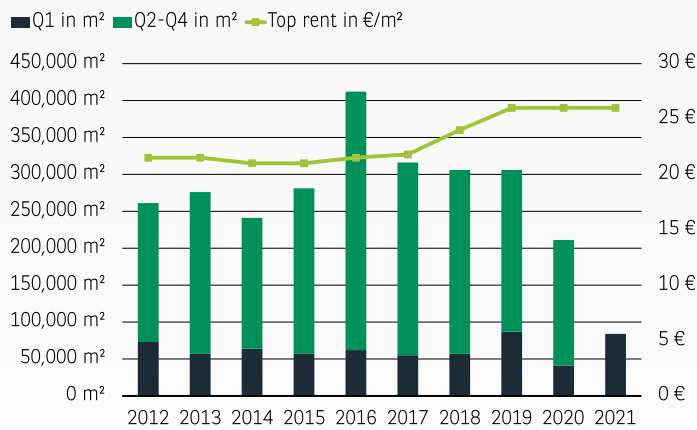




# At a Glance Q1 2021

## OFFICE MARKET COLOGNE

### Development of take-up and top rents

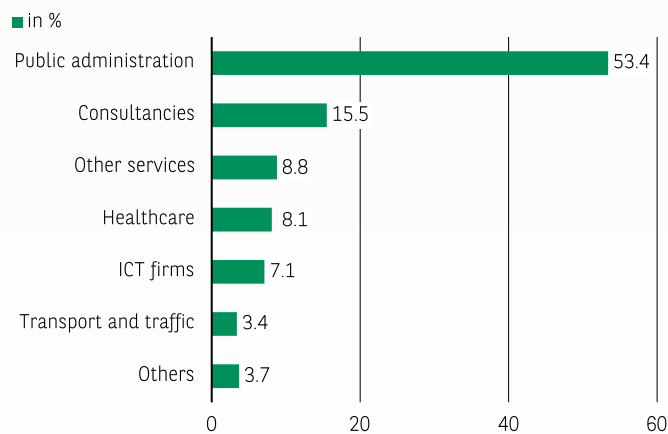


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### ➤ A VERY STRONG KICK-OFF

The Cologne office market got off with a very strong start to the year. The volume of 84,000 m² not only more than doubled the result from the same quarter of the previous year (+105%), but also exceeded the ten-year average by around 32%. Unlike in 2020, deals beyond 10,000 m² were already concluded at the beginning of the year. The Bundesanstalt für Immobilienaufgaben (BImA) is responsible for the two leases concluded in this size category. Significantly more activity than usual was registered in the size category 2,001 to 5,000 m². With a good 18,000 m² of take-up, the result from the same quarter of the prior year was more than tripled and the long-term average was far exceeded by 82%. The overall brisk leasing activity in the smaller and medium-sized space segment is a clear sign of market stability in Cologne. After 2019, it was the strongest start to the year in the history of the cathedral city.

### Take-up by sector Q1 2021

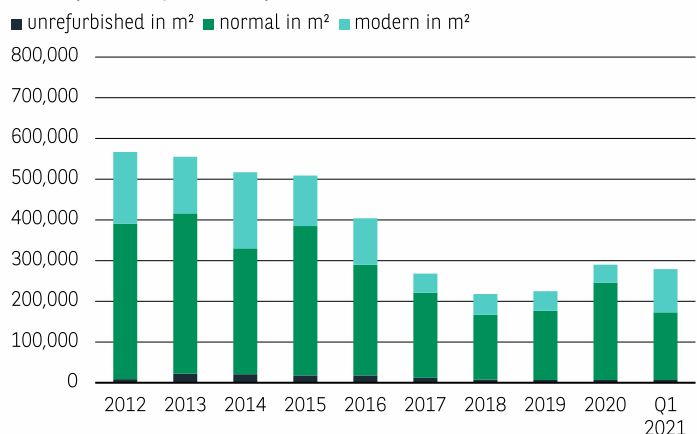


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### ➤ PUBLIC ADMINISTRATION STRONGEST SECTOR

Public administration was clearly the dominant sector in the first quarter of 2021. BImA alone concluded four contracts for a total of just over 35,000 m², including the largest contract in the market area to date with 16,100 m². In addition, other public administration institutions have signed deals for new space, bringing their market share to a good 53%. The consultancies also started the new year with an above-average result. Especially a large number of contracts below 1,000 m² have contributed to this sector's market share of 15.5%. So far, not all industries have found their way back to their old strength, so that a large part of them could only achieve market stakes well below 10 %.

