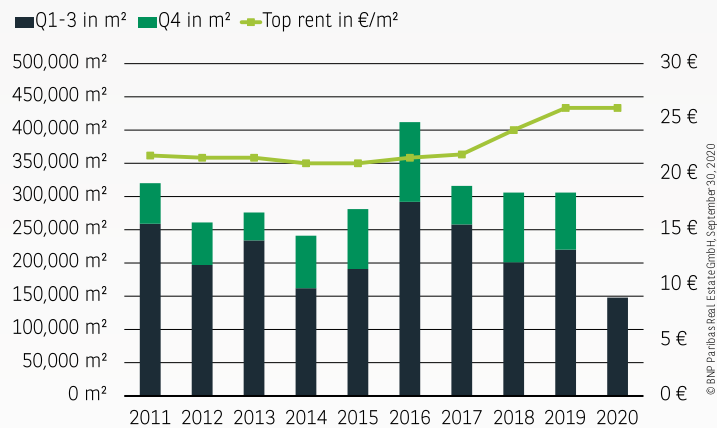




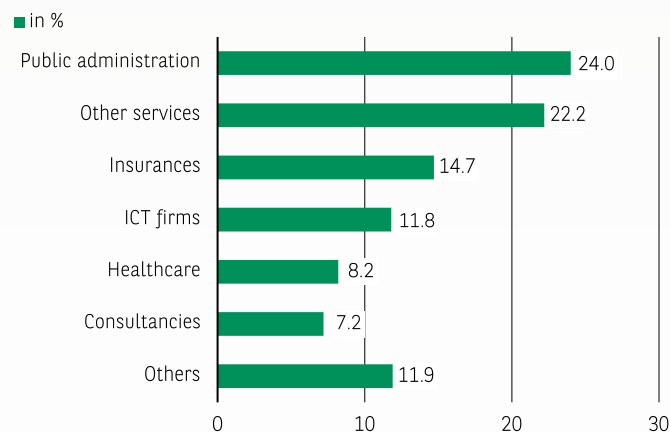
At a Glance **Q3 2020**

OFFICE MARKET COLOGNE

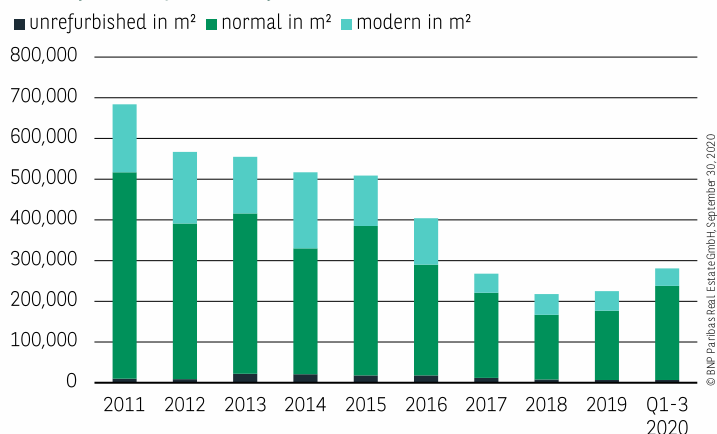
Development of take-up and top rents



Take-up by sector Q1-3 2020



Development of vacant space



THE GAP TO THE PREVIOUS YEAR IS GETTING SMALLER

Even if the result on the Cologne office market is around one third below the previous year's figure, with take-up of 148,000 m² market activity has picked up noticeably over the course of the year. While the result at the beginning of the year was still 53% lower than in 2019, the year-on-year difference in the third quarter was only 16%. The fact that the decline is not at all location-specific, but is primarily due to the impact of the Corona pandemic is underlined by the 36% decrease in office take-up across Germany. However, the two major contracts concluded by AOK Rheinland (18,000 m²) in the "Quadra" and the Cologne Hauptzollamt (10,000 m²) in the "Ehrenwert" show that even in 2020 despite external market effects new major tenants have been found for two office complexes that have not yet been completed. In the submarket overview, the two office market zones Porz/Airport (32,000 m²) and Ehrenfeld/Braunsfeld (28,600 m²) benefit from the aforementioned major contracts, while the City submarket comes to a volume of 31,800 m² (21%) due to a large number of smaller contracts.

