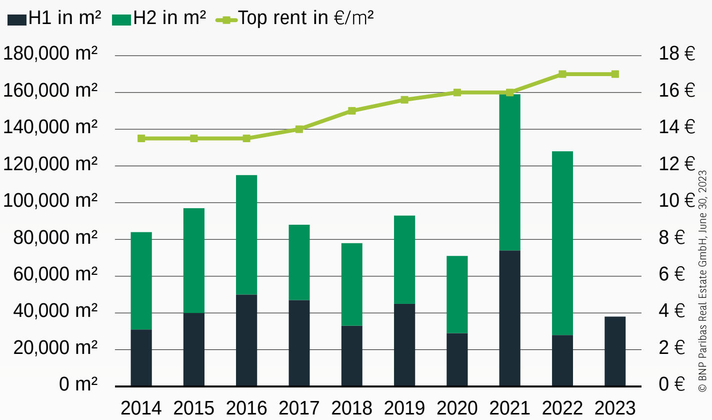
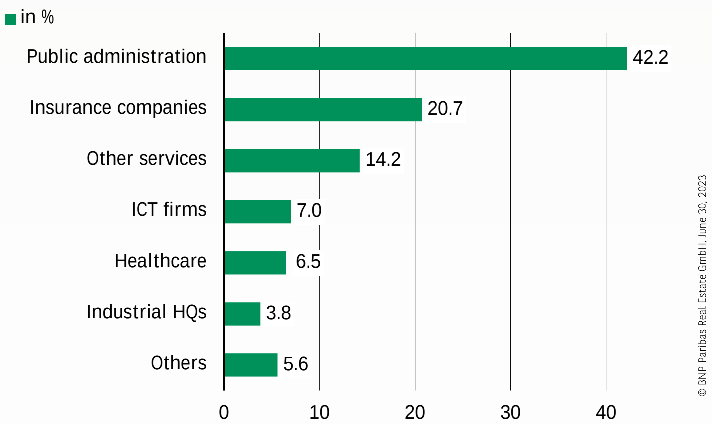
At a Glance Q2 2023

OFFICE MARKET DORTMUND

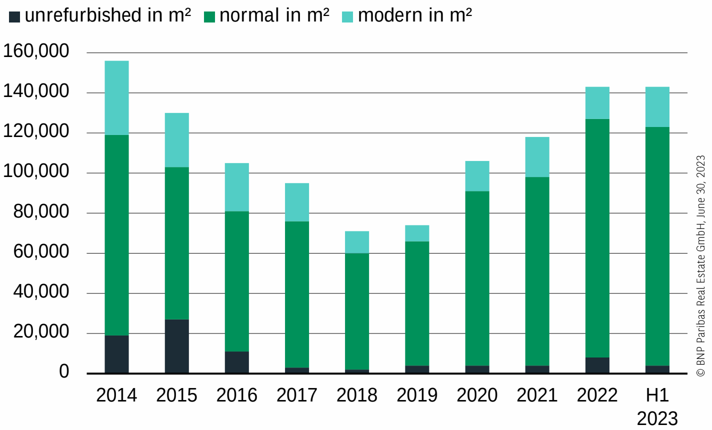
Development of take-up and top rents



Take-up by sector H1 2023



Development of vacant space



SOLID FIRST HALF OF 2023

After an average start to the year, demand remained stable in the second quarter, so that at the mid-year a result of 38,000 m² was achieved which, while missing the long-term average (42,000 m²) by around 8%, is nevertheless around a third above the comparable period of the previous year. The good result is based in particular on the above-average increase in take-up in the space segment above 5,000 m², with which Dortmund also performs very well even in a nationwide comparison. At around 52%, more than half of the take-up was registered in this size segment in H1 2023. In contrast, significantly less take-up was achieved in the size classes up to 1,000 m². At submarket level, the City Centre was the location with the highest take-up (15,600 m²), partly due to a large-scale letting by the City of Dortmund. The Phoenix-See, which belongs to the Subcentre locations, also made strong gains and, with a take-up of a good 8,000 m², was the office market zone with the second-best half-year result. This is mainly attributable to the largest letting to date concluded in Q2 by "BIG direkt gesund" for 7,400 m².

