

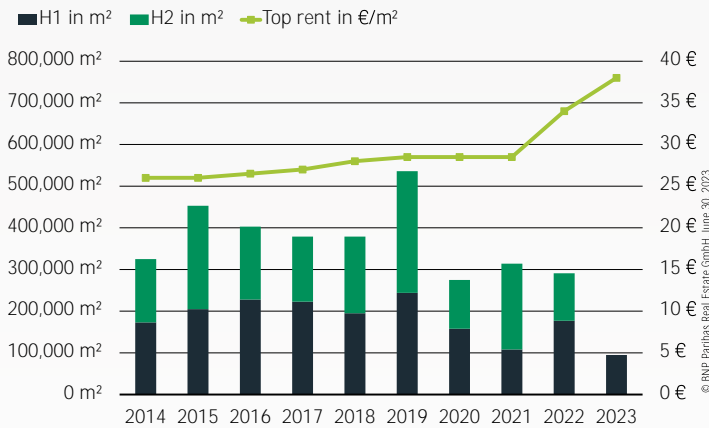


RESEARCH

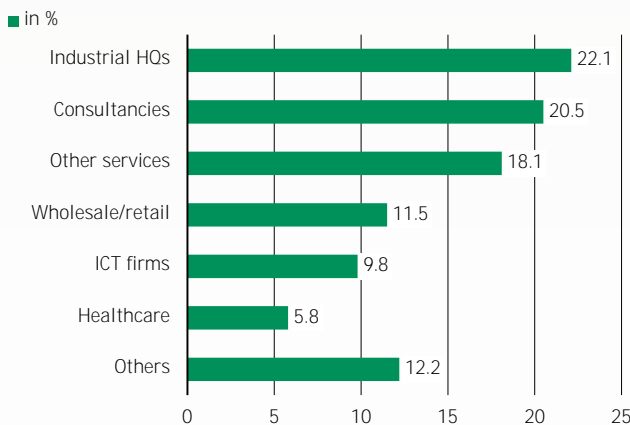
At a Glance **Q2 2023**

OFFICE MARKET DÜSSELDORF

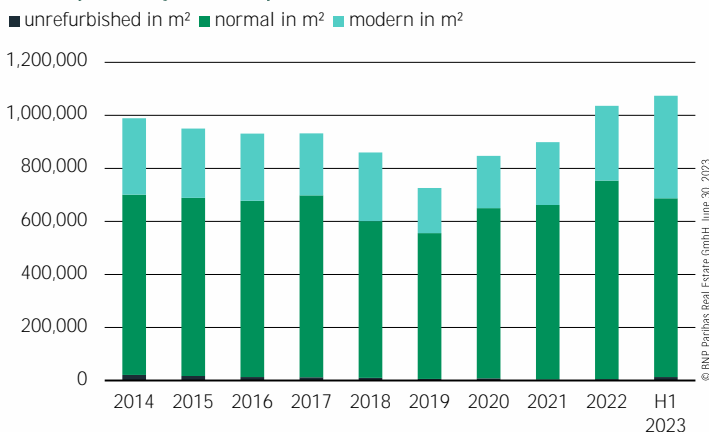
Development of take-up and top rents



Take-up by sector H1 2023



Development of vacant space



➤ RESTRAINED TAKE-UP IN THE FIRST HALF OF THE YEAR

The Düsseldorf office market was very subdued in the first half of 2023. With a take-up of only 95,000 m², the good result of the previous year was missed by a good 46%. As in other locations, the currently weak economic environment in combination with the technical recession that Germany has slipped into is leading to a significant decrease in take-up. In the second quarter in particular, take-up was well below average at just 31,000 m². This is mainly because many companies are postponing major investment decisions in order to temporize how the economy will develop. The rather cautious attitude of tenants is noticeable, especially regarding demand in the large-scale market segment. Against this background, it is not surprising that no contract of more than 10,000 m² has been registered yet. The two largest deals in the first half of the year were concluded by Hengeler Müller (9,600 m²) in the CBD and NGK Spark Plug Europe (5,700 m²) in Ratingen Ost.

