EMEA

CITY OFFICES

QUARTER 2 | 2020

EXECUTIVE SUMMARY

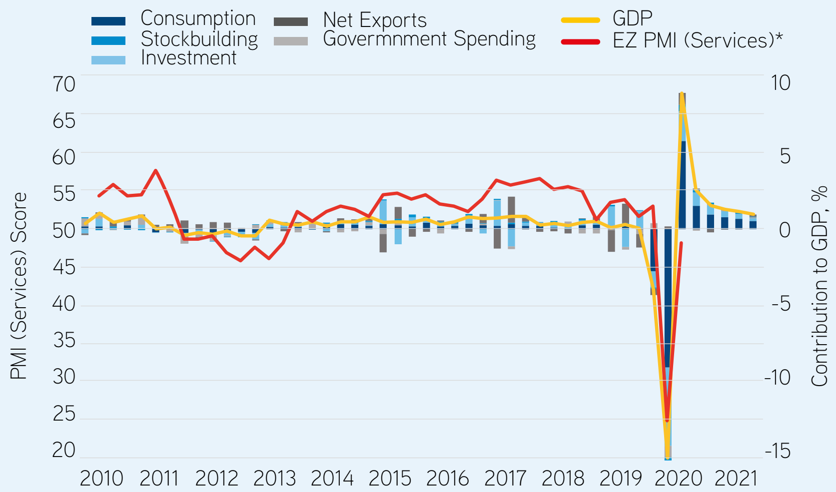
- **ECONOMY:** European economic growth had already begun to cool at the start of 2020, before the impact of the COVID-19 pandemic took hold in March. Fast forward to the end of H1 and the virus' impact is clearly visible in the GDP figures across Europe. The EEA30 (EU27, UK, Norway and Switzerland) has seen GDP slump -7.1% Y/Y with Q2 showing a quarterly fall of -12.2%. On a more positive note, June numbers illustrate that some markets already began to recover at the end of Q2, supporting momentum for a broader rebound in H2 2020, and a return to economic growth in 2021. That said, there is much uncertainty over the future path of economies, and some pre-crisis challenges not only remain, but have been accelerated by the pandemic – notably US-China Trade-War tensions. A US election, Brexit transition negotiations and the mid-long-term management of the pandemic, especially the long-term winding down of European stimulus and furlough packages, add significantly to the uncertainty of all European economies on their path to recovery.
- **EMPLOYMENT:** Like GDP, employment growth had been slowing by the end of 2019, with many economies reaching full employment. The immediate impact of COVID-19 has pushed out unemployment rates close to levels seen in 2008 and the 1930s, primarily due to the contraction of the retail and hospitality industries. Major European cities have been hit hard, especially those dependant on tourism and those driven by centralised, high-density office populations reliant on public transport. With these demand generators significantly diminished in central areas, it is surprising that employment has only fallen by -1.6% across the EEA30. The unwinding of national furlough schemes, which have been keeping these numbers in check, are likely to drive higher unemployment rates. Yet there are promising signs for Europe's labour market, which is forecast to rebound by 0.4% at the end of 2021.
- **TAKE-UP & PRE-LEASING:** The 12-month rolling take-up figure for H1 2020 is expectedly down, but only by -17.2%. Many occupier expansion plans have been put on hold in the immediate aftermath of COVID-19, but large individual deals have buoyed overall take-up in some markets. Pre-let agreements, signed upwards of three-to-four years in advance, have helped maintain a relative supply-demand balance where new product has completed. There are some instances of grey space being released to market, and there is clearly a lot of uncertainty around how occupiers will adjust their ways of working and thus their office footprint longer-term. Yet some occupiers are still in "expansion mode", and the low availability of quality, grade-A stock remains limited. This is maintaining a competitive marketplace, especially for new stock built to the highest standards of ESG, health and wellbeing.
- **VACANCY:** The average vacancy rate across EMEA moved up only slightly to 5.8% by the end of Q2 2020, from 5.5% in Q4 2019. This reflects how tightly balanced office markets remain, in-line with our April prediction of limited movement in vacancy by up to 200bps maximum as of year-end 2020. While the majority of markets will see vacancy rates stay under 10%, occupier conditions will continue to shift to either neutral or tenant friendly, with landlord-friendly markets set to diminish to only 12% of the market by mid-2021.
- **RENTAL GROWTH:** By H1 2020, our EMEA office rental index grew by a surprising 1.5% Y/Y, but most of this increase was recorded by end Q1, before the full impact of COVID-19 took hold. Looking ahead, around 50% of major markets expect prime rents to decline in the next 12 months, but we expect these declines will be less than 5% for the majority of markets, remaining inside our predictions made back in April.

