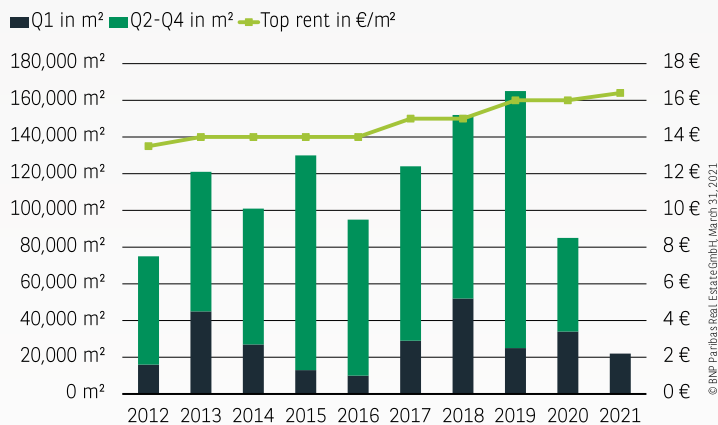




## At a Glance **Q1 2021**

# OFFICE MARKET ESSEN

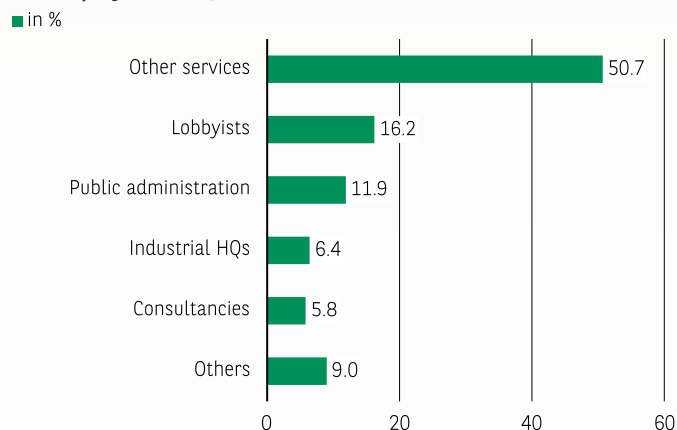
### Development of take-up and top rents



### ➤ KICK-OFF WITHIN THE RANGE OF THE USUAL VOLATILITY

The Essen office market started 2021 with a somewhat mixed result. The currently reported take-up of 22,000 m² is a good 35% below the strong result of the previous year, and the long-term average was also missed by around 19%. At first glance, however, the decline appears much more serious than it actually is, given that the Essen market is always subject to certain fluctuations, particularly in the first quarter. In the past ten years, for example, the 30,000 m² threshold was only broken four times in the first three months of the year and three times the 20,000 m² mark was missed by a wide margin. In view of the fact that most of the market activity in 2021 has so far taken place in the small-space segment, there is no reason to believe that the Essen office market has lost much of its dynamism in the long term.

