

# STUTT GART – CHALLENGES AND OPPORTUNITIES

Office Market Report 2022/2023

**E&G** REAL ESTATE

**STUTT GART** | 

  
**GERMAN  
PROPERTY  
PARTNERS**



# Office Market Stuttgart

## Market data

Year	Space take-up in m <sup>2</sup>	Prime rents per m <sup>2</sup>	Average rents CBD per m <sup>2</sup>	Vacancy rate in m <sup>2</sup>	Vacancy rate in %	Office stock in million m <sup>2</sup>	Completion volume in m <sup>2</sup>	Pre-letting volume in m <sup>2</sup>
2006	140,000	€17.50	€11.80	467,400	6.50	7,222*	52,500	20,500
2007	169,000	€17.50	€12.00	466,000	6.42	7,254	32,600	23,400
2008	180,000	€18.00	€12.00	460,000	6.24	7,367	117,000	116,000
2009	171,000	€18.00	€11.80	453,000	6.12	7,482	40,000	22,000
2010	194,000	€17.50	€11.00	480,000	6.46	7,402	42,400	22,400
2011	285,000	€18.80	€11.60	424,000	5.71	7,442	45,900	41,200
2012	191,500	€20.00	€12.40	399,000	5.38	7,415	37,000	36,300
2013	258,000	€20.00	€12.00	365,000	4.87	7,496	81,200	66,600
2014	278,000	€21.50	€12.50 €	325,000	4.33	7,514	72,500	33,600
2015	290,000	€22.80	€12.50	270,000	3.55	7,596	81,900	69,500
2016	432,000	€23.00	€12.90	220,000	2.84	7,735	149,200	119,300
2017	270,000	€24.30	€13.70	167,000	2.12	7,860	128,600	110,500
2018	218,000	€23.00	€13.90	186,000	2.34	7,953	87,300	49,100
2019	313,000	€24.00	€16.20	151,000	1.88	8,042	88,800	65,800
2020	141,000	€25.50	€16.50 €	249,000	3.05	8,171	131,200	99,200
2021	157,200	€25.00	€16.00	268,000	3.24	8,262	91,500	88,100
2022	300,000	€33.00	€18.30	364,000	4.33	8,408	149,700	100,800

\*Sourced by BulwienGesa AG + Baasner, Möller & Langwald GmbH

Source: Research E & G Real Estate GmbH, as of 31 Dec, 2022



### Areal Bahnhofsdirektion

Office + Residential  
Office 36,000 m<sup>2</sup>  
0% rented  
Completion 2028/2029

### Two.One

Office + Retail + Residential  
Office 4,500 m<sup>2</sup>  
40% rented  
Completion Q3/2024

### Königstraße 35

Office + Retail  
Office 2,150 m<sup>2</sup>  
90% rented  
Completion Q3/2023

### H33

Büro + Einzelhandel + Wohnen  
Büro 4.000 m<sup>2</sup>  
0 % vermietet  
Fertigstellung Q3/2024

### ZWEI

Office +  
Office 2  
Comple



### Schlossgartenquartier (KÖ 1C)

Office + Retail + Gastronomy  
Office 9,500 m<sup>2</sup>  
Retail 2,500 m<sup>2</sup>  
Completion Q3/2026

### HOCH FÜNF

+ Retail  
4,400 m<sup>2</sup>  
Completion Q3/2025

### KÖ 47

Office + Retail + Gastronomy  
Office 7,500 m<sup>2</sup>  
40% rented  
Completion Q4/2025

### Vier Giebel

Office + Retail + Residential  
Office 2,000 m<sup>2</sup>  
0 % rented  
Completion Q1/2025

### KÖ 51

Office + Retail + Gastronomy  
Office 1,500 m<sup>2</sup>  
0 % rented  
Completion Q4/2025

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# FOREWORD

CITY OF STUTTGART AND E & G REAL ESTATE

## Stuttgart – Green Recovery

STUTTGART | 

Green recovery refers to measures that tackle the social, economic and environmental effects of climate change, the Covid crisis and the war in Ukraine. These include sustainable bonds and loans, innovative, resource-saving technology, the transition to a circular economy as well as „green jobs“. At the same time, ESG - Environmental, Social, Governance - has become an integral part of the private equity sector and will be indispensable in the future. Analysis data shows that ESG-compliant economic activity significantly increases the value of businesses. Furthermore, it forecasts disproportionately high economic growth for the future.

The State Capital Stuttgart wants to remain a strong business location, a liveable place as well as a sustainable and future-oriented investment location, while remaining profitable at the same time. Politics and city administration are working with high pressure on the current challenges and, in line with the given local possibilities, are acting according to the principles of Green Recovery.

Stuttgart has set the goal to become carbon-neutral by 2035. The path to this aim is set out in a climate roadmap, which includes investments of almost 11 billion euros for its implementation. These investments are not only good for our environment and our urban community. They also pay off, because they are more than offset by savings. Measures will be implemented in the areas of electricity, heating, mobility, waste management and agriculture, as well as the massive expansion of solar energy, heating grids and heat pumps. The agenda also includes capturing and storing CO<sub>2</sub> from waste incineration, raising awareness for climate-friendly nutrition and consumption, reducing emissions in construction projects, as well as the procurement and promotion of technical innovation for the further development of sustainable products.

The transformation process associated with Green Recovery is also having a significant impact on the Stuttgart Office Market and the Stuttgart Region. Sustainable office concepts and ecological office buildings with short ways via public transport and bicycle are already very popular. The Economic Development Agency supports companies in their location development and - with its portal [www.roomstr.de](http://www.roomstr.de) - provides a platform for bringing together supply and demand.

Let us work together with fresh ideas and perseverance to implement ambitious, forward-looking projects and to make Stuttgart a model for Green Recovery in Europe.



**BERNHARD GRIEB**

Head of Economic Development  
State Capital Stuttgart

## Stuttgart – The future will be sustainable

**E&G** REAL ESTATE

For three years now, crisis management has been at the top of the economic and social agenda. When the pandemic seemed gradually manageable, Russia's attack on Ukraine presented Europe and the world with unprecedented challenges. The resulting energy price shock and stricter regulations in the area of sustainability force businesses to address the "Magic Three": Environment, Social, Governance – short ESG. This is required by economic as well as ecological reason. Already, the topic has gained considerable relevance among stakeholders and the workforce.

These factors have direct effects on the office market. On the one hand, the trend for flexible working solutions is consolidating. As a result, companies are now looking very closely at how many workstations they will actually need in the future. Together with the concentration of office locations at central locations, this has led to a 4.3% increase in office vacancy by the end of 2022. On the other hand, the requirements on technical fit-out, (public) transport links and office settings in terms of recreation and local supply continue to increase. Companies that offer creative solutions here are a good step ahead of the competition in attracting skilled workforce.

Fortunately, the challenging economic situation did not have a negative impact on space take-up. On the contrary: owner-occupier deals in particular ensured an overall result for the year at pre-Covid level. Financial service providers and, once again, the public sector rank top in space demand. Due to rising construction costs, however, project developers will only start new office projects once a sufficient pre-letting volume has been secured.

We have carefully compiled, analysed and evaluated these and many other market data and trends for you in this Stuttgart Office Market Report. We hope you will enjoy reading it and look forward to your feedback and suggestions.



**BJÖRN HOLZWARTH**

Managing Partner  
E & G Real Estate



**ULRICH NESTEL**

Partner & Head of Office Advisory  
E & G Real Estate

## Market trends 2022/2023

Flexibility, sustainability and the lack of skilled workforce are the most important challenges for our economy and society. All of this against the backdrop of increasing political and economic volatility - a trend which already became apparent in recent years. Crisis management was the order of the day in 2022. At the same time, new opportunities arose for forward-looking and agile companies to reorganise and optimise their office structures.





## Challenges – Now and in the future

The digitalisation of work processes, the increasing division of professional activity between office and home office and, in particular, increasing requirements on office space with regard to energy efficiency and carbon-neutral operation have been the greatest challenges in the last few years. For the Stuttgart Office Market, this meant an increase in space take-up last year, especially for energy-efficient, modern or modernised properties.

### ONE CRISIS FOLLOWS THE NEXT

When the fourth Covid wave was over in early January 2022, every company sought to get back on track as much as possible, and then in February 2022, the war between Russia and Ukraine began unexpectedly. This development had an immediate psychological impact on corporate action. In the months that followed, it also had a factual economic impact, which became apparent in supply bottlenecks, the lack of raw materials and also in rising energy prices. As if there were not already enough challenges to tackle.

### DIGITALISATION OF PUBLIC ADMINISTRATION

In 2022, the public sector continued to catch up in terms of digitalisation. The State Capital of Stuttgart now has its own Office for Digitalisation, in which all services and tasks related to this topic are bundled, a task that will continue to require capacities in the coming years.

### OFFICE VS HOME OFFICE

In the industrial as well as in the service sector, new occupancy concepts were already being elaborated during the first two years of Corona. The indisputable advantages of home office are offset by disadvantages such as reduced communication opportunities and a loss of direct exchange. Also at work, the human factor must not be disregarded. The office remains the place for direct co-operation and the quick, uncomplicated transfer of information. Home working, on the other hand, has established itself as a further form of work setting and it is here to stay, probably on aver-

age 1 or 2 days a week. Finding an adequate balance here - depending on the requirements of the respective job and the type of person - is also seen as a contribution by a company to the work-life balance of their employees. All of this against the background of a constantly increasing shortage of skilled staff, which forces employers in practically all sectors to think about the right fit-out and setting of their working environments.

### ECONOMIC SUSTAINABILITY

Germany wants to be carbon-neutral by 2045 - an ambitious goal, but indispensable in view of climate change with all its consequences for nature and mankind. No industry will be able to ignore the new requirements that come with it. Also the (office) property market will be directly affected. Energy-efficient buildings are already in high demand, and existing buildings must be significantly modernised to meet ESG-criteria. This means an increase in building costs, but from a climate point of view, there is no way around it. One advantage that should not be underestimated is that companies who align their business activities with sustainability criteria and communicate this clearly, have a better chance of attracting skilled workforce.



