BNP PARIBAS REAL ESTATE

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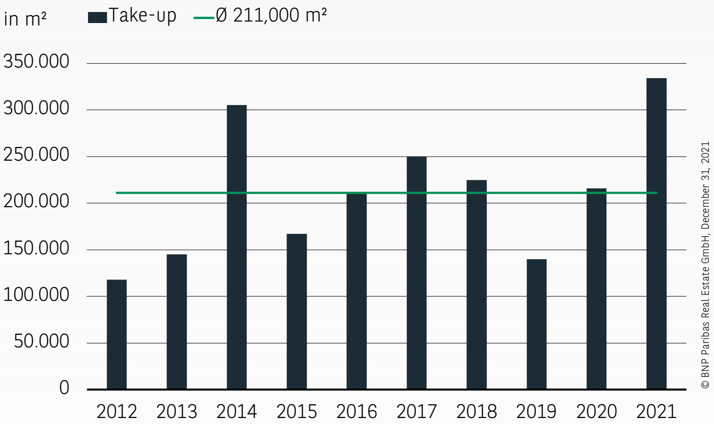
RESEARCH

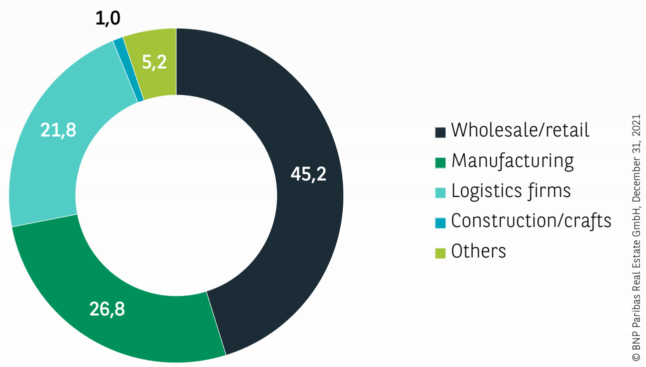
At a Glance Q4 2021

LOGISTICS MARKET COLOGNE

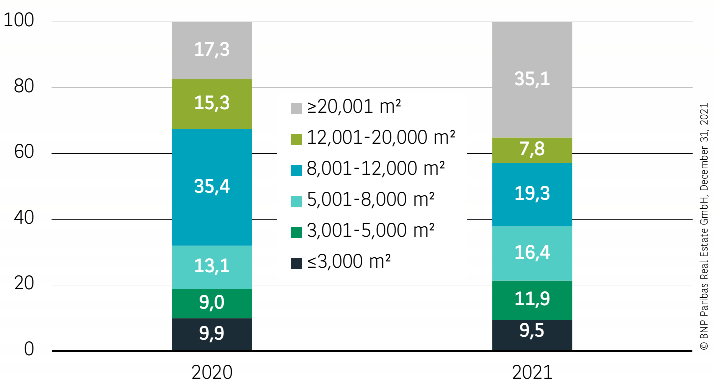
Light industrial and logistics take-up



Take-up by sector



Take-up by size category



THE COLOGNE LOGISTICS MARKET IS BOOMING

The Cologne market for warehouse and logistics space had a dynamic year 2021. With a take-up of 334,000 m², a new record was registered, which at the same time is an impressive 55 % above the previous year's result and exceeds the long-term average by a remarkable 58 %. The outstanding take-up illustrates the high demand for logistics space despite the Corona pandemic and the associated uncertainties. In particular, the continuing expansion of online trade represents one of the main drivers of demand in the market area of the cathedral city. At the end of the year there was also a clear surplus of demand, so that not all requests could be met by the market. The fact that around 53 % of take-up was achieved in new buildings once again illustrates the increasing demand for logistics space with a modern quality of fit-out.

WHOLESALE/RETAIL SECTOR SET NEW RECORD

As in the previous year, a large part of the take-up volume is based on the strong performance of the retail companies. With a take-up of around 151,000 m², this sector contributed around 45 % to the overall annual result. In the past ten years no demand group was able to achieve a higher take-up within one year. A number of large deals are responsible for this extraordinary result. With the owner-occupier deals of Mode Logistik (50,000 m²) and Lekkerland (27,000 m²) as well as the leasing of Media Saturn (12,900 m²), the retail companies can boast three of the five largest deals of the year. Industrial and production companies also achieved a strong and above-average volume with a contribution of almost 27 %, whereby the leasing of 40,000 m² by WEG in Kerpen represents the most noteworthy deal in this sector. Although the traditionally strong logistics firms were able to increase their previous year's result in absolute terms, with a contribution of just under 22 % they remain below average in terms of market share.

FOCUS ON MAJOR DEALS

The analysis of take-up by size class shows an unusual distribution for the Cologne market area. With a share of 35 %, contracts of 20,000 m² or more make the largest contribution. The fact that all size classes of 3,000 m² and larger also achieve an above-average result in absolute terms underlines the dynamic demand across almost all size segments.

