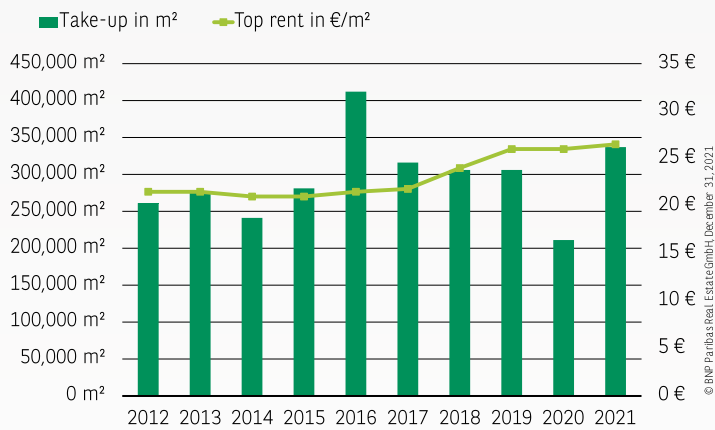




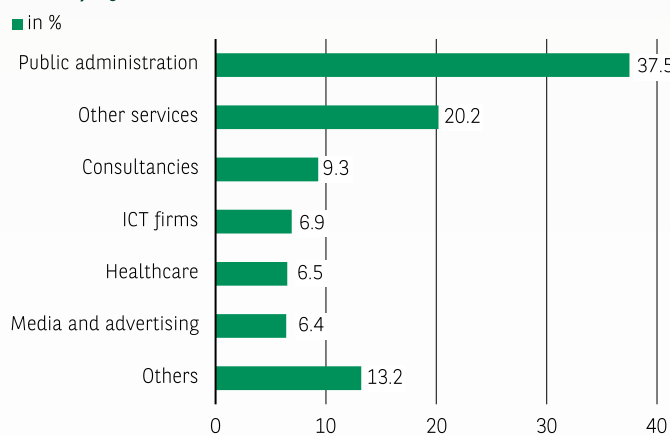
At a Glance **Q4 2021**

# OFFICE MARKET COLOGNE

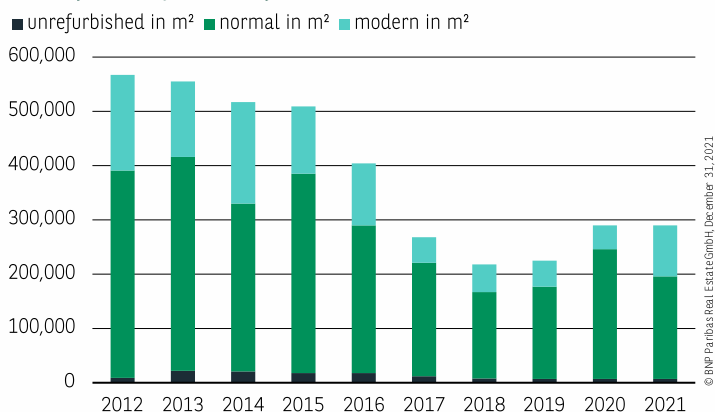
### Development of take-up and top rents



### Take-up by sector 2021



### Development of vacant space



### ➤ DESPITE CORONA CRISIS - OFFICE MARKET WITH TOP RESULT

The Cologne office market had an excellent year 2021, with take-up totaling 337,000 m², the second-best result ever after 2016 (412,000 m²). The volume is 60% above the take-up of the previous year, which was significantly below average due to the Corona crisis. However, the outcome is also above the long-term average (+14%), which clearly indicates the dynamic market development in the cathedral city. This is especially impressive as it was achieved in the wake of the ongoing uncertainties regarding the further development of the pandemic. The diversity of the demand base is highlighted by the healthy balance between large deals of at least 5,000 m² and contracts in the smaller segments, with market shares of two and one-third respectively. The most important submarkets were the City (82,100 m²), Ehrenfeld/Braunsfeld (83,200 m²) and Ossendorf/Nippes (59,000 m²). The latter two submarkets achieved record results and underline the positive development and high level of construction activity also in attractive Centre Fringe and Subcentres sites.

