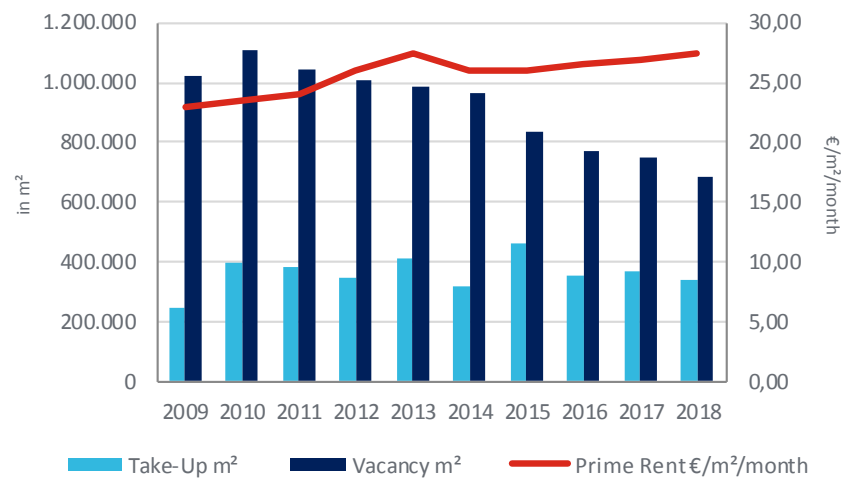




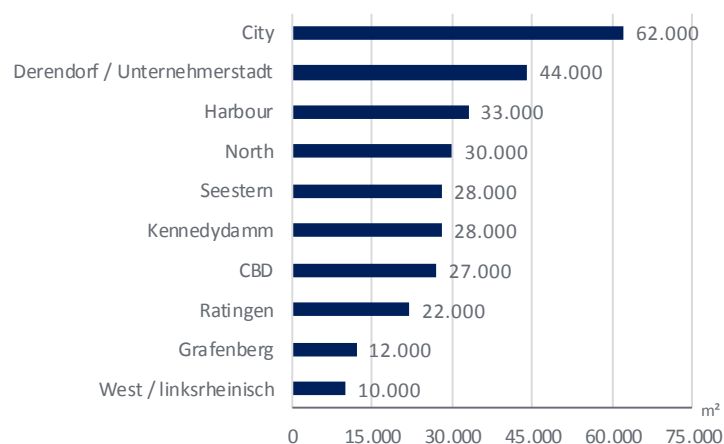
# OFFICE MARKET DUSSELDORF Q4 2018



## Overview

The traditional year-end rally was missing in the Dusseldorf office market in 2018. Around 60,000m² was let in the final quarter, bringing the total take-up to 336,000m². Thus, the previous year's result was missed by 8.5% and in the long-term comparison, 2018 was one of the weaker but nevertheless solid years. In general, there was strong demand, only the number of large contracts was below average. Vacancy has continued to fall during the year. Prime rents gave in to upward pressure in the fourth quarter and rose by 0.50 €/m²/month.

## Take-Up by Submarket, Top-10



## KEY MARKET FIGURES

Market Area Dusseldorf\*

Take-Up	336,000m²
Vacancy	688,000m²
Vacancy Rate	7.4%
Completions	78,300m²
Under construction	301,000m²
Prime Rent	27.50 €/m²/month
Prime Yield (net initial)	3.10%

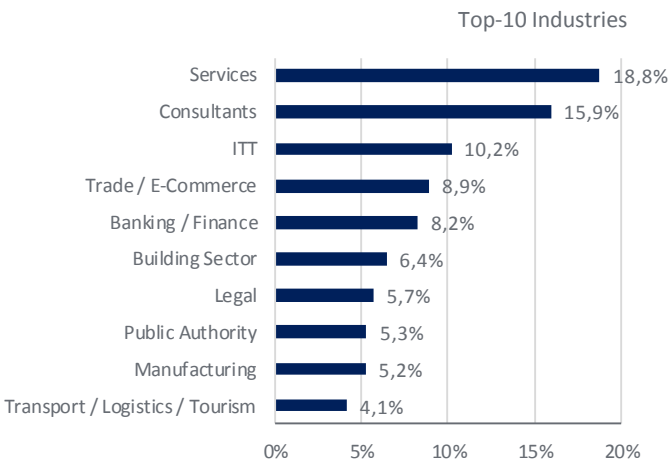
## DUSSELDORF

Inhabitants (2017)	639,407
Unemployment Rate (12-2018)	6.5% (German Average 4.9%)
Trade Tax Rate	440%

