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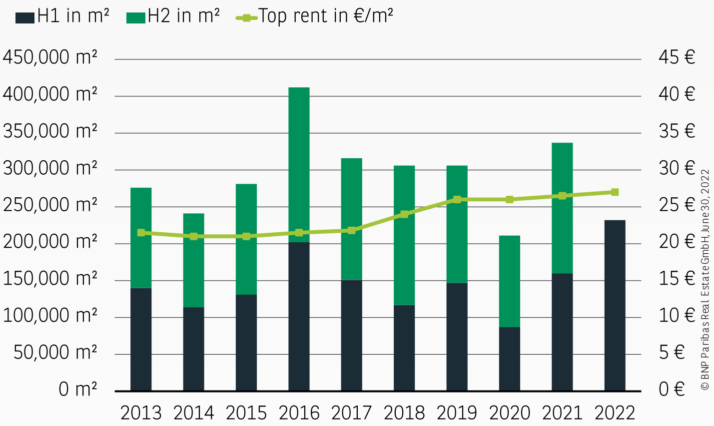
RESEARCH

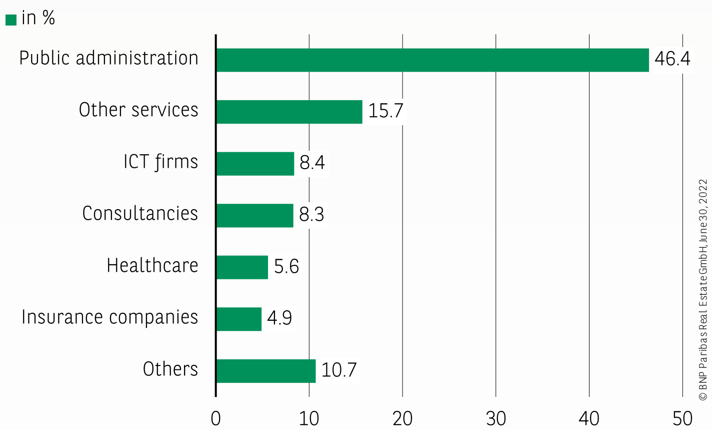
At a Glance Q2 2022

OFFICE MARKET COLOGNE

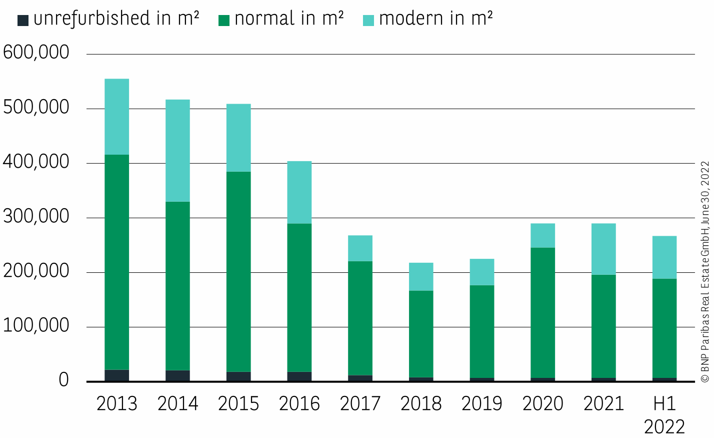
Development of take-up and top rents



Take-up by sector H1 2022



Development of vacant space



RECORD RESULT AT HALF-YEAR MARK

After a successful start to the year with 68,000 m² of take-up, letting activity on the Cologne office market accelerated significantly pushing take-up to 164,000 m². This implies that the take-up volume has more than doubled compared to the previous quarter and totals a whopping 232,000 m² for the first half of 2022. The half-year result thus represents an absolute record for the last 10 years. It is only the second time ever that the 200,000 m² take-up mark has been exceeded in the first six months of the year. The result is also impressive 57 % above the long-term average (148,000 m²). The previous year's result was exceeded by a full 45 %. A major contribution to this was made by lettings above the 10,000 m² mark. These also include the large scale lettings of Bima with around 45,000 m² and the building management of the City of Cologne with around 40,000 m². In general, the size segments above 5,000 m² account for almost fifty percent of the half-year volume (113,500 m²) and thus more than twice as much as in the previous year. The highest volume was registered in the subcentres (111,500 m²) and in the city centre (62,700 m²).

