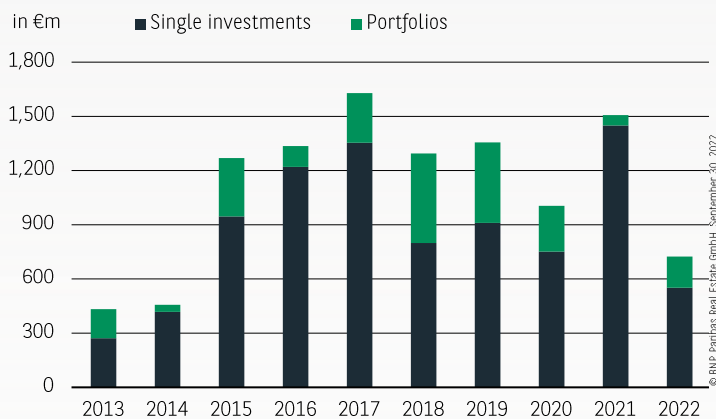




At a Glance **Q3 2022**

INVESTMENT MARKET COLOGNE

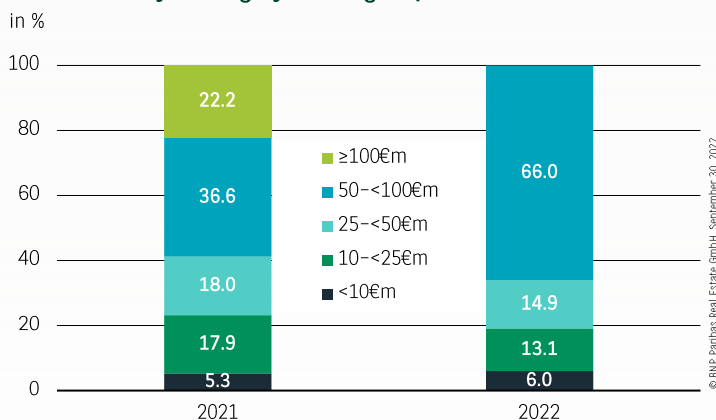
Investment volume in Cologne Q1-3



CONTINUING DROP OF INVESTMENT VOLUME

After the first 9 months, the commercial investment market in the Rhine metropolis achieved a volume of €724 million. As expected, the transaction volume fell short of the previous year's excellent result by around 52%, but also by 34% compared with the 10-year average. As the ECB turns the tide on interest rates and as the costs of financing continue to rise, investors are operating more cautiously. Many transactions have slowed down significantly in pace compared to the beginning of 2022. Last but not least, a new price level needs to be found which works for both transaction parties. After a very strong start to the year with an investment volume of €480 million, only €154 million was registered in the second quarter. Transaction activity lost further momentum during the summer months, with around €90 million being placed in the Cologne market.

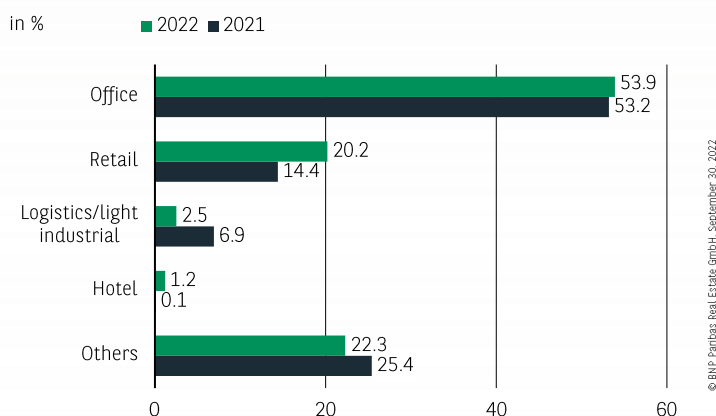
Investments by € category in Cologne Q1-3



DEALS BETWEEN €50 AND €100 MILLION PREVAILING

In particular, the lack of large transactions above the €100 million mark is responsible for the clearly below-average investment volume to date. With a significantly above-average share of 66%, transactions in the €50 to 100 million range have been clearly the main drivers. On the other hand, investment volumes of the lower three size categories are about 50% below their long-term averages respectively. While a lack of large deals above €100 million has been recorded, there have also been significantly fewer transactions overall than usual by the end of September.

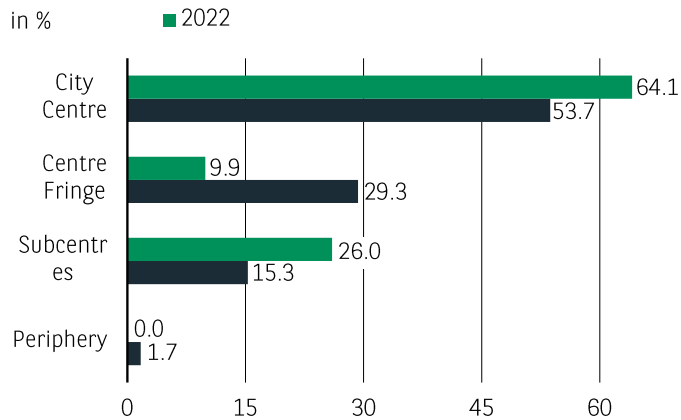
Investments by type of property in Cologne Q1-3



