

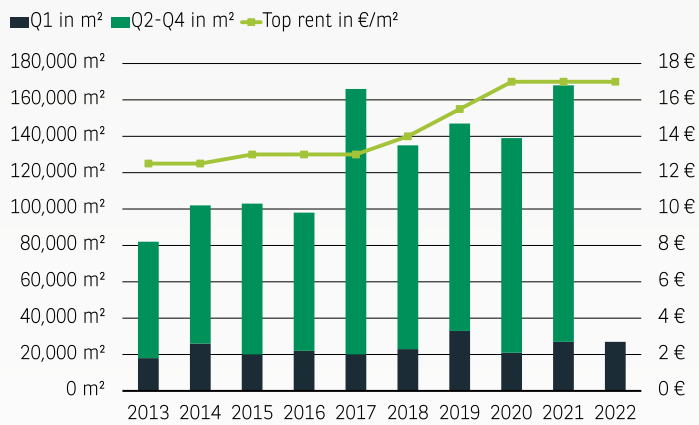


**RESEARCH**

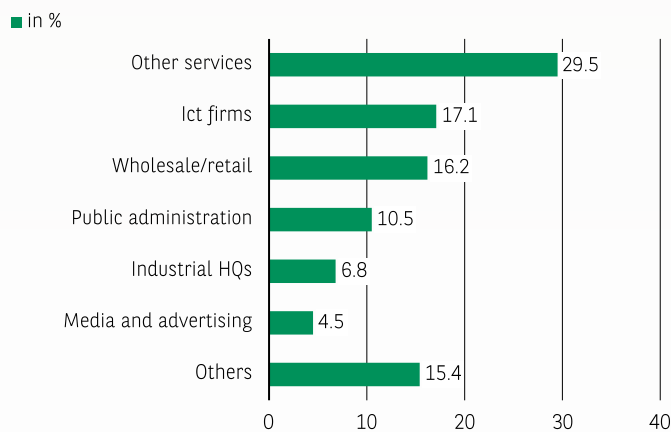
At a Glance **Q1 2022**

# OFFICE MARKET LEIPZIG

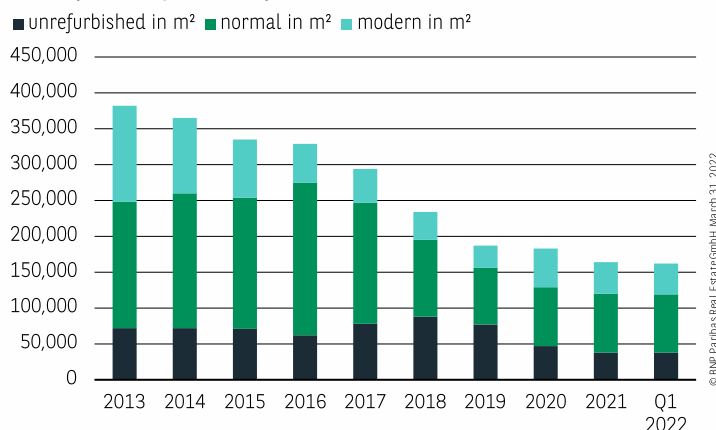
### Development of take-up and top rents



### Take-up by sector Q1 2022



### Development of vacant space



### TAKE-UP AT STRONG PRIOR-YEAR LEVEL

In the first quarter, Leipzig's office market remained at the strong level of the previous year with a take-up of 27,000 sqm. The market is thus demonstrating consistency in its development and was once again able to surpass the long-term average by almost 14%. Due to this result, the Leipzig office market ratifies its stability in the ongoing Corona pandemic. The high proportion of lettings in size classes of 2,000 to 5,000 sqm, which account for around 44% of total take-up, is noteworthy. This exceptional result for mid-sized space shows that the Leipzig office market has a broad foundation gratitude to many small-scale lettings and do not depend on individual large deals.

