



Office market report 2015 | Q1

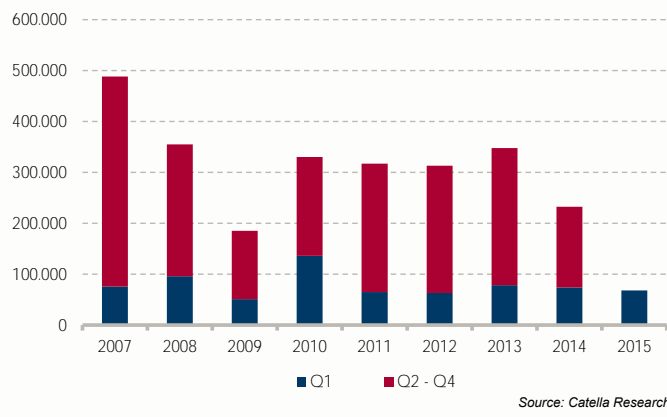
Düsseldorf



Düsseldorf office market with stable start to the new year

Despite a low number of large-scale leases, space rented on the state capital office property market posted solid take-up. As anticipated, prime rents remained at the level of the end of 2014, while the reduction of vacancy level continues.

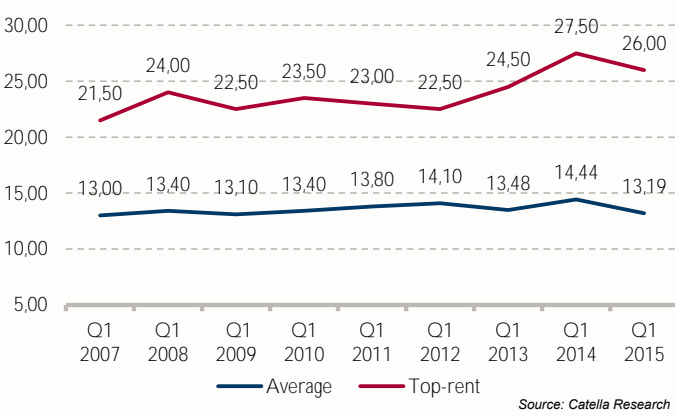
Take-up in square metres



In the first quarter of the year, Catella Research recorded take-up of 68,370 square metres for the state capital (only City district, not surrounding region). In comparison to the same period of the previous year, this is a decline of 8%. At the beginning of the year, the number of large-scale take-ups exceeding 5,000 square metres remained very small. Considerable growth was posted only for new small to medium-size lease agreements.

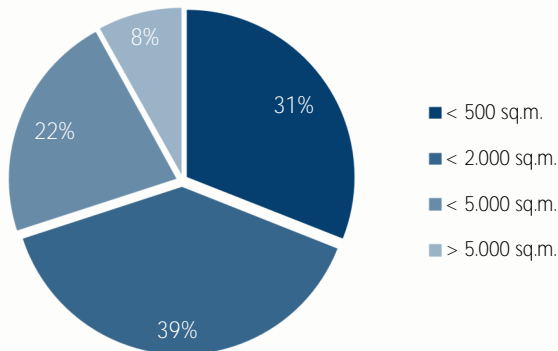
The highest take-up of 18,580 square metres (27% market share) took place in the Seestern / Left bank of the Rhine sub-market. Compared to the same period of the previous year, take-up moved up by a total of 10,435 square metres and was driven primarily by numerous new leases with volumes exceeding 1,000 square metres. Last year, the strongest sub-market was the North district. At 17,180 square metres (25% market share) it defended its status and was the second-strongest sub-market. The year-on-year decline in the first quarter was 24% and was due primarily to the lack of large-scale leases exceeding 5,000 square metres. With 12,890 square metres (19% market share), the City sub-market also posted a decline (-34%). Leases were largely dominated by small-scale contract sizes. The other submarkets such as Königsallee / Bank District, Kennedydamm and North East / Grafenberg also posted declining take-up. Only the Port sub-district doubled take-up, due to two leases above the 1,000 square metres level.

Rent prices trend in €/square metre



In the first quarter of 2015, the prime rent in Düsseldorf was €26.00 per square metre, the same as at the end of 2014. The decline in comparison to the first quarter of 2014 is due to the absence of lease contracts in the high-price segment. At €13.19 per square metre, the weighted average price declined by 9%. This is driven primarily by the lack of large-scale high-price leases in the City, Königsallee / Bank District sub-markets.

Take-up by size category



Source: Catella Research

The traditionally strong size category between 501 square metres and 2,000 square metres generated take-up of 26,670 square metres (39% market share), at the same time representing the highest take-up on the Düsseldorf office market. Against the previous year, space leased more than doubled. Small-scale spaces (up to 500 square metres) achieved the second highest take-up for this group at 21,085 square metres (31% market share). However, due to a lower number of lease contracts, this size category posted a 17% decline in take-up. Even so, almost three quarters of all

