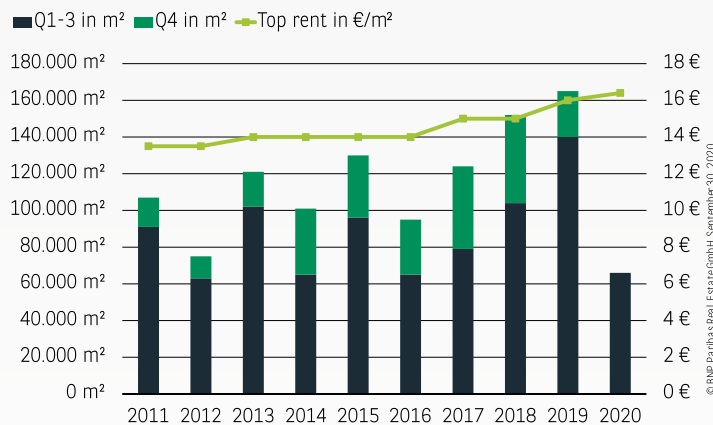




At a Glance **Q3 2020**

OFFICE MARKET ESSEN

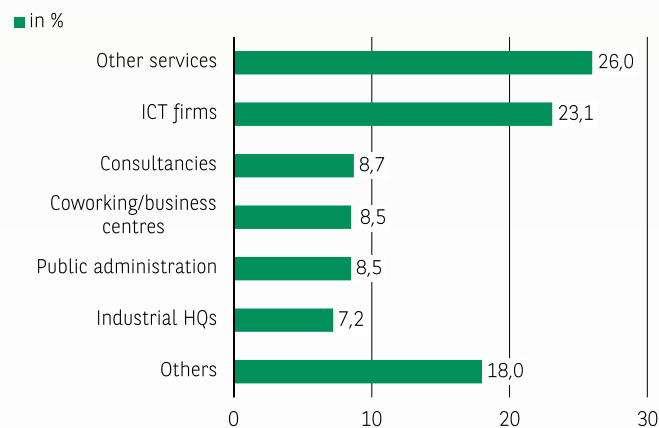
Development of take-up and top rents



✎ CORONA SHAPES MARKET DEVELOPMENT

Against the background of the Corona pandemic, it is not surprising that the Essen office market fell short of the long-term average by around 24% with a take-up of 66,000 m² at the end of the third quarter. Even in the months from July to September, many companies continued to act cautiously and in some cases postponed planned lettings for the time being. However, that certain fluctuations in Essen's latest results are not entirely unusual is shown by the fact that in 2012 and 2016 lower volumes were also reported at the end of the third quarter. Compared to the high take-up of previous years, a deal in the size category above 10,000 m² is still missing. If only the size segment up to 2,000 m² is considered, an above-average volume was even recorded in the first nine months of the year. The owner-occupier deal of TÜV Nord for 10,000 m² in the submarket Remaining Municipal Area represents the largest contribution to take-up to date.

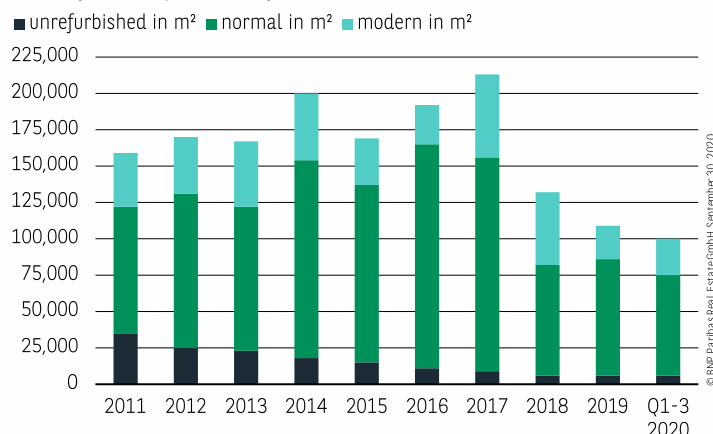
Take-up by sector Q1-3 2020



✎ ICT SECTOR REMAINS STRONG IN THE CRISIS

The sector analysis of take-up distribution shows that two tenant groups have shaped the development so far. Other services remains in first place with a contribution to total take-up of 26%, benefiting in particular from the TÜV Nord deal. This represents the highest share in the last ten years. The ICT companies are particularly strong this year, making the second-highest proportion of the overall result (23%) and are responsible for two of the three largest deals to date. In a long-term comparison, the ICT sector thus achieved its second-best result. Consultancies (9%) as well as coworking/business centers and public administration (8.5% each) follow at a similar level.

Development of vacant space



✎ VACANCIES HAVE DECLINED FURTHER

Despite the lower demand, a further decline in vacancies was observed in the course of the year. At the end of the third quarter, the vacant office space in Essen totaled only 100,000 m². This represents a year-on-year decline of a further 6%. The current vacancy rate of only 3.2% highlights the tense supply situation. The proportion of vacancies with modern quality remains at a low level of 25%.

Major contracts

Sub-market	Company	m²
3.1	TÜV Nord	10.000
3.1	Opta Data Group	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

	Q1-3 2019	Q1-3 2020	Trend remaining year
Take-up	140,000 m²	66,000 m²	↗
Vacant space	106,000 m²	100,000 m²	↗
Space under construction (total)	77,000 m²	53,000 m²	↘
Space under construction (available)	8,000 m²	8,000 m²	↘
Top rent	16.00 €/m²	16.40 €/m²	→

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➤ SPACE UNDER CONSTRUCTION CURRENTLY DECLINING

Despite the low level of vacancies, there was a decline in space under construction as a result of construction completions during the third quarter. The current volume totals 53,000 m², of which only 8,000 m² are not pre-let or built by owner-occupiers. Against this background, no relief for the supply side can be expected in the short term. However, an analysis of the increase in projected space (+7% compared to the previous year) shows that a number of new office projects will be built in the next few years and that project developers therefore continue to rate Essen's office market as attractive.

➤ TOP RENT EVEN SLIGHTLY INCREASED

As a result of the further reduction in vacancies and despite the weaker demand due to Corona, rents even rose to a new high. At the end of the third quarter, top rents were reported at 16.40 €/m² and thus 2.5% above the level at the beginning of the year. The average rent has fallen slightly by 30 cents and currently stands at 11.70 €/m².

➤ OUTLOOK

The economic effects of the Corona pandemic continued to impact Essen's office market in the third quarter of the year. Despite the ongoing uncertainty, a somewhat more lively leasing market in the last quarter of the year can be expected from today's perspective. The result at the end of the year should be below average. However, given the low level of supply, rents should also tend to remain stable in the final months of the year.

Key indicators Q1-3 2020

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1-3 2020	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		16.40	7,000	27,300	4,500	0	0	0	27,300	79,000
2 Centre Fringe	11.50 -	16.00	20,800	36,900	13,300	0	8,000	8,000	44,900	146,000
3 Subcentres		14.50	38,200	35,800	7,200	4,000	45,000	0	35,800	21,000
Total			66,000	100,000	25,000	4,000	53,000	8,000	108,000	246,000

* 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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