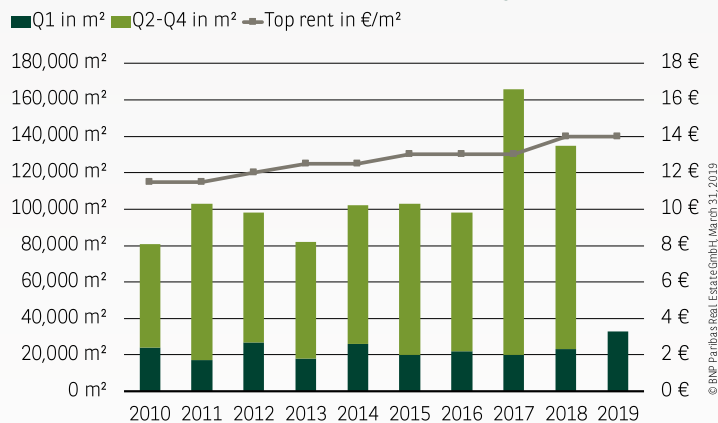




At a Glance **Q1 2019**

OFFICE MARKET LEIPZIG

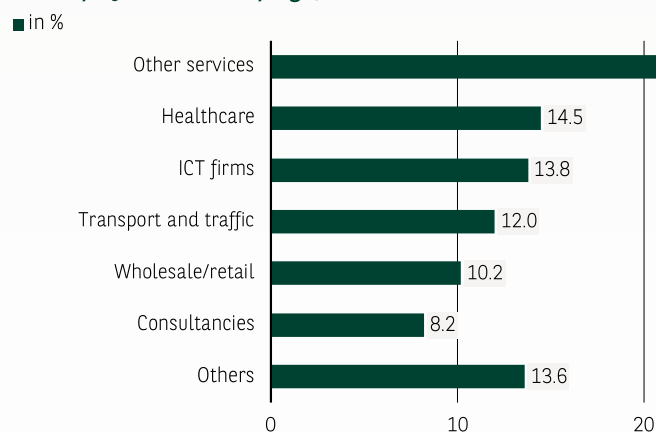
Development of take-up and top rents in Leipzig



RECORD AT THE BEGINNING OF THE YEAR

With 33,000 m² Leipzig started the new year with a record quarterly result, which was last reached in 2006. The extraordinary increase of 43 % compared to the previous year highlights the dynamism of the Leipzig market. This take-up was mainly driven by contracts of less than 1,000 m², which contributed a good 65%. Furthermore, the result was influenced by three larger leases in the range between 2,000 and 5,000 m², whereby the contract to FedEx Express Germany (3,300 m²) represented the largest deal. It is also noteworthy that the record outcome was achieved without large deals of over 5,000 m². Looking at the distribution of take-up in the market area, a particularly high level of letting activity can be seen in the subcentres, which accounted for around 46 % of the volume. At the same time, the share of modern space is remarkable, which amounted a significant share of around 30 % compared to only about 8 % in the previous year. This again underlines the strong demand for offices with modern quality.

