BNP PARIBAS REAL ESTATE

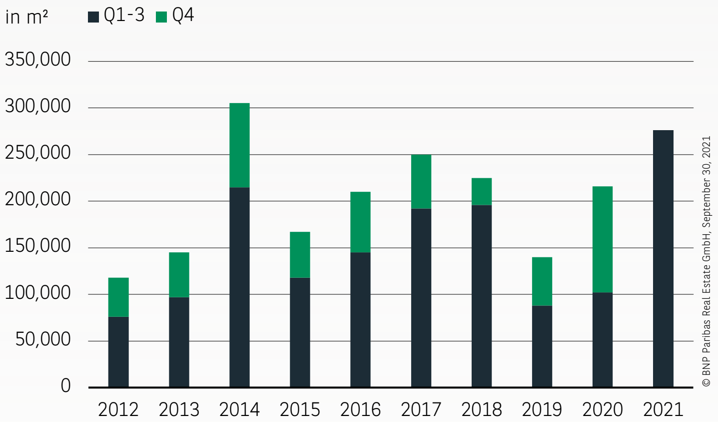
Real Estate for a changing world

RESEARCH

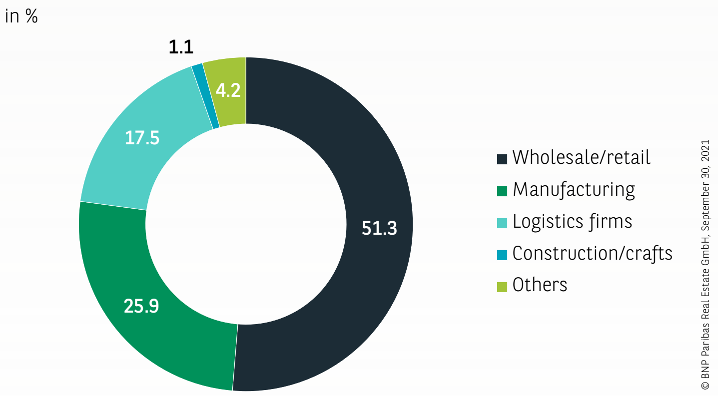
At a Glance Q3 2021

LOGISTICS MARKET COLOGNE

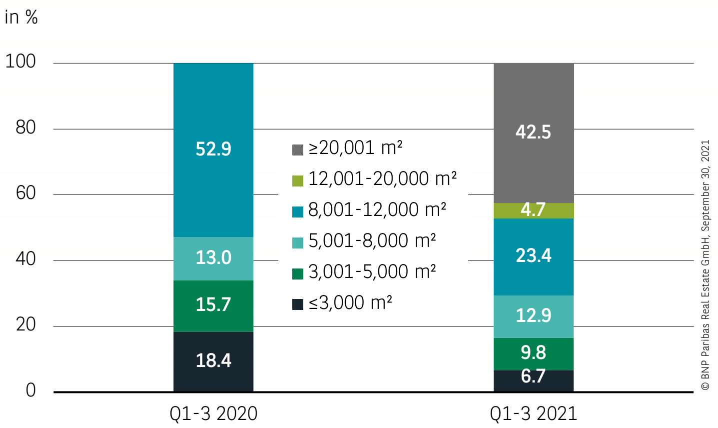
Light industrial and logistics take-up



Take-up by sector



Take-up by size category



NEW RECORD AFTER NINE MONTHS

After dynamic market activity in the first half of the year, the Cologne logistics market seamlessly continued this development in the third quarter. With a take-up of 276,000 m² in the first nine months of the year, a new record was set, which exceeded the ten-year average by a strong 83 %. In the third quarter alone, 128,000 m² of logistics space was taken up, so that by the end of September the volume is already higher than the end-of-year results between 2015 and 2020. This means that the Cologne logistics market is very robust in the face of the economic consequences of the Corona pandemic and can even benefit from the increased demand for space in the e-commerce sector. The high new-build share of take-up of around 58 % underlines the increased demand for logistics space with modern equipment quality.

WHOLESALE/RETAIL COMPANIES DOMINATE DEMAND

Since the beginning of the Corona pandemic, retail companies have been particularly active in leasing. By the end of the third quarter, almost 142,000 m² and thus around 51 % of take-up was attributable to this demand group, which at the same time represents the highest volume ever registered in this sector in a long-term comparison. The basis for the good result are the deals concluded by the owner-occupiers Mode Logistik (50,000 m² in Bedburg) and Lekkerland (27,000 m² in Kerpen) as well as the leasing of Media Saturn (12,900 m² in Cologne). They account for three of the five largest deals of the year. The second mainstay this year is the industrial and production companies, which at 26 % can also show an above-average result in a long-term comparison. The traditionally strong logistics firms have had a rather modest share of take-up so far this year with a contribution of 17.5 %.

BIG TICKETS WITH VERY GOOD RESULT

The analysis of take-up by size class for the Cologne market area shows an unusual picture this year. On the basis of three deals, the largest share of take-up, 42.5 %, was achieved in the market segment above 20,000 m², which is around 22 percentage points above the long-term average. However, the fact that market activity is not only lively in the segment of large deals is illustrated by the volume of deals up to 5,000 m²: at around 46,000 m², this is at about the same level as the long-term average and at the same time around 31 % higher than in the same period last year.

