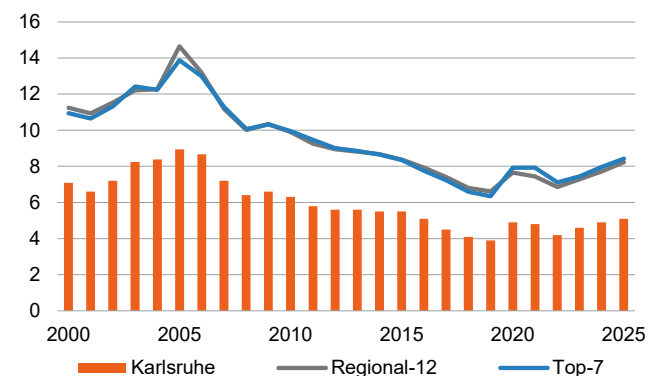
Karlsruhe is a major center for business, administration and research

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %

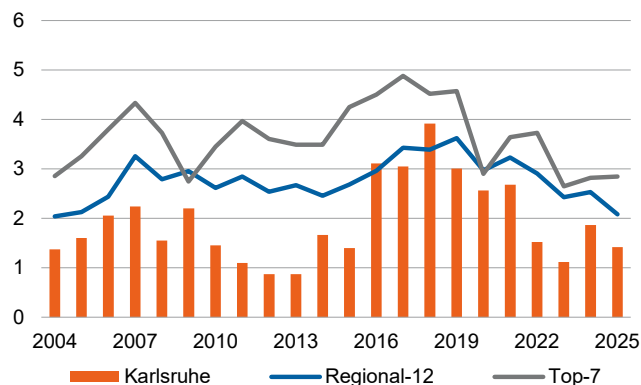


Source: bulwiengesa

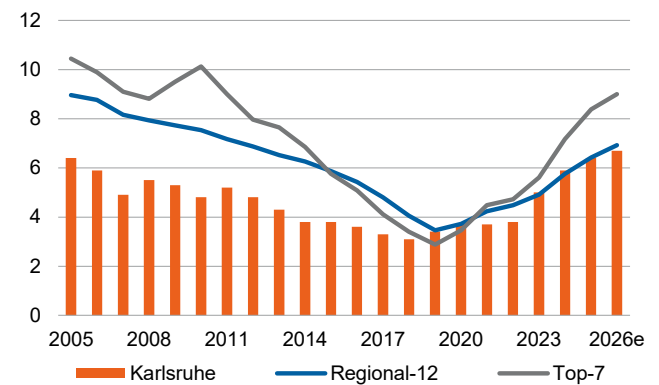
Office properties in Karlsruhe

As a center for administration, services and academia, Karlsruhe has a fairly large office market, covering 2.7 million square meters. From 2018 onwards, the office stock grew significantly as a result of major property developments. The 1&1/Dommermuth office complex at the main railway station stands out with a floor area

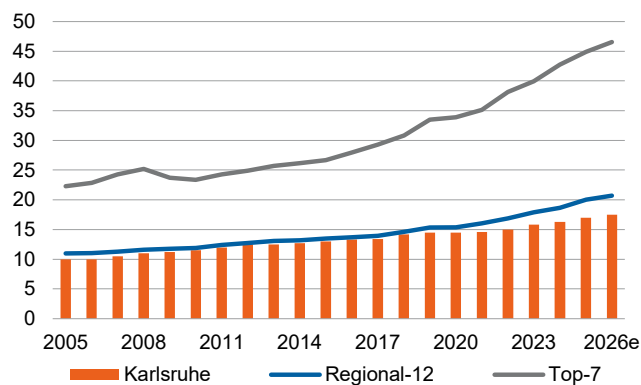
Offices: Large-scale property developments were accompanied by rising rents, but also by higher vacancy rates

Take-up
as % of the office stock

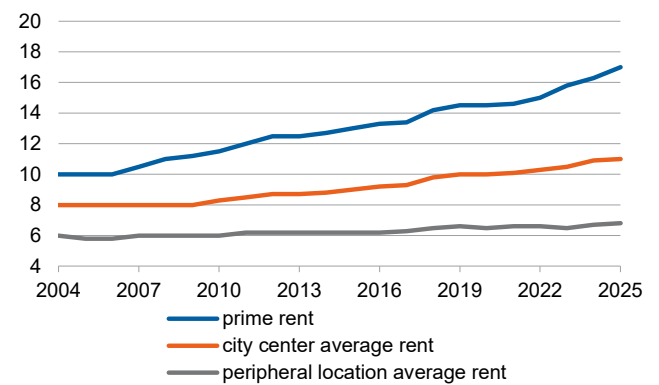
Source: bulwiengesa

Vacancy rate for office space
as %

Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²

Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²

Source: bulwiengesa

of around 50,000 square meters. Structural changes in the office market, coupled with the expansion of the property stock that took place at virtually the same time, have caused the vacancy rate, which had fallen to just over 3 per cent by 2018, to more than double to 6.4 per cent by 2025. Thanks to higher rents in new-build developments, the prime rent rose to as much as 17 euros per square meter (2025), despite the increase in vacancy rates. However, over a ten-year period, this figure rose by 30 per cent – a significantly slower rate than the average for the regional centers under consideration. The average office rent in the city center also showed a positive trend. Outside the city center, however, it remained largely stagnant. The office market has recently been unable to match the peak take-up of almost 100,000 square meters. Since 2022, figures of between 30,000 and 40,000 square meters have been recorded.

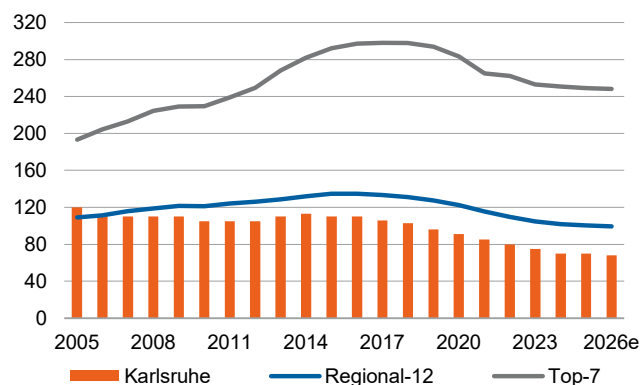
Retail property in Karlsruhe

Karlsruhe is a major shopping destination in Baden-Württemberg. On the positive side, there is a large catchment area and a solid economic base with low unemployment. Nevertheless, the purchasing power index stands at 101 points, which is a rather moderate figure, attributable to the high proportion of students. At 109 points, centrality is also not particularly high. The city's appeal has also waned, as 15 years ago its centrality was measured at 130 points – a significantly higher figure. The retail sector receives very little support from the tourism sector. One plus

Retail: Major construction sites, online shopping and sluggish consumer spending have had a noticeable impact on the city center

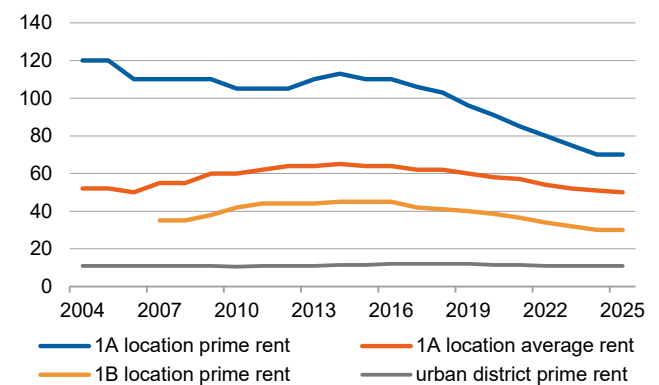
point, however, is the excellent range of shops in the prime location of Kaiserstrasse, as well as the two well-integrated shopping centers, Postgalerie and Ettlinger Tor. For some time now, large-scale building sites have been placing an additional strain on the city center, alongside the widespread effects of e-commerce and consumer reluctance. The construction of the light rail tunnel, which opened in 2021, was followed by the redevelopment of Kaiserstrasse, which is not expected to be completed until 2028. It remains to be seen how well high-street retail will recover in the pedestrianized area, which will then have been modernized and freed from tram traffic. The exodus of retailers – partly due to the building works – is evident from the high vacancy rates, mobile phone shops, fast-food restaurants and newsagents, as well as from the prime rent, which has fallen by almost 50 per cent compared with its previous peak. It is encouraging that the peak rent of 70 euros per square meter, as calculated for 2024, did not fall any further in 2025.

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

LEIPZIG

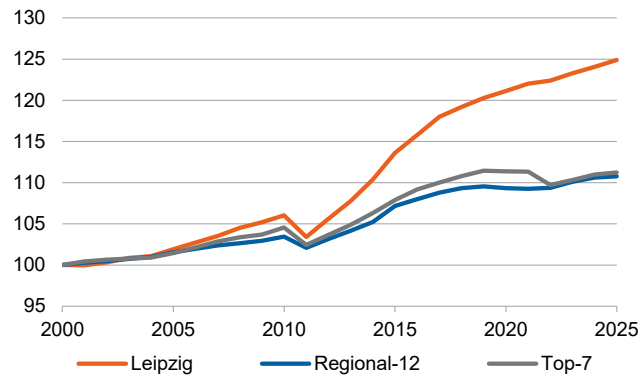
Leipzig property market

Whilst population growth in most major cities has visibly slowed or even come to a halt, Leipzig continues to grow at a dynamic rate – and is doing so at a significantly faster pace than Dresden, the capital of Saxony. In 2010, both cities had the same population of 523,000. However, since then, Dresden's population has grown by 8 per cent and Leipzig's by 18 per cent, reaching 616,000. The reasons for the continued influx of new residents are the high quality of life in this city, which boasts a wealth of historic buildings, and the economic upturn. Despite the significant expansion in the labor supply due to an influx of people, the unemployment rate, at 9.3 per cent (August 2026), is in line with the average level for the regional centers under consideration. However, as the population grew, the advantage of a good and affordable housing supply began to dwindle. In contrast to newly built flats, however, rents for existing flats – averaging just under 10 euros per square meter – are still comparatively affordable. The economic foundation of this long-established center for trade fairs, commerce and industry is built on forward-looking sectors and major companies such as DHL, Siemens, BMW and Porsche. Both premium manufacturers have geared their Leipzig plants towards the future of electric vehicles. The scientific sector is also significant. A diverse start-up scene has developed in the vicinity of a dozen universities with nearly 41,000 students. The excellent transport links to the A9, A14 and A38 motorways, as well as to Leipzig-Halle International Airport, also have a positive impact. Key economic clusters include the automotive sector, the

A thriving business hub with strong population growth

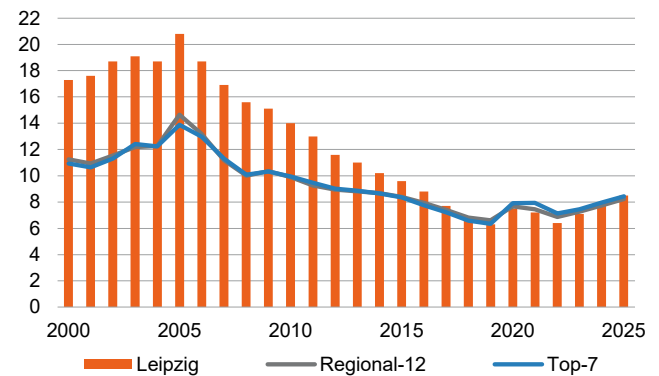
digital economy, green tech, life sciences, the media and creative industries, and tourism. Logistics plays a key role in the air freight hub.

