MARKETBEAT

DÜSSELDORF

Office Market Q4 2023

	YoY Change	12-Month Forecast
262,700m² Take-Up (cum.)	▼	▲
10.4% Vacancy Rate	▲	▲
403,500m² Under Construction	▲	▼
€40.00 Prime Rent, €/m²/month	▲	▲

LABOUR MARKET

	YoY Change
96.5 ifo Employment Barometer Germany (Dec 2023)	▼
224,400 Düsseldorf Office Employees (Dec 2023)	▲
7.2% Düsseldorf Unemployment Rate (Dec 2023)	▲

Sources: ifo-Institut, Moody's Analytics, Federal Employment Agency

ECONOMIC OVERVIEW

According to the economic survey conducted by the Düsseldorf/Lower Rhine Chamber of Industry and Commerce in the fall (October 2023), the slight economic upward trend of the first half of the year was halted again. Rising interest rates and labor costs, high inflation and geopolitical tensions had a particularly negative impact. Companies in the construction industry rated their business situation worse than in the previous summer survey. The business expectations of many companies are largely pessimistic, as no major growth impetus can be expected due to the weakening global economy. The unemployment rate has risen by 0.7 percentage points in the past 12 months to 7.2% (Dec. 2023). Many companies are currently unable to fill their workplace vacancies quickly and accurately.

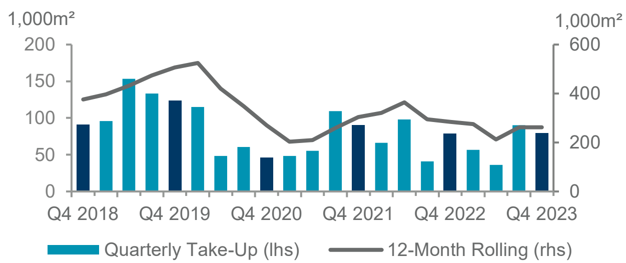
TAKE-UP

Düsseldorf's office letting market recorded take-up of around 262,700m² in 2023. This is 8% less than a year earlier (284,000m²) and 22% less than the 5-year average (2018–2022) of 338,000m². In 2023 as a whole, 351 office letting deals were registered, around 8% fewer than in the same period the previous year (383 deals). With 100 leases signed, the 4th quarter saw the strongest momentum of the year, take-up of just under 79,300m² was slightly below the strongest quarter take-up volume in Q3 with 90,400m². In the second half of the year, several major deals above 5,000m² were registered. The largest letting of the year took place in Q4 to the international law firm Freshfields Bruckhaus Deringer who leased around 11,300m² in the Le Coeur project which is currently under construction. This was also the largest letting of the past ten years in Düsseldorf's CBD submarket. The largest deal in the market area continues to be the owner-occupation concluded by an insurance firm for 27,100m² in the Twin Cubes on Heerdter Lohweg in Q3.

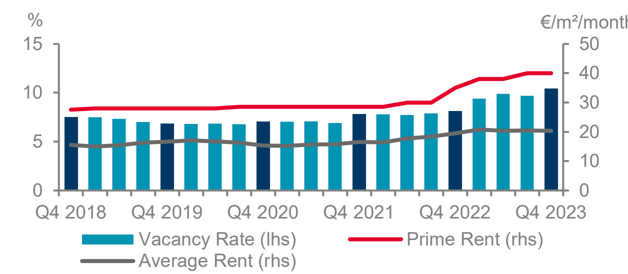
VACANCY

Total office vacancy amounted to 971,000m² at the end of Q4 2023, corresponding to a vacancy rate of 10.4%. Compared a year earlier, an increase of 29%. Furthermore, the supply of office premises in the form of subletting space is high. At the end of Q4 2023, a total of 155,000m² of subletting space is available. A year previously, this figure was around 86,000m². The vacancy rate is expected to increase further in the course of 2024. Not only because of the reduced office space requirements due to desk sharing, but also because of difficult marketing prospects for older extant buildings, especially outside central locations.

