CITY REPORT
Office Market Düsseldorf
1st half 2015
**VERY GOOD HALF-YEAR RESULT**

Take-up of office space in the Düsseldorf market area (municipal area + periphery) in the first half of 2015 totalled 205,000 m². This was the best result since 2010, exceeding the prior-year figure by more than 18 % and the long-term average by around 16 %. There was a marked increase (nearly 38 %) within the municipal boundaries, where turnover came to 172,000 m². At the same time, the periphery registered a fall in turnover of over 31 % to 33,000 m². The pleasing result was due among other things to several large deals, such as those concluded by L’Oreal (16,700 m²) on Kennedydamm and by Rheinbahn AG (11,100 m²) in Düsseldorf South. The biggest shares of take-up were generated by the office market zones Kennedydamm (nearly 13 %) and Inner City (around 11 %), but in general take-up was spread fairly evenly across the different submarkets.

**BALANCED BUSINESS-SECTOR DISTRIBUTION**

In terms of the different business sectors, take-up was distributed quite broadly. Just like last year, the list is headed by the administrative units of industrial companies, with over 17 %. Next come information and communications technology firms with the much-improved share of around 15 %. Consultancies also stepped up their share somewhat, to take third place with 12 %. Then, both with around 11 %, come the sectors wholesale/retail and other services. The other groupings gained just single-digit shares. Transport and traffic, which had hardly put in an appearance in the prior-year period, generated nearly 8 %. It was followed by healthcare and public administration, both with around 6 % in line with their prior-year results. At around 4 %, the share obtained by the media and advertising was also much the same as the year before.

**MID-RANGE SIZE SEGMENT CHIEF FOCUS OF DEMAND**

Where the size-class distribution is concerned, there has been a shift from the small-unit to the mid-range segments. The biggest slice of turnover, just under 22 %, was registered by contracts for premises between 2,000 and 5,000 m². Then came the next-smaller category of 1,000 to 2,000 m² with 19 %, which represents a rise of more than 10 percentage points. Whereas in the first half of 2014 premises in the classes up to 500 m² had accounted for one third of all turnover, this year their share has dropped to one quarter, with a particularly marked fall of 8 percentage points being posted by the 200-500 m² category (18 %). All the same, the still high proportion of take-up achieved by small-unit leases indicates lively market activity. The biggest category, of premises above 10,000 m², generated 13.5 %. The 5,000-10,000 m² bracket stepped up its share slightly to obtain around 7 %.
**VACANCY LOWER**

Now standing at 967,000 m², vacancy in the Düsseldorf office market has shrunk by more than 3 % since mid-2014. The reduction chiefly involves premises in the Seestern submarket (122,000 m²). On the other hand, modern vacant space has expanded slightly, to 283,000 m² at present. That lifts the proportion of such space in the overall market area to over 29 %. Within the municipal boundaries, the proportion of modern vacancy, at just over one third, is slightly higher. The vacancy rate has fallen to 10.4 % in the overall market area and 9 % in the municipal area.

**HIGH AVAILABILITY OF NEWLY BUILT PREMISES**

The total volume of space under construction, 186,000 m², has remained virtually the same as in the prior-year period. But the past twelve months have actually seen changes: up to the end of 2014 a whole series of properties were completed, then, as from the beginning of this year, building activity started to increase again. At 95,000 m², over half (51 %) of the space currently being created is still available to the rental market. Nevertheless, the reduction in vacancy means that the overall available supply of space (vacancy plus available premises under construction) has fallen marginally, by just over 1 % to 1.06 million m².

**PRIME RENT AT 26 €/m²**

Up to the end of 2014, the prime rent had risen by 5.5 % to 26 €/m², and it has remained steady at that level since then. It is obtained, as before, by premises offering a high-grade fit-out and located in very good parts of the CBD / Banking District. The average rent there has also climbed by 5 % year-on-year to 20.30 €/m². In the other submarkets, there have been both upward and downward movements on the rental price front.

**OUTLOOK**

The second half of the year can also be expected to produce lively activity in the Düsseldorf office market, which should result in a very good turnover for 2015 as a whole. For a start, there are several large deals in preparation, while the commencement of building on the Kö-Quartier and the Carlsquartier should step up demand, particularly in the CBD / Banking District. The overall upward trend in construction activity seen during the first six months is set to continue, and since some of the premises being created are neither prelet nor destined for owner-occupation, the proportion of available new-build space should increase further. The increased supply of available high-grade space should in the medium term then lead to a modest rise in the level of the prime rent.
### Key indicators Düsseldorf in the 1st half 2015

<table>
<thead>
<tr>
<th>Top rent* (€/m²)</th>
<th>Take-up (m²)</th>
<th>Vacant space (m²)</th>
<th>Space under construction (m²)</th>
<th>Space on offer (m²)</th>
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<tbody>
<tr>
<td></td>
<td>2015 total</td>
<td>total of this, since completion</td>
<td>total of this, since completion</td>
<td>2016 until June</td>
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<td>2016 from July</td>
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<td>1 2 3 4=5+7+9</td>
<td>5 6 7 8 9 10</td>
<td>11 12=10+11 13 14=4+13 15</td>
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#### 1. City Centre
- **CBD/ Banking District**
  - 26.00
  - Rents: 20.30 TDM: 10,500 V: 53,500 S: 23,000
  - Take-up: 5,500
  - Vacant space: 6,500
  - Space under construction: 29,500
  - Space on offer: 0

#### 2. Office Centres
- **Grafenberger Allee**
  - 12.80
  - Rents: 11.60 TDM: 8,000 V: 42,000 S: 35,000
  - Take-up: 0
  - Vacant space: 7,000
  - Space under construction: 34,000
  - Space on offer: 0

#### 3. Centre Fringe
- **Friedrichstadt**
  - 17.00
  - Rents: 9.50 TDM: 5,000 V: 43,000 S: 0
  - Take-up: 0
  - Vacant space: 42,500
  - Space under construction: 0
  - Space on offer: 0

#### 4. Subcentres
- **Düsseldorf North**
  - 17.50
  - Rents: 17.00 TDM: 14,000 V: 80,500 S: 27,500
  - Take-up: 2,000
  - Vacant space: 2,000
  - Space under construction: 49,000
  - Space on offer: 12,000

#### 5. Periphery
- **Ratingen West**
  - 11.00
  - Rents: 8.00 TDM: 9,000 V: 49,500 S: 49,500
  - Take-up: 0
  - Vacant space: 42,000
  - Space under construction: 42,000
  - Space on offer: 49,500

* The top rent given applies to a market segment of 3-5% in each case. © BNP Paribas Real Estate GmbH, June 30, 2015
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