STILL WAITING FOR MAJOR DEALS

With take-up now standing at 65,000 m², the Essen office premises market is gradually gathering momentum. Although that is well below the prior-year total (-32 %) and the long-term average (-27 %), it represents a rise of more than 71 % compared with the half-year figure. One reason for the weak result has been the lack of major deals upwards of 10,000 m²; last year these helped to produce an above-average performance. Up to now, around half of take-up has been generated by contracts in the mid-range segments between 500 and 2,000 m². Together, deals in the size classes 2,000-5,000 m² and 5,000-10,000 m² account for about one quarter of aggregate turnover. Notable examples have been leases concluded by Noweda Apothekenmarketing (7,500 m²) in the Remaining Municipal Area, and by ISTA Germany and Thyssen Krupp (each: around 2,100 m²) in the Centre Fringe.

INDUSTRIAL HEADQUARTERS LEAD FIELD

In the business-sector distribution of take-up, the list is topped by industrial headquarters. This grouping has expanded its prior-year share by almost 14 percentage points to give it a slice of about 23 %. Just behind, and accounting for the biggest number of individual deals, comes the sector other services, with 21 %. Last year’s leader, wholesale/retail, makes it into this year’s Top 3 with a share of just under 16 %, fuelled by the lease signed by pharmacy marketing firm Noweda. Single-digit slices were produced by public administration (just under 9 %), and consultancies and the media and advertising (each: around 6 %). All the other sectors posted lower shares, but together these came to almost 21 % of the total.

REDUCTION IN MODERN VACANT PREMISES

At present, the aggregate volume of vacant space – 175,000 m² – is only marginally lower (2 %) than at the same time last year. On the other hand, the stock of empty space of the kind most in demand among tenants – modern premises – has fallen by almost 23 % in the past 12 months to 31,000 m², meaning that it now represents only just under 18 % of the overall total. Most of the relevant premises are located in the submarket Rüttenscheid/Bredeney and in the Remaining Municipal Area. The vacancy rate has continued to fall and now stands at just 4.8 %.
INCREASE IN BUILDING ACTIVITY

In Essen, the scale of building activity is traditionally restrained, but in the past 12 months it has picked up appreciably, something due to instance to several sizeable owner-occupier buildings and projects for individual tenants. At 142,000 m², the current volume of space under construction is more than four times what it was a year ago. However, the rental market will benefit from this only to a limited extent. Although a considerably higher stock of modern premises is now available, at 31,000 m², this still corresponds to only 22 % of the overall volume being built.

HARDLY ANY CHANGES IN RENTAL PRICES

On the rental price front, there have been hardly any changes. The prime rent, obtained in Core City for premises offering modern quality specifications, has stayed steady at 14 €/m². Isolated fluctuations in the field of average rents in individual precincts have been due primarily to what is currently on offer there and do not point to any general trend. In view of the scarce supply of modern office units, however, it is quite possible that rents may come under some upward pressure in the coming quarters.

OUTLOOK

The upturn in demand apparent in the third quarter looks set to be sustained during the rest of this year. So it seems quite realistic to expect take-up for the year as a whole to be more or less on a par with the long-term average. It remains to be seen, though, whether it will prove possible to pass the 100,000 m² mark again. No sharp changes on the vacancy front are to be expected, while the volume of space under construction should continue to expand somewhat.