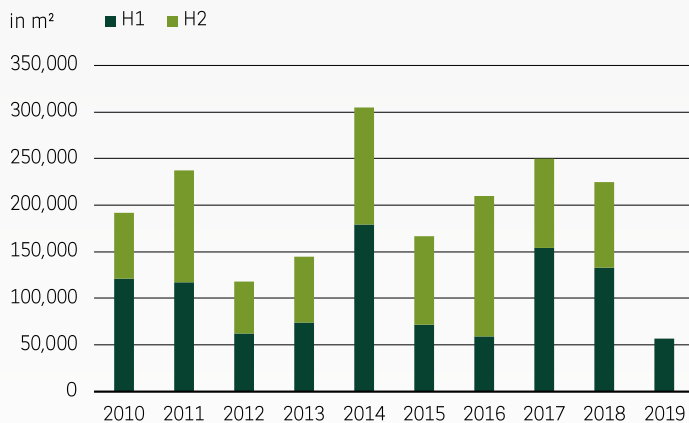




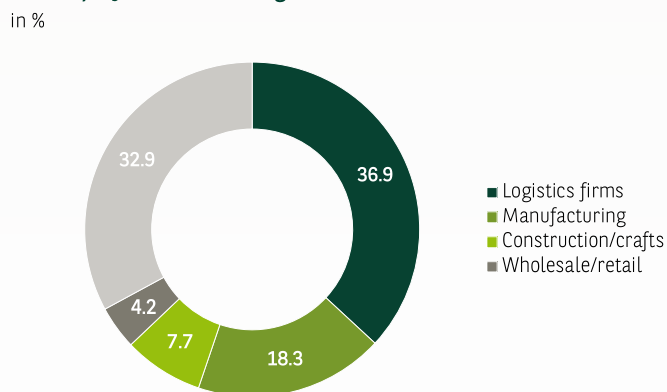
At a Glance **Q2 2019**

LOGISTICS MARKET COLOGNE

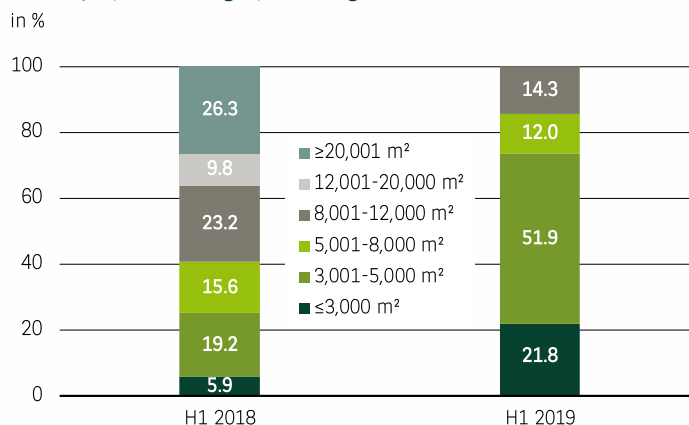
Light industrial and logistics take-up in Cologne



Take-up by sector in Cologne H1 2019



Take-up by size category in Cologne



➤ LACK OF SUPPLY SLOWS DOWN TAKE-UP

The series of weak take-up continued in the second quarter. In total, the Cologne logistics and warehouse space market recorded a result of only 57,000 m² in the first half of the year. This was the lowest outcome ever recorded. The weakness of the total result is also reflected in the fact that it is 57% below the comparable figure of the previous year and that the ten-year average was also undercut by almost 45%. The decisive reason for the unusually low take-up, which has been recorded for several quarters now, is a lack of supply, especially in the large-scale market segment. This is underlined by the fact that in the comparable period of the last two years, significantly more than one third of the result was attributable to large contracts with more than 12,000 m², whereas this market segment is not yet occupied. The Cologne market therefore has to deal with the same problems as other large logistics agglomerations. The shortage of land, combined with rising land prices and increasing competition from other uses, make project developments hardly possible.

➤ TRADING COMPANIES ARE HAVING A HARD TIME

At just under 37%, the traditionally strong logistics service providers in Cologne made the largest contribution to take-up. In second place are manufacturing companies, which are responsible for a good 18% of the result. The leading trio is rounded off somewhat surprisingly by firms from the construction/crafts sector, which account for just under 8%. This means that they are displacing the strongly expanding trading companies of recent years to fourth place with only around 4%. On the one hand, this is certainly due to the fact that they have concluded many major contracts in previous years, which cannot be repeated every year. On the other hand, it is also evident that many retail businesses that are looking for inner-city and central locations are currently unable to find suitable units.

➤ NO LARGE DEALS YET

In contrast to the lack of major contracts, demand in the small and medium-sized market segment up to 12,000 m² was relatively high. More than half of the take-up is accounted for by the class of 3,000 to 5,000 m². In absolute terms this is also the best value registered in a first half-year. The segment up to 3,000 m² was similarly dynamic. At 22%, a disproportionately high share of the result was also recorded for this size category. Despite the weak half-year outcome, we cannot therefore generally speak of a weakness in demand.