### Development of vacant space



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### ➤ VACANCIES MOVING SIDeways

While the level of vacancies moved moderately upwards each quarter between the end of 2019 and the end of 2020, a sideways movement can now be seen. The current vacancy volume is 279,000 m². Although the share of modern space has recently risen significantly to 106,000 m², premium space in the Cityrand submarket, which is in high demand, remains in scarce supply. In the short term, only just under 10,000 m² of office space with modern fittings is available here, meaning that almost 87% of the vacant space in the Cityrand is not of higher quality. The vacancy rate in the market area remains below the fluctuation reserve. It amounts to 3.4%.

## Major contracts

| Sub-market | Company                                      | m <sup>2</sup> |
|------------|--|----------------|
| 2.1        | BIMA   | 16,100         |
| 2.1        | BIMA / ITZ Bund                              | 12,700         |
| 3.5        | BIMA   | 5,400          |
| 3.1        | Bundesanzeiger                               | 3,200          |
| 1.1        | IUBH Internationale Hochschule               | 3,200          |
| 1.1        | Ghendler Ruvinskij Rechtsanwaltsgesellschaft | 3,000          |

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## Trends in important market indicators

|                                      | Q1 2020                | Q1 2021                | Trend remaining year |
|--------------------------------------|------------------------|------------------------|----------------------|
| Take-up                              | 41,000 m <sup>2</sup>  | 84,000 m <sup>2</sup>  | ↗                    |
| Vacant space                         | 250,000 m <sup>2</sup> | 279,000 m <sup>2</sup> | →                    |
| Space under construction (total)     | 140,000 m <sup>2</sup> | 188,000 m <sup>2</sup> | →                    |
| Space under construction (available) | 47,000 m <sup>2</sup>  | 79,000 m <sup>2</sup>  | ↘                    |
| Top rent                             | 26.00 €/m <sup>2</sup> | 26.00 €/m <sup>2</sup> | →                    |

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## PRE-LETTING RATE REMAINS HIGH

Project developers' confidence in the Cologne office market is as strong as ever. There are currently 188,000 m<sup>2</sup> under construction, which represents a significant increase of 34% year-on-year. Especially in the second half of 2020, which was generally characterised by substantial uncertainties in the wake of the Corona pandemic, construction activity has increased, which is a very positive sign for Cologne as a business location. The pre-letting rate remains high. Of the completions planned for 2021, 73 % have already been pre-let, and 76 % of the 2022 space has already been absorbed by the market. Across all years and locations, the pre-letting rate in the market area is currently around 58%.

## OVERALL STABLE RENT LEVEL

Since the end of 2019, the prime rent has remained unchanged at its current level of 26.00 €/m<sup>2</sup> and is achieved in the City Centre submarket. The average rent, which is generally much more volatile, has continued to move upwards in 2021. In the course of 2020, it climbed from 14.40 €/m<sup>2</sup> to 15.20 €/m<sup>2</sup>. During the first quarter, the average rent rose by almost 4% to 15.80 €/m<sup>2</sup>.

## OUTLOOK

The Cologne market is starting the year with a good first quarter and the perspective of an accelerated vaccination campaign as well as extensive reductions in contact restrictions during the summer months. The market recovery should be felt in more and more sectors and ensure catch-up effects and rising take-up. An annual result in line with the long-term average (293,000 m<sup>2</sup>) is well within range. For the rent level, there are clear signs for a continuing sideways movement.

## Key indicators Q1 2021

| Submarkets**    | Top rent* (€/m <sup>2</sup> ) |    | Take-up (m <sup>2</sup> ) | Vacant space (m <sup>2</sup> ) |                |                           | Space under construction (m <sup>2</sup> ) |               | Space on offer (m <sup>2</sup> ) |                |
|-----------------|-------------------------------|----|---------------------------|--------------------------------|----------------|---------------------------|--|---------------|----------------------------------|----------------|
|                 | from                          | to | Q1 2021                   | 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                         |    | 24,400                    | 81,500                         | 59,300         | 400                       | 37,700                                     | 7,500         | 89,000                           | 38,700         |
| 1.2 Deutz       | 23.00                         |    | 500                       | 4,000                          | 500            | 0                         | 0  | 0             | 4,000                            | 66,300         |
| 2 Centre Fringe | 14.50 - 17.50                 |    | 41,200                    | 72,500                         | 9,600          | 0                         | 93,300                                     | 58,300        | 130,800                          | 195,900        |
| 3 Subcentres    | 11.90 - 15.50                 |    | 17,900                    | 121,000                        | 36,600         | 600                       | 57,000                                     | 13,200        | 134,200                          | 166,100        |
| <b>Total</b>    |                               |    | <b>84,000</b>             | <b>279,000</b>                 | <b>106,000</b> | <b>1,000</b>              | <b>188,000</b>                             | <b>79,000</b> | <b>358,000</b>                   | <b>467,000</b> |

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\* 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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