BNP PARIBAS REAL ESTATE

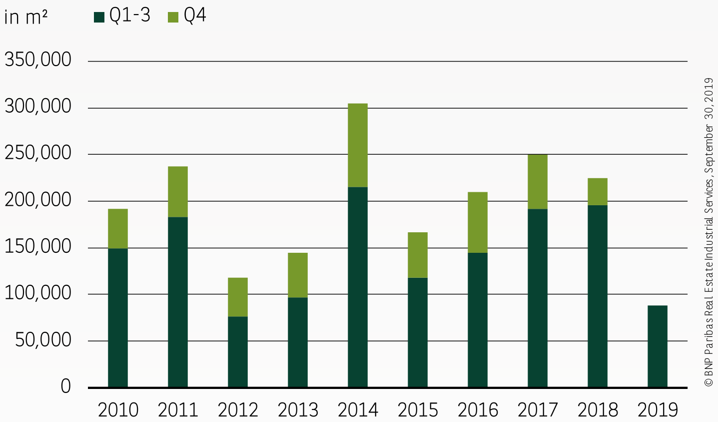
Real Estate
for a changing world

RESEARCH

At a Glance Q3 2019

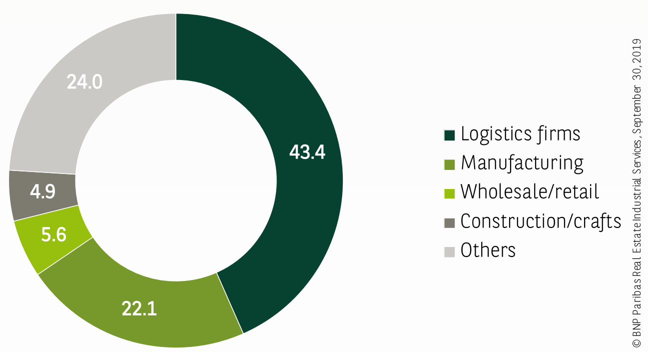
LOGISTICS MARKET COLOGNE

Light industrial and logistics take-up



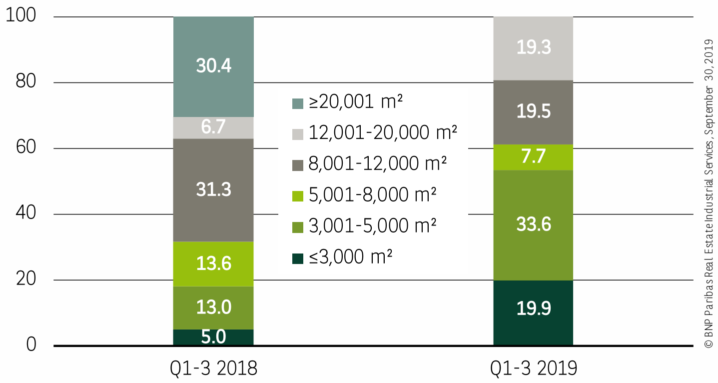
Take-up by sector Q1-3 2019

in %



Take-up by size category

in %



LACK OF SUPPLY IS REFLECTED IN TAKE-UP

After the Cologne market for warehouse and logistics space showed only very little market activity in the first half of 2019, this trend continued seamlessly in the third quarter. With a take-up of 88,000 m², this is the second lowest volume ever registered. In comparison: at 196,000 m², the relatively strong result of the previous year was more than twice as high and the ten-year average is also undercut by a whopping 40%. As in many other logistics agglomerations, the reason for the weak performance is a lack of available space of good quality, especially in the large-volume segment. The fact that only one contract in the segment above 12,000 m² has been registered over the course of the year is a clear evidence for this.

TRADING COMPANIES EXCEPTIONALLY WEAK

The sector ranking is currently led by a clear margin by logistics service providers, who account for a good 43% of take-up. This can be attributed to the fact that the only major contract of the year is related to this sector. A freight forwarder has rented 17,000 m² in a logistics facility under construction in Kerpen. Meanwhile, an automotive supplier has signed a lease agreement for a further 9,000 m² in the same project development, which is a major reason why manufacturing companies rank second with a good 22%. Trading companies currently account for a share of just under 6%, the weakest result ever recorded. The ranking is completed by companies from the construction and crafts sector (about 5%).

SMALL CATEGORIES DOMINATE

As there are no large deals to date the distribution of take-up by size category is somewhat unusual. For instance, 53.5% of total take-up is accounted for by the segments up to 5,000 m², in which the largest market activity has been registered so far this year. However, this should not obscure the fact that the lack of high-quality space is meanwhile also noticeable in the small-scale segment. At 47,000 m², the result in absolute terms in this category is also below average (-10%) in the long-term perspective.