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



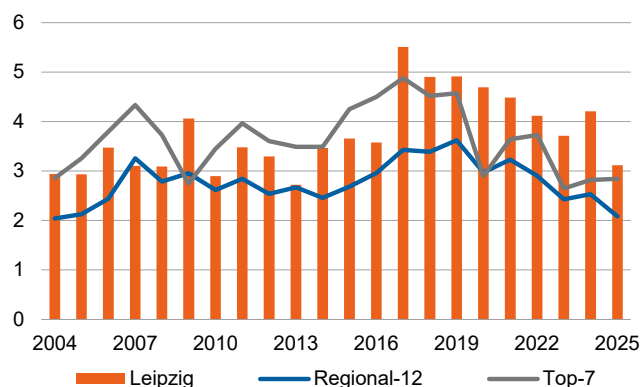
Source: bulwiengesa

Office properties in Leipzig

Depending on the source, the total floor area of the Leipzig office market ranges from around 3 million to 4 million square meters. A large proportion of this was built in the 1990s; after that, hardly any new office buildings were added for a long time. It is only in the last few years that the development of new office space has picked up. All in all, however, the total floor space has hardly increased, whilst office employment has grown by almost 20 per cent. Consequently, the reduction in the vacancy rate was able to continue until 2022. It was not until 2023 that there was an increase. However, the vacancy rate remains moderate at 5.4 per cent (2025). By contrast, prime rents rose sharply, climbing to 20.80 euros per square meter last year. Since 2015, this figure has risen by over 60 per cent. Average office rents also showed a gradual upward trend, both in the city center and in outlying areas. However, letting activity fell noticeably in 2025 and, at 90,000 square meters, failed to reach a six-figure figure for the first time since 2016. This was a quarter below the ten-year average. The result was underpinned by two major deals totaling 8,000 square meters (Deloitte) and 5,600 square meters (Deutsche Bahn). The weakness in the office market continued in the first half of 2026. There is particular demand for high-quality, smaller office spaces, whilst larger deals are rare. Properties in outlying

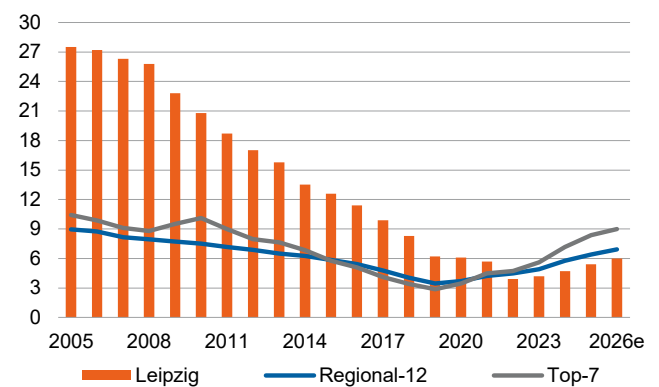
Offices: A dynamic office market with a sharp rise in prime rents

Take-up
as % of the office stock



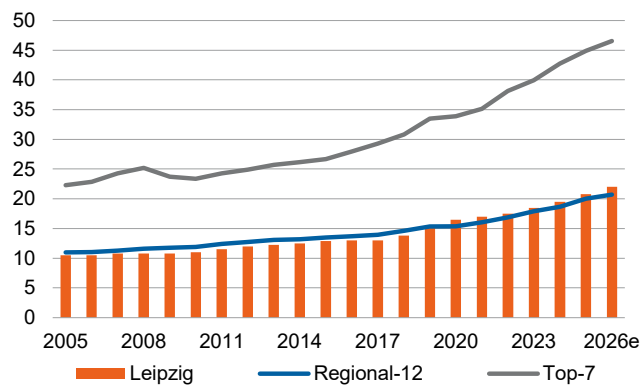
Source: bulwiengesa

Vacancy rate for office space
as %



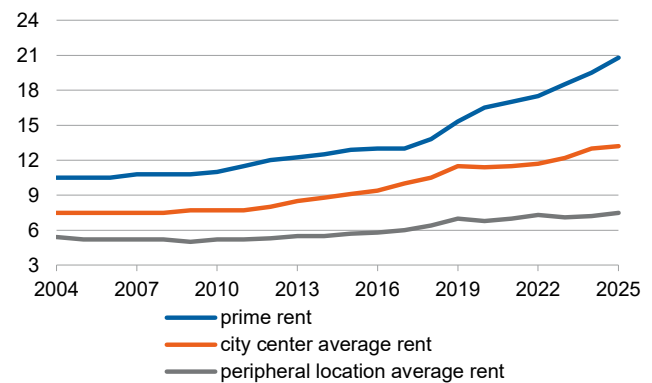
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



Source: bulwiengesa

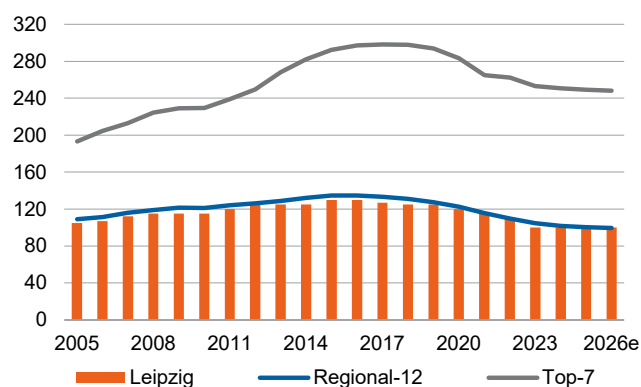
areas are becoming increasingly difficult to let. Due to the low level of office construction, the availability of newly built premises is now limited. There were signs of stabilization in prime rents in 2026. By contrast, the vacancy rate rose slightly.

Retail property in Leipzig

With its attractive city center, Leipzig is the third leading shopping destination in eastern Germany, alongside Berlin and Dresden. The retail sector benefits from a large catchment area, significant population growth, the city's economic upturn and a robust tourism sector. Furthermore, Leipzig's city center is particularly attractive thanks to its historic buildings, numerous arcades, exhibition halls and courtyards. In the city center, shoppers can look forward to several prime locations such as Petersstrasse and Grimmaische Strasse, as well as the two shopping centers, Höfe am Brühl and the Promenaden at the main railway station. Despite its attractive town center and relatively weak competition from neighboring towns, its centrality score of 102 points is surprisingly low. This is partly due to out-of-town shopping destinations such as the two shopping centers NOVA on the western outskirts and the Paunsdorf Center on the eastern outskirts, with a combined retail area of almost 150,000 square meters, as well as various specialist retail outlets. Despite the economic upturn, low purchasing power – with an index of just 89 points – is a negative factor for the retail sector. As a result of falling city center rents, the prime rent has fallen

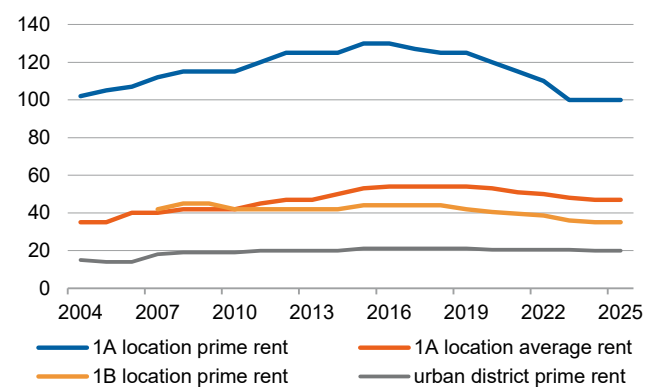
Retail: Since 2023, stable prime rents have benefited from growing interest in city-center premises

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

by a good quarter compared with its peak. Since 2023, the figure has remained steady at 100 euros per square meter. Whilst there are visible vacant premises in the city center, available shop premises can usually be let to new businesses. Nike and Uniqlo branches are set to open on Petersstrasse in the near future. Furthermore, the amount of available space – and consequently the vacancy rate – has been reduced by changes of use. The historic Karstadt building, which closed in 2019 and was subsequently refurbished, reopened at the end of 2023 as N30/NEO and will feature 'Distrikt Marquet', a market hall covering an area of 3,000 square meters.

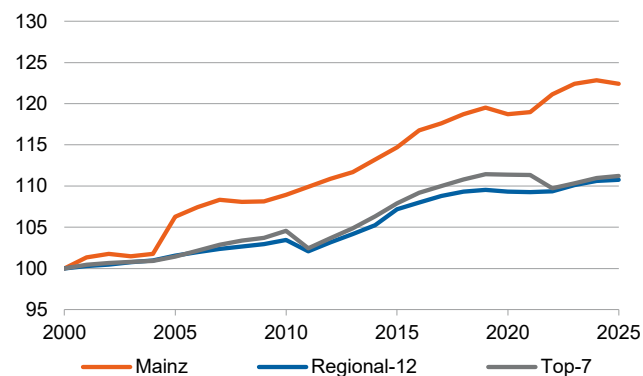
MAINZ

Mainz as a property market

The Romans were already well aware of the strategic importance of the Rhineland-Palatinate capital's location on the Rhine and Main rivers. Today, the town, situated on the western edge of the Rhine-Main area, benefits from its integration into this economically strong region. Thanks to the high quality of life in Mainz, the population has grown significantly. Although the rise in the population has recently come to a halt, the bottom line is that the figure has grown strongly by a good 7 per cent since 2015 to 224,000. This popularity literally comes at a price, as Mainz is one of the most expensive cities to live in, apart from the top locations. Public administration is a key pillar of the city. The media also play a significant role, with ZDF, SWR and 3sat being prominent representatives. The creative industries and services focusing

