

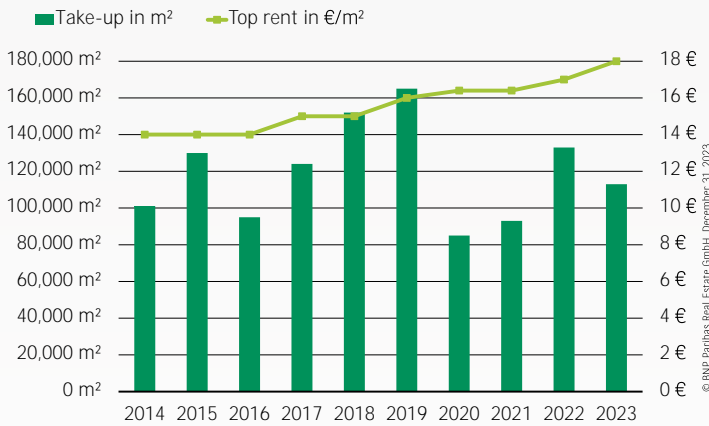


RESEARCH

At a Glance **Q4 2023**

OFFICE MARKET ESSEN

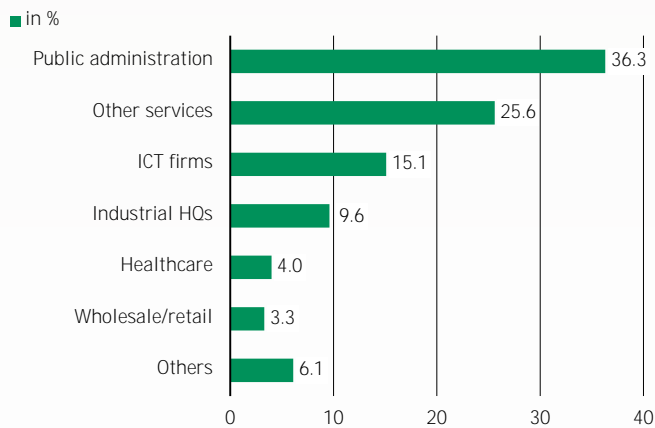
Development of take-up and top rents



RESULT SLIGHTLY BELOW 10-YEAR AVERAGE

At the end of the year, the Essen office market recorded a total take-up of 113,000 m², which is around 5% below the long-term average. The office market was unable to match the previous year's solid volume and thus reported around 15% less take-up than in 2022. The first half of the year was driven by a strong second quarter including the three largest lettings of the year, while the second half of the year was largely characterised by a shortage of major lettings until the most recent quarter, when 8,100 m² was let to an owner-occupier by Opta Data in the subcentres as well as 4,500 m² by the education authority of the city of Essen in the city centre. Reflecting on the full year, the largest driver of take-up has been the size category between 5,001-10,000 m², which recorded a well above-average result with a market share of around 28%.

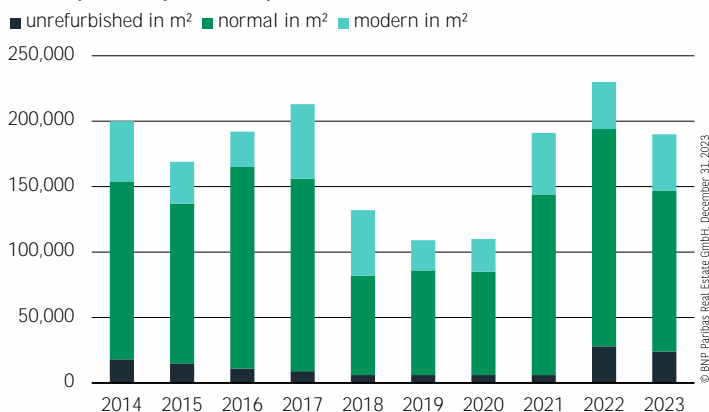
Take-up by sector 2023



PUBLIC ADMINISTRATION IN 1ST PLACE

With an above-average market share of around 36%, the leading sector in 2023 is once again public administration, which, in addition to the 4,500 m² in the last quarter mentioned above, is also responsible for the largest contract of the year (16,000 m²). Other services rank second with almost 26%, up almost 69% on the previous year. ICT companies follow in third place with a good 15%. Industrial headquarters follow in fourth place (9.6%), accounting for less than 10% and underperforming by around 50%. The healthcare sector was also unable to repeat its very good performance of the previous year. In 2023, the major deals concluded in Essen were largely responsible for the distribution of take-up by sector and the corresponding market shares.

Development of vacant space



VACANCY VOLUME AT THE LEVEL OF 2021

The vacancy volume in the market area totalled 190,000 m² at the end of 2023. Therefore it remains at a significantly higher level than in 2021. In the subcentres in particular, the vacancy volume is at a high level of around 105,000 m². The situation is completely different in the core city, where the vacant space has fallen for the second year in a row and now stands at just 25,500 m². There is a shortage of vacant space, particularly in the sought-after high-quality areas. Only 2,000 m² are of a modern standard. Furthermore large-scale first-time occupancy space is not available in the short term.

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
3.1	Opta Data	8,100
2.2	RWE	5,600
1.1	City of Essen	4,500

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➤ CONSTRUCTION ACTIVITY JUST BELOW 10-YEAR AVERAGE

Although the interest rate level still poses challenges for property developers, there are many indications that the stakeholders in Essen's office market are now acting slightly more courageously in terms of potential projects. As a result, 58,000 m² of office space is currently under construction, an increase of around 81 % on the same period last year. Consequently, the result is only around 4 % below the long-term average. A good 10,000 m² in total has not yet been pre-let and is available on the market. The pre-letting rate stands at a very high 83%, which impressively illustrates the high demand for modern space in Essen's office market.

➤ RENT LEVELS CONTINUE TO RISE

In Essen, prime rents continued their upward trend in 2023. Prime rents of up to €18.00/m² are currently being achieved in the city centre, which corresponds to a year-on-year increase of a good 6%. The increase in rents continues to be driven by the high demand for modern space, which is only available in very limited supply, particularly in central locations. The average rent remained stable overall compared to the previous year and currently stands at €12.60/m².

➤ OUTLOOK

The economic uncertainties also had an impact on the Essen office market. As a result, market momentum was lower than 12 months earlier. However, the economy is expected to regain momentum in 2024, leading to a pick-up in rental activity in Essen as the year progresses. A further increase in vacancies is expected due to large lease expiries, although the development of prime rents should remain unaffected. The supply shortage in the high quality segment will continue despite the recent increase in construction activity.

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Trends in important market indicators

	2022	2023	Trend 2024
Take-up	133,000 m ²	113,000 m ²	➔
Vacant space	230,000 m ²	190,000 m ²	➔
Space under construction (total)	32,000 m ²	58,000 m ²	➔
Space under construction (available)	9,000 m ²	10,000 m ²	➔
Top rent	17.00 €/m ²	18.00 €/m ²	➔

Key indicators 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	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	19,100	25,500	2,000	0	15,900	10,000	35,500	27,000
2 Centre Fringe	13.00	- 17.60	62,400	59,000	15,000	0	18,200	0	59,000	147,000
3 Subcentres		15.00	31,500	105,500	26,000	0	23,900	0	105,500	2,000
Total			113,000	190,000	43,000	0	58,000	10,000	200,000	176,000

* The top rent given applies to a market segment of 3-5 % in each case.

** The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2023](#)

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