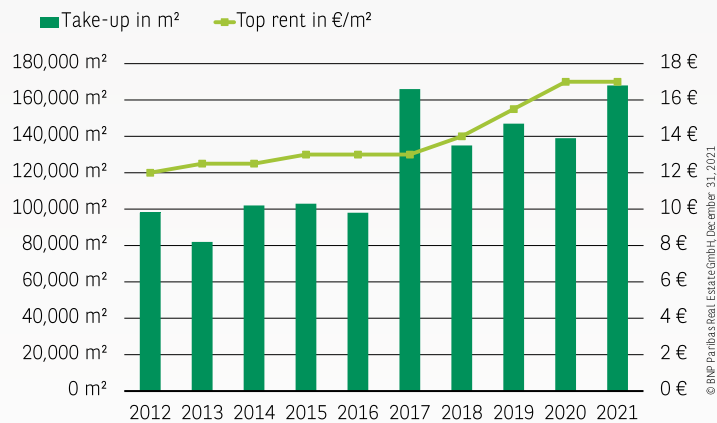




At a Glance **Q4 2021**

# OFFICE MARKET LEIPZIG

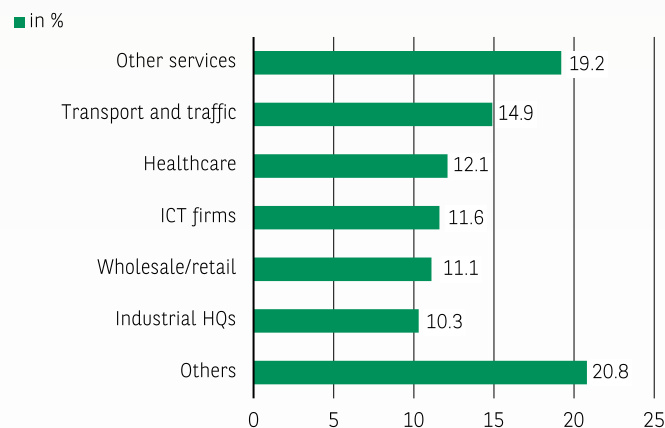
## Development of take-up and top rents



## ▶ LEIPZIG SETS NEW RECORD DESPITE CORONA PANDEMIC

In the second year of the Corona pandemic, the Leipzig office market has proved its resilience to the crisis and can even report a new record result at the end of 2021. With 168,000 m² of take-up the previous year's result was surpassed by an impressive 21%. The long-term average was also exceeded by a full 36%. Not least responsible for this strong result is the in a long-term comparison high number of transactions with more than 5,000 m² letting space each. Six deals were registered in this segment, with the Deutsche Post DHL Group's lease of 22,000 m² in office sub-market zone 4.2 A 14 certainly standing out in particular. However, the fact that dynamic market activity was also observed in the small to medium size segment is demonstrated by the above-average volume of deals with a letting area below 1,000 m².

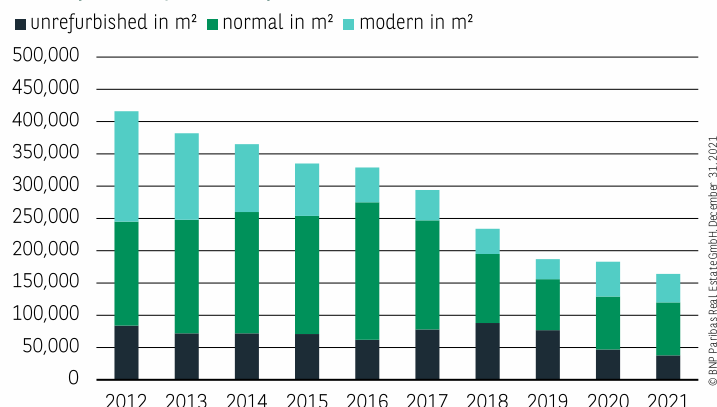
## Take-up by sector 2021



## ▶ A WIDE RANGE OF SECTORS INVOLVED

Typically for the Leipzig market, take-up in 2021 is again spread across a wide range of different sectors. No fewer than six sectors make a double-digit contribution to the result. In first place and with a share of 19% is the category of other services, closely followed by the transport and traffic sector (15%), which benefited in particular from the Deutsche Post DHL Group deal already mentioned. At the same time, the transport and traffic sector can report the highest annual contribution ever registered. ICT firms, which have become an important demand pillar in Leipzig's office market in recent years, confirm the increasing demand for space in this sector with 12%. Wholesale/retail companies (11%) and the administrations of industrial companies (10%) also account for significant take-up.