KEY METRICS IN MAJOR EMEA CITIES: H1 2020

CITY	TAKE-UP: H1 2020 [SQ M]	TAKE-UP: ANNUAL CHANGE [%]	VACANCY: Q2 2020 [%]	VACANCY: 6M CHANGE, [BPS]	VACANCY: 12M OUTLOOK	PRIME HEADLINE RENT: Q2 2020 [€/SQ M/MTH]	PRIME HEADLINE RENT: 6M RENTAL GROWTH [%]	PRIME HEADLINE RENT: 12M OUTLOOK
Abu Dhabi	n/a	n/a	40.0	400	▲	24.8	-4.1	▼
Amsterdam	118	0	5.1	16	▬	38.8	0.0	▬
Berlin	331	-15	1.2	0	▼	40.0	0.0	▲
Birmingham	37	-22	8.0	178	▬	33.9	0.0	▬
Bucharest	124	-34	11.3	100	▲	18.0	0.0	▼
Budapest	168	-31	7.3	170	▬	24.0	0.0	▬
Copenhagen	n/a	n/a	6.3	-25	▬	22.9	0.0	▬
Dubai	n/a	n/a	35.0	800	▲	39.3	-4.3	▼
Dublin	112	-31	7.0	100	▬	55.8	0.0	▬
Frankfurt	177	-31	6.9	0	▲	45.5	0.0	▼
Istanbul	35	-48	28.6	-378	▲	26.8	-12.0	▼
London - City	168	-34	5.7	71	▲	71.3	3.6	▼
London - West End	143	-27	4.4	26	▲	118.0	0.0	▼
Madrid	148	-61	8.7	20	▲	35.0	-4.1	▼
Milan	164	-28	10.0	0	▬	49.2	0.0	▼
Moscow	614	-24	6.0	33	▲	67.0	0.0	▼
Munich	326	-25	2.7	50	▲	40.5	-1.2	▼
Paris	592	-40	5.7	80	▲	72.5	1.2	▬
Prague	149	-30	6.1	61	▲	23.0	0.0	▬
Stockholm	n/a	n/a	5.5	25	▲	60.4	0.0	▬
Vienna	44	-55	3.9	-70	▲	28.0	0.0	▬
Warsaw	335	-18	7.9	10	▲	26.0	0.0	▼

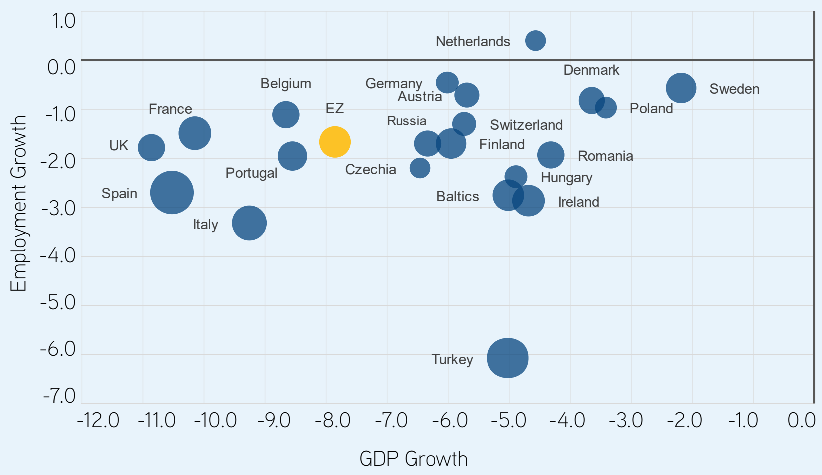
Sources: Colliers International

FIGURE 1:
EUROZONE: CONTRIBUTIONS TO GDP GROWTH
2010-2021F



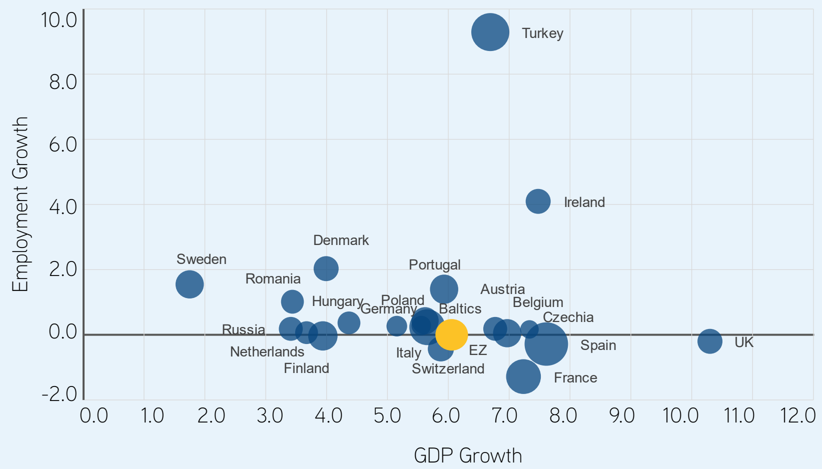
*PMI values lagged by one quarter, so relative to GDP curve.

FIGURE 2:
COUNTRY GDP & EMPLOYMENT GROWTH
2020, YEAR-ON-YEAR FORECAST GROWTH %



Bubble size represents unemployment rate.

FIGURE 3:
COUNTRY GDP & EMPLOYMENT GROWTH
2021, YEAR-ON-YEAR FORECAST GROWTH %



Bubble size represents unemployment rate.

Sources: Figure 1: Colliers International, Oxford Economics | Figure 2: Colliers International, Oxford Economics | Figure 3: Colliers International, Oxford Economics

MACROECONOMIC OVERVIEW

Eurozone: Following a sharp GDP fall in Q1, monthly figures show that economic activity contracted most severely in April, coinciding with the onset of lockdown measures in most European countries. As of July, sentiment indicators continue to improve, but the recovery path will be mixed as markets adjust to a new normal, and governments configure how best to support national economies and employment levels without putting public debt levels at unsustainable, high-risk levels. There is also the concern over the summer spike in cases, and how the COVID-19 virus will be contained with the onset of winter, while keeping the economy as open as possible. The agreement between European Union leaders for the EU €750 billion stimulus package to help pull their economies out of the worst recession in memory, will go some way to supporting the growth effort, whilst tightening the financial bonds holding the 27 nations together. This is an important step forward for the EU-Bloc as it negotiates a new budget to start in 2021, coinciding with the UK transitioning out by the end of 2020. Things have been relatively quiet on that front to date, but now the first shockwave of the pandemic is over, time is pressing for a deal that suits both parties with the least disruption possible.

