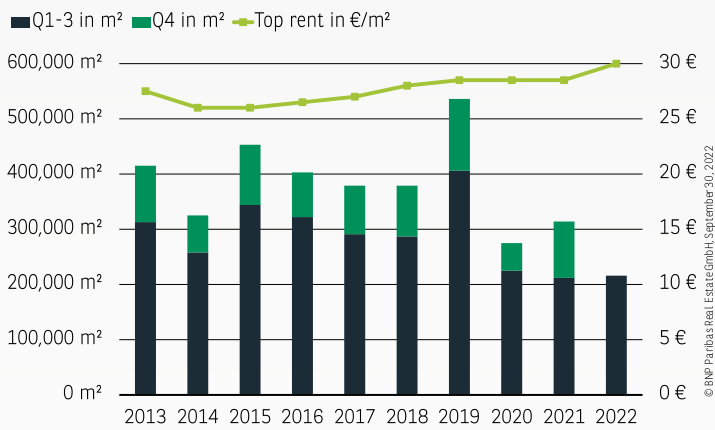




At a Glance Q3 2022

OFFICE MARKET DÜSSELDORF

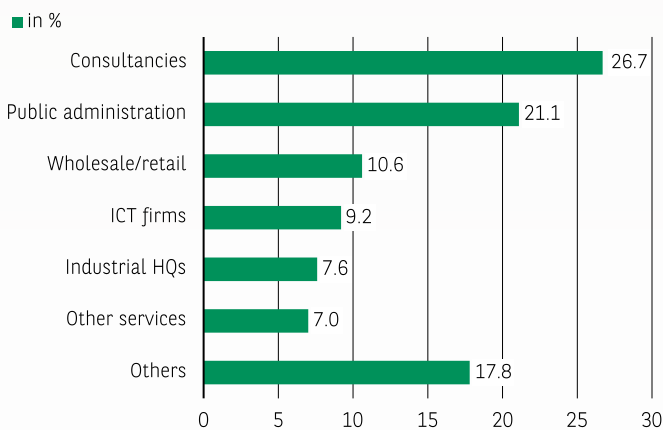
Development of take-up and top rents



TAKE-UP AT PREVIOUS YEAR'S LEVEL

After three quarters, the Düsseldorf office market is at a similar level to the previous two years. Compared to the same period 2021 take-up rose by 2% to 216,000 m² by the end of September. However, the 10-year average was missed by almost 25%. After a generally solid start to the year (Q1: 75,000 m²) and a much more dynamic second quarter (Q2: 102,000 m²), the letting activity has slowed down noticeably in the past three months. For the third quarter a below-average take-up of only 39,000 m² is registered. Across all size classes, a clear decline in the number of lettings successfully completed can be reported, whereby the slowdown in the medium and large space segment is particularly striking. In the third quarter, no contract above 5,000 m² was signed. With the exception of the Air Liquide contract (4,400 m²), there were no contracts covering more than 1,500 m² of office space in Q3.

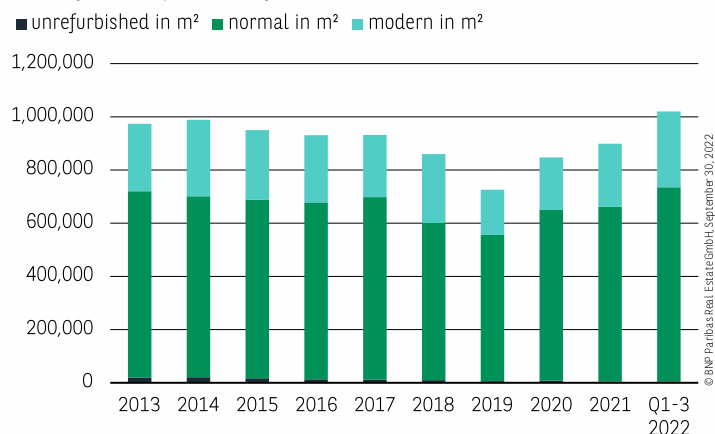
Take-up by sector Q1-3 2022



CONSULTANCIES CLEARLY AHEAD

The distribution of take-up by sector currently shows a comparatively strong concentration on consultancies (27%) and public administration (21%). At the end of the third quarter, the letting volume of consultancies amounted to almost 58,000 m², so that the third highest result of the decade was recorded here. In addition to the contract signed by Ernst & Young (14,700 m²), brisk letting activity for deals under 2,000 m² is responsible for the good result. The collective category Others (18%) and Retailers (11%) also achieved double-digit percentages. The ranking is completed by ICT firms (9%), industrial headquarters (8%) and Other services (7%).

