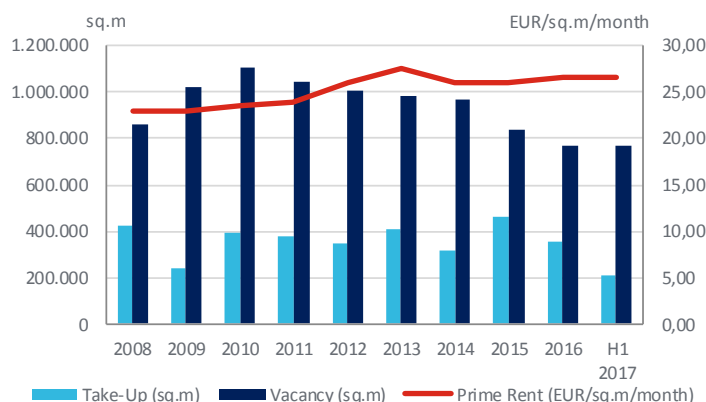




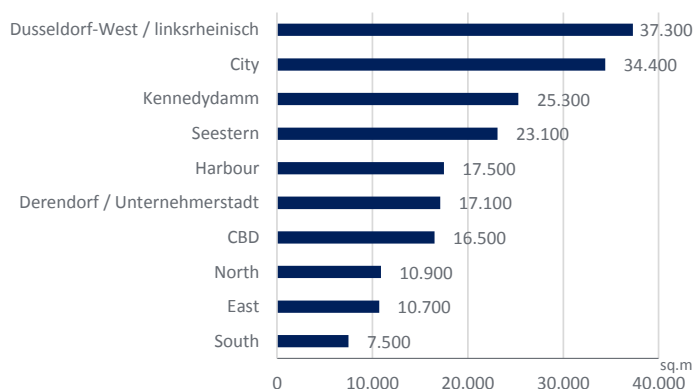
# OFFICE MARKET DUSSELDORF H1 2017



## Overview

After a strong start to 2017, leasing activity kept its momentum, increasing to 113,000 square metres in the second quarter of 2017 and pushing the first-half total to 208,000 sq.m. Accordingly, take-up rose almost 14% year-over-year. Vacancy is back on its long-term trend. Office vacancy decreased from 8.5% at the end of March to currently 8.3%. Düsseldorf's prime rent is achieved in the CBD and was stable at EUR 26.50 per sq.m/month. Overall, rent levels were solid across all submarkets. Rents only tend to edge upwards in very selected locations.

## Take-Up by Submarket



## KEY MARKET FIGURES

### Market Area Düsseldorf\*

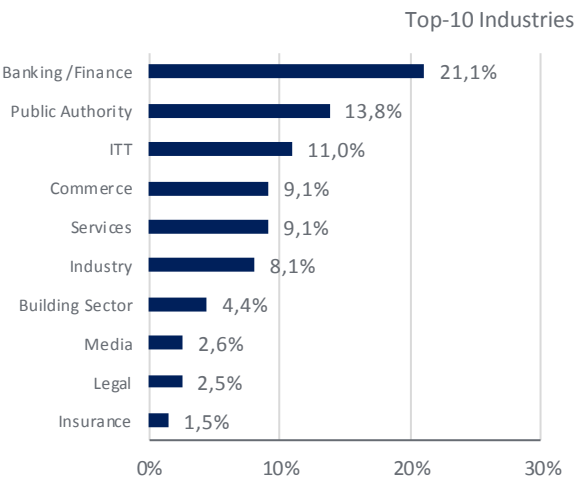
Take-Up	208,000 sq.m
Vacancy	766,000 sq.m
Vacancy Rate	8.3%
Completions	38,100 sq.m
Under construction	198,000 sq.m
Prime Rent	26.50 EUR/sq.m/month
Prime Yield (net initial)	3.90%

## DUSSELDORF

Inhabitants (12-2016)	635,704
Unemployment Rate (06-2017)	7.2% (German Average 5.5%)
Trade Tax Rate	440%

