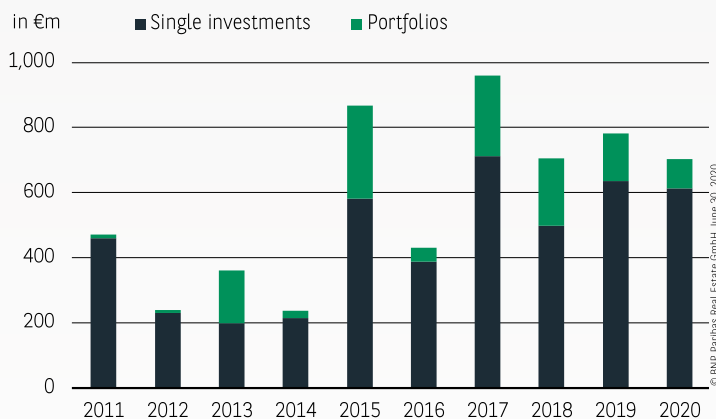




At a Glance **Q2 2020**

INVESTMENT MARKET COLOGNE

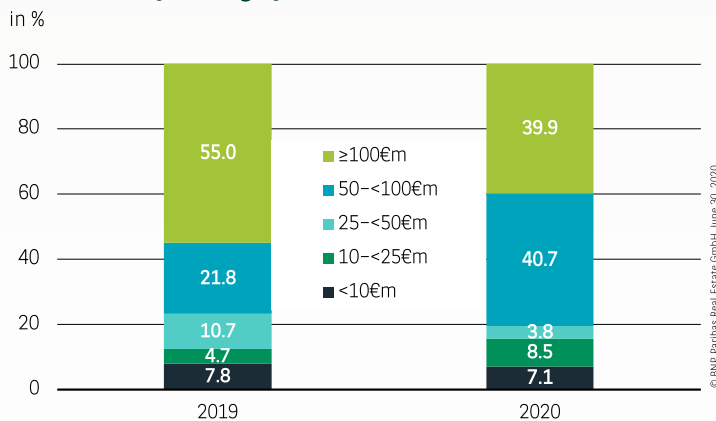
Investment volume H1



MIXED FIRST HALF YEAR

The Cologne investment market achieved a transaction volume of a good €700 million in the first half of the year. A quite respectable result against the background of an extremely demanding market environment, all the more so as the 10-year average was exceeded by 22%. Interestingly enough, the number of deals concluded was just as high as in the same period of the previous year at just over 20, only the average sales volume per sale was slightly lower. In contrast to most other A-cities in Germany, investment turnover is largely driven by individual deals (88%), while portfolio sales and company takeovers play only a minor role. This suggests that the relevant investors have specifically focused on the Rhineland metropolis as part of their investment criteria. Despite everything, the corona epidemic has also left its mark on the Cologne investment market. The market is particularly benefiting from the good start to the year (€464 million), while earnings in the second quarter were noticeably lower at €238 million.

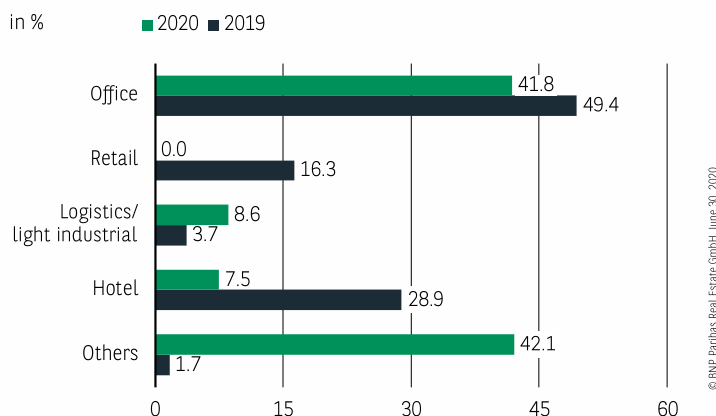
Investments by € category H1



MIDDLE SIZE SEGMENT DOMINATES

The distribution of investments by size category in the first half of 2020 will be particularly influenced by the deal category between €50 and 100 million, which, thanks to five transactions, will account for almost 41% of total turnover. Large transactions over €100 million contribute 40% to the result. The purchase of the first construction phase of the major project "I/D Cologne" by BNP Paribas REIM is particularly noteworthy as a first-class office location is to be created in Cologne-Mülheim. Small and medium-sized volume classes up to € 50 million together account for just under 20% of the transaction volume.

