

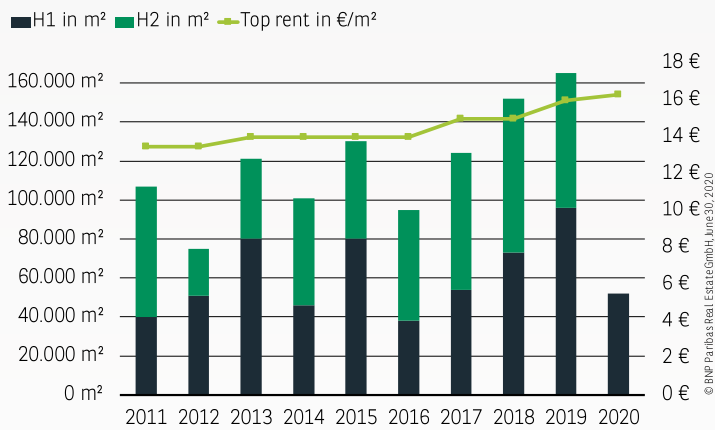


RESEARCH

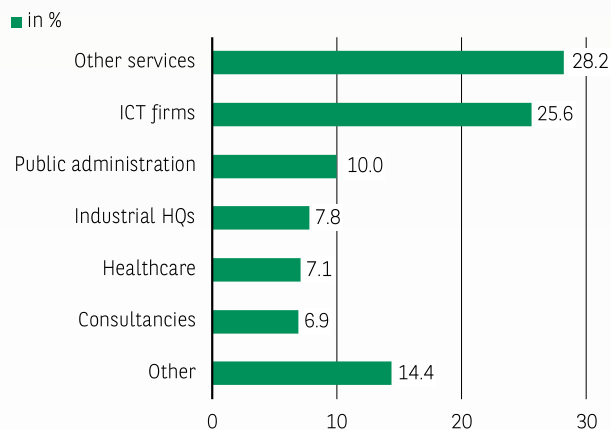
At a Glance **Q2 2020**

OFFICE MARKET ESSEN

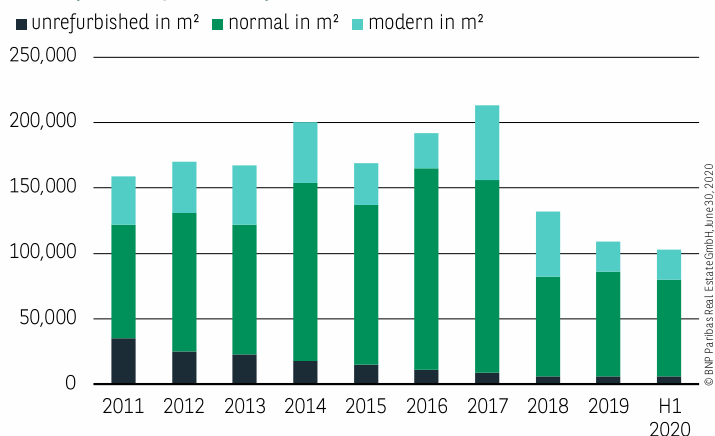
Development of take-up and top rents



Take-up by sector H1 2020



Development of vacant space



RESULT BELOW THE LONG-TERM AVERAGE

With a take-up of 52,000 m² the Essen office market falls short of the long-term average by almost 15%. The previous year's record, which can only be seen as a comparative value to a limited extent, was even missed by 46%. However, against the backdrop of the Corona pandemic and the lockdown lasting for weeks, this result is not surprising. In view of the looming recession and the uncertainties that follow, many companies have postponed planned leases for the time being, which led to a decline in demand in the office market, especially in the second quarter. Compared to the previous years with high take-up, there is still no deal with a volume of more than 10,000 m² in 2020. Although it is currently impossible to predict how quickly the economy will recover and thus end the temporary restraint in renting new office space, noticeable rent adjustments in the course of 2020 do not appear realistic due to the historically low vacancy rate.

OTHER SERVICES AT THE TOP

The distribution of take-up by sector reveals two main demand groups. At the top of the distribution is the group of other services with a contribution of a good 28%, which at the same time contributes its highest percentage share in the last ten years. Almost equally represented are the companies of the ICT sector, which impressively underline their growing importance with a share of almost 26%. This sector benefited in particular from the owner-occupier deal of 7,300 m² of Opta Data Abrechnungs GmbH in the office market zone "Remaining Municipal Area". The public administration comes in third place with a take-up proportion of 10%.

VACANT SPACE REMAINS AT A VERY LOW LEVEL

With currently 103,000 m², vacant office space on the Essen office market has fallen by a further 8% in the last twelve months and is thus at a very low level. As a result of the lockdown, vacancies have risen only slightly by 3,000 m² compared to the end of Q1. At 3.3%, the corresponding vacancy rate is well below the necessary fluctuation reserve of 5.0%. In the segment of space with modern equipment quality, a further decline of 11.5% was even observed during the Corona crisis.

Major contracts

Sub-market	Company	m ²
3.1	TÜV Nord	10.000
3.1	Opta Data Abrechnungs	7.300
3.1	ICT company	3.100
2.5	Die Autobahn GmbH des Bundes	2.300
3.1	Industrial company	2.000
1.1	DAK Gesundheit	1.600

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Trends in important market indicators

	H1 2019	H1 2020	Trend remaining year
Take-up	96,000 m ²	52,000 m ²	→
Vacant space	112,000 m ²	103,000 m ²	↗
Space under construction (total)	66,000 m ²	77,000 m ²	↘
Space under construction (available)	12,000 m ²	9,000 m ²	↘
Top rent	16.00 €/m ²	16.30 €/m ²	→

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➤ CONSTRUCTION CONTINUES

The tense situation on the supply side also led to a further increase in space under construction in the first half of 2020. With currently 77,000 m², a good 13% more office space is in the development stage than at the beginning of the year. The fact that there is a generally high demand for modern space is particularly evident from the fact that the available space under construction has continued to decline and currently accounts for only 12% of the new space to be created, at 9,000 m². Construction activity is currently concentrated exclusively in the office market zones "Remaining Municipal Area" (69,000 m²) and Weststadt (8,000 m²).

➤ RENTS REMAIN STABLE

Despite the decline in demand caused by the Corona pandemic, rents on the Essen office market have remained stable due to the tight supply situation. The top rent was even able to increase by a further 30 cents compared to the end of Q1 due to the letting of high quality space and now stands at 16.30 €/m². The average rent is 12.00 €/m² and thus roughly at the level at the beginning of the year.

➤ OUTLOOK

Despite the uncertainties related to the economic development and the pandemic, a slow pick-up in office market activity was noted in the last weeks of the second quarter, so that a slight increase in demand during the rest of the year is not unlikely. Nevertheless, the result at the end of the year will be significantly weaker than in the previous record year. From today's perspective, vacancies will increase slightly, but no significant rent adjustments are expected due to the current vacancy level.

Key indicators H1 2020

	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 2020	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		16.30	4,800	26,400	4,600	0	0	0	26,400	49,000
2 Centre Fringe	11.50	- 16.00	15,500	40,000	12,600	0	8,000	8,000	48,000	146,400
3 Subcentres		14.50	31,700	36,600	5,800	2,000	69,000	1,000	37,600	34,600
Total			52,000	103,000	23,000	2,000	77,000	9,000	112,000	230,000

* 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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