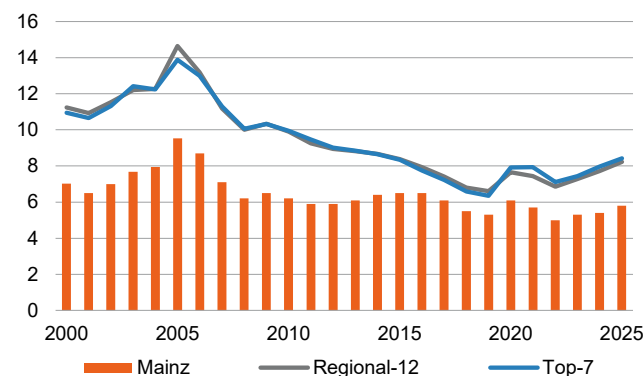
The capital of Rhineland-Palatinate is growing rapidly and is developing into a biotech hub

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



Source: bulwiengesa

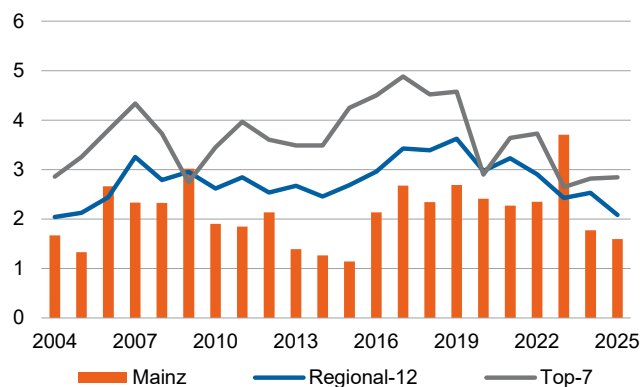
on health and social care are also significant. Biotechnology and life sciences are young, up-and-coming sectors. Mainz has used the substantial trade tax revenue generated by the COVID-19 vaccine developer BioNTech, amongst other things, to develop a biotech campus that is likely to pay off in the long term. For example, the Danish pharmaceutical group Novo Nordisk, which has enjoyed success with the weight-loss injection Wegovy, has opened its German headquarters here. Mainz is also a major center of learning, with more than 36,000 students and a large number of research institutes. The manufacturing sector is less significant, but nevertheless home to a number of well-known companies. These include the glass manufacturer Schott and the chemicals company Werner & Mertz (Erdal). The unemployment rate is 6.0 per cent (August 2026), which is relatively low. Urban development is benefiting from the major Zollhafen project, where a total of 4,000 jobs and 1,400 homes are being created. Another project costing billions is the refurbishment of the university hospital. In the Prognos Future Atlas, which covers 400 towns and districts, Mainz has risen to seventh place.

Office properties in Mainz

The Mainz office market has a total floor space of just over 1.8 million square meters. However, the increase in office space – which grew by 11 per cent over a ten-year period as a result of rising office employment – had no negative impact on vacancy rates. The vacancy rate, which had fallen to around 3 per cent by 2017, has remained largely stable since then. Even more remarkable than the fact that the amount of vacant office space did not increase is the sharp rise in prime rents in 2025, which rose by around a quarter to 25 euros per square meter. This development is being driven by modern office spaces that have been built in the Zollhafen. Average office rents also rose significantly in city center locations, whilst they remained largely stagnant in outlying areas. Overall, however, activity in the Mainz office market in 2025 was moderate, as was the case in many other office locations. Take-up fell again compared with the previous year to 28,000 square meters, reaching its lowest level since 2016. The ten-year annual average is significantly higher at 40,000 square meters. As in other places, there were, in particular, no large-scale deals. In addition to the letting of standard office space, demand for premises in the life sciences sector at this biotech hub is becoming increasingly significant.

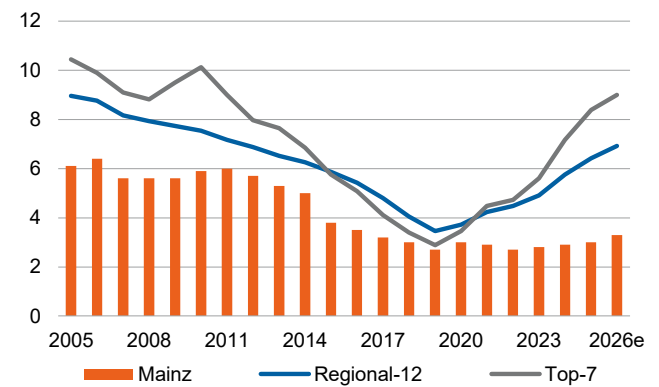
Offices: A robust office market in Mainz with a low and stable vacancy rate

Take-up
as % of the office stock



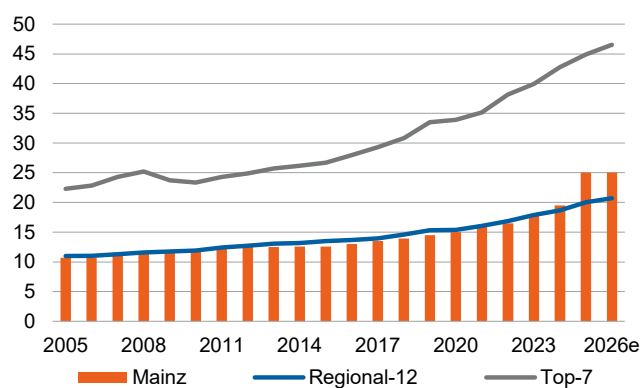
Source: bulwiengesa

Vacancy rate for office space
as %



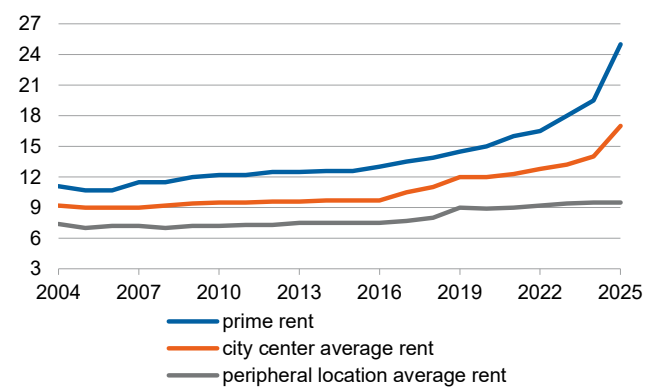
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



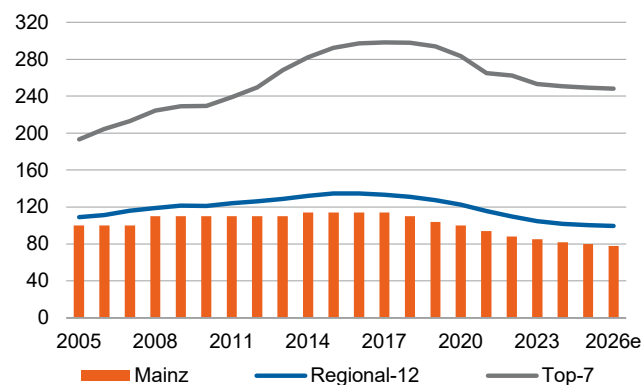
Source: bulwiengesa

Retail property in Mainz

As a shopping destination, Mainz benefits from a large catchment area, which extends mainly to the south-west of the city. To the north and east, it is bordered by the Rhine and the shopping destinations of the Rhine-Main region. There is fierce competition from Wiesbaden, situated on the opposite bank of the Rhine, and from Frankfurt, which is only 40 kilometers away. Mainz's strengths include its growing population and its significant tourism sector. Purchasing power is held back by the high proportion of students; however, at 103 points, the index remains slightly above average. Owing to the intense competition between locations, the centrality score is rather low, at 107 points. Apart from the small Römerpassage, there is no shopping center in the city center. However, this weakness can be offset by a good mix of properties in the three prime locations of Am Brand, Schuster- and Stadthausstrasse. The Mainz City Center Monitoring Survey recorded a moderate vacancy rate of 6.5 per cent in 2025. The top rent fell to 80 euros per square meter by 2025, representing a 30 per cent decline from its previous peak. The long-planned redevelopment of Ludwigstrasse could give the area a boost in terms of its appeal. On the former Hertie/Karstadt site, the 'Lu:' mixed-use development is planned, featuring retail, catering, a hotel and cultural facilities.

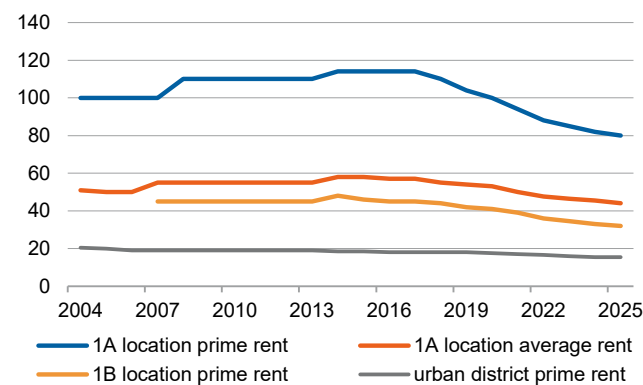
Retail: An attractive shopping destination with a relatively low vacancy rate

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

MANNHEIM

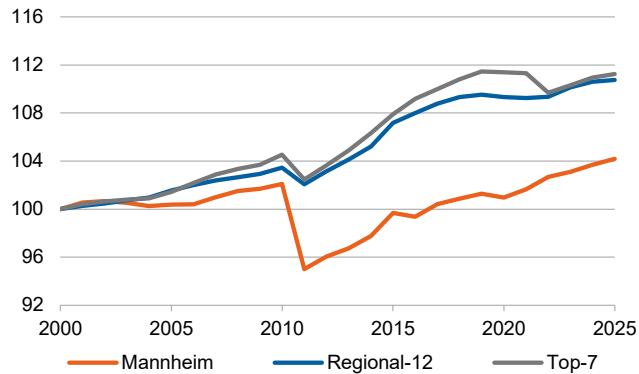
Mannheim as a property market

With a population of around 320,000, Mannheim is the second-largest city in Baden-Württemberg, just ahead of Karlsruhe. Since 2015, the population has grown by just over 5 per cent. In the wake of structural change, this traditional industrial center has transformed itself into a service center, although the manufacturing sector still plays a fairly significant role. The business hub benefits from its location on the Rhine and Neckar rivers, its inland port and its excellent transport links via the A5 and A6 motorways and the ICE network. Key sectors are the electrical industry, chemicals, pharmaceuticals, and mechanical and automotive engineering. Financial services and logistics have also performed well. In addition, there is a thriving start-up scene across several business incubators. Examples of large companies include ABB, Bilfinger, Daimler, Fuchs Petrolub, John Deere, MVV Energie and Südzucker. Furthermore, the birthplace of the motor car is home to a Mercedes-Benz plant where engines for commercial vehicles are manufactured. Mannheim also serves as the economic hub of the Rhine-Neckar region and is a renowned center of academic excellence, home to a large university and several other higher education institutions with a total of 28,000 students. In the Prognos Future Atlas, which covers 400 towns

Space for residential and commercial use: Mannheim benefits from large brownfield sites

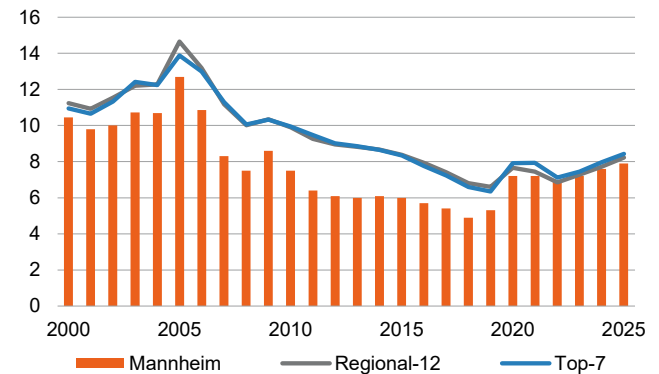
and districts, the city stands in 31st place. The unemployment rate stood at 8.4 per cent in August 2026, which is average. Urban development benefits significantly from large-scale civilian and military site conversions, on which new neighborhoods such as Franklin are being built. There are already 7,000 people living here. The figure is set to rise to 10,000. The Federal Garden Show took place on the site of the former Spinelli Barracks in 2023.

