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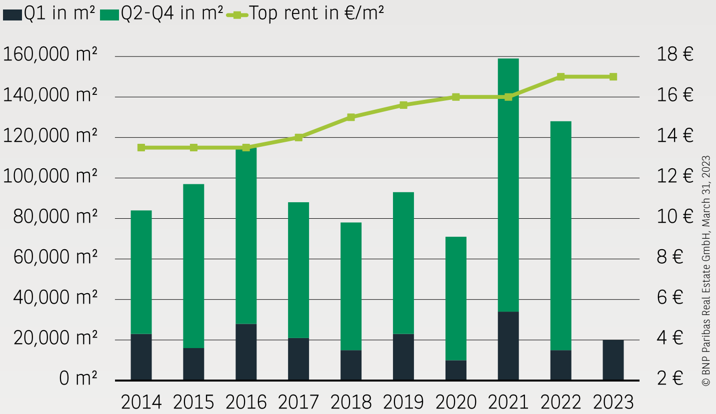
RESEARCH

At a Glance Q1 2023

OFFICE MARKET DORTMUND

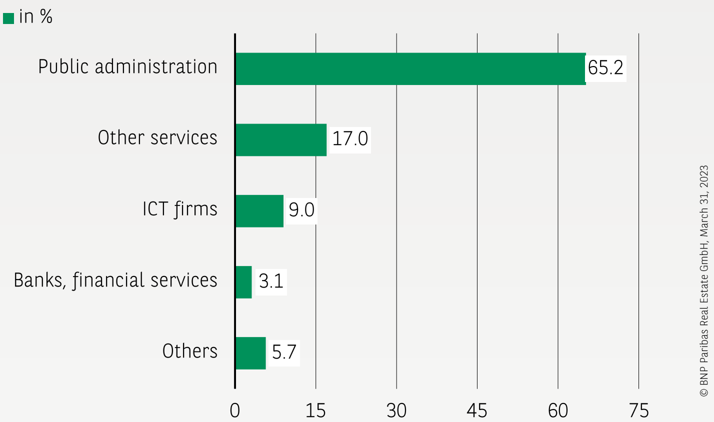
Development of take-up and top rents



TAKE-UP UP ON PREVIOUS YEARS LEVEL

Overall, the Dortmund office market has made a solid start to the new year. Compared to the very weak start into 2022, an increase of a good 33% can be registered with a take-up of around 20,000 m². The latest result is thus on a par with the ten-year average (20,500 m²). Considering the challenging macroeconomic environment, this is even more remarkable since the majority of German office markets were hardly able to detract the weak economic development. In terms of the number of successfully concluded contracts, the Dortmund office market has made a precision landing compared to the previous year. It is noticeable, however, that the market is definitely on the move in the smaller size segment, but take-up of space below 5,000 m² is below average. In contrast, two lettings above the 5,000 m² mark were already registered in the first quarter, which is quite rare for Dortmund office market.

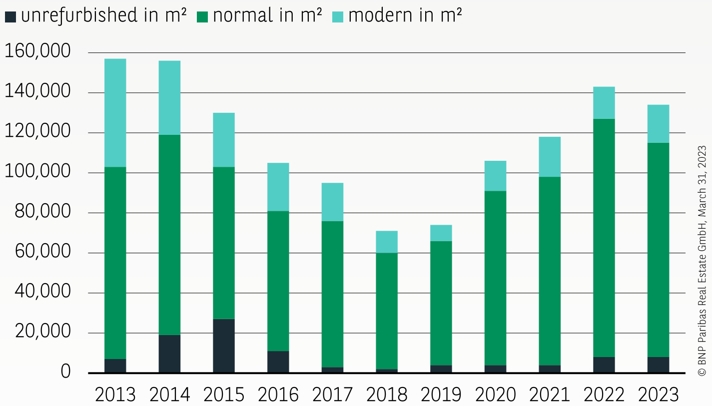
Take-up by sector Q1 2023



PUBLIC ADMINISTRATION AS THE MAIN PLAYER

To date, public administration is by far the most important player on the Dortmund office market with a market share of a good 65%. A handful lettings contributed to that, including two of the largest contracts till now. The City of Dortmund, for example, will occupy around 6,900 m² in the City Core area, and the tax office has opted for a space of around 5,300 m² in the Westfalendamm office market zone. Other services contributed a further 17% to take-up. With 9% market share, ICT firms complete the field of the most important market players. Contracts under 600 m² are responsible for their result.

Development of vacant space



VACANCY CONTINUES TO FALL

The vacancy in Dortmund fell for the third quarter in a row and now stands at 134,000 m². Compared to the previous year, this corresponds to a decline of a good 6%. The reduction in vacancy mainly occurred in the space segment with a normal fit-out, to which not least the large-scale completions of the Public administration also contributed. The vacancy volume for modern space currently amounts to 19,000 m², of which only around 4,500 m² are in Dortmund's Core City. A further 8,200 m² are located on the Centre Fringe. The vacancy rate in the market area notes 4.4% and is consequently still below the fluctuation reserve, which is set at around 5%.

Major contracts

Submarket	Company	m²
1.1	Stadt Dortmund	6,900
2.2	Finanzamt	5,300
2.1	Purple Rhino	1,500
1.1	Westfalia	600

Trends in important market indicators

	Q1 2022	Q1 2023	Trend remaining year
Take-up	15,000 m²	20,000 m²	↗
Vacant space	150,000 m²	134,000 m²	↗
Space under construction (total)	131,000 m²	81,000 m²	↘
Space under construction (available)	18,000 m²	6,000 m²	↘
Top rent	16.00 €/m²	17.00 €/m²	↗

HIGH PRE-LETTING RATE

Construction activity has declined for the third quarter in a row, and the volume of space under construction has fallen by around 50,000 m² in the last twelve months to currently 81,000 m². The sharp decline in the amount of space still available is also significant. While the pre-letting rate was already at a high 86% in the first quarter of 2022, it now stands at just under 93%. Accordingly, only 6,000 m² is still available for rental market in current construction projects. Despite the very low supply of space and overall stable demand in the high-quality segment, the volume of projected space fell slightly in the first quarter of the year to 17,000 m².

RISING RENTS

For the second quarter in a row, the prime rent is quoted at 17.00/m² and thus a good 6% above the previous year's level. In contrast, the average rent has risen once again. It now registered at a new high of 13.30 €/m², which corresponds to an increase of almost 5% compared to the previous year.

OUTLOOK

The Dortmund office market was once again broadly based and stable overall in the first quarter. However, it remains to be seen whether the market will succeed in staying on course in the coming months despite the economic downturn. The Dortmund office market will almost certainly receive additional support as soon as the German economy has returned to its growth path. Independently, prime rents are likely to remain under upward pressure against the backdrop of high demand and at the same time very low modern vacancy, particularly in the top locations. Parallelly, a further increase in the average rent appears possible as well to date.

Key indicators Q1 2023

		Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	Q1 2023	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	11,300	67,600	4,500	0	2,000	1,000	68,600	0
2	Centre Fringe	15.00 -	15.50	7,000	37,800	8,200	0	0	0	37,800	0
3	Subcentres	14.00 -	17.00	1,600	26,900	6,300	0	73,000	5,000	31,900	17,000
4	Airport/ECO PORT		11.50	100	1,700	0	0	6,000	0	1,700	0
	Total			**20,000**	**134,000**	**19,000**	**0**	**81,000**	**6,000**	**140,000**	**17,000**

* 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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