## Energy efficiency – Effects on the (office) property market

Sustainable action in the areas of Environment, Social and Governance (ESG) has gained increasing importance in recent years. Both, the economy and society have become largely aware of the great importance of sustainable action with regard to world climate and nature. Although this costs some money in the short term, the costs of ignoring energy requirements on (office) buildings will be significantly higher in the long term.

### LEGAL REGULATIONS

The legal situation adds to this. With the beginning of 2023, the sustainability regulations laid down in the EU Taxonomy of 2020 have become stricter and will affect more and more companies in the coming years. Combined with the sudden enormous increase in energy prices due to the war in Ukraine, this has led to a complete rethink among many developers of office buildings. Fully planned projects were revised again with regards to ESG-requirements, and some were even completely re-designed. Although these measures implied a considerable cost increase, the investment is worthwhile considering the future requirements on sustainable office space.

### SUSTAINABILITY CRITERIA

The emphasis lies currently on two criteria: The building should be as carbon-neutral as possible and provide for a sensory control system that allows for energy-efficient operation. Buildings that do not meet these quality criteria, or owners who do not pay the necessary attention to this aspect, will have increasingly less choice when looking for a new occupier. Due to the rise in energy prices, service charges will gain far more significance than in the past. Horrendous utility bills are likely to dampen occupier interest in sub-standard office premises.

### OCCUPIER NEEDS

Depending on the size of the company, office users will sooner or later be forced to disclose ESG-compliance in their balance sheets, with non-compliance having financial consequences also for the occupier. In the coming years, owners or buyers will only be able to offer or acquire products that meet sustainability requirements on office products. The acquisition of a new building by an institutional investor (fund, insurance company, etc.) is already very limited without fulfilment of ESG-criteria. In this respect, also the user side benefits from considering sustainability matters in all their decisions.

### STAFF NEEDS

Among the workforce, a trend is emerging that is heading in the same direction: The fact that the company they work for acts sustainably is an increasingly important criterion for employees. Sustainability is requested on as many levels as possible. This ranges from public transport links to the setting of the company, from conveniences in the vicinity to the fit-out of the workplace. When competing for the most capable minds, a company is well advised to take this into account and position itself accordingly.

## Space take-up Almost doubled

By 31 December 2022, the space take-up on the Stuttgart Office Market had achieved approx. 300,000 m<sup>2</sup>. This was almost double the previous year's figure (157,200 m<sup>2</sup>) and back to pre-Covid levels. Owner-occupiers played a significant role in these dynamics.

### LARGE OWNER-OCCUPIER DEALS

After a slump in turnover in the last two years, demand for office space has fortunately picked up again in 2022. So far, the war in Ukraine and its economic consequences have not had a dampening effect on the Stuttgart Office Market. Already in the first half-year, the space take-up was higher than the overall annual results for the two previous years. Around 42% of the signings in 2022 were concluded as owner-occupier deals. The largest take-up was undertaken at Allianz SE's own campus in Stuttgart-Vaihingen with around 65,000 m<sup>2</sup>. This was followed by a lease of Komm.ONE - an IT service provider for municipalities in Baden-Württemberg - with around 21,500 m<sup>2</sup> in Stuttgart-Weilimdorf. The third-largest deal was a 21,400 m<sup>2</sup> owner-occupier lease concluded by Ed. Züblin AG, committing to further growth at their headquarters in Stuttgart-Möhringen. The largest letting volume in the fourth quarter was also an owner-occupier lease by Sparkassenverlag at their new build "W2 Campus" in Stuttgart-Vaihingen comprising around 20,000 m<sup>2</sup>.

### GREATEST DEMAND AT SOUTHERN DISTRICTS

Due to the two owner-occupier leases by Allianz and Sparkassenverlag, the greatest space take-up was achieved in the southern submarket of Vaihingen/Möhringen. The total letting volume here stood at around 122,000m<sup>2</sup>. This was followed by the Stuttgart CBD with around 54,700 m<sup>2</sup> and the Inner City with around 41,200 m<sup>2</sup>. Due to their central location, these areas still rank among the most sought-after office locations. Many companies value an urban setting for their staff, and centrality plays an important role in attracting new workforce. It can be observed that many companies are moving from fringe

locations to the city centre in order to keep up in the competition for qualified professionals.

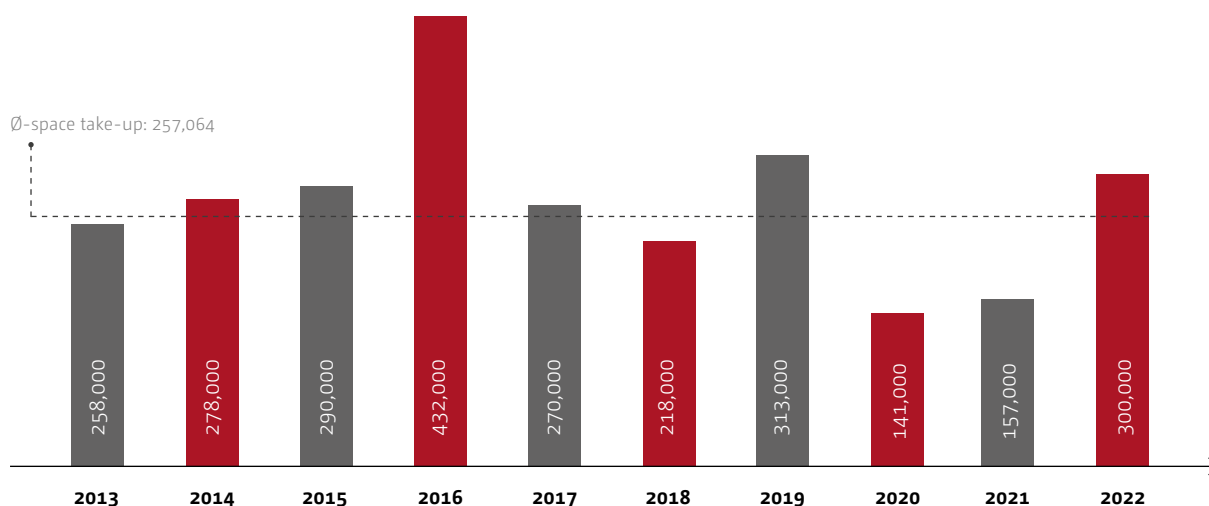
### NEW WORK FORMATS

Next to the location, which should offer good infrastructural provisions, office quality has become a vital factor in rental decisions. In times of hybrid working, businesses want to offer their staff an attractive workplace that allows for creative exchange and face-to-face meetings.



## TOP-3 LEASES

Occupier	Sub-market	Rental space
ALLIANZ SE (Eigennutzer)	Stuttgart-Vaihingen	ca. 65.000 m <sup>2</sup>
Komm.ONE	Stuttgart-Weilimdorf	ca. 21.500 m <sup>2</sup>
Ed. Züblin AG (Eigennutzer)	Stuttgart-Möhringen	ca. 21.400 m <sup>2</sup>

OFFICE SPACE TAKE-UP IN STUTTART 2011-2021 (IN M<sup>2</sup>)OFFICE SPACE TAKE-UP BY SUB-MARKETS (IN M<sup>2</sup>)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City	63,000	61,500	34,600	53,100	65,700	52,800	51,600	27,400	52,200	19,400	29,600	41,300
Innenstadt	97,500	58,400	51,000	44,200	53,500	32,200	39,300	28,400	35,200	22,400	27,900	54,700
Vaihingen/ Möhringen	56,300	18,200	62,000	34,700	56,300	141,200	52,000	30,200	32,600	20,800	46,400	122,000
Fasanenhof	12,500	7,400	5,700	9,100	10,300	19,600	18,600	6,700	12,000	3,200	5,600	13,900
Feuerbach/ Zuffenhausen	24,800	18,700	27,200	34,700	37,400	64,700	5,800	54,600	71,400	18,300	15,600	5,000
Degerloch	4,000	4,800	1,900	1,500	1,300	7,100	9,700	3,200	21,600	6,400	8,200	5,300
Weilimdorf	5,500	5,300	7,700	30,900	42,900	33,100	18,100	15,400	29,200	11,100	2,200	27,900
Bad Cannstatt/ Wangen/Hedelf.	13,400	12,000	19,800	54,900	15,100	45,500	11,800	34,500	48,100	30,100	16,000	18,700
Leinfelden- Echterdingen	8,000	5,200	47,900	14,900	7,500	35,800	63,100	17,600	10,700	9,300	5,700	11,200
<b>Gesamt</b>	<b>285,000</b>	<b>191,500</b>	<b>258,000</b>	<b>278,000</b>	<b>290,000</b>	<b>432,000</b>	<b>270,000</b>	<b>218,000</b>	<b>313,000</b>	<b>141,000</b>	<b>157,000</b>	<b>300,000</b>

Source: Research E &amp; G Real Estate GmbH ©, as of 31 Dec. 2022

## Financial services With greatest space take-up

The financial services sector accounted for the greatest take-up in the past year. However, this result was mainly due to the new build project of Allianz SE. At the same time, also the public sector remains one of the largest occupier groups.