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



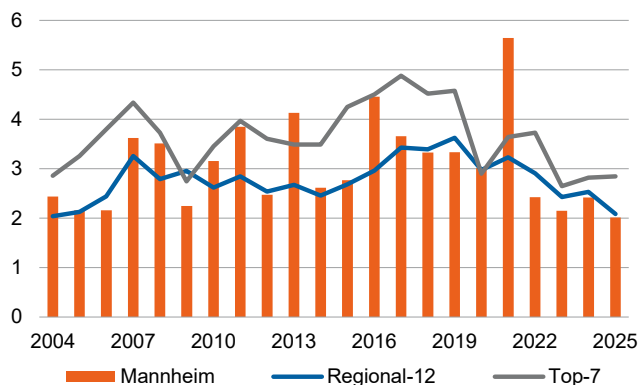
Source: bulwiengesa

Office properties in Mannheim

Mannheim is a major office hub in the economically vibrant Rhine-Neckar region, with over 2.3 million square meters of office space, which has expanded significantly by 15 per cent since 2015. However, driven by an increase in working from home and weaker demand for office space, the vacancy rate also rose noticeably. From a low of 4 per cent (2018), it rose sharply to almost 11 per cent by 2024. This was also due in part to ABB and Siemens moving out, which freed up around 75,000 square meters of office space. In 2025, the vacancy rate fell slightly to 10.3 per cent, partly due to fewer completions. The rapid rise in prime rents, which continued until 2023, has since slowed noticeably. In 2025, the price for these sought-after modern

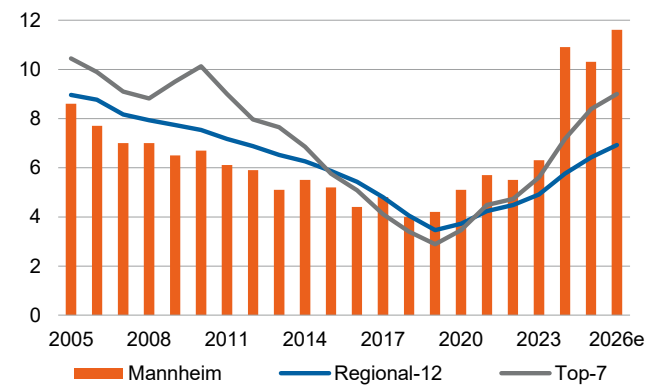
Offices: Vacancy rate has stabilized following a sharp rise

Take-up
as % of the office stock

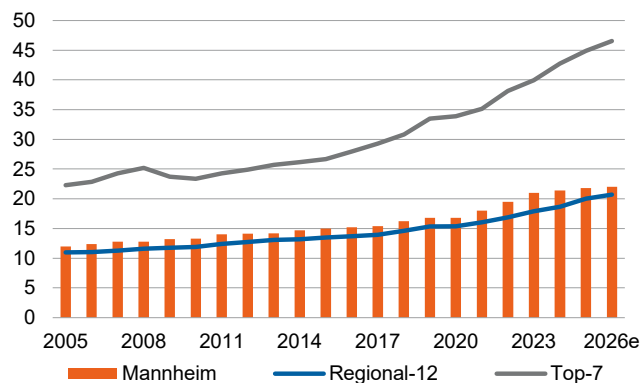


Source: bulwiengesa

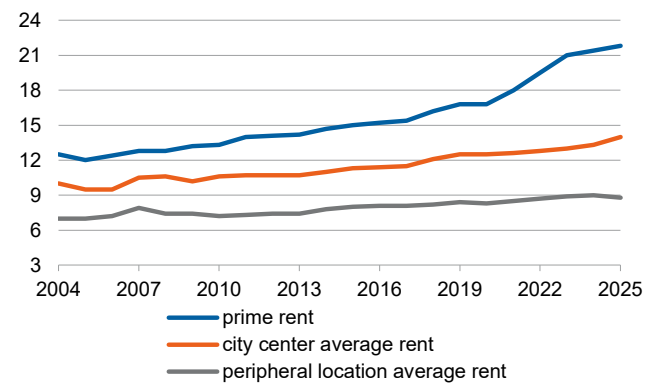
Vacancy rate for office space
as %



Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²

Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²

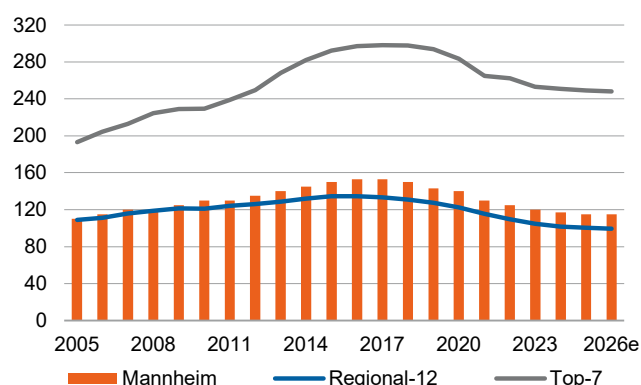
Source: bulwiengesa

premises stood at 21.80 euros per square meter. This makes Mannheim one of the most expensive office locations outside the top tier. Overall, prime rents have risen by an average of around 45 per cent since 2015. Even so, the average office rent in city centers continued to rise in 2025, despite the high vacancy rate. In outlying office locations, however, it fell slightly. Since 2022, office space take-up has remained at a level that is somewhat lower than usual for Mannheim, but has nevertheless been fairly stable. In 2025, the figure was 47,000 square meters. In the first half of the year, the trend of moderate activity in the office market continued. As is the case in many other office locations, the public sector is currently a key driver of demand for office space.

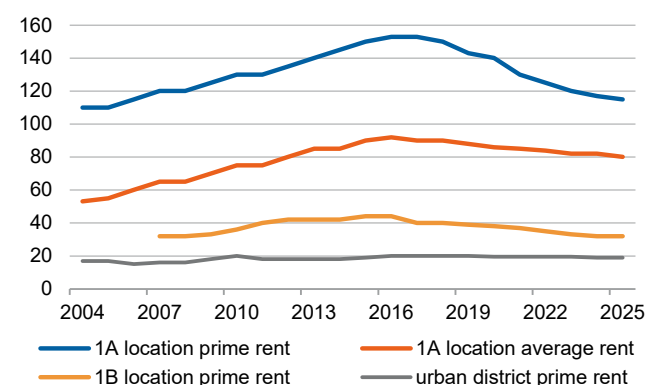
Retail property in Mannheim

Mannheim is the leading shopping destination in the Rhine-Neckar region. This appeal is reflected in a high centrality index of 135 points. The inflow of purchasing power from the large catchment area acts as a counterbalance to the below-average purchasing power for the retail sector. The relevant figure at just 93 points is relatively low, a factor exacerbated by the high proportion of students in the population. The fact that the shopping destination is attractive to retailers is demonstrated by the prime rent, which has risen to more than 150 euros per square meter. However, that high level was reached ten years ago. Subsequently, as a

Retail: Mannheim's retail sector stands to benefit from the modernized 1A location Planken

Prime rent in retail
in euro/m²

Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²

Source: bulwiengesa

result of the pressures facing high-street retailers, it fell by a quarter to 115 euros per square meter by 2025. However, this means that Mannheim remains an above-average expensive regional center. The fall in rents was exacerbated by a significant increase in retail space in the city center, driven by the Q6Q7 shopping center, which opened in 2016. On the other hand, the redevelopment of the 1A Planken location – due to be completed by the end of 2024 – has enhanced the appeal of the shopping destination. The decline in demand for retail space is also evident in Mannheim, as shown by the conversion of former retail premises. These are mostly mixed-use projects, such as New7, which was developed from the former Kaufhof. The retail space was also reduced at a site previously occupied by Woolworth. A Premier Inn hotel is now being built there

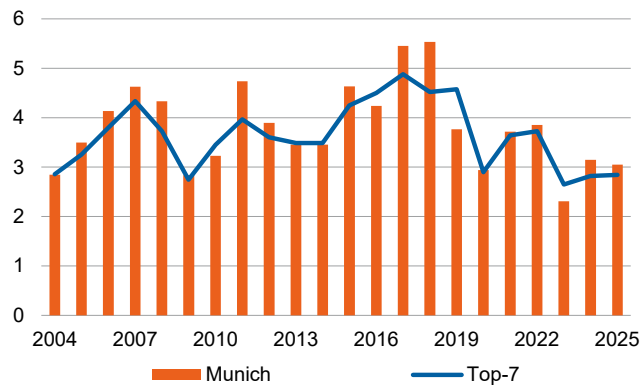
MUNICH

Office properties in Munich

With almost 15 million square meters, Munich is the second-largest office market in Germany, behind Berlin and ahead of Hamburg. In 2023, the Bavarian capital overtook Frankfurt, previously the most expensive office market, and has since managed to further distance itself from the average for top locations with its top rents. By mid-2026, Munich's prime rent had become the first German office market to reach the figure of 60 euros per square meter. As a result, the already high rent rose by 50 per cent within five years. The vacancy rate, which had risen from a very