Major contracts in Cologne H1 2019

Quarter	Company	Location	Area (m²)
Q1	City of Cologne	Köln	8,100
Q2	Josef Haas	Frechen	6,800
Q2	Arena Mietmöbel	Frechen	4,800
Q1	Logistics service provider	Kerpen	4,700

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RENT INCREASE DUE TO SUPPLY BOTTLENECK

The current shortage of supply is also reflected in the development of rental prices. Due to the increasing competition for the few available units, the top rent has risen within one year by around 8% to now 5.40 €/m². The increase in the average rent was slightly lower, at 4.45 €/m² being around 6% higher than the comparable figure of the previous year. The share of owner-occupiers in total take-up has risen moderately to a good 15%, but is now roughly in line with the long-term average. The share of new construction, which fell to only 13% in 2018, is currently back to 47%, thus being more or less at the usual level of the Cologne market.

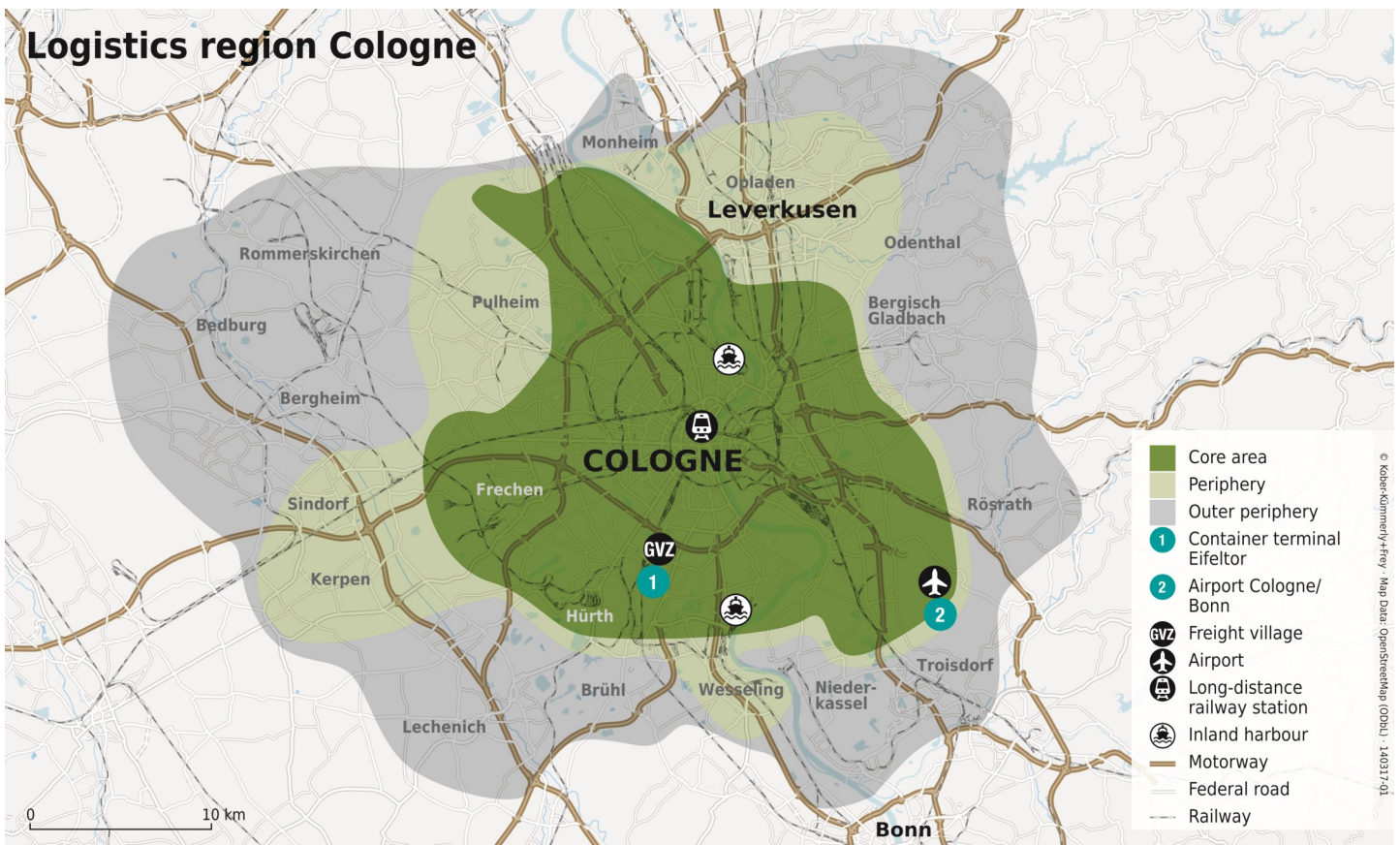
Key figures logistics market Cologne

	H1 2018	H1 2019	Trend remaining year
Prime rent	5.00 €/m²	5.40 €/m²	➔
Average rent	4.20 €/m²	4.45 €/m²	➔
Take-up	133,000 m²	57,000 m²	↗
- Share of owner-occupiers	15.1 %	15.3 %	➔
- Share of new buildings	6.3 %	46.9 %	➔

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OUTLOOK

The supply situation is not expected to ease significantly in the foreseeable future. Against this backdrop, major requests will probably only be implemented in individual cases or in built-to-suit solutions in the second half of the year. This is likely to continue to reduce take-up, even though there is vibrant demand in the small and medium-sized market segments, which is likely to increase slightly in the second half of the year. In this context, expectations for the overall result must be somewhat reduced. Passing the 200,000 m² mark would already be considered as a success.



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