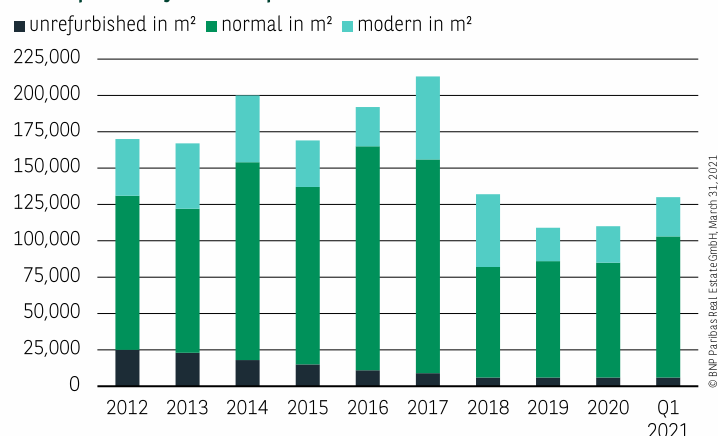
### Take-up by sector Q1 2021



### ➤ OTHER SERVICES CLEARLY AT THE TOP

With almost 51%, the category of other services leads the ranking of take-up by sector in the first quarter. Crucial to this strong contribution was the largest deal of the year so far: Vonovia rented 8,300 m² in Weststadt. Lobbyists follow in second place (16%). The above-average performance is due, among other things, to the leases of 1,600 m² by a foundation in the Core City and by Arbeiterwohlfahrt Kreisverband Essen e.V. in the Nordviertel for 1,000 m². The last place on the podium goes to public administration with just under 12%. The administrations of industrial companies, which are usually represented in the top group of the ranking, have so far only made a minor impact and, with around 6 %, are almost on a par with consultancies.

### Development of vacant space



### ➤ VACANCY SLIGHTLY INCREASED, BUT AT A LOW LEVEL

The level of vacancies on the Essen office market has risen slightly compared to the end of 2020. However, at 130,000 m² it is still at a low level and not all office market zones are equally affected. In the Core City (CBD), for example, there has even been a further 4% reduction in vacancies. The current vacancy rate of only 4.2% also highlights that the supply situation remains tense overall despite the Corona pandemic, which has now lasted for a year. Especially when considering that only 21% or 27,000 m² of the vacant space belongs to the category of modern fit-out quality preferred by occupiers.

## Major contracts

Sub-market	Company	m²
2.1	Vonovia	8,300
1.1	Stiftung	1,600
1.1	City of Essen	1,100
3.1	Watanabe	1,000
2.2	AWO - Arbeiterwohlfahrt Kreisverband Essen e. V.	1,000

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## Trends in important market indicators

	Q1 2020	Q1 2021	Trend remaining year
Take-up	34,000 m²	22,000 m²	↗
Vacant space	100,000 m²	130,000 m²	↗
Space under construction (total)	78,000 m²	76,000 m²	→
Space under construction (available)	9,000 m²	10,000 m²	↘
Top rent	16.00 €/m²	16.40 €/m²	→

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## ➤ MORE SPACE UNDER CONSTRUCTION

At 76,000 m², there is currently slightly more space under construction than at the end of 2020 (+9%). This is directly related to the fact that the low vacancies in the modern segment have been exceeded by high demand for years. It is therefore not surprising that most of the space under construction has already been pre-let or is realised for owner-occupiers. This means that only 10,000 m² of the new construction volume is available to the market at all, all of it located in the Centre Fringe. In the medium term, therefore, a significant easing of the supply/demand situation is not expected.

## ➤ PRIME RENT INCREASES COMPARED TO THE PREVIOUS YEAR

The tight supply situation in the segment with modern space fit-out is also reflected in the development of the prime rent: At 16.40 €/m², it is 2.5% higher than a year ago. It is achieved in the Core City (CBD). In contrast, the average rent of 11.00 €/m² is slightly lower than at the end of the year (-3%), although this is partly due to the fact that the proportion of leases concluded for space with modern fittings was relatively low in the first three months of the year.

## ➤ OUTLOOK

Not least due to the ongoing vaccination campaign and the related catch-up effects on the user markets, a significant increase in take-up on the Essen office market can be expected again in the coming quarters. Whether the result at the end of the year will be able to return to the long-term average remains to be seen for the time being, but from today's perspective it seems in the realm of possibility. While the prime rent is likely to remain at its high level, it is realistic to believe that the average rent will also move upwards again.

## Key indicators Q1 2021

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	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 Core City		16.40	3,500	27,700	4,300	0	0	0	27,700	65,000
2 Centre Fringe	12.50	- 16.00	13,100	45,800	14,100	0	10,000	10,000	55,800	146,500
3 Subcentres		14.50	5,400	56,500	8,600	4,000	66,000	0	56,500	31,500
<b>Total</b>			<b>22,000</b>	<b>130,000</b>	<b>27,000</b>	<b>4,000</b>	<b>76,000</b>	<b>10,000</b>	<b>140,000</b>	<b>243,000</b>

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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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Further Information BNP Paribas Real Estate GmbH | Branch office Essen | Phone +49 (0)201-820 22-2 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)