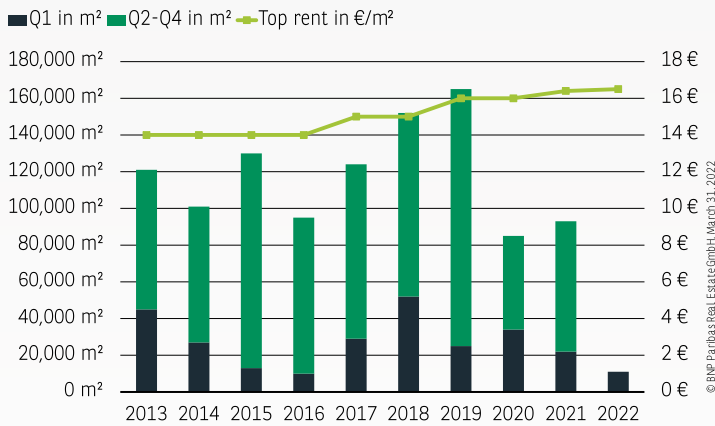




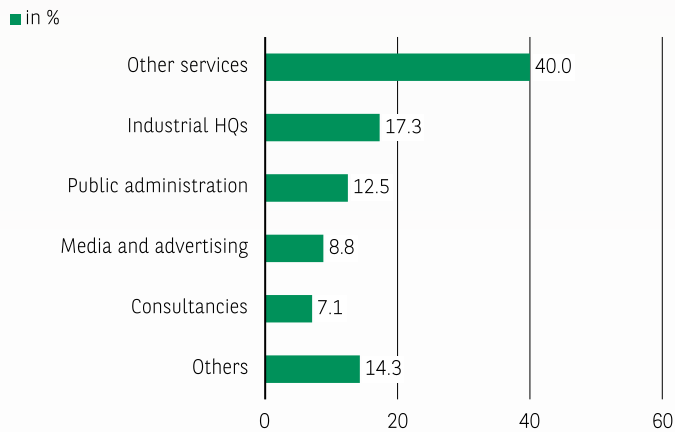
At a Glance **Q1 2022**

OFFICE MARKET ESSEN

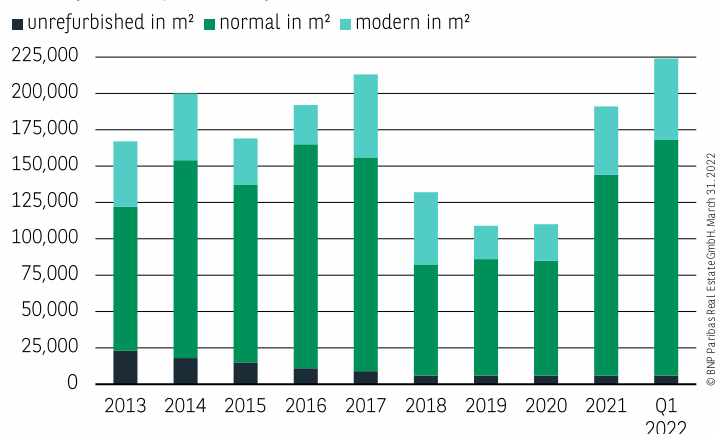
Development of take-up and top rents



Take-up by sector Q1 2022



Development of vacant space



➤ NO MAJOR DEALS YET

The start into the year on the Essen office market has been very modest. With a take-up of 11,000 sqm, only half of the previous year's volume was achieved and the ten-year average was also significantly undershot. However, this result, disappointing at first glance, must be analyzed in the context of the market mechanisms of smaller office markets. Their results are generally determined to a much greater extent by a small number of large deals than in the major A-locations. Therefore, the main reason for the weak result so far is also to be seen in the fact that, for the first time in the past ten years, it has not yet been possible to record any contracts in excess of 2,000 sqm in the first quarter. The analysis at contracts up to 2,000 sqm, shows that the current take-up is even slightly above average and also marks 6% above the long-term average. Against this background, the snapshot of the first three months does not yet allow any conclusions to be drawn for the year as a whole. Furthermore in 2015 and 2016, very little space was taken up in the first quarter and yet a good to very good annual results were achieved.

➤ SECTOR DISTRIBUTION ONLY A SNAPSHOT

Even though the sector spectrum resembles the picture we have been used to over many years, it is not very meaningful at the present time, as it is largely determined by the few medium-sized deals. Other services currently lead the field with a share of 40%, pushed by a deal of over 1,100 sqm and several smaller contracts. In second and third places are two traditionally strong sector groups in Essen. These are, on the one hand, the administrations industrial companies, which contribute about 17%, and, on the other hand, public administration, which so far accounts for 12.5%.

➤ FURTHER RISE IN VACANCY

Vacant space has increased significantly year-on-year and, with a value of 224,000 sqm, it is now at their highest level of the last ten years. Supply has increased noticeably, particularly in the segment of space with normal fitout, which is becoming increasingly difficult to find new tenants when it is already vacated. Moreover, the majority of this space is located in secondary locations. In contrast, only a quarter of vacant space has a modern quality of fit-out preferred by tenants. As a result, the vacancy rate in the market as a whole has risen further to 7.1%. At the same time, less than 8,000 sqm of modern office space is vacant in the city centre.

Major contracts

Sub-market	Company	m ²
1.1	UNI Duisburg Essen	1,300
2.5	Other services	1,100
3.1	Industrial HQs	1,100
2.5	TÜV Industrie Service	800
1.1	WorkInn	700

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➤ CONSTRUCTION ACTIVITY IN SHARP DECLINE

Parallel to the rise in vacancy, construction activity has fallen sharply. With a total of 28,000 sqm, it is currently almost two thirds lower than a year ago. Meanwhile only 10,000 sqm are counted for the more important indicator of the space still available for the letting market. Accordingly, almost two thirds of the building space has already been pre-let or is being created by owner-occupiers. If the vacancies with modern quality (56,000 m²) are added, only 66,000 m² of high-quality office space is available to the rental market. Some project developers are already responding to this situation by submitting building permits in order to be able to react quickly to large-scale requests.

➤ STABLE PRIME RENT

Despite an increase in vacancy rates, the prime rent has even risen slightly over the past twelve months to 16.50€/sqm. The situation is similar for the average rent, which has risen by just under 2% to 12.50€/sqm. There are slightly different developments within the individual office market zones, which are influenced by the quality of the supply available in each case.

Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	22,000 m ²	11,000 m ²	↗
Vacant space	130,000 m ²	224,000 m ²	↘
Space under construction (total)	76,000 m ²	28,000 m ²	↗
Space under construction (available)	10,000 m ²	10,000 m ²	↗
Top rent	16.40 €/m ²	16.50 €/m ²	↗

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➤ OUTLOOK

Even if the start into the year is modest, there is a realistic chance that take-up for the year as a whole will be in line with the long-term average. Not least this is due to a number of major deals that are emerging and are already on the market, with volumes of around 50,000 to 60,000 sqm. As some have already been advanced, it can be assumed that they will also be successfully closed, even if the war in Ukraine should have a major impact on economic development in Germany. In this context, the vacancy should also decrease in the further course of the year.

Key indicators Q1 2022

	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 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	16.50		2,400	45,600	7,600	3,300	10,000	10,000	55,600	74,000
2 Centre Fringe	12.70	- 16.00	4,150	87,100	34,200	0	10,000	0	87,100	51,000
3 Subcentres	15.00		4,450	91,300	14,200	1,700	8,000	0	91,300	28,000
Total			11,000	224,000	56,000	5,000	28,000	10,000	234,000	153,000

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* 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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