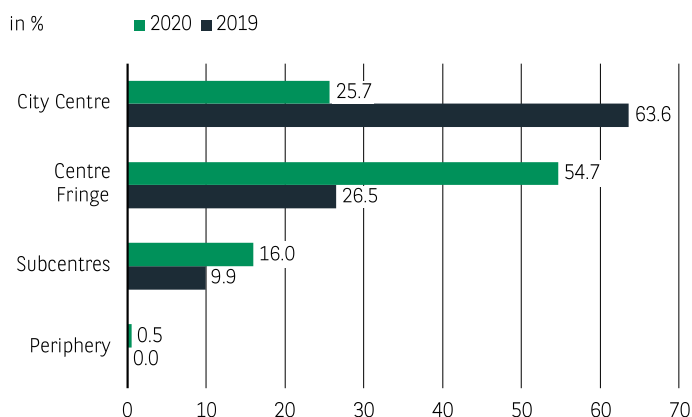
Investments by type of property H1



PROPERTIES IN SHORT SUPPLY

In the first quarter, office properties, with just under 42% of total turnover, only reached second place in the asset class distribution. No significant turnover has yet been recorded for retail properties. Meanwhile, logistics properties and hotels are making a noticeable contribution to earnings of 8% and 9% respectively. The conspicuously high share of the category of "Other" at a good 42% is primarily due to the sale of a large-volume mixed-use property and several land deals.

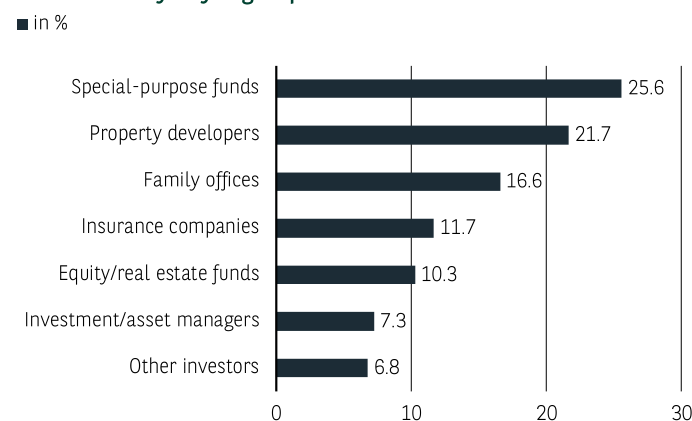
Investments by location H1



CENTRE FRINGE BENEFITS FROM MAJOR TRANSACTIONS

The distribution of sales by location reflects, above all, the location of large-volume deals. Although some sales were registered in central locations, the average volume of these sales was manageable, so that the City Centre currently only accounts for a contribution of just under 29%. This shows that the investment product in the core area is still in short supply. The Centre Fringe, on the other hand, benefits significantly from large transactions and accounts for well over half of the turnover. In addition to the previously mentioned sale of the I/D Cologne in Mülheim, several significant property deals are also worth mentioning. Additionally, Subcentres are able to increase their earnings to 16%, which is a clear indication that the cathedral city is also attractive for investors outside the city centre.

Investments by buyer group H1 2020



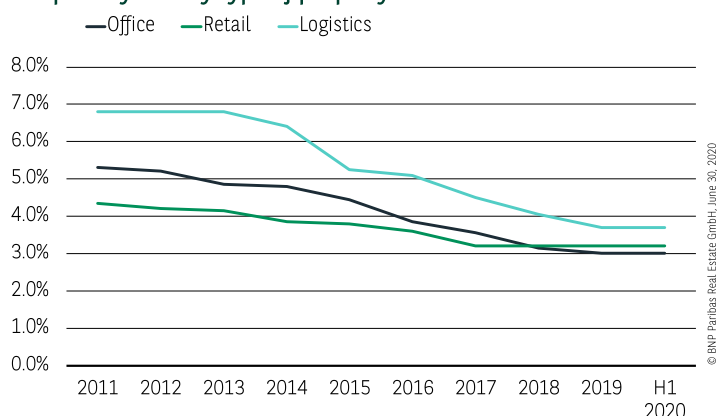
SPECIAL-PURPOSE FUNDS LEAD THE FIELD

The investor landscape was very balanced in the first half of the year, with five groups of investors accounting for double-digit shares of sales. With a market share of a good quarter, special funds are particularly willing to buy, while property developers contribute almost 22% to the overall result. The podium is rounded off by family offices, which are responsible for 17% of total turnover. But also insurance companies and equity/real estate funds are leaving their mark on the Cologne investment market with a market share of just under 12% and 10% respectively.

STABLE AT A LOW LEVEL

Contrary to the expectations of many market participants, no significant market disruption has occurred to date as a result of the measures to contain the corona epidemic. Although increased financing costs are sometimes reflected in the purchase price, the price level remains very stable, particularly in the core area, thanks to continuing high demand. Net prime yield for offices remained at 3.00% in the first half of the year. For inner-city commercial properties in prime locations, 3.20% can still be assumed, and logistics properties at 3.70%.

Net prime yields by type of property



OUTLOOK

Despite all the gloomy predictions, the Cologne investment market has so far proved to be quite resilient to the crisis. Even though there is still uncertainty regarding the future development of the economy, a clear improvement in the market sentiment is already evident, from which the Cologne real estate industry should also benefit. Against the backdrop of possible catch-up effects, annual sales in the range of up to €2 billion no longer seem unattainable.

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