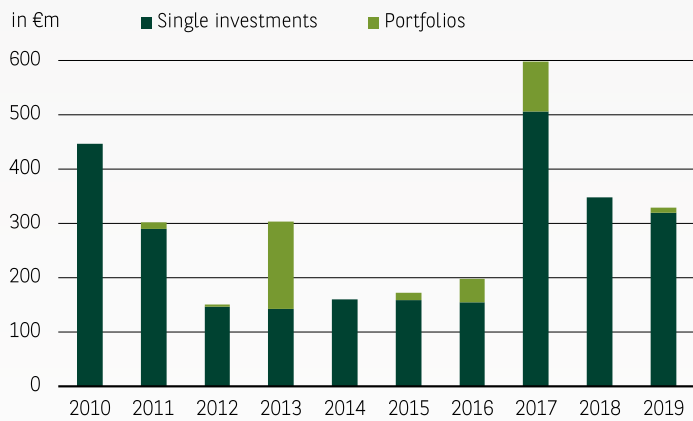




At a Glance **Q1 2019**

# INVESTMENT MARKET COLOGNE

Investment volume in Cologne Q1

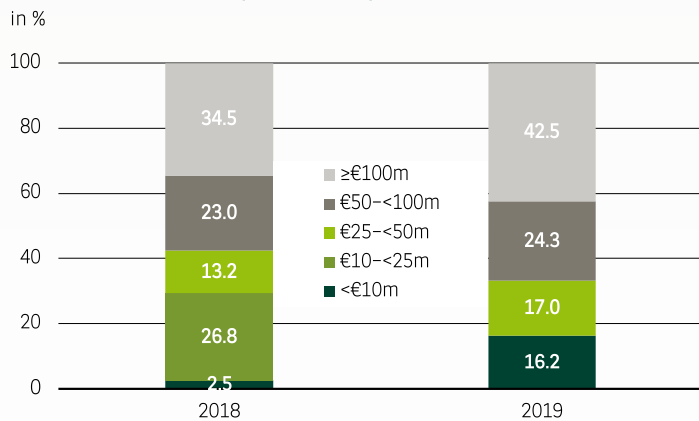


© BNP Paribas Real Estate GmbH, March 31, 2019

➤ **SUCCESSFUL START TO THE YEAR**

All in all, the Cologne investment market can look back on a successful first quarter of 2019. With a total volume of 330 million €, the result of the previous year's quarter was missed by a good 5 %. Compared to the 10-year average, however, an increase of almost 10 % was recorded. In comparison with the previous year, the number of transactions has risen markedly, which suggests that market activity is quite lively. However, the average investment volume per transaction was significantly lower than in the previous year due to numerous smaller deals. The lion's share of the volume was accounted for by individual deals, while portfolio deals contributed only 10 million € to the overall result. This shows that the Cologne commercial properties that have been transacted were acquired very specifically in line with the investment criteria of the respective buyers.

Investments by € category in Cologne Q1

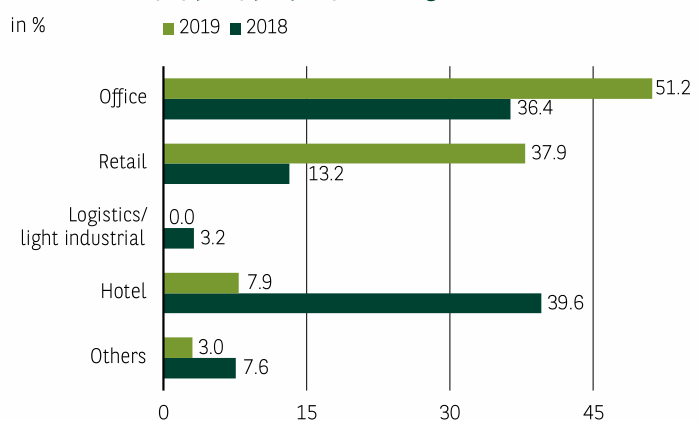


© BNP Paribas Real Estate GmbH, March 31, 2019

➤ **SMALL AND LARGE DEALS SHAPE MARKET DEVELOPMENT**

With regard to the distribution of investments by size class, it is noteworthy that the medium-sized size classes between 10 and 100 million € have a market share of slightly more than 40 % and thus perform significantly worse than usual. On the other hand, major transactions over 100 million € were able to considerably improve on their good result of the previous year and achieve a share of just under 43 % - and this with just one single deal. This involves the sale of the Wallarkaden office and commercial building on Rudolfplatz, which changed hands for around 140 million €. The biggest leap, however, was observed in the smallest size class below 10 million €. After just under 3 % in the same period of the previous year, they now have an unusually high market share of a good 16 %.

