

# MARKETS

Germany Newsletter

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## ***Investors***

### **OpenAI Expands to Germany**

*The American artificial intelligence software giant is planning its first German office in Munich.*

The company, best known as the creator of the chatbot ChatGPT, said that the new office would open in the coming months. As one reason for its

expansion, OpenAI cited the fact that, in Europe, Germany has the greatest number of users, paying subscribers and API developers building on OpenAI's technology.

"Germany is renowned for its technical expertise, academic excellence and industrial innovation," said OpenAI CEO and co-founder Sam Altman in a statement. "So it's no surprise it has become a world leader in AI adoption. Opening our first office in Germany means we can help even more people, businesses, institutions benefit from AI's possibilities."

The company had been in discussions with high-ranking German officials since 2023. Germany Trade & Invest consulted on the firm's expansion.

OpenAI's new home in southern Germany comes after the firm opened offices in Paris, Brussels and Dublin. It also follows major business investments made in Germany by IT heavyweights such as Apple, Amazon, Google and IBM and the enactment of the European Union AI Act.

"The EU has created a solid regulatory framework so that companies producing AI applications here know that they will meet standards around the world," says Robert Hermann, CEO of Germany Trade & Invest. "OpenAI's selection of Munich as its new office location underscores the central importance of Germany, Europe's largest market, in European artificial intelligence. And it's a major sign of Munich's growing significance as a deeptech hub."

## **Estonian Battery Maker Plans Major German Expansion**

Skeleton Technologies says it will build a production facility for a new material for high-

performance batteries in the Bitterfeld-Wolfen Chemicals Park in eastern Germany.

The new facility will cost some EUR 40 million and be used to make “curved graphite,” which the company says is more efficient and environmentally friendly than conventional graphite. Graphite is a major element in lithium-ion batteries and is mostly imported from China.

The regional state of Saxony-Anhalt is allocating EUR 18 million in subsidies for the project. The money will reportedly come from an EU program to help historic coal-producing regions transition to modern, environmentally friendly economies.

“Those who stay in the lead technologically set standards for their own competitiveness,” Saxony-Anhalt Energy Minister Armin Willingmann told regional broadcaster MDR.

Skeleton Technologies expanded from Estonia to Germany in 2013 with the help of Germany Trade & Invest.

## **Munich Car Subscription Service Raises Up To EUR 1 Billion**

FINN has concluded asset-backed-security (ABS) funding that could be worth ten figures.

Banks Citi and Jeffries, together with investment fund Avellina Capital, led the deal, which could reach one billion euros. FINN says it will use the capital influx to grow its fleet and expand in Europe.

FINN’s business model allows users to subscribe to a car and have it delivered directly to their doorstep. The subscription includes carefree service and handles insurance, financing, registration, taxes and maintenance.

At present FINN owns more than 25,000 vehicles available to private and business customers. The company has reportedly raised some EUR 250 million in equity and secured over EUR one billion in debt financing and leasing agreements in the past.

### **Sunny Start to 2024 for Financing Deals**

Electrolyzers, embedded finance, robotics, e-fuels and logistics attracted venture capital investors' attention as the new year got off to a strong start.

*Sunfire, Dresden, electrolyzers and hydrogen, EUR 200 million*

With hydrogen set to become an increasingly important element in Germany's power mix, this producer of electrolyzers caught the fancy of a banking consortium led by Commerzbank. 80 percent of the financing round is guaranteed by the German national government and the regional state of Saxony.

*Solaris, Berlin, finance, EUR 140 million*

The company known as Europe's leading embedded finance provider further solidified its position with a successful series G funding round. The extra funds came on top of a EUR 100 million funding round less than a year ago.

*NEURA, Metzingen, robotics, EUR 120 million*

This young firm from the south of Germany specializes in robotics that work closely together with humans in the manufacturing, logistics and health sectors. It's the only producer of robotics of this particular sort in Germany.

*INERATEC, Karlsruhe, e-fuels, EUR 70 million*

Another big deal in the southwest of Germany went power-to-liquid pioneer INERATEC. The company produces carbon-neutral fuels including kerosene, gasoline and diesel.

*Cargobeamer, Leipzig, logistics, EUR 60 million*

Another lucrative deal went to the state of Saxony and fledgling firm Cargodealer, which specializes in ultra-efficient loading and unloading of freight trains. The fresh funds came from a new North American investor Orion Infrastructure Capital (OIC).

