

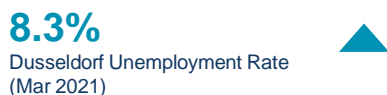
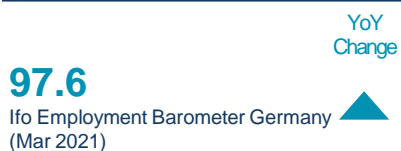
## ECONOMIC OVERVIEW

At the end of the first quarter of 2021, the unemployment rate in Düsseldorf was 8.3%, compared to 6.6% at the same time last year. Overall - according to the latest IHK economic survey - the recovery of companies has slowed and their economic prospects have worsened again due to the ongoing pandemic. The tense situation continues to be felt in almost all sectors of the economy. However, the construction industry stands out as particularly resistant to the crisis. Due to the massive state financial aid and the suspension of the obligation to file for insolvency until the end of April 2021, corporate insolvencies in Düsseldorf are at a historically low level. Although an increase in insolvencies is expected after the expiry of the state aid, experts believe that this will be less severe than after the financial crisis of 2008/2009.

## TAKE-UP

At the start of the year, the Düsseldorf office letting market continued the weak take-up of the previous quarters and achieved at 48,600m<sup>2</sup> in Q1 2021. Compared to last year, this corresponds to a decline of around 58%. A comparably low quarterly result was last seen in the crisis year 2009. The weak take-up is largely attributable to the lack of large lettings above 10,000m<sup>2</sup>. The largest lease transaction signed to date was the lease for around 4,200m<sup>2</sup> by Mitsubishi Chemicals at Schiessstrasse 45-49 in the Linksrheinisch submarket. Market activity was particularly high in the small-space segment up to 500m<sup>2</sup>. Almost 75% of all leases were concluded in this size category and thus made a decisive contribution to the high total number of office leases in Düsseldorf. With a total of 70 lettings in this size class, the number is already above the level of the equivalent quarter last year.

## LABOUR MARKET

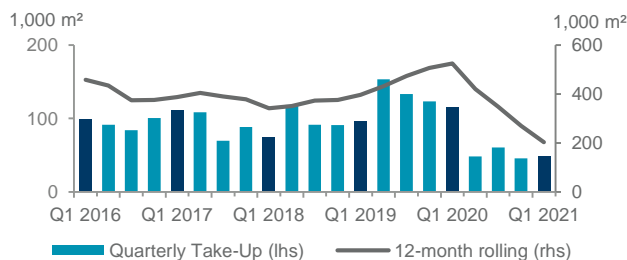


Source: ifo-Institut, Riwis, Federal Employment Agency

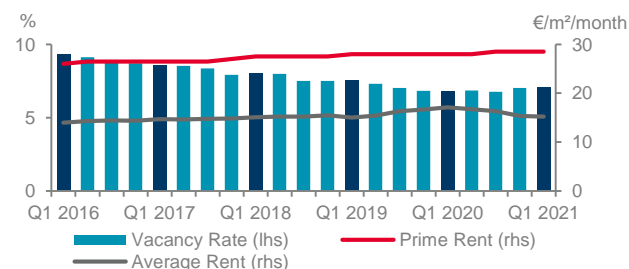
## VACANCY

The vacancy rate at the end of the first quarter is around 7.0% and has increased only slightly compared to the same point last year (+ 0.2 percentage points). In absolute terms, the total office space available for immediate occupancy rose by just under 4% to 647,100m<sup>2</sup>.

## TAKE-UP



## VACANCY & RENT





## COMPLETIONS

In the first quarter of 2021, around 42,000m<sup>2</sup> of new office space was completed. Compared to last year, the completion volume rose significantly. To the end of the year, a further 116,000m<sup>2</sup> of office space is to be completed - if construction progresses as planned - bringing the total volume to around 158,000m<sup>2</sup>. The demand for modern new buildings remains high and is underpinned by a high pre-letting rate of around 67% of the projects currently under construction for completion this year.

## RENTS

The achievable prime office rent at the end of the first quarter is €28.50/m<sup>2</sup>/month and is being achieved in the Central Business District (CBD) submarket. This means that the prime office rent has remained at this high level for three consecutive quarters having risen from €28.00/m<sup>2</sup>/month a year ago. Despite the pandemic, there are no price reductions to be registered, but trends towards higher incentives are apparent. The weighted average rent for the past 12 months is currently €15.21/m<sup>2</sup>/month. Compared to the first quarter of 2020, this corresponds to a decline of around 11%, primarily due to the low number of high-priced large lettings.