Investments by type of property in Cologne Q1

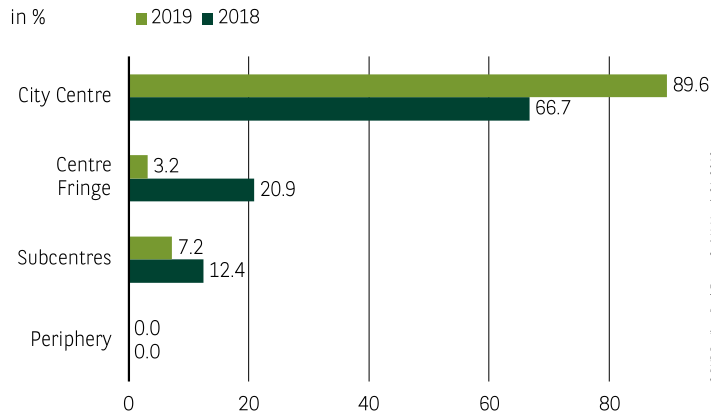


© BNP Paribas Real Estate GmbH, March 31, 2019

➤ **OFFICE AND RETAIL LEAD THE WAY**

After having to settle for second place in the same period of the previous year, office properties were able to regain the pole position in the first quarter of 2019 with slightly more than half of the total turnover. This was mainly due to the aforementioned sale of the Wallarkaden. At just under 38 %, the retail sector was also able to significantly expand its market share, thus taking second place. Hotel properties, which had benefited from the sale of the Maritim Hotel on Heumarkt in the previous year, now account for just under 8 % of the total volume. Significant logistics transactions were not yet registered at the beginning of the year.

**Investments by location in Cologne Q1**

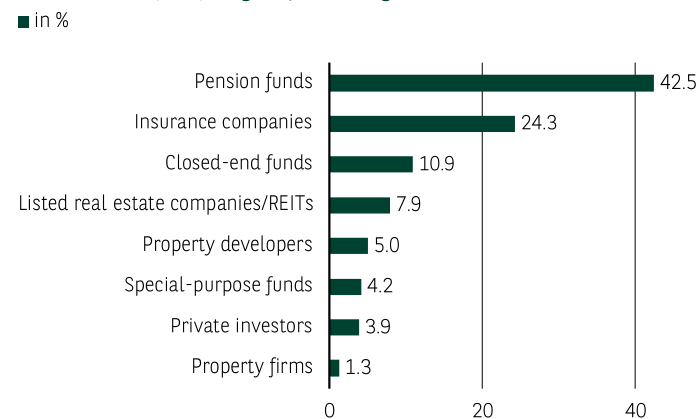


© BNP Paribas Real Estate GmbH, March 31, 2019

**LARGE-VOLUME DEALS ARE CONCENTRATED IN THE CITY**

With regard to the distribution of sales by location, some interesting developments can be traced in the first quarter of 2019: In terms of transaction volume, the City Centre is by a wide margin at the top with almost 90 % of the total. The Subcentres with a good 7 % and the Centre Fringe with a share of about 3 % in turnover are of little significance. In terms of the number of deals, however, the City Centre and the other locations are almost on a par. It can therefore be seen that there was also a noticeable investment activity outside the City Centre. However, all the transactions carried out there are in the under 10 million € category and thus have a relatively low aggregated sales volume.

**Investments by buyer group in Cologne Q1 2019**



© BNP Paribas Real Estate GmbH, March 31, 2019

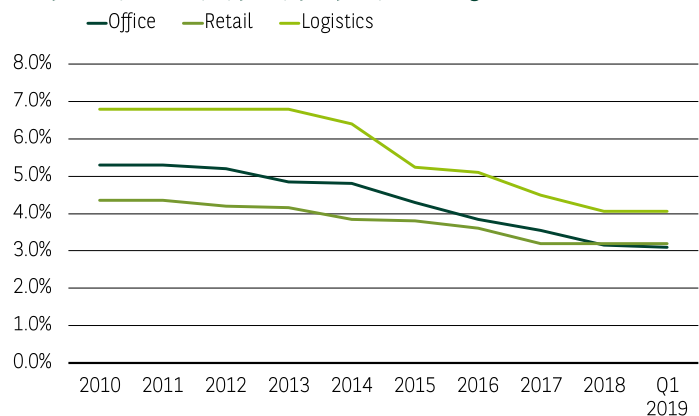
**PENSION FUNDS AND INSURANCE COMPANIES LEADING**

In the first quarter, the investment market in the cathedral city was clearly dominated on the buyer side by traditional institutional investors. Pension funds made the most important contribution to the overall result, accounting for just under 43 % of the transaction volume, followed by insurance companies and closed-end funds, which contributed around a quarter and just under 11 % respectively to the total volume. By contrast, property developers and special-purpose funds, which led the field in the same period of the previous year, were much less successful in the first quarter of 2019 and generated only 5 % and just under 4 % of the transaction volume respectively. All in all, it is evident that Cologne's commercial real estate continues to be on the shopping list of a large number of different investor groups.

**CONSOLIDATION OF YIELDS AT LOW LEVEL**

After net prime yields in all asset classes have fallen continuously since 2014, a stabilisation at a low level can be observed for the most part at the start of 2019. Inner-city retail/office buildings and logistics properties continue to yield a prime return of 3.20% and 4.05% respectively, while the net prime yield of office properties in prime locations fell by 5 basis points to 3.10%.

**Net prime yields by type of property in Cologne**



© BNP Paribas Real Estate GmbH, March 31, 2019

**MARKET PROSPECTS REMAIN POSITIVE**

In summary, the Cologne investment market is off to a promising start in 2019. Although total turnover is slightly below the previous year's figure, more transactions were made. Despite the low yield level, Cologne's commercial properties are very popular with numerous groups of buyers. Although the further course of the year naturally still holds some imponderables in store, from today's perspective annual investment volume in the region of 2 billion € appears quite realistic.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.03.2019

Further Information BNP Paribas Real Estate GmbH | Branch office Cologne | Phone +49 (0)221-93 46 33-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)