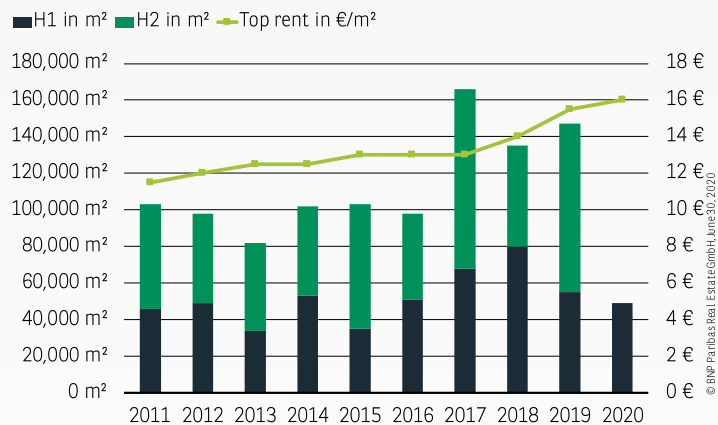




At a Glance **Q2 2020**

OFFICE MARKET LEIPZIG

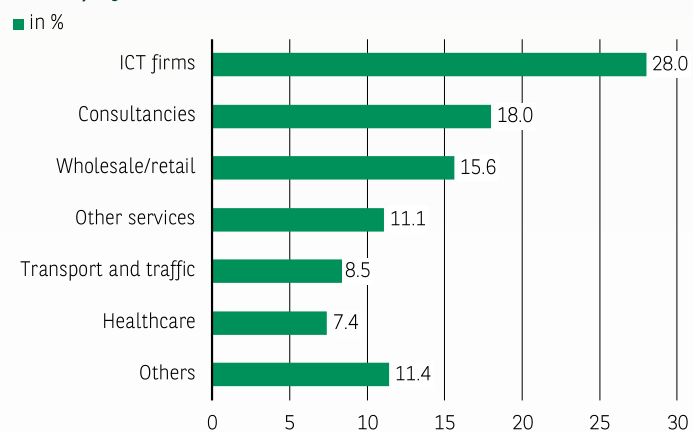
Development of take-up and top rents



➤ AVERAGE RESULT

With a take-up of 49,000 m² the outcome of the Saxony metropolis at the end of the first half of 2020 is around 6% below the long-term average (52,000 m²). At the same time, the result is about 11% lower than last year. However, this represents the smallest percentage loss compared to the other large German office markets. The fact that Leipzig has been able to get through the Corona crisis and the lockdown lasting weeks more successfully is also shown by the fact that in the second quarter (28,000 m²) even more take-up was recorded than in the first quarter (21,000 m²). This was due, among other things, to two larger deals in the segment between 2,001 and 5,000 m², which were still missing at the beginning of the year. Overall, although it cannot be assumed against the background of the current economic situation that Leipzig in 2020 will be able to continue the results of the three exceptionally strong previous years, an above-average result in a long-term comparison seems likely.