TAKE-UP



VACANCY & RENT



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COMPLETIONS

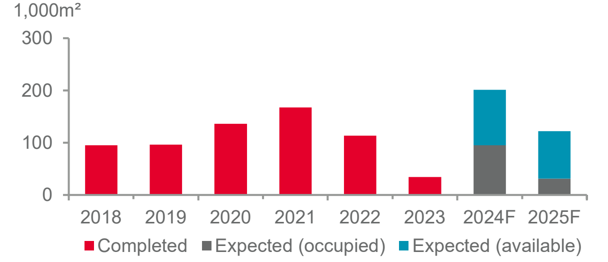
The office completions in Düsseldorf totalled just 34,400m² in 2023. Compared to the previous year, this corresponds to a decline of 70%. On completion, 73% of had already been let or assigned to owner-occupiers. At the end of 2023, the construction volume (office space under construction) was 403,500m². The pre-letting rate in these developments is around 42%. At the end of 2022, around 377,000m² of office space was under construction. A total of 268,000m² of office developments have been put on hold or cancelled in Düsseldorf at the current time.

RENTS

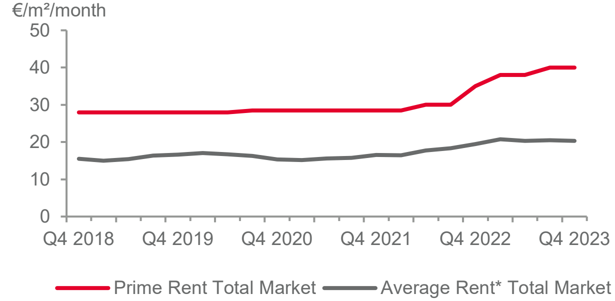
The sustainably achievable prime office rent in Düsseldorf at the end of Q4 2023 is at €40.00/m²/month. Compared to the previous year, this corresponds to an increase of €5.00/m²/month (14%). The main reason for this is a number of high-priced leases concluded for development projects currently under construction in the CBD. In view of the persistently high demand for high-quality space, prime rents are expected to continue to rise in 2024, but not at the same rapid rate.

The weighted average rent is currently quoted at €20.30/m²/month and has risen by around 4% over the past twelve months.

COMPLETIONS



RENTS



SELECTED PROPERTY DEVELOPMENT PROJECTS

Property/Project	Submarket	Status	Year of Completion	Office Space m²	Owner
Toniq1	North	Completed	2023	12,600	Langen Immobilien
Oasis 31	Linksrheinisch	Completed	2023	10,500	die developer
Lyght	Kennedydamm	Under Construction	2024	13,000	Momeni

MARKET STATISTICS

Selected Submarkets	Take-Up YTD (m²)	Completions YTD (m²)	Space under Construction Current Quarter (m²)	Prime Rent Current Quarter (€/m²/month)	Average Rent* Current Quarter (€/m²/month)
Kennedydamm	43,500	0	112,800	32.00	21.60
CBD	41,000	8,400	60,700	40.00	34.80
Linksrheinisch	39,700	10,500	40,000	22.00	13.85
City	26,900	2,400	27,700	32.00	18.10
Total Market Düsseldorf	**262,700**	**34,400**	**403,500**	**40.00**	**20.30**

