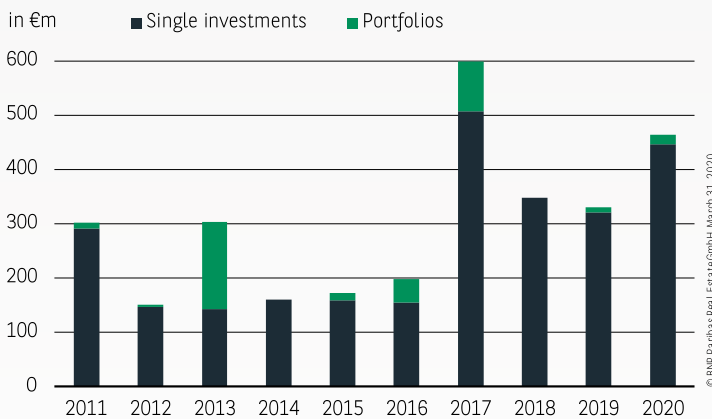




## At a Glance **Q1 2020**

# INVESTMENT MARKET COLOGNE

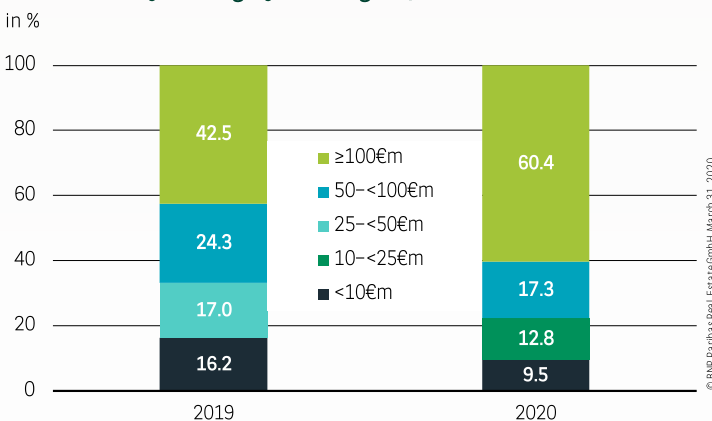
### Investment volume in Cologne Q1



### ➤ STRONG START TO THE YEAR ON THE INVESTMENT MARKET

All in all, the Cologne investment market has made a very successful start to the investment year 2020, with a transaction volume of €464 million, exceeding the result of the same quarter of the previous year by a proud 40%. Also, this is the second-best start to the year ever after 2017. If we take the average of the last 10 years as a benchmark, the result is even clearer with increase of a good 53 % compared to the 10 year average. It is noticeable that the number of registered deals, at just under 15, remained roughly at the same level as in the same period last year. On the other hand, the average transaction volume per sale rose from € 25 million to a good €33 million, which is primarily attributable to several large-volume deals that had a significant impact on the first quarter of 2020. As in previous years, single deals accounted for the lion's share of revenues, while portfolios contributed only €18 million to the overall result. This suggests that the respective buyers have specifically focused on the cathedral city in the context of their investment criteria.

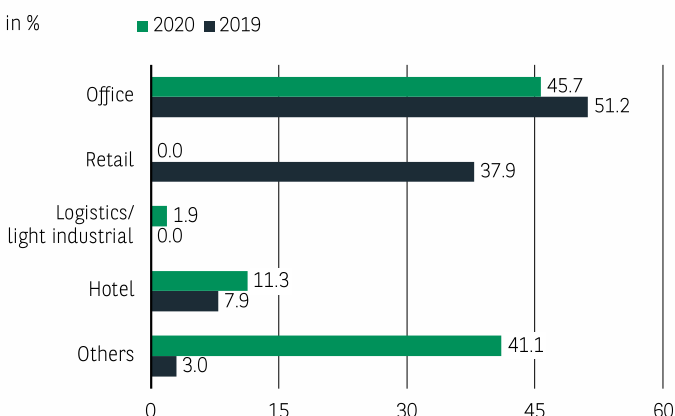
### Investments by € category in Cologne Q1



### ➤ LARGE-VOLUME DEALS DOMINATE THE MARKET

The distribution of investments by size class clearly shows the impact of major transactions on the strong quarterly result. A good 60% of turnover is accounted for by the volume class above €100 million alone. In this context, the purchase of the first construction phase of the major project "I/D Cologne" by BNP Paribas REIM, which is intended to create a first-class office location in Cologne-Mülheim, deserves special mention. The next largest deal category between €50 and 100 million also makes a significant contribution to earnings (17%), while smaller and medium-sized transactions up to €50 million together account for a market share of less than 25%. In absolute terms, however, as well as measured by the number of registered sales, the smaller deals are on a par with the previous year.