PUBLIC ADMINISTRATION WITH TOP RESULT

Due to, among other things, the above-mentioned major deals of Bima and the building management of the City of Cologne, public administration records an above-average market share of more than 46 % with just under 108,000 m² of take-up. Other services also show a high level of market activity. With around 36,400 m², they achieved the best result of the past 10 years and thus currently account for almost 16 % of take-up. This also puts them well ahead of ICT firms and consultancies, which also participate in the market with around 8 % each.

VACANCY VOLUME CONTINUES TO DECLINE

The brisk lettings activity is also reflected in the development of vacancies. At just under 267,000 m², the volume of vacant space is about 10 % below the previous year's figure. The vacancy rate has decreased to 3.3 %, which is the second lowest rate in a national comparison. The most important vacancy segment, space with modern fit-out, has fallen by a full 25 % to 78,000 m² since the first half of 2021. In the highly sought-after city centre, this only amounts to 28,500 m². Modern space continues to be in short supply in large parts of the market area.

Major contracts

Sub-market	Company	m²
3.1	BIMA	44,800
1.1	Gebäudewirtschaft der Stadt Köln	38,800
3.4	CBS -Cologne Business School	16,000
2.4	Gebäudewirtschaft der Stadt Köln	8,200
1.2	Capgemini Deutschland	5,500
3.1	ICT firms	4,900

Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	160,000 m²	232,000 m²	↗
Vacant space	296,000 m²	267,000 m²	↘
Space under construction (total)	179,000 m²	258,000 m²	→
Space under construction (available)	74,000 m²	120,000 m²	↘
Top rent	26.50 €/m²	27.00 €/m²	↗

SIGNIFICANT INCREASE IN CONSTRUCTION ACTIVITY

Compared to the previous year, both the space under construction and the available space under construction (+62 %) have increased significantly. There is currently around 258,000 m² of office space under construction. Compared to the same period last year, this corresponds to an increase of a good 44 %. At 55 %, this figure is also well above average in a long-term comparison. The increase over the course of the year shows the confidence that project developers have in the Cologne market as an office and business location. The continuing high pre-letting rate of almost 53 % also confirms this market assessment. This means that only 120,000 m² of office space is currently available on the market. The highest construction activity is registered in the office submarket Ossendorf/Nippes in the subcentres with 67,500 m².

RENTS ON THE RISE

The prime rent rose by a further 0.50 €/m² to 27.00 €/m² and is thus almost 2 % above the previous year's level. The rise can be attributed to a continued very low vacancy volume in the modern space segment with a significantly brisker letting activity. The average rent also rose by a good 3 % and is now at 16.10 €/m².

OUTLOOK

The Cologne office market can look back on a strong first half of 2022, characterised by record take-up and a significant increase in construction activity. Despite the overall economic uncertainties, the cathedral city presents itself in very good shape, thus an above-average performance is quite possible in the second half of the year. The reduction in vacancy is likely to continue for now. The lack of modern space available at short notice is at the same time likely to cause rental prices to rise further.

Key indicators H1 2022

		Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	H1 2022	total	modern	of this, since completion	total	available	available	projected
Submarkets**		1		2	3	4	5	6	7	8 = (3 + 7)	9
1	City Centre										
1.1	City Centre		27.00	62,700	53,800	28,500	0	25,700	10,200	64,000	36,700
1.2	Deutz		23.50	5,600	26,000	21,600	0	16,900	6,300	32,300	20,000
2	Centre Fringe	15.50 -	20.00	52,200	78,900	10,900	0	106,000	67,700	146,600	141,400
3	Subcentres	11.80 -	16.50	111,500	108,300	17,000	0	109,400	35,800	144,100	153,900
	Total			**232,000**	**267,000**	**78,000**	**0**	**258,000**	**120,000**	**387,000**	**352,000**

* The top rent given applies to a market segment of 3-5 % in each case.
** The relevant office market zone can be found on our website under "Research".

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Further Information BNP Paribas Real Estate GmbH | Branch office Cologne | Phone +49 (0)221-93 46 33-0 | www.realestate.bnpparibas.de