\*Market Area = City of Dusseldorf, Neuss, Ratingen

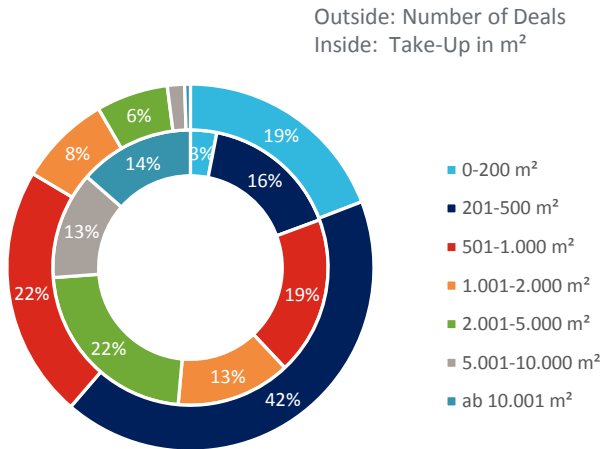
### Take-Up by Industry

Service companies were able to sustain their top position in the industry ranking. Their take-up includes 12 leases for a total of 27,000m<sup>2</sup> closed by co-working providers. Deloitte's 35,500m<sup>2</sup> deal was the driver for the strong consulting industry result. The IT sector leased more than 30,000m<sup>2</sup>. Overall, the range of industries is broad and is key for a stable demand base.



### Take-Up by Size and by Number of Deals

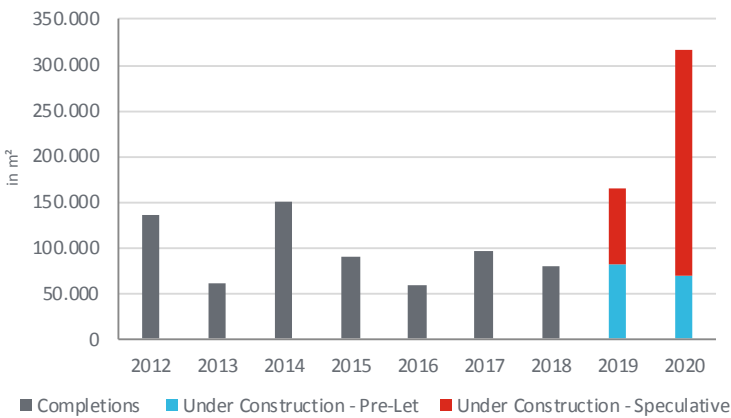
The comparison with the previous year shows that the most recent decline in take-up is primarily due to the lower number of major contracts. While in 2017 four deals larger 10,000m<sup>2</sup> were closed (67,300m<sup>2</sup> in total), the number decreased to two contracts and 45,500m<sup>2</sup> in 2018. In contrast leasing activity soared in the segment 2,001 - 5,000m<sup>2</sup> with 25 deals closed (2017: 17 deals). An important basis for the market continues to be contracts between 201 - 1,000m<sup>2</sup>, which have increased in terms of turnover and in total numbers compared to 2017.

