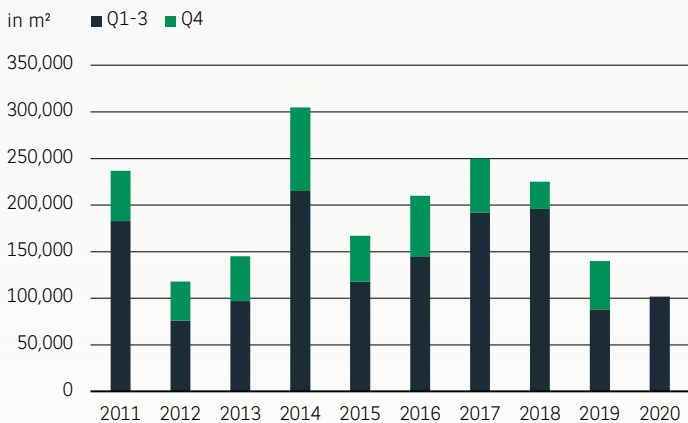




At a Glance **Q3 2020**

# LOGISTICS MARKET COLOGNE

## Light industrial and logistics take-up

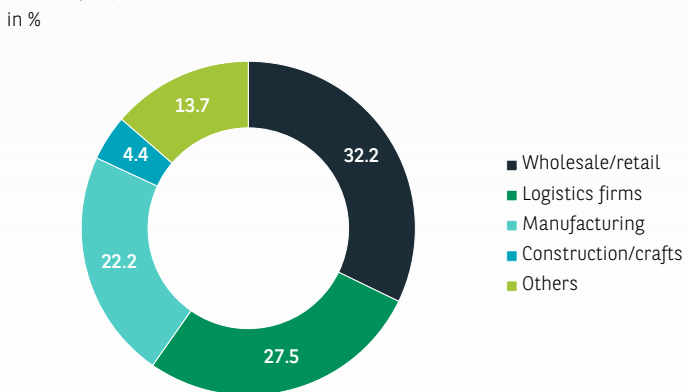


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### ➤ ABOVE AVERAGE THIRD QUARTER

The Cologne logistics market had a restrained start to the year and was unable to pick up momentum in the second quarter. The sharp rise in demand for warehouse space, particularly by retail companies and logistics firms, which was registered in many regions during the lockdown did not occur in the Cologne market area. All the more, rental activity was lively in the third quarter. Between the beginning of July and the end of September, 53,000 m² of space was taken up. This above-average quarterly result has pushed take-up to a current 102,000 m² (including owner-occupiers). This exceeded the previous year's result by 16 %. Nevertheless, the high take-up levels of the years 2016-2018 are still a long way off and the ten-year average is missed by almost 28 %.

## Take-up by sector Q1-3 2020

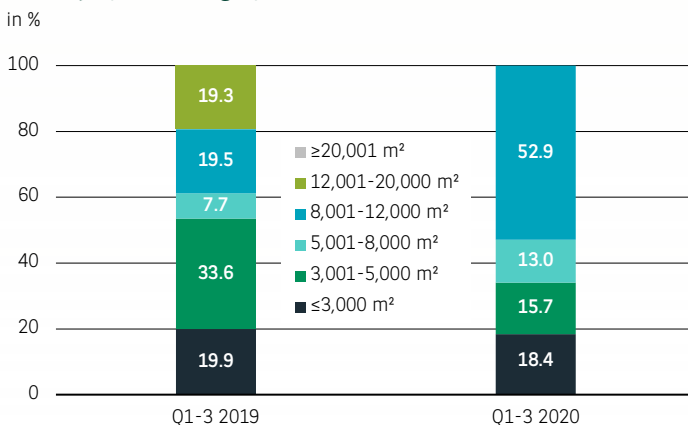


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### ➤ RETAIL COMPANIES WITH STRONG INTERIM BALANCE

Retail companies are particularly strong in terms of leasing activity in 2020. To date, they account for around 33,000 m² or just over 32 % of take-up. In terms of market share, they are thus within the long-term average. In the first nine months of the year, three deals, each for just over 8,000 m², contributed to this result - two of which were concluded in the third quarter. Logistics firms generated 27.5 % or 28,000 m² of take-up, including several contracts in the third quarter such as the largest deal of the year to date with 11,000 m² from Rheinland Hilde Freund. With a take-up of just under 23,000 m², manufacturing companies occupy third place in the ranking. The market share of around 22 % is slightly above the long-term average.

## Take-up by size category



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### ➤ LARGE DEALS MISSING COMPLETELY

Even after the end of the third quarter, there is a complete lack of contracts with rental space of more than 12,000 m². The Cologne market is known for its pronounced smallness compared to the rest of Germany, but there has not been a year since 2011 in which not a single deal in the larger segment was concluded by the end of September. Even in the relatively weak year 2019, there were two of this size. In 2020, the market is dominated by contracts between 8,000 and 12,000 m², which account for around 54,000 m² of total take-up. In addition to the 11,000 m² leased by Rheinland Hilde Freund, there are five deals with just above 8,000 m² each. A strong activity can be observed in the small-scale segment below 3,000 m² with currently about 16 contracts. This is where the important topic of last mile logistics is increasingly coming into play.

