ESSEN

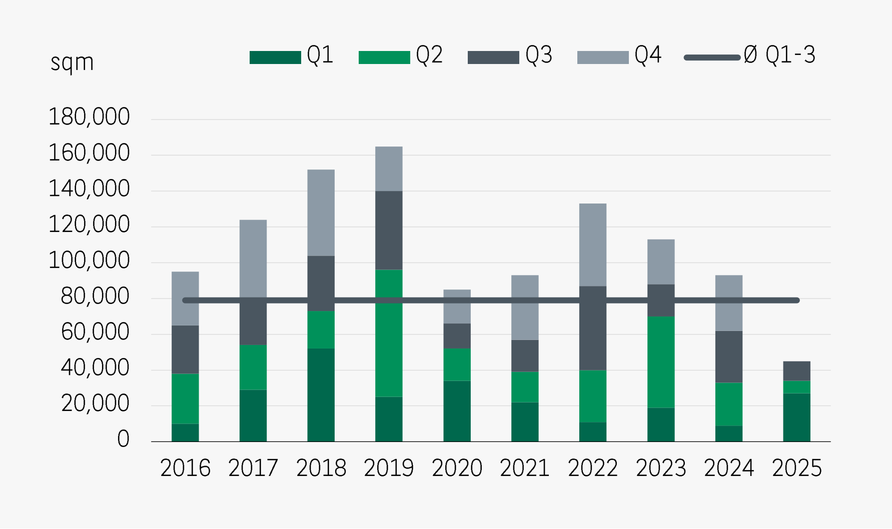
REPORT OFFICE MARKET

Q1-3 2025

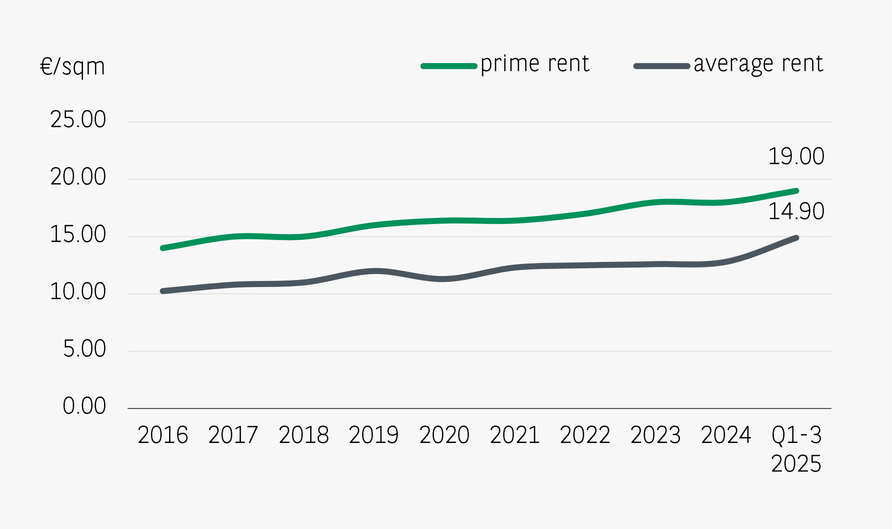
BNP PARIBAS REAL ESTATE

REAL ESTATE for a changing world

Development of take-up



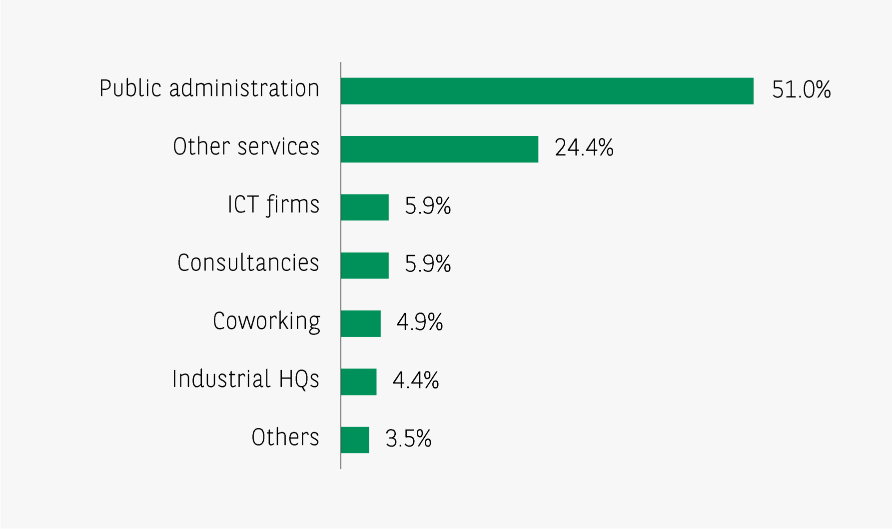
Prime and average rents



CAUTIOUS NINE MONTHS IN ESSEN, TAKE-UP SIGNIFICANTLY BELOW AVERAGE

- As in the first half of 2025, market activity on the Essen office market remained rather subdued in the third quarter. With around 45,000 sqm of taken-up by the end of September, the result for the same period last year was missed by around 26%. This figure is also 42% below the long-term average. Following a strong start to the year, with 27,000 sqm taken up, momentum slowed significantly in the subsequent two quarters.
- The reason for the moderate performance is the low number of contracts that have been recorded so far. Only around 50 deals were registered in the first nine months, which is 34% less than the five-year average. Notably, there has been a lack of lease agreements in the medium-sized segment, specifically those between 2,000 and 5,000 sqm, which are crucial for the market.
- By contrast, comparatively dynamic leasing activity was observed in the smaller space categories of up to 500 sqm and in the larger volume segment of 5,000 sqm and above. The city of Essen accounted for three of the largest contracts of the year so far, including 13,000 sqm in the Weststadt submarket. Weststadt is currently the submarket with the highest take-up, accounting for around 38% of the total volume, or approximately 18,000 sqm.
