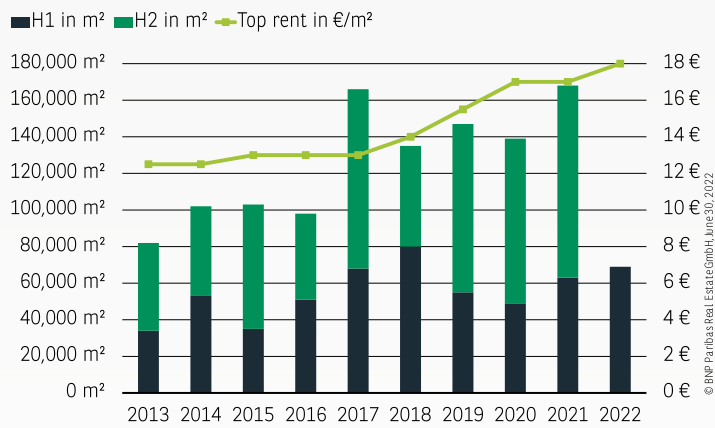




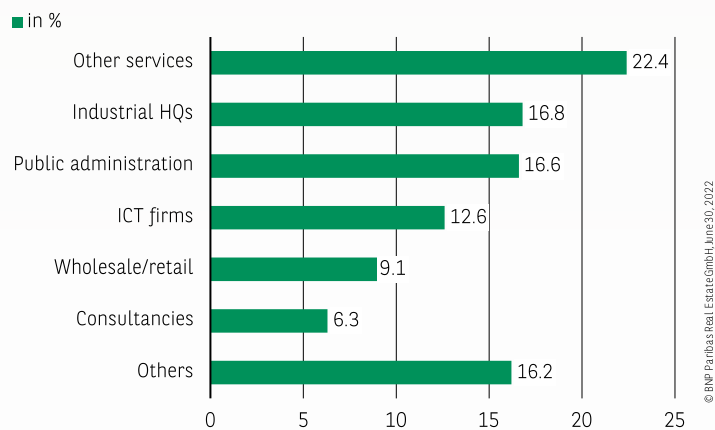
At a Glance Q2 2022

OFFICE MARKET LEIPZIG

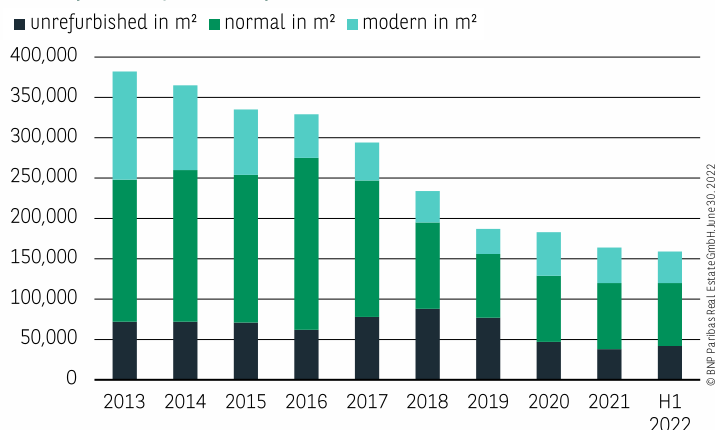
Development of take-up and top rents



Take-up by sector H1 2022



Development of vacant space



➤ ABOVE-AVERAGE RESULT AT THE HALF-YEAR MARK

The Leipzig office market continued its dynamic development in the second quarter of the year. With a take-up of 69,000 m², the result for the Saxon metropolis at the half-year terms is around 23 % above the long-term average (56,000 m²). The volume exceeds that of the good previous year by a further 10%. Around 42,000 m² of take-up is attributable to the second quarter of 2022, which represents an increase of almost 56% quarter-on-quarter (Q1: 27,000 m²). Worth mentioning is the pleasing take-up recorded for the size classes between 200 m² and 500 m² (26 %) and between 2,000 m² and 5,000 m² (28 %). The highest take-up is registered in the Leipzig Northeast submarket (17,600 m²) which was mainly driven by three lettings of more than 2,000 m² each, including the top deal of the half-year with a take-up of 8,200 m² signed by public administration. In addition to the Leipzig Northeast submarket, the City Centre also achieved a double-digit volume with take-up of 11,600 m².