### DIGITALISATION OF PUBLIC SECTOR CREATES LARGE SPACE TAKE-UP

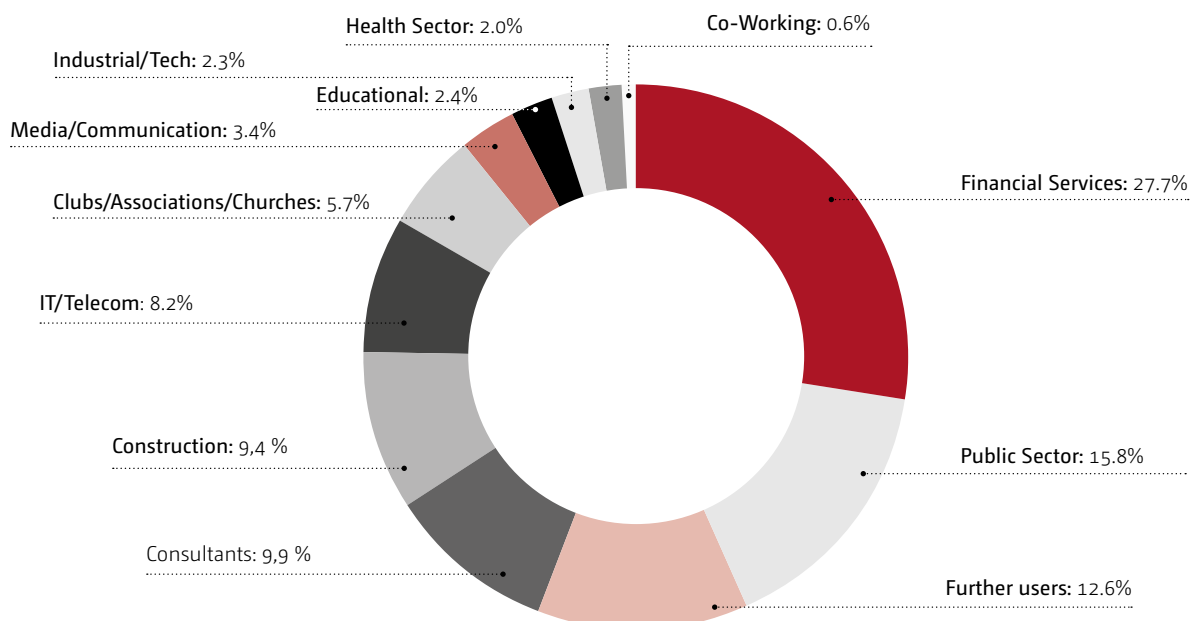
The start of construction of the new “Allianz Campus” in Stuttgart-Vaihingen with around 65,000 m<sup>2</sup> brought the financial services sector into top position regarding space demand. A further 7,300 m<sup>2</sup> were taken up by Württembergische Gemeinde-Versicherung a. G. (WGV) at their headquarters in the city centre of Stuttgart. Once again, the public sector played an important role with the second largest rental volume in 2022. Main contributors to this result were the leases for around 21,500 m<sup>2</sup> by Komm.ONE in Weilimdorf and around 9,500 m<sup>2</sup> by the Office for Digitalisation. The public sector is in the middle of digital transformation, which will gain significant momentum through these two major signings. Companies in the media and communications sector ranked third in terms of office ta-

ke-up. Also here, a major contract played a decisive role for the result: The new build of Sparkassenverlag with 20,000 m<sup>2</sup> in Vaihingen/Möhringen. Next came the construction industry with Ed. Züblin AG acquiring the high-rise complex „Atlanta Business Center“ and taking-up office space there.

### INCREASING TAKE-UP BY CONSULTING COMPANIES

Consulting companies also increased their office footprint significantly compared with the previous year, renting around 66% more space than in 2021. The IT-sector did not make any major leaps in 2022, and their space demand remained almost on the same level as in the previous year.

### SPACE TAKE-UP BY OCCUPIER GROUP (IN %)



## Leases signed Medium-sized segment gains

The number of contracts signed in 2022 reflects the dynamic demand on the Stuttgart Office Market. Strong growth was reported in the medium-sized segment as well as in large-scale lettings. With a high space quality, also significantly higher rents can be achieved.

### MEDIUM-SIZED UNITS IN DEMAND

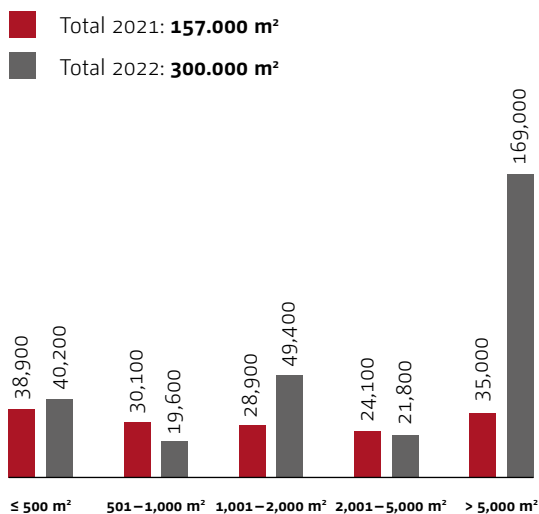
The number of contracts concluded for smaller units of up to 500 m<sup>2</sup> dropped slightly compared to the previous year. However, space supply in this segment is scarce, so that potential occupiers postponed relocations once again. Suppliers of such spaces benefited from the existing high demand, especially if it was shortly available for occupation. Significantly fewer deals were concluded in the segment up to 1,000 m<sup>2</sup>, while more contracts than in 2021 were signed for space between 1,001m<sup>2</sup> and 2,000 m<sup>2</sup>, especially by companies that are growing and specifically looking for high-quality offices. The increased demand in this segment was also reflected in an average rent level of around €19.80/m<sup>2</sup>.

### OWNER-OCCUPIERS RULE LARGE RENTALS

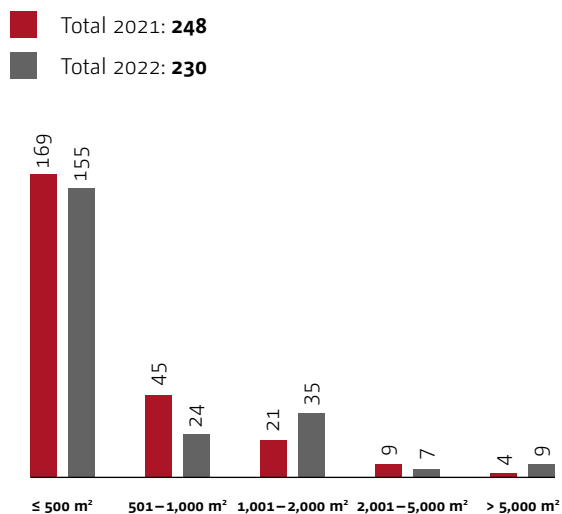
Five out of the nine contracts concluded for office units larger than 5,000 m<sup>2</sup> were owner-occupier deals. The big-

gest take-up in 2022 was undertaken “Allianz Campus” in Stuttgart-Vaihingen, with around 65,000 m<sup>2</sup>. This was followed by the acquisition of „Atlanta Business Center“ by Ed. Züblin AG (21,400 m<sup>2</sup>) and the new build of Sparkassenverlag (20,000 m<sup>2</sup>) on the W2 campus in Vaihingen/Möhringen. Approximately 10,500 m<sup>2</sup> can be attributed to the new build for the Protestant Church in Stuttgart East, while the insurer WGV are developing a new office building with around 7,300 m<sup>2</sup> at their head quarters in the Inner City. The largest rental in 2022 was concluded by Komm.ONE at Stuttgart-Weilimdorf (21,500 m<sup>2</sup>), followed by the Office for Digitalisation with around 9,500 m<sup>2</sup>. The IT-company Bechtle are merging various locations and have rented around 7,600 m<sup>2</sup> for this purpose at the office campus „Sternhöhe“ in Stuttgart-Möhringen.

### SPACE TAKE-UP PER FLOOR-SPACE SEGMENT



### LEASES SIGNED PER FLOOR-SPACE SEGMENT



Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2022

## Rent levels Giant leap

As of 31 December 2022, premium rents for office space in Stuttgart ranged at €33.00/m<sup>2</sup>. For the all Stuttgart sub-markets including Leinfelden-Echterdingen, an average rent level of €18.30/m<sup>2</sup> could be identified. Compared with the previous year, rents rose considerably in the reporting period.

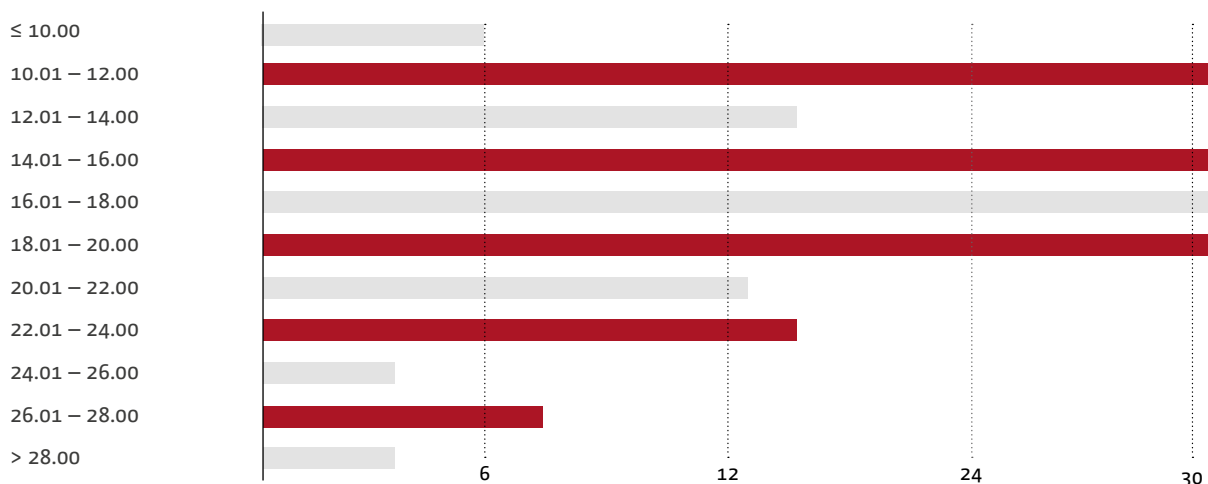
### PREMIUM RENTS BEYOND €30-MARGIN

In contrast to the moderate rent adjustments of the past few years, the attainable premium rent soared by around 32% in 2022. This result was calculated from two leases at the development project Königstraße 35 and one lease at Kronprinzbau, a top existing property at the CBD. The upcoming new builds at the Inner City, some of which are already under construction, have currently asking rents between €30.00/m<sup>2</sup> and €35.00/m<sup>2</sup>. Significant rent increases could also be achieved for new leases at high-quality existing properties. To this end, owners will need to invest in user-specific fit-outs or subsidise such tenant improvements. The high demand for upscale office space and the currently tight supply situation are the main drivers of the rising rent levels at the Inner City of Stuttgart. And the increased construction costs make it almost impossible to offer new build space for below €30.00/m<sup>2</sup>.

