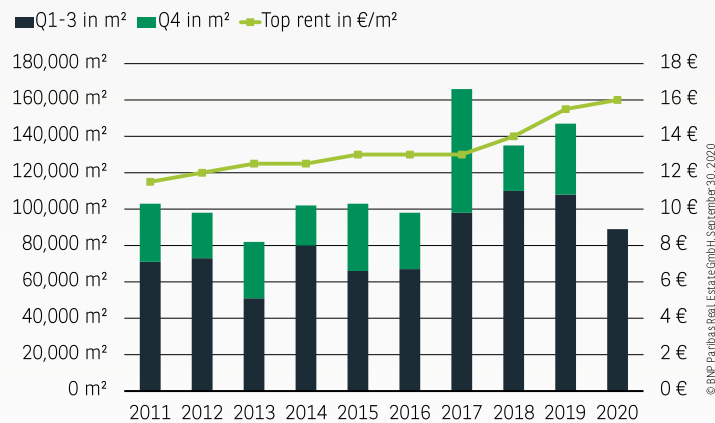




At a Glance **Q3 2020**

OFFICE MARKET LEIPZIG

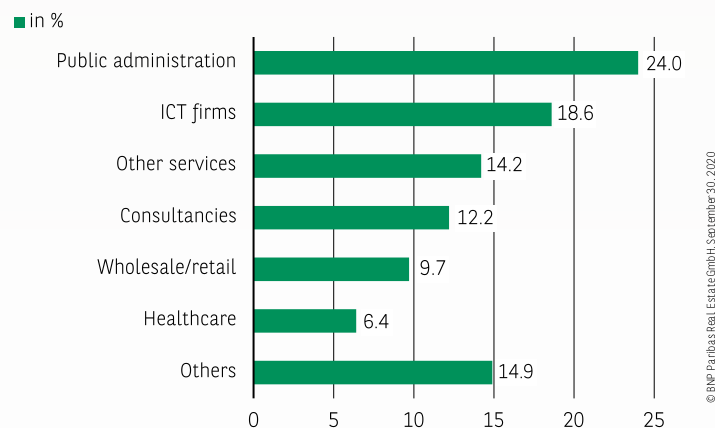
Development of take-up and top rents



➤ ABOVE-AVERAGE RESULT DESPITE CORONA

Even in uncertain times, the Leipzig office market is in good shape and reports a take-up of 89,000 m² at the end of the third quarter. Although this result is almost 18% below the extraordinarily good outcome of the previous year, the 10-year average is exceeded by almost 10%. The robustness of Leipzig's office market during the Corona pandemic is especially apparent in a nationwide comparison: the Saxon metropolis shows the lowest proportional decline compared to the previous year. A particularly strong third quarter was responsible for this result. With 40,000 m² take-up the third quarter figure is almost 43% higher compared to the second quarter, which was heavily impacted by the lockdown. A significant contribution to this development was the first major deal of the year. The public sector leased 9,000 m² in the submarket Leipzig-West.