As Figures 1, 2 and 3 show, there is an expected upturn in both GDP and employment growth in 2021, in many respects mirroring the severity of the decline seen in 2020. There are clearly big difference in terms of the overall impact by country with the UK, France, Spain and Italy feeling the worst of the pandemic. The Nordics, DACHS and Netherlands are faring considerably better. Additionally, although 2021 will be a year of recovery, sentiment indicators point to the recovery being pushed back into the year, so it is unlikely we will see a full recovery to economic output levels pre-crisis, until at least 2022.

UK: GDP fell by over 20% (M/M) in April, the largest monthly decline ever recorded. Encouragingly, May's data, showed a 1.8% (M/M) increase in GDP (the second-strongest increase on record), and June figures were up around 8%. Nonetheless, the UK economy will record its largest annual drop in GDP in modern history this year (-10.9%), followed by its largest annual increase (+10.3%) in 2021. The official unemployment rate (6.4%) remains near a four-decade low but has seen outward movement of exactly half.

Germany: Consequences of lockdown actions, falling inventories, supply-chain disruptions and temporary closures of carmakers' factories, saw industrial production fall by -25% (Y/Y). Factory orders were down -37% in April. While Europe's "unlocking" saw output and orders recover a little, they were still down -29% M/M. Germany expects a 6% plunge in economic output in 2020 (after a 4% fall last year) before a rise of over 5% in 2021.

France: GDP contracted by 5.3% in Q1, as the national lockdown cut consumption by -5.6%; a pillar of domestic growth. Business investment (-10.5%) and exports (-6.1%) also fell, and GDP for 2020 is set to contract by just over 10% Y/Y. Despite a recovery in 2020, the economy is not expected to hit pre-crisis levels until later in 2022. To combat economic contraction, and particularly safeguard employment, over €0.5 trillion has been injected into the economy by the French government. Yet the fall in employment remains a major concern, as unemployment reached 9.4% at end H1.

Italy: Italy entered 2020 as the Eurozone's weakest economy, and it has been one of the hardest hit countries by COVID-19, given the very strict national lockdowns imposed and a reliance on tourism to support the national economy. GDP is expected to fall by -9.3% Y/Y in 2020, with unemployment rising to 10.4% by end 2020. Unemployment is expected to rise further in 2021 to around 12%, as the economy struggles to make up lost ground, rising by only 5.7% in 2021.

