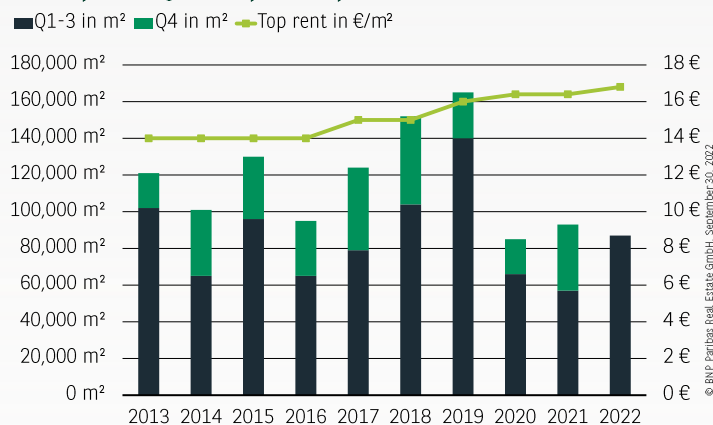




At a Glance **Q3 2022**

OFFICE MARKET ESSEN

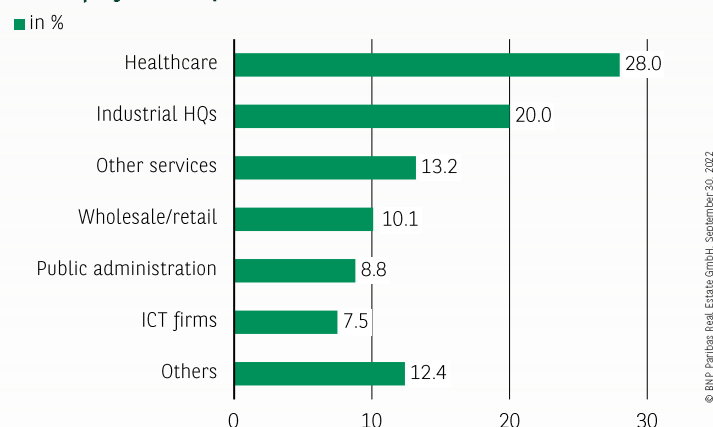
Development of take-up and top rents



➤ SIGNIFICANT INCREASE IN OFFICE TAKE-UP

After a subdued first half of 2022, the Essen office market accelerated noticeably in the third quarter, achieving 47,000 m² in the last three months only, accounting for more than half of the current take-up to date. With a total take-up of 87,000 m² by the end of September, the result is slightly above the long-term average and a good 53% above the disappointing previous year's level. The decisive factor for above-average results often are large lettings beyond the 10,000 m²-mark, which were completely missing on the Essen office market not only at mid-year, but also in the Covid-19 pandemic years 2020 and 2021. In contrast, one major contract can be registered in the third quarter of 2022 in the form of the owner-occupier lettings of the University Hospital of Duisburg Essen (16,500 m²).

