

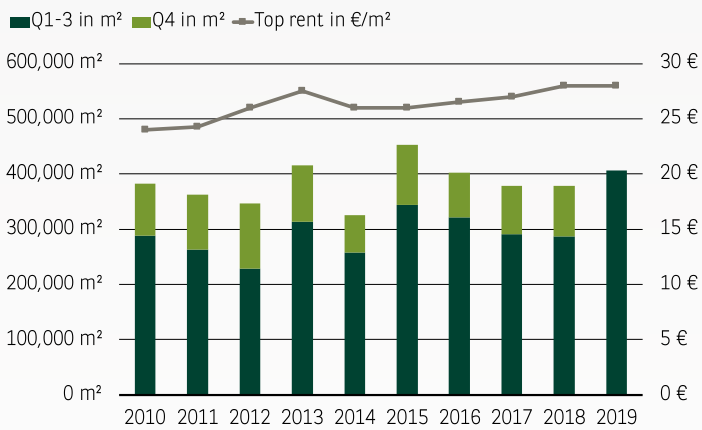


**RESEARCH**

At a Glance **Q3 2019**

# OFFICE MARKET DÜSSELDORF

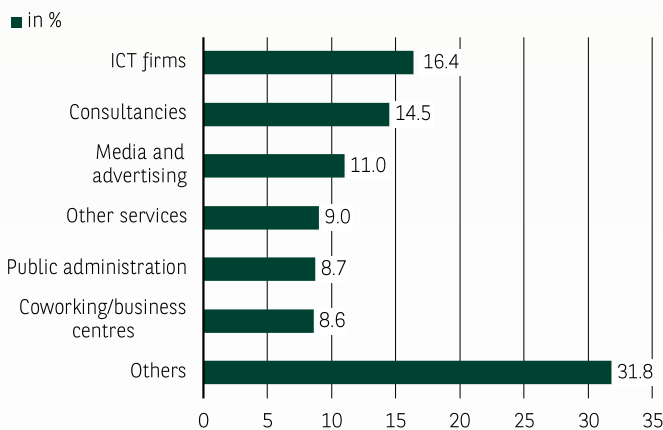
### Development of take-up and top rents



### RECORD TAKE-UP FOR THE THIRD QUARTER

At the end of the third quarter, the Düsseldorf office market presents itself in a very strong shape and with a take-up of 406,000 m² achieves a fantastic result. The previous record of 2015 was exceeded by a whopping 18%. Only in the third quarter 162,000 m² of office space was let or occupied by owner-occupiers. With a good 91% share of take-up, the city area once again represents the heart of the Düsseldorf office market, while the periphery contributes almost 9% to the overall outcome. At the submarket level, the Friedrichstadt and Seestern submarkets performed particularly well, with 88,500 and 60,000 m² respectively, making impressive contributions to the result. In these submarkets alone, five of the six largest deals of more than 10,000 m² were concluded, thus laying the foundation for the strong overall performance.

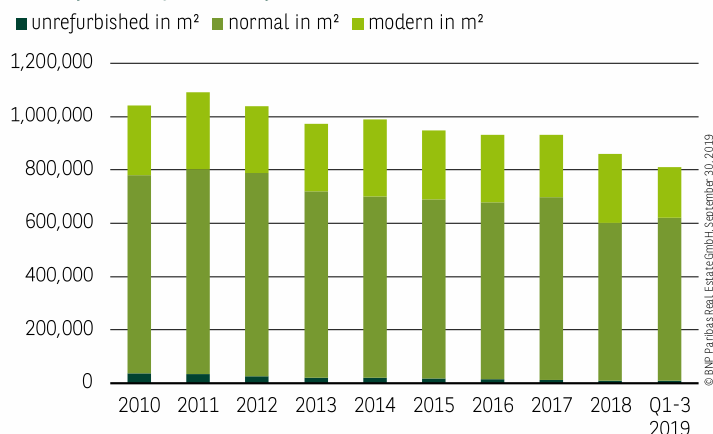
### Take-up by sector Q1-3 2019



### BALANCED INDUSTRY DISTRIBUTION

The even distribution of total take-up across several sectors with high space demand proves that the Düsseldorf letting market is not dependent on individual key sectors but is interesting for many different user groups. With the deal of IBM (7,400 m²) in the Seestern submarket as well as several other well-known deals, ICT firms are at the top of the sector distribution (16%). They are followed by consulting companies (15%), which report, among other deals, the leasing of 23,800 m² to PwC in the Kennedydamm submarket. Third place goes to the media and advertising sector (11%) which is responsible for the by far biggest deal of the year to date with the signing of a 34,000 m² contract of WPP Germany in the Friedrichstadt submarket.