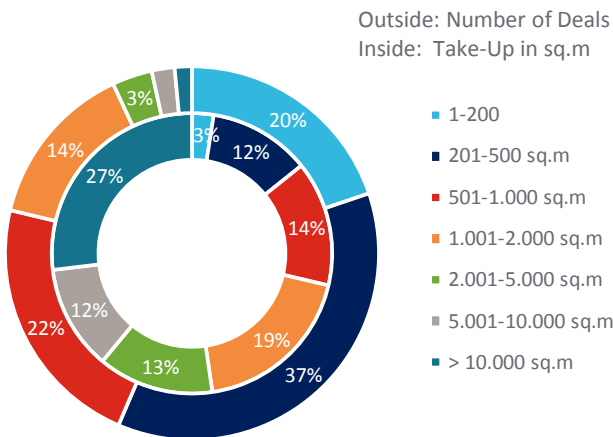
Take-Up by Industry

The most active tenant group was banking and finance, responsible for 21% of take-up. Large deals by HSBC (22,000 sq.m) and Bankhaus Lampe (15,000 sq.m) were the main drivers of this positive result. Public administration contributed almost 14% of take-up backed by the 20,300 sq.m deal signed by the City of Dusseldorf. IT/telecommunications companies and Dusseldorf’s strong commerce sector generated generated another 11% resp. 9%.



Take-Up by Size and by Number of Deals

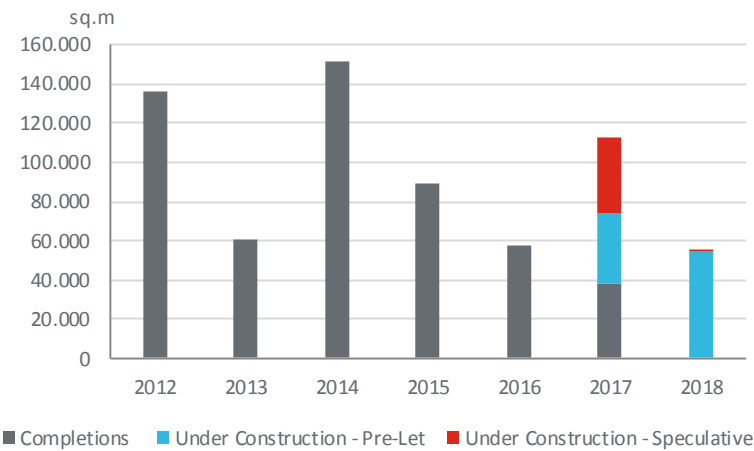
Letting volume rose across all size segments in a year-over-year comparison. Leasing activity soared noticeably in the 1,001-to-2,000 sq.m segment with 29 completed deals accounting for a 19% market share (40,000 sq.m). While no deal above 10,000 sq.m was completed in H1 2016, it was 3 deals in H1 2017 accounting for 27% market share. Four size segments contributed 12% – 14% market share respectively in H1 underpinning the market’s stability and diverse tenant base.

