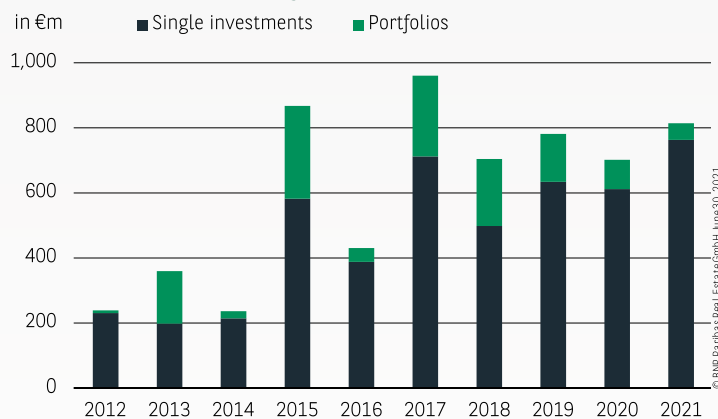




At a Glance **Q2 2021**

INVESTMENT MARKET COLOGNE

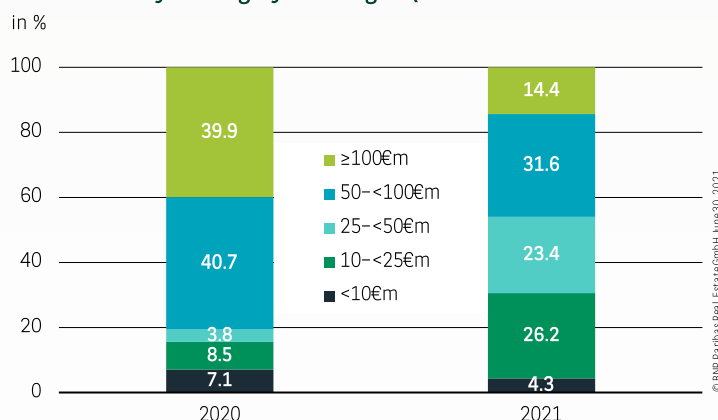
Investment volume in Cologne Q2



➤ SINGLE DEALS STRONGER THAN EVER BEFORE

The Cologne investment market looks back on a very good first half of the year. With a transaction volume of a good €814 million, both the previous year's result was exceeded by around 16% and the long-term average by more than a third. Overall, the interim balance at the end of the second quarter was only better in 2017 (€961 million) and 2015 (€867 million), which is a clear indication of the attractiveness of the Cologne market given the uncertainties caused by the corona pandemic. It is also pleasing to note that the result was generated almost entirely by single deals, which accounted for almost 94% of transaction volume with sales of €763 million and even set a new record. Key contributors to this result included the mixed-use ensemble Friesenquartier, which was brokered by BNPPRE and covers around 25,000 m², the Mercedes-Benz Center in Müngersdorf and Mevisen-Haus on the edge of Cologne's Breite Straße pedestrian zone. Overall, the 30 deals tracked produced an average volume of just over €27 million per transaction.

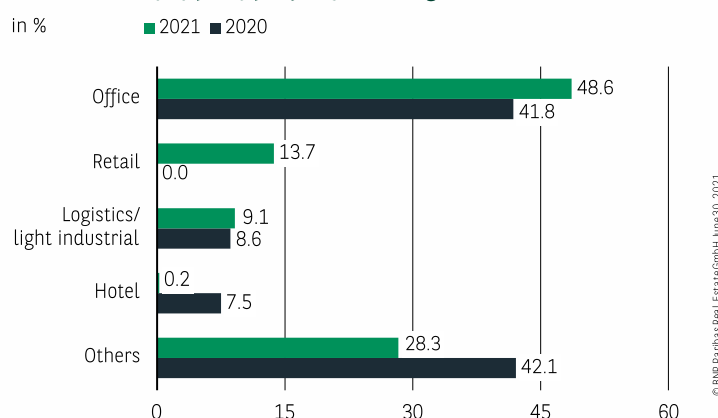
Investments by € category in Cologne Q2



➤ MID-MARKET SEGMENT FORMS THE BASIS

The excellent overall result is due in particular to a very strong investment segment in the mid-sized categories between €25 million and €100 million, which together account for a good €448 million and a share of sales of a good 55%. Viewed in isolation, sales of between €50 million and €100 million accounted for just under 32% of this total and the classes between €25 million and €50 million for a good 23%. Another important factor in the very good half-year results is the category between €10 million and €25 million, which contributes a good 26% and, like the two aforementioned segments, also achieves an above-average result. Against the background of the high volumes in the categories below €100 million, it is of no consequence that the segment of triple-digit million deals is only represented with a good 14%. Small properties under €10 million come in at a further good 4%.