### RISING RENTS ALSO IN FRINGE LOCATIONS

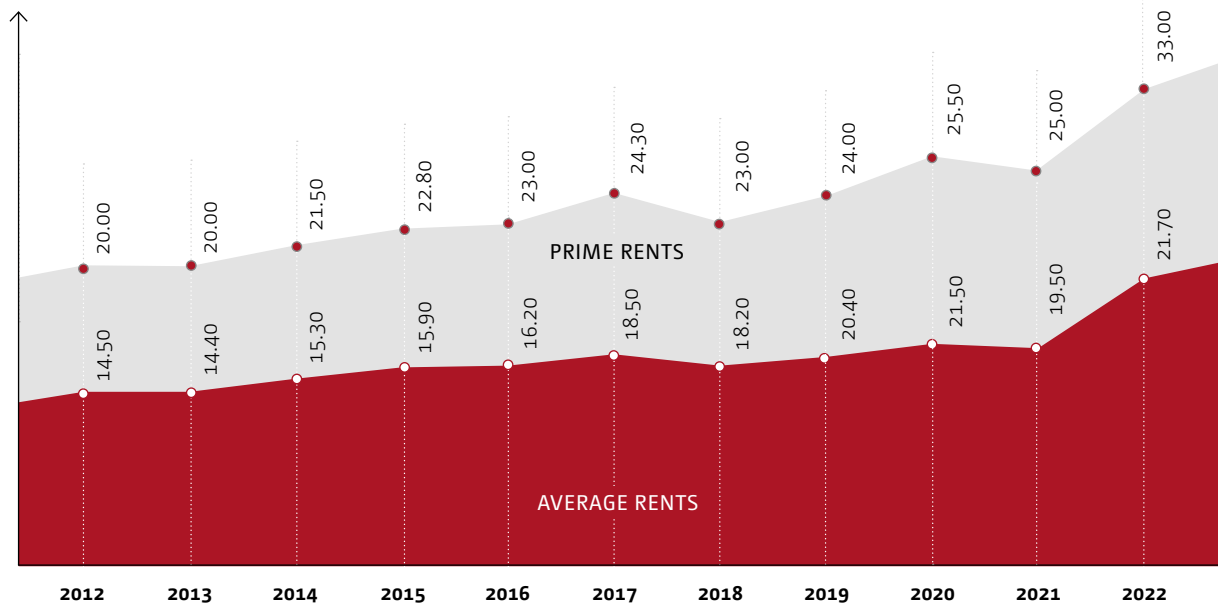
In the surrounding sub-markets, both premium rents and average rents also rose noticeably, due to signings for new build projects at these locations. In Stuttgart East, such rentals were concluded at the recently completed „leo Business Campus“, in the northern sub-market of Feuerbach at „MayOffice“ and in the south at „Campus Fasanenhof“. However, high-priced leases accounted for only about one-fifth (21.9%) of all contracts. Around 35% of the leases were concluded for less than €15.00/m<sup>2</sup>. Around 28% of office units were rented for €15.00/m<sup>2</sup> - €18.00/m<sup>2</sup> and around 15% in the price segment €18.01 - €20.00/m<sup>2</sup>. Rents above €20.00/m<sup>2</sup> were achieved almost exclusively at CBD and Inner City locations. One exception is the aforementioned new build „leo Business Campus“ in Bad Cannstatt. Only three premium leases were above €30.00/m<sup>2</sup>, the highest ranging at €35.00/m<sup>2</sup>.

### LEASES SIGNED PER PRICE SEGMENT (IN €/M<sup>2</sup>)

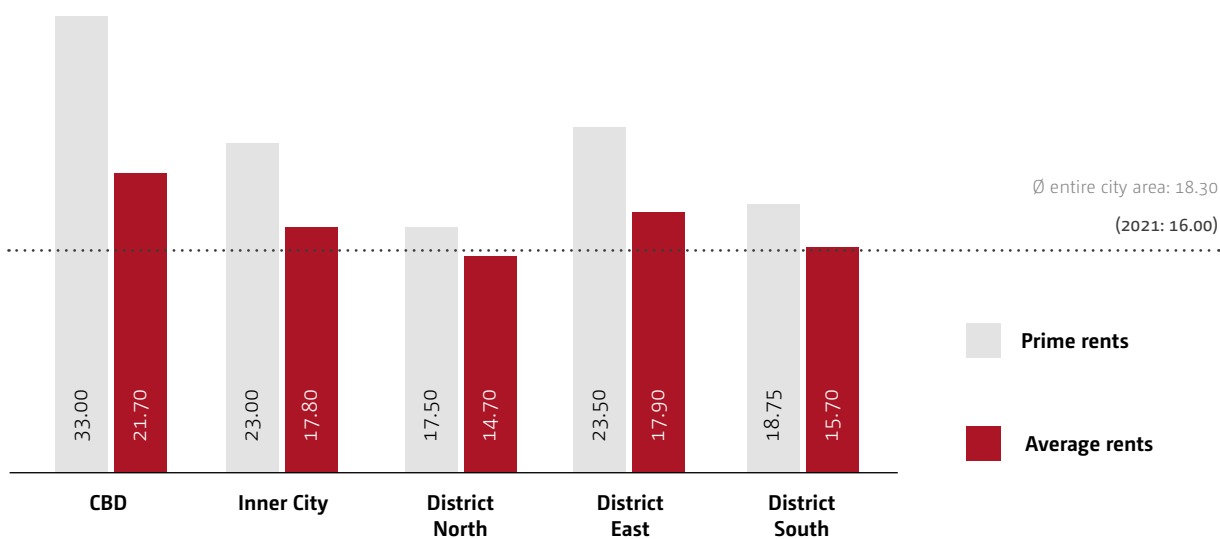




PRIME AND AVERAGE RENTS – STUTTGART CBD 2012 – 2022 (IN €/M<sup>2</sup>)

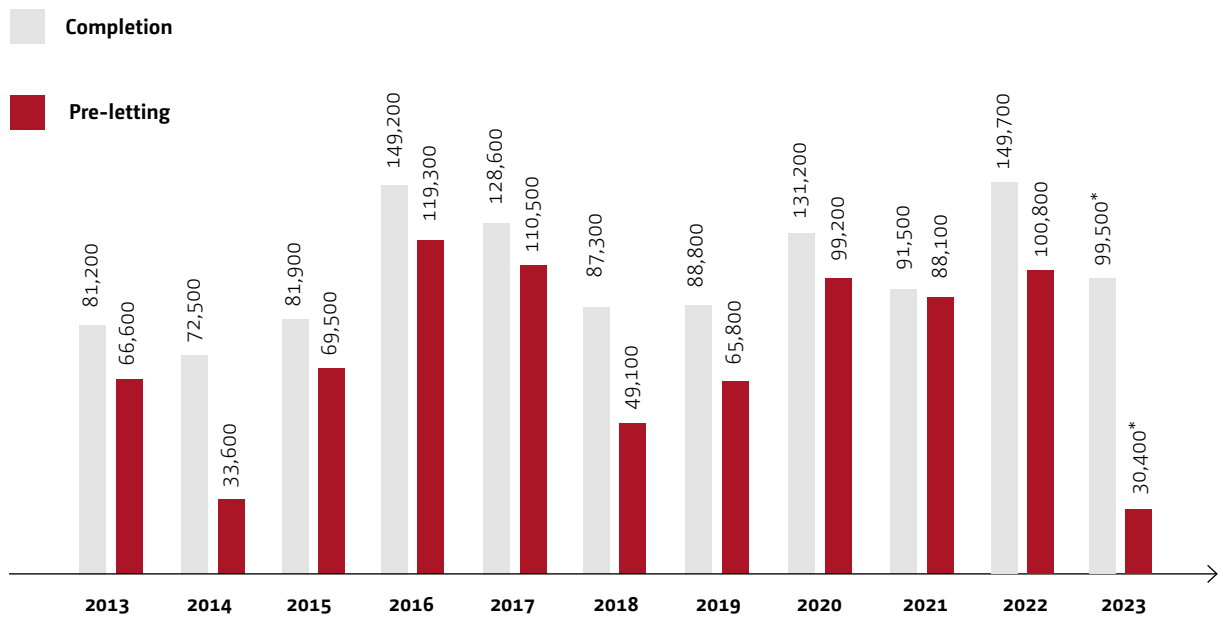


PRIME AND AVERAGE RENTS – SUB-MARKETS 2022 (IN €/M<sup>2</sup>)



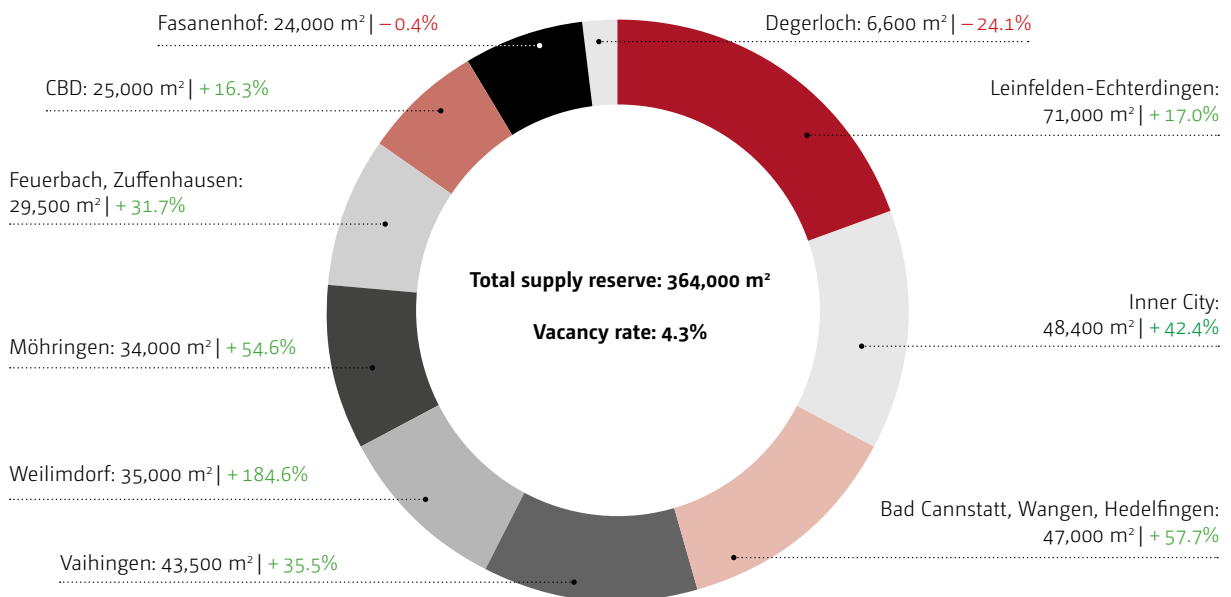
Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2022

**COMPLETION VOLUME – STUTTART (IN M²)**



\* Planned completion / pre-letting

**SUPPLY RESERVE BY 31 DEC. 2022 (COMPARED WITH 2021)**



Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2022

## Available space

### Vacancy rising in fringe locations

By the end of 2022, the offer of shortly available office space ranged at approx. 364,000m<sup>2</sup>. This corresponded to a vacancy rate of 4.3% and signifies an increase by 1% compared with the previous year.

