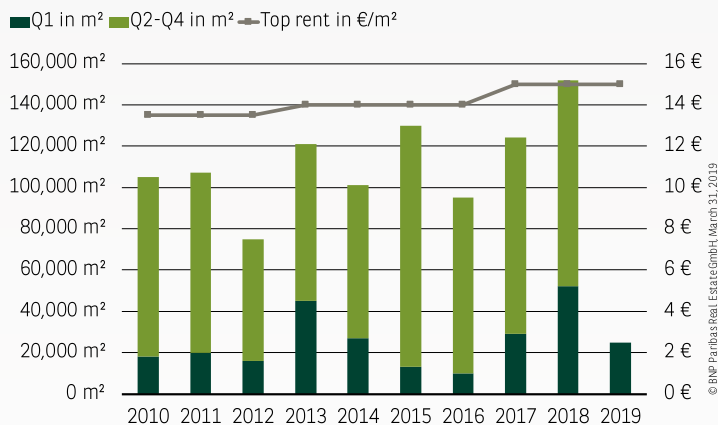




At a Glance **Q1 2019**

# OFFICE MARKET ESSEN

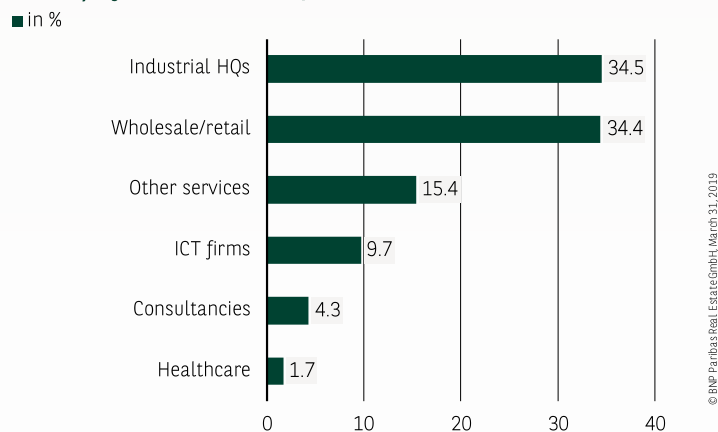
## Development of take-up and top rents in Essen



## ➤ AVERAGE START INTO THE YEAR

At the beginning of the year, the Essen office market was not able to seamlessly tie in with the outstanding previous year, but nevertheless achieved a respectable result. At 25,000 m², around 52 % less space was taken up than in the record quarter of the previous year, but the volume is only around 4 % below the long-term average. Another above-average result was missed, primarily due to the lack of large transactions with more than 10,000 m². The biggest letting contract of the first quarter was concluded by Karstadt with 8,000 m². As a result of this transaction, the City Fringe Rüttenscheid/Bredeney once again took the lead in the ranking of submarkets with a share of just under 41 %, closely followed by the Südviertel (approx. 40 %).