Development of vacant space



SIGNIFICANT INCREASE IN VACANCY

The vacancy rate rose by 1.3 percentage points year-on-year to 10.5%. Accordingly, there is currently almost 1 million m² of office space available at short notice. Vacancies with a modern fit-out in particular have increased significantly from 192,000 m² to 285,000 m². Most of this space (204,000 m²) is concentrated in Düsseldorf's office centres with their traditionally high letting volumes. In contrast, a total of only 20,000 m² of modern space is available in the prime locations like CBD/Banking District and Inner city. In the CBD/Bank District submarket, the vacancy rate remains below the fluctuation reserve at 4.3%, while in the Inner city it declined from 7.0% to 6.6% in the third quarter.

Major contracts

| Sub-market | Company | m ² |
|------------|---|----------------|
| 2.5 | VHS Düsseldorf | 17,600 |
| 3.1 | Ernst & Young | 14,700 |
| 2.1 | Bezirksregierung Düsseldorf | 8,000 |
| 4.1 | Bundesanstalt für Immobilienaufgaben (ITZ Bund) | 7,900 |
| 2.3 | Air Liquide | 4,400 |
| 1.1 | Mindspace | 3,800 |

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➤ INCREASE IN AVAILABLE NEW BUILDING SPACE

The construction volume declined to 355,000 m² in the third quarter, of which almost two-thirds of the space is still available to the market. The current pre-letting rate in the market area of 37% is clearly below average in a long-term comparison (10-year average: 57%). An analysis at submarket level shows that speculative development space is still being absorbed quickly by the market, especially in the Inner City and in the Centre Fringe. The pre-letting rate in the Inner City at the end of September 2022 marks around 60% and in the Centre Fringe it is just under 50%.

➤ NEW RECORD HIGH REGARDING RENTS

Despite the comparatively good availability of space, average rents continued to rise in the third quarter to currently 18.40 €/m², which corresponds to a growth of 14% compared to the same quarter of the previous year and is a clear indication of the preference for modern space by the tenants. The prime rent remained stable for the second quarter in a row at 30.00 €/m².

Trends in important market indicators

| | Q1-3 2021 | Q1-3 2022 | Trend remaining year |
|--------------------------------------|------------------------|--------------------------|----------------------|
| Take-up | 212,000 m ² | 216,000 m ² | ↗ |
| Vacant space | 884,000 m ² | 1,020,000 m ² | → |
| Space under construction (total) | 273,000 m ² | 355,000 m ² | → |
| Space under construction (available) | 61,000 m ² | 225,000 m ² | ↘ |
| Top rent | 28.50 €/m ² | 30.00 €/m ² | ↗ |

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➤ OUTLOOK

Despite the generally slow third quarter, the Düsseldorf market is on track to record a take-up volume of a good 300,000 m² by the end of this year. Although a traditional year-end rally is fairly unlikely against the background of the current macroeconomic challenges, a result above the previous year's level (314,000 m²) is still possible. Office vacancy is likely to move sideways, while a further increase in prime rents on the horizon due to low vacancies in the CBD, prestigious new construction projects in prime locations and constant demand for high-quality space.

Key indicators Q1-3 2022

| Submarkets** | Top rent* (€/m ²) | | Take-up (m ²) | Vacant space (m ²) | | | Space under construction (m ²) | | Space on offer (m ²) | |
|--------------------------|-------------------------------|---------|---------------------------|--------------------------------|----------------|---------------------------|--|----------------|----------------------------------|----------------|
| | from | to | Q1-3 2022 | total | modern | of this, since completion | total | available | available | projected |
| | 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 = (3 + 7) | 9 |
| 1 City | | | | | | | | | | |
| 1.1 CBD/Banking District | 30.00 | | 20,000 | 30,000 | 13,000 | 1,000 | 61,000 | 59,000 | 89,000 | 41,500 |
| 1.2 Inner City | 26.50 | | 15,000 | 55,000 | 7,000 | 0 | 17,500 | 7,000 | 62,000 | 25,000 |
| 2 Office Centres | 14.50 | - 28.00 | 102,000 | 347,500 | 204,000 | 25,000 | 122,000 | 80,000 | 427,500 | 278,000 |
| 3 Centre Fringe | 14.50 | - 25.00 | 28,500 | 48,000 | 6,000 | 0 | 43,500 | 22,000 | 70,000 | 95,500 |
| 4 Subcentres | 16.00 | - 22.00 | 42,500 | 189,500 | 31,000 | 2,000 | 111,000 | 57,000 | 246,500 | 334,000 |
| Total Düsseldorf | | | 208,000 | 670,000 | 261,000 | 28,000 | 355,000 | 225,000 | 895,000 | 774,000 |
| 5 Periphery | 10.00 | - 15.00 | 8,000 | 350,000 | 24,000 | 1,000 | 0 | 0 | 350,000 | 91,000 |
| Total | | | 216,000 | 1,020,000 | 285,000 | 29,000 | 355,000 | 225,000 | 1,245,000 | 865,000 |

* 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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