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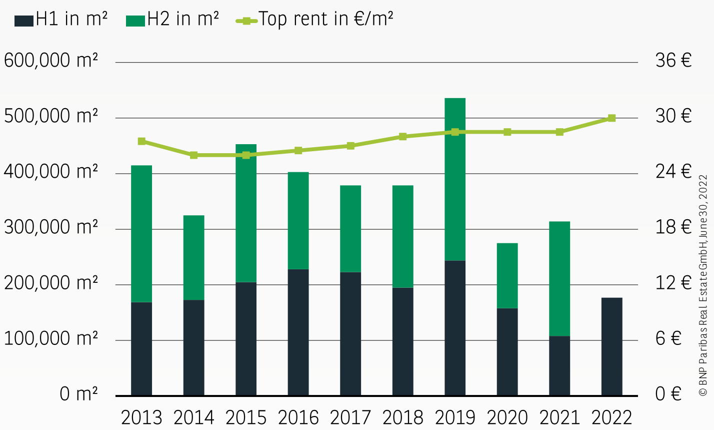
RESEARCH

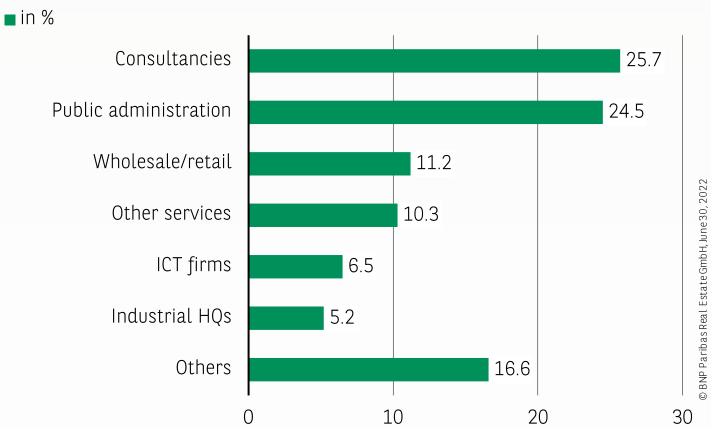
At a Glance Q2 2022

OFFICE MARKET DÜSSELDORF

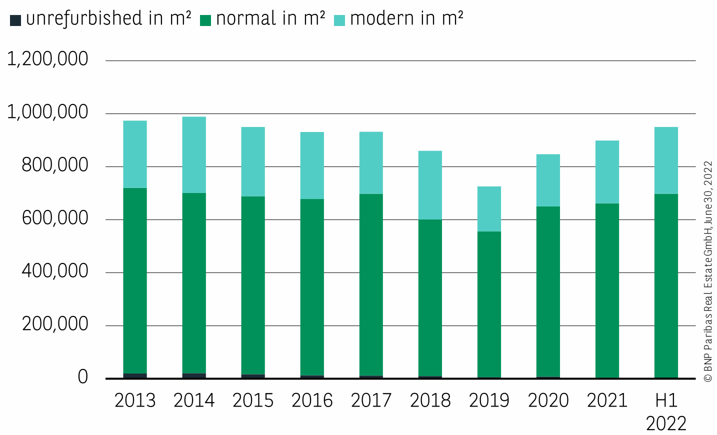
Development of take-up and top rents



Take-up by sector H1 2022



Development of vacant space



SIGNIFICANT INCREASE IN LETTING ACTIVITY

The Düsseldorf office market is presenting a much livelier picture again at the end of the first half of 2022. A total take-up of 177,000 m² was registered, which corresponds to an increase of 64% compared with the previous year. However, for the moment the market is still 6% behind the long-term average. The second quarter in particular saw a marked acceleration in letting activity. A take-up volume of 102,000 m² was recorded, representing an increase of 36% on the subdued start to the year (Q1: 75,000 m²). It is noteworthy that, in contrast to the early months of 2021, two deals in the five-digit range were concluded. These include the deal signed by VHS Düsseldorf in the Derendorf submarket with a volume of 17,600 m² of space and that of Ernst & Young in the Friedrichstadt submarket with a take-up of around 14,700 m². Letting activity has picked up noticeably, especially in the mid-sized segment. In the space size between 5,000 and 10,000 m², the letting volume increased by 16% in the second quarter, as well as 36% between sizes of 2,000 and 5,000 m².

