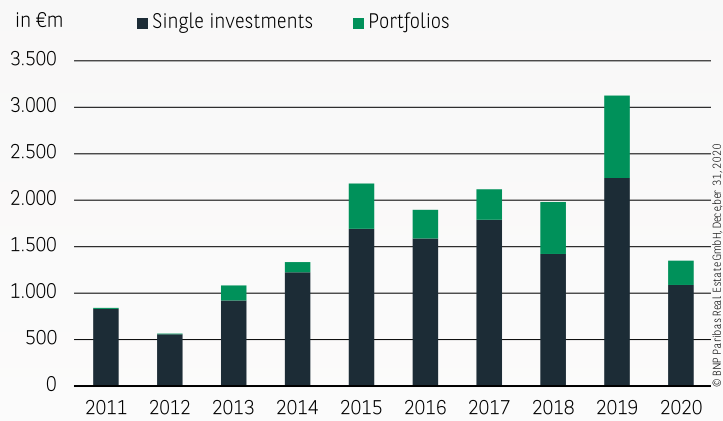




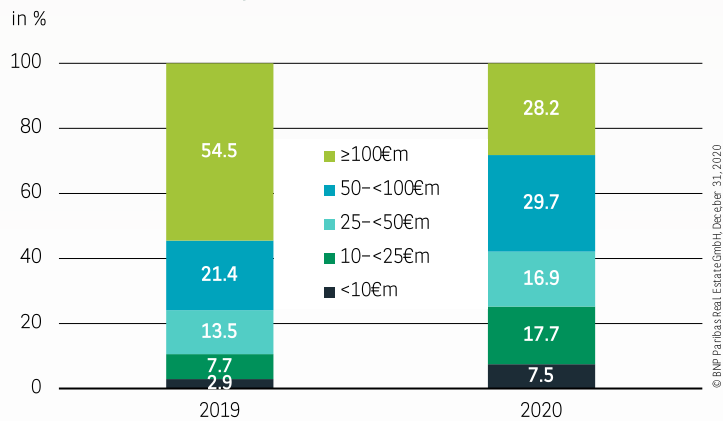
At a Glance **Q4 2020**

INVESTMENT MARKET COLOGNE

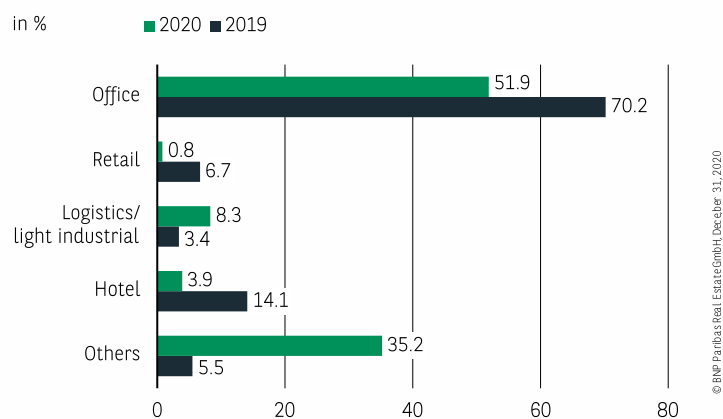
Investment volume



Investments by € category



Investments by type of property



CORONA CRISIS AND SUPPLY SHORTAGE WEIGH DOWN

The Cologne investment market closed 2020 with a transaction volume of just under €1.4 billion and thus had to record a decline of 57% year-on-year. Compared with the 10-year average, there is a deficit of 18%. Unlike in Berlin, Frankfurt or Düsseldorf, for example, the usual "year-end rally" did not occur in the cathedral city. Between October and December, only €345 million was invested in commercial real estate. On average over the last five years, the Q4 result was more than twice as high at €884 million. In summary, the weak performance can be attributed to three influencing factors: In addition to the burdens of the Corona epidemic, from which the Cologne investment market naturally could not escape, the result is particularly burdened by the glaring lack of supply in the central city locations. In total, only €619 million was transacted in core properties. In addition, the portfolio segment made a rather disappointing contribution of €261 million or 19%. In the two previous years, package sales still accounted for 28% of the result.

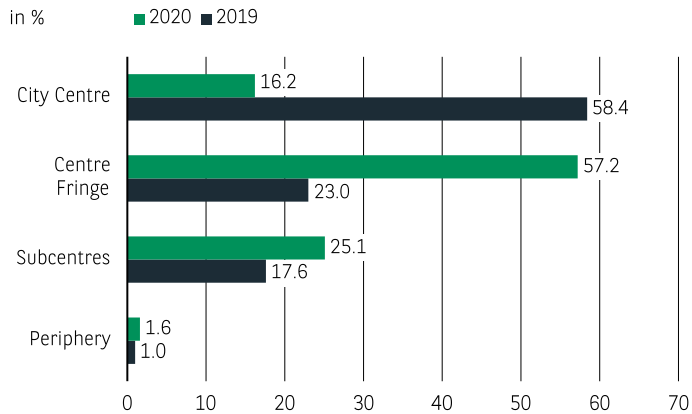
BALANCED SIZE CLASS DISTRIBUTION

The size class distribution was very heterogeneous in the third quarter. In particular, large transactions over €100 million were significantly underrepresented at around 28%. In total, only three deals in this size range were registered in 2020, including the I/D Cologne forward deal, which was secured by BNP Paribas REIM. The two smallest size categories between €0 and €25 million accounted for a good quarter of sales, which means that they performed better than in the past few years, not only in percentage but also in absolute terms. This shows that the market is very lively, but due to a lack of product, this is not reflected in higher total sales. Thus, the average deal volume of only €28 million was significantly below the level of previous years.