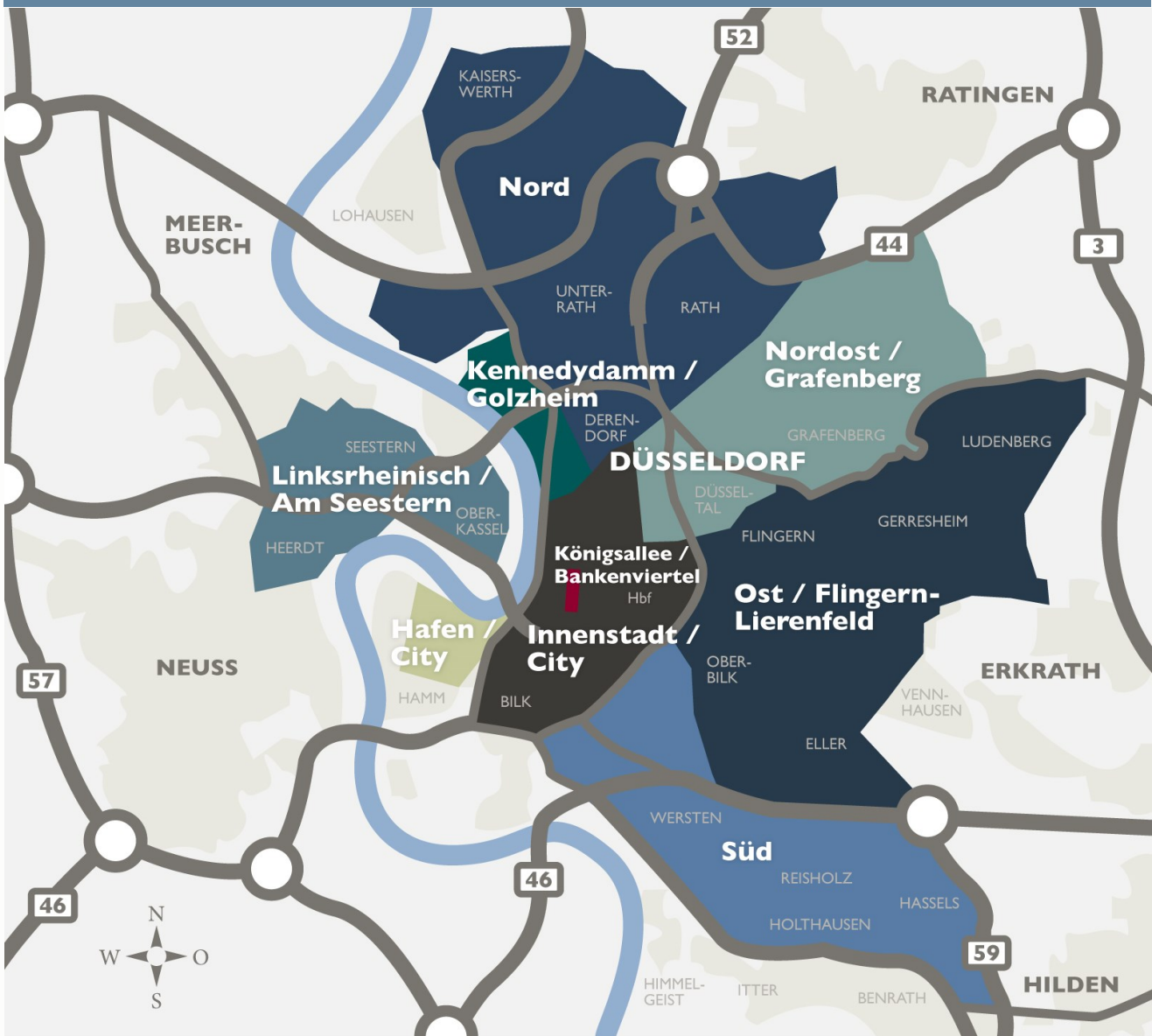
new lease contracts were made for this size category. Due to the low number of lease contracts, there was a downturn in take-up of 8,900 square metres in the category from 2,001 square metres to 5,000 square metres. The largest lease contract in this size category was the lease agreement of Strabag Property and Facility Services with 4,655 square metres in the North sub-market. For the large-scale lease category (> 5,000 square metres) a level of only just under half of the take-up in the previous year was posted. This was limited to the T-Systems lease of 5,450 square metres in Heerdter Lohweg 35. In the same period of last year, take-up amounted to 11,900 square metres on the basis of two lease agreements. Overall, the restrained lease performance of the two larger size categories from 2,000 square metres was the key factor determining the take-up decline in Düsseldorf.

In the first quarter of 2015, vacant office space in Düsseldorf moved down against the previous year by 34,440 square metres to the current level of 805,430 square metres. With total office space of 7,599,842 square metres, the vacancy rate calculated by Catella Research is 10.8%.

Conclusion

The state capital posted a stable quarterly result. However, what is striking is the low take-up in the size categories above 2,000 square metres. Only the traditionally strong size category between 501 square metres and 2,000 square metres posted a strong upturn in take-up, making up for the few large contracts. At the same time, take-up was down in almost all sub-markets. However, the stable development of prime rents was pleasing, underpinned by high-priced leases in very good locations. Over the course of the year, an increase in what so far has been a weak leasing situation in the category above 2,000 square metres is anticipated. To the end of the year, Catella Research is expecting rising demand and is forecasting office space take-up of up to 300,000 square metres.

Submarket map



Submarket *	Ø rent €/sq.m. / comp. Q1 2014	Top-rent €/sq.m. / comp. Q1 2014	Take-up sq.m. / comp. Q1 2014
City / Innenstadt	13.31 ↓	26.00 ↓	12,890 ↓
Seestern / Linksrheinisch	11.75 →	18.00 ↑	18,580 ↑
Nord	11.41 ↓	16.50 →	17,180 ↓
Kennedydamm	14.54 ↓	19.00 ↓	1,900 ↓
Königsallee / Bankenviertel	21.10 ↑	25.50 ↑	2,750 ↓
Hafen	16.06 ↑	19.00 →	6,950 ↑
Nordost / Grafenberg	11.46 ↓	13.00 →	3,060 ↓
Süd	9.00 ↓	12.20 ↓	450 ↓

* Evaluation without submarket Ost / Flingern-Lierenfeld

Source: Catella Research



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