

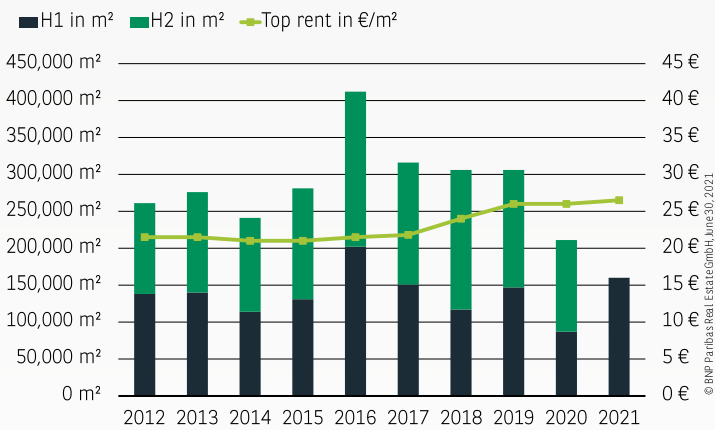


RESEARCH

At a Glance **Q2 2021**

OFFICE MARKET COLOGNE

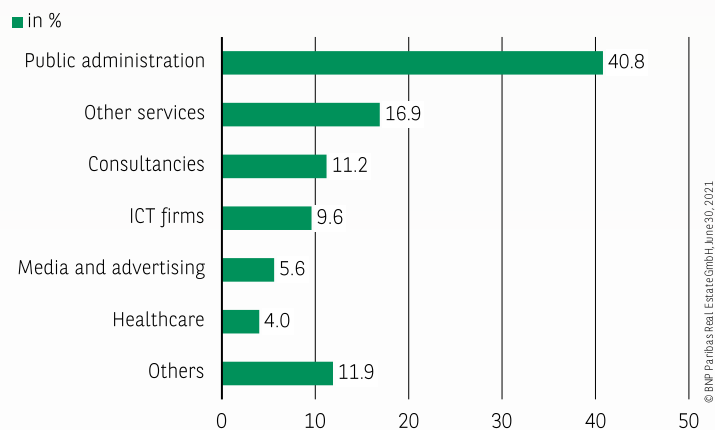
Development of take-up and top rents



► STRONG FIRST HALF OF THE YEAR

The Cologne office market recorded a very strong first half of the year. Take-up currently stands at 160,000 m². This represents an increase of 84% on the previous year's result, and the 10-year average was exceeded by a good 15%. Both at the beginning of the year and in the spring months, lettings were high. This applies to all size classes. The market recovery reached a broad base, and a significant increase in lettings can be registered for all segments. This also applies to large-volume leases beyond the 10,000 m² mark, which are an important pillar for the current result. By mid-year, a letting volume of just under 46,000 m² was registered for this size class. The result is thus more than double the long-term average, and the previous year's result of just under 18,000 m² was also clearly surpassed.

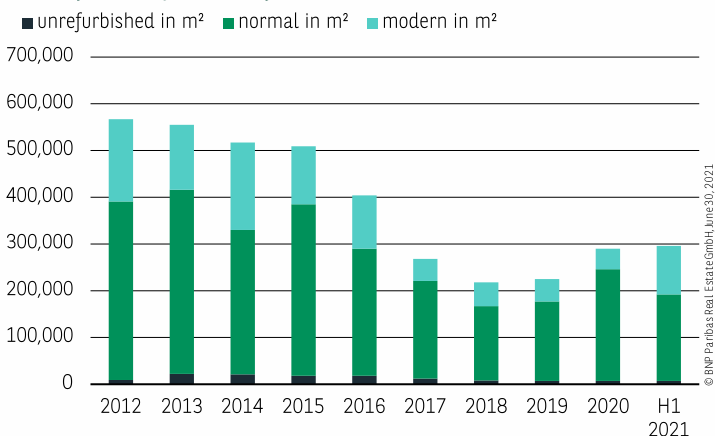
Take-up by sector H1 2021



► PUBLIC ADMINISTRATION AT THE FOREFRONT

Driven by a large number of contracts, including major leases by BIMA, for example for the General Customs Directorate (around 16,100 m²) and ITZBund (around 12,700 m²), public administration has an above-average market share of almost 41%. There is also lively market activity in other services. They currently account for almost 17% and are thus well ahead of consultancies with around 11%. In addition to numerous smaller deals, the contract of CBH Rechtsanwälte Köln with almost 4,700 m² is particularly significant.