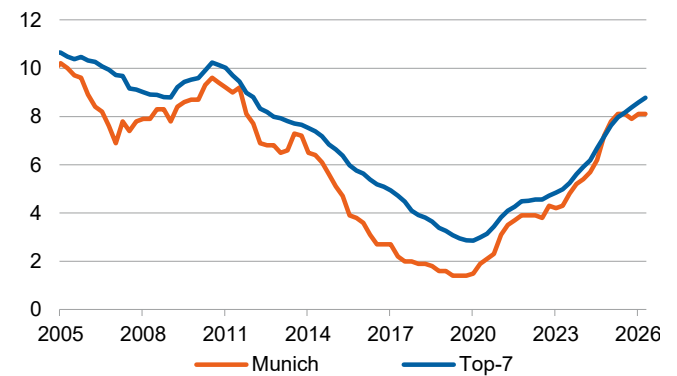
Offices: Munich has become the first German office market to reach a prime rent of 60 euros per square meter

Take-up
as % of the office stock



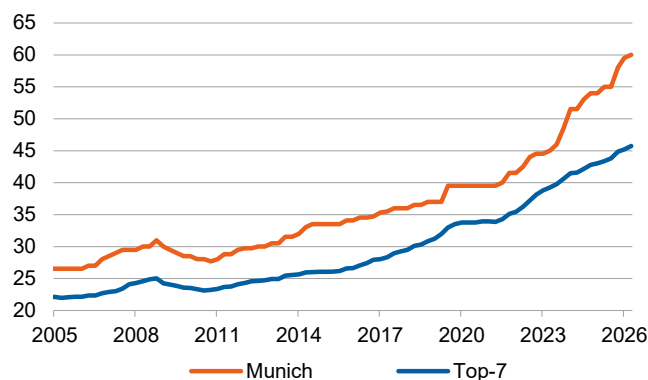
Source: bulwiengesa

Vacancy rate for office space
as %



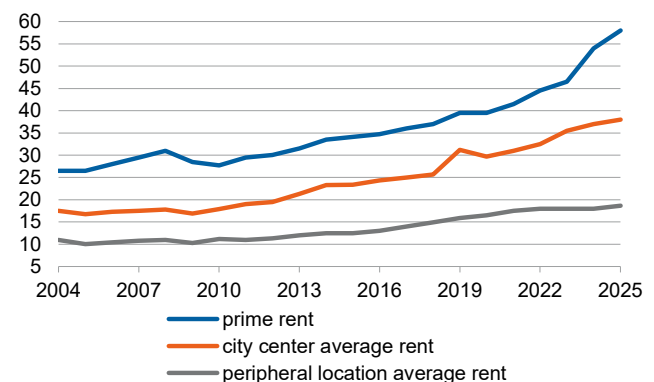
Source: bulwiengesa

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

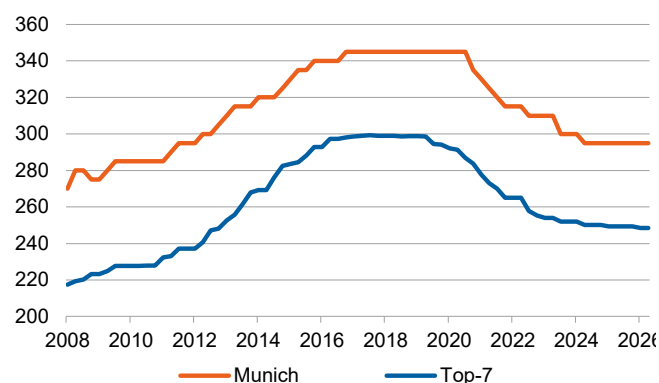
low level to around 8 per cent since 2019, increased only marginally in 2026. In 2025, office space take-up stood at 450,000 square meters, roughly the same level as the previous year. All size categories contributed equally to this. Industrial companies accounted for almost 30 per cent of tenants, ahead of consultancy firms and the information and communications technology sector. In the first half of 2026, the Munich office market performed well despite the weak economic climate. Take-up stood at almost 300,000 square meters. The Munich office market benefits from being located in one of Germany's strongest economic regions. One argument in favor of this location is that US IT giants such as Amazon, Apple, Google or Microsoft have established a presence. In early 2025, the German office of OpenAI, the developer of ChatGPT, was added. In addition, the major Taiwanese chip manufacturer TSMC is set to open a development center here. Furthermore, according to media reports, Netflix is planning to move its European headquarters to Munich. In addition, there are various well-established corporations such as Allianz, BMW, MTU, Munich Re, Siemens and Siemens Energy.

Retail property in Munich

Munich leads the way in the German retail sector in terms of prime rents and purchasing power. This is due, above all, to a combination of favorable conditions. This includes the Greater Munich area, which is economically strong and home to a population of just over 3 million; it is also growing rapidly due to a steady influx of new residents, thereby increasing the customer base. Another advantage is the high quality of life in the attractive city center, with its Bavarian charm and a wide range of shopping options, from consumer-focused retail concepts to traditional specialist shops and luxury boutiques. The thriving hospitality industry is boosted by trade fairs and the world-famous Oktoberfest. With 13,000 overnight stays per 1,000 inhabitants, Munich, together with Frankfurt, is a leader in German city tourism. Against this backdrop, the prime rent rose to the highest level in Germany, despite the relatively large retail space of just over half a million square meters. The highest rents are found on Kaufingerstrasse, Neuhauser Strasse and Maximilianstrasse. The prime rent fell by a good 15 per cent from its peak to 295 euros per square meter. The value it has remained stable since mid-2024. However, the retail crisis is also taking its toll on Munich city center, although prospective tenants are often found quickly for vacant premises here. In addition, retail space is decreasing as a result of changes in use. In former department stores, the upper floors are well suited for use as office space, for example. Buyers have been found for the Signa projects 'Alte Akademie' and the Corbinian Complex at the main railway station. According to

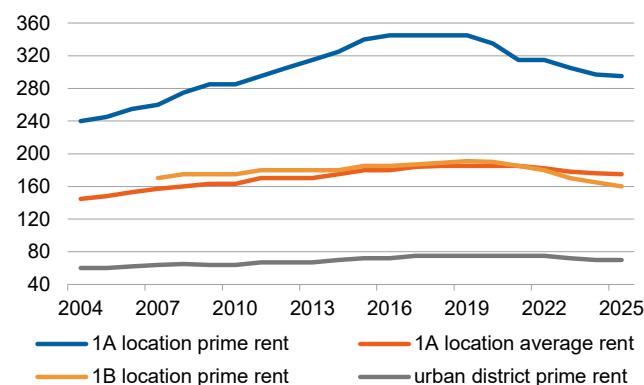
Retail: Munich's city center benefits from exceptionally high purchasing power and a thriving tourism industry

Prime rent in retail
in euro/m²



Source: bulwiengesa

Prime retail rent by location
in euro/m²



Source: bulwiengesa

press reports, there are also prospective buyers for the historic Tietz department store – formerly Karstadt – located there. The long-established Ludwig Beck department store on Rathauseck is also set to change hands, following Munich-based property developer Alfons Doblinger's acquisition of a majority stake in Ludwig Beck AG.

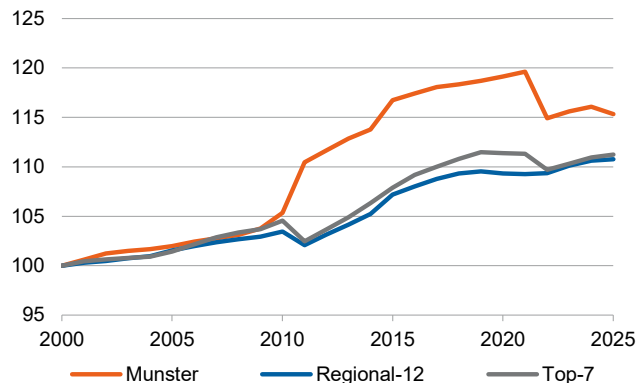
MÜNSTER

Münster as a property market

The problems facing towns in the Ruhr region, such as high unemployment and a declining population, are unknown in Münster, which is situated in north-western Westphalia. At 5.2 per cent (August 2026), the unemployment rate is very low for a major city, and since the turn of the millennium the population has grown by 40,000 people – a good 15 per cent – to 306,000. Over the past ten years, however, growth has come to a standstill. This was also due to the fact that the population figure was revised downwards by 15,000 people in the 2022 census. In addition, the influx is being held back by the tight and expensive housing market. The factors in Münster's favor include the high quality of life in this attractive city, its favorable position in the labor market and its importance as a center of scholarship. The latter is of great importance to Münster, which is home to many research institutes and universities.

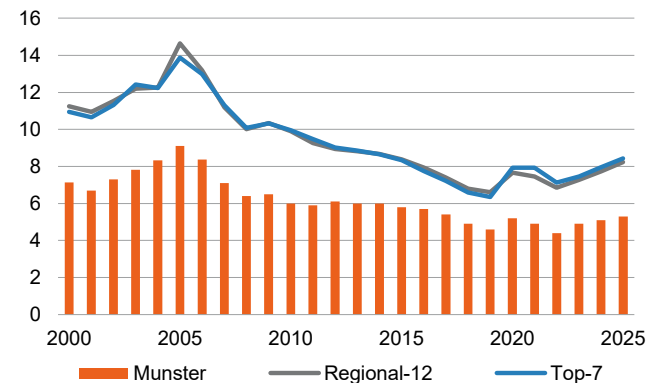
A major center of science with an economy characterized by small and medium-sized enterprises and a high volume of visitors

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



Source: bulwiengesa

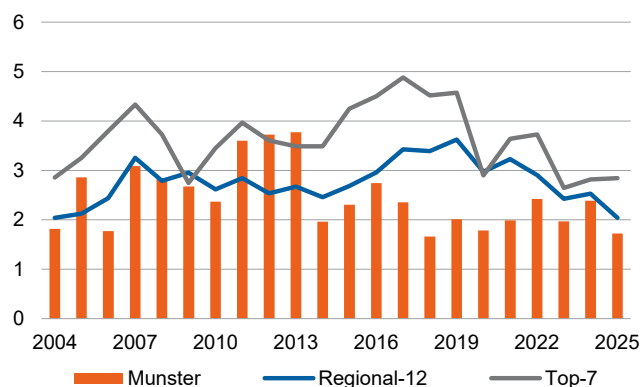
Three-quarters of the 64,000 students are enrolled at the University of Münster (formerly WWU). In an economy dominated by small and medium-sized enterprises, industry and large corporations play hardly any role. The largest employers are the University Hospital, the University itself, the city council and the German Pension Insurance Fund. Among the largest companies are Surventis (formerly BASF Coatings), the paint manufacturer Brillux, the insurance company LVM and the filter manufacturer Hengst. Thanks to its medieval charm and the famous Prinzipalmarkt, city tourism is thriving. Münster also serves as the administrative center for the Westphalia region, with a population of around 8 million. Transport links are excellent thanks to the A1 and A43 motorways, connections to the ICE network and Münster/Osnabrück Airport.

