

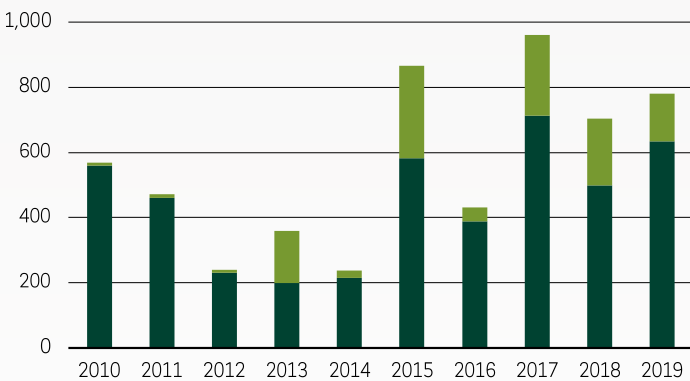


At a Glance **Q2 2019**

INVESTMENT MARKET COLOGNE

Investment volume in Cologne H1

in €m ■ Single investments ■ Portfolios



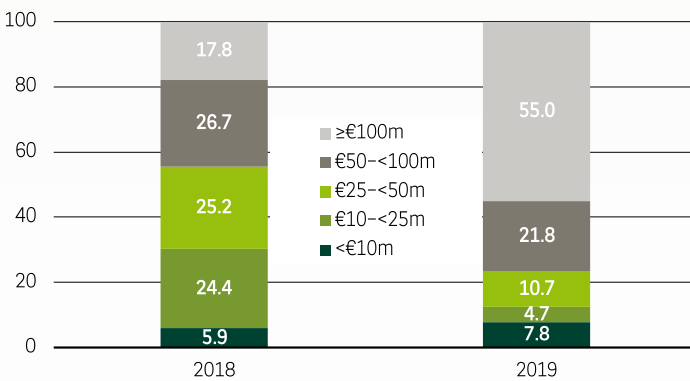
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➤ **COLOGNE INVESTMENT MARKET ON THE UPSWING**

With a volume of €781 million, the third-best half-year result of all time, the Cologne investment market is well positioned. The ten-year average is exceeded by 39% and the previous year by 11%, with the result mainly due to a number of large transactions in excess of €100 million. Portfolio deals account for just under 19%, which is currently the highest value among the A-locations. Particularly noteworthy, however, are the €630 million invested in individual deals. This figure has so far only been exceeded in 2017 and impressively underlines the attractiveness of the cathedral city as an investment location. However, it should also be noted that many investors were not able to participate due to a limited offer: After a lively first quarter, the number of registered deals at mid-year was rather low.

Investments by € category in Cologne H1

in %



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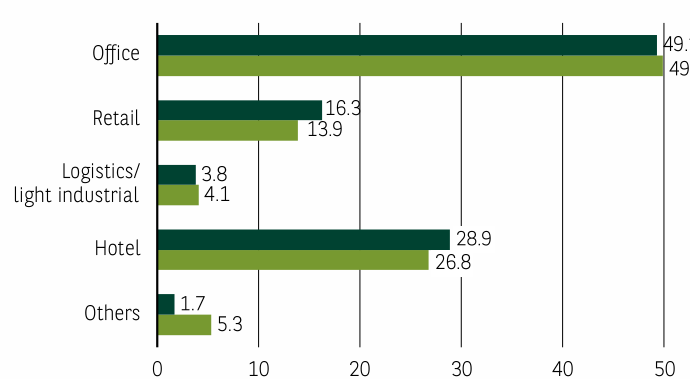
➤ **MAJOR DEALS DOMINATE THE MARKET**

Three deals above the €100 million mark (55%), plus two further deals with a volume exceeding €50 million (just under 22%) ensure that these two upper segments together generate more than €600 million - equivalent to three quarters of total to date. In the shadow of these outstanding transactions, which include the sales of the Steigenberger hotel and the Wallarkaden in the city centre, the other size classes contribute only comparatively modest shares. Only the category €25-50 million with almost 11% can still achieve a double-digit value, the category €10-25 million (almost 5%) and the small-sized segment below €10 million (almost 8%), however, hardly appear.