➤ BALANCED DISTRIBUTION OF SECTORS

The analysis of take-up by sector displays a broad distribution. With over 22 %, the collective category other services takes first place in the ranking followed by industrial headquarters. With a share of just under 17% and a good 11,600 m² of take-up, this sector achieved the best half-year result of the last ten years. Furthermore, the sector is also responsible for two of the six largest deals of the year to date. Public administration (around 17%) and ICT firms (around 13%) are also participating in the market with double-digit results. Finally, the performance of retail companies (9%) is also noteworthy. They achieved the second-highest volume of the last ten years.

➤ CONTINUOUS REDUCTION IN VACANCY

In the Saxon metropolis, office vacancy has fallen by 4% over the past 12 months and stands at 159,000 m² at the end of the first half of 2022. Of this space, only 25% still meets the high demand for modern fit-out quality (39,000 m²). Against this backdrop, the vacancy rate is also moving sideways and stands at 4.1%. The most extensive vacancies are in the secondary locations of Leipzig West (34,400 m²) and Leipzig Northeast (22,200 m²) as well as in the Graphisches Viertel (19,000 m²).

Major contracts

Sub-market	Company	m ²
3.4	Public administration	8,200
3.4	Fraunhofer Zentrum IMW	4,000
4.1	Wholesale/retail	3,200
3.4	Industrial HQs	2,700
2.1	Public administration	2,400
4.2	Industrial HQs	2,400

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➤ RECORD INCREASE IN CONSTRUCTION ACTIVITY

In response to the increased demand for modern office space and the overall high level of letting activity on the Leipzig office market, construction activity has increased significantly compared with the previous year. For example, space under construction has increased by 119%, reaching an absolute peak of 160,000 m² at the end of the first half of the year. Nevertheless, an easing on the supply side is not expected for now, as 66% of the space has already been pre-let, meaning that only just under 55,000 m² of the current construction volume is left available to the market. Construction activity is particularly high in Graphisches Viertel/Prager Straße (30,100 m²) and Leipzig South (28,000 m²) office market zones. All in all, the available supply of space adds up to 214,000 m², which is an increase of 5% on the previous year.

Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	63,000 m ²	69,000 m ²	↗
Vacant space	166,000 m ²	159,000 m ²	↘
Space under construction (total)	73,000 m ²	160,000 m ²	→
Space under construction (available)	38,000 m ²	55,000 m ²	→
Top rent	17.00 €/m ²	18.00 €/m ²	↗

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➤ RISING RENTS IN ALL LOCATIONS

The positive development of the Leipzig office market is also reflected in the rental price trend. While prime rents have risen by 6% to 18.00€/m² since mid-2021, average rents have also increased by 5% to 11.80€/m². At submarket level, prime rents have moved up in almost all locations. The biggest increases here were in the Ringlage zones (16.50 €/m²; +10%) and the Graphisches Viertel (14.00 €/m²; +12%).

➤ OUTLOOK

The Leipzig office market presents itself fully on top. On the basis of a strong local economy in the Saxon metropolis and a balanced demand-supply-ratio, the Leipzig office market is heading for a good second half of the year despite the increased macroeconomic uncertainties. An above-average take-up is probable. The reduction in vacancy rates is very likely to continue and a further increase in rents can be expected.

Key indicators H1 2022

	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	H1 2022	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre		18.00	11,600	10,800	3,400	0	21,700	20,000	30,800	5,000
2 Centre Fringe/ Centre Relief Area	10.80 -	16.50	17,800	36,500	10,000	300	42,200	18,400	54,900	113,000
3 Subcentres	8.50 -	14.00	29,100	92,300	22,500	700	63,900	16,600	108,900	217,000
4 Periphery	8.00 -	8.40	10,500	19,400	3,100	0	32,200	0	19,400	27,000
Total			69,000	159,000	39,000	1,000	160,000	55,000	214,000	362,000

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* The top rent given applies to a market segment of 35 % in each case.

** The relevant office market zone can be found on our website under "Research".

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Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Telephone +49 (0)341-711 88-0 | www.realestate.bnpparibas.de