#### AVAILABILITIES AT ALL SUB-MARKETS

In the past two years, the vacancy rate had already increased noticeably on the Stuttgart Office Market. Although this was initially mainly the case in fringe locations, vacancies are now also going up at the CBD and Inner City of Stuttgart. As a matter of fact, this sub-market is in dire need of further office opportunities. Demand remains strong here, as many companies are moving back into the city centre in order to be attractive for highly qualified workforce. While many modern office properties have already found new occupiers, the supply of new build premises remains limited. After 2025, several large-scale projects are due to be launched. Depending on the respective completion period, there may even be an oversupply again at some point.

#### WEILIMDORF: FURTHER VACANCIES TO COME

With the exception of Degerloch and Fasanenhof, there was an increase in space supply in all peripheral sub-markets. Leinfelden-Echterdingen still battles extremely high vacancy rates at the area of Unteraichen along the A8 motorway. Larger spaces have also been added at the airport in the „SkyLoop“ building. Also the location Weilimdorf has to cope with major vacancies. With the completion of the development project „MO 26“, space supply has been further increased, while numerous properties are already up for rent. The departure of Porsche AG will catapult the vacancy rate at the location even higher. Also in Bad Cannstatt, the supply of office space has grown due to the completion of „leo Business Campus“, where larger units have been let in the meantime. Further projects at the location Neckarpark will add to the vacancy rate at this sub-market in the coming year. In addition to such completions, larger existing spaces are becoming available for sub-letting from companies that are downsizing their office footprint as a result of home office regulations.

#### PROJECT PIPELINE

Numerous exciting and innovative development projects are currently in the pipeline in Stuttgart, especially at Vaihingen and Feuerbach. In view of the macro-economic situation and the current vacancy rate, it is clear that many developers will require a certain level of pre-letting in order to get off the ground safely.



## Top-7-markets in Germany

### Mixed results

By 31 December 2022, a total of around 3.47 million square metres of office space were taken-up at the Top-7 property markets in Germany – Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart. This result signifies a 9% increase compared with the

#### GREAT SPREAD IN SPACE TAKE-UP

While take-up soared in the first nine months compared with the same period in 2021, it fell at all Top-7 locations in the fourth quarter. The overall changes ranged from minus 12% in Frankfurt to plus 91% in Stuttgart. In Frankfurt, an unusual lack of large leases was responsible for the decline. Take-up in Berlin, Cologne and Düsseldorf remained virtually unchanged compared with Q4/2021, while Munich and Hamburg posted double-digit growth figures.

The share of owner-occupiers averaged at 11%, compared with 7.4% in the previous year. It was highest in Stuttgart at 42%.

#### RISING RENTS ALL OVER GERMANY

Both premium and average rents showed a consistent upward trend in all Top-7 markets of Germany. New all-time highs were recorded for Stuttgart, Dusseldorf and Berlin. With an 32% increase to €33.00/m<sup>2</sup>, the rise in premium rents was particularly pronounced on the Stuttgart Office Market. It is evident that companies now have high expectations on office premises and prefer new build space or offices in new build quality. In case existing units do not meet these criteria, stagnating to declining rent levels are to be expected in the short to medium term.

#### RISING VACANCY IN FRINGE LOCATIONS

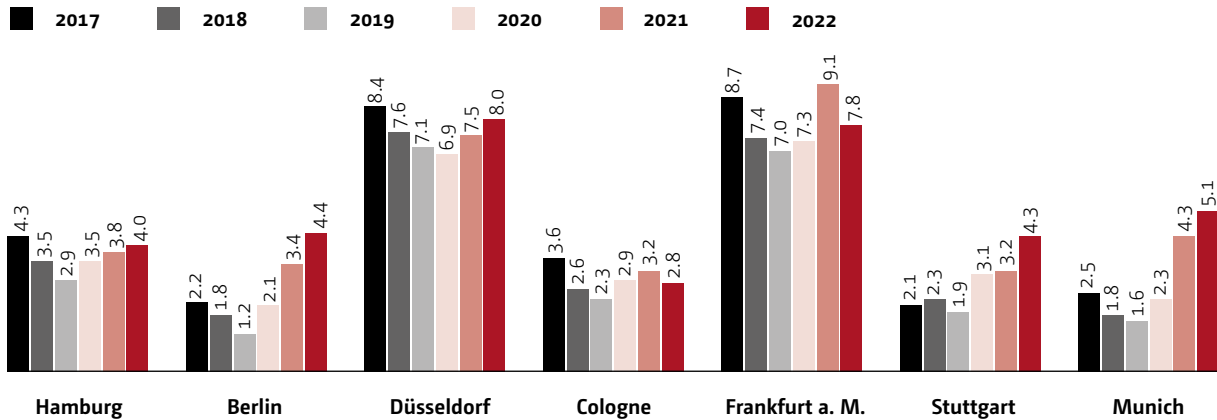
The average vacancy rate in the Top-7 markets stood at 5.1% by the end of 2022. The vacancy rate continued to fall in Frankfurt and Cologne. At 2.8%, it was lowest in Cologne. In Dusseldorf, a very high volume of sub-letting (around 72,000 m<sup>2</sup>) led to the highest vacancy rate of all Top-7 locations, namely 8.0%, followed by Frankfurt with 7.8%. The office supply increased the most in Stuttgart (+36%) and Berlin (+35%). Due to the on-going high demand for office space in city centres, especially peripheral locations are now struggling with high vacancy rates.

#### VARIOUS PRE-LETTING RATES

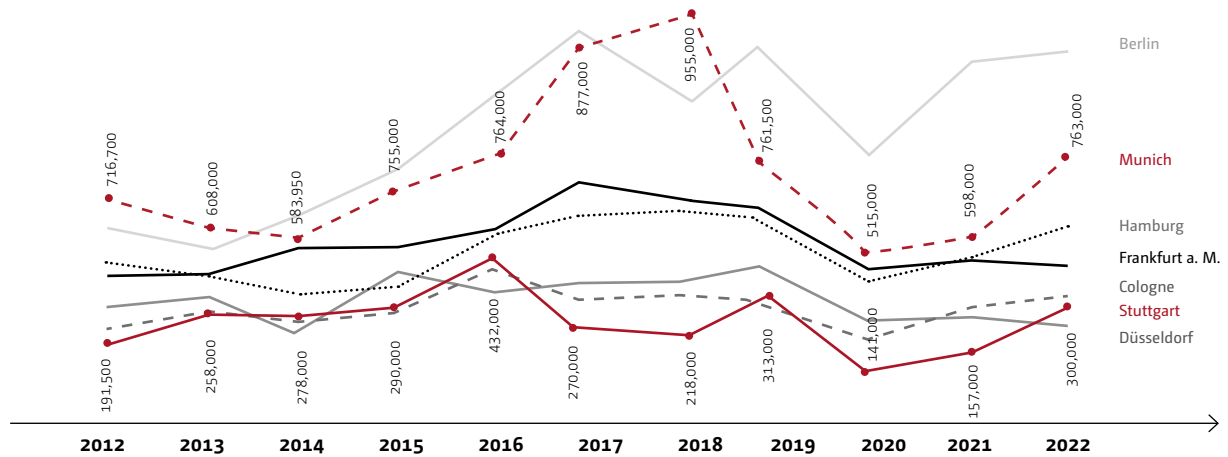
The current economic framework conditions have led to the deferral of various new office projects. For 2023 and 2024, the projected completion volume for the Top-7 markets in Germany lies at 3.45 million square metres, which is hardly any different from the results for 2021 and 2022. The average pre-letting rate of all Top-7 markets stands at 45%. While 71% of the upcoming projects in Hamburg have already been pre-let, this figure amounts to merely 26% in Stuttgart and 27% in Frankfurt. In view of the economic parameters of project developments, it can be assumed that pre-letting rates will rise again in all property markets of Germany.



VACANCY RATE AT TOP-7 MARKETS (IN%)



SPACE TAKE-UP AT TOP-7 MARKETS 2012 – 2022 (IN %)



OVERVIEW TOP-7 MARKETS

	Space take-up in m²		Prime rent in €/m²		Average rent in €/m²		Vacancy rate in %	
	2022	2021	2022	2021	2022	2021	2022	2021
Hamburg	560,000	490,000	33.50	31.50	21.00	18.10	4.0	3.8
Berlin	820,000	810,000	42.00	40.30	30.20	29.30	4.4	3.4
Düsseldorf	279,200	281,600	34.50	28.50	17.75	16.70	8.0	7.5
Cologne	315,000	305,000	27.90	28.00	18.50	17.00	2.8	3.2
Frankfurt a. M.	428,100	485,000	46.00	45.50	23.80	21.70	7.8	9.1
Stuttgart	300,000	157,000	33.00	25.00	18.30	16.00	4.3	3.2
Munich	763,000	598,000	45.50	42.00	23.50	23.40	5.1	4.3

Source: Research E & G Real Estate GmbH/German Property Partners ©, as of 31 Dec. 2022

## Stuttgart Sub-markets

As in previous years, there is a great gap between demand and supply at the CBD and Inner City of Stuttgart. With regards to supply, there is no sign of improvement for 2023. In other parts of the city, the situation is noticeably different, with supply in some cases significantly greater than demand.



## Stuttgart CBD/Inner City: Good choice starting 2024/2025

At the city centre of Stuttgart, demand was caught between an extremely reduced supply, downsizing due to home office regulations and the desire of office users for an enhanced working environment. In 2023, further office space will only become available as a result of downsizing and sub-letting.