Investments by type of property in Cologne H1

in %

■ 2019 ■ 2018

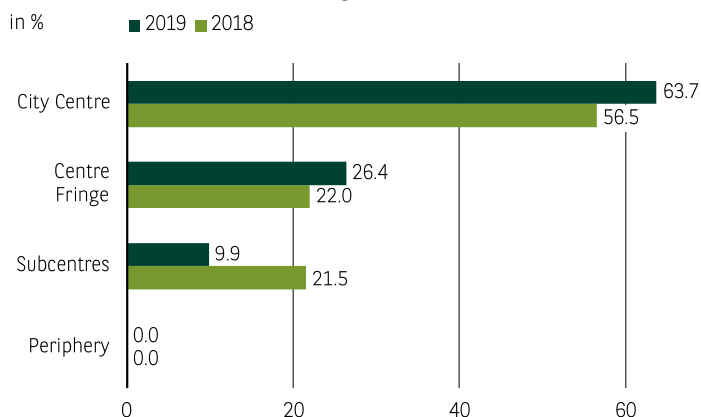


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➤ **OFFICES STRONG AS USUAL, HOTELS CONFIRM SECOND PLACE**

Investments in offices, which, as so often, occupy the first place in the distribution, are as strong as usual. With a total volume of around €385 million in the first half of the year, they generate almost half of the turnover. Particularly noteworthy, however, is the renewed strong performance of the hotel sector, which, as in the previous year, is the second strongest force. The positive development in tourism figures for Cologne, which has been observed for some time now, is now also reflected in investment volume: with €226 million, one of the best full-year results can already be observed in the middle of the year. The retail sector also showed a slight improvement over the previous year, achieving a good result with a share of around 16% (approx. €127 million).

Investments by location in Cologne H1

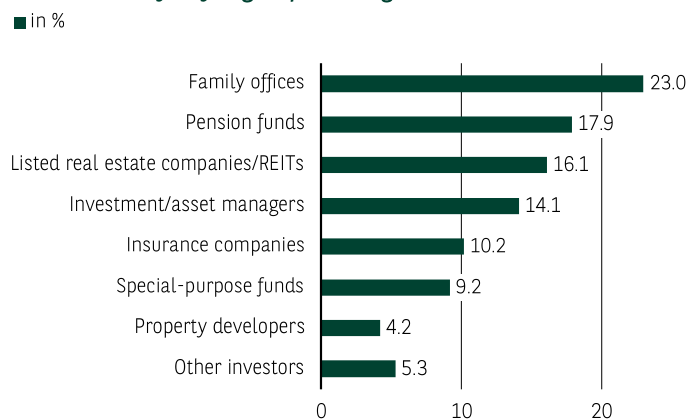


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THE CITY ON A RECORD HUNT

The City Centre remains the most important investment destination in the Rhine metropolis: almost 64% of the volume (just under €498 million) went to this central submarket, which means that the record volume of the first half of 2007 was only slightly missed. Almost all large-volume transactions in the office, hotel and retail sectors are located here. An exception is the "Kölnisch Quartier" in Ehrenfeld, which gives the Centre Fringe a share of a good 26%. Apart from this big transaction, only a few smaller deals took place here. The Subcentres have also been dominated by smaller transactions to date. The fact that in the end a share of just under 10% can nevertheless be achieved is mainly due to a larger logistics property in Hürth, which was sold as part of a package sale.

Investments by buyer group in Cologne H1 2019

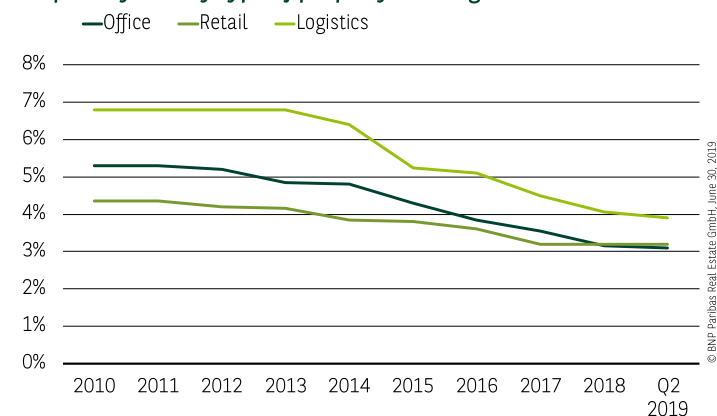


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FAMILY OFFICES AT THE TOP OF BROAD DEMAND

Cologne's commercial real estate is attractive for a wide variety of buyer groups, as can be seen from the numerous players involved. At around 23 %, family offices stand out somewhat from the others and for the first time take the top position in the first half of the year. Second place (just under 18%) is currently occupied by pension funds, which have landed on the podium in particular due to the purchase of the Wallarkaden. Thanks to several investments in hotel and office properties, listed real estate companies/REITs complete the top trio and are thus ahead of investment and asset managers (a good 14%). Insurance companies (10%) and special-purpose funds (a good 9%) were also active, illustrating the diverse demand in the cathedral city.

Net prime yields by type of property in Cologne



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YIELDS FOR OFFICE AND LOGISTICS FALL SLIGHTLY

The yield curve of recent years has slowed, but slight adjustments can still be observed. Logistics properties in particular have become even more expensive, and the net prime yield has fallen by 15 basis points since the beginning of the year. At 3.90%, it is below the 4% mark for the first time. Office properties now stand at 3.10% (-5 basis points), while retail high street properties remain stable at 3.20%.

OUTLOOK REMAINS POSITIVE

The first half of 2019 has been very positive for the Cologne investment market with a pleasing total volume. However, it should not be overlooked that the supply side is a limiting factor, as can be seen from the small number of transactions. Demand, on the other hand, remains buoyant and diverse, as the broad consumer base shows. Should corresponding offers in the mid-range segment come onto the market in the second half of the year, there should be no lack of demand. In view of the still positive overall conditions, an annual investment volume in the region of €2 billion is therefore quite realistic.

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