** Weighted Average Rent (12 months)*

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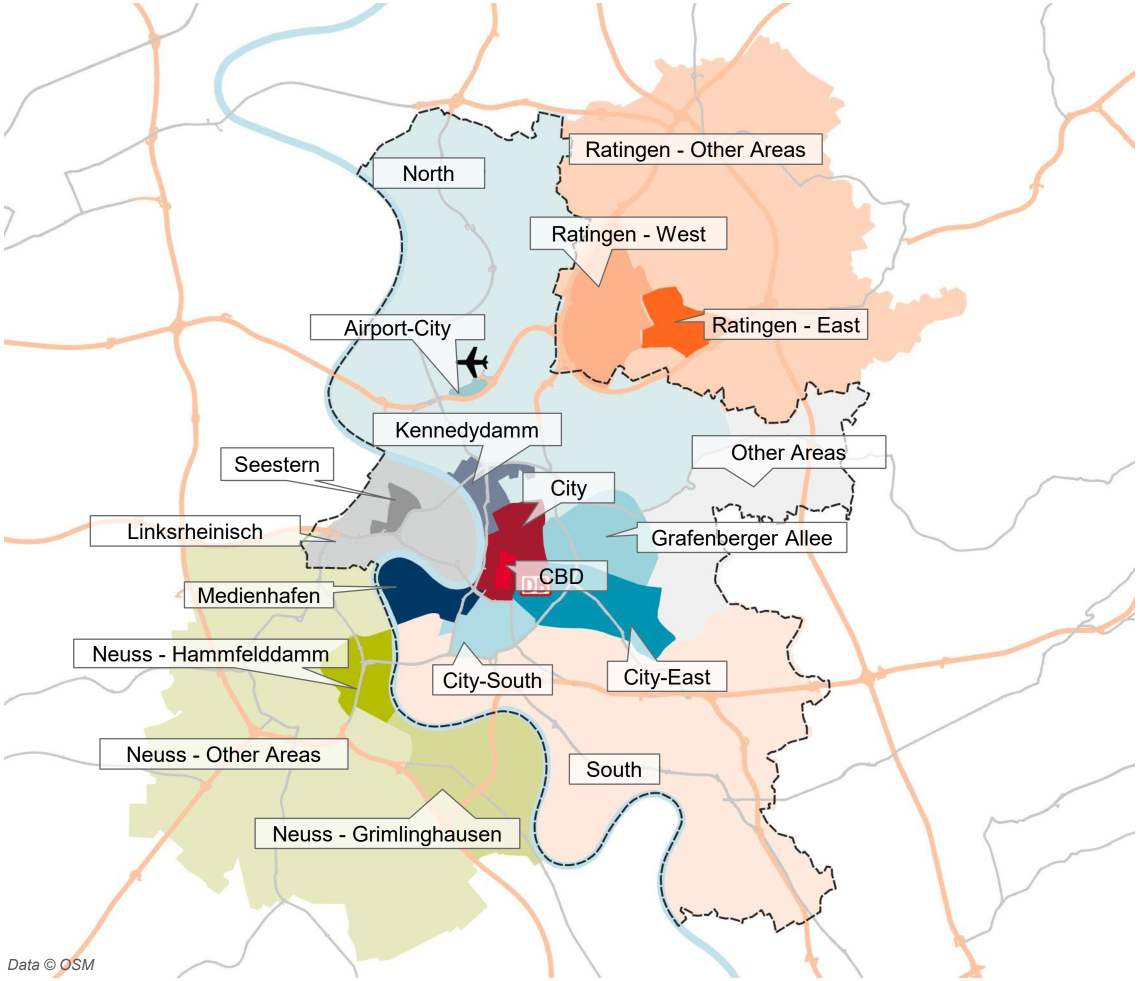
Office Market Q4 2023

SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2023

Submarket	€/m²/month
CBD	19.50 - 40.00
City	12.00 - 32.00
Kennedydamm	16.00 - 32.00
Medienhafen	17.00 - 28.00
City-South	12.50 - 24.00
Linksrheinisch	7.50 - 22.00
Grafenberger Allee	11.50 - 20.00
Airport-City	14.50 - 18.00
City-East	9.50 - 17.50
Seestern	9.50 - 16.50
North	8.00 - 16.50
Ratingen - East	9.50 - 16.00
South	8.00 - 13.50
Neuss - Hammfelddamm	7.00 - 11.50
Neuss - Grimlinghausen	5.00 - 10.00
Neuss - Other Areas	4.50 - 9.50
Ratingen - West	6.50 - 9.50

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