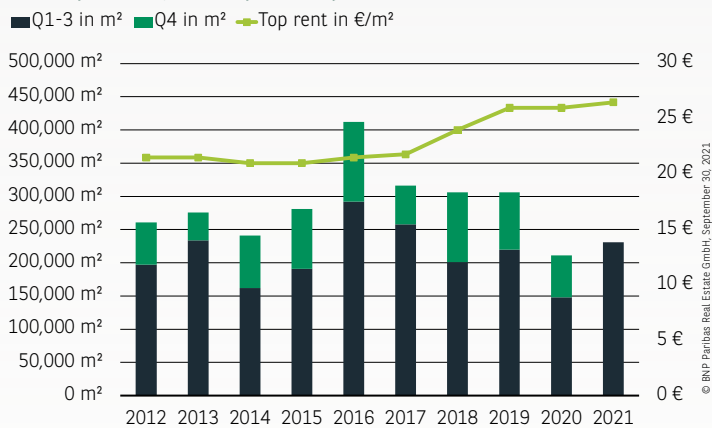




At a Glance **Q3 2021**

# OFFICE MARKET COLOGNE

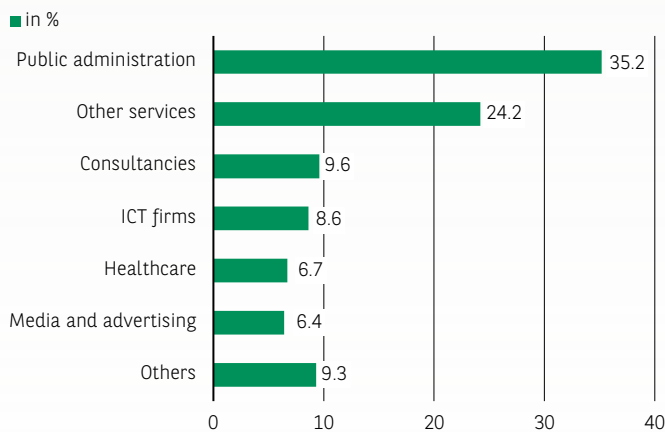
### Development of take-up and top rents



### STABLE AT A VERY HIGH LEVEL

The Cologne office market has remained stable at a very high level since the start of the year. The dynamic from the first quarter has persisted in the following months, so that at the end of September a take-up of 231,000 m² (incl. around 13,000 m² by owner-occupiers) can be reported. This figure exceeds the previous year's result by a good 56% and the ten-year average by a good 8%. It is the best performance since 2017, which is especially remarkable considering that the first half of 2021 was under the influence of the Corona pandemic with all its restrictions including the lockdown. The significantly brisker leasing activity year-on-year is evident in all size categories, all of which recorded above-average take-up. The increase in large deals with more than 10,000 m² of rental space is particularly noteworthy. In this segment, take-up more than tripled to around 60,000 m², the second-highest figure in the past ten years.

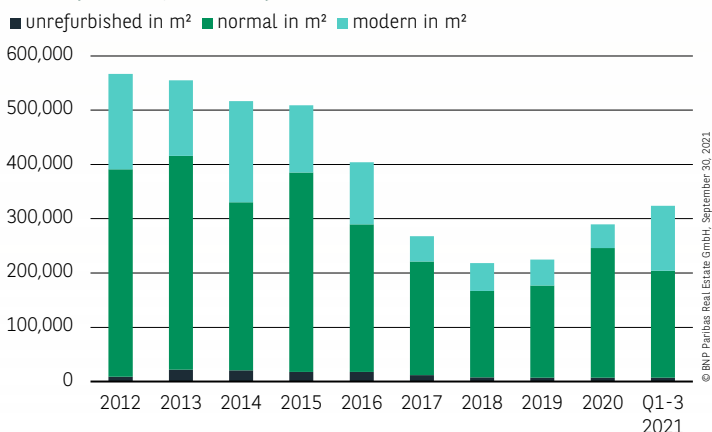
### Take-up by sector Q1-3 2021



### PUBLIC ADMINISTRATION WITH RECORD VOLUME

Public administration contributed around 35% or a good 80,000 m² to the latest result. It is by far the highest figure for this sector in the past decade and it is around 88% above average. Public administration was active in all size categories, with the four large transactions beyond the 10,000 m² mark (including 12,800 m² of owner-occupiers) standing out in particular. In addition to other services, the consultancies showed a very lively presence. With a good 22,000 m², they doubled the previous year's result and thus are on a par with the long-term average. Healthcare companies topped the very good previous year's outcome once again (+27.5%), thereby setting a new record of a good 15,000 m².