OFFICE PROPERTIES REMAIN IN HIGH DEMAND

A good half of total take-up (52%) was generated in the office segment, which was thus able to defend its first place despite losses. Logistics properties, the secret winners of the Corona crisis, more than doubled their market share (8%), while hotel and retail properties performed weakly. The contribution of the collective category "Other" to total investment volume was remarkably high at 35%. This category mainly comprises development properties with a volume of €353 million.

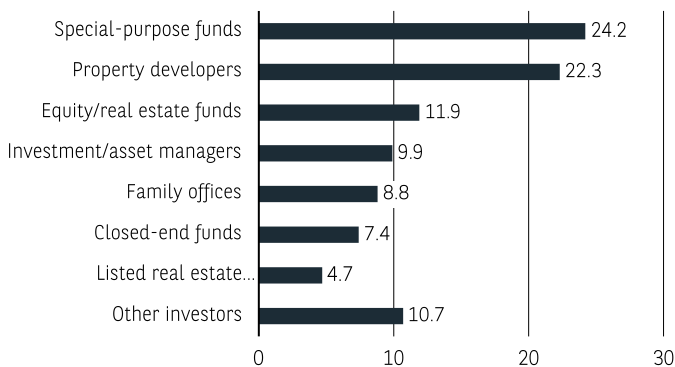
Investments by location



CENTRE FRINGE BENEFITS FROM MAJOR TRANSACTIONS

In the distribution of sales by location category, the historically low share of city centre locations (16%) is particularly striking. Only one of the total of nine deals over €50 million was located here. This once again underlines the serious lack of product in the central locations. The high demand for core properties in Cologne, particularly in times of crisis, could therefore hardly be met. The Centre Fringe locations, on the other hand, benefited from the fact that eight of the nine largest deals were located here, including the aforementioned purchase of the I/D Cologne project development in Cologne-Mülheim. In addition, the Subcentres were able to increase their result to a good 25%, which indicates that the cathedral city is also fundamentally attractive for investors outside the city centre.

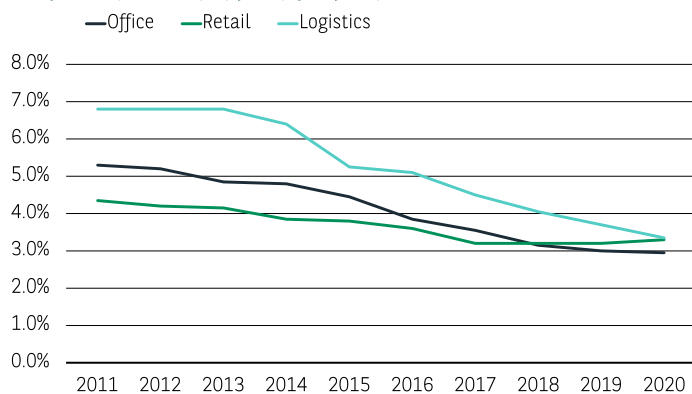
Investments by buyer group 2020



SPECIAL-PURPOSE FUNDS LEAD THE FIELD

With only three buyer groups with double-digit market shares, the distribution of sales by buyer group is very balanced. Special-purpose funds account for just under a quarter of sales, making them the most important buyer group for the third year in succession. They are closely followed by property developers with a market share of just over 22%, who acquired a large proportion of the numerous development sites traded. The podium is completed by equity/real estate funds (12%), which bundle their activities primarily in the portfolio segment. Investment/asset managers (10%), family offices (9%) and closed-end funds (just over 7%) also make notable contributions to the overall result.

Net prime yields by type of property



YIELDS STABLE AT A LOW LEVEL

Yields were largely stable at the end of the year, although there were some divergent developments depending on the asset class. For example, yield compression continues for office properties in the core segment, with the net prime yield for offices falling by 5 basis points year-on-year to 2.95%. For prime logistics properties a decrease of 35 basis points to just 3.35% was registered. For high-street properties, the prime yield rose for the first time since 2008. Here, the figure is now 3.30%, 10 basis points higher than in the previous year.

OUTLOOK

At the end of the year, fears that the Corona epidemic would lead to major market distortions did not materialize. Just the contrary, the investment market in Cologne is proving to be quite resistant to the crisis, despite all adversities. There are no signs of a slackening in demand, meanwhile a serious shortage of product is preventing a higher transaction volume. Fundamentally, the large number of development sites sold, among other things, testifies to the confidence of investors in Cologne as a location and, together with the vaccination campaigns now underway, nurtures hopes of a better result in 2021.

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