POSITIVE RESULT DESPITE LACK OF MAJOR DEALS

Take-up on the Essen office market totals 79,000 m² to date, which clearly surpasses last year’s result by almost 22%. The overall good result remains around 7% below the 10-year average, however, with only two larger-scale deals concluded so far. Thyssen Krupp Real Estate is taking up 12,200 m² at Essen central station and the Competence Call Center Essen, a service provider for Facebook, has signed a lease for 9,700 m² in Weststadt. Large-volume contracts, which would be essential for a very good overall result in a comparatively small market such as Essen, are otherwise lacking. Almost two thirds of the take-up currently relates to lets in the segment below 5,000 m². The market zone with the largest take-up at present is Südviertel, which accounts for around one quarter of the volume to date. The subcentres contribute a substantial 22,800 m² as a result of several deals over 1,000 m².

ICT FIRMS TAKE THE LEAD FOR THE FIRST TIME

The breakdown of take-up by sectors reveals a first on the Essen market, with ICT firms, which have generally been in the leading field in recent years, taking over the lead for the first time, on a good 31%. Second place goes to industrial HQs, which claim a share of just under 22% thanks to the let to Thyssen Krupp Real Estate. This traditionally represents one of the strongest sectors. The leading trio is rounded off by other services, which take up their customary place on the winners’ podium on just under 19%. Consultancies follow at a substantial distance on a good 8%, while public administration (a good 5%) and wholesale/retail (a good 3%) have played a somewhat minor role to date.

STEEP RISE IN MODERN VACANT SPACE

Vacant space has risen to a new high of 209,000 m², topping the 200,000 m² mark again for the first time since the end of 2014 as a result of a number of properties having been vacated and released back onto the market after comprehensive refurbishment. This figure is 19% up on the corresponding volume last year. It consists primarily of modern vacant space, which has almost doubled over the past 12 months, to 57,000 m² (+ 84%). The largest share of vacant space is located in Rüttenscheid/Bredeney, while the Core City also contributes 40,300 m². The vacancy ratio now stands at 6.5%, which represents a mid-range figure in comparison to the Big Six.
Almost all space under construction accounted for

Space under construction in Essen totals 95,000 m², which is around 33% below last year’s figure. Some 30% of this space is located in the Core City. Südviertel contributes 16,000 m², with an additional 12,600 m² coming from Rüttenscheid/Bredeney. Further 37,600 m² are under construction in the remaining municipal area. As a result of pre-letting and owner occupation, less than 17% of the space under construction remains available, however, which represents the lowest percentage of all leading German office market locations. This means that the traditional low-level, speculative construction activity has virtually no impact on the supply of available space in Essen, which currently totals 225,000 m².

Slight rise in prime rent

The prime rent has risen by 7% in comparison to last year, to 15 €/m², and is attained for modern space in Südviertel. Rents on the Essen office market have otherwise remained generally stable. Both the highest rents in the other market zones and the average rent for the market as a whole, which currently stands at 10.10 €/m², have levelled off.

Outlook

The interim result for Essen’s office market is not exceptionally good, but nevertheless gratifying. The market presents an agile picture across all size categories and is headed for an overall result well in excess of 100,000 m². Vacant space should decline again by the end of the year, thereby reducing the volume of space available in the short term. It remains to be seen whether this will affect rent levels.

Key indicators Essen Q1-3 2017

<table>
<thead>
<tr>
<th>Submarket</th>
<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>
</tr>
</thead>
<tbody>
<tr>
<td>1 City Centre</td>
<td>from to</td>
<td>Q1-3 2017</td>
<td>total</td>
<td>modern</td>
<td>of this, since completion</td>
</tr>
<tr>
<td>1.1 Core City</td>
<td>14.00</td>
<td>6,400</td>
<td>40,300</td>
<td>19,800</td>
<td>1,000</td>
</tr>
<tr>
<td>2 Centre Fringe</td>
<td>10.50 - 15.00</td>
<td>44,000</td>
<td>123,800</td>
<td>30,300</td>
<td>1,700</td>
</tr>
<tr>
<td>3 Subcentres</td>
<td>12.00</td>
<td>28,600</td>
<td>44,900</td>
<td>6,900</td>
<td>300</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>79,000</td>
<td>209,000</td>
<td>57,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

* The top rent given applies to a market segment of 3-5% in each case.
** The relevant office market zone can be found on our website under “Research”.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint   Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.09.2017

Further Information   BNP Paribas Real Estate GmbH | Branch office Essen | Phone +49 (0)201-820 22-2 | www.realestate.bnpparibas.de

Real Estate for a changing world 2