MAIN DEMAND FROM PUBLIC ADMINISTRATION

At the end of the first half of 2023, public administration was in first place in terms of take-up by sectors, accounting for a good 42%. Three lettings of between 2,000 and 7,000 m² are mainly responsible for this clearly above-average half-year result. Insurance companies are in second place, with the above-mentioned letting by BIG also producing a disproportionately strong result of 21%. In third place follows other services, which also recorded a double-digit share of just over 14%. The remaining ranks are occupied by ICT firms (7%), healthcare (6.5%) and the administration of industrial companies (just under 4%).

VACANCIES SLIGHTLY DOWN

The vacancy volume was reduced by around 8% year-on-year and currently totals 143,000 m². Modern vacancies have also fallen by a good 9% to 20,000 m². As a result, modern space now accounts for only a low 14% of vacancies. Around half of the vacant space is located in the City Centre. A further 27% is in the office market zones of the centre fringe. Due to the development described above, the vacancy rate has fallen by 0.5 percentage points since the middle of 2022 to 4.6% and thus remains below the fluctuation reserve.

Major contracts

Sub-market	Company	m²
3.4	BIG direkt gesund	7,400
1.1	City of Dortmund	6,900
2.2	Financial Office	5,300
3.5	Public administration	2,200
2.1	Purple Rhino	1,500

Trends in important market indicators

	H1 2022	H1 2023	Trend remaining year
Take-up	28,000 m²	38,000 m²	↗
Vacant space	155,000 m²	143,000 m²	↘
Space under construction (total)	115,000 m²	52,000 m²	↗
Space under construction (available)	14,000 m²	2,000 m²	↘
Top rent	16.00 €/m²	17.00 €/m²	↗

DECREASED CONSTRUCTION ACTIVITY, LESS SPACE AVAILABLE

Construction activity has slowed noticeably over the past 12 months. While a total of 115,000 m² of office space was under construction at the end of the first half of 2022, the current total is only 52,000 m² (-55%). Of this, only a very low volume (2,000 m²) is still available for the rental market, with most of the space already occupied by tenants and owner-occupiers before completion. Consequently, the pre-letting rate is a very high 96%. It is also noticeable that all new construction activity is concentrated in Subcentre locations and on the Periphery, while no new office space is being built in the City Centre or Centre Fringe locations in the short term.

STABLE TREND IN PRIME RENTS

The very robust trend in prime rents was once again confirmed, remaining unchanged at 17 €/m² for the third quarter in a row. Compared with the same period last year, this represents an increase of a good 6%. The average rent has also remained constant over the last three months and continues to be quoted at a high 13.30 €/m², which corresponds to an increase of almost 5% compared with the previous year.

OUTLOOK

The Dortmund office market is looking back on a generally solid first half of the year. Against the backdrop of continuing macroeconomic uncertainties, it can be assumed that a certain degree of restraint will still prevail among many companies in the second half of the year. For the entire year, therefore, overall take-up is expected to be lower than in previous years, but close to the long-term average. The supply is likely to decline due to a continuation of the reduction in vacancies combined with a low volume of new construction. In the long term, this lack of new construction activity in central locations could result in a renewed increase in prime rents.

Key indicators H1 2023

		Top rent* (€/m²)			Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from		to	H1 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	15,600	71,200	5,000	0	0	0	71,200	5,000
2	Centre Fringe	15.00	-	15.50	7,500	38,000	8,300	0	0	0	38,000	0
3	Subcentres	14.00	-	17.00	14,900	32,100	6,700	0	46,000	2,000	34,100	17,000
4	Periphery			11.50	0	1,700	0	0	6,000	0	1,700	0
	Total				38,000	143,000	20,000	0	52,000	2,000	145,000	22,000

* 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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