## **Top Investments 2024 in Berlin**

### **From Berlin to the world: The radiance of the Spree metropolis reaches into space**

With the founding of the House of Finance and Tech (HoFT.Berlin) and organising the first FIBE Festival in the first half of 2024, Berlin strengthened its position as a leading location for financial technology in Europe and as a hotspot for the German FinTech scene.

But from the Spree, it is not only possible to look out over the rest of the country and its European neighbours with a view that is both excellent and full of hope, but also to the whole world. The internationalisation of the capital region is an important building block for strengthening the local economy – the delegation trips organised by Berlin's business development agency Berlin Partner to France, South Korea, Japan and the USA, among others, enabled Berlin companies to network with international partners in the best possible way and promote transatlantic exchange in 2024.



If you are staying in the Spree metropolis, it is always worth looking up at the sky, or more precisely into space. In recent years, Berlin has developed into a European hotspot for space technologies, the establishment of which was further promoted in 2024 by a growing network consisting of SMEs and start-ups. So, the outlook is good: In turbulent times, future-oriented industries are developing very promisingly in the capital region and are already strengthening Berlin as an attractive business location with their appeal.

### *FinTech capital*

The FinTech industry in Berlin is growing steadily. Around a third of all German FinTech start-ups are already based in Berlin. The more than 160 companies specialise in various fields and are generating increasing interest in Berlin as a location for both investors and talented people from all over the world.

The founding of the House of Finance and Tech (HoFT.Berlin) in April 2024 is therefore intended to accelerate innovation and growth in the financial and technology sectors of the capital's economy in equal measure. The new Center for Financial Innovation is headed by Dr. Sebastian Schäfer, an expert in entrepreneurship, financial technologies and innovation, and is financed through public funds and the commitment of the private sector.

As a central contact point for stakeholders from the FinTech scene, such as traditional financial institutions, start-ups, scientific and educational institutions, HoFT.Berlin specialises in connecting public and private stakeholders and promoting knowledge transfer and cooperation at national and international level with offers such as a

knowledge database, support for innovation projects and a representative network space.

How exciting and forward-looking the symbiosis of technology and finance really is was also made clear at FIBE – Berlin's first FinTech Festival. The international FinTech community met at Berlin's City Cube from 24 to 25 April to discuss trends, challenges and opportunities. Designed as both a congress and a trade fair, FIBE offered the participating stakeholders from the dynamic FinTech ecosystem the opportunity to exchange ideas, acquire knowledge and make contacts as part of classic keynotes, limited masterclasses, mini-events, networking sessions and workshops.

The great interest in and successful implementation of the first FIBE underline the relevance and need for a collaborative exchange on technological innovations in the financial world beyond 2024 – FIBE 2025 will once again open its doors to industry insiders, experts and companies on 9 and 10 April.

### *From Berlin to the world*

In order to strengthen Berlin as an attractive business location, the internationalisation of the innovation and startup capital is another important building block. Networking and cooperation with international partners offer a lot of potential for Berlin companies – so delegation trips, trade fair visits and pitch events were also on the agenda of regional economic development in 2024. In the first half of 2024 alone, Berlin delegations travelled to Las Vegas, New York and San Francisco, Cannes and Tokyo and visited renowned trade fairs in Austin (SXSW), Paris (Viva Tech) and Seoul (NextRise). In November 2024, another trip to the USA followed with a focus on the healthcare industry, more specifically to New York, Boston and Los Angeles.

The aim of the internationalisation measures is, on the one hand, to give Berlin companies access to international markets and to promote the best possible networking with potential partners. In addition to participating in trade fairs and congresses, it is primarily networking and pitch events that bring Berlin company representatives together with potential investors and partners.

On the other hand, strong figures show that networking at an international level increases the awareness and attractiveness of Berlin as a business location, also for companies from abroad. In the first half of 2024, business development agency Berlin Partner recorded 58 new companies in the city on the Spree, 64% of which came from abroad. Most of the 37 new foreign settlements came from the UK (5), Turkey (5), Ukraine (3), the USA (3) and France (3). This is a positive development that must continue to be promoted through internationalisation measures in 2025.

### *The view into space*

However, anyone looking out into the world from Berlin should always keep an eye on space. In recent years, the Berlin-Brandenburg metropolitan region has developed into a European hotspot for space technologies and is thus gaining increasing importance in public perception. Around 80 companies in Berlin and Brandenburg have specialised in the field of space travel and deal with space technology, satellites, lunar vehicles and earth observation on a daily basis. The so-called New Space Economy stands for the commercialisation of space and thus for the simultaneous integration with the economy.