Development of vacant space



► VACANCY RATE NEARLY CONSTANT

The vacancy in the Cologne market area currently stands at around 296,000 m² and is thus at the same level as at the end of 2020. The pace of the increase in vacancies has slowed considerably in the past six months. Compared to the previous year, an increase of 12.5% can be reported. Currently, around 38% of all vacant space has a modern standard of fit-out. There are hardly any signs of relief here for the Cologne market, whose vacancy rate of 3.6% is still well below the fluctuation reserve. Although the vacancy rate for modern space has risen slightly in Cologne's highly sought-after City submarket, this volume is hardly significant given a vacancy rate of only 2.5% in this prime location. Modern space continues to be in short supply in large parts of the market area.

Major contracts

Sub-market	Company	m ²
2.1	BIMA/Generalzolldirektion	16,100
2.1	BIMA/ITZBund	12,700
3.5	BIMA/BLW	5,000
1.1	Kunsthochschule für Medien Köln	5,000
1.1	CBH Rechtsanwälte Köln	4,700
3.5	BIMA/Polizeihoehschule Köln	3,300

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CONSTRUCTION ACTIVITY SLIGHTLY ABOVE AVERAGE

There is currently around 179,000 m² of office space under construction. Compared to the same period last year, this represents an increase of almost 34%, but in a long-term comparison this figure is only slightly above average. The increase over the course of the year is proof of the great confidence that project developers have in Cologne as an office and business location, and the high pre-letting rate of almost 59 % confirms their assessment of the market. Against this backdrop, an increase in vacancies from the supply side is unlikely, especially in view of the high pre-letting rates for projects scheduled for completion in the next 18 months. More than 81% of the space in the pipeline for 2021 has already been absorbed by the market. At 78 %, the pre-letting rate for the space expected on the market in 2022 is similarly high.

Trends in important market indicators

	H1 2020	H1 2021	Trend remaining year
Take-up	87,000 m ²	160,000 m ²	↗
Vacant space	263,000 m ²	296,000 m ²	→
Space under construction (total)	134,000 m ²	179,000 m ²	→
Space under construction (available)	37,000 m ²	74,000 m ²	↘
Top rent	26.00 €/m ²	26.50 €/m ²	↗

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TOP RENT ON THE RISE

The still very low vacancy rate in the modern space segment, coupled with a significantly livelier letting activity, led to an increase in the prime rent in the second quarter for the first time since 2019. It rose by 50 cents to 26.50 €/m² and is thus almost 2% above the previous year's level. For the average rent, an increase of just under 16% to 15.60 €/m² can be reported.

OUTLOOK

The high market activity is likely to continue in the second half of the year. Many sectors are registering an increase in demand, and a letting volume of around 300,000 m² could well be reached by the end of the year. This would even put the result slightly above the average. Against the background that vacancies of modern space are likely to remain scarce, the upward pressure on prime rents will hardly ease.

Key indicators H1 2021

Submarkets**	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	H1 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	26.50		35,700	91,200	54,000	200	37,700	7,400	98,600	38,700
1.2 Deutz	23.00		800	5,000	500	0	0	0	5,000	66,300
2 Centre Fringe	14.60 - 17.50		76,700	73,800	13,000	0	91,900	58,000	131,800	204,000
3 Subcentres	11.80 - 15.60		46,800	126,000	36,500	5,800	49,400	8,600	134,600	175,000
Total			160,000	296,000	104,000	6,000	179,000	74,000	370,000	484,000

* 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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Further Information BNP Paribas Real Estate GmbH | Branch office Cologne | Phone +49 (0)221-93 46 33-0 | www.realestate.bnpparibas.de