### Development of vacant space



### MODERATE INCREASE OF VACANCIES CONTINUES

The volume of vacancies has continued to rise moderately and currently totals 324,000 m². Year-on-year growth of a good 15% has been recorded, and for the first time since 2016 the volume has exceeded 300,000 m². Nevertheless, the vacancy rate remains at a low level of 4.0% and is therefore still below the fluctuation reserve. Currently, around 37% of vacant space has a modern fit-out standard. However, high-quality space is still in short supply in the submarkets of the city fringe, which traditionally have the strongest letting activity. Here, less than 15,000 m² of this high quality space is currently available.

## Major contracts

Sub-market	Company	m <sup>2</sup>
2.1	BIMA/Generalzolldirektion	16,200
3.1	Kassenärztliche Vereinigung Nordrhein	12,800
2.1	BIMA/ITZ Bund	12,700
1.2	IQWIQ	8,000
3.5	BIMA/BLW	5,000
3.1	Hagedorn Gruppe with Schüttflifx	5,000

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## Trends in important market indicators

	Q1-3 2020	Q1-3 2021	Trend remaining year
Take-up	148,000 m <sup>2</sup>	231,000 m <sup>2</sup>	↗
Vacant space	281,000 m <sup>2</sup>	324,000 m <sup>2</sup>	↘
Space under construction (total)	195,000 m <sup>2</sup>	172,000 m <sup>2</sup>	→
Space under construction (available)	87,000 m <sup>2</sup>	73,000 m <sup>2</sup>	↘
Top rent	26.00 €/m <sup>2</sup>	26.50 €/m <sup>2</sup>	↗

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## ➤ CONSTRUCTION VOLUME DOWN SLIGHTLY

Around 172,000 m<sup>2</sup> of office space is currently under construction. The volume fell slightly for the third quarter in a row, but remains slightly above the long-term average of just over 161,000 m<sup>2</sup>. This indicates that project developers and investors have great confidence in the Cologne office market. The main focus of construction activity is on the highly demanded Centre Fringe with a total construction volume of just under 87,000 m<sup>2</sup>, of which around 72,000 m<sup>2</sup> is attributable to Ehrenfeld/Braunsfeld. In this submarket, however, modern vacant space is in particularly short supply. As a result, development projects with an announced construction completion date of 2021 and 2022 have already been completely absorbed by the market. The fact that project space meets sustained high demand is underlined by the pre-letting rate, which has remained very stable for a good year at a relatively high level of around 60% across the entire market area.

## ➤ RENT LEVEL CONTINUES TO RISE

Cologne's prime rent is currently at 26.50 €/m<sup>2</sup> (+1.9% compared to Q3 2020). While it remained stable in the summer months, the average rent continued to rise. It now stands at 16.10 €/m<sup>2</sup>, a good 13% above the previous year's level. This reflects the high demand for modern space at an overall low vacancy level.

## ➤ OUTLOOK

The leasing activity will most likely pick up significantly in the fourth quarter, as there are a number of major requests in the market that are likely to be successfully concluded before the end of 2021. Take-up should thus match the strong years 2017-2019 and exceed 300,000 m<sup>2</sup>. Parallel to this development, vacancies could decrease again for the first time. A moderate increase in prime rents is certainly within the realm of possibilities.

## Key indicators Q1-3 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	Q1-3 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		53,800	108,500	69,900	0	38,000	6,100	114,600	38,700
1.2 Deutz	23.00		9,800	4,300	500	0	0	0	4,300	66,300
2 Centre Fringe	14.80 - 17.50		86,700	75,000	13,400	0	86,700	58,300	133,300	184,700
3 Subcentres	11.80 - 15.70		80,700	136,200	36,200	5,000	47,300	8,600	144,800	169,300
<b>Total</b>			<b>231,000</b>	<b>324,000</b>	<b>120,000</b>	<b>5,000</b>	<b>172,000</b>	<b>73,000</b>	<b>397,000</b>	<b>459,000</b>

\* The top rent given applies to a market segment of 3-5 % in each case.

\*\* The relevant office market zone can be found on our website under "Research".

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