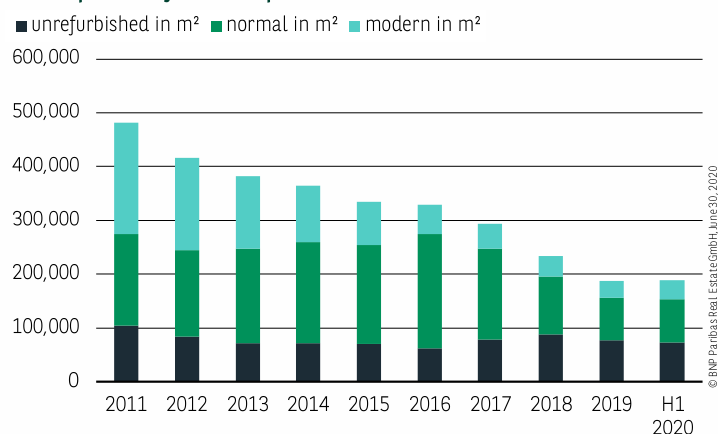
Take-up by sector H1 2020



➤ TECHNOLOGY SECTOR REMAINS STRONG

Even during the Corona crisis, the companies in the ICT sector continued to grow in importance in the Leipzig office market and, at 28%, were at the top of the sector distribution at the end of the half-year. This result is largely based on four deals in the size segments from 1,000 m² upwards. The consultancies were able to achieve an exceptionally good result, even by long-term comparison, and came second with 18%. Third place on the podium was occupied by the wholesale/retail sector (around 16%), which is also responsible for the largest deal of the year to date. In addition, the group "other services" achieved a double-digit share, which reflects the generally broad demand from various groups of companies on the Leipzig office market.

Development of vacant space



➤ VACANT SPACE ALMOST UNCHANGED AT LOW LEVEL

In the past twelve months the volume of vacant space in the Saxony metropolis has fallen by a good 10% and is currently at a very low level of 189,000 m². Vacancies have increased only slightly by 3% compared to the end of Q1 2020, but this is not due to the Corona pandemic. The vacancy rate at the end of the second quarter was 5%. There is still a shortage of supply, especially in the segment of spaces with modern equipment quality which is preferred by tenants. At the end of the first half of the year, less than one-fifth of vacancies are attributable to this segment.

Major contracts

Sub-market	Company	m²
4.1	Wholesale/retail company	4,500
3.4	Eppendorf Zentrifugen	2,100
3.1	AKKA Technologies / AKKAdeMy Leipzig	2,000
1.1	Consultancy	1,800
2.1	APPSfactory	1,700
3.2	Communication Concept Gesellschaft für Kommunikat	1,600

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Trends in important market indicators

	H1 2019	H1 2020	Trend remaining year
Take-up	55,000 m²	49,000 m²	↗
Vacant space	211,000 m²	189,000 m²	→
Space under construction (total)	84,000 m²	71,000 m²	↘
Space under construction (available)	9,000 m²	26,000 m²	↘
Top rent	14.50 €/m²	16.00 €/m²	↗

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➤ NEW CONSTRUCTION IN THE CITY AS WELL

Although a slight year-on-year decline of -15.5% in space under construction volume can be observed, the renewed increase in projected space in the second quarter of the year (+18%) shows that Leipzig remains an attractive market for the development of new office buildings based on low vacancy rates and a generally high demand for modern space, even under the current uncertain market conditions. Currently 71,000 m² of office space is under construction, but only 26,000 m² of this is available to the rental market. It is also noteworthy that new offices are also being developed in the City Centre: The redevelopment of the old Karstadt department store (project N30, approx. 20,000 m²) has begun.

➤ RENTS REMAIN STABLE

Despite the somewhat lower demand for space as a result of the Corona pandemic, rents in Leipzig are stable, particularly due to the low supply. The top rent even increased by a further 50 cents compared to the previous quarter and currently stands at 16 €/m². In contrast, the average rent, however, fell slightly, which at 10.50 €/m² is about 3 % below the end of the previous year.

➤ OUTLOOK

Despite the difficult general conditions, Leipzig's office market remained in solid shape in the first half of 2020. Although the effects of the lockdown and the foreseeable recession are expected to remain noticeable in the second half of the year, a result above the long-term average seems likely. Given the low supply, rents should remain stable even if vacancies increase slightly in the short term.

Key indicators H1 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	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 City Centre		16.00	8,900	18,000	6,000	0	21,500	20,000	38,000	0
2 Centre Fringe/ Centre Relief Area	9.70	- 14.50	13,800	53,200	11,100	2,200	29,000	4,400	57,600	76,200
3 Subcentres	8.20	- 11.40	16,800	102,300	14,900	1,800	20,500	1,600	103,900	105,800
4 Periphery	7.80	- 7.90	9,500	15,500	3,000	0	0	0	15,500	43,000
Total			49,000	189,000	35,000	4,000	71,000	26,000	215,000	225,000

* 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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