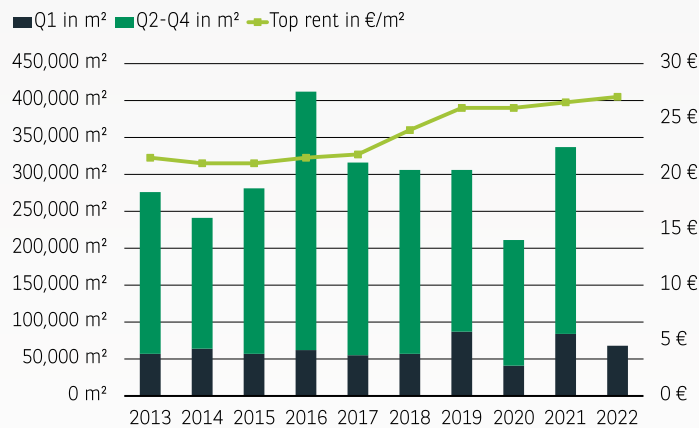




At a Glance **Q1 2022**

# OFFICE MARKET COLOGNE

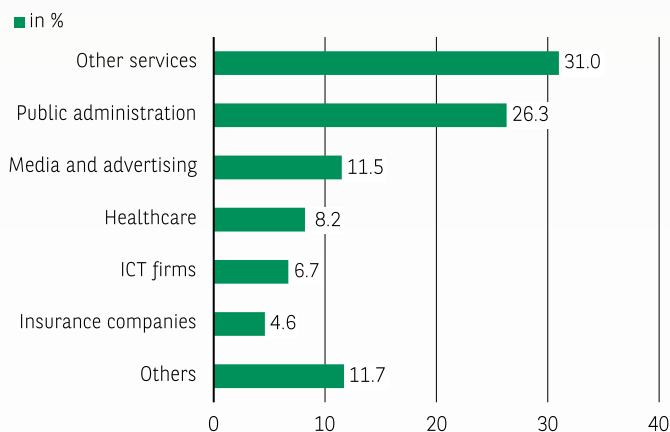
## Development of take-up and top rents



## GOOD START: TAKE-UP ABOVE LONGTERM AVERAGE

The Cologne office market got off to a very good start in 2022, achieving a total take-up of 68,000 m² in the first quarter. Although the remarkably good result of the previous year, which was characterized by several major deals, was missed by a clear 19%, the third-best result of the last ten years was registered and the long-term average was exceeded by almost 8%. Thereby the cathedral city is continuing the fundamental upward trend of recent years. One of the reasons for this is the broadly based demand, which is reflected in high take-ups in almost all market segments. In addition, the dynamics of market demonstrate that the effects of the Corona pandemic have largely been overcome and market participants have regained a noticeable degree of trust. The most important deals included a lease by CBS Cologne Business School for 16,000 m² in Rodenkirchen and a lease by Verkehrsverbund Rhein Sieg for 4,300 m² in Kalk/Mülheim.

