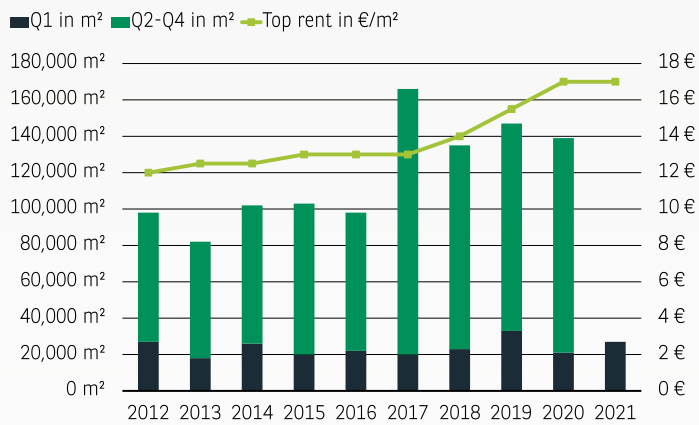




At a Glance **Q1 2021**

OFFICE MARKET LEIPZIG

Development of take-up and top rents

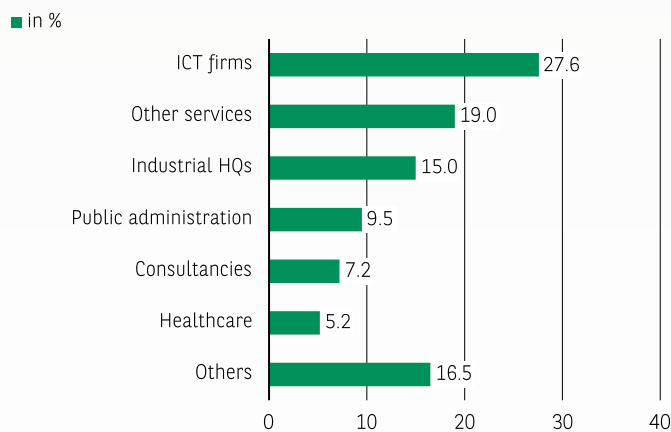


© BNP Paribas Real Estate GmbH, March 31, 2021

➤ STRONG KICK-OFF DESPITE UNCERTAINTY

Leipzig's office market started the new year with another strong performance of 27,000 m². Despite the ongoing Corona crisis and the related effects on the economy, the result was around 14% above the long-term average. In addition, the previous year's result was exceeded by a remarkable 29%. Comparing the development of the big German office markets since the outbreak of the Corona pandemic, Leipzig can shine with a particular resistance to the crisis. It is also noteworthy that the Saxon metropolis achieved the good quarterly volume without a major deal over 5,000 m², which demonstrates the broad demand in the small and medium segment. Against this background, it can be assumed that the current upswing in infection and the continuing lockdown measures will only have a very limited influence on the further development in the course of the year.

Take-up by sector Q1 2021

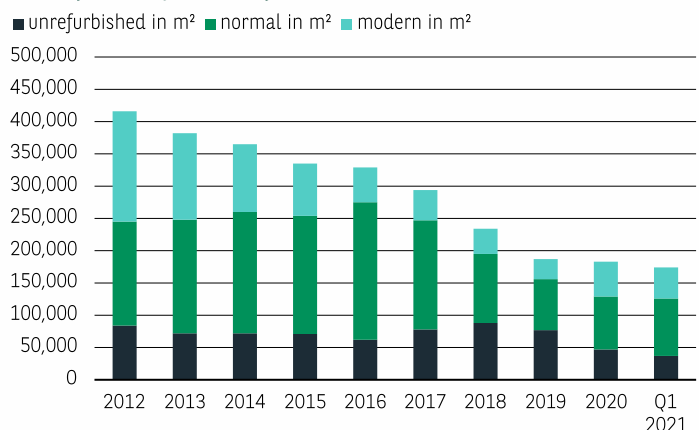


© BNP Paribas Real Estate GmbH, March 31, 2021

➤ ICT FIRMS STILL ON THE RISE

ICT companies continue to make a significant contribution to the positive development of the Leipzig office market, leading the sector distribution with two of the five largest deals and a share of around 28%. As usual, the category of other services (19%) takes its place on the podium, which once again highlights the broad sector diversification in Leipzig. Industrial companies (15%) also achieve an above-average and double-digit result. In a long-term comparison, the public sector is still somewhat more restrained with 9.5%, but can report the second largest deal of the year so far in the Graphisches Viertel/Pragerstraße submarket.