RETAIL INVESTMENTS COMPARATIVELY STRONG

The office segment, whose share is in line with the previous year's figure and the long-term average, accounts for more than half of the investment volume recorded in the running year. Roughly one fifth of the office property volume is attributable to the alstria takeover by Brookfield. At around 20% (€146 million), retail properties generated an above-average share compared with the rest of Germany. The long-term average for Cologne is around 17% for retail assets. At 22%, the collective category Others also contributed an above-average share. Despite an overall strong demand, logistics properties only amounted to €18 million, marking the lowest figure of the past 10 years. This result is mainly due to a lack of product. The hotel segment still remains underrepresented in the current market.

Investments by location in Cologne Q1-3



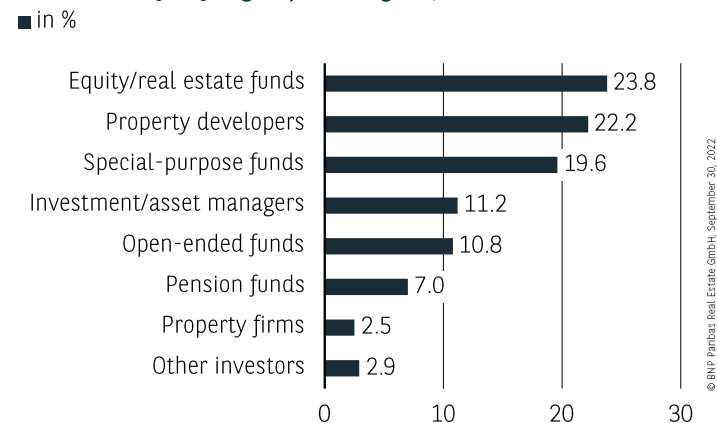
INVESTMENT FOCUS ON CITY LOCATIONS

In the first three quarters, Cologne's City Centre topped the list of locations with the highest transaction volume and a share of 64%. Some €464 million have been placed in this prime location to date. At €72 million, the result for Centre Fringe, usually also a strong contributor, is currently well below previous years' figures. For Subcentre locations, an above-average market share of 26% and an investment volume of around €188 million was recorded. This is a strong sign of investors' general confidence in the market of Cologne and its long-term potential even beyond central locations.

BROAD INVESTOR BASE

Compared to other cities, there is a comparatively broad range of investors in the Rhine metropolis. Five groups of buyers achieve shares in the double-digit percentage range. As a result of the alstria takeover by Brookfield, equity/real estate funds now account for the largest share (24%). The next ranking, with double-digit shares, is held by property developers (22%), which can report an above-average result of €161 million. They have invested primarily in properties in the city centre of Cologne and thereby put a clear focus on repositioning existing buildings. Special-purpose funds (20%), investment/asset managers (11%), and Open-ended funds (11%) also account for double-digit market shares.

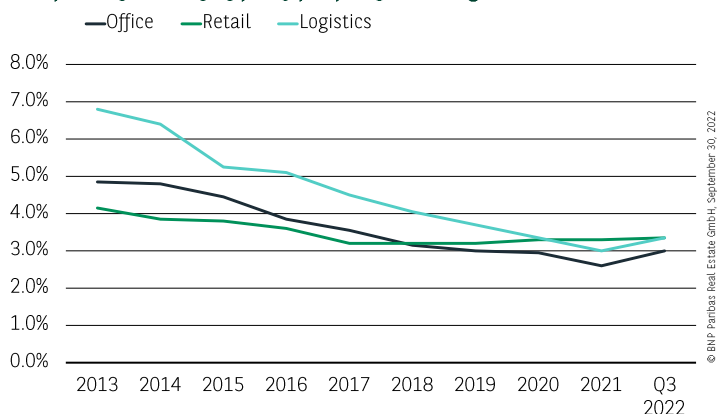
Investments by buyer group in Cologne Q1-3 2022



HIGHSTREET PROPERTY YIELDS EXPAND FOR THE FIRST TIME

The new interest rate situation, together with higher financing costs, is reflected in the development of net prime yields. An increase of 25 basis points to now 3.35% (logistics) and 3.00% (office) can be reported for both logistics and office properties. Highstreet properties in premium locations recorded a moderate rise in yields of 5 basis points to 3.35% for the first time since the financial crisis.

Net prime yields by type of property in Cologne



OUTLOOK

The changed interest rate environment and the perspective of further interest rate hikes pushed the real estate markets into a new pricing phase. As experience shows, this market phase, in which buyers and sellers seek a new price level that is acceptable to both sides, proceeds gradually and takes some time. The Cologne market is no exception, so that the typical year-end rally is very unlikely. In addition, yields are likely to continue raising, while varying considerably by location and asset class. However, the Cologne market has a strong economic base and healthy occupier markets, so that investment market activities can be expected to pick up rather quickly as soon as there is more certainty and tranquility regarding macroeconomic and monetary policies.

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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