### ➤ PUBLIC ADMINISTRATION WITH RECORD VOLUME

Public administration contributed almost 38% or respectively a good 126,000 m² to the excellent overall result. This is by far the highest figure for this sector in the past decade, and it is around twice as high as the long-term average. The public sector was active in all size categories, with five major deals above the 10,000 m² mark standing out. Other services, which are responsible for a good fifth of the result, and consultancies, which contribute around 9%, are also extensively involved in market activity. ICT firms, healthcare and the media and advertising sector are also above the 5% mark (6% to 7% in each case).

### ➤ ONE OF THE FEW A-CITIES WITHOUT A RISE IN VACANCIES

With a vacancy volume of 290,000 m², office vacancy is at the same level as 12 months ago. Within the top markets, this is only the case in Hamburg. Modern space accounts for around one-third of vacancies. In the Cityrand / Centre Fringe submarket in particular, where leasing is strong, only 14% of the volume corresponds to a modern quality of fit-out. Against the background of the market developments outlined above, there were no changes in the vacancy rate, which remains at 3.6%.

## Major contracts

Sub-market	Company	m <sup>2</sup>
2.4	Public administration	18,000
2.1	Public administration	16,200
2.1	BlmA / Generalzolldirektion	16,100
3.1	Kassenärztliche Vereinigung Nordrhein	12,800
2.1	BlmA / ITZ Bund	11,700
1.2	IQWIG	8,000

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## Trends in important market indicators

	2020	2021	Trend 2022
Take-up	211,000 m <sup>2</sup>	337,000 m <sup>2</sup>	↗
Vacant space	290,000 m <sup>2</sup>	290,000 m <sup>2</sup>	↘
Space under construction (total)	201,000 m <sup>2</sup>	170,000 m <sup>2</sup>	→
Space under construction (available)	83,000 m <sup>2</sup>	74,000 m <sup>2</sup>	↘
Top rent	26.00 €/m <sup>2</sup>	26.50 €/m <sup>2</sup>	↗

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## ➤ CONSTRUCTION VOLUME AND PRE-LETTING RATE ARE STABLE

Around 170,000 m<sup>2</sup> of office space is currently under construction. The construction volume has thus fallen slightly over the course of the year, but remains above the long-term average of a good 162,000 m<sup>2</sup>. This indicates a high level of confidence in the Cologne office market among project developers and investors. The biggest focus of construction activity is on the highly demanded Centre Fringe locations with a total of just over 91,000 m<sup>2</sup> of construction volume, of which almost 62,000 m<sup>2</sup> is attributable to Ehrenfeld/Braunsfeld. The fact that project space meets sustained high demand is underlined by the pre-letting rate, which at just under 57% is at a consistently high level throughout the market area.

## ➤ UPWARD TREND IN RENT LEVELS CONTINUES

Cologne's prime rent is currently quoted at 26.50 €/m<sup>2</sup> (+1.9% compared to Q4 2020). While it remained stable in the second half of the year, the average rent continued to grow. It now stands at 16.00 €/m<sup>2</sup>, a good 5% above the previous year's level. It reflects the high demand for modern space with low vacancies overall.

## ➤ OUTLOOK

The Cologne office market has made a brilliant comeback after the sharp decline in take-up 2020. The very good result, the emerging turnaround in the crisis-related rise in vacancies and the upside potential still to be observed in rents are just the most important factors which suggest that the market will continue to develop positively in 2022. The fact that the Cologne office market has several submarkets with great development potential and a high level of construction activity at the same time also serves the cathedral city well.

## Key indicators 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	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		82,100	95,400	56,300	0	25,700	5,000	100,400	35,100
1.2 Deutz	23.00		10,300	5,000	700	0	0	0	5,000	66,400
2 Centre Fringe	15.00 - 17.70		138,400	74,200	10,100	0	91,400	60,200	134,400	176,900
3 Subcentres	11.80 - 16.00		106,200	115,400	26,900	1,000	52,900	8,800	124,200	211,600
<b>Total</b>			<b>337,000</b>	<b>290,000</b>	<b>94,000</b>	<b>1,000</b>	<b>170,000</b>	<b>74,000</b>	<b>364,000</b>	<b>490,000</b>

\* The top rent given applies to a market segment of 35 % in each case.

\*\* The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2021](#)

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