Office properties in Münster

The office market in Münster is benefiting from high demand for space due to the large number of educational and administrative institutions. However, market activity is largely local in nature and generally takes place on a small scale. Speculative developments are the exception. Whilst the office space stock, at around 2.3 million square meters, is growing at a moderate rate, employment in the office sector has risen at a slightly faster pace. As a result, the vacancy rate remains very low at 2.9 per cent (2025) despite the increase, the lowest figure in this market report. Office take-up reached 40,000 square meters in 2025. Although this meant that the figure for Münster was slightly below average, it was still within the usual range. As is the case elsewhere, the public sector is a major driver of regional demand for office space. Given the limited supply of space, prime rents have risen steadily. In city centers, it reached 18.50 euros per square meter in 2025. Over a ten-year period, it rose by a total of just over 30 per cent – a relatively slow increase. The average office rent in city center locations also increased in 2025. In outlying office locations, however, it fell slightly. At the start of 2026, around 140,000 square meters of office space was under construction, although the lion's share of this was being developed by tenants or by owners for their own use. Combined with the low vacancy rate, modern office space in Münster remains in short supply. The opening of the Sparkassen Campus in 2026 marked the completion of a major project in the office market, providing around 3,000 workspaces.

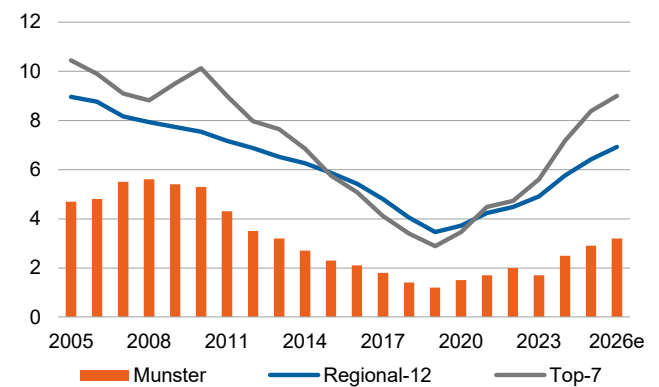
Offices: A stable office market characterized by a persistent shortage of space and a steady rise in rents

Take-up
as % of the office stock



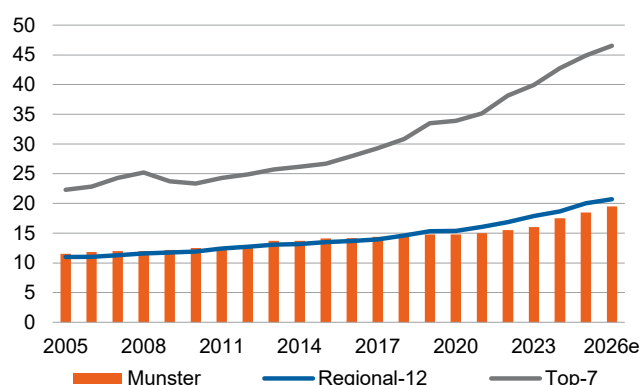
Source: bulwiengesa

Vacancy rate for office space
as %



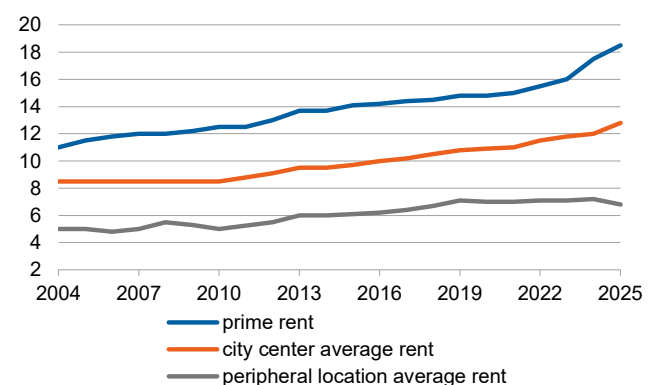
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



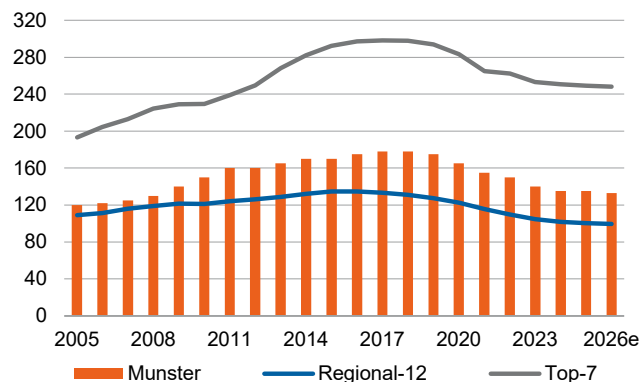
Source: bulwiengesa

Retail property in Münster

Consumer reluctance to spend and the loss of turnover to e-commerce are also being felt in Münster. However, given the difficult situation facing many retail locations, the situation is comparatively good. There were no significant vacancies. By contrast, the fall in peak rents – which had, admittedly, been very high in the past – has been more noticeable. Compared with its previous high, it fell by a good quarter, dropping to 135 euros per square meter by 2024. In 2025, the figure remained unchanged. However, this means that Münster remains one of the most expensive regional centers. Retail trade is supported by the large catchment area. In this context, centrality achieves a fairly high value, with a score of 119 points. However, this figure fell over time. In the past, figures in excess of 130 points have occasionally been recorded. Despite the high number of students, purchasing power is also quite good, with an index of 105 points. Another positive factor is the high number of visitors, with over 6,000 overnight stays per 1,000 inhabitants. A major advantage for the retail sector is the attractive town center, which offers a high quality of life for visitors. Shoppers are offered a wide range of options, from prime, high-footfall locations with a high concentration of shops – such as Ludgeristrasse – to owner-run and more exclusive shops on Prinzipalmarkt. The Münster Arkaden also provide an in-city shopping center. So far, Münster still has two Galeria branches.

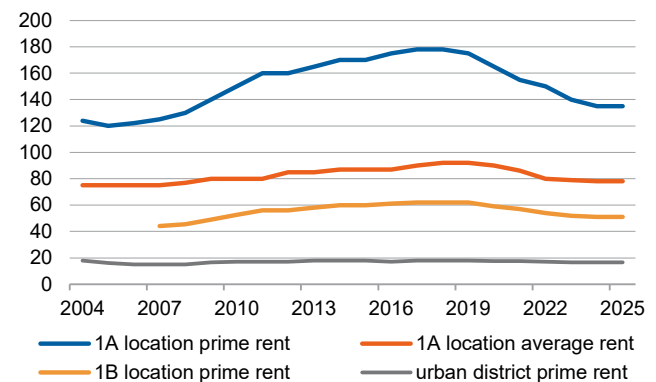
Retail: The conditions for retail trade in the city center are relatively favorable

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

NUREMBERG

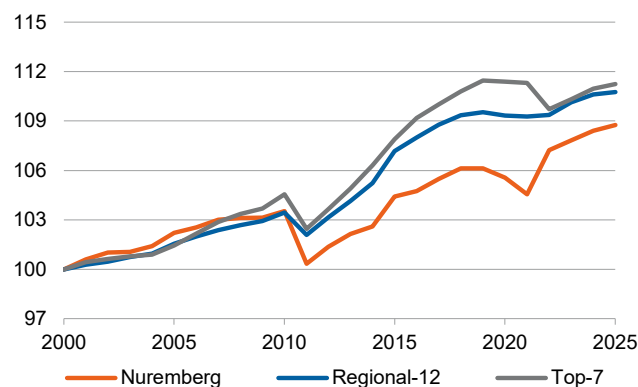
Nuremberg as a property market

With a population of 531,000, Nuremberg is the second-largest city in Bavaria and also the economic and cultural center of Franconia. The population has grown by around 4 per cent in recent years. Nuremberg is known internationally for the Imperial Castle, the Christmas market and the International Toy Fair. In the past, the city has repeatedly suffered economic setbacks as a result of industrial restructuring, insolvencies such as those of Quelle and Grundig, as well as major plant closures. However, these challenges were successfully overcome, enabling the economy and the labor market to show clear signs of positive development. The unemployment rate, which had previously been falling sharply, has recently started to rise again. As of August 2026, it stands at 7.4 per cent, which is well below the average for the regional centers under consideration. The Friedrich-Alexander University of Erlangen-Nuremberg, which has been based in Nuremberg since 1961, also contributed to the city's successful development. Today, there are 26,000 students

Bavaria's second-largest city is increasingly transforming itself into a center for services and science

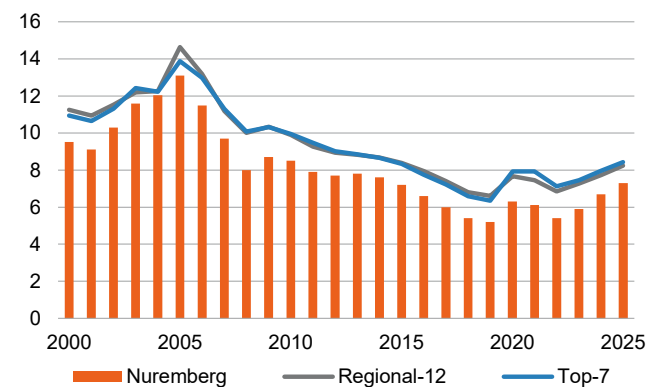
enrolled at a good dozen colleges. In addition, up to 6,000 more students are expected to enroll at the newly founded Technical University of Nuremberg in the coming years. Despite structural change, industry remains relatively important. Key sectors include mechanical engineering, energy and electrical engineering, automation, measurement and control technology, as well as the digital economy and IT. Added to this is the important healthcare sector. Major companies include Datev, the Diehl Group, LEONI, MAN (Motorenwerk), Norma Lebensmittel and Schaeffler. However, in 2026, Siemens closed its Nuremberg-Moorenbrunn site and relocated around 2,000 employees to Erlangen and Fürth. Trade fairs, conferences and tourism are also significant, accounting for more than 7,000 overnight stays per 1,000 inhabitants each year. Transport links are excellent, thanks to the A3, A6 and A9 motorways, the ICE rail connection, the airport and the inland port on the Main-Danube Canal.