- At the end of September, the prime rent for spaces with modern fittings was €19/sqm, representing a 6% increase over the previous year. This figure is currently being achieved in the Südviertel submarket. The average rent increased by 18% over the same period, reaching €14.90/sqm.

Take-up by sector Q1-3 2025



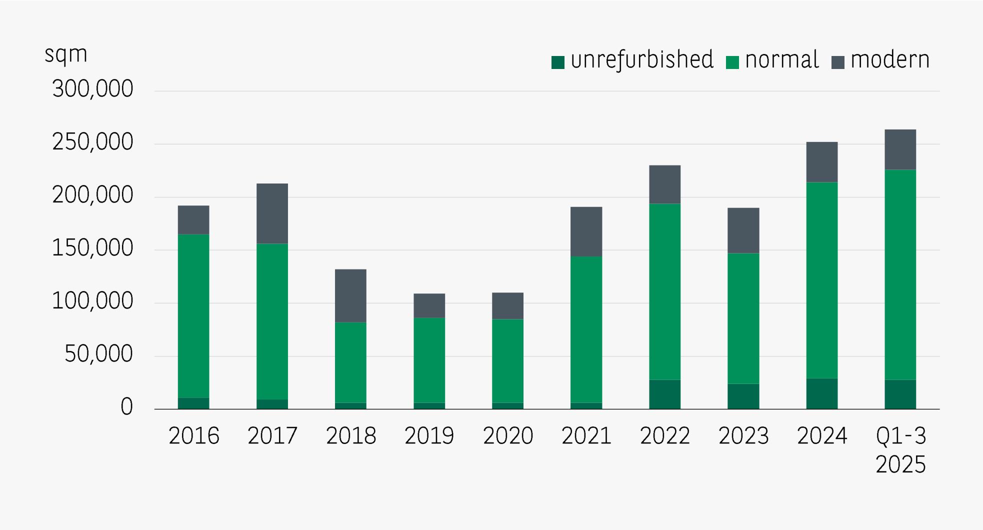
PUBLIC SECTOR WITH A VERY HIGH SHARE

- Public administration accounts for around half of the take-up, which is significantly above the ten-year average of 17%. This dominance is primarily due to the large lettings taken out by the City of Essen. Other Services follow in second place with an above-average share of 24% of total take-up.
- After the first nine months, the Essen office market had a vacancy volume of around 264,000 sqm (+27% increase compared to the previous year). In contrast, the modern vacancy fell by 12%, reaching a low of 38,000 sqm. Consequently only 14% of the total volume has modern facilities. Newly built space available for the first time also remains in short supply throughout the market area. The current vacancy rate is 8.2%.
- Around 34,000 sqm of office space are currently under construction, representing a 35% decline since last year. The pre-letting rate remains high at 94%.

Major contracts Q1-3 2025

Quarter	Sub-market	Company	sqm
Q1	2.1	City of Essen	13,000
Q3	1.1	City of Essen	5,800
Q2	3.1	City of Essen	2,200
Q1	2.1	Bryck	2,000
Q1	3.1	BKK Firmus	1,600
Q1	2.1	Educational institution	1,500

