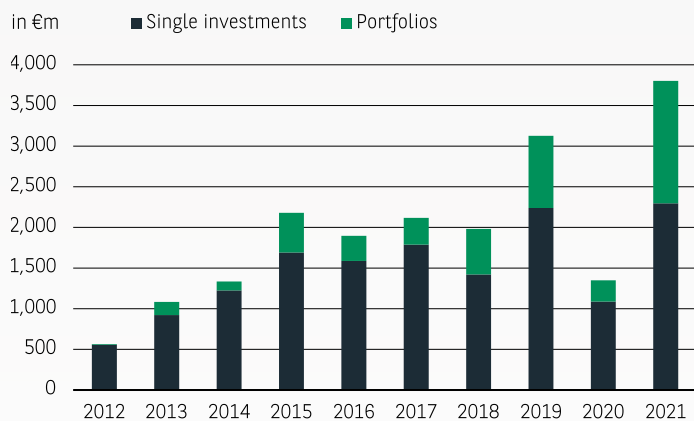




At a Glance **Q4 2021**

# INVESTMENT MARKET COLOGNE

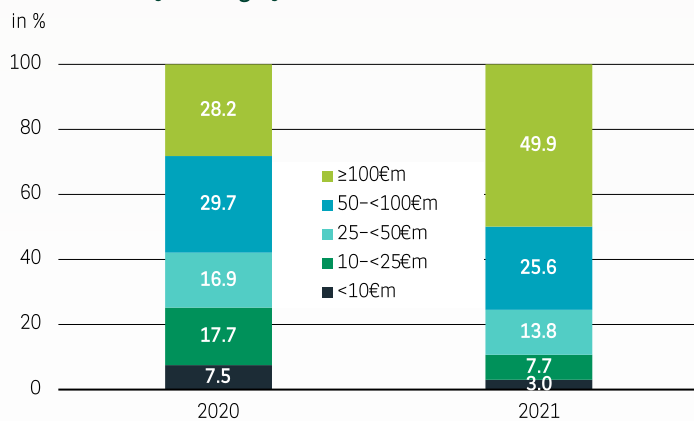
## Investment volume



## IMPRESSIVE INVESTMENT RECORD

The Cologne investment market closes 2021 with an impressive sales record of around €3.8 billion. A look at the past makes clear just how extraordinary the past twelve months have been for the cathedral metropolis. The current result is roughly twice as high as the long-term average. And the previous record from 2019 - which was also considered an exceptional year - was once again exceeded by more than €670 million. The fact that both individual transactions (€2.3 billion) and portfolio deals (€1.5 billion) each achieved new records is reflected on the one hand in a very large number of transactions (80 deals) and on the other hand in an equally high average sales volume of €48 million. By far the largest transaction of the year was the majority takeover of three Oppenheim/Esch funds, which cost RFR Holding a total of more than €1 billion. Two funds comprise the historic exhibition halls, now called Rheinpark Metropole. The third includes the still active exhibition halls.

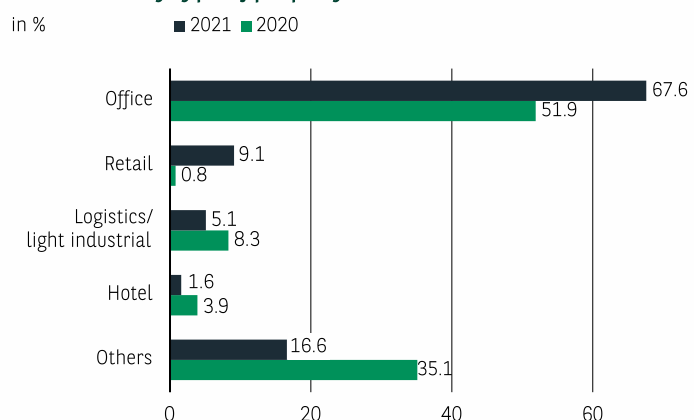
## Investments by € category



## RECORD STANDS ON A BROAD FOUNDATION

Since, in addition to the RFR deal, five other transactions in the >€100 million segment were recorded, this size category unsurprisingly accounts for just under half of the total investment volume. However, if one moves away from the relative distribution and looks at the absolute figures, it becomes clear that the outstanding result is also based on dynamic investment activity in the other classes. For example, the €50 million to €100 million segment alone accounted for more than €970 million, well over twice the long-term average. And in the <€50 million segment, too, investment activity was disproportionately brisk at over €930 million. The volume here is usually in the region of €680 million.

