

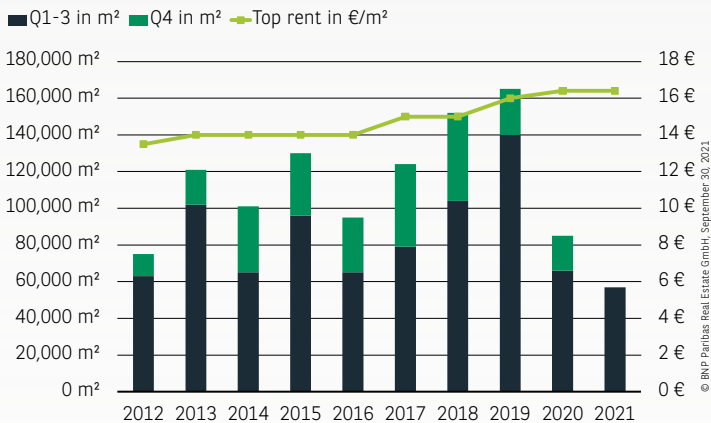


RESEARCH

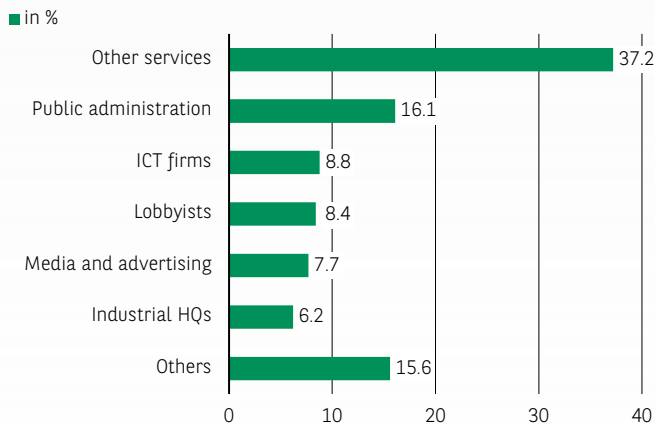
At a Glance **Q3 2021**

OFFICE MARKET ESSEN

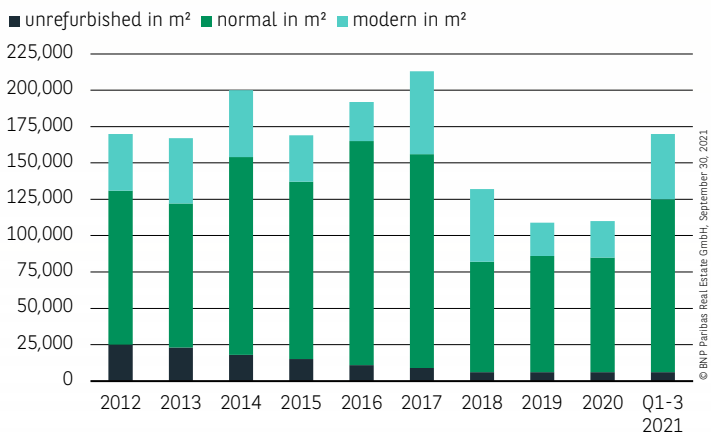
Development of take-up and top rents



Take-up by sector Q1-3 2021



Development of vacant space



MODERATE MARKET ACTIVITY ALSO IN THE THIRD QUARTER

Just as in the first half of 2021, the Essen office market recorded rather restrained market activity in the third quarter. With around 57,000 m² of take-up by the end of September, the previous year's result was missed by around 14% and at the same time is almost one third below the long-term average. In particular, the current letting volume reflects the lack of major deals to date. By the end of September, only one deal in the segment of above 5,000 m² was registered. In contrast, dynamic leasing activity was observed in the small to mid-size categories. With a result of around 27,000 m², deals in the size segment of 200 to 1,000 m² even showed an above-average performance.

OTHER SERVICES DOMINATE

In the first nine months of 2021, market activity across the Essen office market was dominated by the category of other services (37%). In a long-term comparison, this is the highest result generated by this sector. Public administration also made a double-digit contribution (16%). The industrial companies (6%), which are usually very active, recorded a significantly below-average take-up of space. Among other things, this is attributable to the existing supply bottlenecks for industrial primary products and the related slowdown in the economic recovery of manufacturing companies.

MODERATE SUPPLY SITUATION DESPITE RISE IN VACANCIES

In the course of the year, a continuous increase in vacancies was recorded. Year-on-year, the volume of vacant office space has risen by almost 55% and currently totals 170,000 m². The bulk of the growth in vacancies is attributable to the submarkets 2.5 Rüttenscheid/Bredene and 3.1 Remaining Municipal Area. Despite these expansions, the vacancy volume is still lower than in the years prior to 2018. The vacancy rate for the entire market area is 5.5% and thus slightly above the fluctuation reserve. Furthermore, the proportion of vacancies with modern fit-out quality preferred by tenants remains low (26.5%).

Major contracts

Sub-market	Company	m ²
2.1	Vonovia	8,700
3.1	City of Essen	3,300
2.3	Alex & Gross	2,200
1.1	Foundation	1,600
3.1	DICON	1,100
1.1	City of Essen	1,100

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➤ NO SPACE UNDER CONSTRUCTION AVAILABLE

Compared to the same period last year, a slight increase of construction activity is evident. Currently, around 60,000 m² of office space is under construction, representing a gain of 13%. At around 92%, almost the entire volume of newly built office space is located in the office market zone 3.1 Remaining Municipal Area. The ongoing very high demand for modern office space is reflected in the availability of space under construction: by the end of the third quarter of 2021, the entire volume of new office space has either already been let or is currently under construction by owner-occupiers.

➤ AVERAGE RENT UP SLIGHTLY

Despite the difficult economic conditions and lower market activity since the start of the Corona pandemic, rents on the Essen office market are extremely stable. The top rent remains unchanged at 16.40 €/m² and continues to be paid for high-quality space in the City Core. Average rents have even increased slightly, currently standing at 12.20 €/m², a good 4% up year-on-year.

Trends in important market indicators

	Q1-3 2020	Q1-3 2021	Trend remaining year
Take-up	66,000 m ²	57,000 m ²	↗
Vacant space	100,000 m ²	170,000 m ²	↗
Space under construction (total)	53,000 m ²	60,000 m ²	↘
Space under construction (available)	8,000 m ²	0 m ²	↘
Top rent	16.40 €/m ²	16.40 €/m ²	→

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➤ OUTLOOK

While the level of market activity in Essen remains moderate in 2021, against the background of positive economic forecasts an increasing recovery of demand can be expected in the upcoming quarters. From today's perspective, however, below-average take-up and a further, although slower, rise in vacancies can be predicted for the end of the year. Rental prices are nevertheless likely to remain stable due to the still healthy ratio between supply and demand.

Key indicators Q1-3 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	Q1-3 2021	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 Core City		16.40	10,200	35,600	6,500	3,400	0	0	35,600	65,000
2 Centre Fringe	12.70	- 16.00	29,700	64,800	29,200	0	4,800	0	64,800	142,500
3 Subcentres		14.70	17,100	69,600	9,300	2,600	55,200	0	69,600	30,500
Total			57,000	170,000	45,000	6,000	60,000	0	170,000	238,000

* The top rent given applies to a market segment of 3-5 % in each case.

** The relevant office market zone can be found on our website under "Research".

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