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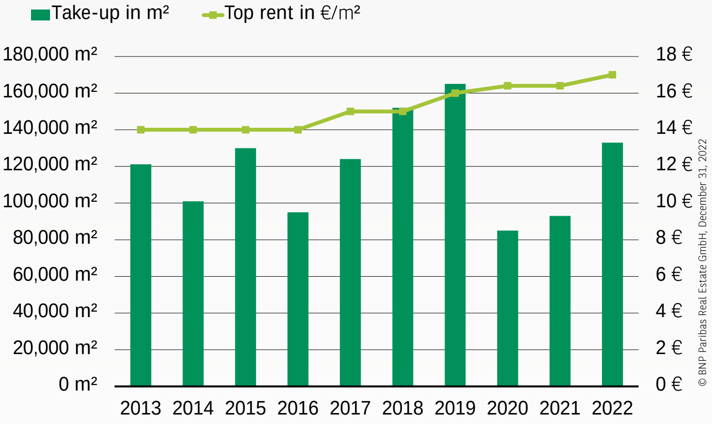
RESEARCH

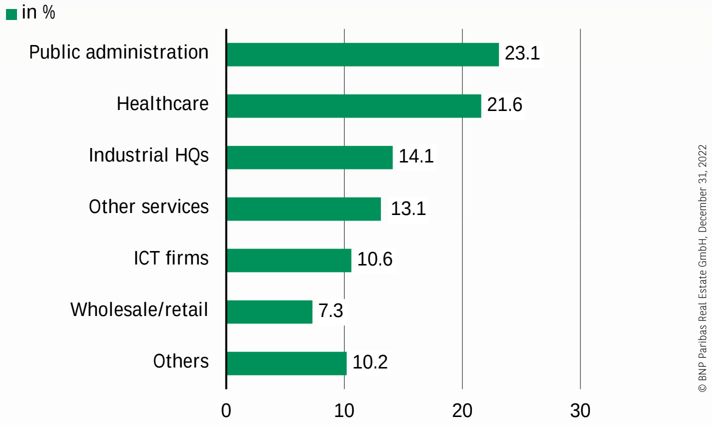
At a Glance Q4 2022

OFFICE MARKET ESSEN

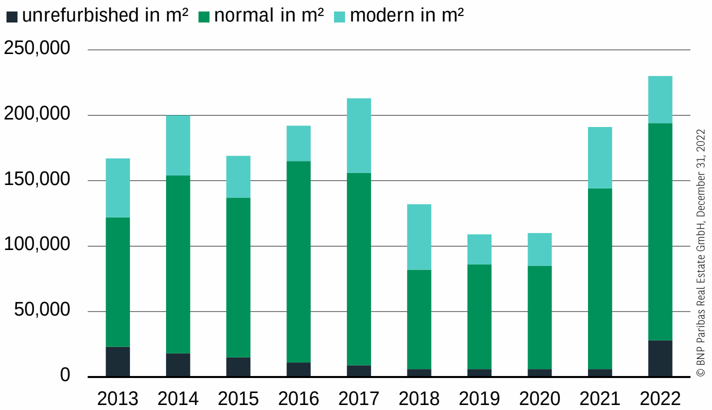
Development of take-up and top rents



Take-up by sector 2022



Development of vacant space



TAKE-UP ABOVE LONG-TERM AVERAGE

The Essen office market is looking back on a moderate result with a total take-up of 133,000 m² at the end of 2022. In comparison to two weak previous years, the market is on the upswing again, so that the total volume increased by 43% compared to 2021. While momentum was restrained in the first half of the year, the market picked up significantly in the second half. Thus, around 70% or rather the majority of the total take-up was generated in the third (47,000 m²) and fourth (46,000 m²) quarters. With almost 29%, lettings in the size category over 10,000 m² were the driving factor for take-up, remarkably for the first time since 2019. This result is attributable to the conclusion of the Uniklinik Essen (Q3: 16,500 m²) and the latest letting by the police in Rüttenscheid/Bredeney with 21,500 m², which contributed almost half of the quarterly take-up. Furthermore, a large corporation let around 6,100 m² in Weststadt.