In Berlin, research institutions and companies are focussing in particular on the large area of satellite technologies as part of many research and development activities. The RACCOON project,



which is funded by the Federal Ministry of Economics and Technology, is being carried out at the Technische Universität Berlin, among others, and supervised by the business development organisation Berlin Partner through the ICT and Transport, Mobility and Logistics clusters. The project is concerned with the development of a robust communications system that is suitable for use on micro-satellites and is intended to transmit security keys globally.

In other areas of Berlin's New Space sector, regional companies are demonstrating an equally visionary spirit of innovation. At the International Space and Aerospace Exhibition 2024 (ILA) in Berlin, the startup Neurospace presented a mini-rover that is controlled from Earth and is intended to work together with other rovers. An idea with which Neurospace attracted attention in a very short time – and is now a partner of NASA.

Back to the satellites: These are also high on Berlin's New Space Agenda in 2025. The "15th IAA Symposium on Small Satellites for Earth System Observation" will take place in May – a renowned event that enables industry stakeholders to exchange information on current programs and missions and to discuss technological developments relating to small satellites for Earth and the Moon. The view from Berlin into the world, and into space, will therefore remain promising in 2025.

## **Top Investments of the Year 2024 in Bremen**

*16 million euros in foreign direct investment flowed into Bremen last year as a result of new companies settling there.*

As an international logistics and high-tech location, Bremen attracts investment from all over

the world every year. Companies want to benefit from the ideal location in Europe, the scientific landscape and the innovative environment. These foreign direct investments testify to the performance of the location.

Last year, the international investment landscape was characterized by consolidation and restraint. Factors such as high inflation, rising interest rates, geopolitical tensions and disrupted supply chains had a negative impact on global economic sentiment and therefore also on the investment business. Despite this, numerous companies from the retail, import and export sectors in areas such as consumer products, logistics and technology opted for a location in the Hanseatic city. They invested around 16 million euros - this figure only includes new companies that also create jobs here, but not foreign real estate or project investments.

### *Focus on retail in the city center*

City centers throughout Germany are facing similar challenges today: Competition from online retail, shopping centers in peripheral locations and changing consumer habits are leading to closure of businesses and vacancies.

New concepts for vibrant city centers are needed to counteract this trend. In Bremen, WFB Wirtschaftsförderung Bremen GmbH (WFB) is supporting this process in a variety of ways. One way is to attract new retail companies that attract attention with their products and attract new target groups. To this end, WFB actively approaches companies in Europe and invites them to get to know the infrastructure, space and retail offers in the Hanseatic city in order to support their market exploration.

With success: the Danish retail chain Søstrene Grene opened a new branch in Bremen city center in 2024. The coworking provider Clockwise from

the UK opened the largest coworking space in the city in 2024. Other international companies currently attracted to Bremen are the TK Maxx, HiFi Klubben and Urban Outfitters chains.

### *Bremen attracts guests - and therefore hoteliers too*

City sights and nature attract millions of tourists to Bremen every year. Since last year, they have found an architectural highlight in the new John & Will Silohotel - an old grain silo has been transformed into a modern hotel with plenty of industrial charm. The unique building is operated by the Danish hotel chain Guldsmiden Hotels, which opened its first location in Bremen.

### *Bremen in demand as a technology location*

In addition to the retail sector, Bremen was in demand as a science and technology location last year. The marine division of the Swedish company SAAB Group moved into the SPURWERK district project to set up a software development hub with 100 employees on 1,680 square meters. The company will thus benefit from the expertise in the IT and maritime sectors in Bremen.

Arkhetech, a Turkish software start-up from Izmir, that deals with digital twins and AR/VR technologies in the field of urban planning and architecture, also settled in Bremen and found a strategic investor here in the Uzuner Competence Group.

Prominall GmbH also comes from Turkey. The pet snack manufacturer will use Bremen as a logistics location in the future and will benefit from the strong food industry in the Hanseatic city.

Prominall made a conscious decision in favor of Bremen: "Bremen is located in the north of Germany and is an ideal hub for our company with its strategic location, advanced logistics

infrastructure and business-friendly environment. The advantages that Bremen offers include good connections to important European cities, a strong economic structure and an innovative corporate culture. The port of Bremen offers a major advantage for our commercial activities, making our logistics processes more efficient,” says Öztunc Agduk, Managing Director of the newly founded German Prominall GmbH.