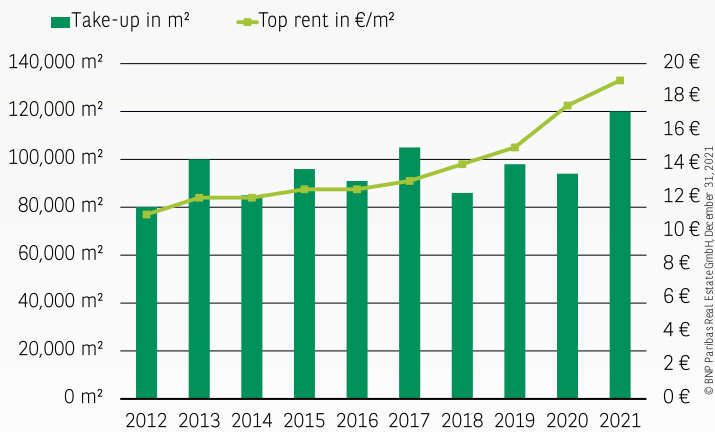




At a Glance **Q4 2021**

# OFFICE MARKET DRESDEN

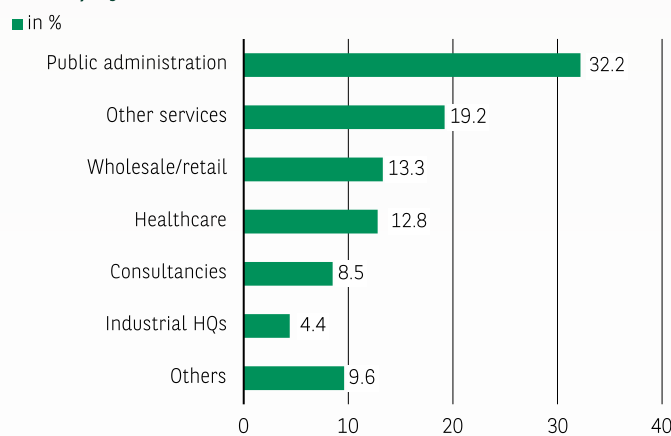
Development of take-up and top rents



➤ **RECORD RESULT DESPITE ONGOING PANDEMIC**

The Dresden office market has achieved a record result in 2021. At the end of the year, the capital of Saxony recorded a take-up of 120,000 m² for the first time ever. That is 28 % above the previous year's result. Therefore, the positive development of recent years was continued and the long-term average was even exceeded by 26%. This development is attributable not only to the general economic recovery and a continuing strong performance from small and medium sized companies, but also to a significant increase in demand for space from the science and research sector. The high market share of public administration is primarily ascribe to this growth segment. The lively leasing activity in the small and medium-sized segment is particularly remarkable. By contrast, only one deal above 10,000 m² was registered in 2021.

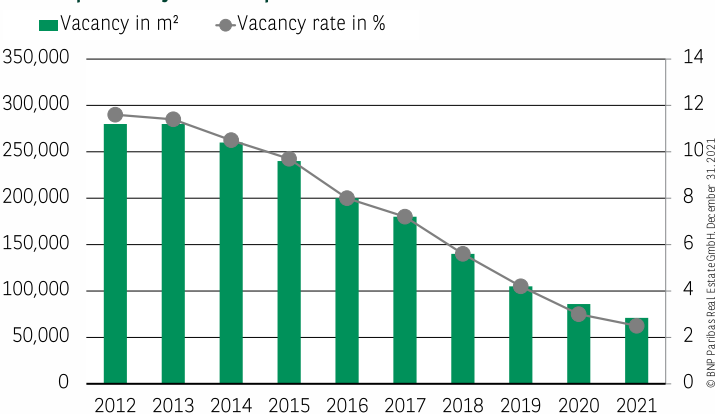
Take-up by sector 2021



➤ **PUBLIC SECTOR REMAINS TOP DEMAND DRIVER**

As in the previous year, the take-up in the public sector was particularly high. Its market share is currently around 32 %. Consequently this sector is the absolute frontrunner and offers a considerable contribution to take-up in 2021. Among other things, the decisive factor for this very good result is one deal beyond 10,000 m² of rental space in the city centre. The diversity of the office market is represented by the category "other services", which accounts for 19% of the market share. In contrast to the previous year, the third significant sector is wholesale/retail with 13 %, ahead of healthcare. With a share of almost 13% healthcare also remains among the top four sectors.