Attracting skilled workforce and the wish for an urban working environment were the main reasons for the office space demand at the CBD and Inner City of Stuttgart in 2022. However, this demand was only satisfied to a limited extent, as large letting opportunities (> 3,000 m<sup>2</sup>) in good quality are currently almost non-existent, or will only become available after the completion of new office projects starting 2024. As a rule, demand came from high-quality service providers who prefer New Work environments, but would also like to retain some of their old cellular office structures.

Companies that have rented larger spaces in the past are now considering potential space reductions due to the effects of home working, seeking cost reductions but also an upgrade of their working worlds. Such space reductions could make good office units of up to 1,500 m<sup>2</sup> available

at the CGB and Inner City of Stuttgart, which may serve as interim solutions until the next new build projects are completed.

From today's perspective, new office space in CBD/Inner City locations will not be available at a large scale for another two to three years. In addition to the former site of Allianz, these include the areas of Hallesche Krankenversicherung, the „GRO“ (former Bollwerk am Berliner Platz) as well as the areas of Bahndirektion opposite the Stuttgart Main Station and along Jägerstraße, which will be up for development once Stuttgart 21 is completed.

The supply situation is aggravated by the fact that the public sector is currently seeking 40,000m<sup>2</sup> to 50,000 m<sup>2</sup> of modern office space with two large office searches.

CBD	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	25%	18%	41%	16%	0%
Floor space in m <sup>2</sup>	10,300	7,400	17,000	6,600	0
Average rent	€21.70/m <sup>2</sup>				
Prime rent	€33.00/m <sup>2</sup>				

Inner City	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	22%	2%	7%	14%	55%
Floor space in m <sup>2</sup>	12,000	1,100	3,800	7,600	30,200
Average rent	€17.80/m <sup>2</sup>				
Prime rent	€23.00/m <sup>2</sup>				

## Stuttgarter North: Great potentials - creative solutions

At the northern office locations of Stuttgart, the market is rather differentiated: Areas with greater potentials on the one hand, restrained processes and hesitant demand on the other. Area management and an upgrading of the surroundings will help to further enhance office locations in distress.

### FEUERBACH

Developments around the Feuerbach commuter rail station have seen considerable impetus in 2022. The transformation of Feuerbach from a production location to a service hotspot is in full swing. Planning permission has been granted for „PANDION OFFICEHOME“, so that the project can kick off shortly after a lease agreement has been concluded. The neighbouring projects „LINC“ by Becken and „K30“ by Wöhr + Bauer on the former Flint site have also been advanced and are currently at planning application stage. Users deciding for this location have the choice between approx. 58,000 m<sup>2</sup> of new build potentials and various existing premises such as „Leitz Areal“. Alternatively, office users can fall back on the upcoming core renovation of an existing building in Wienerstraße with a further 5,000 m<sup>2</sup> of office space. On the initiative of the Economic Development Department of the City of Stuttgart, an area management system is to be introduced for Feuerbach in order to incorporate improvements required for the future

development of the area. The challenge lies in the development of a coherent quarter that contributes to the overall attractiveness of the location, as it has already been achieved in Zuffenhausen with „Campus Urbanic“.

Along Pragsattel, further space will become available in 2023. Also in this area, major industrial settlements exist, which are currently being reviewed and adapted to new requirements. An upcoming architectural highlight of Stuttgart was nearly completed in 2022: „Porsche Design Tower“. The development project „MayOffice“ has been finished in the meantime and is almost fully let. The neighbouring project „Maybachstraße 10“ is also nearing completion and first tenants have moved in. This means that the development of „City Prag“ has been successfully accomplished in this area. In 2022, a total demand of around 5,000 m<sup>2</sup> was significantly below the 10-year average for Feuerbach (ca. 33,500 m<sup>2</sup>).

Feuerbach/ Zuffenhausen	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	15%	38%	47%	0%	0%
Floor space in m <sup>2</sup>	750	1,900	2,350	0	0
Average rent	€17.30/m <sup>2</sup>				
Prime rent	€17.50/m <sup>2</sup>				

Weilimdorf	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	2%	2%	17%	0%	79%
Floor space in m <sup>2</sup>	850	750	4,800	0	21,500
Average rent	€14.30/m <sup>2</sup>				
Prime rent	€15.00/m <sup>2</sup>				



## ZUFFENHAUSEN

Both the new construction and the refurbishment of the existing structures at „Campus Urbanic“ were completed in 2022. In the meantime, BIMA has moved into the existing space. For the time being, there is currently no further modern office space available at Zuffenhausen. The „Quadro“ project is being planned in Schwieberdinger Straße as an energy-neutral office building and will provide about 17,000 m<sup>2</sup> of office space in the future. In 2022, Porsche AG has pushed ahead with the concentration of its operations and has relocated more distant administrative units to the immediate vicinity of its main plant. The area between Porscheplatz and the B10 junction was re-designed to increase the traffic capacity of this section. The measures were completed in 2022 and have further improved the infrastructure in the area.

## WEILIMDORF

Weilimdorf has always been subject to large fluctuations in letting volume: At the former Siemens building, 21,500 m<sup>2</sup> were re-let in 2022 to Komm.ONE, a public institution that supports local authorities with their digitalisation efforts. The gap created by the departure of Siemens AG has thus been largely closed. However, another departure has created additional space potentials of approx. 35,000 m<sup>2</sup>: The former office building of Porsche AG at Mittlerer Pfad is currently being completely redesigned and will be launched as „Lumicon“, the new alternative for modern office space at Weilimdorf. To

this end, the single-tenant building will be transformed into a multi-tenant building with all the amenities required for an attractive office campus. Its direct proximity to commuter trains and its strategic situation were major reasons why the building was chosen as the new centrepiece of the area. In addition to various gastronomic offerings, there will also be a day care centre. The aim of these measures is to considerably increase the attractiveness of the location by providing added value for all users in the area.

The trend for home office has had a strong impact on Weilimdorf. Major occupiers at the location have reviewed their space requirements and released spaces of various qualities for the local market. At the same time, the new build project „MO 26“ was completed with a floor area of approx.18,000 m<sup>2</sup>. Currently, about 15,000 m<sup>2</sup> office space are still available here. In this setting, the total package of building quality, proximity to commuter rail and the range of additional services will ultimately be the deciding factors in rental decisions. The Economic Development Department will also resume its work in Weilimdorf and revive the original „WeilimPark“ initiative with the aim to increase the attractiveness of the location. The overall take-up of 27,900 m<sup>2</sup> in 2022 is well above the 10-year average of around 22,000 m<sup>2</sup>, although current demand at the location is restrained. A positive development for office users is that Weilimdorf will be connected to the metro system of the Stuttgart area starting 2027.



## Stuttgarter East: Positive trend with upside potentials

Great progress is being made at the development area Neckarpark, while at Löwentor construction activities have been practically completed. Rent levels at this office location speak for themselves, but there still remains room for improvement regarding the quality of the surrounding area.

### BAD CANNSTATT/WANGEN/HEDELFINGEN

Neckarpark is happening: The new public indoor pool has opened, DIBAG AG's „Q8“ project is almost ready, and the „Gesundheitshaus“ and „Stuttgarter Höfe“ projects are in construction phase.

Over the course of 2022, it was decided that the Stuttgart fire brigade will locate their future control centre and other administrative units on plots Q16 to Q18. The „Cannion“ project of the Fay Group is under construction and already has a hotel operator as a first tenant. This means that all the

perimeter block developments required for noise protection of the planned residential areas will be implemented. In a next step, the urgently needed residential development of the new district can begin.

At the location Löwentor, „leo Business Campus“ was also completed in 2022 and has already achieved significant letting success. Next to Exyte as a principal occupier of more than 5,400 m<sup>2</sup>, also the City of Stuttgart, Gehe AG and DIS AG could be won as users of the new build office complex. The spaces on the Plaza floor have been rented by MySpa,



Bildquelle: DIBAG Industriebau AG

SUB-MARKETS STUTTGART

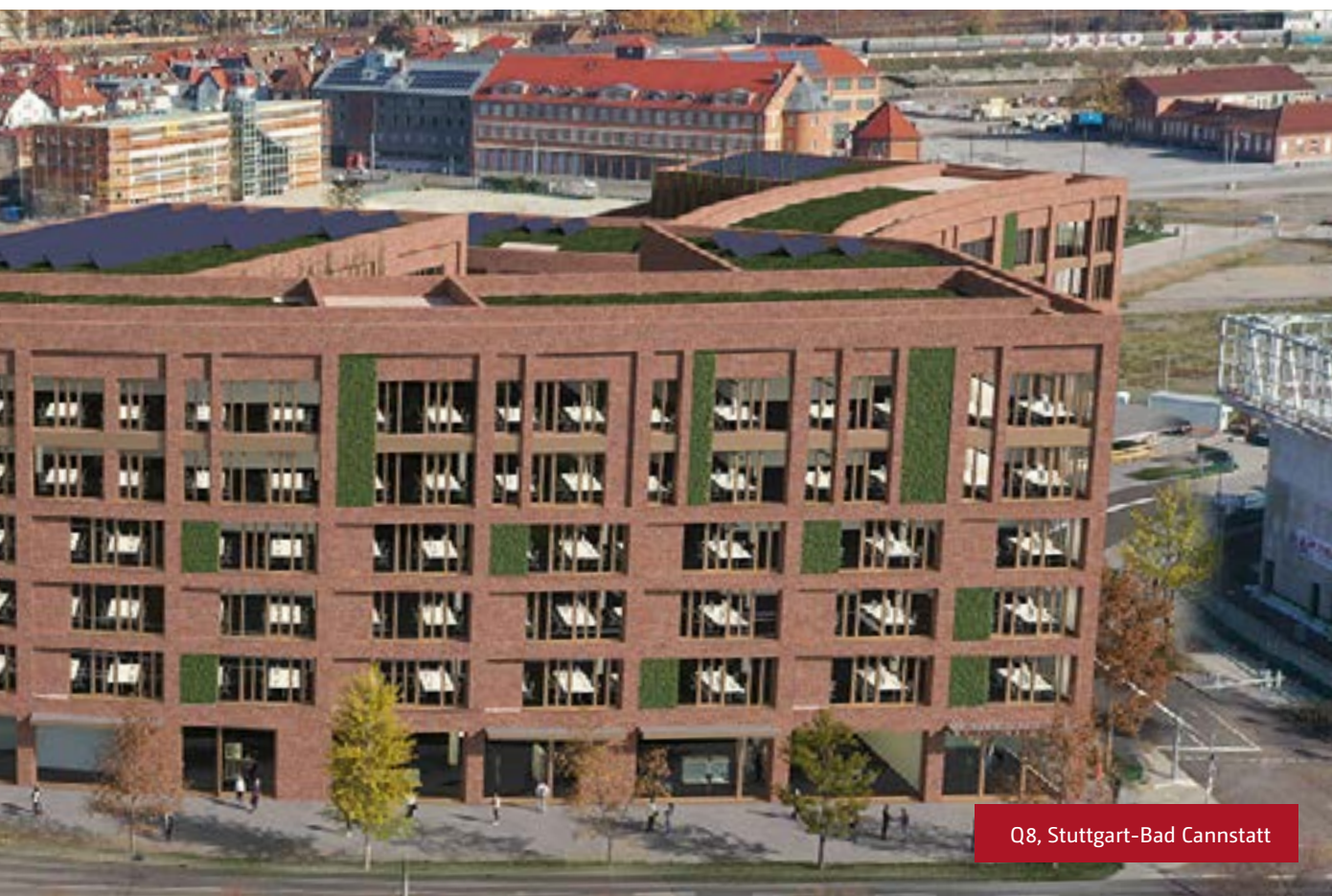
adding to the overall attractiveness of the campus with their innovative spa concept.