### Development of vacant space



### VACANCY REDUCTION CONTINUES

As a result of the strong take-up, the vacancy on the Düsseldorf office market continued to decline and at the end of the third quarter was only 810,000 m², the lowest figure in the last 16 years. Compared to the previous year, vacancy is down by 8%, and in the modern segment the vacant space is only at 188,000 m² (-16%). In the entire market area, the vacancy rate therefore fell by 0.8 percentage points to 8.5%. If only the city area is considered, the vacancy rate is only 6.1% and thus one percentage point lower than in the previous year. This is attributable in particular to the Seestern submarket, where the vacant space fell by around 40% compared to the previous year as a result of numerous large contracts such as the Commerzbank deal for more than 15,000 m².

## Major contracts

Sub-market	Company	m <sup>2</sup>
3.1	WPP Germany	34,000
2.3	PwC	23,800
3.1	WeWork	21,500
3.1	Family Ministry NRW	15,000
2.4	Commerzbank	15,000
2.4	Barmer Krankenkasse	13,500

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## Trends in important market indicators

	Q1-3 2018	Q1-3 2019	Trend remaining year
Take-up	287,000 m <sup>2</sup>	406,000 m <sup>2</sup>	↗
Vacant space	881,000 m <sup>2</sup>	810,000 m <sup>2</sup>	↘
Space under construction (total)	117,000 m <sup>2</sup>	243,000 m <sup>2</sup>	↗
Space under construction (available)	45,000 m <sup>2</sup>	48,000 m <sup>2</sup>	↘
Top rent	27.50 €/m <sup>2</sup>	28.00 €/m <sup>2</sup>	↗

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## ➤ AVAILABLE NEW SPACE AT LOW LEVEL

The persistently high demand for space had led to a significant increase in construction activity, with the result that 243,000 m<sup>2</sup> of office space was under construction at the end of the third quarter, more than twice as much as in the same period last year. By contrast, the number of new office space available rose only slightly from 45,000 to 48,000 m<sup>2</sup>. The resulting pre-letting rate of a good 80% underlines once again the strong shape of the Düsseldorf office market. At 236,000 m<sup>2</sup>, the total modern space available (modern vacancy plus available space under construction) is a good 12% lower than at the end of the same period last year.

## ➤ TOP AND AVERAGE RENTS CONTINUE TO RISE

At the end of the third quarter, a top rent of 28.00 €/m<sup>2</sup> was registered, which represents an increase of almost 2% compared to the previous years figure. The prime rent is still achieved for modern office space in the CBD. A similar top rent is also present in the inner city office market zone (26.50 €/m<sup>2</sup>). As a result of the strong take-up, the average rent also increased noticeably after a long sideways movement and now reaches a level of 16.20 €/m<sup>2</sup> (+4.5%).

## ➤ OUTLOOK

At the end of the third quarter, the Düsseldorf office market pleases with an outstanding performance. The focus has been on further progress in the reduction of vacancy and the continued positive development of rents. Despite the limited availability of modern office space, a take-up of 500,000 m<sup>2</sup> is expected for 2019 as a whole.

## Key indicators Q1-3 2019

Submarkets**	Top rent* (€/m <sup>2</sup> )		Take-up (m <sup>2</sup> )	Vacant space (m <sup>2</sup> )			Space under construction (m <sup>2</sup> )		Space on offer (m <sup>2</sup> )	
	from	to	Q1-3 2019	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City										
1.1 CBD/Banking District		28.00	24,000	21,500	9,000	0	25,500	6,500	28,000	4,000
1.2 Inner City		26.50	25,500	33,500	1,500	0	5,000	5,000	38,500	0
2 Office Centres	13.50 -	24.00	167,000	180,500	89,500	4,000	101,500	34,000	214,500	192,000
3 Centre Fringe	13.50 -	23.00	92,000	25,000	11,000	0	89,000	0	25,000	51,500
4 Subcentres	12.00 -	20.00	62,500	225,500	41,000	0	19,000	2,500	228,000	153,500
<b>Total Düsseldorf</b>			<b>371,000</b>	<b>486,000</b>	<b>152,000</b>	<b>4,000</b>	<b>240,000</b>	<b>48,000</b>	<b>534,000</b>	<b>401,000</b>
5 Periphery	10.00 -	14.50	35,000	324,000	36,000	4,000	3,000	0	324,000	45,000
<b>Total</b>			<b>406,000</b>	<b>810,000</b>	<b>188,000</b>	<b>8,000</b>	<b>243,000</b>	<b>48,000</b>	<b>858,000</b>	<b>446,000</b>

\* The top rent given applies to a market segment of 35 % in each case.

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

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