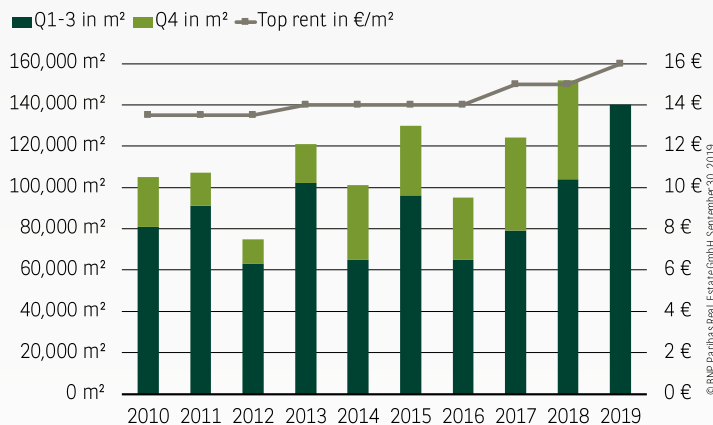




At a Glance **Q3 2019**

OFFICE MARKET ESSEN

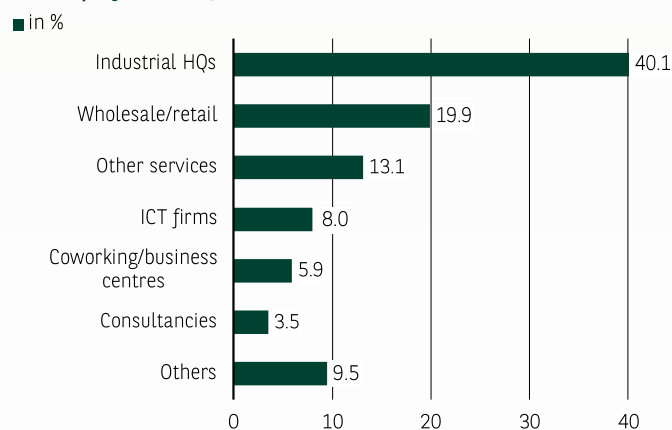
Development of take-up and top rents



OFFICE MARKET ON RECORD TRACK

On the basis of a good half-year result and a strong third quarter the Essen office market is heading for a new record year. With a volume of 140,000 m², which is the highest figure ever registered at this time, take-up at end of the third quarter is only 16,000 m² below the annual record of 2007 as a whole. The already strong result of the previous year was even exceeded by a good third and the long-term average by a remarkable 57%. Despite three deals beyond the 10,000 m² mark, the good result is not only due to large contracts but also to dynamic demand in all market segments.

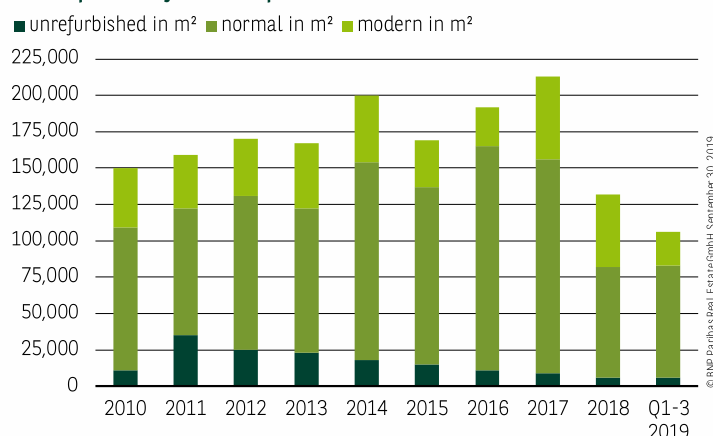
Take-up by sector Q1-3 2019



INDUSTRIAL HEADQUARTERS AHEAD

The administrations of industrial companies, traditionally strongly represented in Essen, also appear in the current balance sheet as outstanding take-up generators. A good 40% of the volume is attributional to this sector, which is mainly due to the large lettings of Hochtief Engineering (15,800 m²) and an energy provider (15,000 m²). The largest transaction of the year to date, an owner-occupier deal for 17,600 m² by Aldi Einkauf, is attributable to the retail sector, which ranks second with a total take-up share of one fifth. The podium is rounded off by other services, which account for a good 13%, followed by ICT companies (8%). For the first time, coworking/business centres with just under 6% of overall volume also achieve a notable share due to the Design Offices deal of over 7,000 m² in the Ruhr Tower in Essen.

Development of vacant space



VACANCY APPROACHING 100,000 M² MARK

The high dynamism in take-up is now also clearly reflected in the development of vacant space. Within one year vacancy has fallen by a good third and has reached a low point in a long-term comparison with only 106,000 m², corresponding to a vacancy rate of 3.4%. It is worth taking a look at the equipment quality of the available space on the market. Only just under 22% of the vacant space are attributable to the particularly attractive modern space segment. Thus, in this category only 23,000 m² are available for short-term use. A year ago the volume was almost twice as high.

Major contracts

Sub-market	Company	m²
3.1	Aldi	17,600
2.5	Hochtief Engineering	15,800
3.1	Energy Provider	15,000
2.5	Karstadt Warenhaus	8,000
2.3	Design Offices	7,000
3.1	Energy Provider	6,200

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Trends in important market indicators

	Q1-3 2018	Q1-3 2019	remaining year
Take-up	104,000 m²	140,000 m²	↗
Vacant space	159,000 m²	106,000 m²	↘
Space under construction (total)	66,000 m²	77,000 m²	↗
Space under construction (available)	11,000 m²	8,000 m²	↘
Top rent	15.00 €/m²	16.00 €/m²	↗

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➤ INCREASED CONSTRUCTION ACTIVITY - NO RELIEF YET

With currently 77,000 m² the volume of space under construction has increased by almost 17% compared to the previous years Q3 figure. However, only 8,000 m² of this is available to the market, as the remaining space has already been pre-let or is built by owner-occupiers. Since only around 10% of the total construction volume is available to the letting market, it can be assumed that there will be no relief of the supply situation in the near future, especially in the modern quality segment. In addition, most of the available new construction space will be realized in the City Centre, which is why there will be no additionally space available at some office market zones.

➤ RENTS AT RECORD LEVEL

As a result of the market situation described, rents have also risen compared to the previous year. Top rents increased by just under 7%, so that 16 €/m² can now be achieved for high-quality office space in the prime locations. The average rent also went up by a good 7%, rising by 80 cents to 12 €/m². Both, the prime and average rent, setting new records for the Essen office market.

➤ OUTLOOK

Against the backdrop of the outstanding third quarter figures, it is extremely likely that a new take-up record will be set on the Essen office market, even if the final quarter of the year is weak. The 160,000 m² mark could therefore be broken for the first time. Due to the rapid reduction in vacant space, it is also realistic that rents will again increase slightly until the end of the year, at least in the prime locations.

Key indicators Q1-3 2019

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	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
Submarkets**										
1 City Centre										
1.1 Core City		15.00	12,000	18,500	2,200	0	8,800	4,500	23,000	49,000
2 Centre Fringe	10.50	- 16.00	72,000	48,600	16,500	1,000	3,200	0	48,600	154,300
3 Subcentres		14.50	56,000	38,900	4,300	0	65,000	3,500	42,400	27,700
Total			140,000	106,000	23,000	1,000	77,000	8,000	114,000	231,000

* 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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