

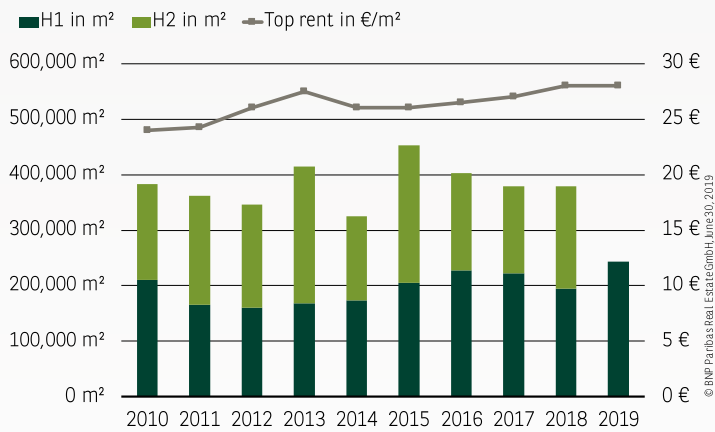


RESEARCH

At a Glance **Q2 2019**

OFFICE MARKET DÜSSELDORF

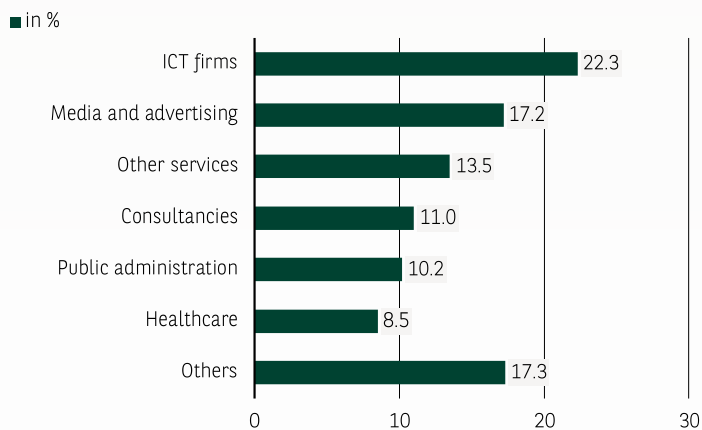
Development of take-up and top rents



RECORD TAKE-UP IN THE FIRST HALF OF THE YEAR

The Düsseldorf office market reports an entirely successful first half of 2019, which is also marked by a new take-up record. With a letting volume of 244,000 m², the previous record from 2016 was clearly exceeded. Compared to the same period last year, growth of a good 25% was recorded and the ten-year average was also outstripped by just under 24%. As usual, the major share of the volume was achieved in the city zones (217,000 m²), while the office market zones of the periphery contributed a total of 27,000 m² to the overall outcome. At the submarket level, the Friedrichstadt and Seestern office market zones proved to be the most prominent, with 60,000 and 41,500 m² respectively, making impressive contributions to the total result. All three major contracts for more than 10,000 m², which represent an important component for the record take-up in the first half of the year, were also concluded in the mentioned submarkets.

