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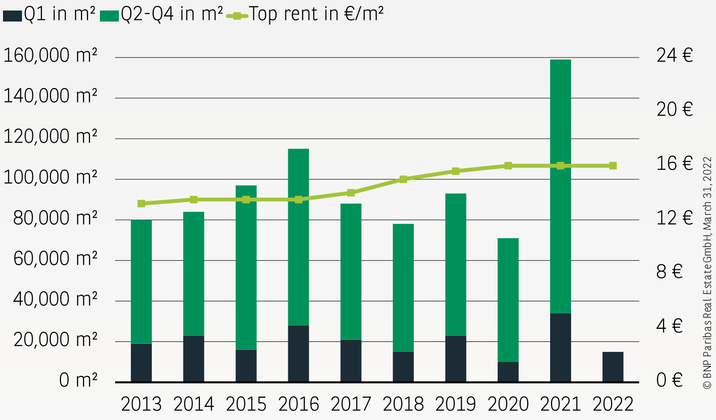
RESEARCH

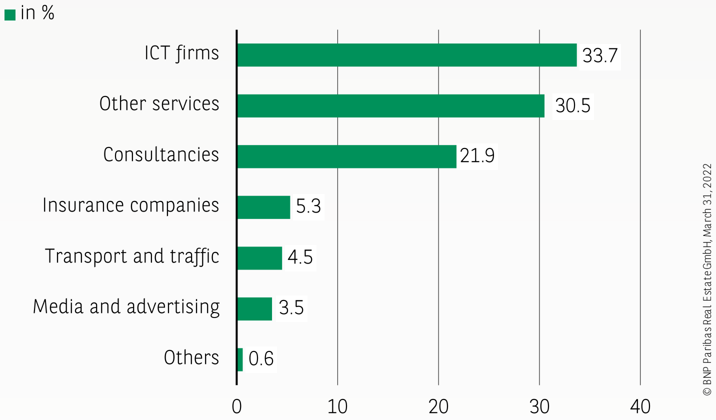
At a Glance Q1 2022

OFFICE MARKET DORTMUND

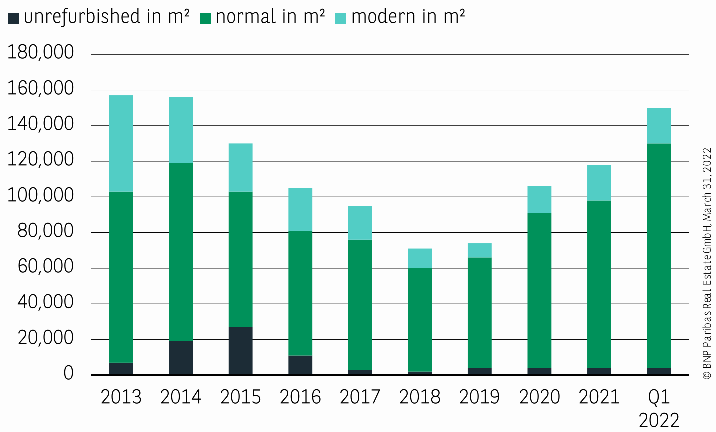
Development of take-up and top rents



Take-up by sector Q1 2022



Development of vacant space



MODERATE START TO THE YEAR

After a brilliant prior year the Dortmund office market got off to a subdued start in the new year. With take-up of just 15,000 sqm, the previous year's value was missed by more than half and the long-term average was also clearly undercut. This is primarily due to the fact that no major lettings in excess of 5,000 sqm were recorded in the first three months of the year. Particular in smaller markets individual large leases make a much stronger contribution to the overall result than in the major German office locations. As a result, demand was also better than the result would suggest at first glance. Precisely there was a big movement in the market segments up to 500 sqm, which leads to the result of a take-up around a third higher than the long-term average. On the other hand in the larger classes above 2,000 sqm the result was almost three-quarters lower than in the same period last year. This demonstrate that the weak start of the year should primarily be seen as a snapshot.

BINARY SHARES IN THREE SECTORS

One reason for the moderate start of the year is trigged by the fact that the traditionally most important sector the administrations of industrial companies, has not yet concluded any deals. This is almost certain to change in the further course of the year. Accordingly, the second most important pillar for Dortmund, which are ICT firms, has secured the top position in the first quarter. At just under 34%, they are just ahead of other services, which contribute 30.5%. The third place of the consulting companies with almost 22 % is pleasing, which corresponds to the best opening result of all times.

PERCEPTIBLE RISE OF VACANCY

Overall, the volume of vacancies has increased by just under 46% year-on-year to a current 150,000 sqm. This increase, which appears strong at first glance, requires more detailed analysis. In the market segment of modern office space, which is preferred by users, there was only a slight increase of 5,000 sqm. In total, only 20,000 sqm, and thus only 13% of the supply, has a high-quality fit-out; less than in all other cities. A large proportion of the current vacancies therefore only meet with corresponding demand to a limited extent. The vacancy rate, which has risen to 4.9%, should also be interpreted in this context.

Major contracts

Sub-market	Company	m²
3.4	ICT firms	3,700
3.4	Bezirksregierung Arnsberg	2,800
3.1	Consultancies	1,500
3.5	OMS Prüfservice	900

Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	34,000 m²	15,000 m²	↗
Vacant space	103,000 m²	150,000 m²	↘
Space under construction (total)	37,000 m²	131,000 m²	↗
Space under construction (available)	23,000 m²	18,000 m²	↘
Top rent	16.00 €/m²	16.00 €/m²	↗

STRONG RISE IN CONSTRUCTION ACTIVITY

Construction activity in Dortmund has increased by almost 100,000 sqm in the last 12 months to currently 131,000 sqm. However, the majority of this is accounted by owner-occupier properties. At the same time, much of the space in speculative projects has already been pre-let. As a result, the volume that is still available to the rental market amounts to only 18,000 sqm and has even declined slightly within a year. As a result, only just under 14% of the construction volume is still available to the market. This is a very low figure by national standards. If modern vacancies are added, the supply of modern space in the Dortmund market amounts to just 38,000 sqm.

STABLE PRIME RENT

The prime rent has not changed and remains at 16 €/m² per square meter, the same as a year ago. Regarding to the average rent the situation is different. It has risen by a good 10% and is currently quoted at 12.70 €/m². This development underscores that demand is primarily directed towards space with modern fitout, of which there continues to be a certain shortage in Dortmund.

OUTLOOK

Despite the below-average take-up in the first quarter, demand should pick up noticeably in the further course of the year, not least as a result of the realization of a number of larger deals. Even if the record result of the previous year is out of reach, an average result for the year as a whole does not appear unrealistic. At the same time, there is much to suggest that the vacancy rate will fall at least slightly. As the supply of high-quality space remains low, moderate increases in rents cannot be ruled out entirely.

Key indicators Q1 2022

		Top rent* (€/m²)			Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from		to	Q1 2022	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			16.00	3,900	79,800	4,800	800	2,000	2,000	81,800	0
2	Centre Fringe	13.50	-	14.50	800	42,400	8,100	0	0	0	42,400	0
3	Subcentres	13.00	-	17.00	9,900	24,500	7,100	4,200	123,000	16,000	40,500	22,000
4	Airport/ECO PORT			12.90	400	3,300	0	0	6,000	0	3,300	0
	Total				**15,000**	**150,000**	**20,000**	**5,000**	**131,000**	**18,000**	**168,000**	**22,000**

* 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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