

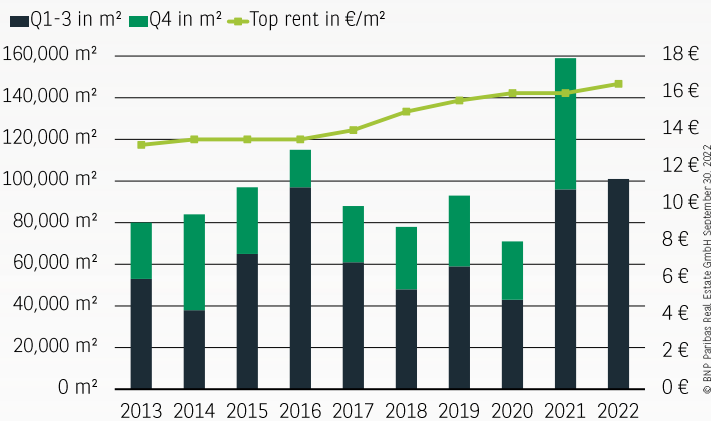


RESEARCH

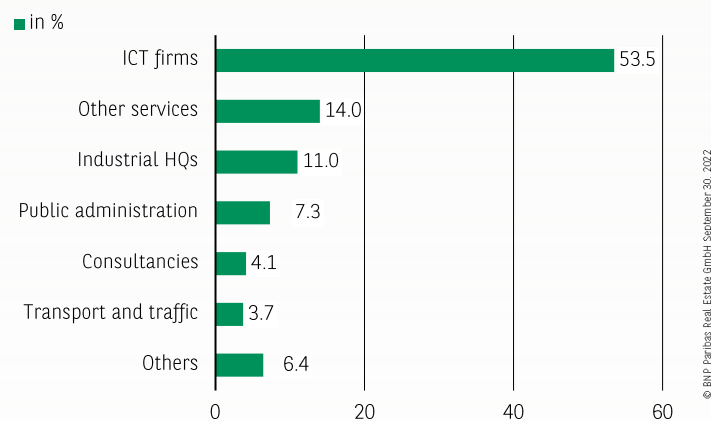
At a Glance **Q3 2022**

OFFICE MARKET DORTMUND

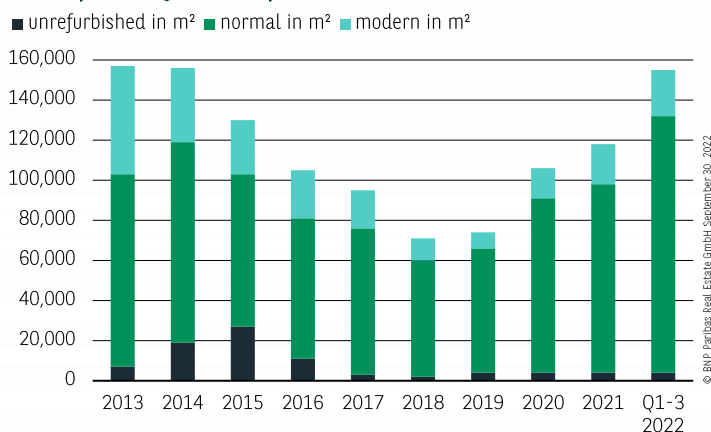
Development of take-up and top rents



Take-up by sector Q1-3 2022



Development of vacant space



▶ RECORD TAKE-UP IN THE DORTMUND OFFICE MARKET

While the lowest take-up of the last 10 years was recorded on the Dortmund office market in the middle of the year with 28,000 m², the Ruhr metropolis managed the reversal of the trend in the third quarter. With a total take-up of 101,000 m² after the first three quarters, the already very good result of the previous year was surpassed by around 5%. Accordingly, it is not surprising that the interim result is a remarkable 53% above the long-term average. However, the main reason for the strong third quarter is the owner-occupier deal by the IT service provider Materna of 44,000 m² in the Phoenix West office market zone, an exceptional contract that drove the volume decisively upwards. This letting accounted for almost 44% of the total take-up in Dortmund's office market in the first nine months. Along with the industrial company Thyssenkrupp nucera, which was responsible for the second major deal of Q3 with 9,000 m² of take-up in the Stadtkrone Ost submarket, the two largest deals of the year so far occurred in the months between July and the end of September. Not least, these two contracts are an indicator of the attractiveness of the office market zones within Dortmund's Subcentres (84% of take-up), but also of the shortage of supply in the large-space segment in the central locations.

