

What's Happening in ... Frankfurt?



Frankfurt is one of Germany's largest and most economically significant cities. With just under a million inhabitants, it's the fifth most populous city in Germany. It is also an economic center for the country, with the sectors of finance, education, events, tourism, and transportation being particularly well represented therein.

Economic and Travel Hub

Frankfurt is considered the financial hub of Germany, and an internationally significant finance hub at that. Many global and multinational corporations maintain major offices and are even headquartered in Frankfurt, including Deutsche Bank, The Frankfurt Stock Exchange and the European Central Bank.

In addition, it is a major transport connection, with Frankfurt Airport being the busiest in the country. As home to the world's largest internet exchange point, it is fitting that many European and German startups and digitally-focused firms have chosen the city for their base.

State of the Sector

The above factors combine to make Frankfurt a contemporary and cosmopolitan urban space with a high degree of inward emigration for work and a traditionally busy market for commercial real estate (CRE). It is considered a bit of an outlier in terms of the national property market, with more fluctuation and movement than the rest of the country where prices tend to be somewhat flatter.

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The flipside of this is that it has high exposure on the office space side of CRE, which understandably took a hit under the lockdown measures during the Covid-19 pandemic.

According to Bloomberg, for example, reports the financial district in particular, remained “eerily deserted” in June and this was expected to continue until high vaccination rates are achieved: “The proportion of people fully vaccinated in Frankfurt was only at about 25% as of June 20,” Bloomberg says.

Logistics and warehousing in the region are on the up, however, the uptake of space in industrial and logistics in the first half of 2021 exceeding 300,000 m² for the first time since 2018. Among other deals, DHL Supply Chain confirmed in July 2021 that they are building a 32,000 m² logistics center just north of Frankfurt.

Recovery in the Cards, Slowly

Its long history, established markets and central position means Frankfurt has been a relatively safe haven for developers and investors for years. Thankfully, it was largely spared from the worst of the flooding seen in the country in 2021.

Still, it has a way to go before returning to pre-Covid activity, Bloomberg argues: “Weekday workplace mobility data from Google for the region is still down 17%, while passenger numbers at Frankfurt airport—one of Europe’s busiest hubs—remain less than half their pre-crisis level”.