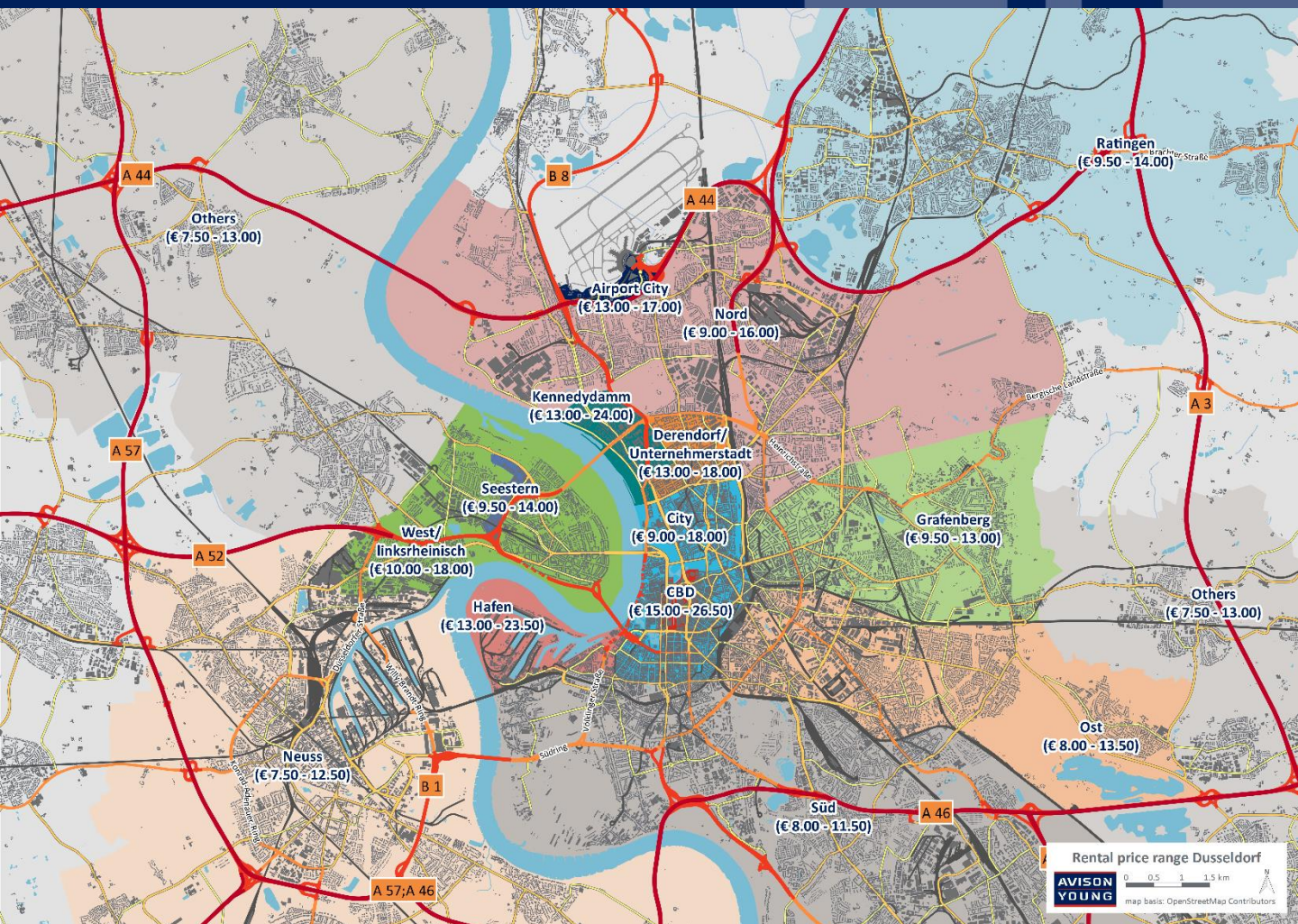


Market shares < 2 % are not shown

Completion Volume

While 38,100 sq.m of new space was delivered during the first half of 2017, a further 74,000 sq.m is set for completion in the second half. Thereof approx. 50% is pre-let in summer 2017. The level of completion is forecast to decrease noticeably next year. Currently 198,000 sq.m office space is under construction with a pre-letting share of 70%.





## Outlook

- Market activity is set to remain high in the second year half and a strong annual letting volume is on the horizon.
- Sentiment among market players is good and office space demand particularly high for new and modern office space.
- Office vacancy is likely to decrease only moderately in H2 2017.
- Prime rents are currently at EUR 26.50 per s.qm/month and are expected to move sideways as will rent levels in most submarkets. Rents are forecast to rise in selected locations only.
- Total take-up is forecast to surpass the 350,000 sq.m threshold.

Sources: Thomas Daily, Bundesagentur für Arbeit, Destatis, Stadt Düsseldorf, IHK Düsseldorf, Avison Young

Picture credit: Office Building Graf-Adolf-Platz 1-2. Another office building on the CBD fringe that was successfully rented out with the support of Avison Young.

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