▶ ONESIDED BALANCE OF DEMAND

In contrast to the first half of the year, the distribution of take-up by sector is no longer dominated by other services. As a result of the Materna deal mentioned above, ICT firms increased their share of take-up in the current year by 35 percentage points to just under 54%. As a result, the ICT firms, which are traditionally strongly represented in Dortmund, were clearly the largest demanders of office space at the end of the third quarter. In addition to other services, only industrial headquarters (11%) accounted for more than ten percent, whose share was primarily driven by the Thyssenkrupp deal.

▶ ONLY LIMITED MODERN SPACE AVAILABLE AFTER ALL

The vacancy volume in the Dortmund market area stands at 155,000 m² at the end of the third quarter. This represents an increase of 60% in the low vacancy volume on the Dortmund office market over the last 12 months. However, the vacancy for highly demanded modern space remains at a similarly low level of only 23,000 m². Therefore, the vacancy rate is at 5.1% and just marginally above the fluctuation reserve of 5%.

Major contracts

Sub-market	Company	m ²
3.3	Materna Information	44,000
3.2	Thyssenkrupp nucera	9,000
3.4	ICT firms	3,700
3.1	TU Dortmund University	3,100
1.1	Bezirksregierung Arnsberg	2,800
3.5	TÜV	2,800

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Trends in important market indicators

	Q1-3 2021	Q1-3 2022	Trend remaining year
Take-up	96,000 m ²	101,000 m ²	↗
Vacant space	97,000 m ²	155,000 m ²	↘
Space under construction (total)	17,000 m ²	115,000 m ²	↘
Space under construction (available)	4,000 m ²	14,000 m ²	↘
Top rent	16.00 €/m ²	16.50 €/m ²	↗

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➤ CONSTRUCTION ACTIVITY CONTINUES AT ELEVATED LEVEL

As in the mid-year period, construction activity in Dortmund is significantly higher than in the previous year, totalling 115,000 m² of space under construction. The pre-letting rate is at a high 88% and therefore remained stable over the past three months. It impressively underlines the high demand for modern space across all submarkets. The focus of construction activity, at a good 98%, is located in the Subcentres, where demand for office space is currently at its highest due to the major deals in Dortmund.

➤ RISING RENTS

The prime rent for offices in Dortmund rose by 3% in the third quarter and now stands at 16.50 €/m², 50 cents above the level of the previous year. The average rent grew by 4% in the summer months of 2022, which places it 50 cents above the previous quarter at 13.20 €/m² as well as 10% above the previous year's level.

➤ OUTLOOK

The Dortmund office market came up with two major deals in the third quarter. Despite the challenging overall economic situation, there are signs that letting activity will remain comparatively brisk in the final quarter of the year. A result above the already strong level of the prior year is quite possible. Dortmund is underlining its attractiveness as an office location in the Ruhr region in the current year as well. Against the background of further increases in construction costs, an expansion of construction activity is pretty unlikely. Therefore from supply side, an increase in vacancy is not expected. On the contrary, the vacancy volume is likely to decrease further, so that the upward pressure on rents is barely expected to ease for now.

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 Centre										
1.1 Core City		16.50	10,500	81,300	4,100	600	2,000	2,000	83,300	0
2 Centre Fringe	14.00 - 15.00		4,300	45,600	11,200	0	0	0	45,600	0
3 Subcentres	13.10 - 16.50		85,200	23,600	7,700	3,400	106,700	11,800	35,400	19,000
4 Airport/ECO PORT	13.00		1,000	4,500	0	0	6,300	200	4,700	0
Total			101,000	155,000	23,000	4,000	115,000	14,000	169,000	19,000

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* 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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