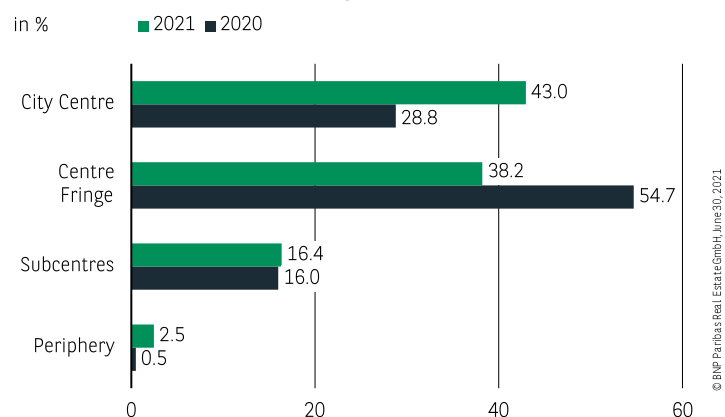
Investments by type of property in Cologne Q2



➤ OFFICES WITH VERY HIGH VOLUMES IN FRONT

The interim results at mid-year show that office investments in Cologne continue to be highly popular with investors even during the corona crisis. With a transaction volume of €396 million, offices achieved a result that is almost 35% above the long-term average and accounts for almost 49% of the overall result. Retail and logistics properties also generated larger shares of sales of just under 14% and a good 9% respectively. The high share of around 28% in the "Other" category is attributable, among other things, to land and mixed-use deals.

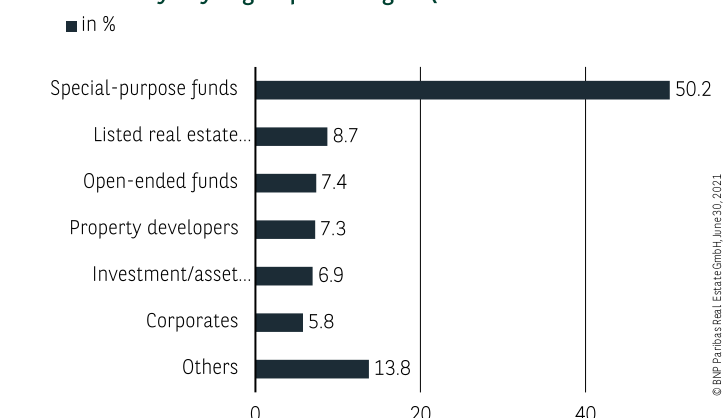
Investments by location in Cologne Q2



CITY AND CENTRE FRINGE WITH HIGH CONTRIBUTIONS

The distribution of transaction volumes by location category primarily reflects the importance of office investments in established office market zones for the Cologne investment market. Thus, office properties in the city center and on the Centre Fringe account for a good 62% of the transaction volume. Overall, the central locations account for around 43% of the transaction volume, ahead of the peripheral areas, which account for around 38%. In addition to offices, a number of smaller highstreet properties in the city center changed hands in the first two quarters. In the first half of the year, an average of just under €33 million was paid for the deals recorded in the City, while the figure for the Centre Fringe was almost €24 million. However, investments were also made in the Subcentres (a good 16%), for which logistics properties in particular are responsible. The importance of the periphery, on the other hand, can be rated as rather low, at almost 3% in the current year.

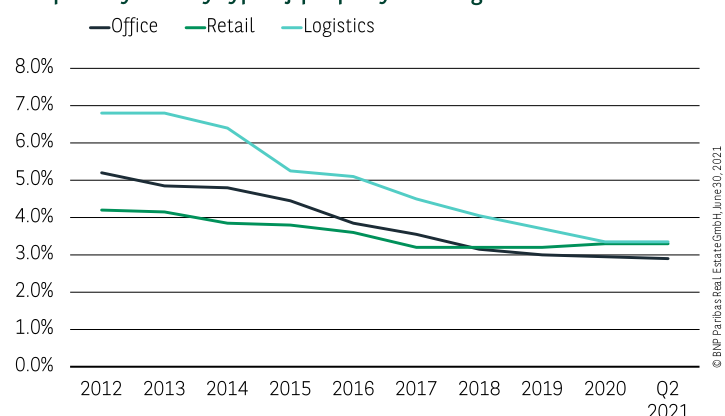
Investments by buyer group in Cologne Q2 2021



SPECIAL-PURPOSE FUNDS LONELY AT THE TOP

The ranking of buyer groups is clearly dominated by special-purpose funds, which account for around half of the investment volume with a record turnover of just under €409 million at mid-year. In addition to Friesenquartier, which Hines secured for its Pan-European Core Fund, this group of buyers was active in a wide range of asset classes in the first half of the year. Following closely behind are listed real estate companies/REITs (just under 9%), open-end funds, property developers and investment/asset managers (around 7% each). Corporates also have a stake of over 5% (almost 6%).

Net prime yields by type of property in Cologne



OFFICE YIELDS DECLINE SLIGHTLY

Contrary to the expectations of some market participants, there has been no significant market dislocation in the wake of the Corona crisis. On the contrary, the high attractiveness of office investments is reflected positively in the development of prime yields. At 2.90%, the current prime yield for core office properties in Cologne, the yield in this segment fell slightly by 5 basis points in the second quarter. All other asset classes have shown no changes since the end of 2020, i.e. retail properties are currently trading at 3.30% and logistics properties at 3.35%.

OUTLOOK

The very good result of the Cologne investment market is positive for the second half of the year, especially in view of the continuously improving general conditions within the Corona crisis. In particular, the broad distribution across the size classes with a very strong middle segment underlines the stability of the Cologne market. Under these conditions, an above-average result can be expected for the year as a whole at the present time.

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