MAJOR LETTINGS DOMINATE DISTRIBUTION

Due to the above-mentioned contracting of the police the public administration again leads the sector distribution, with a market share of 23%. Followed by the healthcare sector, which was able to conclude the second largest contract of the year with the Uniklinik Essen accounting for around 21%. As in the previous year, industrial companies ranked third with almost 14%. Other services (13%), which have clearly lost take-up compared to the previous year, and ICT firms (10%), which in turn have clearly gained volume, are also listed at over 10%. Due to the large lettings that have been concluded, the sector distribution shows a much more homogeneous picture compared to 2021 overall.

VACANCY RISES DUE TO RELOCATION

Despite the significantly higher letting activity in 2021, the vacancy volume thus increased by 20% in the course of 2022 to a new high of 230,000 m². Above all, relocations, also within the Essen market area, and the associated vacancies of large corporations have contributed to this extensive increase. Primarily space with a normal standard fit-out was vacated, so that there was no extension of the availability of modern space. On the contrary: Their volume has fallen to 36,000 m². The vacancy rate at the end of December reached 7.3%.

Major contracts

Sub-market	Company	m²
2.5	Land NRW/Polizei	21,500
2.5	Uniklinik Essen	16,500
3.1	Atlas Copco	6,600
2.1	ICT firms	6,100
3.1	Wholesale/retail	6,000
3.1	Thyssenkrupp Bilstein	5,100

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Trends in important market indicators

	2021	2022	Trend 2023
Take-up	93,000 m²	133,000 m²	↗
Vacant space	191,000 m²	230,000 m²	→
Space under construction (total)	36,000 m²	32,000 m²	↘
Space under construction (available)	10,000 m²	9,000 m²	→
Top rent	16.40 €/m²	17.00 €/m²	↗

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MODERATE CONSTRUCTION ACTIVITY

Project developers are still operating with great caution on the Essen office market and are examining potential projects very carefully in view of demand. As a result, the space under construction has fallen by 11% compared to the same period last year. The low level of construction activity is also reflected in comparison to the long-term average (63,000 m²), which is clearly missed with currently 32,000 m² under construction. However, the volume of projected space amounts to 157,000 m², which underlines the confidence in the long-term prospects of Essen as a business location.

GENERALLY RISING RENTAL PRICES

In terms of prime rents, the Essen market can look back on a positive year in 2022, in which an almost continuous increase was recorded. At the end of the year, 17.00 €/m² were quoted for the first time in the city centre. Driving factor of the increase is the high demand for modern space, which meets only a very limited supply. Another indication of the high attractiveness of the Essen office market and the high demand in the modern space segment is the increase in the average rent, which has risen by almost 2% year-on-year to now 12.50 €/m².

OUTLOOK

In 2022, the Essen office market was much more dynamic than in the previous year and has a very solid demand base. Nevertheless, market activity is likely to calm down in the wake of an impending slight recession in the first few months of 2023, before gathering considerable pace again in the second half of the year. The upward trend in both average and prime rents is expected to continue in 2023 due to the ongoing shortage of supply combined with high demand for modern space.

Key indicators 2022

		Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	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	Core City		17.00	23,000	34,300	500	0	9,500	9,000	43,300	78,000
2	Centre Fringe	13.00 -	16.50	72,000	101,800	9,500	0	10,300	0	101,800	51,000
3	Subcentres		16.50	38,000	93,900	26,000	0	12,200	0	93,900	28,000
	Total			133,000	230,000	36,000	0	32,000	9,000	239,000	157,000

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* The top rent given applies to a market segment of 3-5 % in each case.
** The office market zone map and the key indicator table at submarket level can be found under the following link: Office market zone map and key indicator table 2022

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