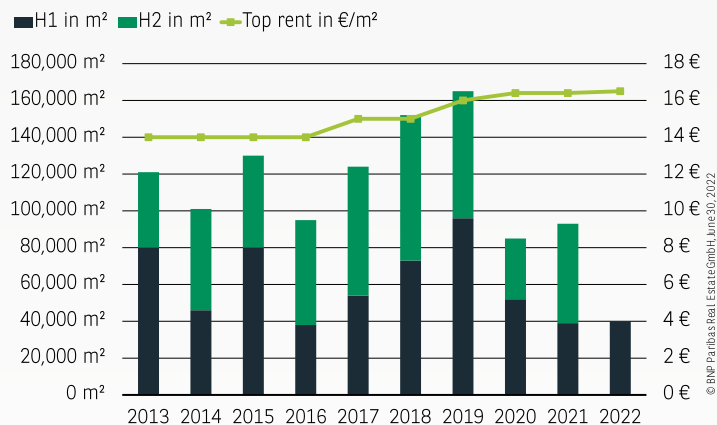




At a Glance **Q2 2022**

OFFICE MARKET ESSEN

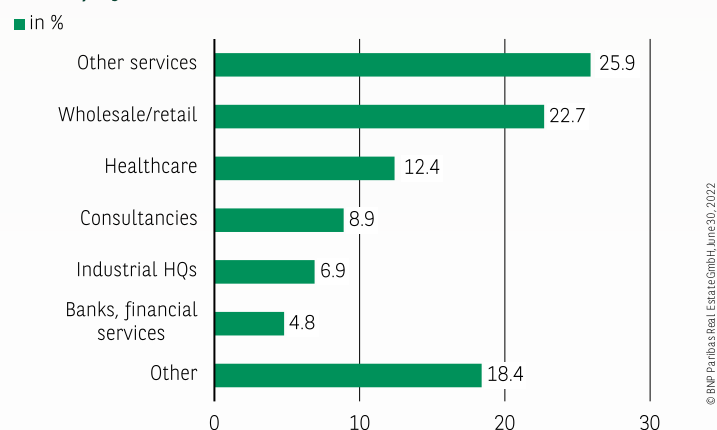
Development of take-up and top rents



PREVIOUS YEAR'S LEVEL REACHED DUE TO BETTER Q2

As in the first half of 2021, rather restrained market activity was observed on the Essen office market in the first half of the year. With a take-up of 40,000 m², the previous year's result was only just exceeded by 3%. The long-term average was thus missed once again, most recently by around 33 %. After the weak start to the year, however, the mid-year result is at least a partial success, as 29,000 m² take-up was registered in the second quarter alone, making it one of the stronger quarters since the outbreak of the Corona pandemic in spring 2020. A significant increase in letting activity in the small size segment between 200 and 500 m² contributed to the latest result. Nearly 28% of the Q2 volume is attributable to these smaller leases. A further 21% was contributed by a letting for around 6,000 m², which has also been the only deal beyond the 5,000 m² mark to date.