Development of vacant space



OUTLOOK

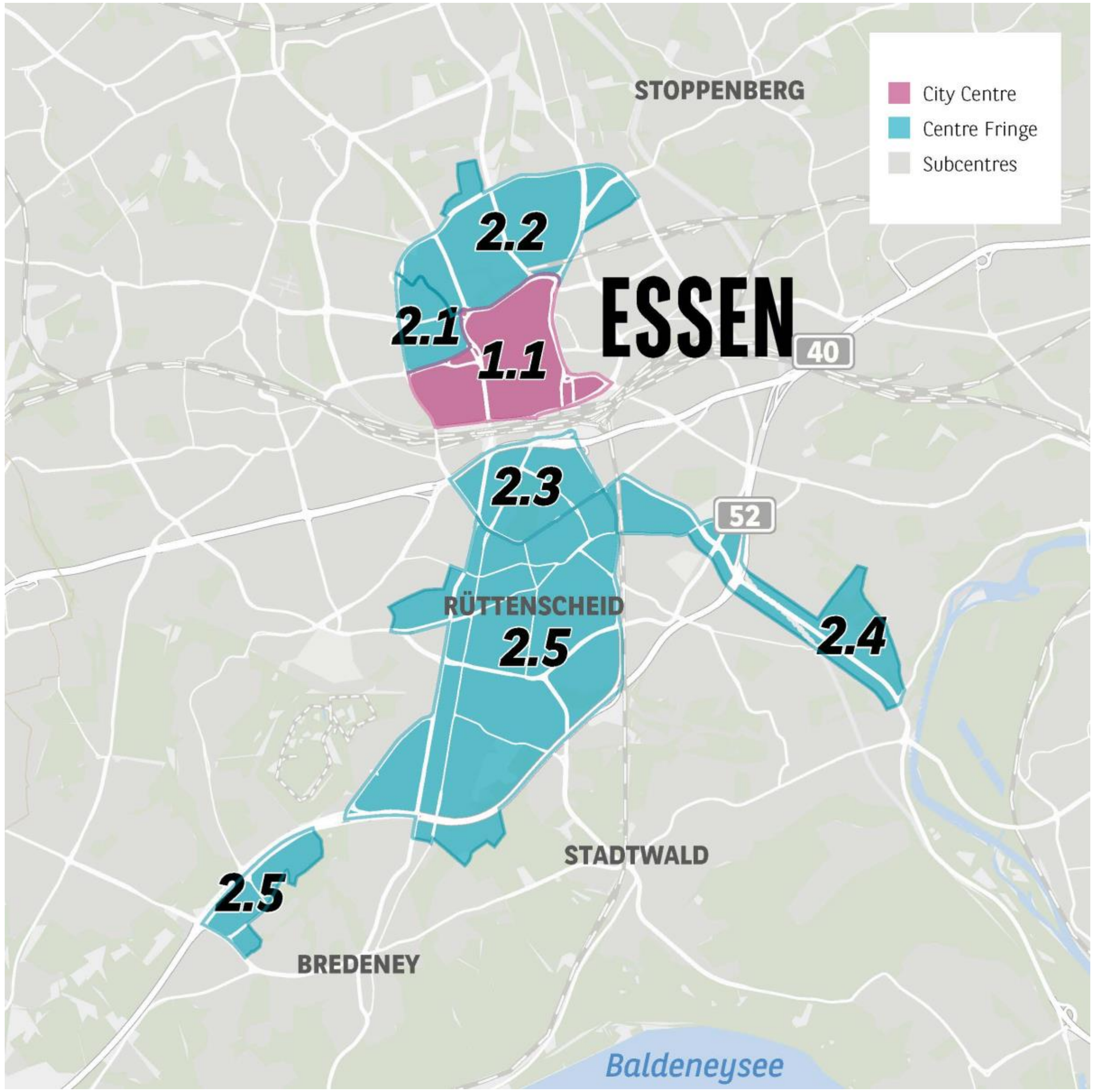
- The Essen office market had a subdued first three quarters. Although demand was significantly higher in the first quarter, particularly for medium and large spaces, it slowed down noticeably in the following two quarters. Consequently, the overall result is below average. However, the relatively high number of smaller transactions of up to 1,000 sqm is a positive highlight and forms a stable basis for the market.

- As a result, and in anticipation of a gradual recovery in the German economy, there are reasonable grounds for expecting a slight improvement in letting performance towards the end of the year. However, it seems unlikely that the figure will reach last year's level of 100,000 sqm. Whether one or two more major deals can be concluded will be the decisive factor here.

- In the coming months, little relief is expected on the supply side, particularly regarding modern office space. Although vacancy for older spaces are likely to increase slightly, modern, ESG-compliant spaces will remain scarce. Construction activity is also expected to continue declining, and most projects under construction are already fully pre-leased.

- Due to limited supply and sustained high demand, pressure on prime rents is expected to persist. Therefore, a further increase towards €20/sqm is likely.

Office submarkets Essen



Key indicators office market Essen

		PRIME RENT* (€/sqm)		TAKE-UP (sqm)	VACANT SPACE (sqm)			SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
		from	to	Q1-3 2025	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		18.50	9,000	37,800	2,800	0	6,000	2,000	39,800	32,100
2	Centre Fringe	14.00	19.00	29,000	124,200	9,000	0	14,800	0	124,200	158,800
3	Subcentres		15.70	7,000	102,000	26,200	1,000	13,200	0	102,000	2,100
	Total			**45,000**	**264,000**	**38,000**	**1,000**	**34,000**	**2,000**	**266,000**	**193,000**

* The prime rent given applies to market segment of 3-5 % in each case.
** The relevant submarket can be found on our website under „Research".

Contact

BNP Paribas Real Estate GmbH

Kettwiger Tor | Kettwiger Straße 2-10 | 45127 Essen

Phone: +49 (0)201-820 22-2

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