

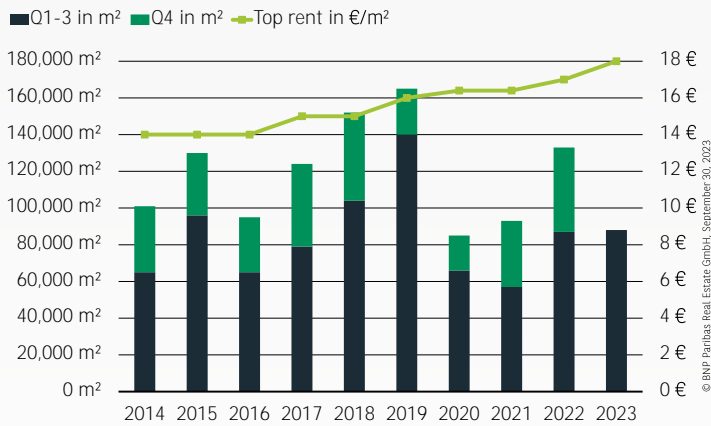


RESEARCH

At a Glance **Q3 2023**

OFFICE MARKET ESSEN

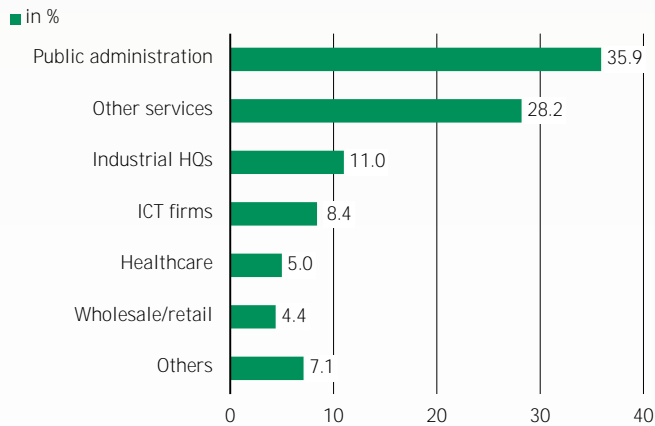
Development of take-up and top rents



ONLY MARKET WITH POSITIVE TAKE-UP DEVELOPMENT

In the current year, Essen occupies a special position among German office markets. With a take-up of 88,000 m², the Ruhr metropolis is the only location with a positive development. The previous year's figure was increased by 1% despite the economic headwind and the ten-year average was exceeded by 4%. Partly responsible for this development is a number of major lettings, which are not a regular occurrence, particularly in B locations, and frequently make the difference between weaker and strong results. The most significant deal of the current year is a letting by the city of Essen for around 16,000 m² in the Südviertel district. Other large deals that have contributed to the strong results include a rental agreement signed by E.ON for 9,900 sqm in Weststadt and an owner-occupier deal by FOM for 8,200 sqm in centre fringe. Approximately 47% of take-up to date has thus been accounted by lettings above the 5,000 m² mark. This is by far the highest figure of all locations, which is also around ten percentage points above the long-term average.

