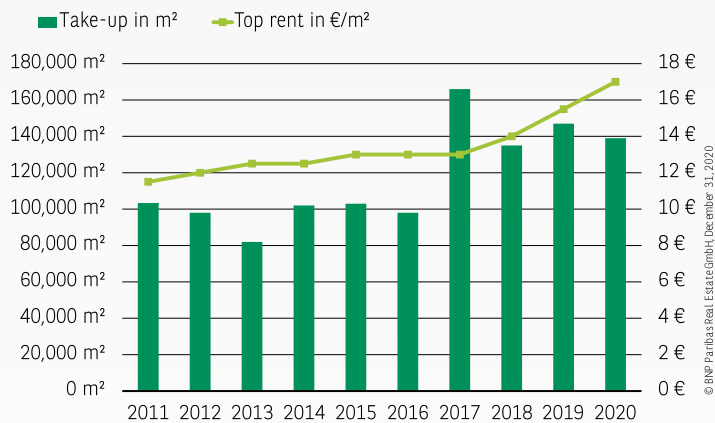




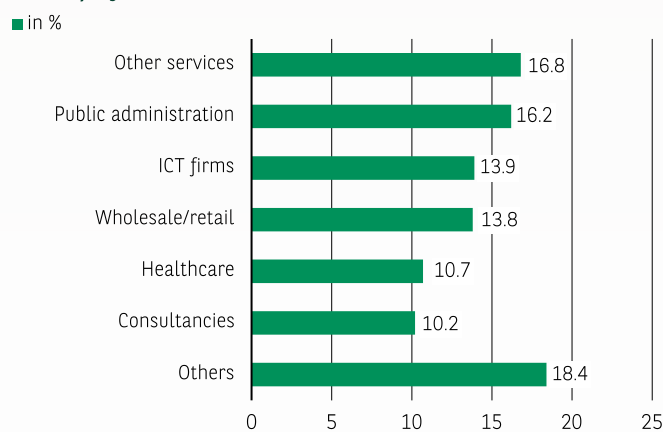
At a Glance **Q4 2020**

# OFFICE MARKET LEIPZIG

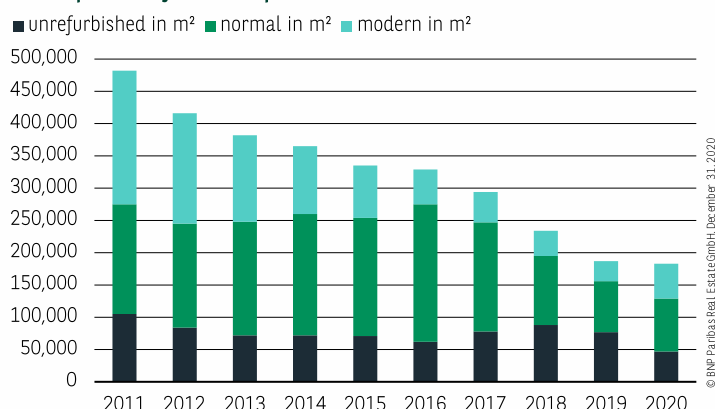
### Development of take-up and top rents



### Take-up by sector 2020



### Development of vacant space



### ▶ STRONG PERFORMANCE EVEN IN A DIFFICULT ENVIRONMENT

The Leipzig office market is able to continue its successful development even in 2020, a year characterized by the Corona crisis. By the end of the year the boom city in Saxony recorded a take-up of 139,000 m², just below the previous year's result (-5%). In comparison with the major German office locations, Leipzig has by far the smallest percentage decline in take-up year-on-year. The figure is even a remarkable 19% higher than the long-term average and represents the third-best result ever recorded. One of the factors responsible for this noticeable volume is a strong fourth quarter with 50,000 m² take-up. The letting of 9,200 m² by Mercateo Services/Unite Network in the Ringlage submarket represents the largest deal of 2020.

### ▶ TAKE-UP BASED ON BROAD DEMAND

In 2020, six industries contributed a double-digit share to the take-up result of the Saxon metropolis, thus showing an extremely broad demand base. The category "other services" tops the list with a contribution of just under 17%, closely followed by public administration (a good 16%). The third place is occupied by ICT firms (14%). Retail companies were extraordinarily active in 2020, with a record share of just under 14%. This result is based in particular on two of the three largest deals of the year. Companies in the healthcare sector (11%) and consultancies (10%), which also contributed significant market shares, were at a similar level.