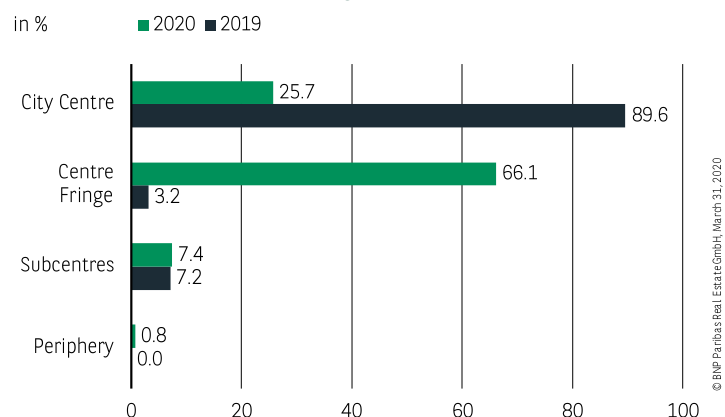
### Investments by type of property in Cologne Q1



### ➤ OFFICE PROPERTIES CONTINUE TO SET THE TONE

Office properties are able to maintain their top position in the first quarter of 2020 and account for a good 45% of turnover, whereas no significant turnover has yet been recorded for retail properties. Hotels, on the other hand, are able to increase their earnings contribution from just under 8% to a good 11% compared to the same period last year. The conspicuously high share of 41% in the collective category „other“ is primarily due to the sale of a large-volume mixed-use property and several land deals.

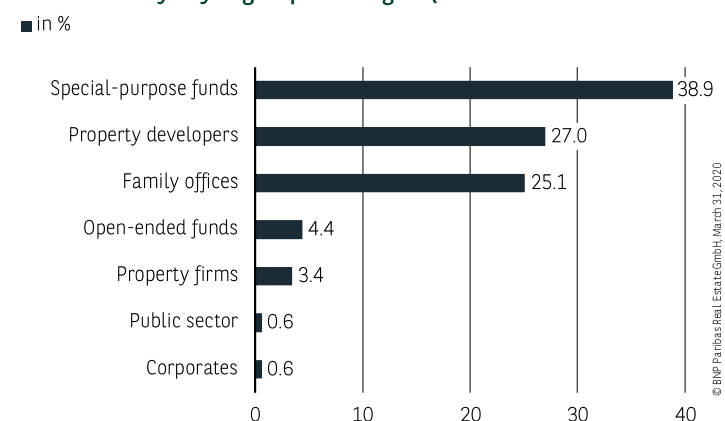
## Investments by location in Cologne Q1



## CITY FRINGE BENEFITS FROM MAJOR TRANSACTIONS

The distribution of sales by location category reflects above all the localisation of large-volume deals. Although some sales were registered in the central locations, the average volume of these sales was quite modest, so that the City currently only accounts for a good 25%. In contrast, the city fringe benefits significantly from large transactions and achieves an unusually high market share of almost two thirds. In addition to the sale of I/D Cologne in Mülheim, two impressive land deals in Ehrenfeld should also be mentioned here. In addition, the subcentres were able to maintain their revenue share of 7%, which shows that the cathedral city is also attractive to investors outside the city centre.

## Investments by buyer group in Cologne Q1 2020



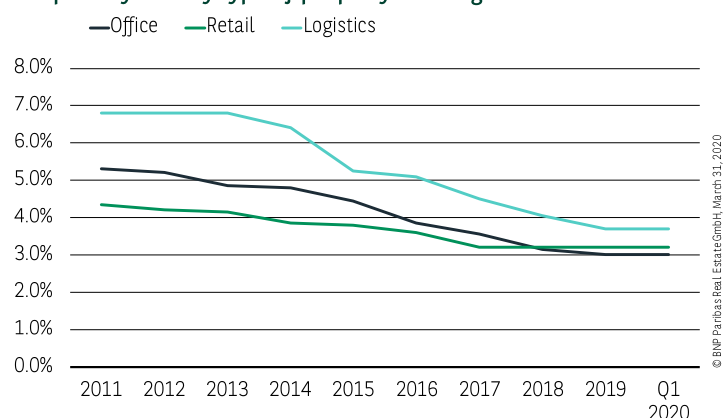
## SPECIAL-PURPOSE FUNDS LEAD THE FIELD

The investor landscape in the first quarter is still quite clear. With a market share of almost 39%, special-purpose funds are particularly eager to buy, while project developers contribute 27% to the overall result. The land deals in Ehrenfeld, which were mentioned above, are once again playing a role here. The podium is completed by family offices, which are responsible for a quarter of the total turnover. The three groups of buyers listed above together account for more than 90% of turnover, which shows an exceptional market concentration. Open-ended funds (4.4%) and real estate companies (3.4%) come in next with a large gap.

## PRIME YIELDS UNCHANGED IN THE FIRST QUARTER

At the beginning of the year, slight price increases were still apparent. Ultimately, however, the sales concluded in the first quarter, many of which were already at an advanced stage of negotiations at the beginning of the year, generated yields comparable to those at the end of 2019. Since the introduction of the measures to contain the corona crisis, no significant properties have been sold that would reflect a changed yield level. Accordingly, no adjustments have been made so far. Against this background, the prime net yield for offices remained at 3.00% in the first quarter. For inner-city retail properties in prime locations, the rate keeps stable at 3.20% and logistics properties are quoted at 3.70%.

## Net prime yields by type of property in Cologne



## PERSPECTIVES

Even though the investment markets got off to a very good start to the year, it can be assumed that the effects of the corona crisis will also be felt on the investment markets as the year progresses. At this point, the expected transaction volume for the year 2020 cannot be reliably estimated due to the still unchanged uncertainty about the further course of the crisis. However, the probability that results will be significantly lower than in 2019 is very high. The future development of yields also remains to be seen at present.

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