PUBLIC ADMINISTRATION IS LEADING SO FAR

Driven by three of the six largest deals, public administration is at the top of the sector ranking after three quarters. In addition to the contract from the main customs office, the public sector also benefits from the leasing of the Job Center (3,800 m²) in Cologne's Südstadt and the facility management of the City of Cologne contract in Rodenkirchen (3,600 m²). Other services follow closely behind with a good 22%, which among other factors, taking advantage from the conclusion of the KHD Humboldt Wedag International deal in Cologne-Porz (4,300 m²). Furthermore, insurance companies account for almost 15% of take-up and ICT firms generate almost 12% of the overall volume.

VACANCIES INCREASE, BUT NOT IN THE MODERN SEGMENT

Although the vacancies have increased significantly over the last 12 months to 281,000 m², it is still at a historically low level. This is particularly true considering the fact that only 43,000 m², and thus only around 15%, have modern fit out quality. The largest amount of lettable space is traditionally available in the City submarket (86,500 m²). Even though the supply bottleneck has eased somewhat here, the vacancy rate of 3.1% is still at the limit of the necessary fluctuation reserve and lower than in the overall market (3.5%).

Major contracts

Sub-market	Company	m²
3.5	AOK Rheinland	18,000
2.1	BIMA/ Hauptzollamt	10,000
3.2	DKMS	4,500
3.5	KHD Humboldt Wedag International	4,300
2.3	Jobcenter	3,800
3.4	Facility management of the city of Cologne	3,600

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Trends in important market indicators

	Q1-3 2019	Q1-3 2020	Trend remaining year
Take-up	220,000 m²	148,000 m²	➡
Vacant space	196,000 m²	281,000 m²	➡
Space under construction (total)	183,000 m²	195,000 m²	➡
Space under construction (available)	40,000 m²	87,000 m²	➡
Top rent	25.00 €/m²	26.00 €/m²	➡

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➤ VOLUME OF SPACE UNDER CONSTRUCTION RISES

Compared to the previous year, construction activity increased slightly by 7% to currently 195,000 m². In view of the difficult market phase, this is a clear indication of the confidence of the players in Cologne's business office location. The more interesting available space has more than doubled to 87,000 m². However, a good 72% of this space is not expected to be completed until 2022. The submarkets Ehrenfeld/Braunsfeld and Ossendorf/Nippes, where numerous projects are at planning stage or under construction, should be mentioned as the key areas.

➤ TOP AND AVERAGE RENTS KEEP THEIR LEVEL

The top rent, which rose to 26 €/m² at the end of 2019, has further stabilized and can be achieved for high-quality office space in the City submarket. Overall, rents were able to maintain their level over the course of the year despite the somewhat weaker demand. This applies in particular to the modern segment, where the supply available at short notice remains limited. At 14.20 €/m², the average rent is also on a similar scale as in previous quarters.

➤ OUTLOOK

Despite the difficult overall economic situation, the Cologne office market is expected to see a further upswing in the traditionally strong final quarter on account of the high number of leases, some of them large, which are about to be concluded. Against this background, from today's perspective take-up at the end of the year around the 200,000 m² mark represents a quite realistic scenario. On the supply side, vacancies are likely to increase. However, this will not lead to any noticeable market imbalance or a significant change in the level of rents.

Key indicators Q1-3 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1-3 2020	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre	26.00		31,800	86,500	18,000	300	47,200	23,200	109,700	49,500
1.2 Deutz	21.00		1,000	700	400	0	0	0	700	31,800
2 Centre Fringe	15.70 - 16.50		47,300	78,600	4,600	0	92,200	46,100	124,700	192,500
3 Subcentres	11.80 - 15.50		67,900	115,200	20,000	700	55,600	17,700	132,900	153,200
Total			148,000	281,000	43,000	1,000	195,000	87,000	368,000	427,000

* The top rent given applies to a market segment of 35 % in each case.

** The relevant office market zone can be found on our website under "Research".

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