### ▶ HIGH DEMAND CAUSES FURTHER DROP IN VACANCIES

The outstanding development of the Leipzig office market is also visible on the supply side: while all other office locations saw an increase in vacancies due to the Corona-related decline in demand, a further decrease of around 2% was recorded in the Saxon metropolis over the course of the year. Currently, only 183,000 m² of office space is vacant in Leipzig, of which just under 30% has a modern fit-out quality. As a result of the further reduction in vacancies, the vacancy rate has fallen and currently totals 4.8%. In the City submarket, which is highly sought-after by tenants, the vacancy volume at the end of the year was just 15,000 m².

Major contracts

Sub-market	Company	m <sup>2</sup>
2.1	Mercateo Services / Unite Network	9,200
3.5	Public administration	9,000
4.1	Wholesale/retail company	4,500
1.1	Navitas Germany / Lancaster University	3,700
3.4	Biotech company	3,300
2.1	ARCADIA Investment Group	3,200

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➤ CONSTRUCTION ACTIVITY WILL INCREASE

Although there was a 13% decline in space under construction year-on-year to 67,000 m<sup>2</sup>, construction activity is expected to increase significantly in the upcoming years. Currently, with around 211,000 m<sup>2</sup> of projected office space, clearly more construction projects are planned than a year ago (+49%). This is a strong indication that developers and investors have a high level of interest and trust in Leipzig, in particular due to the successful development of recent years. For the moment, construction activity is concentrated in particular on the Ringlage (24,800 m<sup>2</sup>) and City (20,500 m<sup>2</sup>) submarkets.

➤ RENTS CONTINUE TO RISE

Due to the low supply and lively demand, no decline in rents was observed during the Corona crisis. The top rent even increased over the course of the year to a record 17.00 €/m<sup>2</sup> and is currently achieved for modern space in the city centre. The average rent is currently at 11.10 €/m<sup>2</sup> and also shows a slight upturn compared to the previous year (+3%).

Trends in important market indicators

	2019	2020	Trend 2021
Take-up	147,000 m <sup>2</sup>	139,000 m <sup>2</sup>	↘
Vacant space	187,000 m <sup>2</sup>	183,000 m <sup>2</sup>	↘
Space under construction (total)	77,000 m <sup>2</sup>	67,000 m <sup>2</sup>	➔
Space under construction (available)	8,000 m <sup>2</sup>	32,000 m <sup>2</sup>	↗
Top rent	15.50 €/m <sup>2</sup>	17.00 €/m <sup>2</sup>	↗

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➤ OUTLOOK

Against the background of the very good Leipzig office market performance during the Corona crisis and a return to normality in perspective due to the start of the vaccination program, there is reason for optimism for 2021. From today's perspective, demand is expected to remain at a high level and supply is likely to tighten further albeit at moderate pace. Given the further narrowing of the supply/demand ratio, a further increase in rents is the most likely scenario for 2021.

Key indicators 2020

Submarkets**	Top rent* (€/m <sup>2</sup> )		Take-up (m <sup>2</sup> )	Vacant space (m <sup>2</sup> )			Space under construction (m <sup>2</sup> )		Space on offer (m <sup>2</sup> )	
	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 City Centre	17.00		21,100	15,000	6,000	0	20,500	20,500	35,500	1,800
2 Centre Fringe/ Centre Relief Area	9.70 - 15.00		49,200	39,500	8,300	2,300	36,500	10,400	49,900	65,400
3 Subcentres	8.20 - 11.80		55,300	113,300	37,500	700	8,000	0	113,300	103,800
4 Periphery	7.80 - 7.90		13,400	15,200	2,200	0	2,000	1,100	16,300	40,000
<b>Total</b>			<b>139,000</b>	<b>183,000</b>	<b>54,000</b>	<b>3,000</b>	<b>67,000</b>	<b>32,000</b>	<b>215,000</b>	<b>211,000</b>

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\* 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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Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Telephone +49 (0)341-711 88-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)