### OTHER SERVICES LEADS SECTOR DISTRIBUTION

Mainly responsible for the take-up in this first quarter was other services, which accounted for 29.5% of the market. The result was driven in particular by the 4,000 sqm deal by the Fraunhofer Center for International Management and Knowledge Economy (IMW), which underlines the importance of the Saxony metropolis for research and consulting institutions. As in the previous year, Leipzig's strong ICT companies are eager to lease, ranking second with 7,500 sqm. Driven by the second-largest contract conclusion, retail companies account for around 16% and completing the top three sectors. Overall, the market shares of the sectors are relatively close to each other, which reflects the diversified demand structure on the Leipzig office market and is a clear sign of a strong demand foundation.

### MARGINALLY FALL IN VACANCY

The trend of falling vacancy rates observed on the Leipzig office market over the past ten years continued to appear in the first three months of 2022. However, the decline in vacancy rates since the turn of the year has only been minimal (-1 %). With 162,000 sqm of office space currently vacant, the vacancy rate presently stands at 4.2% and remains below the fluctuation reserve. Vacancies are low, particularly in the highly demanded modern spaces. This applies especially to the city centre and the city fringe, where there is a shortage of supply in this quality category. Overall, only 8% (City) and 22% of the total vacancy volume is located in these central locations. The majority is clearly located in Leipzig's secondary locations (70%).

Major contracts

Sub-market	Company	m <sup>2</sup>
3.4	Fraunhofer Institut	4,000
4.1	Relaxdays GmbH	3,200
2.1	Public administration	2,400
1.1	ICT firms	2,300

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➤ SIGNIFICANT RISE IN CONSTRUCTION ACTIVITIES

In the first quarter of the year, the volume of space under construction rose by 36% and is currently at around 145,000 sqm. Thereby construction activity is at its highest level for the past twenty years. More impressive is the fact that 70% of this space has already been pre-let or is being built by owners. In other words, only 30% of space is still available to the market, which impressively underscores the speed at which high-quality space is being absorbed. Against the backdrop of dynamic leasing activity and a continuing shortage of supply, the volume of projected space has grown to a high level of around 370,000 sqm.

➤ PRIME RENT MAINTAINS AT HIGH LEVEL

In the Leipzig market area, the prime rent has remained stable at a consistently high level in the recent past as well as in the same quarter of the previous year and is quoted at 17.00€/sqm. By contrast, the average rent has risen by around 5% over the past twelve months to its current level of 11.70 €/sqm, which is driven by high take-up in the modern segment, to continue its positive trend in the first quarter of the year.

Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	27,000 m <sup>2</sup>	27,000 m <sup>2</sup>	↗
Vacant space	174,000 m <sup>2</sup>	162,000 m <sup>2</sup>	↘
Space under construction (total)	82,000 m <sup>2</sup>	145,000 m <sup>2</sup>	→
Space under construction (available)	39,000 m <sup>2</sup>	44,000 m <sup>2</sup>	↗
Top rent	17.00 €/m <sup>2</sup>	17.00 €/m <sup>2</sup>	↗

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➤ OUTLOOK

The Leipzig office market has once again demonstrated its dynamism and, despite the nationwide lockdown measures in place during the winter months, the market got off to a good start into the year again. The market has a strong foundation and broad-based demand, so the stage is set for a good result for the year despite the increased geopolitical and economic uncertainty. Prime rents are almost certain to rise further.

Key indicators Q1 2022

Submarkets**	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	Q1 2022	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	5,500	13,400	3,900	0	21,800	20,000	33,400	4,000
2 Centre Fringe/ Centre Relief Area	11.00 - 15.80		6,700	35,100	7,000	300	26,900	7,100	42,200	119,100
3 Subcentres	8.50 - 13.50		10,400	93,500	27,100	700	66,000	16,900	110,400	217,900
4 Periphery	8.00		4,400	20,000	5,000	0	30,300	0	20,000	27,000
<b>Total</b>			<b>27,000</b>	<b>162,000</b>	<b>43,000</b>	<b>1,000</b>	<b>145,000</b>	<b>44,000</b>	<b>206,000</b>	<b>368,000</b>

\* 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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