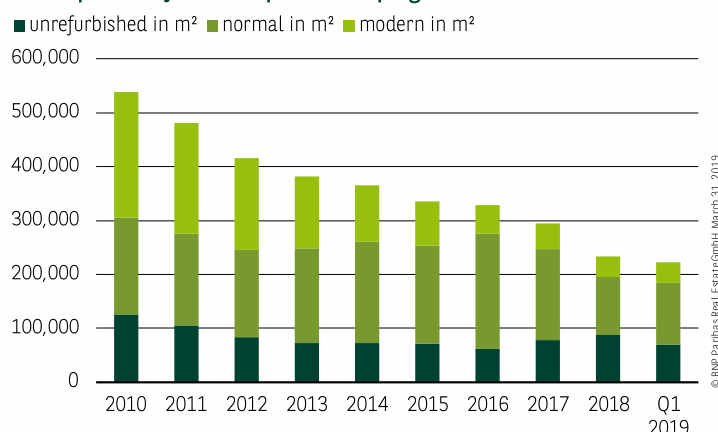
Take-up by sector in Leipzig Q1 2019



DIVERSIFIED SECTOR DISTRIBUTION

The quarterly result is characterised by a broad spread among different demanders. With five industries contributing a double-digit share of take-up, the demand side is particularly diversified compared to the rest of Germany. As in the previous year, other services (28 %) took the top position, followed by companies from the healthcare sector (14.5 %) and ICT technologies (14 %), all of which also play an important role in long-term comparison. The good results of the transport and traffic as well as trade sector, which achieved an above-average take-up in relation to the last 10 years, are remarkably. This increase in importance can be explained in particular by the larger lettings to FedEx Express Germany and Otto.

Development of vacant space in Leipzig



THE SCARCITY OF VACANT SPACE CONTINUES

As a result of the strong rental take-up, the vacancy of the Leipzig office market declined further. With 222,000 m² of vacant space, which is equivalent to a vacancy rate of 5.9 %, considerably less than half of the 2010 volume is available to the market. Even more critical is the accessibility of modern space: The decline continued slightly in 2019 and thus fell by almost 16% in the last 12 months. As a result, modern space now accounts for only 17% of total vacant space.

Major contracts in Leipzig

Sub-market	Company	m²
2.1	FedEx Express Germany	3,300
3.1	Eurofins Institut Dr. Appelt	2,900
3.4	Otto	2,800
1.1	diva-e Platforms	900
2.4	ias Gruop	800

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Trends in important market indicators in Leipzig

	Q1 2018	Q1 2019	Trend remaining year
Take-up	23,000 m²	33,000 m²	➔
Vacant space	287,000 m²	222,000 m²	➡
Space under construction (total)	56,000 m²	76,000 m²	➡
Space under construction (available)	21,000 m²	7,000 m²	➡
Top rent	13.50 €/m²	14.00 €/m²	➡

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➤ HIGH INCREASE IN CONSTRUCTION ACTIVITY

Due to the shortage on the supply market, market participants reacted with a significant increase in construction activity. In the first three months of this year, the space under construction increased by almost 25 % to 76,000 m² and is now at a level well above the long-term average. The increase in new construction projects is mainly focused on the subcentres. However, since most of this space has been pre-let, there has not been an increase in the amount of available modern space, nor has there been any increase in the supply.

➤ AVERAGE RENT REACTS TO MARKET SITUATION

The high demand and scarce supply at the Leipzig office market are also noticeable influencing the development of the average rent, which has risen by about 11 % to 10.20 €/m² over the past 12 months. Although there was no increase in prime rents in the first quarter of 2019, a significant increase in relevant top rents can be observed in the centre fringe/centre relief area and subcentres. In particular the office market zones Ringlage (+26 %), Leipzig West (+20 %) and Graphisches Viertel/Prager Strasse (+14 %) are noteworthy.

➤ PERSPECTIVES

This extraordinary quarterly take-up and the relatively stable economic environment give us cause to be optimistic about the course of the year. Against the backdrop of high demand and the increasing scarcity of vacancies, a moderate increase in rents over the year seems likely. If construction activity continues to rise, an above-average letting volume could be achieved for the year as a whole.

Key indicators Leipzig 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 City Centre		14.00	5,400	20,500	2,400	0	0	0	20,500	0
2 Centre Fringe/ Centre Relief Area	8.50 -	12.00	11,000	58,500	13,300	0	29,800	500	59,000	42,600
3 Subcentres	7.50 -	10.20	15,100	118,300	17,800	0	40,200	6,500	124,800	69,400
4 Periphery	6.70 -	7.00	1,500	24,700	4,500	0	6,000	0	24,700	23,000
Total			33,000	222,000	38,000	0	76,000	7,000	229,000	135,000

* 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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