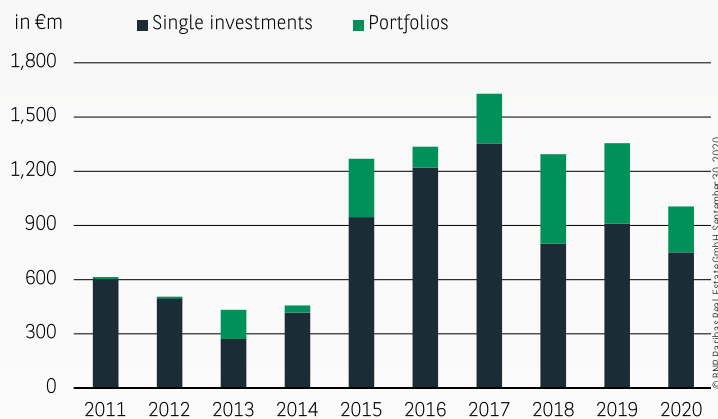




At a Glance **Q3 2020**

INVESTMENT MARKET COLOGNE

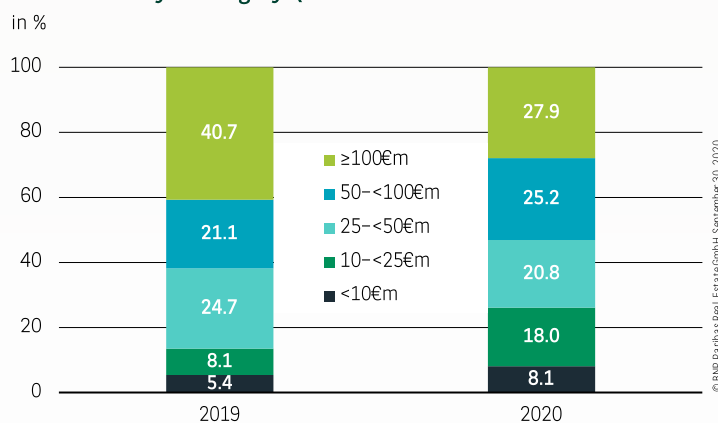
Investment volume Q1-3



RESPECTABLE INVESTMENT RESULTS IN THE CORONA YEAR

The Cologne investment market recorded a transaction volume of a good € 1 billion in the first three quarters, which can certainly be considered a success in view of the difficult market situation. Although the previous year's result was missed by about a quarter, there is still a very slight increase (+ 2%) compared to the 10-year average. Looking at the investment result in detail, there are several positive aspects to it: For example, the Q3 result of a good € 300 million is already significantly higher than in the previous quarter (€ 238 million). In addition, between July and September alone there were 19 sales transactions, almost as many as in the first half year as a whole (21). The market is therefore very active, even though there is still a lack of large-volume deals. In addition, unlike most other A-cities, the investment result in Cologne is largely attributable to individual deals (75%), while package sales and company takeovers play only a minor role. It is thus evident that investors are looking selectively for assets in the Rhineland metropolis.

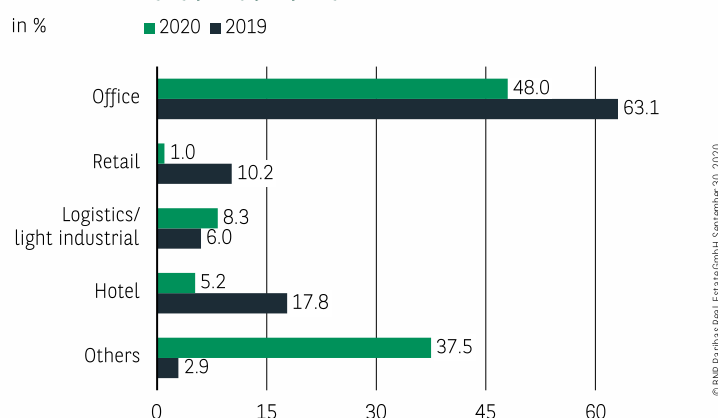
Investments by € category Q1-3



BALANCED SIZE CLASS DISTRIBUTION

The distribution of investments by size class was very balanced in the third quarter. In particular, large transactions over €100 million are significantly underrepresented at around 28%, reflecting the lack of large volume deals. In fact, the sale of the first construction phase of I/D Cologne to BNP Paribas REIM in the first quarter is the only deal in this segment to date. The medium ticket sizes between € 25 and € 100 million account for about 46%, while smaller transactions below € 25 million achieve an unusually high market share of 26%. By the end of September, no less than 26 sales cases were attributable to this category.

