

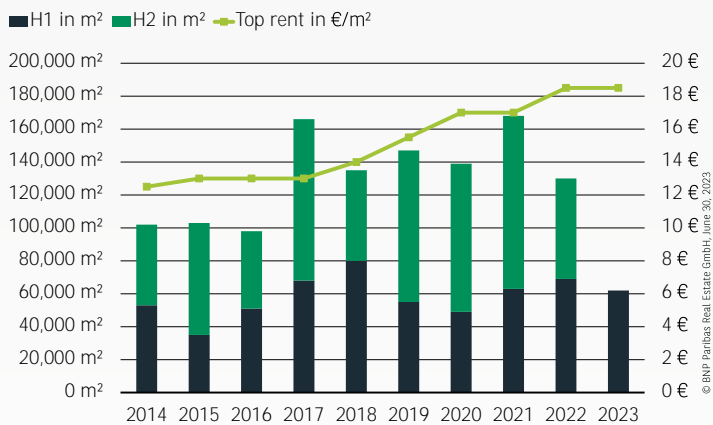


**RESEARCH**

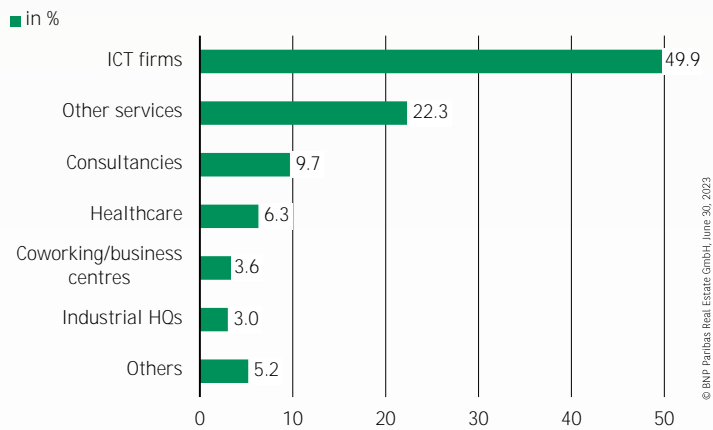
At a Glance **Q2 2023**

# OFFICE MARKET LEIPZIG

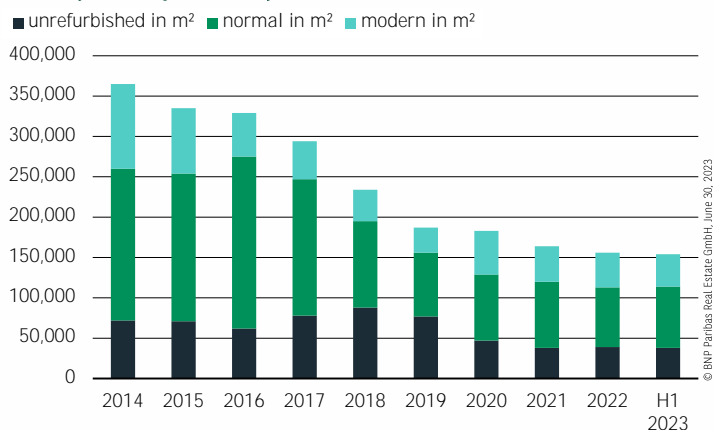
### Development of take-up and top rents



### Take-up by sector H1 2023



### Development of vacant space



### ▶ LEIPZIG ON COURSE: RESULT SLIGHTLY ABOVE AVERAGE

With a total take-up of 62,000 m², the Leipzig office market once again achieved a good mid-year result, which is just above the long-term average (58,500 m²; +6 %) and slightly below the previous year's result (69,000 m²; -10 %). The consistency of Leipzig's office market, even in economically challenging times, is underlined by the fact that last year's and the current year's results, as well as the ten-year average, are within a range of only around 10,000 m². The gross of take-up accounted for the past three months, in which 42,000 m², and thus more than two thirds of the total result, were concluded. A major contribution was made by the only major deal of the year to date, which was concluded by an owner-occupier for around 18,500 m² in the Ringlage office market zone. Due to this deal, demand continues to focus on centre fringe locations, which are responsible for a good 55% of the overall result. However, apart from the exceptional letting, the overall focus of the size classes lay in the segment of space up to 5,000 m², which contributed just under 70% of take-up. The small-scale character of the market is also underlined by the fact that 85% of the lettings are for space of up to 500 m².