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	Cologne	12.900
Q3	Emons Spedition	Kerpen	11.800

Key figures logistics market

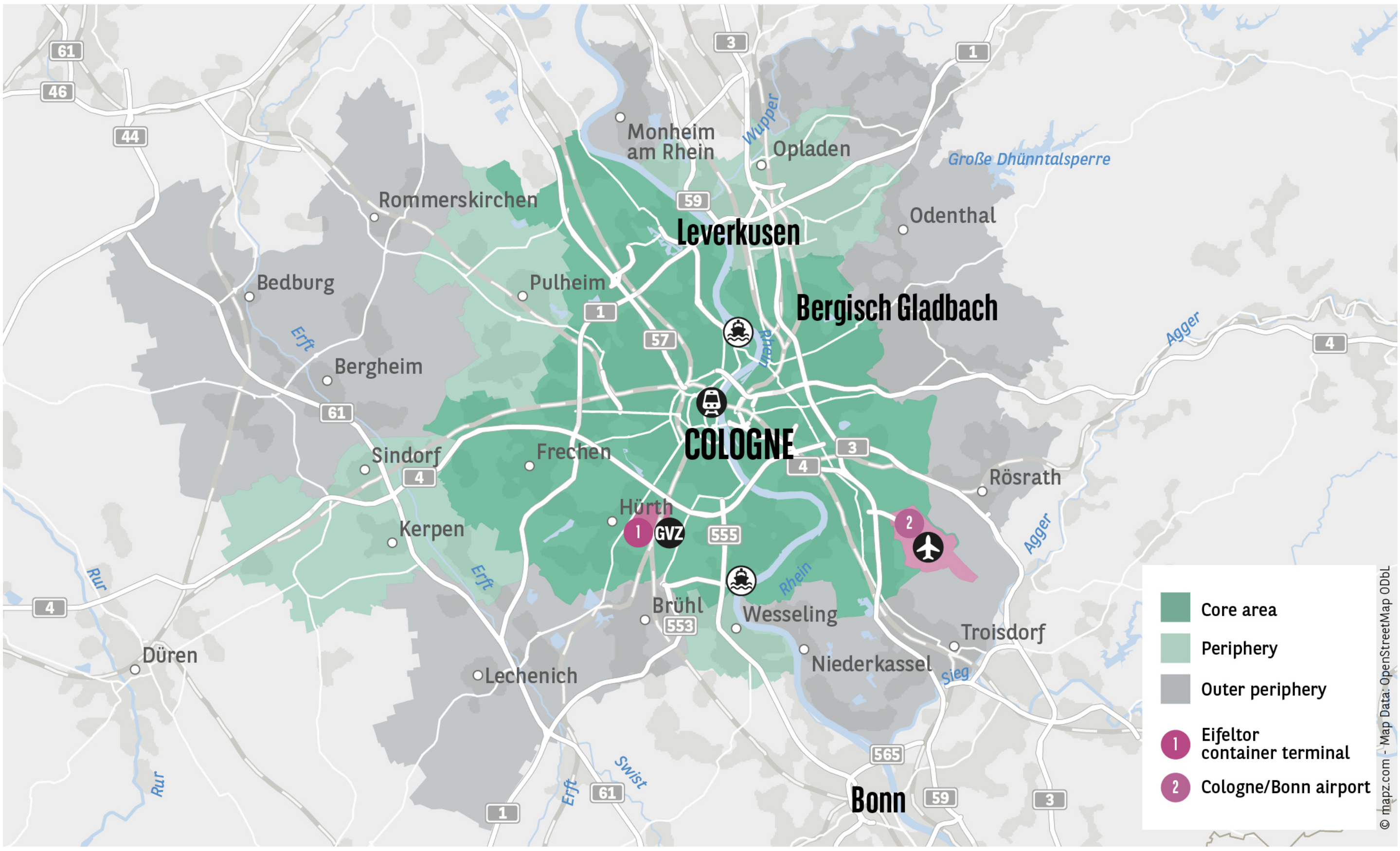
	2020	2021	Trend 2022
Höchstmiete	5,60 €/m²	5,80 €/m²	↗
Durchschnittsmiete	4,55 €/m²	4,90 €/m²	↗
Flächenumsatz	216.000 m²	334.000 m²	→
- davon Eigennutzer	5,3 %	26,3 %	→
- davon Neubau	46,6 %	53,0 %	↗

RENTS RISE SIGNIFICANTLY

The dynamic development of demand in 2021 with a constant shortage of supply has led to a further increase in rent levels. The prime rent, which is achieved in particular for space with modern fittings in the city area, has increased by a further 20 cents compared to the previous year and was quoted at 5.80 €/m² at the end of 2021. An even greater increase was recorded for the average rent, which is currently at 4.90 €/m² and thus around 8 % above the previous year's value. This development is particularly due to the high proportion of take-up in new buildings and the clear surplus demand in this market segment.

OUTLOOK

The outlook for the Cologne logistics market is very good against the backdrop of accelerating economic growth and sustained high demand. Demand should also be further stimulated by the restructuring of supply chains due to the Corona pandemic and the continuing boom in e-commerce. Therefore, an above-average take-up in a long-term comparison is also foreseeable for 2022. Despite some new developments, a noticeable expansion of supply is not to be expected. As a consequence, further increases in rents are currently the most likely scenario, especially in conjunction with rising construction costs.



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