CONSULTANCIES REMAIN AT THE TOP

With four sectors in double digits, the sector distribution is lively. As in the previous year, consulting companies continue to lead the field. With a volume of around 26% (45,500 m²) of take-up, they underline Düsseldorf's position as a consulting location. This includes the aforementioned major deal by Ernst & Young. Public administration is close behind in second place, accounting for around 43,400 m² of take-up (25%). Retail, which is traditionally strong in Düsseldorf, currently contributes only 11% of take-up. However, this corresponds to a half-year result of just under 20,000 m² and is by far the highest value in this period since 2018.

FURTHER RISE IN VACANCY VOLUME

The volume of space available at short notice continued to rise in the second quarter. The vacancy volume currently stands at 950,000 m², but only just over a quarter of this space is of modern quality. Driven by extensive construction completions, vacancy levels have risen, particularly in the Düsseldorf metropolitan area, as not all new constructions were fully let on completion. The vacancy rate currently stands at 9.8% for the market as a whole. Historically, however, Düsseldorf has seen significantly higher vacancy rates, particularly in the years 2004-2018.

Major contracts

Sub-market	Company	m²
2.5	VHS Düsseldorf	17,600
3.1	Ernst & Young	14,700
2.1	Bezirksregierung Düsseldorf	8,000
4.1	Bundesanstalt für Immobilienaufgaben	7,900
1.1	Mindspace	3,800

Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	108,000 m²	177,000 m²	↗
Vacant space	887,000 m²	950,000 m²	↗
Space under construction (total)	256,000 m²	399,000 m²	↘
Space under construction (available)	75,000 m²	234,000 m²	↘
Top rent	28.50 €/m²	30.00 €/m²	↗

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SIGNICANT RISE IN AVAILABLE NEW CONSTRUCTION SPACE

With a total of 399,000 m² office space under construction at the end of the half-year, project developers confidence in the Düsseldorf market remains unbroken. Worth mentioning 180,000 m² of that space went under construction in the second quarter. Of the current construction volume, around 234,000 m² is still available to the rental market. The resulting pre-letting rate lies at 41%. The volume of projected space has also risen to 747,000 m² (+4% year-on-year), once again impressively underlining the attractiveness of the Düsseldorfer office market. .

CONTINUEING UPWARD TREND IN RENTS

At the end of the second quarter, the prime rent marks 30 €/m², which is an increase of almost 5% on the same period last year (28.50 €/m²). This was achieved in the CBD/bank district. The average rent stands by €17.50/m², which is a rise of around 7% (H1 2021: €16.30/m²).

OUTLOOK

The Düsseldorf office market can look back on a good first half of 2022, characterized not only by a significant increase in take-up but also by rising rental levels and construction activity. Despite the overarching macroeconomic uncertainties, the Düsseldorf office market is in good shape, so that full-year take-up above the ten-year average appears entirely possible. Although the trend of moderately rising vacancy volumes is likely to prevail, the lack of highly requested space available at short notice in the CBD is expected to keep prime rents under pressure.

Key indicators H1 2022

		Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	H1 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										
1.1	CBD/Banking District		30.00	16,000	43,000	22,000	1,500	61,500	61,500	104,500	31,500
1.2	Inner City		26.50	11,000	59,500	7,000	0	18,000	7,500	67,000	25,000
2	Office Centres	14.50 -	28.00	82,000	287,500	163,000	35,000	124,000	84,500	372,000	270,000
3	Centre Fringe	14.50 -	25.00	27,000	46,500	5,500	0	83,500	22,500	69,000	95,500
4	Subcentres	14.00 -	22.00	35,000	175,500	32,500	2,500	112,000	58,000	233,500	325,000
	Total Düsseldorf			**171,000**	**612,000**	**230,000**	**39,000**	**399,000**	**234,000**	**846,000**	**747,000**
5	Periphery	10.00 -	15.00	6,000	338,000	22,000	1,000	0	0	338,000	0
	Total			**177,000**	**950,000**	**252,000**	**40,000**	**399,000**	**234,000**	**1,184,000**	**747,000**

* 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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