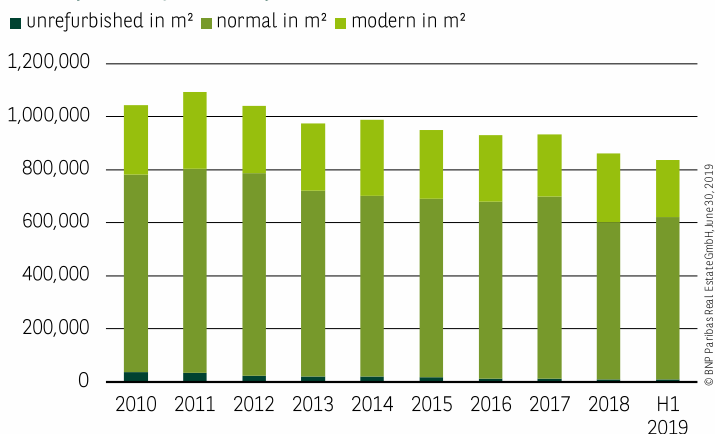
Take-up by sector H1 2019



BALANCED INDUSTRY DISTRIBUTION

With regard to the distribution of take-up by sector, the Düsseldorf office market was particularly balanced in the first half of 2019. No less than five sectors achieve a double-digit market share, which is evidence that the rental market in the North Rhine-Westphalian state capital is not dependent on individual key sectors, but on the contrary is interesting for many different user groups. With the contracts concluded by Ubisoft (8,000 m²) in the Grafenberger Allee submarket and IBM in the Seestern office market zone, ICT technologies took the lead in the sector distribution (22%), followed by the media and advertising sector (17%), which with the contract of WPP for 34,100 m² in Friedrichsstadt, contributes the largest letting in the first half of the year. The consulting companies perform worse than usual, with a market share of only 11%.

Development of vacant space



FURTHER REDUCTION OF VACANCIES

The vacancy rate on the Düsseldorf office market continues to decline. At the end of the first half of 2019 only 837,000 m² were available to the market, the lowest figure in the last 16 years. Compared to the end of the previous year, vacancy was reduced by almost 3%. If nothing but the modern product segment is considered, only 217,000 m² of office space awaits new users, a good 16% less than in the previous year. In the entire market area, the vacancy rate fell accordingly by 0.3 percentage points to 8.8%; in the Düsseldorf city area it amounts now only to 6.5% (-0.2 percentage points).

Major contracts

Sub-market	Company	m ²
3.1	WPP Germany	34,100
3.1	Ministry	15,000
2.4	Barmer Krankenkasse	13,600
5.2.2	WISAG Gebäudereinigung Nordwest Mitte	9,600
2.1	Ubisoft	8,000

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Trends in important market indicators

	H1 2018	H1 2019	Trend remaining year
Take-up	195,000 m ²	244,000 m ²	↗
Vacant space	953,000 m ²	837,000 m ²	↘
Space under construction (total)	186,000 m ²	222,000 m ²	↗
Space under construction (available)	37,000 m ²	39,000 m ²	↘
Top rent	27.00 €/m ²	28.00 €/m ²	→

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➤ SLIGHTLY HIGHER CONSTRUCTION ACTIVITY

Due to the persistently high demand, 222,000 m² of office space were under construction at the end of the first half of the year, almost 20% more than in the same period last year. However, only 39,000 m² of this space is currently available to the rental market. The resulting pre-letting rate of a good 82% is impressive proof of the strong condition of the Düsseldorf office market. At 256,000 m², the total modern space available (modern vacancy plus available space under construction) is almost 16% lower than at the end of the previous year.

➤ TOP RENT CONTINUES TO RISE

The prime rent at the end of the second quarter was 28 €/m² and thus increased by almost 4% compared to the same period of the previous year (27 €/m²). The maximum rent is still achieved in the CBD. The average rent is 15.50 €/m² and continues to move sideways in the price range between 15 and 16 €/m². A significant increase in the average rent is prevented by the fact that comparatively few lettings were registered in modern office properties recently due to the low availability of spaces in this segment.

➤ OUTLOOK

The Düsseldorf office market looks back on a successful first half of 2019, characterised by rising prime rents and further progress in reducing vacancies. With a new record in office space take-up, the groundwork was also laid for a strong year-end result, which is likely to range between 420,000 and 440,000 m². Due to the low market availability of new construction space, the vacancy volume should continue to decline.

Key indicators H1 2019

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	H1 2019	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City										
1.1 CBD/Banking District	28.00		10,000	22,500	11,000	0	25,000	5,500	28,000	4,000
1.2 Inner City	26.50		17,000	36,500	2,500	0	5,000	5,000	41,500	0
2 Office Centres	13.50 - 24.00		90,500	195,000	84,000	4,000	80,000	22,500	217,500	200,500
3 Centre Fringe	13.50 - 22.50		62,000	50,500	34,000	0	89,500	3,500	54,000	51,500
4 Subcentres	12.00 - 20.00		37,500	212,500	45,500	0	19,500	2,500	215,000	154,000
Total Düsseldorf			217,000	517,000	177,000	4,000	219,000	39,000	556,000	410,000
5 Periphery	7.50 - 14.00		27,000	320,000	40,000	6,000	3,000	0	320,000	46,000
Total			244,000	837,000	217,000	10,000	222,000	39,000	876,000	456,000

* 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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