At a Glance Q2 2017

OFFICE MARKET DORTMUND

THIRD-HIGHEST RESULT OF ALL TIME

The Dortmund office market is booming: The exceptionally good start to the year (21,000 m²) was followed by three further months with high take-up which fell just short of a new record. At 47,000 m², the mid-term result was only slightly down on the previous year’s figure (-6 %) and outstripped the ten-year average by 26 %. The second quarter witnessed a number of larger deals. These include the 6,000 m² new building for IT service provider Adesso at Stadtkrone Ost, construction of which has now begun, the letting of 6,800 m² to business consultancy KPS AG in the “Kontor am Kai” development at lake Phoenix See and 5,500 m² let to Jobcenter Dortmund in the city centre. The smaller segments also enjoyed buoyant demand.

OTHER SERVICES IN 1ST PLACE

Two sectors on the Dortmund office market amassed a particularly large number of deals, together accounting for over half of the total take-up of space. The sectors concerned are the collective group of other services, which ranks first with a share of almost 26 %, and information and communication technologies, with around 25 %. In the consultancy sector, the deal with the KPS consultancy was an important contributory factor. This sector gained 17 percentage points to claim an 18 % share. Public authorities also took a double-digit share (12 %). The healthcare and insurance sectors then follow up at a considerable distance, with 5 % and 4 % respectively. All other sectors contributed lower shares to the overall result.

VACANT SPACE REMAINS IN DECLINE

In the face of high demand, vacant space has continued to fall, totalling 104,000 m² at the end of the first half of the year. This represents a very low level and is down by a good 15 % on the figure a year ago. The largest share of vacant space (55,000 m²) is in the inner-city, which is where the highest take-up of office space is also generally located. Only 24,000 m² of the modern office space which is favoured by users now stands vacant. This corresponds to a share of around 23 % and is below the nationwide average. The reduction in vacant space is reflected in the vacancy ratio, which is extremely low at 3.6 %.
NO SPACE AVAILABLE IN NEW DEVELOPMENTS
Construction activity has been ramped up substantially over the past 12 months (+146%). None of the 59,000 m² of space under construction remains available on the market. Furthermore, construction activity is limited to secondary locations, which also include the Phoenix-West market zone. In all, 48,000 m² of office space are under construction here. A notable development is 21,000 m² which are under development by owner-occupier Amprion. The total available floor space (vacant space plus available space under construction) has fallen to 104,000 m², that is, it is limited solely to the currently vacant space.

PRIME RENT REMAINS STABLE
The prime rent, which is attained for high-quality, modern office space in the city centre, remains stable at 13.50 €/m². It has been at this level since 2014. In contrast, rising trends were to be observed in the secondary locations, where the highest rents rose, for example in the Stadtkrone Ost market zone by almost 14% to 12.50 €/m², in Phoenix-West by a good 4% to 12.50 €/m² and at Phoenix-See by 4% to 13 €/m². As a result, the average rent for the market as a whole has risen by over 15% to 10.50 €/m².

OUTLOOK
The Dortmund office market has reported outstanding mid-term figures for the second year in succession. In view of the continuing high level of demand, market activity is expected to remain buoyant in the second half of the year, too. In all probability, take-up will nevertheless remain below last year’s result, which received a substantial boost from network operator Amprion’s major deal for more than 21,000 m².