➤ HIGH VOLUME FOR DÜSSELDORF'S LEADING SECTORS

Even in an overall very ambitious environment, the leading industries in Düsseldorf, which have made the highest contributions to take-up in the past, have again confirmed their importance. Administrations of industrial companies have placed themselves at the top of the industry groups, with a share of a good 22%. Consultancies, which are traditionally important for Düsseldorf, follow closely, contributing 20.5% to the result. The retail sector (11.5%) and ICT firms, which are responsible for almost 10% of total take-up, also make significant contributions. The sector other services also belongs to the active sectors and reaches 18%.

➤ FURTHER RISE IN VACANCY

The vacancy continued to rise in the second quarter, which is not least due to the currently moderate letting activity. Compared to the same period of the previous year, the total volume of vacancies has increased by 13% to 1.07 million m². Vacancies with modern space quality even increased by almost 54% in the same period and currently reach 387,000 m². Therefore 36% of all vacancies are of a quality preferred by tenants. This is an average value in a nationwide comparison. At 10.9%, the vacancy rate is still in the two-digit range. However, it should be noted that the CBD, which is in particularly high demand, has a vacancy rate of just 3.8%.

Major contracts

Sub-market	Company	m ²
1.1	Hengeler Müller	9,600
5.1.2	NGK Spark Plug Europe	5,700
2.6	Ed. Züblin	4,200
2.3	munichfashion.company	4,200
4.4	Wayss & Freitag	2,400

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Trends in important market indicators

	H1 2022	H1 2023	Trend remaining year
Take-up	177,000 m ²	95,000 m ²	↗
Vacant space	950,000 m ²	1,074,000 m ²	→
Space under construction (total)	399,000 m ²	342,000 m ²	↘
Space under construction (available)	234,000 m ²	197,000 m ²	↘
Top rent	30.00 €/m ²	38.00 €/m ²	↗

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➤ CONSTRUCTION ACTIVITIES DECLINE NOTICEABLY

Regarding space under construction, a contrasting development to the vacancy volume can be observed. Compared to the previous year, space under construction has fallen by a good 14% to around 342,000 m². Of this, 197,000 m² are still available for the rental market, which is almost 16% less than a year ago. As a result, just under 58% of the total construction volume has not yet been allocated. Only in Berlin and Frankfurt the availability of space under construction is even higher. But on the positive side, the availability of space has fallen by around six percentage points within market area since the end of the first quarter.

➤ SIGNIFICANT INCREASE IN RENTAL PRICES

Regardless of the currently moderate demand, rental prices have significantly risen year-on-year. The prime rent rose by almost 27% to 38 €/m² due to the limited availability of very high-quality space in top locations. And the average rent has also increased by a good 15% to 20.20 €/m².

➤ OUTLOOK

Since the economy is not yet expected to provide a strong tailwind in the second half of the year, a below-average full-year result is very likely from today's perspective. However, there are realistic chances that a slight market revival could set in during the second half of the year, not least in the large-scale segment. The vacancy is expected to move sideways in the coming months, while the upward pressure on prime rents should continue due to the low vacancy volume in the top segment. Regarding the medium-term prospects, the recovery movements should also be strong if GDP develops positively again.

Key indicators H1 2023

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	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										
1.1 CBD/Banking District	38.00		18,600	26,800	14,600	4,300	52,100	33,500	60,300	76,900
1.2 Inner City	28.00		8,300	49,100	7,900	0	15,000	5,000	54,100	28,100
2 Office Centres	16.50 - 28.00		39,000	370,200	232,200	22,200	97,700	88,100	458,300	141,200
3 Centre Fringe	16.00 - 25.00		3,300	55,800	29,600	0	39,200	21,800	77,600	77,600
4 Subcentres	15.00 - 23.00		17,800	222,100	69,700	3,500	138,000	48,600	270,700	364,200
Total Düsseldorf			87,000	724,000	354,000	30,000	342,000	197,000	921,000	688,000
5 Periphery	10.00 - 15.50		8,000	350,000	33,000	0	0	0	350,000	0
Total			95,000	1,074,000	387,000	30,000	342,000	197,000	1,271,000	688,000

* 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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