FIGURE 4:
EMPLOYMENT AND GDP GROWTH
2021 FORECAST

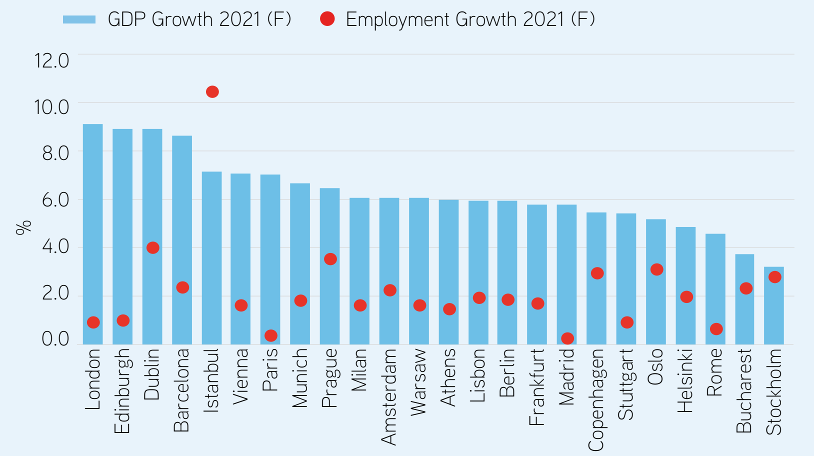


FIGURE 5:
UNEMPLOYMENT RATE, MAIN EMEA CITIES,
2019-2021
ILO DEFINITION

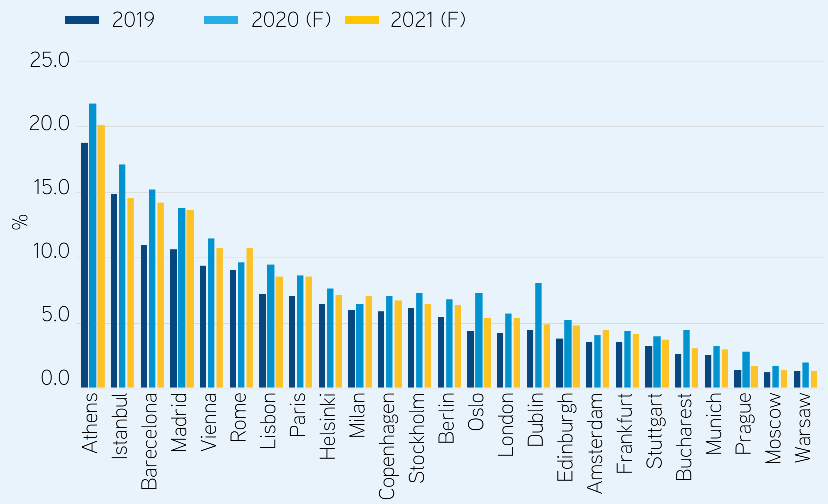
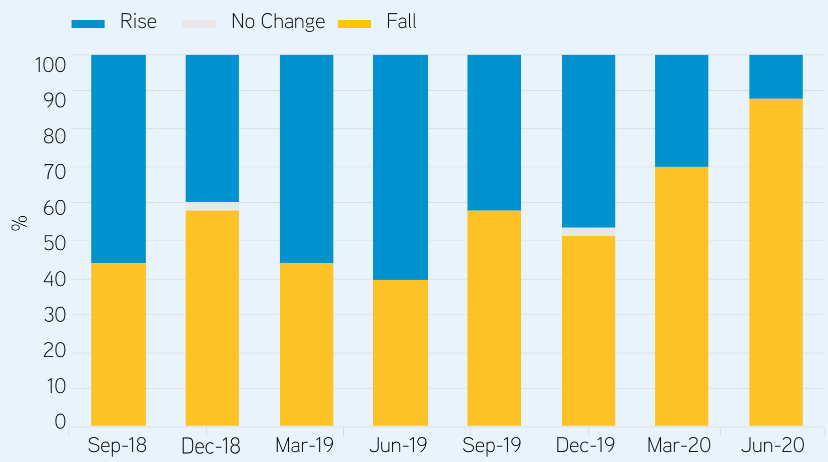


FIGURE 6:
CHANGE IN 12 MONTH ROLLING TAKE-UP
BY % OF MARKETS



Sources: Figure 4: Colliers International, Oxford Economics | Figure 5: Colliers International, Oxford Economics | Figure 6: Colliers International

MARKET OVERVIEW: DEMAND

The EEA30's unemployed population grew by 24.5% (Y/Y) during H1 2020, as a direct result of COVID-19, pointing to reduced corporate expansion. None of the cities highlighted in figure 4 are immune to a growth in unemployment, although much of this rise will be within the retail and hospitality industries.

Subdued sentiment, and limited corporate expansion has clearly fed into office take-up, with the rolling annual (take-up) figure down -17.2% for the first half of 2020. In some of the major markets, like Paris and Berlin, declines have been as large as -40% and -69% respectively y/y. In contrast, there are some markets where take-up figures have been healthy, or at least in line with 5yr and 10yr averages – Wroclaw, Amsterdam and St Petersburg saw totals grow by 1.1%, 1.2% and 9% respectively.

Buoying these take-up figures, in some cases, have been lease renewals or large individual transactions. In Budapest, 55% of take-up was proportioned to renewals, with new leases accounting for 27% and expansions 4%; pre-leases made up 14%, signalling a slowdown of "corporate expansion" and an uptick in re-gearing. In Prague, renewals accounted for 40%.

In Berlin, three leases of over 10,000 sq m were signed, with Deutsche Rentenversicherung (the largest of the three) signing for over 84,000 sq m. In Madrid, Openbank (10,600 sq m) and Accenture (9,100 sq m) signed the biggest deals in Q2 2020, both in CBD locations, which accounted for 44% of Madrid's Q2 total take-up. In Paris, H1 volumes were held-up by the 130,000 sq m lease signed by Total in The Link tower in La Défense.

How office demand pans out during the remainder of 2020, or indeed into 2021 remains to be seen, but there are signs that occupiers are at the very least assessing the possibility of offloading surplus space. In Prague, newly released "grey space" (sub-letting) has amounted to 38,000 sq m, equivalent to a 1% rise in vacancy, with the expectation that this could double to 70,000 sq m by year-end.

Falling levels of availability have also impacted on take-up volumes. Any completions not majorly delayed by national lockdowns have been absorbed by latent demand. For example, Berlin's current (1.2%) vacancy rate will only move out to around 1.5-1.8% by year-end, despite 152,000 sqm of completions in H1 and an active pipeline of 1.6 million sqm. At sub-2%, it will, continue to have the tightest vacancy rate in Europe.