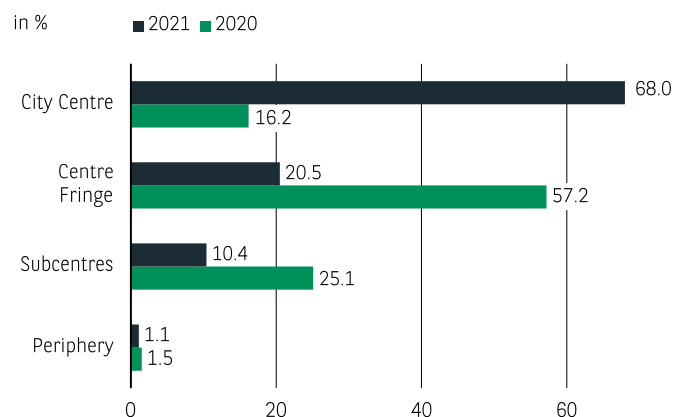
## Investments by type of property



## OFFICE PROPERTIES ONCE AGAIN A SALES GENERATOR

As is usual for Cologne, office properties were again the most sought-after by investors in 2021, with this asset class accounting for almost 68% of the total volume. The approximately €2.6 billion registered here would still have provided the Cologne investment market with the second-best sales volume ever recorded. In second place are retail properties (9%), followed by logistics assets (5%) and hotel investments (2%). The collective category "Other", which includes a number of development properties, also achieved a strikingly strong result of around €630 million.

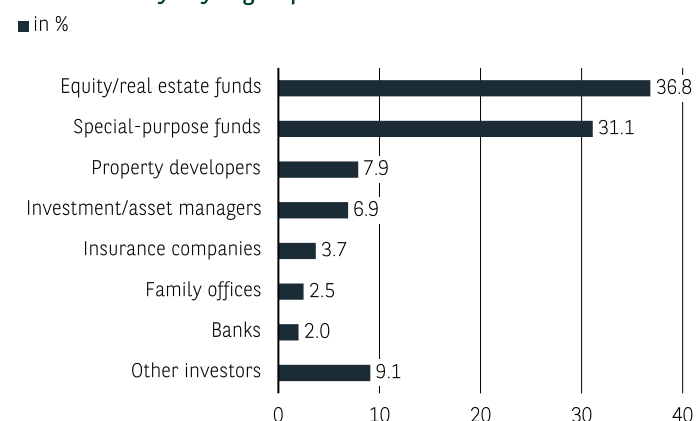
## Investments by location



## CITY AND CENTRE FRINGE WITH NEW RECORDS

The distribution of sales by location category will be dominated by city locations in 2021. Although this is nothing unusual for Cologne, the share of 68% is clearly disproportionate, even compared with the long-term average. This is not due to the fact that the other locations are recording low volumes, but to the accumulation of large-volume core transactions in the heart of the city. As a result, a record volume of €2.6 billion was achieved there. A new record was also set for the Centre Fringe, where €778 million was invested, 57% more than the long-term average. While the Subcentres also achieved a very good result of €394 million, the Periphery accounted for only one percent of investment activity.

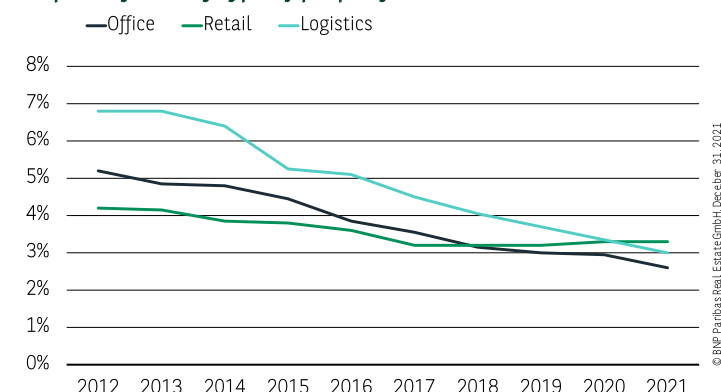
## Investments by buyer group 2021



## FUNDS CONTRIBUTE LARGE PART OF THE VOLUME

Thanks to the aforementioned RFR deal, equity/real estate funds are at the top of the ranking of buyer groups in 2021, with a 37% share. This means that they have broken through the €1 billion mark for the first time in Cologne. The same applies to special-purpose funds, which account for 31% of the volume. The largest deal in this group of buyers was the purchase of Cäcilium by Union Investment, brokered by BNP Paribas Real Estate. The fact that Cologne continues to have a high demand for new developments and is therefore attractive for property developers is reflected in the good performance of this group once again. As in the previous year, they contributed around €300 million. Other notable sales contributions came from investment/asset managers (7%), insurance companies (4%), family offices (2.5%) and banks (2%).

## Net prime yields by type of property



## YIELDS DECLINE NOTICEABLY

The strong demand from investors is also reflected in the significant rise in prices. For example, the net prime yield for first-class office properties fell by 35 basis points over the course of the year and now stands at 2.60%. In the booming logistics segment, too, the decline amounts to 35 basis points, so that 3.00% is now to be applied. The value for highstreet property in premium locations remains stable at 3.30%.

## OUTLOOK

After many investors acted very cautiously in the first pandemic year on the Cologne investment market, 2021 was marked by a brilliant catch-up movement. As market activity picked up considerably in the second half of the year in particular, there is much to suggest that this momentum can be carried into the new year. Given the high level of investor interest, a further slight yield compression cannot be ruled out.

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