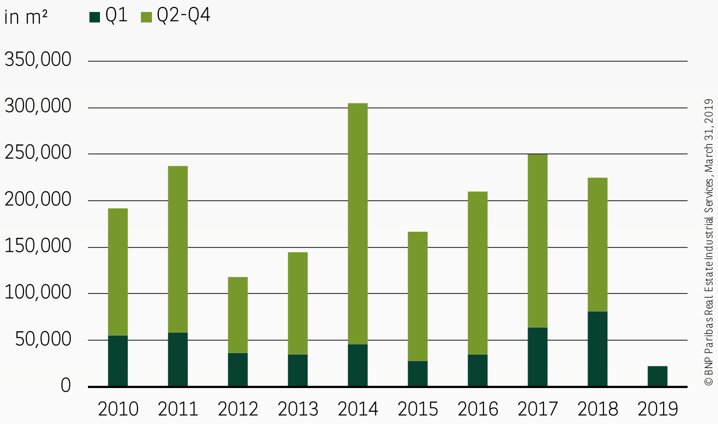
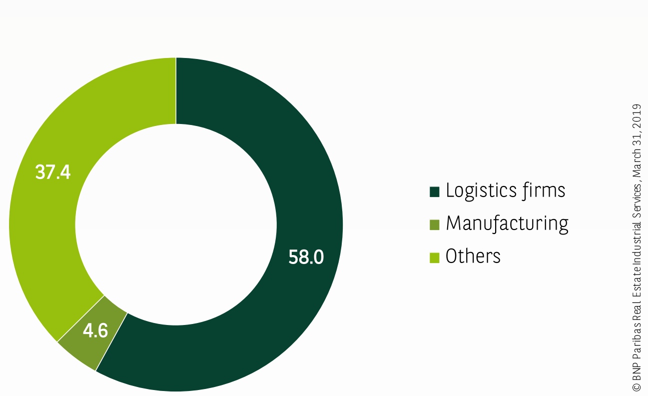
At a Glance Q1 2019

LOGISTICS MARKET COLOGNE

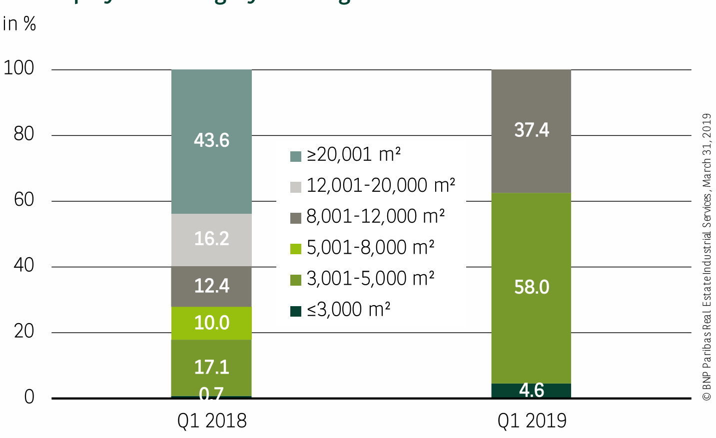
Light industrial and logistics take-up in Cologne



Take-up by sector in Cologne Q1 2019



Take-up by size category in Cologne



DEMAND FINDS NO SUPPLY—ONLY LOW TAKE-UP

For some time now, the Cologne logistics market has been suffering from an increasing shortage of supply, but in recent years it has always achieved good to very good take-up figures. In the first quarter of 2019, however, the market has to pay tribute to this tense situation: The registered take-up amounts to just 22,000 m². This is the lowest annual opening figure of all time and one of the weakest quarters in Cologne ever. However, this development was already apparent at the end of 2018, when after three strong quarters the result in the final quarter had fallen significantly. Demand remains high, but there is a lack of adequate supply throughout the city. This meant that only very few deals could be observed, of which the City of Cologne was the largest tenant: in the district of Kalk, a project development with around 8,100 m² was rented, which is to be used in future for the theatres of the City of Cologne.

LOGISTICS FIRMS IN THE LEAD

The breakdown by sector, whose significance is limited due to low market activity, is led by the logistics service providers (58 %). This sector traditionally ranks at the front of the table and usually fights for the top position with trading companies, for which no significant deals have yet been registered. Instead, the aggregated group of other companies (around 37 %) ranked second. The ranking is completed by the manufacturing companies (almost 5 %) due to a smaller letting in Kerpen.

NO MAJOR DEALS, MIDFIELD DOMINATES

In Cologne, it is becoming increasingly difficult for users to find larger spaces, especially in the segment of 5,000 m² and more, only very few properties in line with market requirements are available. It is therefore not surprising that no lettings above 10,000 m² have been recorded so far. The category 8,000-12,000 m², the letting of the city of Cologne is by the way the only noteworthy transaction on the right bank of the Rhine, achieves a share of around 37 %. The category 3,000-5,000 m² accounts for 58 % and the above-mentioned letting of an manufacturing company, which is classified as a small transactions of less than 3,000 m², contributes a further 5 %. In the other size categories, no take-up has yet been registered.