Major contracts Q1-3 2020

Quarter	Company	Location	Area (m <sup>2</sup> )
Q3	Rheinland Hilde Freund	Kerpen	11,000
Q2	Orion Engineered Carbons	Cologne	8,900
Q3	Logistics firm	Cologne	8,600
Q3	Wholesale/retail firm	Cologne	8,600
Q3	Brömmelhaupt	Frechen	8,400

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RENTALS IN NEW BUILDING HIGH IN DEMAND

Space under construction or at planning stage are in high demand among logistics players in the Cologne market area. By the end of September take-up in these new buildings accounted for 51.5 % market share. The majority of deals in the large-area segment were concluded in this category, which clearly underlines the lack of existing modern space on the one hand and the demand for built-to-suit properties on the other. The rental price structure remained stable in the third quarter. A sideways movement can be reported for both prime and average rents. They are noted at 5.60 €/m<sup>2</sup> and 4.55 €/m<sup>2</sup> respectively and thus 3.7 % and 2.2 % above the previous year's level.

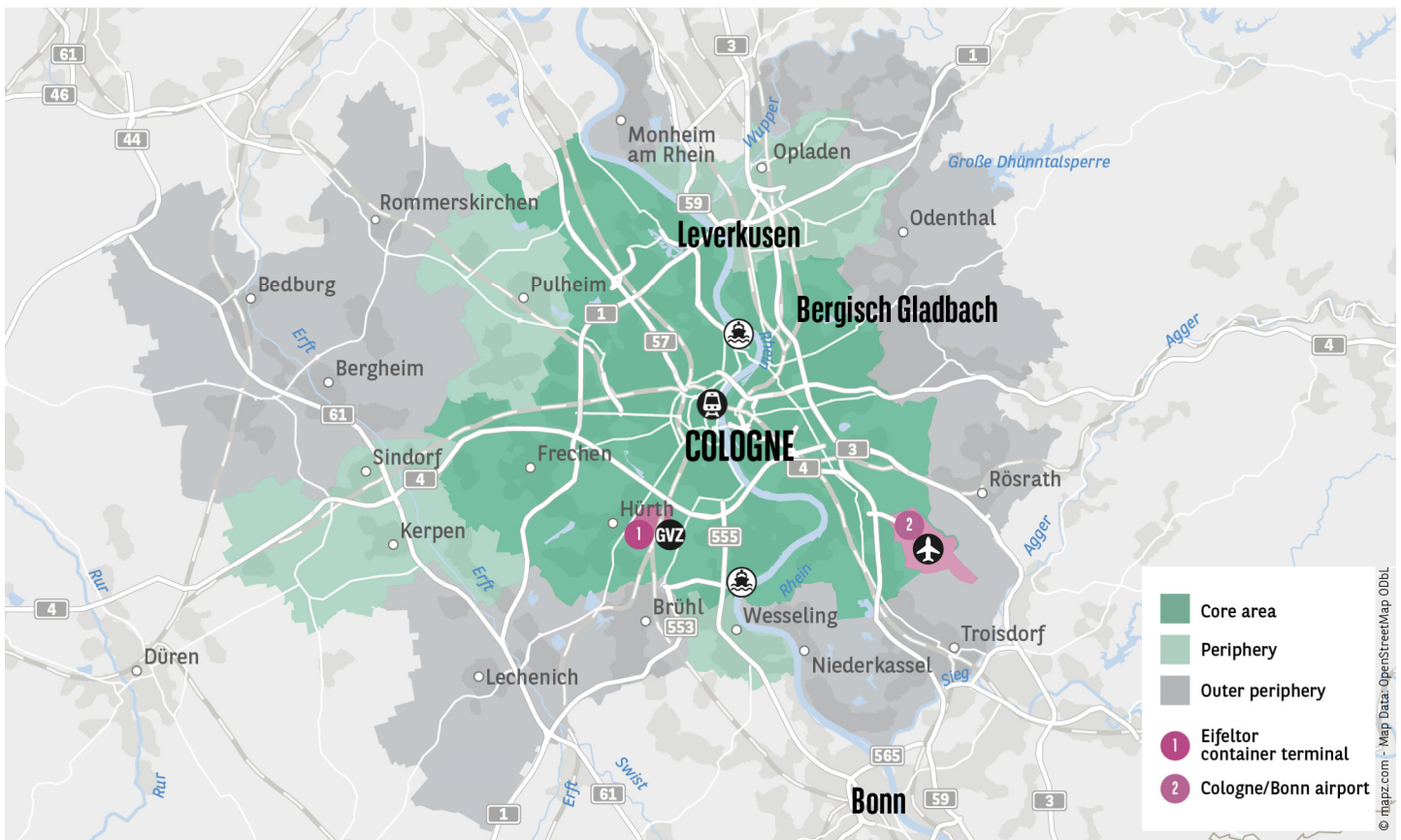
Key figures logistics market Cologne

	Q1-3 2019	Q1-3 2020	Trend remaining year
Prime rent	5.40 €/m <sup>2</sup>	5.60 €/m <sup>2</sup>	➔
Average rent	4.45 €/m <sup>2</sup>	4.55 €/m <sup>2</sup>	➔
Take-up	88,000 m <sup>2</sup>	102,000 m <sup>2</sup>	➔
- Share of owner-occupiers	9.9 %	9.4 %	➔
- Share of new buildings	61.1 %	51.5 %	➔

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OUTLOOK

The Cologne warehouse and logistics market is heading for a result above the previous year's level. However, the long-term average of 200,000 m<sup>2</sup> is likely to be missed, unless some major deals will be concluded in the short term. Overall, the market is robust and in motion. The general trends of nearshoring and the growing share of e-commerce are also likely to have an impact on the demand side in Cologne. While there is still room for an increase in the average rent, the top rent is likely to remain at 5.60 €/m<sup>2</sup> by the end of the year.



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