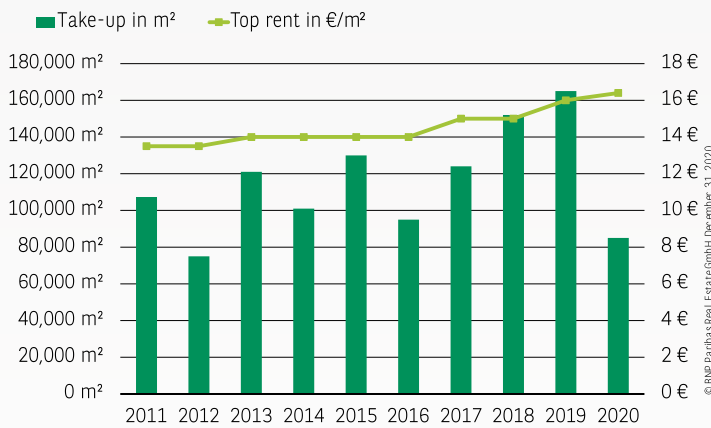




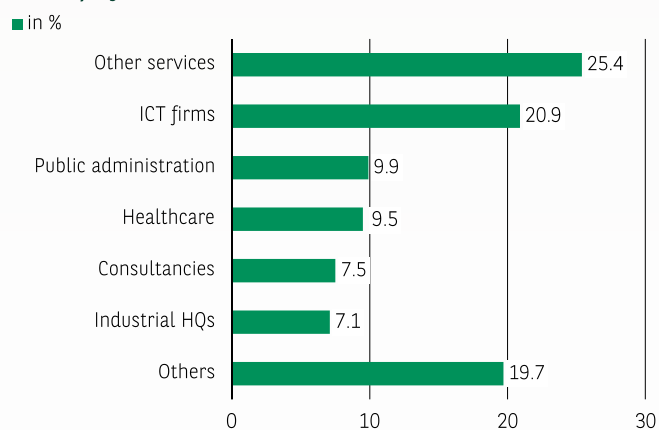
At a Glance Q4 2020

OFFICE MARKET ESSEN

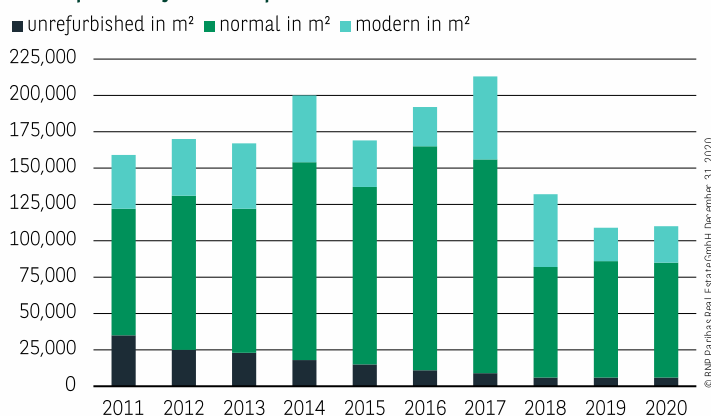
Development of take-up and top rents



Take-up by sector 2020



Development of vacant space



DECLINE IN TAKE-UP CAUSED BY CORONA

Considering that 2020 was characterized by the Corona crisis, it is not surprising that with a take-up of 85,000 m² the Essen office market suffered a good 48% drop of take-up year-on-year. Throughout Germany, many companies acted very cautiously and in some cases postponed planned lettings for the time being. However, considering that 2019 was an absolute record year for the Essen office market, the decline becomes somewhat less dramatic. Although the long-term average was also undercut by almost 27%, such volatility in Essen's results is not entirely unusual. In the past, even in "normal" years, such as 2012 or 2016, the figure occasionally fell well short of the 100,000 m² mark. In most cases, these fluctuations are directly related to the absence of major deals. Also in 2020, no contract was registered in the segment larger than 10,000 m². If the major deals are left out of the equation, the figure is only slightly (-6%) below the long-term average.

OTHER SERVICES AT THE TOP FOR THE FIRST TIME

The take-up analysis by sector shows that two key demand groups dominated the market in 2020. Partly as a result of the largest closing of the year (an owner-occupier deal for 10,000 m² by TÜV Nord in the submarket Subcentres), the category of other services takes the top position with a share of a good 25%. Companies from the ICT sector are also very strong this year, accounting for just under 21%, which is their second-best result in a long-term comparison. Next in line are public administration (10%), healthcare (9.5%) and consultancies (7.5%). The industrial companies, which are traditionally strong in Essen, contribute only 7% in 2020.

VACANCIES REMAIN AT A LOW LEVEL

Despite the lower take-up, the level of vacancies rose only slightly by 1% over the course of 2020. At the end of the year, vacant office space in Essen totalled 110,000 m². The current vacancy rate of just 3.6% demonstrates that the supply remained very tight even during the first Corona year. At just under 23%, the proportion of vacancies with modern fit-out quality which is traditionally in high demand by occupiers also remained at a low level.

Major contracts

Sub-market	Company	m ²
3.1	TÜV Nord	10,000
3.1	Opta Data Abrechnungs	7,300
3.1	ICT firm	3,100
2.5	Die Autobahn GmbH	2,300
3.1	Industrial company	2,000
3.1	City of Essen	1,900

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Trends in important market indicators

	2019	2020	Trend 2021
Take-up	165,000 m ²	85,000 m ²	↘
Vacant space	109,000 m ²	110,000 m ²	↗
Space under construction (total)	68,000 m ²	70,000 m ²	↗
Space under construction (available)	3,000 m ²	9,000 m ²	↗
Top rent	16.00 €/m ²	16.40 €/m ²	↗

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➤ CONSTRUCTION ACTIVITY GOES UP SLIGHTLY

Compared to last year, the volume of space under construction increased slightly by 3%. Currently it amounts to 70,000 m². However, just 9,000 m² of this is still available to the letting market, which implies that the current level of construction activity will bring no relief on the supply side in the short term. Since the developers have recognized this bottleneck and continue to consider Essen as an attractive office market, a number of new projects will be developed in the coming years. Consequently, the volume of projected space has increased once again (+3%) and now stands at around 256,000 m².

➤ PRIME RENT INCREASES DESPITE CORONA

As the level of vacant modern space in particular remains very low despite the weaker demand due to the Corona crisis, the prime rent level even shows a slight increase over the course of the year. At 16.40 €/m², the prime rent is thus 2.5% above the previous year's level and is still achieved in the City Centre. On the other hand, the average rent has declined slightly and currently stands at 11.30 €/m².

➤ OUTLOOK

The economic effects of the Corona pandemic have left their mark on the Essen office market. However, the overall impact remains moderate. Even if the entire winter half-year is likely to be dominated by the pandemic, from today's perspective a somewhat brisker letting activity can be expected for 2021. In combination with the very limited supply, rents should therefore also tend to remain at least at a stable level.

Key indicators 2020

Submarkets**	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	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		16.40	10,500	28,800	5,500	0	0	0	28,800	65,000
2 Centre Fringe	12.50 -	16.00	27,300	36,500	10,500	0	9,600	9,000	45,500	146,500
3 Subcentres		14.50	47,200	44,700	9,000	4,000	60,400	0	44,700	44,500
Total			85,000	110,000	25,000	4,000	70,000	9,000	119,000	256,000

* The top rent given applies to a market segment of 35 % in each case.

** The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2020](#)

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