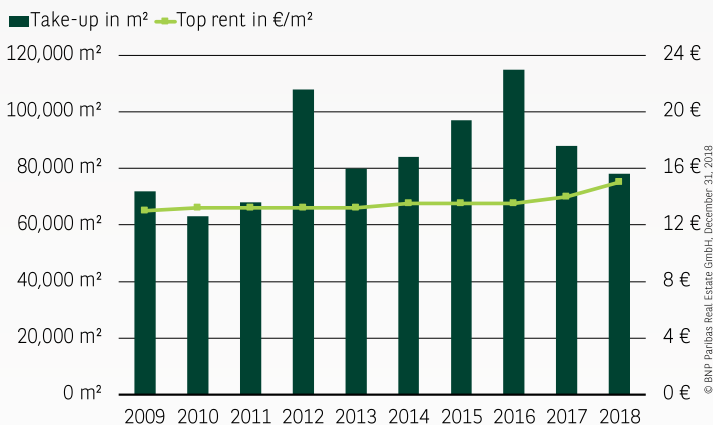




At a Glance **Q4 2018**

OFFICE MARKET DORTMUND

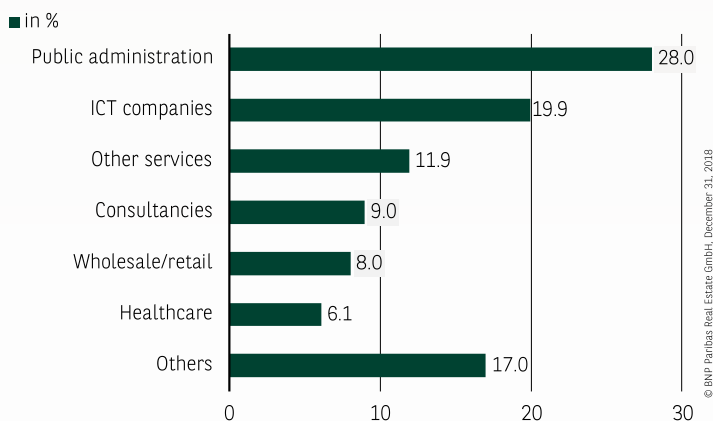
Development of take-up and top rents in Dortmund



➤ SLIGHT DECLINE IN TAKE-UP

In 2018, the Dortmund office market was not quite able to repeat the strong letting results of recent years. A take-up of 78,000 m² means a decline of a good 11 % compared to the previous year and the 10-year average was also missed by about 8 %. More than one third of the take-up was achieved in the Core City sub-market, where the contract with the City of Dortmund for various city departments was by far the largest deal (12,300 m²). The office submarkets Rheinlanddamm (9,200 m²), Phoenix-West (7,500 m²) and the Remaining Municipal Area (13,300 m²) also reported significant take-ups. It should be noted, however, that many letting requests could not be realised due to a lack of suitable space. Particularly in the case of office space with modern standard, there are now blatant shortages throughout the entire municipal area.

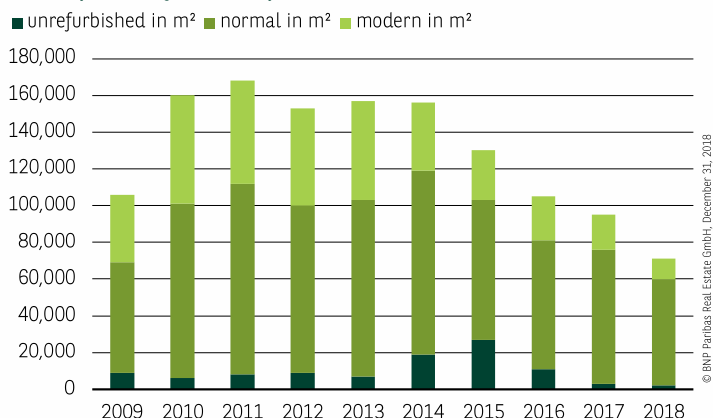
Take-up by sector in Dortmund 2018



➤ PUBLIC ADMINISTRATION WITH STRONG RESULT

Fuelled by the already mentioned major deal of the City of Dortmund, the public administration took the top position in the sector distribution with a 28 % share of take-up. The previous years' leading ICT firms year ranked second with just under 20 %. This result was significantly influenced by five contracts for more than 1,000 m², with Remira's contract for 2,500 m² in the Phoenix-West submarket being the most important. The podium is completed by the collective category other services, which benefits from a large number of small contracts. Consultancies (9 %) and wholesale / retail (8 %) also made a notable contribution to the overall result. The most prominent take-up in the latter sector is the transaction of Rewe Frischelager over 4,000 m².