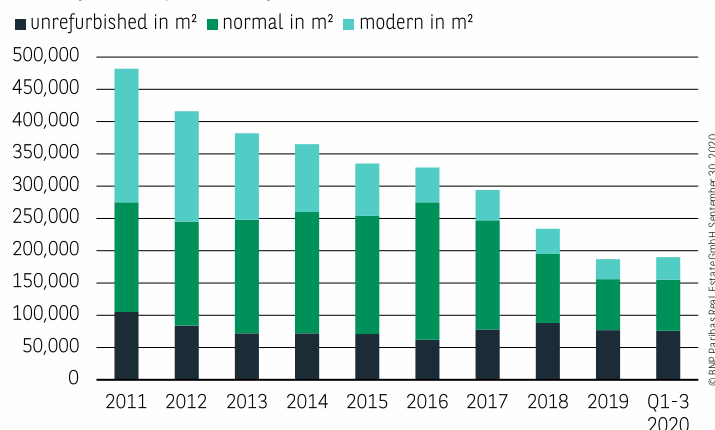
Take-up by sector Q1-3 2020



➤ GOOD RESULT BASED ON SEVERAL PILLARS

Leipzig's office market can also rely on its two strong sectors in the Corona pandemic. The public administration ranks first with a take-up contribution of 24%, which also represents an above-average result in a long-term comparison. The public sector was responsible for three of the five largest deals by the end of the third quarter. Next in line are the increasingly important ICT companies (19%). It is the highest share of this sector over the last ten years. However, the fact that demand is also diversified across different industries is demonstrated by the third place of other services (14%). Consultancies also achieve a double-digit share at 12%.

Development of vacant space



➤ VACANCIES STILL AT LOW LEVEL

Despite the Covid-19 pandemic and the lockdown, there has been no significant increase in vacancies to date, and thus the volume of vacant space remains at a very low level. Since the beginning of the year, vacancies have only increased by 3,000 m² (+1.6%) and by the end of the third quarter totaled 190,000 m². This corresponds to a vacancy rate of 5%. Modern office spaces remain a highly demanded and rare asset and, at 35,000 m², only represents a good 18% of the total volume of vacant space. In the City submarket, which is the preferred office district of tenants, the vacancy volume amounts to only 18,800 m² and therefore held steady at the very low level of the previous year.

Major contracts

Sub-market	Company	m²
3.5	Public administration	9,000
4.1	Wholesale/retail company	4,500
3.1	Public administration	3,000
2.1	Public administration	2,700
2.1	ImmvestWolf / Quarterback Immobilien	2,500
3.4	Eppendorf Zentrifugen	2,100

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Trends in important market indicators

	Q1-3 2019	Q1-3 2020	Trend remaining year
Take-up	108,000 m²	89,000 m²	↗
Vacant space	192,000 m²	190,000 m²	↗
Space under construction (total)	75,000 m²	66,000 m²	↘
Space under construction (available)	8,000 m²	28,000 m²	↗
Top rent	15.00 €/m²	16.00 €/m²	↗

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➤ SLIGHTLY LOWER CONSTRUCTION ACTIVITY

Compared to the previous year, 66,000 m² of office space is currently under construction (-12%). However, only 28,000 m² of this space is not pre-let or built by owner-occupiers. Considering only the period up to the end of 2021, only 7,000 m² of new space will be added to the letting market, thus no relief on the supply side is apparent in the short term. Especially because of its robust performance during the Corona pandemic Leipzig remains an attractive office location, which is shown by the development of projected space. With currently 202,000 m², an increase of a good 46% compared to the previous year has been recorded.

➤ RENTS HOLD FIRM

Due to the tense supply situation and the relatively stable demand, no rent adjustments could be identified during the Corona crisis. The top rent even rose slightly in the course of the year to 16 €/m² and is currently paid for modern office space in the City submarket. The average rent is currently at 10.50 €/m² and is therefore almost at last year's level.

➤ OUTLOOK

Despite the uncertain economic outlook, Leipzig's office market was in good shape in the first three quarters and already returned to its former strength in the third quarter. Thanks to a number of deals currently being negotiated, the outlook for the fourth quarter also looks promising. An above-average result at the end of the year is likely. Given the tense supply situation and the rising demand, rental prices should also tend to develop upwards.

Key indicators Q1-3 2020

Submarkets**	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
1 City Centre										
1.1 City Centre		16.00	11,400	18,800	6,200	0	20,500	20,500	39,300	1,800
2 Centre Fringe/ Centre Relief Area	9.70	- 14.50	29,100	52,800	11,500	2,500	33,000	5,500	58,300	54,400
3 Subcentres	8.20	- 11.50	37,500	103,900	14,600	2,500	12,500	2,000	105,900	105,800
4 Periphery	7.80	- 7.90	11,000	14,500	2,700	0	0	0	14,500	40,000
Total			89,000	190,000	35,000	5,000	66,000	28,000	218,000	202,000

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* 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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