PLEASING RESULT IN THE OFFICE MARKET

The Dortmund office market presents an overall very pleasing result for 2017 with a take-up of 88,000 m², which is almost 5% above the long-term average. Although this was well below the record result of the previous year (-24%) and the continuous growth seen since 2013 has been interrupted, it should be noted that the result for 2017 was achieved without any bigger deals. The lease agreements involving the consultancy firm KPS (6,800 m²), the IT service provider Adesso (6,000 m²) and Jobcenter Dortmund (5,500 m²) were the only three lease agreements for over 5,000 m². It was almost impossible to achieve a better result, particularly as space available in the short term is in very short supply. Instead, dynamic activity was seen in the small to medium-size segments across almost the entire Municipal Area. As usual, the Core City achieves the highest take-up (30%), but Rheinlanddamm in the Centre Fringe (17%) and Phoenix-See (13%) are also strongly represented.

ICT FIRMS NUMBER ONE, CONSULTANCIES STRONG

The ranking by sectors is led by two groups which have been a permanent presence on the podium in recent years. Information and communication technology firms take over as number one after a very strong year thanks to the agreements involving Adesso and Rent24 (4,300 m²) with just over 23%. Other services, the previous year’s number one, took second place with 21%. Consultancies on the other hand were a newcomer on the winners podium, taking third place with a record take-up of over 14,000 m². Lobbyists also leased more than ever and took fourth place with a take-up of around 9,400 m². With this they move ahead of the traditionally strong public administration, which held back activity somewhat in 2017 and registers a comparatively low 10%.

VACANT SPACE AT AN ALL-TIME LOW

For the third year in a row a significant reduction in vacant space (-10%) has been seen and it has now fallen to an all-time low with a total of 95,000 m². Almost two thirds of this is found in the Core City, and a further 10% in Rheinlanddamm. The modern space favoured by occupiers has reduced even more sharply of late by 21% and has never been in such short supply with a total area of 19,000 m². It now only accounts for 20% of vacant space. With this, the vacancy rate has fallen again and is very low compared to the rest of Germany at only 3.3%.
MORE SPACE UNDER CONSTRUCTION - BUT NOT AVAILABLE

Space remains in very short supply in the Dortmund office market. The significant increase in construction activity to 52,000 m² (highest level since 2009 and up 58 % on the previous year) provides hardly any relief, as all space is fully let before completion and occupied by owner-occupiers. It is therefore no longer available to the letting market. Half of the construction activity is in Phoenix-West, and a large share (18 %) of the new office space is also being built in Phoenix-See. Therefore the total space available consists of the vacant space only and remains below 100,000 m² for the time being.

INCREASE IN TOP RENT

The on the whole short supply of modern space together with a good demand situation has contributed significantly to the rise in the top rent for office space with modern facilities in the Core City over the course of the year to currently 14 €/m². The highest rents in the submarkets Rheinlanddamm (+15 %) and Stadtkrone East (+14 %) have also risen significantly to 12.50 €/m². In the other submarkets the top rents remained largely stable.

OUTLOOK

The past year showed that Dortmund has an on the whole wide and diverse demand base. For 2018 another dynamic year is expected due to the positive economic conditions. However, large-volume deals are needed for a fresh attack on the 100,000 m² mark. The demand for new, modern space in good locations is unbroken, as a result a further rise in top rents cannot be ruled out.