

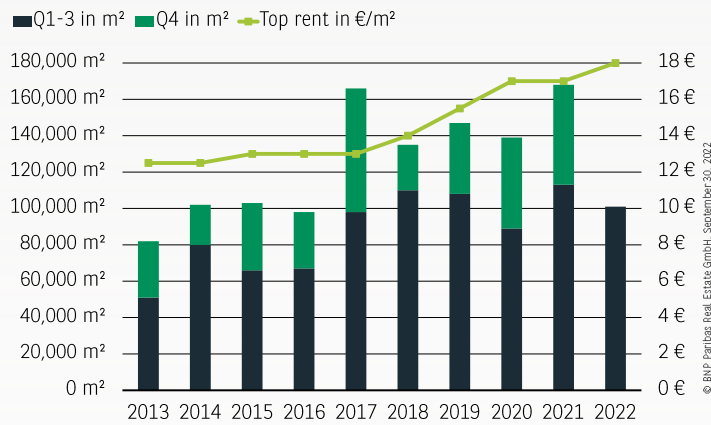


RESEARCH

At a Glance **Q3 2022**

OFFICE MARKET LEIPZIG

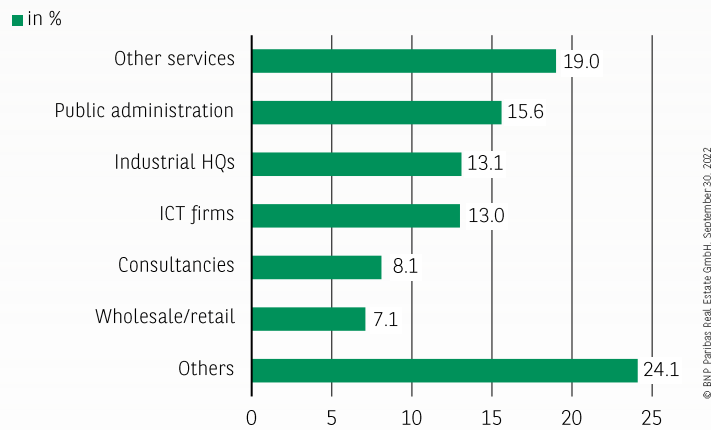
Development of take-up and top rents



➤ ABOVE AVERAGE TAKE-UP

The positive development on the Leipzig office market continued as in the same period last year. With take-up of 101,000 m², last year's record was missed by 11%, but the long-term average was exceeded by a good 15%. The third quarter was comparatively subdued recording a letting volume of 32,000 m², nevertheless the result is still in line with the long-term average. It was most of all the lack of large scale deals which prevented a high take-up in the past quarter. In Q3, there were only three contracts with more than 2,500 m² recorded in the Leipzig office market. Through another large letting by public administration (4,200 m²) in Q3, this sector is now responsible for the two largest lettings of the current year. The fact that the average take-up in Q3 was achieved even without many larger lettings underlines the diversified demand in the smaller size segments on the Leipzig office market.

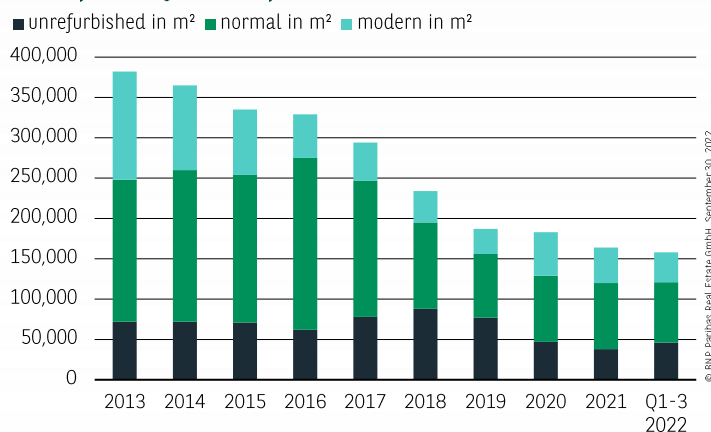
Take-up by sector Q1-3 2022



➤ REMAINING BROAD DEMAND BASE IN Q3

At the end of the third quarter, Leipzig can again build on a broad demand base. With a good 19% the collective category of other services ranks first in the distribution of sectors. It is followed by public administration, industrial headquarters and ICT firms, all of them account for similar proportions of take-up, at around 13 - 16%. With approx. 8% and 7%, consultancies and trading companies represent the smallest groups in sector distribution.

Development of vacant space



➤ FURTHER DECLINE IN VACANCY

Office vacancy on the Leipzig office market continued to decrease in the third quarter and currently stand at 158,000 m². This represents an overall decline of 4% over the past 12 months. Office space of a modern standard, which is in particularly high demand, is in significantly short supply, with only 37,000 square meters immediately available. Due to the persistently low supply, the vacancy rate in Leipzig remains below the fluctuation reserve of 5% and currently marks 4.1%. In a national comparison, Leipzig ranks fourth behind Berlin, Cologne and Hamburg with this comparatively low vacancy rate.

Major contracts

Sub-market	Company	m ²
3.4	Public administration	8,200
3.1	Public administration	4,200
3.4	Fraunhofer Zentrum IMW	4,000
3.3	Lobbyists	3,600
4.1	Wholesale/retail	3,200
3.4	Industrial HQs	2,700

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Trends in important market indicators

	Q1-3 2021	Q1-3 2022	Trend remaining year
Take-up	113,000 m ²	101,000 m ²	↗
Vacant space	164,000 m ²	158,000 m ²	↘
Space under construction (total)	92,000 m ²	200,000 m ²	↘
Space under construction (available)	35,000 m ²	81,000 m ²	↗
Top rent	17.00 €/m ²	18.00 €/m ²	↗

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➤ RISING CONSTRUCTION ACTIVITY

The continued strong demand and a still declining vacancy volume has led to a significant increase in construction activity compared with the previous year. Currently, around 200,000 m² of office space is under construction, representing an increase of 117% in the last 12 months. Despite a very high pre-letting rate of 60%, there is still some new space available to the rental market. The increase in projected space of almost 20% as of Q3 2021 also underlines the sustained confidence of project developers in the future development of the Saxony metropolis.

➤ OFFICE RENTS CONTINUE TO RISE

As a result of the continued low supply and broad-based demand, a further increase in office rents was observed in Leipzig over the past 12 months. The prime rent increased by around 6% year-on-year and thus stands at 18 €/m² at the end of the third quarter. The average rent has also risen by a good 6% and is currently quoted at 11.90 €/m².

➤ OUTLOOK

After the first three quarters, the Leipzig office market presents itself in a very good condition. Even if Q3 was not quite as strong as the first half of the year, a renewed upturn in take-up cannot be ruled out for the final quarter. As a result of rising construction activity, more new-building space is coming onto the market again, which can better serve the broad demand base. Against this backdrop, a further moderate decline in vacancy rates can also be assumed from today's perspective.

Key indicators Q1-3 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	Q1-3 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 City Centre		18.00	16,800	7,900	1,400	0	23,200	21,400	29,300	5,000
2 Centre Fringe/ Centre Relief Area	10.80	- 16.50	25,500	33,400	8,400	300	50,800	30,400	63,800	115,600
3 Subcentres	8.50	- 14.00	44,000	97,600	24,700	700	80,000	22,500	120,100	286,200
4 Periphery	8.50	- 8.80	14,700	19,100	2,500	0	46,000	6,700	25,800	20,200
Total			101,000	158,000	37,000	1,000	200,000	81,000	239,000	427,000

* 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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