Nevertheless, also at this office location of Stuttgart East it will be required to improve the infrastructural situation with regard to gastronomy and conveniences. In the meantime, 3,500 to 4,000 jobs have been created here, and the workforce needs sufficient supply of daily goods. For future space offers at this location, it will be necessary to signifi-

cantly raise the attractiveness of the location.

Due to the leases concluded at „leo Business Campus“, a very good letting volume was achieved in the area: 18,700 m<sup>2</sup> of leased office space represent an increase of 17 % compared with the previous year. This result, however, remained significantly below the 10-year average of around 29,500 m<sup>2</sup>.

Bad Cannstatt/ Wangen/Hedelfingen	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	18%	0%	47%	0%	35%
Floor space in m <sup>2</sup>	3,300	0	8,700	0	6,700
Average rent	€17.90/m <sup>2</sup>				
Prime rent	€23.50/m <sup>2</sup>				



## Stuttgarter South: Encouraging dynamics

The success story of the southern districts goes on. The face of Albplatz in Degerloch has changed considerably and a new metro stop in Leinfelden will improve transport links to the industrial estate. At various locations, state-of-the-art new builds and sustainable refurbishments are underway stimulating the demand for office space in the area.



Degerloch	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	14%	0%	40%	46%	0%
Floor space in m <sup>2</sup>	740	0	2,120	2,440	0
Average rent	€17.30/m <sup>2</sup>				
Prime rent	€17.50/m <sup>2</sup>				

### DEGERLOCH

Albplatz now has a new face. The scaffolding at „Degerloch Office Center“ (DOC) was dismantled at the end of 2022. Construction works have entered the final stage, and the first tenants will move in on 01 July 2023. In addition to the offices of the principal Bansbach, both their staff canteen and a fitness studio will be operational by Q4/2023. Currently, the property still has approx. 11,000 m<sup>2</sup> of modern office space available.

Across the street, revitalization of the former CMS space is beginning. A total of around 14,000 m<sup>2</sup> of office space will be brought to a modern standard at this location. Office units should be available from 2024/2025. Thanks to the extension of the metro line U6, the Stuttgart International Airport can be reached directly from Albplatz within 20 minutes.

### LEINFELDEN-ECHTERDINGEN

The location Leinfelden-Echterdingen is expected to benefit from a metro stop at the edge of the industrial park Schelmenäcker starting Q4/2024. This has probably been a decisive factor in the decision of the two automotive suppliers JW Froehlich Maschinenfabrik GmbH and Euchner GmbH & Co. KG to expand their footprint here. At the industrial estate Unteraichen, almost no demand was recorded in 2022. Large spaces are still vacant at Delta Serie's office buildings. The vacated space at „SkyLoop“ adds a further 7,600 m<sup>2</sup> the space reserve at the Stuttgart International Airport.

Compared with 2022, office take-up at Leinfelden-Echterdingen has increased by a whopping 96%, thanks to more than 16 leases signed in the area. At „Vision One“, a new campus building at the commercial zone of Echterdingen, more than 3,000 m<sup>2</sup> of space were successfully let, a major share in the overall letting volume of approx. 11,200 m<sup>2</sup>.

### FASANENHOF

With a total of 13,900 m<sup>2</sup>, space take-up at Fasanenhof was an impressive 140% higher than in the previous year. This positive result was due to many smaller contracts of up to 500 m<sup>2</sup> and a number of leases for up to 1,000 m<sup>2</sup>, which were signed at „BusinessPark“. Refurbishment works there are progressing and are now giving the site a more contemporary look. At the same time, the second construction stage of „Campus Fasanenhof“ has been completed in 2022. A total 5,500 m<sup>2</sup> of upscale office space was rented out there. These lettings are largely accountable for the present rent levels in the Fasanenhof area. There is a clear increase in demand, but it is also evident that users are looking for shortly available, yet modern existing premises. However, there are currently no major new and modern office spaces left at Fasanenhof. Therefore, a developer could create an unmistakable unique selling proposition by launching a new office project here. Currently, the „Lichthof“ development with its comprehensive sustainability concept is in the starting blocks. It will provide around 14,800 m<sup>2</sup> of cutting-edge office space certified in accordance with DGNB (German Sustainable Building Council). Rental prices for existing space range between €10.50/m<sup>2</sup> and €14.00/m<sup>2</sup>, while new-build space is likely achieve between €16.00/m<sup>2</sup> and €17.50/m<sup>2</sup>, depending on the size of the unit.

### VAIHINGEN/MÖHRINGEN/STEP

The success story of „Synergiepark“ went on in 2022. Apart from the start of construction by Allianz in this area, Sparkassenverlag concluded owner-occupier leases. Ed. Züblin AG took over the „Atlanta“ building, the former headquarters of Daimler Truck, as a further owner-occupier in the area. With these three contracts alone, owner-occupiers achieved a letting volume of approx. 106,000 m<sup>2</sup>. With an

Leinfelden-Echterdingen	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	24%	17%	59%	0%	0%
Floor space in m <sup>2</sup>	2,600	2,000	6,600	0	0
Average rent	€16.10/m <sup>2</sup>				
Prime rent	€18.00/m <sup>2</sup>				

overall letting volume of 122,000 m<sup>2</sup>, Vaihingen/Möhringen scored significantly above the 10-year average of around 60,000 m<sup>2</sup> and saw a record year in 2022.

Further projects at Vaihingen/Möhringen are nearing completion. For example, „Polaris Office“ directly on Wallgraben with a floor area of approx. 8,200 m<sup>2</sup> is now almost complete and offers modern space to rent. More refurbishments of existing buildings will follow, as it has become clear that the quality of such office properties needs to be enhanced in order to meet the increasing competition in the area. In addition, various companies are currently starting to release office space as shortly available sub-letting units. The extent to which this will have an impact on the market cannot yet be assessed. At the same time, vari-

ous projects are currently being developed, which differ in terms of setting, but also in terms of technical fit-out. Some of them are aimed to become climate-neutral buildings that comply with the latest ESG-criteria. Only in this way will an office building be attractive for office users and potential investors and considered as future-proof. One of these projects in the direct vicinity of the commuter train station and the new „Allianz Campus“ is „TWINX“, an ultra-modern ensemble consisting of two buildings with a total floor area of around 30,000 m<sup>2</sup>.

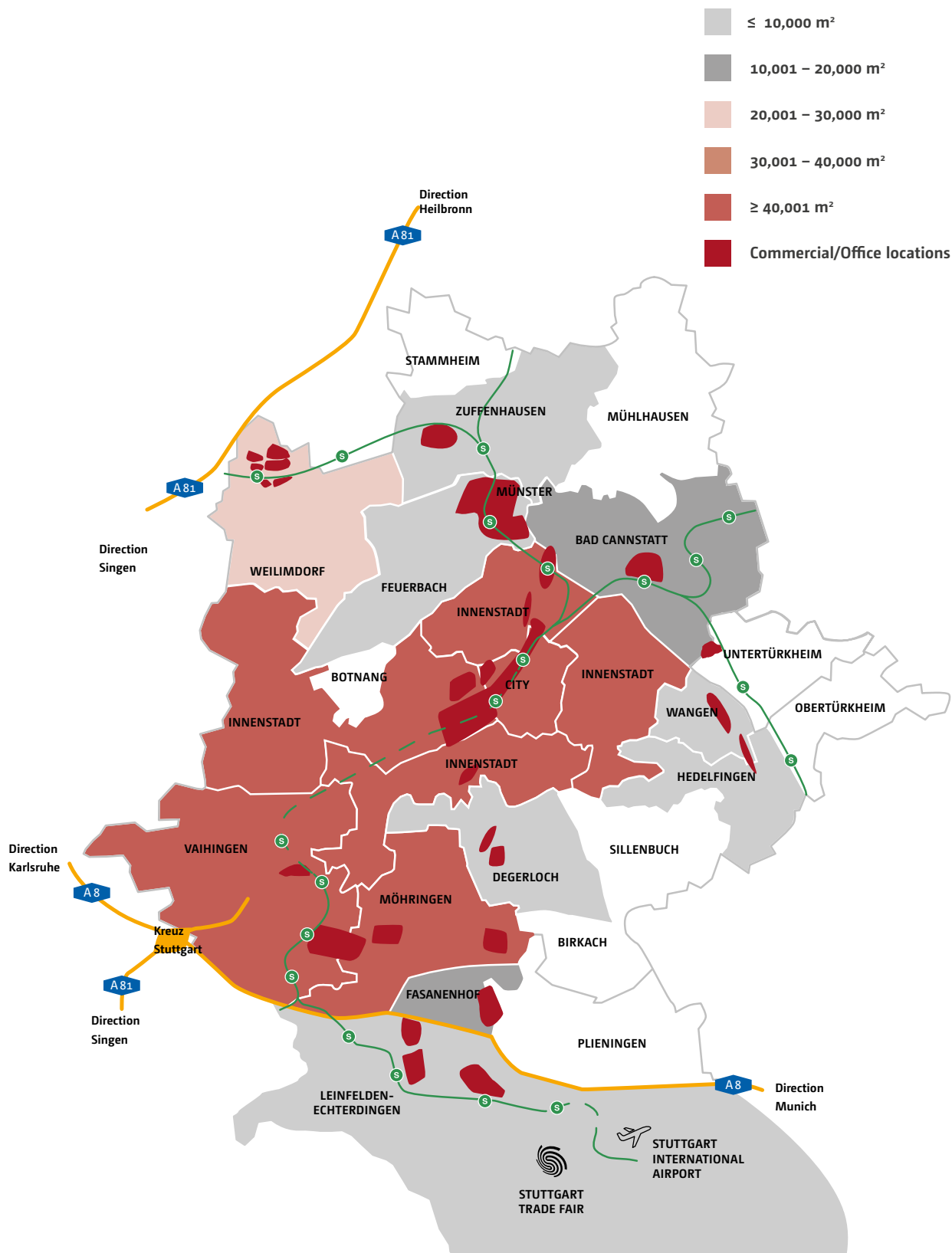
Also „STEP“ enjoyed sustained demand in 2022. Numerous leases were concluded for small-scale units up to 500m<sup>2</sup>. It is also evident here, that outstanding building quality is becoming increasingly important for rental decisions.