FIGURE 7:
VACANCY RATE CHANGES
BY % OF MARKETS

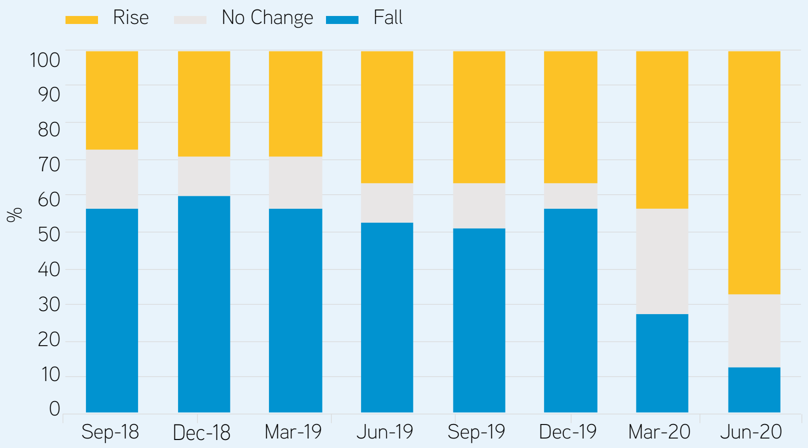


FIGURE 8:
CHANGES IN SPACE UNDER CONSTRUCTION
BY % OF MARKETS

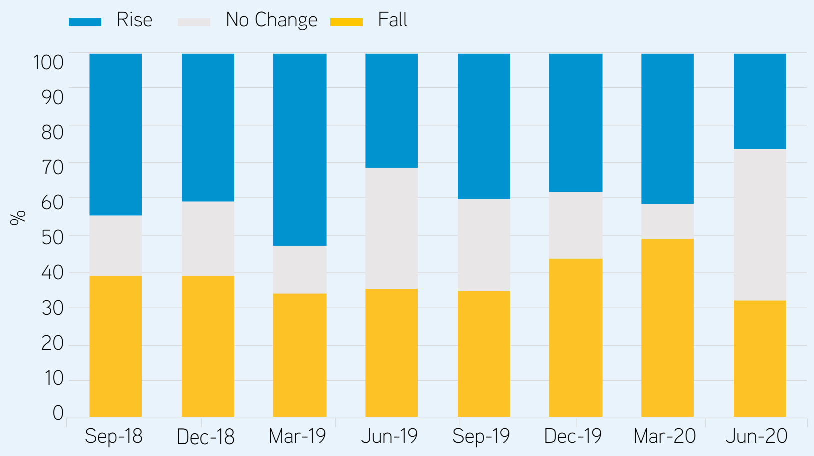
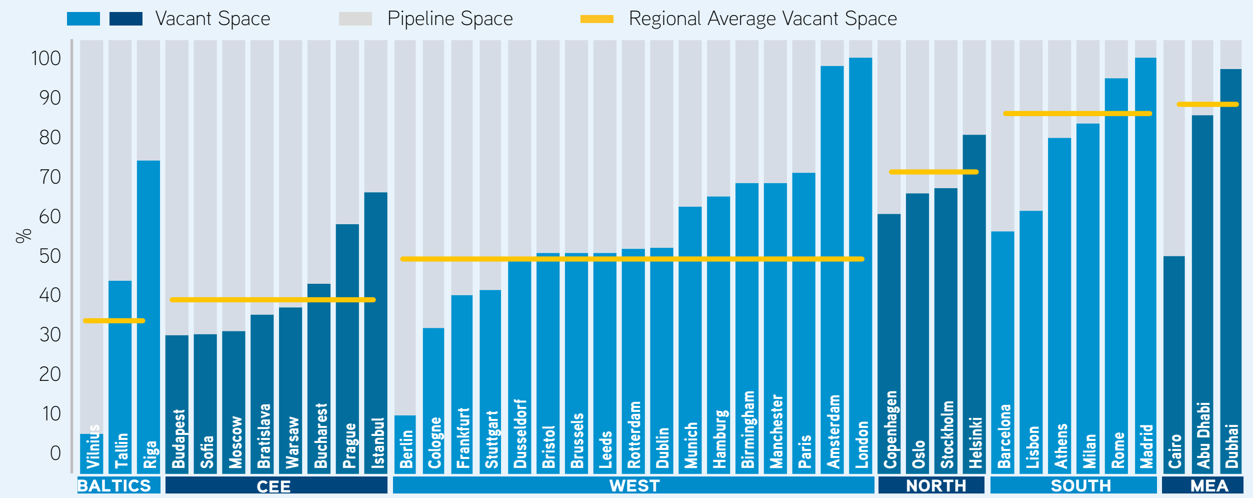


FIGURE 9:
EXISTING VACANT SPACE VS.PIPELINE SUPPLY



Sources: Figure 7: Colliers International | Figure 8: Colliers International | Figure 9: Colliers International

MARKET OVERVIEW: SUPPLY

By H1-end 2020, 67% of markets saw vacancy rates increase, only 7% of markets saw declines and 20% remained stable. Dubai (800 bps), Riga (461 bps) and Abu Dhabi (400 bps) saw the largest outward movements in vacancy, where vacancy has now reached 40%. For the majority of markets, however, the upward shift in vacancy rates has been minimal – at less than 30bps, on average.

Of the markets that noted decreases, or even remained stable over the past 6 months, Istanbul witnessed the largest decrease (H/H) of -387 bps, with London Docklands, Wroclaw and Athens following closely; -140, -130 and -100 bps. In Athens, the decline in vacancy translated to prime rents growing by 9.1% Y/Y, and, 4.3% Q/Q.

Currently, 18.5 million sq m of new office space is under active construction (UAC), similar to the level observed at the end of March. Notable markets, highlighting growth in space UAC were Sofia (up 47% q/q), Riga (up 24% q/q), Dublin (up 24% q/q) and Paris (up 12% q/q). Dublin's appeal to the TMT (Tech, Media and Telecomms) sector - in particular, Microsoft and LinkedIn – is driving demand for new development.

Equally, other markets have experienced q/q declines, notably Madrid (-36%), Prague (-34%), and Barcelona (-29%) among others – but this is indicative of new supply completing, rather than declining development sentiment.

Figure 10 shows availability, relative to absorption. Markets in the lower left quadrant will remain restricted and landlord favourable, as availability is restricted to a maximum of 7 years with vacancy rates below 6.6%. Although absorption is likely to fall, or even become negative in 2020, much of the new additional pipeline space could be pushed back or even mothballed. As demand cools and development finance becomes challenging to obtain and/or more expensive, especially for speculative development, this should maintain lower vacancy rates and overall availability levels.