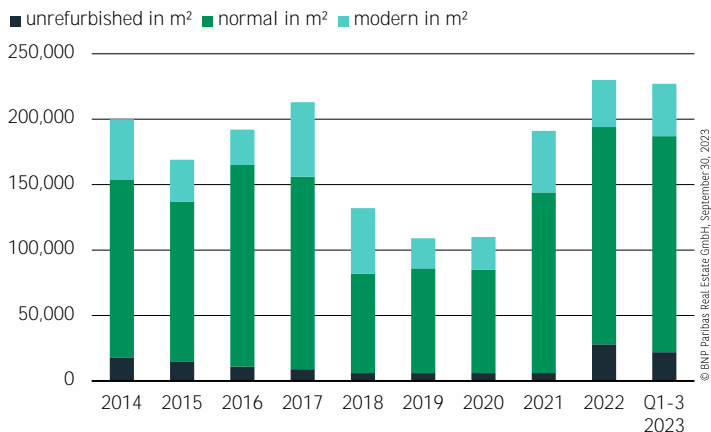
Take-up by sector Q1-3 2023



FAMILIAR SECTORS IN THE LEAD

The distribution of take-up by sector reveals a familiar picture, with the traditionally most important sectors once again occupying the top positions. In first place, not least due to the aforementioned large-scale letting, ranks public administration with a share of just under 36%. In second place, with a good 28%, are other services, which are traditionally strongly represented, since a large part of the market activity generally takes place in the rather small-space segment. However, the particularly important administrations of industrial companies also contribute a double-digit share of sales with 11%.

Development of vacant space



NO INCREASE IN VACANCIES IN THE MODERN SEGMENT

Compared with the same period last year, vacancies increased by around a quarter to 227,000 m². However, in the market segment of modern vacancies, which is particularly important for tenants, a slight decline of just over 2% was recorded. At 40,000 m², only just under 18% of all vacancies have a modern fit-out quality. This is by far the lowest proportion in all the major office locations, which underlines the fact that high-quality space continues to be in short supply in Essen. Consequently, the vacancy rate of 7.2% also reflects many older office spaces that are only marketable to a limited extent.

Major contracts

Sub-market	Company	m ²
2.3	City of Essen	16,000
2.1	E.ON	9,900
2.2	FOM	8,200
2.2	RWE	5,600
2.2	City of Essen	3,900
3.1	City of Essen - youth welfare service	2,500

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Trends in important market indicators

	Q1-3 2022	Q1-3 2023	remaining year
Take-up	87,000 m ²	88,000 m ²	↗
Vacant space	181,000 m ²	227,000 m ²	↗
Space under construction (total)	33,000 m ²	54,000 m ²	↘
Space under construction (available)	9,000 m ²	8,000 m ²	↘
Top rent	16.80 €/m ²	18.00 €/m ²	↗

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➤ CONSTRUCTION ACTIVITY HAS INCREASED ENCOURAGINGLY

Compared with the previous year, construction activity has increased by almost 64% to 54,000 m². From a market perspective, this is a gratifying development, as the rental market is being supplied with urgently needed new construction. However, that users are waiting for this space is underlined by the fact that the space still available for letting has actually fallen by 11% over the same period to the current figure of 8,000 m². Consequently, only just under 15% of the new building volume is still available for the rental market. Similar to the modern vacancy rate, this is by far the lowest value of all German markets.

➤ RENTS CONTINUE TO RISE

Rents in Essen have continued to rise over the past twelve months. The prime rent rose by a good 7% to 18.00 €/m² at present. However, the increase in the average rent, which stands at 12.80 €/m², was lower at just over 2%. This is attributable partly to the still comparatively low supply of modern office space with high-quality fittings. It is especially the case in the central inner-city locations preferred by tenants.

➤ OUTLOOK

For the remaining months of the year, everything indicates that the Essen office market will be able to hold its position in the difficult economic environment. An annual take-up of around 120,000 m², on a par with the long-term average, is certainly within the range of possibilities. Vacancy volume is likely to continue to rise slightly, particularly in the segment of older space which is only marketable to a limited extent. By contrast, construction activity is expected to decline. The upward trend in rents should continue, especially in the high-priced segment of modern new build space.

Key indicators Q1-3 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	Q1-3 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		18.00	11,200	35,600	2,000	0	19,500	8,000	43,600	37,500
2 Centre Fringe	13.00	- 17.60	57,600	84,200	12,000	0	18,000	0	84,200	146,700
3 Subcentres		16.50	19,200	107,200	26,000	0	16,500	0	107,200	28,800
Total			88,000	227,000	40,000	0	54,000	8,000	235,000	213,000

* 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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Further Information BNP Paribas Real Estate GmbH | Branch office Essen | Telephone +49 (0)201-820 22-2 | www.realestate.bnpparibas.de