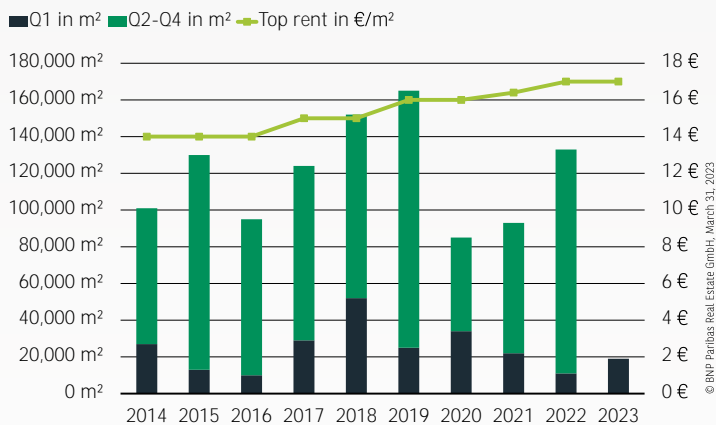




At a Glance **Q1 2023**

OFFICE MARKET ESSEN

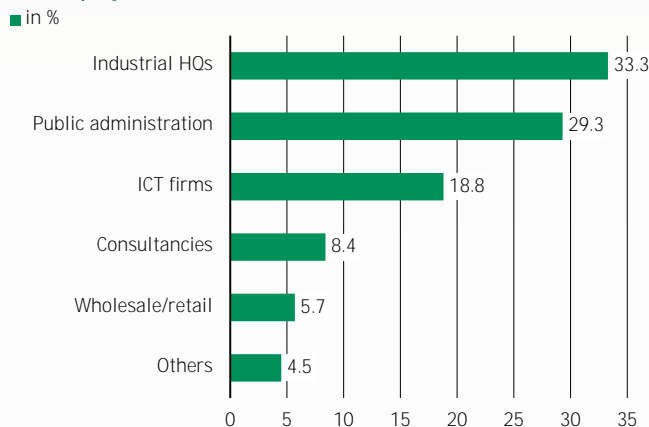
Development of take-up and top rents



IMPROVED START TO THE YEAR

Despite the general weak economic conditions the Essen office market started way better into the new year than in the previous one, and can therefore detach itself somewhat from the nationwide trend. With a take-up of 19,000 m², the long-term average was missed by about 21%, but the very weak value of the previous year was exceeded by almost 73%. In comparison of the start of 2022 impressively shows that letting activity has accelerated significantly, especially in the segment of space beyond 1,000 m². A handful of contracts has caused take-up in the size segment between 1,000 m² and 2,000 m² up to 6,800 m²; a figure that is twice as high as the 10-year average. It is also noteworthy that, unlike in the previous year, a deal with more than 5,000 m² of lettable space was included in the result: RWE will move into an area of around 5,600 m² in the Nordviertel.