FIGURE 10:
ABSORPTION VS. AVAILABILITY SUMMARY

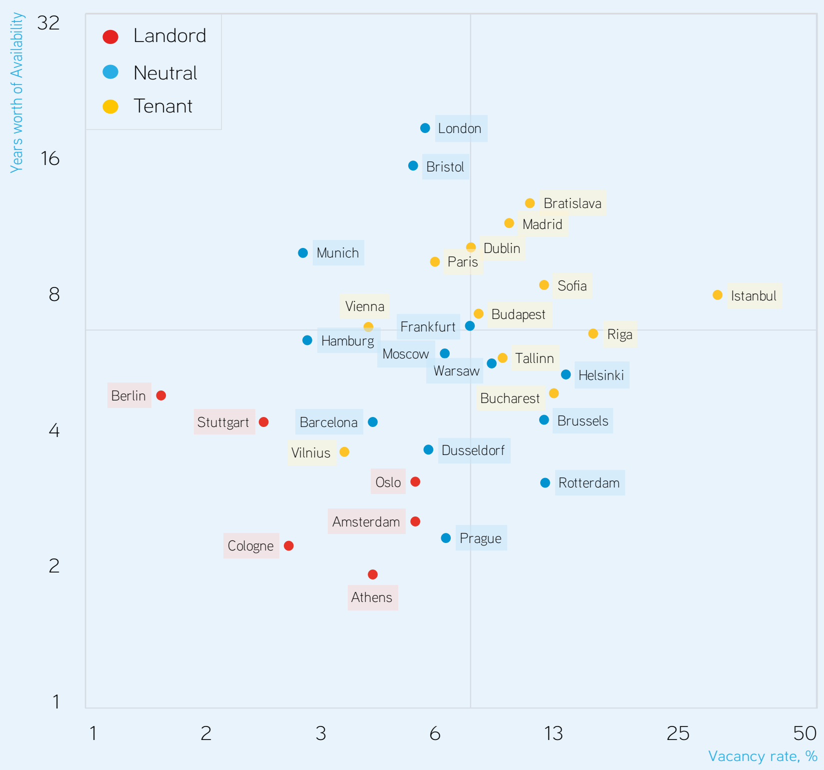
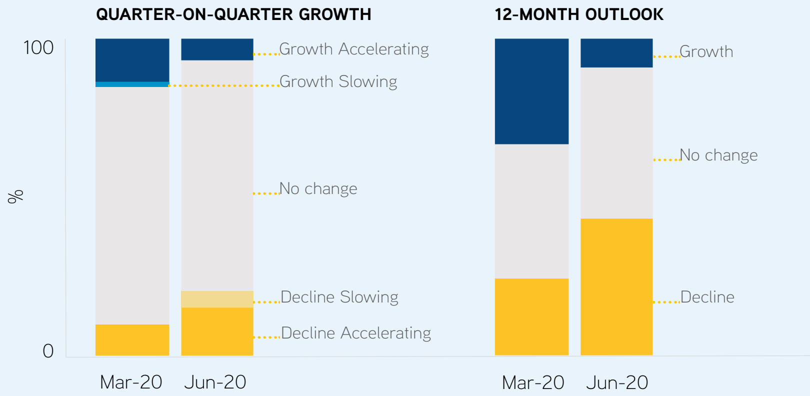
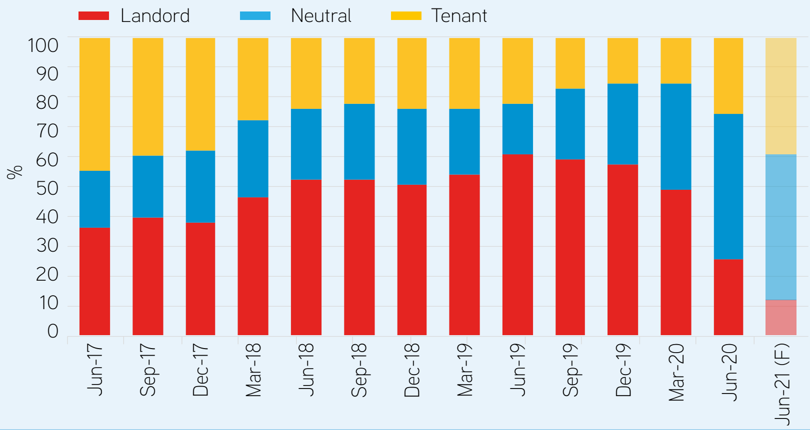


FIGURE 11:
RENTAL GROWTH & OUTLOOK
PRIME CBD RENTS, BY % OF MARKETS



Click here for our latest Office Rent Map

FIGURE 12:
EVOLUTION OF OCCUPIER CONDITIONS
BY % OF MARKETS



Click here for our latest Office Occupier Conditions Map

Sources: Figure 10: Colliers International | Figure 11: Colliers International | Figure 12: Colliers International

MARKET OVERVIEW: RENTS & OCCUPIER CONDITIONS

At the end of 2019, landlord-favourable office markets dominated, accounting for 59% of markets surveyed, but by the end of H1 2020, their share had fallen to just 25% of markets, reflecting a big shift in sentiment and local market conditions. Neutral-favourable markets now hold the majority at 49%; up from 17% at end 2019. Interestingly, it took almost three years for landlords to gain an additional 30% of the market, but only six months to lose it.

While landlord dominance has faded, prime headline rents have not moved, or only seen marginal (negative) corrections. Listed REITs, and other institutional landlords, have been hesitant to reduce headline rents to protect and preserve their values, and thus their share prices and businesses generally. In Q1, and early Q2, landlords in many markets communicated to occupiers unless it meant bankruptcy, or severe economic/cashflow traumas, no incentives would be offered, and rents would remain stable – even subletting was particularly difficult.