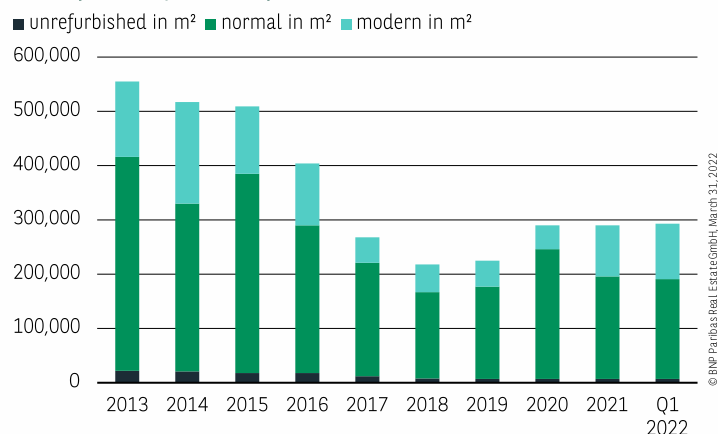
## Take-up by sector Q1 2022



## FOCUS ON THREE SECTORS SO FAR

As usual, the sector distribution in the first three months of the year is more of a snapshot. Consequently, it is only possible to derive general trends for the year as a whole to a limited extent. In the first quarter, the top place was taken by the collective group of other services, which contributed 31% to the overall result. Second place went to public administration, which is traditionally important in Cologne, with a good of 26%. Companies from the media and advertising sectors account for a further 11.5%. In fourth place is the healthcare sector with a good 8%. Consulting firms and ICT companies are currently still somewhat underrepresented, but their contribution is likely to increase noticeably in the course of the year.

## Development of vacant space



## VACANCY CLOSE TO THE PEAK

In the last 12 months, the vacancy rate has risen by only 5% to the current 293,000 sqm despite the Corona pandemic. In the first quarter of the current year, it has remained virtually constant. If examine only the segment of modern vacancies which are preferred by tenants, these have actually fallen by just under 4% to 102,000 sqm within the space of a year. Ultimately, therefore, only around 35% of vacancies are of modern quality. In a nationwide comparison, the vacancy level is noticeably lower than in other locations. This is also reflected in the vacancy rate, which remains at almost 3.6%.

## Major contracts

Sub-market	Company	m²
3,4	CBS Cologne Business School	16,000
2,4	Public administration	8,200
2,4	Verkehrsverbund Rhein-Sieg	4,300
3,1	Mediafix	3,200
3,1	Lipoid	3,000
2,1	DEAS	2,100

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## Trends in important market indicators

	Q1 2021	Q1 2022	Trend remaining year
Take-up	84,000 m²	68,000 m²	↗
Vacant space	279,000 m²	293,000 m²	↘
Space under construction (total)	188,000 m²	238,000 m²	→
Space under construction (available)	79,000 m²	117,000 m²	↘
Top rent	26.00 €/m²	27.00 €/m²	↗

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## SIGNIFICANT INCREASE IN CONSTRUCTION ACTIVITY

As a consequence of the still comparatively low level of modern vacancies, construction activity has picked up considerably. One reason for that is the shortage of larger modern spaces, particularly in locations preferred by tenant. The year-on-year increase in construction volume of almost 27% to 238,000 sqm is therefore to be welcomed from a market perspective. Only just under half of this (117,000 sqm) is still available to the rental market, although this market segment actually increased by 48% in the same period.

## FURTHER INCREASE IN PRIME RENT

The selective shortage of modern office space is also reflected in the prime rent, which rose by just under 4% year-on-year to 27€/sqm. The situation is somewhat different for the average rent, which has fallen by 6%. On the one hand, this is often more volatile due to individual lease agreements, and on the other hand, it is attributable to the relatively low supply of high-quality space.

## OUTLOOK

Following the good start to the year, there are many indications that demand is likely to remain brisk for the rest of the year and that certain catch-up effects are to be expected due to postponed rentals during the Corona pandemic. It remains to be seen whether there will be some slowdown in the recovery in connection with economic effects caused by the war in Ukraine. However, a take-up at least at the level of the long-term average is likely. At the same time, a slow decline in vacancy rates and a slight increase in prime rents can be expected.

## Key indicators Q1 2022

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2022	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
Submarkets**										
1 City Centre										
1.1 City Centre	27.00		6,200	92,900	56,800	500	25,600	5,000	97,900	35,000
1.2 Deutz	23.00		0	22,300	17,800	0	16,900	6,700	29,000	20,000
2 Centre Fringe	15.50 - 18.00		27,100	76,500	7,700	0	105,200	77,500	154,000	172,500
3 Subcentres	11.80 - 16.00		34,700	101,300	19,700	500	90,300	27,800	129,100	177,500
<b>Total</b>			<b>68,000</b>	<b>293,000</b>	<b>102,000</b>	<b>1,000</b>	<b>238,000</b>	<b>117,000</b>	<b>410,000</b>	<b>405,000</b>

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

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

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