Population trends
2000 = 100



Source: bulwiengesa

Unemployment rate
in %



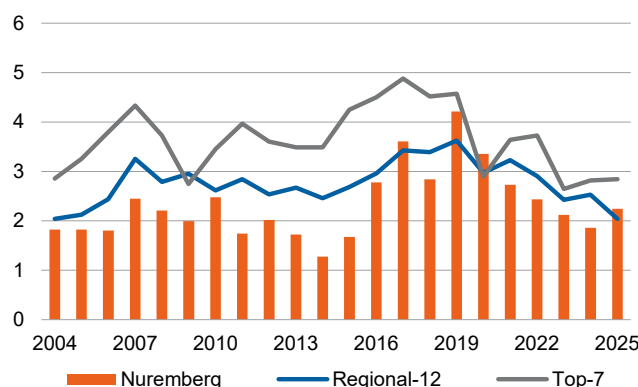
Source: bulwiengesa

Office properties in Nuremberg

With 3.8 million square meters of floor space, the Nuremberg office market is one of the ten largest in Germany. Apart from the top locations, only Hanover has more office space. Thanks to moderate growth in floor space, the vacancy rate fell to

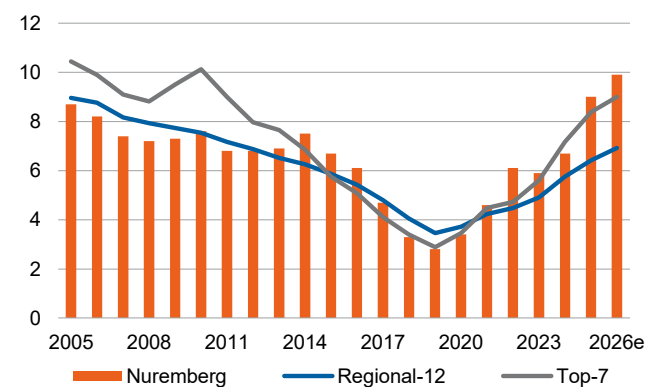
Offices: A sharp rise in vacancy rates for older properties, whilst modern spaces are becoming more expensive

Take-up
as % of the office stock



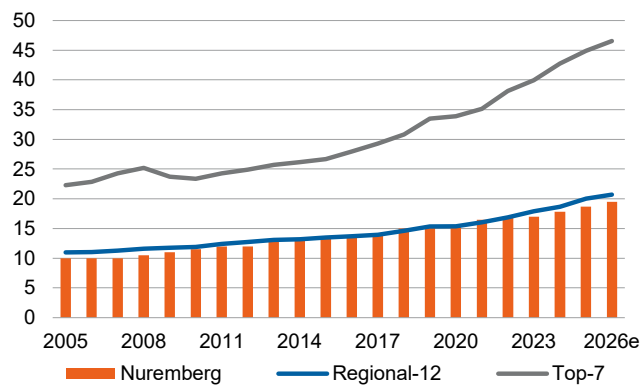
Source: bulwiengesa

Vacancy rate for office space
as %



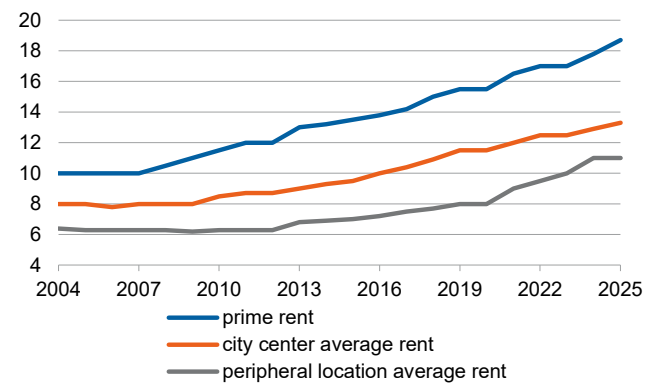
Source: bulwiengesa, DZ BANK

Prime rent for office space
in euro/m²



Source: bulwiengesa, DZ BANK

Rent for office space by location
in euro/m²



Source: bulwiengesa

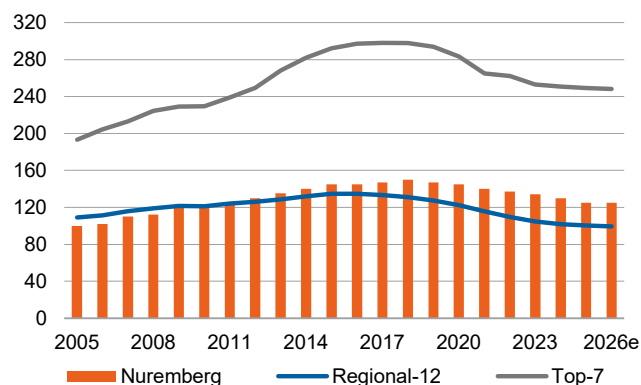
below 3 per cent by 2019. Since then, however, this figure has tripled to 9 per cent as a result of business premises being downsized or closed. Although office space take-up in 2025 rose by 15,000 square meters year-on-year to 85,000 square meters, it remains well below the ten-year average of just over 100,000 square meters. The moderate level of lettings activity is attributable not only to the economic downturn but also to the lack of modern office space on offer in Nuremberg. By contrast, the older office buildings, which make up the bulk of the vacant stock, are now virtually impossible to let. In the first half of 2026, the vacancy rate also continued to rise. The strong demand for modern office space is reflected in the prime rent, which rose again in 2025, climbing to 18.70 euros per square meter. It has expanded by around 40 per cent over the past ten years. Despite the sharp rise in the vacancy rate, average office rents have shown a positive trend both in the city center and in outlying areas in recent years.

Retail property in Nuremberg

With a large catchment area, Nuremberg is the leading shopping destination in northern Bavaria. Competition from neighboring towns is low, meaning that the centrality score is a respectable 124 points. However, the purchasing power index stands at 100 points, which is an average figure. High levels of tourism provide a boost to high-street retail. One positive aspect is the high quality of the visitor

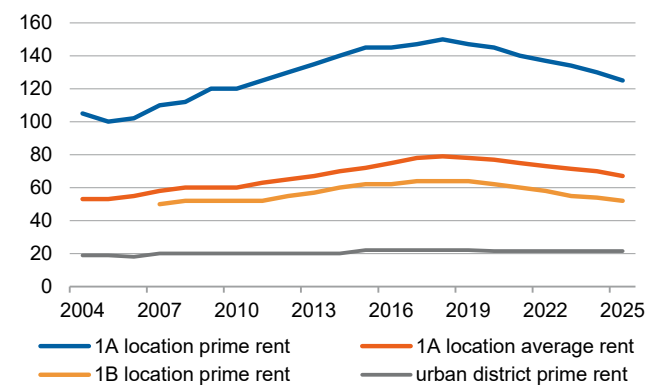
Retail: A prime retail location with high rents

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

experience in the attractive old town and the tour of the prime locations. Karolinenstrasse has the highest figures in terms of footfall, the concentration of chain stores and prime rents. One positive aspect is the diverse range of retail outlets, to which the trendy Gostenhof district also contributes. In addition, there are the two out-of-town shopping centers, Mercado and Franken-Center. The strength of the retail sector in Nuremberg city center is reflected in the relatively high prime rent, which, however, fell again in 2025 to 125 euros per square meter. However, compared with its peak, it has fallen by a relatively modest 17 per cent in total. The crisis facing high-street retail is also evident in Nuremberg. However, the vacancy rate for retail premises is a manageable 5 per cent. In Breite Gasse though, the scale is considerably greater. The former City Point stands out here. The city is on the lookout for a concept that incorporates the former Kaufhof and the neighboring listed buildings, the Mauthalle and the Zeughaus. Such a development would represent a significant improvement, but it is likely to be several years before it is realized. Pop-up concepts continue to be used to bridge periods of vacancy.

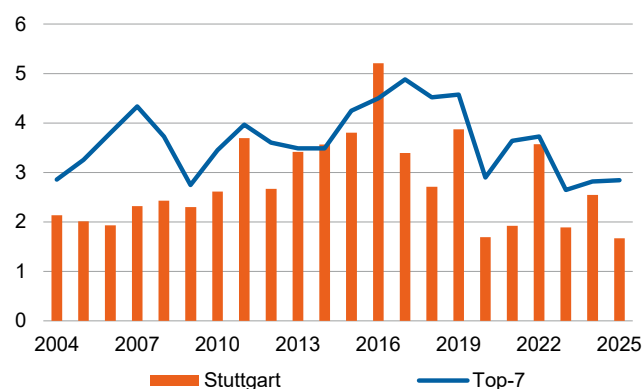
STUTT GART

Office properties in Stuttgart

Stuttgart's office space grew relatively strongly by just over 10 per cent to 8.3 million square meters within ten years. Stuttgart therefore ranks fifth in the list of top locations. The lead over Düsseldorf and Cologne, each of which has just over 8 million square meters, is therefore extremely narrow. Unlike the other six leading locations, industry plays a more significant role in Stuttgart, meaning that its sales problems – particularly in the automotive sector – have a greater impact on the regional economy. Consequently, the proportion of people employed in the manufacturing sector is significantly higher. Although the unemployment rate is moderate at around 7 per cent, it is nevertheless relatively high for Stuttgart. The economic structure, in which the services sector plays a somewhat less significant role, is also associated with lower take-up in the office market. That was also the case in 2025 with just 140,000 square meters. Another factor was that companies had put off leasing larger premises for the time being. Without the support of major contracts from the public sector, take-up would have been even lower. In the first half of 2026, too, the weak economic climate continued to characterize the office market,

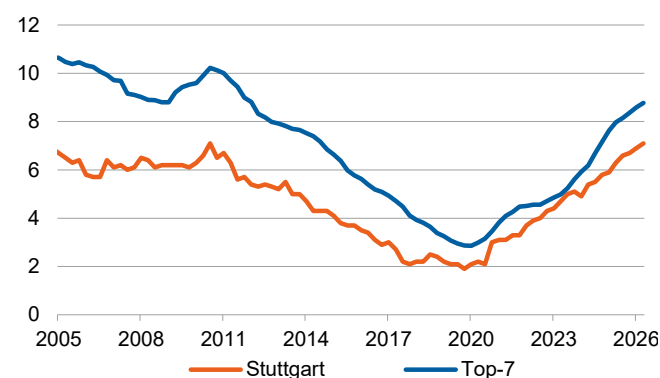
Offices: The significant role of industry also places a strain on the office location