Yet with more occupiers adopting a “wait and see” mentality, assessing the pros and cons of altering their footprint, lease incentives – such as rental holidays, fit-out concessions – have notably increased to encourage occupier activity. To further protect headline rents, landlords are needing to evolve their current leasing models – putting evermore emphasis on flexibility, incentives and pragmatic solutions. In the UAE, flexibility for small floor plan offices grew throughout lockdown - with increasing emphasis placed on flexible, short-term leases.

Surprisingly, there have been increases in both prime and secondary rents over the first six months of 2020 in a large number of markets (as Figure 11 shows), but it is important to note that these increases were registered in Q1, not in Q2, for all bar four markets. The outlook suggests that many markets could see a reversal of this rental growth in the year ahead.

AROUND THE MARKETS

LONDON - WEST END *West End vacancy edged up in Q2 to 4.4%, its highest level since Q1 2019. While upward movement in vacancy is not surprising in the current exceptional environment, new/refurbished availability has tumbled to a new record low. In contrast, second-hand availability reached a two-year high of 3.6 million sq ft, elevated by rises in release of tenant space. Pret-a-Manger, World Fuel Services and TAG, all put space back on the market in Q2. We anticipate further release of space in H2, as other major occupiers conclude reviews of existing commitments.*

LONDON - CITY *City availability rose by 10% in Q2 2020, the highest quarterly uplift for three years. Accordingly, vacancy stands at its highest level for 12 months. That said, at 5.7%, the current level is still below the 10-year average of 6.4%. Within the City Core, availability has risen by 7.5% in the year-to-date which is in sharp contrast to fringe locations, where marketed space has been elevated in excess of 45% since January. City Fringe submarkets have seen a more pronounced release of second-hand supply, albeit from a lower base, than core city locations. Aldgate and Farringdon saw availability rise by close to 40% in the first six months of the year and Shoreditch experienced a rise in available space of over 65% during H1 2020.*

PARIS *Q2 saw a sharp decline in leasing volumes, and in the Ile-de-France, Q2 take-up (197,500 sq m) decreased by 65% Y/Y. Over the course of H1 2020, the decline was -40%, with only 667,500 sq m transacted, which could have been worse if we exclude the 130,000 sq m lease signed by Total in the Link Tower. Paris' QCA market recorded another transaction for more than 5,000 sq m in Q2, in addition to the other three signed in Q1 which included: the lease signed by Goldman Sachs for parts of 83 avenue Marceau. The supply available in the Ile-de-France region has risen by 5% Y/Y, with vacancy now sitting at 5.5%*

BERLIN *Despite COVID-19's emergence, the leasing market has remained relatively robust, largely dominated by public administration occupiers - which has always been financially strong and crisis resistant - with three leases having been signed for >10,000 sq m; Deutsche Rentenversicherung, secured the largest of the three, signing for >84,000 sq m. Vacancy is expected to level out, somewhere between 1.5% and 1.8% by year-end, and encouragingly, several companies have large active requirements, which should help drive annual take-up for the rest of 2020, reaching around 700,000 sq m; almost in line with the 10-year average of 750,500 sq m.*

FRANKFURT *Weeks of lockdown led to an almost complete standstill in leasing activity at the start of Q2, and a total absence of large-scale leases (>5,000 sq m) in Q2, meant take-up came in at around 112,000 sq m - down roughly 50% on the 10-year average. However, market activity remained comparatively stable for active space <1,000 sq m, but in terms of rents and vacancy, it will be several months before any shifts - triggered by the pandemic - become apparent. Market activity has been picking up noticeably, as several companies are currently looking for larger-scale units, and this strengthening level of activity should result in annual take-up results of 350,000 sq m; a realistic level for 2020, putting activity in line with 2009.*

STOCKHOLM *While the market has been more positive of late, especially in Q2 volumes, the demand for office space still remains subdued - as the economic climate pushes corporate occupiers into a "wait and see" mentality. That said, occupier demand has remained stable in prime locations, however, in non-prime locations, they are seeing a decline. The Swedish Government has been helping occupiers with their rental obligations and has helped companies by subsidising salaries - this has helped keep vacancies lower, as the stimulus has helped buoy overall employment levels.*

PRAGUE *Demand dropped during Q1, and, in comparison to previous years, is down between 30 – 45%. Over 40% of total take-up were renegotiations, as occupiers favoured regears, rather than expansions. With subdued occupier activity, an increase in surplus space added back, and increased sub-letting – which added another 1.0% percentage point of "grey space" to vacancy - vacancy increased slightly to 6.1%, but in what is still considered a "landlord-favourable" market. On the supply-side, despite the lockdown, developers finished seven new projects; adding 88,000 sq m. Prime rents remained stable, but the levels of recorded incentives increased. Finally, with a limited pipeline for 2020/2021, a decrease in vacancy is expected.*

BUDAPEST *In Q2 2020, 87,750 sq m of new space was delivered - across five buildings – and this pushed the vacancy rate out to 7.3%, representing a 1 bps increase Q/Q and a 1.1 bps growth Y/Y. Net absorption saw decline, amounting to 31 430 sq m, so too total demand, which reached 87,990 sq m; representing a 46% decrease Y/Y. With occupier expansion subdued, overall take-up was dominated by renewals (55%), with new leases accounting for just 27%; expansions made up 4%, while pre-leases made up 14%. Finally, despite economic restrictions caused by the COVID-19 pandemic, headline rents saw minimal corrections, mainly in category 'B' offices.*