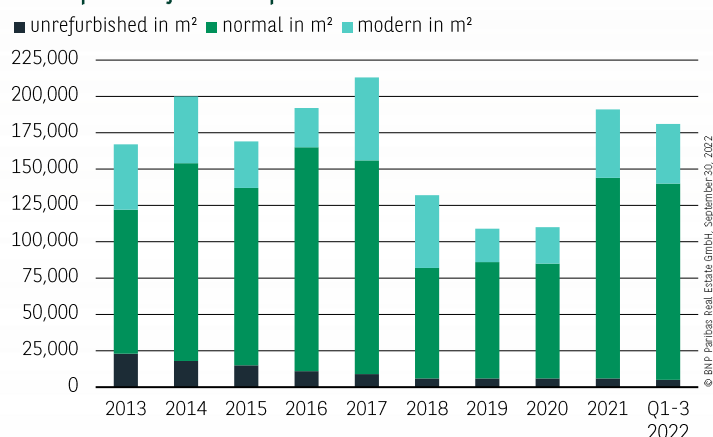
Take-up by sector Q1-3 2022



➤ SECTOR DISTRIBUTION DOMINATED BY MAJOR LETTING

The previously mentioned large contract by the University Hospital of Duisburg Essen is also reflected in the sector distribution. With 28% and around 24,000 m² of take-up, the healthcare sector is clearly in the lead. Industrial headquarters following closely with around 20% market share (17,400 m²). This result also includes the lettings of Atlas Copco (6,600 m²) and Thyssenkrupp (5,100 m²). The collective category of other services as well as retail companies also generate double-digit shares of take-up with just under 13% and around 10% respectively. Public administration (9%) and ICT firms (7.5%) following slightly behind.

Development of vacant space



➤ FURTHER DECLINE IN VACANCY

The current vacancy volume amounts to 181,000 m² and has thus decreased by about 5% in the last nine months. The highly demanded spaces with a modern fit-out have also declined by a good 13% over the course of the year, totalling only 41,000 m². Therefore, almost only a quarter of the current supply has a high-quality standard which is preferred by most tenants. The majority of the modern space available at short notice, which amounts to around 15,000 m² (-32% compared with the previous year), is to be found in the Rüttenscheid/Bredeney submarket. The current decline in supply is also reflected in the vacancy rate, which has also fallen noticeably and marks 5.7% and is now nearly back to the level of the fluctuation reserve.

Major contracts

Sub-market	Company	m²
2.5	Uniklinik Duisburg Essen	16,500
3.1	Atlas Copco	6,600
3.1	Wholesale/retail	6,000
2.2	Thyssenkrupp Billstein	5,100
1.1	SNT	2,700
1.1	Stadt Essen	2,100

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Trends in important market indicators

	Q1-3 2021	Q1-3 2022	Trend remaining year
Take-up	57,000 m²	87,000 m²	↗
Vacant space	170,000 m²	181,000 m²	↘
Space under construction (total)	60,000 m²	33,000 m²	↘
Space under construction (available)	0 m²	9,000 m²	↘
Top rent	16.40 €/m²	16.80 €/m²	↗

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CONSTRUCTION ACTIVITY DECLINES SHARPLY

The volume of space under construction has declined significantly in the last twelve months. As in the previous quarter, there is currently around 33,000 m² of office space under construction, which corresponds to a decrease of almost 45% in a 12-month comparison. At around 40% or 13,000 m², a large proportion of the new construction volume is being built in the submarket Subcentres. The pre-letting rate is high at 73%. There is currently no space available in the submarkets of the Centre Fringe nor in the Subcentres, meaning that new constructions are currently concentrated exclusively in the CBD.

RENTS RISE SLIGHTLY

Compared to the previous year, the prime rent rose by 2% to now 16.80 €/m². It continues to be achieved in the Core City. The average rent also increased by a good 2.5% over the last twelve months, rising from 12.20 €/m² (Q3 2021) to a current 12.50 €/m². Thereby the average rent remains stable at the previous quarter's level.

OUTLOOK

Despite a subdued first half of 2022, the Essen office market was able to pick up momentum noticeably. Not least, with the contract signed by the Duisburg Essen University Hospital, a deal beyond the 10,000 m² mark was registered for the first time since 2019. Even with the current macroeconomic uncertainties, an annual result in line with the long-term average is quite possible. With emerging stagnating to declining construction activity, the vacancy volume is likely to remain at the current level. The development of rental prices is also expected to hold firm.

Key indicators Q1-3 2022

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	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		16.80	17,500	41,700	8,000	3,000	9,500	9,000	50,700	78,000
2 Centre Fringe	13.00	- 16.00	38,800	71,600	27,500	0	10,300	0	71,600	51,000
3 Subcentres		15.60	30,700	67,700	5,500	0	13,200	0	67,700	28,000
Total			87,000	181,000	41,000	3,000	33,000	9,000	190,000	157,000

* 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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