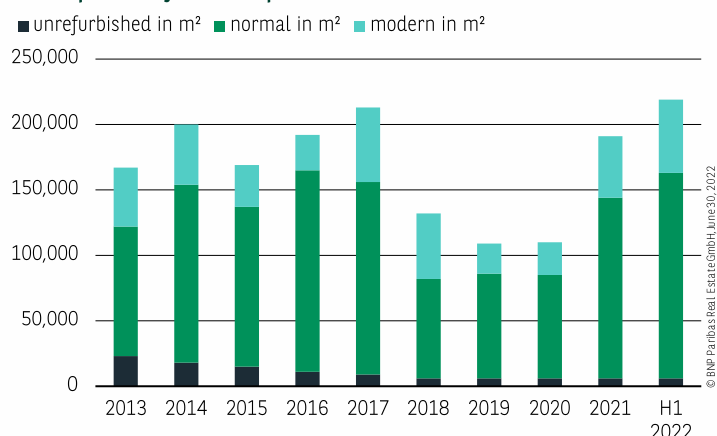
Take-up by sector H1 2022



INCREASED DEMAND FROM WHOLESALE/RETAIL COMPANIES

The collective category of other services is once again the leader in terms of take-up, with a current market volume of 26%. However, while it has lost turnover in absolute terms, the second-placed retail companies have made significant gains in the first half of the year. At the end of the first half of the year, their take-up was around 9,000 m², well above their long-term average. In addition to the aforementioned major deal, the overall brisk letting activity in the space segment below 1,000 m² is encouraging. A large number of lettings in the small-space segment contributed to the above-average interim result for the healthcare sector, with two lettings also listing beyond 1,000 m².

Development of vacant space



VACANCY VOLUME REMAINS STABLE

The increase in vacancy rates recorded since the outbreak of the pandemic did not continue in the second quarter. The volume of space available at short notice in the Essen market currently stands at around 219,000 m², which is equivalent to a sideways movement or a minimal decline compared with the previous quarter (Q1: 224,000 m²). The vacancy rate currently stands at 7.0%. Of the preferred modern spaces, 56,000 m² are vacant at mid-year, of which only 9,500 m² are located in the city center. In the CBD, highly requested space thus remains relatively short in supply.

Major contracts

Sub-market	Company	m²
3.1	Wholesale/retail	6,000
1.1	MVZ	1,800
3.1	Johnson Controls System & Service	1,600
3.1	Tesla	1,500
1.1	UNI Duisburg-Essen	1,300
3.1	Uniklinikum	1,200

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Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	39,000 m²	40,000 m²	↗
Vacant space	137,000 m²	219,000 m²	↘
Space under construction (total)	70,000 m²	33,000 m²	↘
Space under construction (available)	0 m²	10,000 m²	↘
Top rent	16.40 €/m²	16.50 €/m²	↗

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LESS SPACE UNDER CONSTRUCTION

Compared to the same period last year, the volume of office space under construction in Essen has significantly fallen by a good 53%. Some 33,000 m² of space is currently under construction. While all space under construction was fully pre-let or occupied by owner-occupiers in summer 2021, 10,000 m² of the current construction volume is still available to the rental market. The pre-letting rate is therefore still at a high of 70%. While a value of 25,000 m² is forecast for the construction completion volume in 2023, only 6,000 m² are expected to be newly available on the market in the following year. Against the backdrop of sharply rising construction prices and the limited availability of building materials over long stretches, a substantial expansion in construction activity is hardly to be expected in the short term.

FURTHER INCREASE IN OFFICE RENTS

Driven by the continuing low level of supply of modern space in Essen's central locations, the prime rent rose by just under 1% over the course of the year to currently 16.50 €/m² in the City Centre. The average rent at mid-year is a good 3% higher than at mid-year 2021, which is due to the comparatively brisk letting activity for modern space. Accordingly, the average rent currently stands at 12.50 €/m².

OUTLOOK

The Essen office market is starting the second half of the year with increased dynamic. The extent to which the market will be able to withdraw a possible slowdown in the overall economy remains to be seen for the moment. However, it is fairly unlikely that the volume of vacancy will increase further in the slipstream of an emerging decline in construction activity. Accordingly rents are likely to remain stable and may even rise in the prime segment.

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
	1		2	3	4	5	6	7	8 = (3 + 7)	9
Submarkets**										
1 City Centre										
1.1 Core City		16.50	6,900	47,000	9,500	3,400	10,000	10,000	57,000	84,000
2 Centre Fringe	12.70 -	16.00	11,800	86,400	32,500	0	9,900	0	86,400	51,000
3 Subcentres		15.00	21,300	85,600	14,000	1,600	13,100	0	85,600	28,000
Total			40,000	219,000	56,000	5,000	33,000	10,000	229,000	163,000

* 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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