BUCHAREST *2H1 take-up was down nearly 28% (124,000 sq m), as activity froze in Q1, and as no major thawing is expected in H2 2020, 2020 take-up should total around 200,000 sq m - one of the poorest results in this cycle – by the end of the year. Bucharest has a healthy pipeline, but increasing sublease opportunities and rising vacancy, means rents could come under pressure. Vacancy is expected to reach around 13-14% by year end; up from just over 10% in Q4 2019.*

DUBAI *Throughout H1 2020, Dubai witnessed growing demand from occupiers for smaller-sized office spaces - stemming from start up's and SME's who require ready-fitted space - however, given the national lockdown and increasing levels of office-based employees working from home, occupiers have entered negotiations to reduce their occupied office space, or at least negotiate further rental incentives. However, the full extent of COVID-19's impact on the office market performance is yet to be clearly identified, but, what is clear, is that landlords are willing to offer more incentives to retain their tenants - such as rent holidays - which, should help stabilise the current decline in occupier demand.*

OUTLOOK

Looking ahead, the GDP 2021 forecast for the EEA30 is a very positive 6.1%, but with very mixed levels of rebound forecast by country, largely reflecting the depth of the economic hit in 2020. Equally, to achieve such a result, the pandemic must be continued to be managed effectively and there is need for a widespread vaccine to enable a return to a new normality. The EU must prepare for an era without the UK and a trade-deal is still yet to be negotiated, This runs concurrently with the US election in November, amidst ongoing US-China "trade-war" tensions, which continues to drag on the global and European economy.

Although the record levels of Governmental fiscal stimulus has elevated public debt ratios, a low interest rate environment looks set to stay, mitigating the potential negative downsides to government bond ratings. While there is much uncertainty over the impact that turning of the furlough taps off will create regarding employment, current forecasts point to a strong rebound in employment, both at country and city level in 2021.

Occupier sentiment will be buoyed by both stabilisation and recovery in employment, supporting growth in office demand towards the latter half of 2021. In the meantime, we anticipate a significant reconsideration of occupational portfolios as businesses review how they can best operate and succeed in future. What their office space should look like, where it needs to be and how much of it they need – and on what terms – is up for grabs. A review of take-up and absorption across the European market over the last 10 years, shows that there have been big spikes in activity that coincide with 3yr and 5yr breaks coming to an end in 2021. This supports the opportunity for occupiers to change, release space to market, take-up new premises or renegotiate terms.

Combined with a downturn in activity, further outward movement in vacancy will drive a change in occupier conditions. Our 12 month outlook points to landlord-friendly markets diminishing to only 12% of markets by mid-2021. However, this does not mean that occupiers will have it all their own way. While some markets will shift to tenant favourable, Neutral conditions will be in effect across the majority markets in the year-ahead. Availability remains very tight, with vacancy set to remain below 10% for the vast majority of major markets by end 2020. As a result, 48% of markets anticipate stable headline rents while 43% predict declines. Some 9% of markets forecast prime rent increases, which may seem incredulous, but latent demand in a few key CBD locations is maintaining some pressure on rents where vacancy is set to remain sub-5%.

In our 'Great Return' analysis presented back at the beginning of May, we predicted very little movement in vacancy and prime rents, even when under duress from large negative swings in absorption. So far in 2020, only Dublin has seen vacancy levels rise to the expected year-end rate of 7%, while all other markets have seen vacancy stay well inside the predicted year-end shift. Equally, there has been very little movement in rents over the quarter to end Q2, with shifts in rents well inside or consistent with the limited changes predicted. While the next 12 months will induce much more of a shake-up, office market vacancy and rents do not look set to see any major change bar a few localised, over-supplied locations.

PREDICTIONS: 2020

	VACANCY RATE			PRIME HEADLINE RENTAL GROWTH	
CITY	LOCAL PREDICTION FOR Q4 2020 [%]	ACTUAL Q2 2020 [%]	VACANCY DIFFERENTIAL (CURRENT VS PREDICTED)	LOCAL PREDICTION FOR Q4 2020 [%]	6M RENT MOVEMENT TO Q2 2020 [%]
Amsterdam	7.6	5.1	2.5	No change	No Change
Berlin	1.8	1.2	0.6	<-5%	No Change
Budapest	8.8	7.3	1.5	No change	No Change
Copenhagen	9.2	6.3	2.9	<-5%	No Change
Dubai	42.0	35.0	7.0	-5 to -10%	-0.5%
Dublin	7.0	7.0	0.0	<-5%	No Change
Frankfurt	8.8	6.9	1.9	<-5%	No Change
Johannesburg	25.0	14.3	10.8	- 20%+	n/a
London - City	6.5	5.7	0.8	<-5%	No Change
London - West End	6.5	4.4	2.1	<-5%	No Change
Madrid	12.5	8.7	3.8	-5 to -10%	-1.4%
Milan	10.8	10.0	0.8	<-5%	No Change
Moscow	7.0	6.0	1.0	-10 to -20%	No Change
Munich	4.0	2.7	1.3	<-5%	-1.2%
Paris	7.0	5.7	1.3	No change	+1.2%
Paris - La Defense	7.0	5.5	1.5	-5 to -10%	No Change
Prague	6.9	6.1	0.8	No change	No Change
Tel Aviv	5.7	4.0	1.7	<-5%	n/a
Warsaw	9.0	7.9	1.1	<-5%	No Change

Sources: Colliers International

FOR MORE INFORMATION

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