Major contracts in Cologne Q1 2019

Company	Location	Area (m²)
City of Cologne	Cologne	8,100
Logistics service provider	Kerpen	4,700
Logistics service provider	Cologne	3,900

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Key figures logistics market Cologne

	Q1 2018	Q1 2019	Trend remaining year
Prime rent	5.00 €/m²	5.25 €/m²	↗
Average rent	4.20 €/m²	4.40 €/m²	↗
Take-up	81,000 m²	22,000 m²	↘
- Share of owner-occupiers	22.4 %	0.0 %	↗
- Share of new buildings	0.0 %	45.9 %	↗

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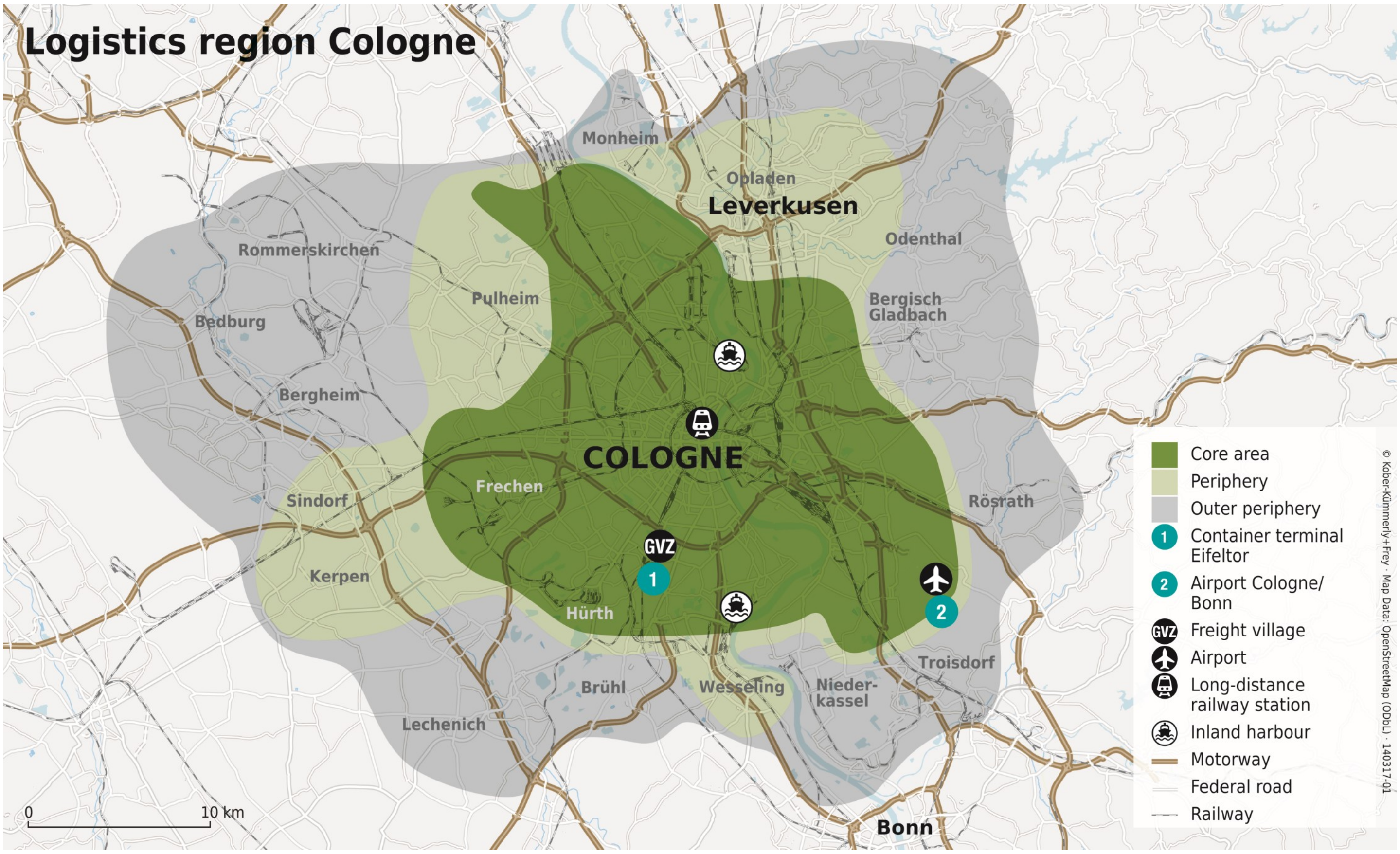
RENTS CONTINUE TO INCREASE

As a result of the excess demand in the market area outlined above, prime and average rents have also risen successively in recent quarters. On average, the rent currently amounts to 4.40 €/m² and is thus at a new record level. This also applies to the prime rent, which has climbed to 5.25 €/m². The reason for the increase, however, is not only the tense supply/demand ratio, but also the rise in construction costs and land prices. On the one hand, this reduces the willingness to build new properties and, on the other hand, higher rents must be charged for their profitability. Some speculative new constructions, which will be completed in the course of the year, should only partially relieve the market. The backlog in demand has been building up for years and should continue to impact the market in the course of the year.

PERSPECTIVES

In the course of the year, demand should stay well above supply and the market situation should remain difficult despite some completions. Against this background and with a view to slightly increasing macroeconomic uncertainties, it will probably not be possible to repeat the good results of recent years. It therefore remains to be seen whether the 200,000 m² mark will be reached again. A further increase in rents, on the other hand, is quite realistic.



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Further Information BNP Paribas Real Estate GmbH | Branch office Cologne | Phone +49 (0)211-93 46 33-0 | www.realestate.bnpparibas.de