

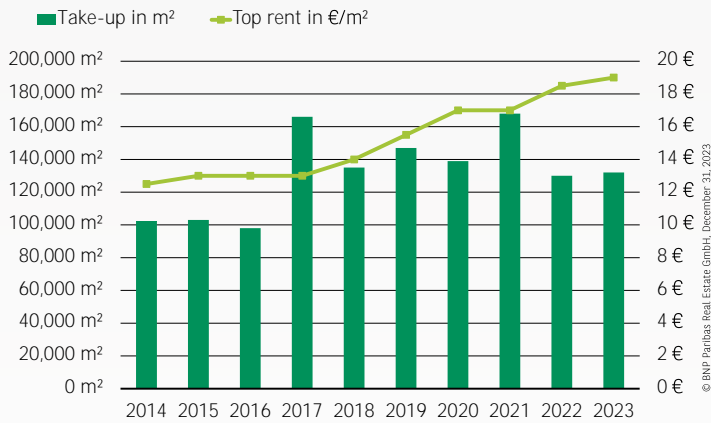


RESEARCH

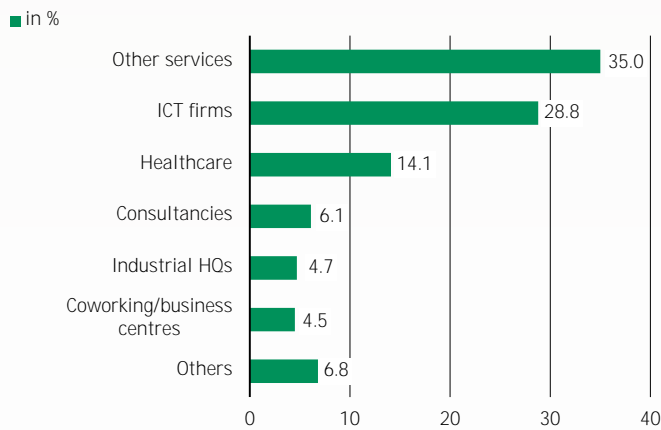
At a Glance **Q4 2023**

OFFICE MARKET LEIPZIG

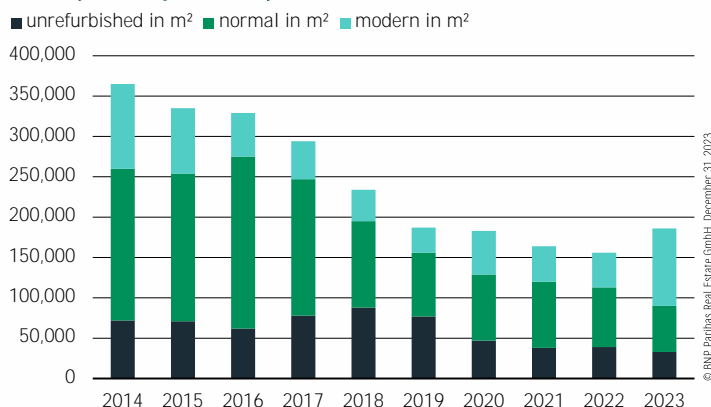
Development of take-up and top rents



Take-up by sector 2023



Development of vacant space



CONSTANT DEVELOPMENT IN CHALLENGING CLIMATE

The Leipzig office market was able to withstand the challenging macroeconomic conditions in 2023 and experienced good letting momentum in the last 12 months. With a total take-up of around 132,000 m², both the previous year's result and the ten-year average (both around the 130,000 m² mark) were equalled. Additionally, the take-up shares of a good 47% in the first half of the year and around 53% in the second half emphasise the stable demand situation, which is evident in a long-term comparison as well as over the course of the year. Alongside the owner-occupier deals of an IT company (18,000 m², Ringlage) and RB Leipzig (7,000 m², Leipzig-West), the largest deals of at least 5,000 m² included the letting to SENEC (6,000 m², Leipzig-West) in the fourth quarter. The large lettings made a significant contribution to the office market zones of Ringlage (23,300 m²) and Leipzig-West (20,300 m²), resulting in the highest take-up within these zones overall.