Major contracts

Quarter	Company	Location	Area (m²)
Q3	Mode Logistik	Bedburg	50,000
Q1	WEG	Kerpen	40,000
Q1	Lekkerland	Kerpen	27,000
Q3	Media Saturn	Köln	12,900
Q3	Emons Spedition	Kerpen	11,800

Key figures logistics market

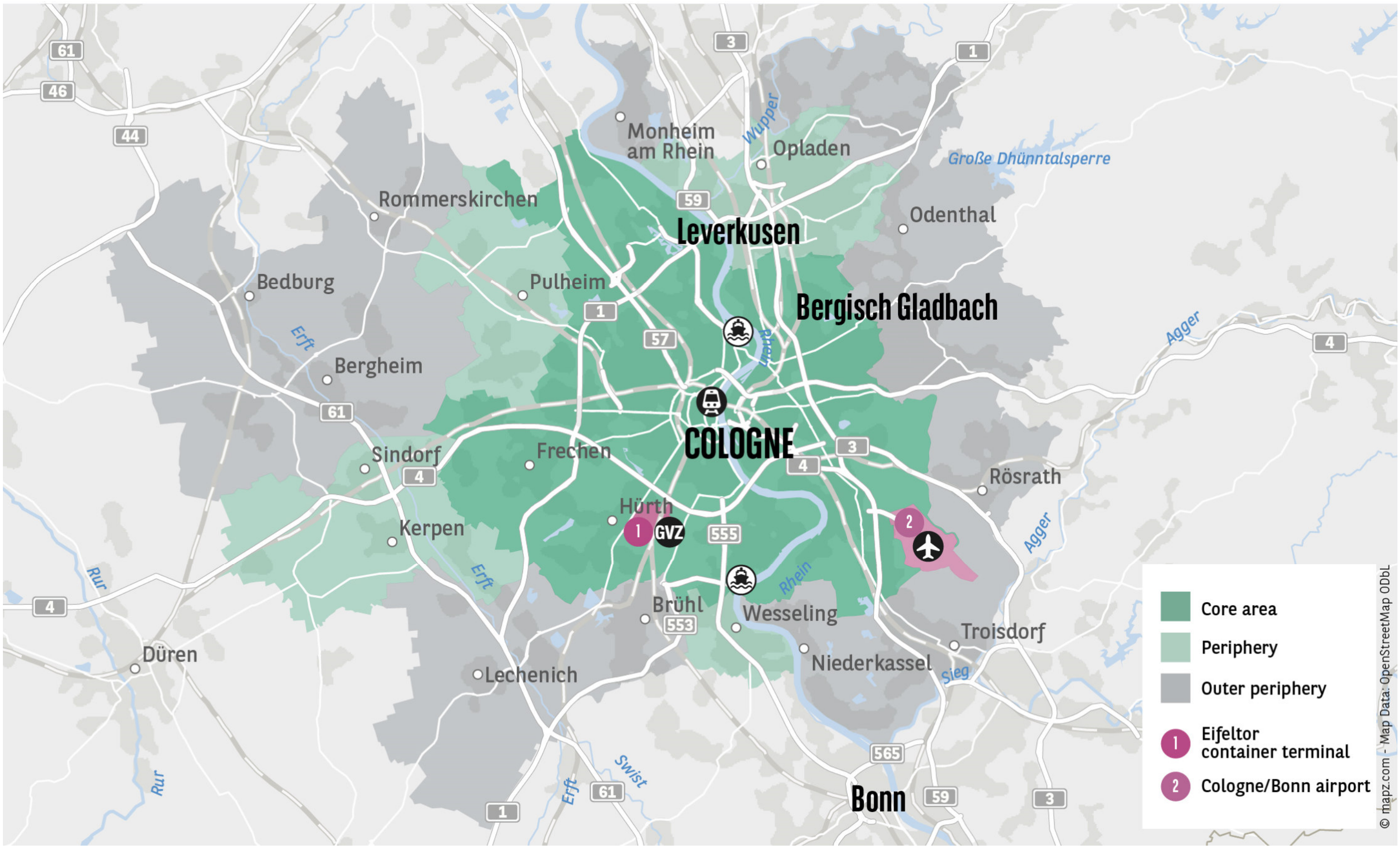
	Q1-3 2020	Q1-3 2021	Trend remaining year
Prime rent	5.60 €/m²	5.80 €/m²	↗
Average rent	4.55 €/m²	4.90 €/m²	↗
Take-up	102,000 m²	276,000 m²	→
- Share of owner-occupiers	9.4 %	30.5 %	→
- Share of new buildings	51.5 %	58.4 %	→

DEMAND CLEARLY EXCEEDS SUPPLY

Over the course of the year, the reduction in available supply has continued, so that the gap between demand and supply has widened further. The volume of available space in the Cologne city area and generally in the modern fit-out segment is particularly low. This development is also reflected in the average rent, which increased by a further 10 cents in the third quarter and is currently quoted at 4.90 €/m². Compared to the same time last year, even an increase of around 8 % was recorded. The prime rent has been stable at 5.80 €/m² since the end of last year and continues to be achieved for Cologne's city centre locations.

OUTLOOK

With the very good result at the end of the third quarter, the Cologne market for warehouse and logistics space is heading for a new record year. Against the backdrop of a further recovery in the economy and the normalisation of international trade, a new high will be set with a result well above 300,000 m². However, supply will remain the limiting factor in the Cologne market area, as for the time being no increase in the volume of vacated space or construction completions is to be expected. Due to the tense demand/supply relationship, a further slight rise in the rental price level is to be expected.



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