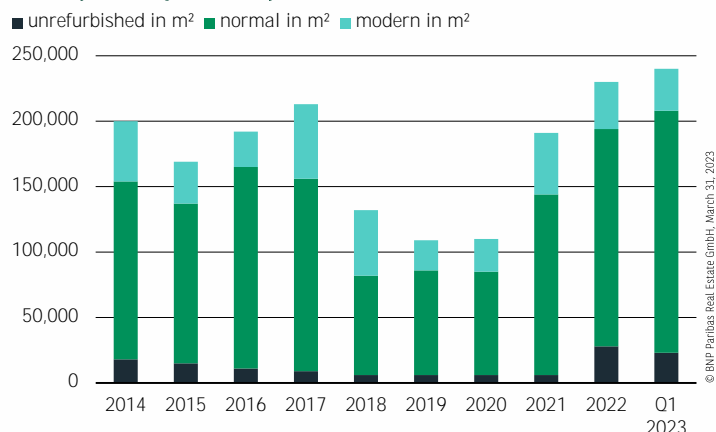
Take-up by sector Q1 2023



ESSEN'S LEADING SECTORS SUPPORT THE MARKET

Essen's leading sectors continue to be the mainstays of the market at the beginning of 2023. Once again, the Industrial HQs have taken the lead in the distribution of sectors. They contributed a third to recent take-up, with the aforementioned RWE deal being particularly significant. Public administration follows at a small distance with a good 29% market share, including the contract concluded by the Ruhr University Alliance with a good 1,600 m², which is a strong signal for the science location. ICT firms complete the leading trio. In addition to the almost 1,600 m² letting by the Real Core Group, the momentum was particularly pronounced for lettings of between 300 and 700 m².

Development of vacant space



MODERN VACANCY DECREASES

The vacancy in the Essen market area increased by a good 7% over the course of the year to its current level of 240,000 m², although the pace of the increase slowed considerably in the first quarter. In the first three months of 2023, an expansion of only 10,000 m² has taken place. The analysis of vacancy by space quality impressively underlines that modern space is becoming increasingly scarce. Only 32,000 m² is still available for the rental market in the short term, which corresponds to a decline of almost 43% compared to the same period last year. Of this, only around 1,900 m² is located in the Core City and 3,700 m² in the Centre Fringe (Nordviertel). The remaining modern vacancies are in the subcentres. The vacancy rate in the market area notes 7.6%, which is an unusually high figure for Essen.

Major contracts

Sub-market	Company	m²
1.1	RWE	5,600
3.1	Wohnungsgenossenschaft Essen-Nord	2,200
1.1	Universitätsallianz Ruhr	1,600
3.1	Real Core Group	1,600
1.1	Caritas SKF Essen	1,400

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➤ UNCHANGED CONSTRUCTION ACTIVITY

Construction activity in the Essen market area remains at the previous year's level, and thus the volume of space under construction amounts to 28,000 m². Of this, only 8,000 m² are still available for rental market. The pre-letting rate is correspondingly high at 71%. Combined with the modern vacancy, only 40,000 m² of modern space is currently vacant on the Essen office market. The total available space (vacancies and available space under construction) has risen by a good 6% year-on-year to now 248,000 m². With around 10,000 m², the majority of construction activity is located in the office market zone Core City. Around 8,000 m² is still available for rent, which is a considerable amount of space.

➤ UPWARD TREND IN PRIME RENT

As in the fourth quarter of 2022, the prime rent still quotes at 17 €/m² (+3% compared to Q1 2022), but continues to trend upwards, as demand for modern space is high, while the vacancy volume in this quality segment is especially limited. In contrast, the average rent registered at an unchanged 12.50 €/m² compared to the previous year.

➤ OUTLOOK

The Essen office market started the new year with a below-average result, but contrary to the nationwide trend, market dynamics have increased compared to the previous year. Cautiously optimistic that a large number of contracts form the broad foundation for this result. It is highly likely that letting activity will continue to rise in the slipstream of a recovering German economy over the course of the year. Nevertheless it remains to be seen whether a take-up at the of long-term average will be achieved. The prime rent will continue to be under upward pressure due to the low vacancy in the modern space segment.

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Trends in important market indicators

	Q1 2022	Q1 2023	Trend remaining year
Take-up	11,000 m²	19,000 m²	➔
Vacant space	224,000 m²	240,000 m²	➔
Space under construction (total)	28,000 m²	28,000 m²	➔
Space under construction (available)	10,000 m²	8,000 m²	➔
Top rent	16.50 €/m²	17.00 €/m²	➔

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	4,500	38,400	1,900	0	9,500	8,000	46,400	78,000
2 Centre Fringe	13.00	- 16.50	5,500	102,300	3,700	0	10,300	0	102,300	52,000
3 Subcentres		16.50	9,000	99,300	26,400	0	8,200	0	99,300	28,000
Total			19,000	240,000	32,000	0	28,000	8,000	248,000	158,000

* 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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