TWO SECTORS GENERATE THE MAJORITY OF TAKE-UP

Two sectors, other services and ICT firms, took the lead in the ranking 2023, accounting for almost 64% of the overall result. Several lettings in subcentre locations with over 2,000 m² are attributable to other services, making this sector the largest contributor with a good 35%. By contrast, the ICT firms, which is represented with just under 29% overall, benefited in particular from the major deal signed by the aforementioned IT owner-occupier in the Löwitz Quartier project located west of Leipzig's central railway station. The healthcare sector contributed a double-digit share to the result with a further 14%.

DELIVERY HAS IMPACT ON VACANCY VOLUME

The vacancy volume increased by a good 19% year-on-year to around 186,000 m², which is primarily due to the completion of the NEO in the former Karstadt department stores' in Leipzig's city centre locations in the fourth quarter. Unsurprisingly, the increase in vacancy is mainly attributable to the modern segment, where the volume rose by a good 123% to around 96,000 m². However, the volume of vacant modern spaces can still be considered low compared to the take-up, and the vacancy rate across all fit-out qualities and submarkets remains below 5% at 4.7%.

Major contracts

Sub-market	Company	m ²
2.1	ICT firm	18,500
3.5	RB Leipzig	7,000
3.5	SENEC	6,000
3.1	HealthCare Innovations	4,200
3.2	WISAG Facility Service Holding	4,200
3.4	Energy service provider	3,000

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➤ COMPLETION OF MAJOR PROJECTS, PIPELINE GETS SMALLER

The combination of completed projects and only a few newly initiated developments has had an impact on the construction volume in Leipzig: with a total of 126,000 m², there is currently almost 24% less space under construction than 12 months before. Of this, around 61,000 m², or slightly less than half of the new office space being built, is still available to the market. Construction activity is currently highest in the submarkets Graphisches Viertel/Prager Straße (39,400 m²), Leipzig-West (22,300 m²) and Leipzig-South/Karl-Liebnecht-Straße (21,100 m²).

➤ RENTS ARE CURRENTLY MOVING SIDEWAYS

Following strong growth in rents in recent years, the dynamic development slowed somewhat in 2023. Nevertheless, the prime rent rose slightly again in the second half of the year by just under 3% to €19.00/m². The same applies to the average rent, which rose again slightly and currently stands at €12.10/m².

Trends in important market indicators

	2022	2023	Trend 2024
Take-up	130,000 m ²	132,000 m ²	➔
Vacant space	156,000 m ²	186,000 m ²	➡
Space under construction (total)	165,000 m ²	126,000 m ²	➡
Space under construction (available)	65,000 m ²	61,000 m ²	➔
Top rent	18.50 €/m ²	19.00 €/m ²	➔

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➤ OUTLOOK

The Leipzig office market experienced pleasing letting momentum in 2023 and expects a good overall market sentiment for the coming 12 months. On the supply side, a further downward trend is expected, particularly for modern and recently completed space, following the recent increase. This will also exert further pressure on rents, meaning that prices are likely to rise slightly further and exceed the €19/m² mark if there is sufficient supply. Against the backdrop of the general conditions outlined above, the signs indicate that take-up could return to the long-term average in 2024.

Key indicators 2023

Submarkets**	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
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre		19.00	18,400	31,100	25,700	22,000	9,100	7,300	38,400	6,500
2 Centre Fringe/ Centre Relief Area	11.00 -	17.50	47,100	58,400	39,300	1,000	42,900	30,500	88,900	143,300
3 Subcentres	9.50 -	15.00	55,400	89,600	30,800	0	67,100	18,500	108,100	376,600
4 Periphery	9.00		11,100	6,900	200	0	6,900	4,700	11,600	15,600
Total			132,000	186,000	96,000	23,000	126,000	61,000	247,000	542,000

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* 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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