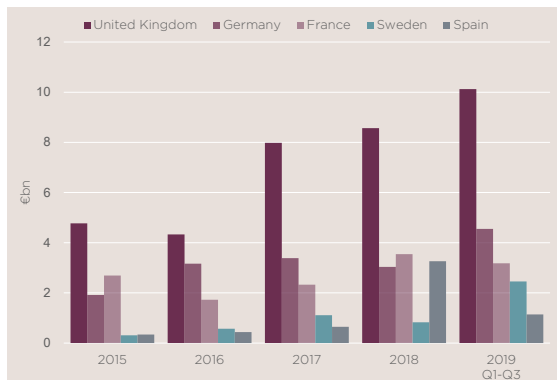


Venture capital investments in Berlin



Graph 1: VC in European comparison



Source Savills, PitchBook

Text: Jennifer Güleriyüz

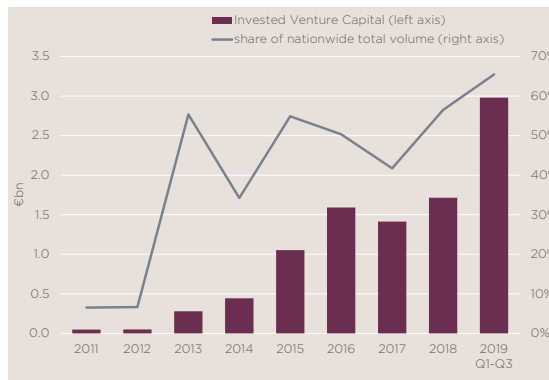
European start-ups received more than €27bn of venture capital (VC) in the first nine months of 2019, representing a new record. The United Kingdom led the rankings with more than €10bn (see Graph 1), followed by Germany with approximately €4.5bn and France with €3.2bn.

Around two thirds, or almost €3bn, of the VC invested in Germany was attributable to Berlin. Hence, the German capital further expanded its nationwide dominance (see Graph 2). The technology, media and telecommunications (TMT) sector, which dominates the start-up scene in Berlin, accounted for almost a third of this investment. This was followed by the mobile sector (17%), e-commerce and fintech (each with 10%). The latter in particular has witnessed a massive increase over the last five years, with VC investments in Berlin-based fintechs increasing more than 23-fold.

It is also particularly striking that the average amount invested in German start-ups more than doubled from €15.7m in 2018 to €34.2m in 2019.

The heart of Berlin's start-up scene undoubtedly comprises the boroughs of Mitte and Friedrichshain-Kreuzberg. These are home to almost two thirds of all start-ups that have

Graph 2: VC in Berlin*



Source Savills, PitchBook /* investments of at least €1m in companies with headquarter in Berlin evaluated

received VC financing of at least €1m since 2018 (see Graph 3). However, start-ups are also settling apart from these hotspots: Blacklane, a provider of chauffeur services, is based in Schöneberg, for example. Meanwhile, Blinkist, which summarises non-fiction books, is based in Neukölln and Infarm, a developer of vertical indoor farming systems, is based in Tempelhof.

The latter is also among the start-ups that have attracted the most VC in recent months (see Table 1). However, the most valuable start-up in Germany is fintech company N26 with a valuation of more than €3bn. Since its formation in 2013, N26 has received a total of almost €593m of VC. These capital injections have also been accompanied by significant personnel growth. The company employed 340 personnel at the end of 2017, which had risen to 1,500 by the end of 2019. Hence, within just a few years since its formation, N26 has established itself among the hundred largest companies in Berlin in terms of personnel and is, consequently, also an important occupier in the Berlin office market. The company currently occupies around 10,400 sq m.

This story illustrates that venture capital can be a helpful leading indicator for office demand for both owners and investors.

Focus on selected figures



31 %
of all venture capital investments in Berlin in Q1-Q3 19 were attributable to the technology, media and telecommunications (TMT) sector.



x23
Venture capital investments in fintech have increased more than 23-fold over the last five years.

Why Berlin? Three arguments.

- 1.Talent.** Berlin is an attractive city. The German start-up capital is attracting young, high-skilled people from all over the world. This talent is the most vital resource for German and international start-ups. Consequently, this “war for talent” is making Berlin increasingly relevant as a development location for both the international start-up scene and tech giants such as Amazon and Google.
- 2.Capital.** Berlin is neither Silicon Valley nor Shenzhen, yet the city is still attracting more and more venture capital. Not enough by a long way, but the momentum is there. Berlin is on the map of all major international VC companies and an increasing number of these are opening offices in the German capital to be closer to upcoming deals. We are certain that 2020 will be a new record year.
- 3.Ecosystem.** Berlin now has a mature start-up ecosystem comprising serial founders, business angels, VC companies, accelerators, company builders, co-working spaces, etc. The people involved are experienced, well-connected and prepared to help each other. All of this creates extremely fertile ground for new start-ups, big ideas and bold entrepreneurs.

Graph 3: Spatial distribution of venture capital investments in Berlin 2018 to Q3 2019*



Source Savills, PitchBook / *shown are investments of at least €1m

Table 1: Top 10 Venture capital investments in Berlin 2018 to Q3 2019

Date	Company	Office space (sq m)	Last financing size (€m)↓	Total raised (€m)	Last valuation (€m)
May 19	AUTO1 Group	4,700	460	1,096	2,900
May 19	GetYourGuide	11,700	432	575	n/s
Jul 19	N26	10,400	416	593	3,100
Jun 19	adjust	500	202	252	n/s
Dec 18	HomeToGo	3,000	132	158	n/s
Oct 18	Omio	500	130	306	n/s
Mar 19	Wefox	1,400	110	145	n/s
Jun 19	Infarm	800	89	113	387
Aug 19	Mister Spex	8,000	65	121	590
Jul 19	Sender	2,400	62	89	304

Source Savills, PitchBook

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