## SELECTED PROJECT DEVELOPMENTS

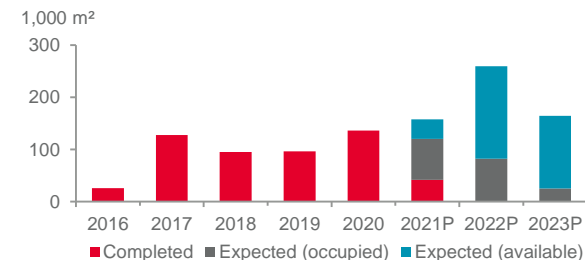
Property/Project	Submarket	Status	Year of Completion	Office Space m <sup>2</sup>	Owner
Mizal Minor	Medienhafen	Under construction	2021	17,500	R+V Versicherung
Smart Office	Airport-City	Under construction	2021	14,000	Düsseldorfer Liegenschaftsgesellschaft
The Oval	Kennedydamm	Under construction	2021	13,500	Gerchgroup
Pandion Francis	City	Completed	2021	5,500	Pandion

## MARKET STATISTICS

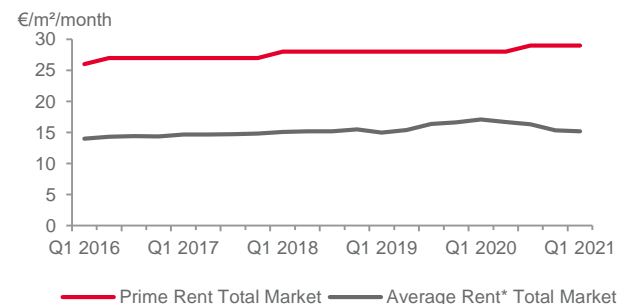
Selected Submarkets	Take-Up Q1 2021 (m <sup>2</sup> )	Completions Q1 2021 (m <sup>2</sup> )	Space under Construction Q1 2021 (m <sup>2</sup> )	Prime Rent Q1 2021 (€/m <sup>2</sup> /month)	Average Rent* Q1 2021 (€/m <sup>2</sup> /month)
City	9,000	5,400	19,400	26.50	18.52
Linksrheinisch	6,900	0	13,100	22.00	12.95
Medienhafen	4,700	0	44,300	24.00	20.85
CBD	4,500	0	0	28.50	22.73
<b>Total Market Dusseldorf</b>	<b>48,600</b>	<b>41,800</b>	<b>281,400</b>	<b>28.50</b>	<b>15.21</b>

\* Weighted Average Rent (12 months)

