

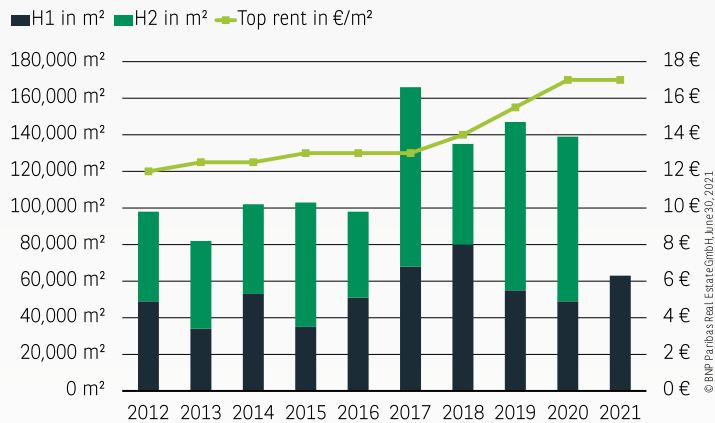


RESEARCH

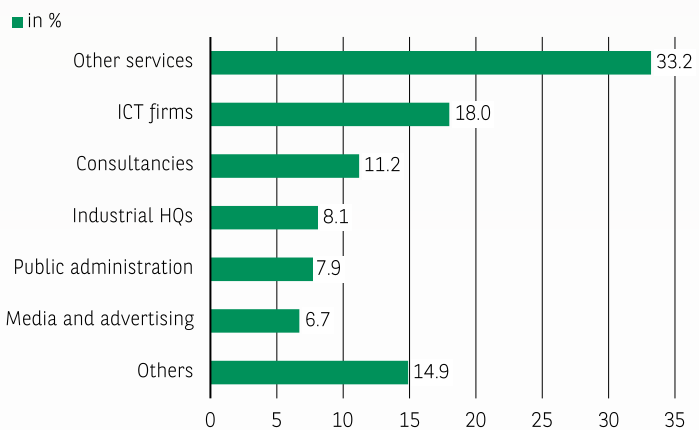
At a Glance **Q2 2021**

OFFICE MARKET LEIPZIG

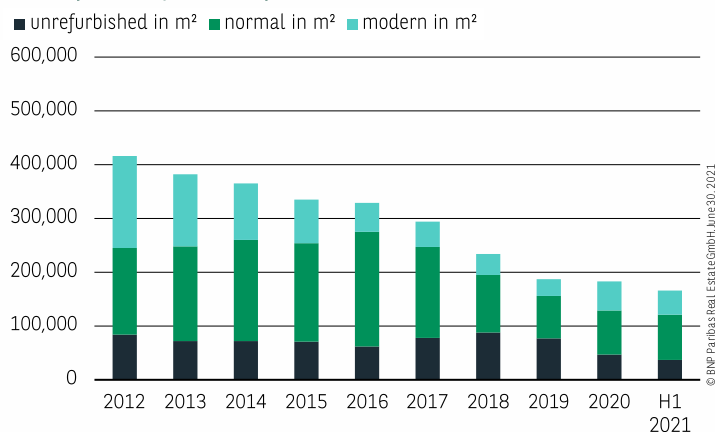
Development of take-up and top rents



Take-up by sector H1 2021



Development of vacant space



➤ HIGH ACTIVITY AT THE OFFICE MARKET

The Leipzig office market remained on track even after the third lockdown. It continued its dynamic development in the second quarter of the year. With a take-up of 63,000 m², Leipzig not only surpassed the slightly weaker Corona-related result from the previous year by almost 29%, but also the long-term average by a full 17%. Only for the third time after 2017 and 2018 the Saxon metropolis achieved the 60,000 m² mark by the end of the first half of the year ever. Leipzig can still count on its traditionally strong small to medium-sized space segment of up to 1,000 m², which is responsible for around 64% of take-up. Despite high demand, only one large deal over 5,000 m² was recorded in the entire market area in the first half of the year. This shows the lack of large contiguous spaces with a modern quality fit-out which users demand. Due to the shortage of supply in the City Centre, the majority of take-up was achieved in the City Fringe (36%) and in Subcentres (50.5%).

➤ OTHER SERVICES PARTICULARLY STRONG

In addition to the category of other services, which achieved the highest take-up share with a contribution of a good 33%, ICT companies are once again in excellent shape. With a share of 18% and a good 11,300 m², this sector recorded the second-best half-year result of the last ten years. Furthermore, the sector is also responsible for two of the six largest deals of the year to date. This once again underlines the increasing importance of this sector as a driver of office demand. Consultancies also delivered a double-digit result (11%), which at the same time represents a slightly below-average result.

➤ VACANCY REDUCTION CONTINUES

Due to the high demand, the level of office vacancy has further decreased over the past 12 months (-12%). Remarkably, Leipzig is the only German office market to show a further decline in vacancy since the end of Q2 2020. At the end of Q2 2021, only 166,000 m² of vacant office space is still available. This corresponds to a vacancy rate of only 4.3%, which is the lowest figure for Leipzig in a long-term comparison. Of this low vacancy volume, only around 27% have a modern quality fit-out.

Major contracts

Sub-market	Company	m ²
3.5	Service company	5,700
3.5	the nu company	2,200
2.5	Public administration	2,100
3.4	ICT company	2,000
3.5	Media company	1,900
3.2	ICT company	1,400

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➤ MODERATE RISE IN CONSTRUCTION ACTIVITY

The tightening supply of space is also increasingly stimulating construction activity in the Saxon metropolis. During the last 12 months, the construction start of several new office projects was recorded. At the end of the second quarter, the volume of space under construction totalled 73,000 m². Although this represents only a slight increase compared to the previous year (3%), with 38,000 m² there is significantly more new space still available to the letting market (+46%). Against the background of the tight demand/supply ratio and the strong growth in prime rents in recent years, a further increase in construction activity is very likely in the near future.

➤ RENT GROWTH DESPITE CRISIS

Thanks to stable demand even during the Corona crisis and the growing shortage of supply, office rents in the Saxon metropolis have continued to rise over the past 12 months. Rents in the top segment have increased by around 6% compared to the middle of last year and are currently at 17 €/m². At the same time, the average rent also went up by 6% and now stands at 11.20 €/m².

Trends in important market indicators

	H1 2020	H1 2021	Trend remaining year
Take-up	49,000 m ²	63,000 m ²	➔
Vacant space	189,000 m ²	166,000 m ²	➘
Space under construction (total)	71,000 m ²	73,000 m ²	➔
Space under construction (available)	26,000 m ²	38,000 m ²	➔
Top rent	16.00 €/m ²	17.00 €/m ²	➔

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➤ OUTLOOK

Against the background of the robust performance of the Leipzig office market as well as the accelerating vaccination campaign and the corresponding prospect of an upcoming and complete return to the office, the outlook for the second half of the year is very positive. From today's perspective, an above-average take-up is thus the most realistic scenario. In addition to the expected further reduction of vacancies, a slight increase in rents is also likely.

Key indicators H1 2021

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	H1 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	6,400	13,200	5,900	0	22,300	20,000	33,200	0
2 Centre Fringe/ Centre Relief Area	10.20 -	15.00	22,600	32,300	7,500	300	13,300	6,100	38,400	117,700
3 Subcentres	8.30 -	12.50	31,800	100,100	28,200	700	30,900	6,500	106,600	188,300
4 Periphery	7.80 -	7.90	2,200	20,400	3,400	0	6,500	5,400	25,800	40,000
Total			63,000	166,000	45,000	1,000	73,000	38,000	204,000	346,000

* 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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