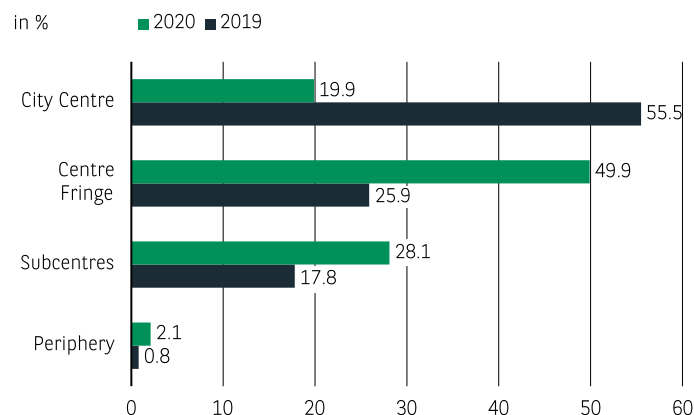
Investments by type of property Q1-3



OFFICE PROPERTIES STILL IN DEMAND

Almost half of the total turnover (48%) was generated in the office segment, which was able to defend its traditional first place despite noticeable losses. Ten office deals were recorded in the third quarter alone. While logistics and hotel properties are showing their impact with market shares of a good 8% and 5% respectively, retail properties (1%) are well below expectations. At 37.5%, however, the contribution made by the general category "Other" is remarkably high. This category includes mixed-use properties and several large development plots.

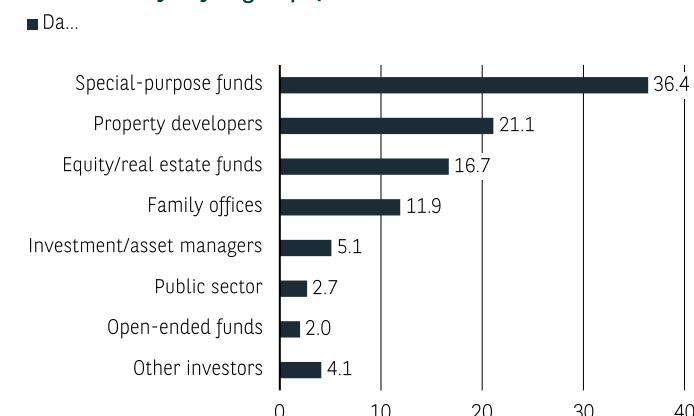
Investments by location Q1-3



CENTRE FRINGE BENEFITS FROM MAJOR TRANSACTIONS

The distribution of sales according to location category is particularly striking in the exceptionally low share of the City Centre submarket, at just under 20%. In fact, only € 200 million was actually invested here in the first three quarters, which is well below the 10-year average (€ 500 million). This shows that the investment product in the core area is currently in extremely short supply. Apart from the aforementioned sale of the I/D Cologne, a number of larger property deals was recorded in the Centre Fringe locations pushing their market share to almost 50%. The Subcentres locations were able to increase their market share to a good 28%, which can be seen as an indication that the cathedral city is also attractive for investors outside the city center.

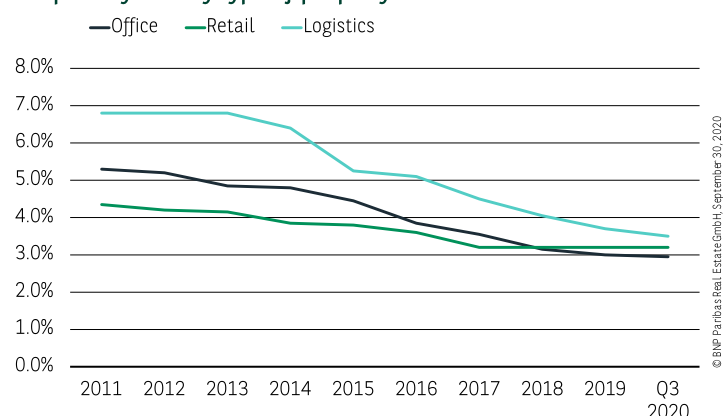
Investments by buyer group Q1-3 2020



SPECIAL-PURPOSE FUNDS LEAD THE FIELD

As of September, the Cologne investment market is firmly in the hands of special-purpose, which have a market share of a good 36%. Interestingly enough, all eight deals concluded here are in the office segment. Thanks to the numerous land deals, property developers follow in second place with a good 21%. The podium is completed by Equity/Real Estate Funds (17%), which as usual bundle their activities in the portfolio segment. Family offices also achieved a double-digit result with almost 12% to which the purchase of Carré Belge on Hohenzollernring, brokered by BNP Paribas Real Estate, also made a contribution. With 5% market share, investment/asset managers lagged significantly behind the results of previous years.

Net prime yields by type of property



YIELDS STABLE AT A LOW LEVEL

Fears that the corona pandemic could lead to greater market distortions did not prove true in the third quarter either. Investors are paying greater attention than before to differentiating between location and property quality, which in some cases may also be reflected in declining prices. In the core segment, however, the yield compression is resuming again, with the result that the net prime yield for offices has fallen by 5 basis points year-on-year to 2.95%. First-class logistics real estate is trading at 3.5%, a full 20 basis points lower. The prime yield for inner-city commercial retail buildings in prime locations remains at 3.20%.

OUTLOOK

Despite all adversities, the Cologne investment market continues to show resilience to the crisis. Even though there is still uncertainty regarding the further incidence of infections and the associated overall economic prospects, the Cologne real estate market continues to enjoy the confidence of investors, which is not least underlined by the large number of development plots traded. In this respect, an investment volume of well over €1.5 billion can be expected for the year as a whole.

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