Development of vacant space



© BNP Paribas Real Estate GmbH, March 31, 2021

➤ VACANCIES DECLINED FURTHER

The development of decreasing office vacancies in the Leipzig market area over the past ten years has continued during the first three months of the year. With currently 174,000 m² of vacant office space, the level of vacancies has once again dropped by around 5% year-on-year. The vacancy rate of 4.6% underlines the existing supply bottleneck. Particularly rare, but in strong demand, are larger spaces with modern fit-out quality. The majority of vacancies are in Leipzig's office submarkets Subcentre and the Periphery (72%), whereas there is relatively little supply in the City Centre (8%) and City Fringe (20%).

Major contracts

Sub-market	Company	m ²
3.5	The nu company	2,200
2.5	Public administration	2,100
3.4	ICT firm	2,000
2.5	FiMO Assekuranzmakler	1,000
3.4	ICT firm	900

© BNP Paribas Real Estate GmbH, March 31, 2021

➤ CONSTRUCTION ACTIVITY PICKS UP SLIGHTLY

Despite the low supply and the strong demand for new office space, there was only a slight increase in construction activity in the first three months of the year. Currently 82,000 m² are under construction. However, only about 48% of this is still available to the rental market. The volume of projected space shows, that more construction is likely to take place in the next few years, not least due to the increase in prime rents in recent years: In the first three months of the year, an additional 10 % was recorded.

➤ PRIME RENT STILL AT A HIGH LEVEL

Despite the ongoing Corona pandemic, prime rents in the Leipzig market area increased significantly (+10%) during the last twelve months. It is currently at 17.00 €/m² and applies to modern space in the City Centre. At the end of the first quarter, the average rent is stable at 11.10 €/m².

Trends in important market indicators

	Q1 2020	Q1 2021	Trend remaining year
Take-up	21,000 m ²	27,000 m ²	➔
Vacant space	183,000 m ²	174,000 m ²	➔
Space under construction (total)	76,000 m ²	82,000 m ²	➔
Space under construction (available)	24,000 m ²	39,000 m ²	➔
Top rent	15.50 €/m ²	17.00 €/m ²	➔

© BNP Paribas Real Estate GmbH, March 31, 2021

➤ OUTLOOK

Despite the Corona crisis, which is likely to continue for some time, the outlook for the further development of Leipzig's office market seems positive. Particularly due to the ICT sector, which continues to gain importance. From today's perspective, an above-average annual take-up of around 120,000 m² seems possible, although the supply bottleneck of modern office space could be a limiting factor. Against the background of the tense supply/demand ratio, a further increase in rents is the most likely scenario.

Key indicators Q1 2021

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	Q1 2021	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		3,200	13,400	6,000	0	22,400	20,000	33,400	0
2 Centre Fringe/ Centre Relief Area	9.80 - 15.00		11,500	35,200	8,200	3,000	36,600	9,900	45,100	49,800
3 Subcentres	8.30 - 12.00		11,200	106,500	31,300	0	21,000	8,200	114,700	142,200
4 Periphery	7.80 - 7.90		1,100	18,900	2,500	0	2,000	900	19,800	40,000
Total			27,000	174,000	48,000	3,000	82,000	39,000	213,000	232,000

© BNP Paribas Real Estate GmbH, March 31, 2021

* 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".

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.03.2021

Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Phone +49 (0)341-711 88-0 | www.realestate.bnpparibas.de