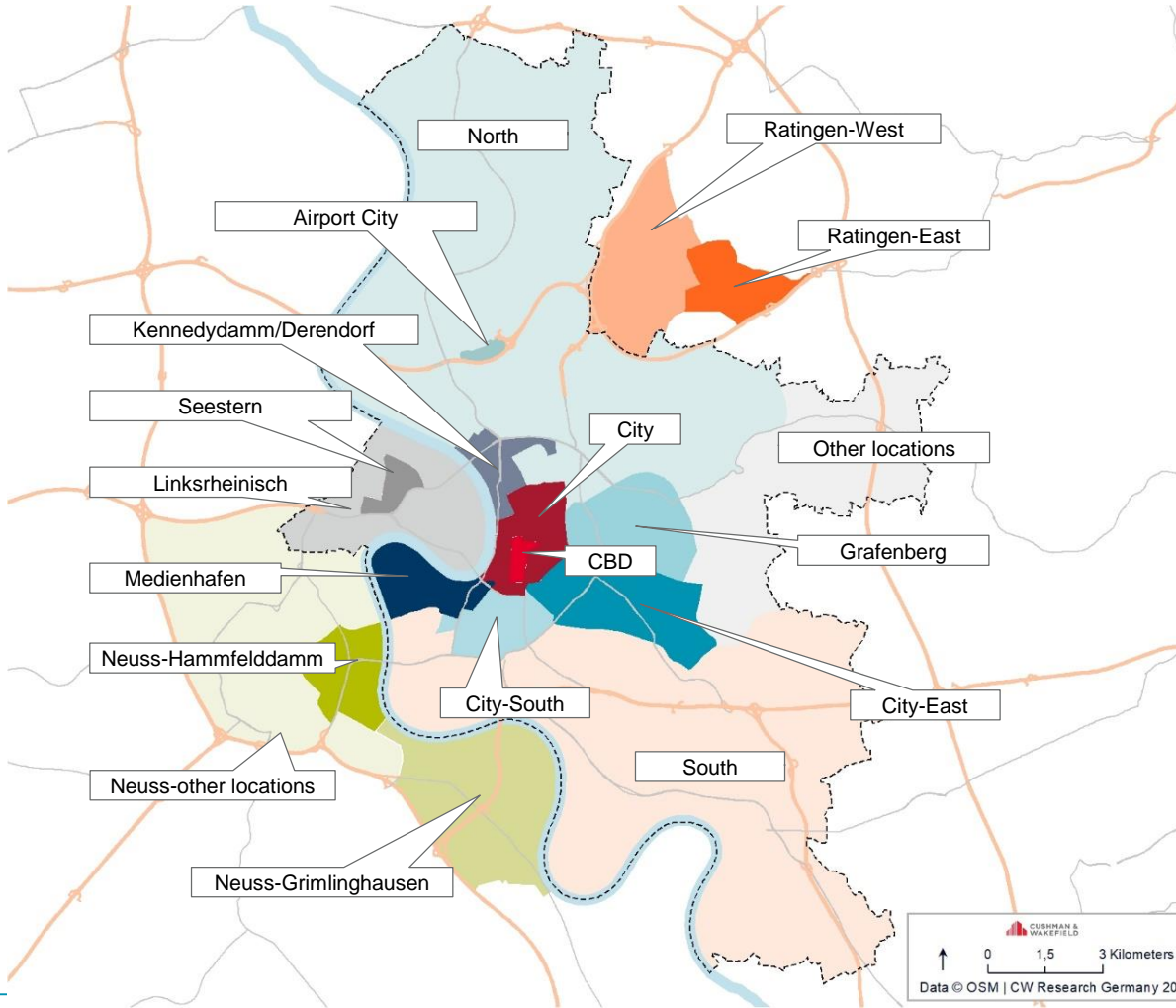
## COMPLETIONS



## RENTS



## SUBMARKET OVERVIEW



## RENTAL PRICE RANGE Q1 2021

Submarket	€/m <sup>2</sup> /month
CBD	17.00 - 28.50
City	12.00 - 26.50
City-East	9.50 - 15.00
City-South	10.00 - 24.00
Kennedydamm/Derendorf	14.00 - 22.00
Grafenberg	9.50 - 15.00
Medienhafen	14.00 - 24.00
Airport-City	12.50 - 17.50
Seestern	9.50 - 16.50
Linksrheinisch	7.50 - 22.00
North	8.00 - 16.50
South	8.00 - 13.50
Ratingen-East	9.50 - 16.00
Ratingen-West	6.50 - 9.50
Neuss-Hammfelddamm	7.00 - 12.00
Neuss-Grimlinghausen	5.00 - 9.50
Neuss-other locations	4.50 - 11.50

## OFFICE INVESTMENT MARKET

The Düsseldorf investment market achieved a total commercial transaction volume of around €243 million in the first quarter of 2021. Compared to the previous year, this represents a decline of almost 77%. Nevertheless, there was a high level of market activity in the small-scale price segment, but there has been a lack of large transactions above €100 million. The demand and investment activity of investors is strongly focused on office properties, thus the share of this type of asset totals around 71%. Significantly more sales are expected in the coming quarters, as there are already some attractive and high-priced core office investments in the transaction pipeline.

The prime office yield is currently 2.90 %, a compression of 20 basis points compared to the first quarter of the previous year. The yield for office properties in non-central locations has also compressed slightly and is currently 3.90%.

### KEY FIGURES

**€171 m**

Office Transaction Volume (YTD)

YoY Change



12-Month Forecast



**71%**

Share Office Investment of Total

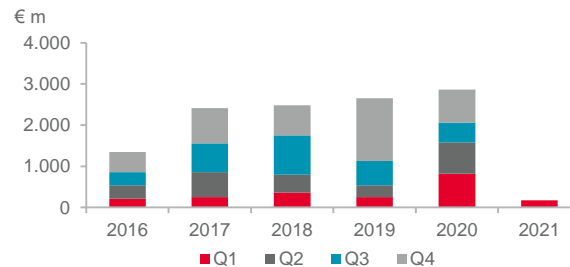


**2.90%**

Net Initial Yield



### OFFICE TRANSACTION VOLUME



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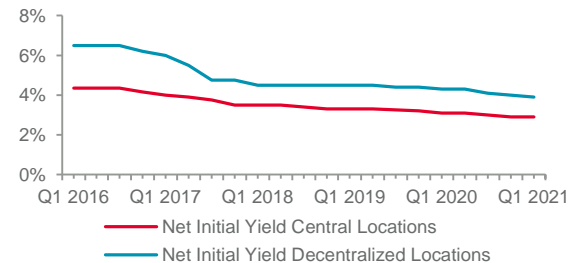
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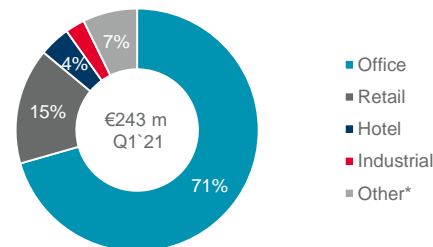
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### PRIME YIELDS



### TRANSACTION VOLUME BY ASSET CLASSES



\*Mixed-use Property, Development Sites, Nursing Homes etc.

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