### ▶ ICT FIRMS BENEFIT FROM MAJOR DEAL

ICT firms benefited from the above-mentioned owner-occupier letting and, as a result, achieved a very high share of take-up of just under 50%. In second place followed other services, which generated a further 22% of the total due to many lettings in the mid-size segments. Consultancies and the healthcare sector also contributed between 5% and 10%, accounting for almost 10% and just over 6% respectively. In contrast, all other sectors, which include coworking/business centers (just under 4%) and industrial administrations (around 3%), accounted for only minor shares of total take-up.

### ▶ VACANCY RATE FELL BELOW THE 4%-MARK

The reduction in vacancies has continued over the past 12 months. As a result, a total of 154,000 m² was available at short notice at mid-year, which is around 3% less than in the previous year. The level of modern space has hardly changed. At 40,000 m², a good 26% of the volume corresponds to that category in greatest demand on the market. The office market zones Graphisches Viertel/Prager Straße, Leipzig Nordost and Leipzig West have the highest volume of space available for short-term letting. At 3.9%, the vacancy rate for the entire market was below the 4% mark for the very first time at the end of the first half of the year.

**Major contracts**

Sub-market	Company	m <sup>2</sup>
2.1	ICT-firms	18,500
3.4	Other services	3,400
2.5	Other services	2,300
4.2	Consultancies	1,800
2.1	ICT-firms	1,700
2.5	Other services	1,400

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**➤ CONSTRUCTION VOLUME DOWN SLIGHTLY, 50% AVAILABLE**

Due to completions in the second quarter, the volume of space under construction has fallen by a good 15% in the last three months to a total of 154,000 m<sup>2</sup>. Around half of this space (76,000 m<sup>2</sup>) is still available to the market, a higher proportion than 12 months ago (34 %). Additional construction activity is also likely to be completed in the second half of the year, resulting in a further gradual decline in the volume of construction, which reached a peak last year. Building activity remains highest in the Graphisches Viertel/Prager Strasse (38,000 m<sup>2</sup>), Leipzig South (30,500 m<sup>2</sup>) and City (23,200 m<sup>2</sup>) office market zones. As a result of the overall higher availability rate, the total available space also increased by just under 8% year-on-year to 230,000 m<sup>2</sup>.

**➤ 18.50 €/M<sup>2</sup> AT THE TOP AND 11.90 €/M<sup>2</sup> ON AVERAGE**

The positive development of the Leipzig office market is also reflected in the rental price trend. While the prime rent has risen by 3% since mid-2022 to 18.50 €/m<sup>2</sup>, the average rent remained stable at 11.90 €/m<sup>2</sup>. At submarket level, prime rents have risen further in almost all locations, which speaks for the high attractiveness of the entire Leipzig market area.

**Trends in important market indicators**

	H1 2022	H1 2023	Trend remaining year
Take-up	69,000 m <sup>2</sup>	62,000 m <sup>2</sup>	↗
Vacant space	159,000 m <sup>2</sup>	154,000 m <sup>2</sup>	➔
Space under construction (total)	160,000 m <sup>2</sup>	154,000 m <sup>2</sup>	↘
Space under construction (available)	55,000 m <sup>2</sup>	76,000 m <sup>2</sup>	↗
Top rent	18.00 €/m <sup>2</sup>	18.50 €/m <sup>2</sup>	↗

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**➤ OUTLOOK**

Despite the difficult macroeconomic environment in the first half of the year, the Leipzig office market was able to pick up where it left off in 2022. Accordingly, take-up is also likely to reach an average value for the remaining course of the year. On the supply side, the reduction in the project pipeline is likely to lead to a shortage of modern space and further increases in prime rents in the submarkets with the highest take-up.

**Key indicators H1 2023**

	Top rent* (€/m <sup>2</sup> )		Take-up (m <sup>2</sup> )	Vacant space (m <sup>2</sup> )			Space under construction (m <sup>2</sup> )		Space on offer (m <sup>2</sup> )	
	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 City Centre		18.50	5,300	9,600	2,800	0	23,200	21,400	31,000	9,500
2 Centre Fringe/ Centre Relief Area	11.00 -	17.50	34,300	31,000	7,500	800	40,500	26,400	57,400	137,800
3 Subcentres	9.00 -	15.00	17,000	95,400	27,100	200	69,000	21,500	116,900	351,100
4 Periphery	9.00 -	9.00	5,400	18,000	2,600	0	21,300	6,700	24,700	33,600
Total			62,000	154,000	40,000	1,000	154,000	76,000	230,000	532,000

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\* 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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