Fasanenhof	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	36%	14%	26%	24%	0%
Floor space in m <sup>2</sup>	5,100	1,900	3,300	3,600	0
Average rent	€14.30/m <sup>2</sup>				
Prime rent	€18.75/m <sup>2</sup>				

Vaihingen/Möhringen/ STEP	≤ 500 m <sup>2</sup>	501 – 1,000 m <sup>2</sup>	1,001 – 2,000 m <sup>2</sup>	2,001 – 5,000 m <sup>2</sup>	> 5,000 m <sup>2</sup>
Share in %	3%	1%	1%	0%	95%
Floor space in m <sup>2</sup>	3,600	1,200	1,200	0	116,000
Average rent	Vaihingen: €14.30/m <sup>2</sup> , Möhringen: €14.00/m <sup>2</sup>				
Prime rent	Vaihingen: €15.50/m <sup>2</sup> , Möhringen: €18.10/m <sup>2</sup>				



# Office Market Stuttgart: Space take-up in 2022



Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2022

## Forecast

### Shaping the future

One of the defining features of the future is its uncertainty. Nevertheless, some trends can be clearly identified for the coming years: These include tighter legislation with regard to sustainability, the reduction of space demand due to home office, increasing requirements on energy efficiency, as well as further growth in smart technology. Those who act wisely and with foresight will be able to hold their position on the market.





## Outlook 2023: Growing challenges and chances

While the pandemic is ebbing away, the transformation of the working world is in full swing. At the same time, it is still not clear how many office workplaces will actually be required in the future. As companies are still experimenting with flexible working solutions, the framework conditions for co-determination have been set. It remains to be seen, how these requirements will be implemented in the future. One thing is for sure: Home working is here to stay as an important constituent of the professional world.

In 2022, the importance of energy supply has risen - due to the war in Ukraine - to a level that no one had anticipated. Questions of service charges and the energy efficiency of a building will become dominant issues in upcoming rental decisions. The price increases that have already taken place are not yet visible to users. This will happen when the first energy bills are due in 2023 and become particularly noticeable in 2024. Many occupiers will take the opportunity to take a closer look at their current office situation. Companies that are spread across various locations, but only occupy small shares of individual buildings, will be driven to make respective consolidations by their controlling departments. As a result, certified, carbon-neutral buildings will come into focus in all further space considerations. Until a year ago, these considerations were not made with such intensity; only the drastic increase in energy costs led to this change of mind.

These new user requirements will inevitably drive up construction costs. Also the level of smart technology in office building will increase massively. The challenge here is to find intelligent, but above all realistic and functional solutions. The first examples are already being implemented: With their „OWP12“ project, Drees & Sommer have created a building that is fully self-sufficient and, according to initial findings, will also meet the projected ancillary costs. The new requirements on office buildings will create new market dynamics. Owners of dated office stock will have to adapt to these new conditions and respond with extensive refurbishment of their assets. If they fail to do so, it will not

be without consequences, especially since companies above a certain size have to include ESG criteria in their balance sheets starting 2023. As this also includes the buildings they occupy, office users will no longer be able to rent older buildings. The trend for new build or modernized office space is set to continue.

Premium rents have changed considerably in 2022. In many submarkets, this is due to the high quality of refurbished or new build office properties. It can be expected, that the further increase in 2023 will be caused not only by inflation, but also by increasing requirements regarding sustainability and technical fit-out. This trend is likely to hit the lower and middle price segments in particular. Due to a significant increase in space supply, incentives will also play a vital role, as the choice for users will be greater, at least in some sub-markets.

According to the current forecasts by financial experts, inflation is expected to recede noticeably by the end of 2023 and the prospects for new economic growth will improve again in 2024. Should that be the case, the office market would get off lightly in 2023. For both, users and owners, this means they will have to do their homework in 2023. They will have to push ahead with digital transformation and digital processes, examine space efficiency, and make the right decisions for a future-proof working environment. In consideration of the signings which were postponed in 2022, E & G Real Estate assume a total space take-up of around 250,000 m<sup>2</sup> for the coming year.

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With our offices in Stuttgart and Munich, we are at home on the commercial property market in southern Germany. Also in residential property, we are your trusted partner all the way. Visit us at our shops in the Stuttgart Region.

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## E & G Real Estate

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With more than 80 years of market experience and a broad expertise, E&G Real Estate are leading specialists for commercial property in southern Germany. Our clients appreciate the long-standing excellence in property consulting and the absolute discretion of our expert team. They know: at E&G Real Estate, their commercial property projects are in good hands.

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Constant market monitoring and analysis



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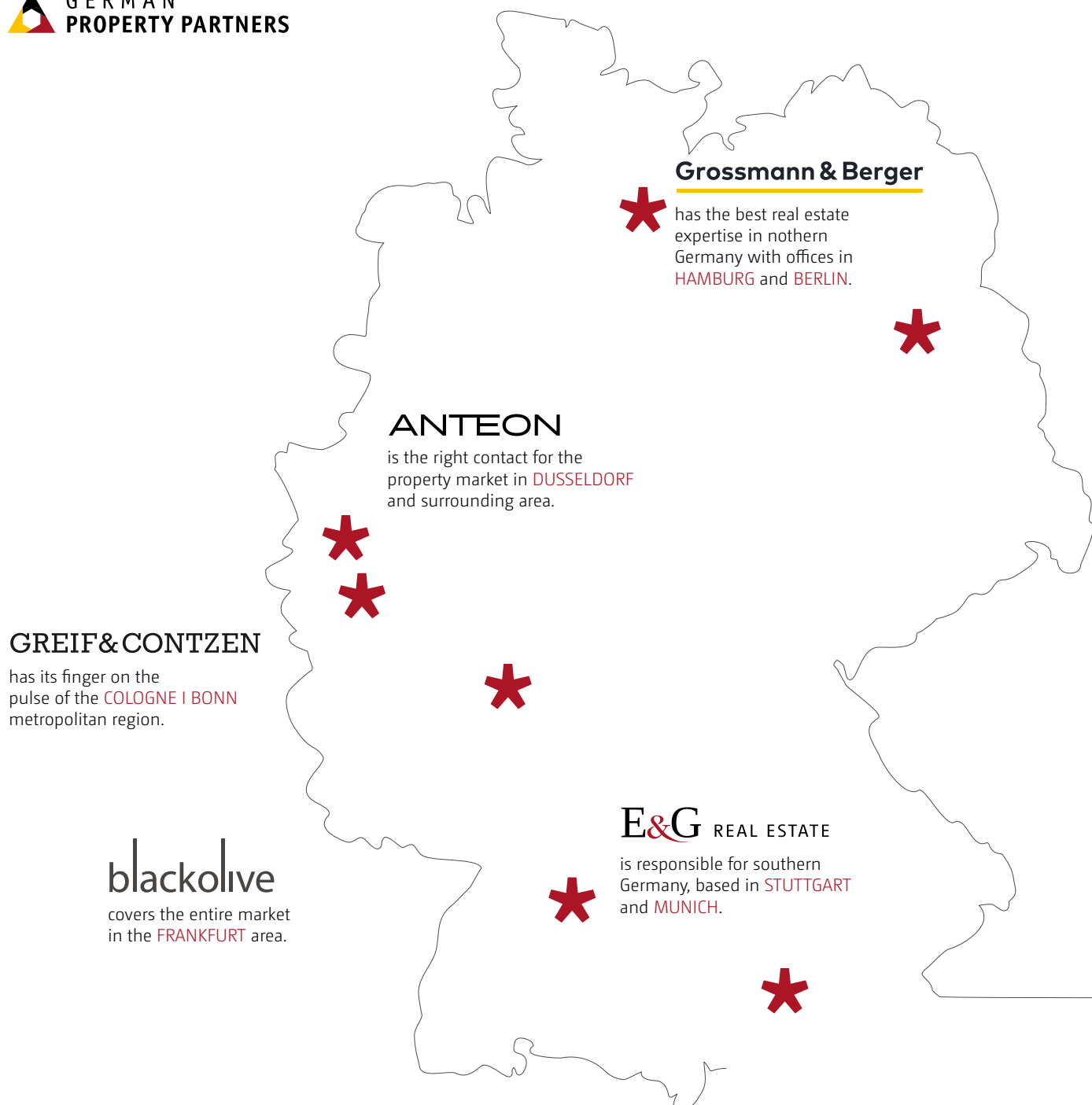
#### FUTHER PUBLICATIONS

- Investment Market Report – Southern Germany
- Industrial & Logistics Market Report – Stuttgart
- Office & Investment Market Report – Munich
- GPP Markt Report – Germany

These publications may be obtained free of charge per email at [info@eug-re.de](mailto:info@eug-re.de) or at [www.eug-realestate.de](http://www.eug-realestate.de).

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