Development of vacant space



➤ **HISTORICALLY LOW VACANCY LEVEL**

With a vacant space of 71,000 m² the strong reduction of vacancy is also clearly visible in 2021. Compared to the previous year, the volume of vacant space decreased by 17 %. The vacancy rate is only at 2.5 %, which is a very low rate by national comparison as well. Unlike other German cities, Dresden did not experience a rise in vacancies during the pandemic, which is primarily due to the continued high demand for office space. In particular, demand for larger office spaces with modern fit-out has increased significantly.

## Major contracts

Sub-market	Company	m <sup>2</sup>
1.1	Public administration	11,000
2.5	UKA Meißen Projektentwicklung	4,800
3.1	Public administration	3,700
2.5	Public administration	3,000
2.2	SOLARWATT	2,200
2.6	Public administration	2,100

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## ➤ OVERALL MORE SPACE UNDER CONSTRUCTION

In the lee of a low vacancy level and the very good condition of the Dresden office market in recent years, construction activity has risen again in 2021. In the Elbe metropolis some 146,000 m<sup>2</sup> of office space is currently under construction, although only 60,000 m<sup>2</sup> of this space is still available for the letting market. Due to the current lack of supply, speculative space is generally quickly absorbed. For this reason, most developments have a high pre-letting rate even before completion.

## ➤ RENTS CONTINUE TO RISE

The continuing shortage of supply also has impacts on the development of rents. Rents are rising significantly. The prime rent in the capital of Saxony grew to 19.00 €/m<sup>2</sup>, achieved in the City submarket. That reflects an increase of 9% compared to the previous year. The average rent also climbed considerably, rising about 14% over the course of the year to currently 12.00 €/m<sup>2</sup>.

## Trends in important market indicators

	2020	2021	Trend 2022
Take-up	94,000 m <sup>2</sup>	120,000 m <sup>2</sup>	➔
Vacant space	86,000 m <sup>2</sup>	71,000 m <sup>2</sup>	➔
Vacancy rate	3.0%	2.5%	➔
Top rent	17.50 €/m <sup>2</sup>	19.00 €/m <sup>2</sup>	➔
Average rent	10.50 €/m <sup>2</sup>	12.00 €/m <sup>2</sup>	➔

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## ➤ OUTLOOK

Despite the ongoing Corona pandemic, the Dresden office market remains dynamic. Against the background of a further recovery in the German economy, a take-up result above 100,000 m<sup>2</sup> can be expected in 2022. The greatest challenge for the development of the office market could be the insufficient supply in the face of continuously high demand. There are no signs of an increase in vacancy rates for now, thus a further rise in rental prices is the most likely scenario.

## Key indicators 2021

	Top rent* (€/m <sup>2</sup> )		Take-up (m <sup>2</sup> )	Vacant space (m <sup>2</sup> )	Space under construction (m <sup>2</sup> )		Space on offer (m <sup>2</sup> )	
	from	to	2021	total	total	available	available	projected
	1		2	3	4	5	6 = (3 + 5)	7
1 City								
1.1 City		19.00	36,900	9,000	70,500	22,700	31,700	35,000
2 Centre fringe	12.00	- 15.50	63,000	41,800	73,100	34,900	76,700	100,000
3 Subcentres	9.50	- 13.00	14,600	10,700	2,400	2,400	13,100	0
4 Periphery		9.50	5,500	9,500	0	0	9,500	0
<b>Total</b>			<b>120,000</b>	<b>71,000</b>	<b>146,000</b>	<b>60,000</b>	<b>131,000</b>	<b>135,000</b>

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\* The top rent given applies to a market segment of 35 % in each case.

\*\* The office market zone map can be found on our homepage

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