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Helaba Financial Centre Study: More than Brexit

Helaba's Research division, headed by the bank's Chief Economist Dr. Gertrud R. Traud, presents its latest study on the Financial Centre of Frankfurt.

- First Brexit bankers have arrived in Frankfurt
- 31 international Brexit banks have selected Frankfurt as their preferred location
- Employment in banks to rise only slightly by the end of 2021
- Essential to continuously improve the attractiveness of the financial centre

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Brexit bankers in Frankfurt - they really do exist. Brexit banks are now well represented in Frankfurt's cityscape and have mostly leased offices in prime locations. In the meantime, 31 international Brexit banks from 14 different countries have selected Frankfurt as their pre-ferred location. The ranking of European financial centres according to their popularity among international banks is clear: Paris (eleven), Dublin and Luxembourg (nine and eight respectively) and Amsterdam (five) follow far behind Frankfurt. This is the result of Helaba's latest financial centre study.

The Frankfurt office market continues to benefit from buoyant demand for space with moderate construction activity, with the result that office rents are rising and vacancy rates have fallen to around 7 %. The positive development should continue. Even in the run-up to the UK's withdrawal from the EU, the impetus provided by Brexit banks is contributing to this. However, rising employment in other service sectors is having an even greater impact. In view of a number of major project developments, though, there is no danger of any shortage of office space over the next few years.

Consolidation in the banking sector will continue over the next few years. Nevertheless, the number of bank employees in Frankfurt should continue to rise until the end of 2021. This is primarily due to the increase in the number of jobs at international banks relocating from London to Frankfurt. On the other hand, the extent to which German banks will repatriate their staff in the wake of Brexit will probably be lower than estimated a year ago.

All in all, Helaba’s economists anticipate a Brexit-related boost to employment of around 3,500 jobs by the end of 2021. In view of the original Brexit date in spring 2019, a proportion of this increase in

personnel has probably already taken place - but the corresponding labour market data are not yet available. This process of an expansion in personnel capacities will continue over the next two years. Given the ongoing consolidation, however, the number of bank employees is likely to rise by a total of only around 1 % by the end of 2021 compared with the end of 2018, or by about 600, to 64,500 bank staff. This should represent the high-water mark for bank employment in Frankfurt.

“But locational factors in Frankfurt are not improving in every respect. Economic growth has fallen behind that of France, instead of reducing corporate taxes, financial transaction and wealth taxes are being discussed. That is why it is essential that the attractiveness of the financial centre of Frankfurt be continuously improved”, stresses Dr. Gertrud Traud, Helaba’s Chief Economist.

No entries

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