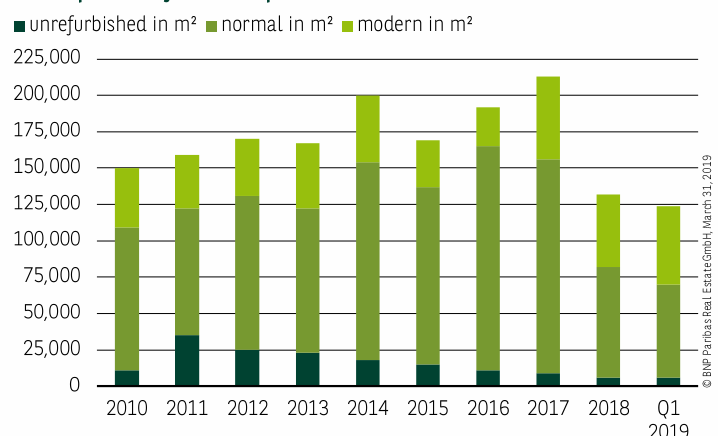
## Take-up by sector in Essen Q1 2019



## ➤ INDUSTRIAL COMPANIES BACK IN THE LEAD

At the beginning of the year, activities on the Essen office market were limited to only a few strong sectors. While public administration dominated the distribution of take-up in the entire previous year, industrial companies, which are traditionally very strongly represented in Essen, are fighting their way back to the top at the beginning of the year 2019 with a share of around 34.5 %. Closely behind follow the trade companies with an unusually good result (approx. 34 %), which achieved an increase of 31 percentage points compared to the same quarter of the previous year, mainly due to the Karstadt transaction. In third place are other services (approx. 15%), followed by information and communication technologies (approx. 10%) and consulting firms (approx. 4%). With a share of around 2 %, the healthcare sector ranks last.

## Development of vacant space in Essen



## VACANCY RATE DROPS BELOW 4 % MARK

➤ Due to the record take-up in the previous year, the amount of vacant space was already at a very low level at the end of 2018. In addition, as only few new properties were completed at the start of the year, the volume of vacant space in the first quarter of 2019 reached a longterm low of roughly 124,000 m², which was last reached in 2008. Over the past twelve months, the volume has fallen by around 31 %, so that the vacancy rate is now at 3.9 %. In a comparison of the most important German office markets, Essen has the fourth lowest ratio, ahead of cities such as Hamburg, Frankfurt and Düsseldorf.

## Major contracts in Essen

Sub-market	Company	m²
2.5	Karstadt	8,000
2.3	RWE	5,400
2.3	Brenntag	2,600
2.3	BITMARCK Software	1,100
2.3	O2O-EPOS	700

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## Trends in important market indicators in Essen

	Q1 2018	Q1 2019	Trend remaining year
Take-up	68,000 m²	25,000 m²	↗
Vacant space	179,000 m²	124,000 m²	↘
Space under construction (total)	60,000 m²	57,000 m²	↗
Space under construction (available)	14,000 m²	14,000 m²	→
Top rent	15.00 €/m²	15.00 €/m²	↗

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## ➤ MORE CONSTRUCTION IN THE SUBCENTRES

With an office space volume of 57,000 m² under construction, the building activity is only slightly below the level of the previous year's quarter (60,000 m²). Due to high pre-letting rates and owner-occupiers, however, only 14,000 m² appear on the market. In combination with the declining vacancy rate, this will lead to a drop in the total available space from 193,000 m² in the same quarter of the previous year to only 138,000 m² at the beginning of 2019. While construction activity in the near past concentrated on the highly sought-after City Centre or the City Fringe, a clear shift towards the rest of the municipal area is currently discernible. Around 78 % of the space under construction are currently located in this zones.

## ➤ PRIME RENT REMAINS STABLE

The prime rent has now been stable for two years at 15.00 €/m² and continues to be achieved in the Südviertel and, thanks to an increase of around 0.50 €/m² compared with the same quarter last year, in the very good locations of the CBD. As only around 4 % of the take-up in the first quarter was taken up by space with modern quality, the average rent for the market as a whole fell slightly to around 10.30 €/m².

## ➤ PERSPECTIVES

In all probability, the office market in Essen will not be able to repeat the record result of the previous year, but there is still a realistic chance of breaking through the 100,000 m² barrier again in 2019 due to the good start to the year. At present, construction activity can hardly slow down the reduction in vacancies. This will have an effect on the development of rents in the further course of the year, with the result that average rents are expected to rise again. With a decline in the available space with modern quality, even the prime rent will probably have some room for improvement.

## Key indicators Essen Q1 2019

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2019	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 Core City		15.00	1,400	27,700	7,800	0	8,800	4,500	32,200	49,000
2 Centre Fringe	10.50	- 15.00	22,500	59,500	41,900	0	4,000	800	60,300	186,600
3 Subcentres		13.50	1,100	36,800	4,300	0	44,200	8,700	45,500	49,400
<b>Total</b>			<b>25,000</b>	<b>124,000</b>	<b>54,000</b>	<b>0</b>	<b>57,000</b>	<b>14,000</b>	<b>138,000</b>	<b>285,000</b>

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\* 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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