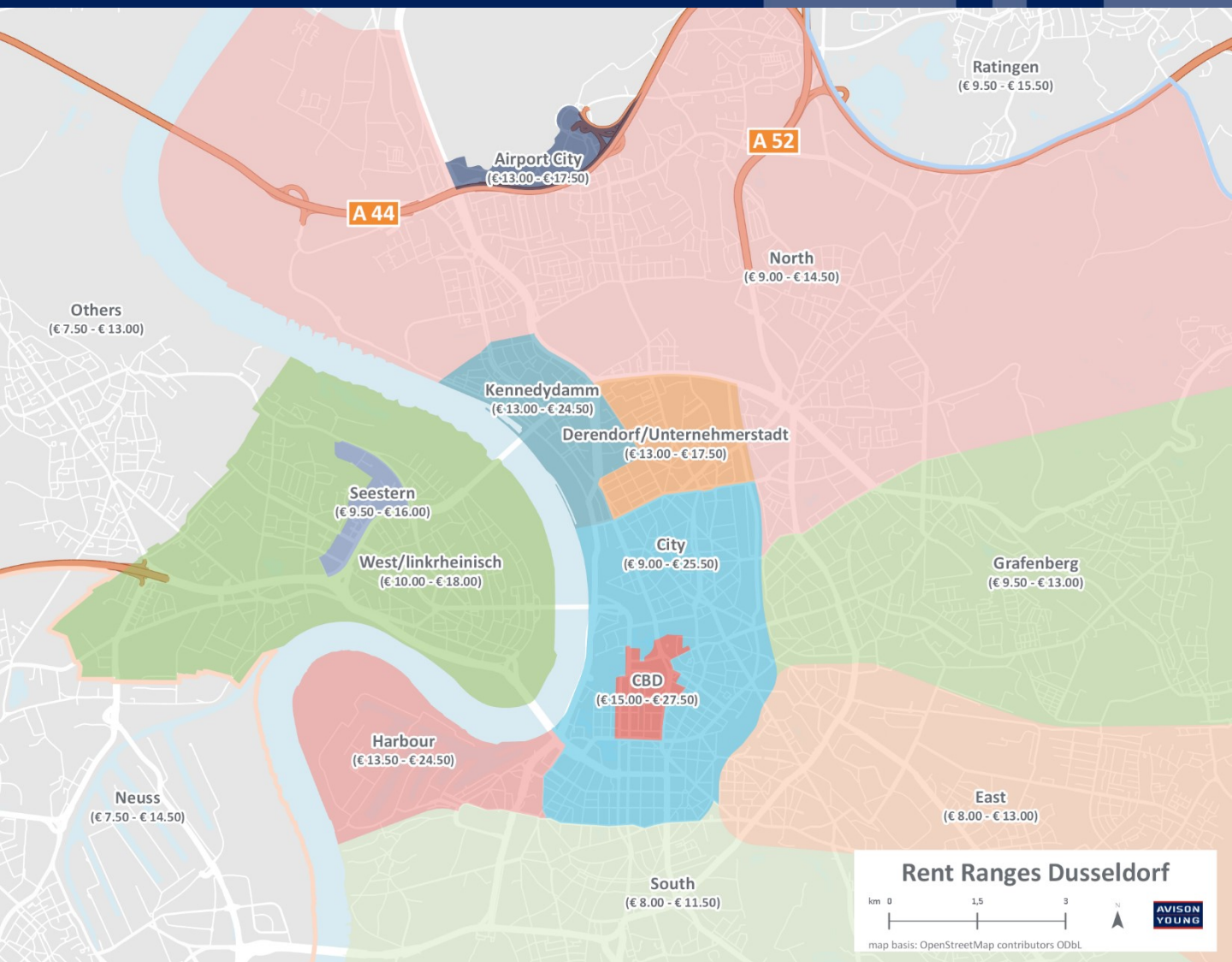


Market shares < 2 % are not shown

### Completion Volume

Construction activity increased noticeably by 36% during the year to its current level of 301,000m<sup>2</sup>. However, 77% is already pre-let. For office space targeted for completion in 2019, the pre-letting rate is 69%, and for the expected space in 2020 the pre-letting rate is already at 83%. In total, only some 70,000m<sup>2</sup> of the space under construction is currently available.





## Outlook

- The mood among Düsseldorf's market players is good, the demand for office space is high and there are some large-scale deals in the market for which successful closing is likely in the first half of the 2019. The start of the year should be correspondingly brisk. Supported by a generally stable economic development, we expect solid take-up in 2019, which should be at the same level as the previous year and therefore around 350,000m<sup>2</sup>.
- Vacancy will continue to fall in 2019. The available space in projects under construction will quickly find tenants and be fully let before completion.
- Rents will sustain their high level in the coming months. In selected and highly sought-after locations, we see potential for further moderate rent increases.

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

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