Major contracts Q1-3 2019

Quarter	Company	Location	Area (m²)
Q3	Logistics company	Kerpen	17,000
Q3	Automotive company	Kerpen	9,000
Q1	City of Cologne	Cologne	8,100
Q2	Josef Haas	Frechen	6,800
Q2	Arena Mietmöbel	Frechen	4,800

Key figures logistics market Cologne

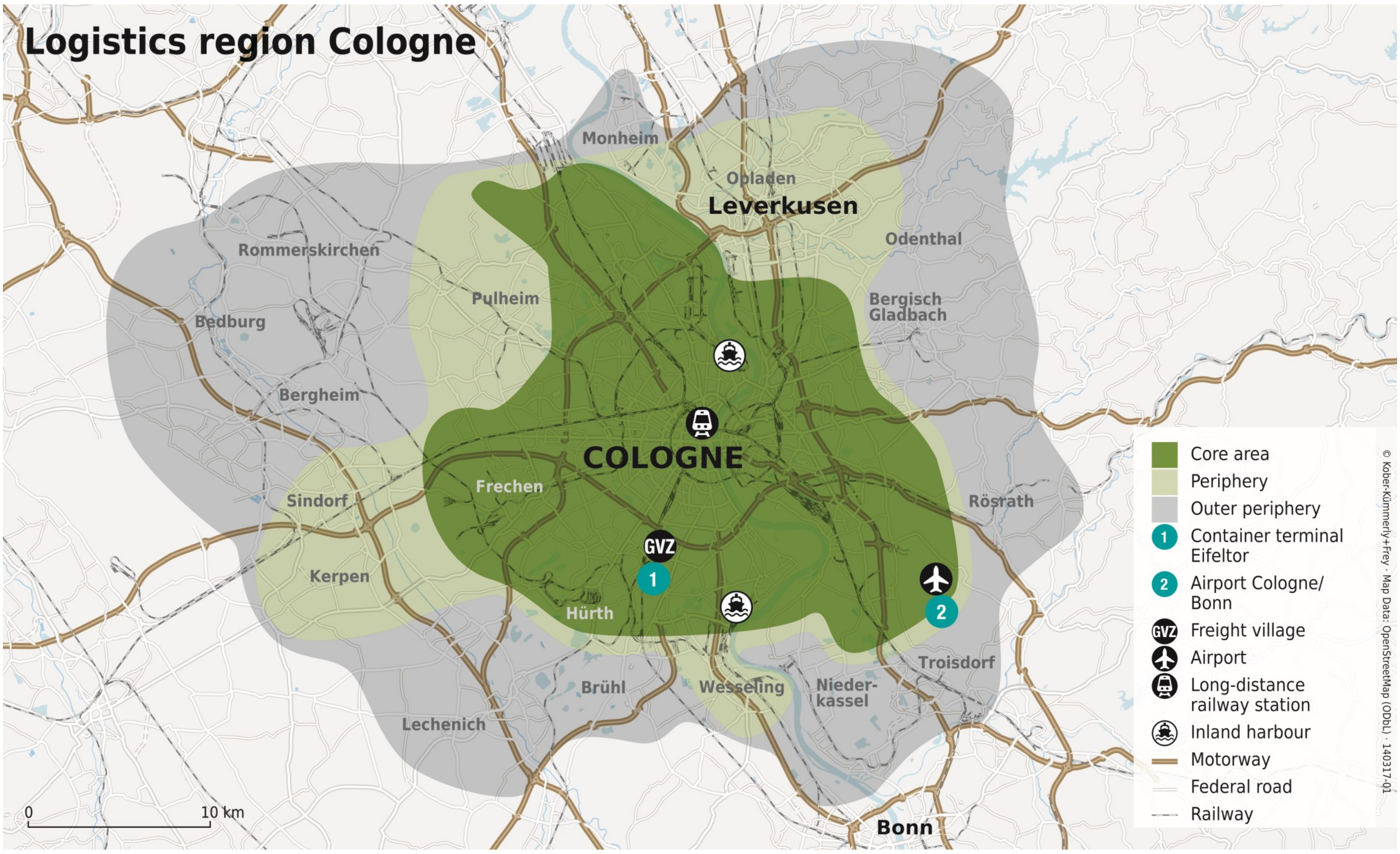
	Q1-3 2018	Q1-3 2019	Trend remaining year
Prime rent	5.10 €/m²	5.40 €/m²	→
Average rent	4.30 €/m²	4.45 €/m²	→
Take-up	196,000 m²	88,000 m²	→
- Share of owner-occupiers	10.2 %	9.9 %	↗
- Share of new buildings	15.0 %	61.1 %	→

RENT INCREASE DUE TO SUPPLY BOTTLENECK

After several years of virtually no fundamental change in rental prices, the supply bottleneck is now becoming visible here as well. Due to growing competition for the few available spaces, prime rent has risen within one year by around 6% to 5.40 €/m². The increase in the average rent, which grew by 3.5% to 4.45 €/m², was slightly lower. Meanwhile, a massive leap upwards can be seen in the share of new buildings: At 61%, it is about 45 percentage points above the previous year's figure. This shows that concluded contracts on the Cologne warehouse and logistics market are currently almost exclusively the result of project developments.

OUTLOOK

Since there are no signs of an easing on the supply side in the short term and, moreover, there are not many plots for project developments available on the market, no major leaps in take-up can be expected in the final quarter. It would already be a great success, if the 150,000 m² mark should be surpassed at the end of the year. Rents are likely to stabilise at the level they have reached, as occupiers are more likely to switch to other locations than to pay significantly higher prices.



Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.09.2019

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