## Development of vacant space



## ▶ VACANCIES DECREASE ONCE AGAIN

Contrary to the national trend, the volume of vacancies in the Leipzig market area has continued to decline steadily. Currently, 164,000 m² of office space is available at short notice, a good 10% less than at the end of the previous year. The volume of office space with modern quality fit-out fell even more sharply. At the end of the year, only 44,000 m² was available, 18.5% less year-on-year. Overall, this segment accounted for just over a quarter of total vacancies, a very low figure by national standards. The tight supply situation is also reflected in the vacancy rate of 4.3%, which has now fallen below the fluctuation reserve required for an optimally functioning market.

## Major contracts

| Sub-market | Company                 | m²     |
|------------|-------------------------|--------|
| 4.2        | Deutsche Post DHL Group | 22,000 |
| 3.1        | c-LEcta                 | 10,400 |
| 2.5        | Industrial company      | 8,000  |
| 4.1        | mytheresa.com           | 6,000  |
| 3.5        | Service company         | 5,700  |
| 1.1        | Relaxdays               | 5,500  |

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## Trends in important market indicators

|                                      | 2020       | 2021       | Trend 2022 |
|--------------------------------------|------------|------------|------------|
| Take-up                              | 139,000 m² | 168,000 m² | ↗          |
| Vacant space                         | 183,000 m² | 164,000 m² | ↘          |
| Space under construction (total)     | 67,000 m²  | 107,000 m² | ↗          |
| Space under construction (available) | 32,000 m²  | 39,000 m²  | ↗          |
| Top rent                             | 17.00 €/m² | 17.00 €/m² | ↗          |

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## ➤ CONSTRUCTION ACTIVITY INCREASES SIGNIFICANTLY

The very positive development of the Leipzig office market is also apparent from a significant increase in space under construction over the course of 2021. At the end of the year, this volume amounted to 107,000 m², which corresponds to an increase of almost 60% year-on-year. The fact that the newly built, modern space meets with brisk demand is reflected by the high pre-letting share. Only 39,000 m² (36%) of this space is still available to the letting market. Thus, a significant increase in supply is not to be expected in the short term. The high attractiveness of the Leipzig office market for project developers, in particular due to the continuous growth in rents, is clearly demonstrated by the increase in projected space (+93%).

## ➤ AVERAGE RENT CONTINUES TO RISE SLIGHTLY

Due to high demand and tighter supply, Leipzig's rents continue to be resistant to the Corona crisis. The prime rent has remained stable at the record level of 17 €/m² since the end of 2020. A further slight increase of 20 cents over the course of the year 2021 was observed in the average rent, which currently stands at 11.30 €/m².

## ➤ OUTLOOK

Against the background of continuing high demand for office space in Leipzig, the market is likely to remain dynamic in 2022 despite the ongoing Corona pandemic. However, the increasingly tight supply is a limiting factor, so that although a result above the long-term average is expected for 2022, it is unlikely to reach the record result of 2021. From today's perspective, a further decline in vacancies and a slight increase in rents is the most likely scenario.

## Key indicators 2021

| Submarkets**                        | Top rent* (€/m²) |         | Take-up (m²)   | Vacant space (m²) |               |                           | Space under construction (m²) |               | Space on offer (m²) |                |
|-------------------------------------|------------------|---------|----------------|-------------------|---------------|---------------------------|-------------------------------|---------------|---------------------|----------------|
|                                     | from             | to      | 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            |         | 18,100         | 12,200            | 3,900         | 0                         | 21,800                        | 20,000        | 32,200              | 0              |
| 2 Centre Fringe/ Centre Relief Area | 10.80            | - 15.00 | 45,000         | 35,900            | 8,300         | 0                         | 12,700                        | 4,800         | 40,700              | 140,200        |
| 3 Subcentres                        | 8.30             | - 13.20 | 68,600         | 94,600            | 26,600        | 0                         | 47,500                        | 13,200        | 107,800             | 234,800        |
| 4 Periphery                         | 8.00             | - 8.00  | 36,300         | 21,300            | 5,200         | 0                         | 25,000                        | 1,000         | 22,300              | 33,000         |
| <b>Total</b>                        |                  |         | <b>168,000</b> | <b>164,000</b>    | <b>44,000</b> | <b>0</b>                  | <b>107,000</b>                | <b>39,000</b> | <b>203,000</b>      | <b>408,000</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 2021](#)

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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)