Development of vacant space in Dortmund



➤ VACANCY RATE FALLS TO RECORD LOW

The dynamic reduction in vacancy continues for the fourth year in succession. Currently, only 71,000 m² of office space remain vacant, a decline of a good 25 % compared to the previous year. This means that the volume is now below one year's take-up, which is a clear indication of increasing shortage of space. Meanwhile, the vacancy rate for modern space fell by 42 % to 11,000 m², i.e. only just below 16 % of the available space fulfils modern standards. The vacancy rate is only 2.4 % (-0.9 percentage points) and thus well below the of 3 % mark, which is the minimum value for a market functioning with a sufficient fluctuation reserve.

Major contracts in Dortmund

Sub-market	Company	m²
1.1	City of Dortmund (various)	12,300
3.5	REWE Frischelager	4,000
1.1	City of Dortmund	4,000
2.1	DSGF Deutsche Servicegesellschaft für Finanzdienstleister	2,800
3.3	engineering office	2,700
3.5	Remira	2,500

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Trends in important market indicators in Dortmund

	2017	2018	Trend 2019
Take-up	115,000 m²	78,000 m²	➔
Vacant space	105,000 m²	71,000 m²	➔
Space under construction (total)	33,000 m²	60,000 m²	➔
Space under construction (available)	0 m²	4,000 m²	➔
Top rent	13.50 €/m²	15.00 €/m²	➔

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➔ HARDLY ANY SPACE UNDER CONSTRUCTION AVAILABLE

Investors and property developers have reacted to the drastic shortage of supply on the Dortmund office market and are intensifying their efforts to provide the market with new space. Currently, around 60,000 m² of office space is under construction, 15 % more than at the end of the previous year. However, most of this is already let or reserved for owner-occupiers. Only 4,000 m² are still available for the letting market. Accordingly, the available supply of space (vacancy + available space under construction) has fallen to a new record low of 75,000 m². Despite the increase in construction activity, no relief from the tense market situation can be expected in the coming years.

➔ INCREASE IN TOP AND AVERAGE RENTS

Against the background of low market availability of modern space and robust demand, the prime rent for modern office space in the Core City has risen to 15 €/m² (+7 %) in the course of the year. In the office submarkets of Technologiepark and Phoenix-West, the respective top rents also increased. Meanwhile, the average rent rose by almost 6 % to 10.70 €/m², which indicates a healthy market development across the board.

➔ PERSPECTIVES

Thanks to the stable economic situation and a broad-based demand side, the Dortmund office market can look back on a fundamentally successful 2018. The high interest on the part of tenants is likely to continue in 2019 as well. Due to the increasing shortage of space, however, letting take-up will probably remain at the 2018 level. Meanwhile, the vacancy level is likely to fall even further, which should trigger a much-needed impulse for higher construction activity.

Key indicators Dortmund 2018

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	2018	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
Submarkets**										
1 City Centre										
1.1 Core City	15.00		28,600	39,900	6,300	600	5,100	0	39,900	27,300
2 Centre Fringe	12.00	- 12.50	14,400	10,600	2,900	2,600	1,500	0	10,600	44,400
3 Subcentres	10.50	- 13.00	35,000	18,700	1,800	800	53,400	4,000	22,700	35,300
4 Airport/ECO PORT	8.50		0	1,800	0	0	0	0	1,800	0
Total			78,000	71,000	11,000	4,000	60,000	4,000	75,000	107,000

* The top rent given applies to a market segment of 3-5 % in each case.

** The relevant office market zone can be found on our website under "Research".

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