Take-up
as % of the office stock



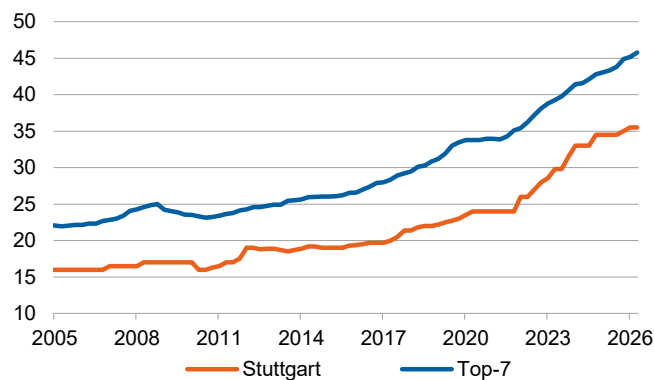
Source: bulwiengesa

Vacancy rate for office space
as %



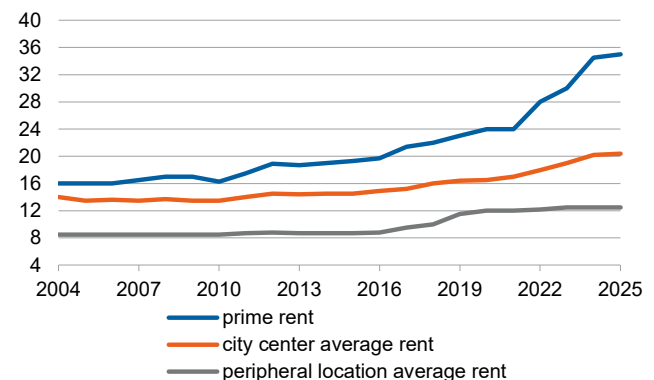
Source: bulwiengesa

Prime rent for office space
in euro/m²



Source: bulwiengesa

Rent for office space by location
in euro/m²



Source: bulwiengesa

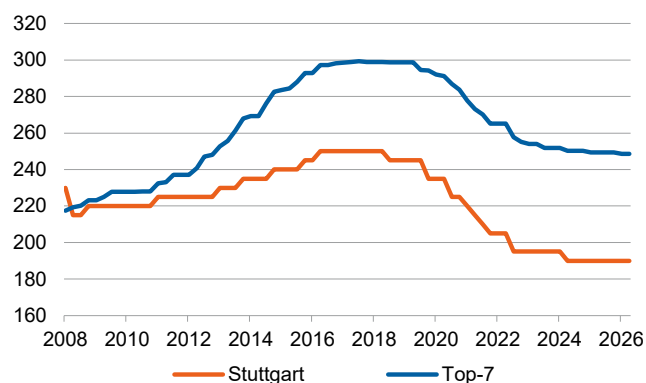
with a take-up of just over 50,000 square meters. Even the largest single transaction during this period was on a modest scale, at 2,300 square meters. The prime rent stood at 35.50 euros per square meter at mid-2026 and, unlike in previous years, had barely risen since 2024. The vacancy rate continued to rise, reaching 7.1 per cent by mid-2026. Whilst the vacancy rate therefore remains below the average for prime locations, it has risen to its highest level since the early 1990s.

Retail property in Stuttgart

Stuttgart benefits from a large catchment area with high purchasing power, although this area has been more severely affected by the crisis in German industry. In total, nearly 2.8 million people live in the region. The tourism sector is less prominent, but with around 7,500 overnight stays per 1,000 inhabitants, it is by no means negligible. The sharp fall in prime rents – which in the 1A Königstrasse location dropped by a good quarter from their peak to 190 euros per square meter - is the result of a previous significant expansion of retail space. More than ten years ago, two city-center shopping centers opened almost simultaneously. Large-scale construction projects are also putting pressure on the retail sector. In response to the reduced demand for retail space today, one of the centers – the Gerber – has been

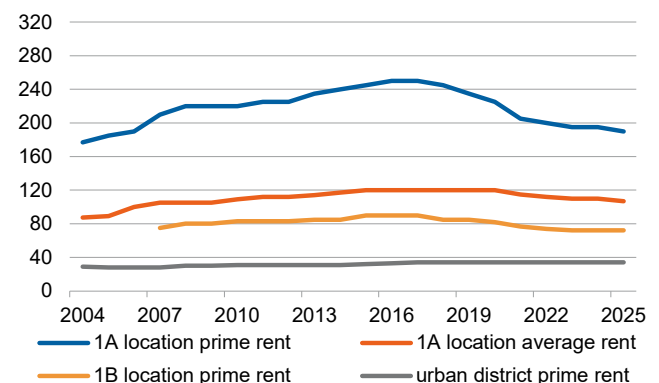
Retail: Prime rents have stabilized following a sharp decline

Prime rent in retail
in euro/m²



Source: bulwiengesa, Forecast DZ BANK Research

Prime retail rent by location
in euro/m²



Source: bulwiengesa

transformed into a mixed-use development comprising retail outlets, restaurants, offices, flats and a hotel. The strength of Stuttgart city center is demonstrated by the high footfall on Königstrasse, which regularly features in the top ten most visited shopping streets, as well as by retailers' interest in retail space. Consequently, visible vacancies tend to be temporary. Furthermore, prime rents have remained stable for the past two years. In the long term, construction projects will further enhance the city center. One of these concerns the 'Schlossgartenquartier' complex opposite the main railway station, at the entrance to Königstrasse. Construction began here in the summer of 2026. The Signa project 'Zwei Hoch Fünf', on the site of the former sports arena (Königstrasse/Schulstrasse), has been taken over by the Doblínger Group, which is developing the PATIO office and retail complex there, due for completion in 2027/2028. One high-profile tenant will be the Thalia bookshop chain, which is giving up its large branch on Schlossplatz as part of the move. The former Kaufhof branch, together with the adjacent multi-story car park, is being converted into an administrative center in the immediate vicinity of the town hall.

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	Unemployment rate
		2025	from 2015 to 2025	2025	2024	2024	2024	2026	August 2026
		in thousands	in %	in %	in millions of euros	in euro	in thousands	in euro	in %
Augsburg	C	302	5.4	19.8	17,467	57,880	201	29,771	7.2
Berlin	A	3,701	5.1	19.3	212,961	57,548	2,197	30,317	10.6
Bremen	B	588	5.6	20.7	37,207	63,233	383	29,135	10.9
Cologne	A	1,026	-3.3	18.2	83,979	81,889	816	34,393	9.2
Darmstadt	C	168	8.3	17.5	16,431	97,658	141	32,674	6.8
Dresden	B	563	3.5	22.1	30,529	54,248	352	30,414	7.2
Dusseldorf	A	619	1.2	19.1	67,098	108,319	583	37,925	8.2
Essen	B	574	-1.5	22.1	33,394	58,216	352	30,179	11.5
Frankfurt	A	761	3.8	16.1	95,709	125,824	771	35,072	7.2
Hamburg	A	1,869	4.6	18.2	166,456	89,039	1,359	34,522	8.6
Hanover	B	523	-1.8	19.5	38,910	74,426	437	31,179	8.3*
Karlsruhe	B	309	0.5	19.9	27,019	87,370	243	32,464	5.4
Leipzig	B	616	9.9	19.5	31,080	50,461	372	28,402	9.3
Mainz	C	224	6.7	18.3	20,895	93,330	170	32,932	6.0
Mannheim	B	320	4.5	18.9	26,681	83,500	250	29,777	8.4
Munich	A	1,505	3.8	17.1	156,780	104,171	1,214	43,286	5.7
Münster	B	306	-1.2	19.1	22,647	73,921	253	33,719	5.2
Nuremberg	B	531	4.2	20.4	40,142	75,574	408	32,120	7.4
Stuttgart	A	609	-2.3	18.7	75,629	124,112	553	34,965	7.2

Source: BA, bulwiengesa

*) region Hanover

Rental development (by location category)

	Retail properties Development of prime rents					Office properties Development of prime rents				
	in %					in %				
	10 years 2015- 2025	5 years 2020- 2025	2023 yoy	2024 yoy	2025 yoy	10 years 2015- 2025	5 years 2020- 2025	2023 yoy	2024 yoy	2025 yoy
Augsburg	-29.6	-22.9	-3.4	-2.4	-2.4	55.7	43.9	2.8	2.7	0.0
Bremen	-20.8	-17.6	-3.6	-2.8	-1.9	32.0	26.0	4.9	6.7	3.1
Darmstadt	-48.0	-28.3	-8.3	-3.6	-1.9	11.5	9.8	3.7	3.6	0.0
Dresden	-20.5	-12.5	-2.8	0.0	0.0	70.7	31.3	11.8	4.2	6.1
Essen	-41.8	-26.4	-1.4	-5.8	-1.5	39.3	21.9	4.0	2.8	5.4
Hanover	-25.0	-16.7	-4.8	-2.5	-2.0	65.5	44.1	11.7	1.9	14.5
Karlsruhe	-36.4	-23.1	-6.3	-6.7	0.0	30.8	17.2	5.3	3.2	4.3
Leipzig	-23.1	-16.7	-9.1	0.0	0.0	61.2	26.1	5.7	5.4	6.7
Mainz	-29.8	-20.0	-3.4	-3.5	-2.4	98.4	66.7	9.1	8.3	28.2
Mannheim	-23.3	-17.9	-4.0	-2.5	-1.7	45.3	29.8	7.7	1.9	1.9
Münster	-20.6	-18.2	-6.7	-3.6	0.0	31.2	25.0	3.2	9.4	5.7
Nuremberg	-13.8	-13.8	-2.2	-3.0	-3.8	38.5	20.6	0.0	4.7	5.1
Regional centers	-25.5	-18.2	-4.5	-2.7	-1.5	48.7	30.0	6.3	4.2	7.3
Berlin	-15.0	-12.1	-3.8	0.0	0.0	91.7	17.9	2.3	1.1	2.2
Cologne	-16.0	-14.3	-2.3	-2.3	0.0	57.1	34.7	16.4	3.1	0.0
Dusseldorf	0.0	-3.6	-1.8	0.0	0.0	83.3	66.0	11.1	16.3	4.8
Frankfurt	-13.0	-10.0	-3.6	-1.5	0.0	49.3	29.3	2.2	3.3	11.6
Hamburg	-19.3	-14.8	-5.0	-1.1	-2.1	48.0	19.4	2.4	2.3	4.8
Munich	-13.2	-11.9	-3.2	-2.6	-0.7	70.1	46.8	4.5	16.1	7.4
Stuttgart	-22.4	-15.6	-2.5	0.0	-2.6	81.3	45.8	7.1	15.0	1.4
Top locations	-14.8	-12.1	-3.6	-0.9	-0.6	68.3	32.4	4.8	7.1	5.0

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.
JLL availability rate	This figure includes not only vacant retail space but also spaces whose leases are set to expire in the next 18 months, those currently undergoing renovation, or those where the current tenant is seeking a new tenant. The figures include prime locations as well as Hanover and Leipzig.
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 centers/Reg-12/Regional-12	Space and inhabitant-weighted index consisting of 12 regional centers, 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.

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