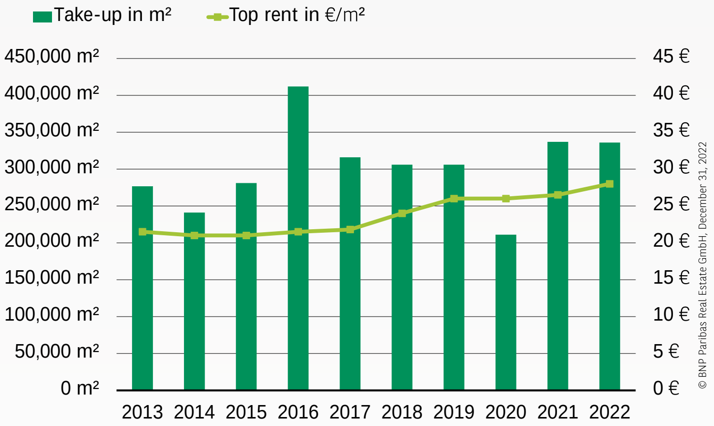
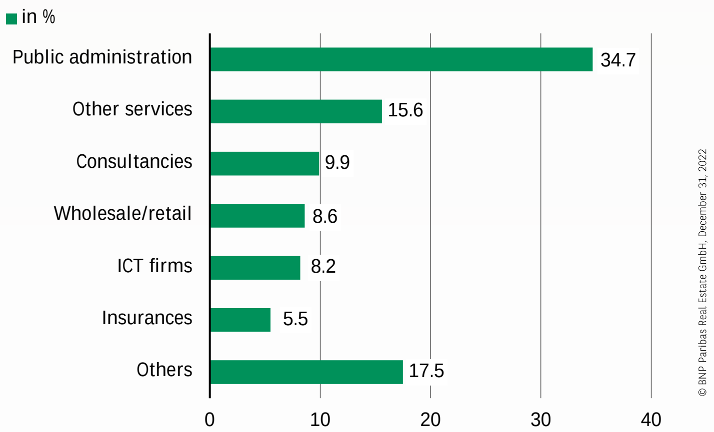
At a Glance Q4 2022

OFFICE MARKET COLOGNE

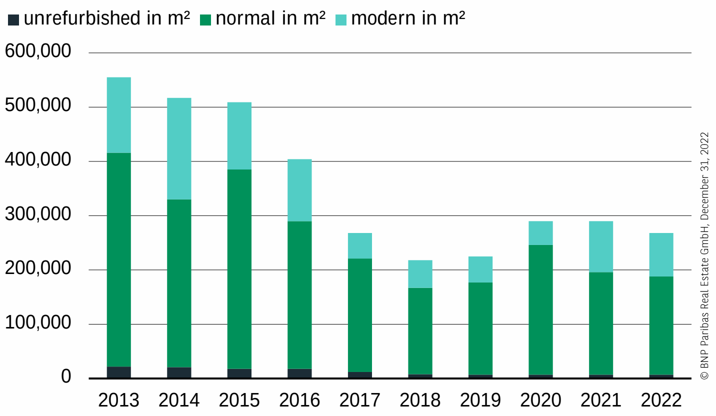
Development of take-up and top rents



Take-up by sector 2022



Development of vacant space



ABOVE-AVERAGE RESULT FOR SECOND YEAR IN A ROW

Over the past 12 months, the Cologne office market has once again demonstrated that it does not need a prolonged recovery phase after the Covid crisis. The Domstadt was able to continue the dynamic market development of the previous year in 2022: With a total take-up of 336,000 m², the very good result from 2021 was equalled and the long-term average was exceeded by 11%. The decisive factors for the high volume were primarily the take-up record in the middle of the year (69% of the total result) and the above-average volume of lettings over 5,000 m² (37%). While the three major contracts of the BImA (44,800 m²), the Gebäudewirtschaft der Stadt Köln (38,800 m²) and the Cologne Business School (16,000 m²) all took place in the first half of the year, letting activity in the second half of the year was more restrained, not least due to the economic and geopolitical uncertainties. In terms of the spatial distribution of take-up, submarkets in the city centre (85,500 m²), Kalk/Mülheim (37,600 m²) and Ossendorf/Nippes (78,700 m²) stand out, as well as those on the centre fringe and in subcentres, which speaks for the attractiveness of the entire Cologne market area.

PUBLIC ADMINISTRATION REMAINS AT THE TOP

Driven by the two aforementioned major lettings of the BImA and the Gebäudewirtschaft, the public sector, which is represented with 35% of the total result, is still the sector of choice, as it already was in 2021. Beyond the large-scale deals, however, the letting scene is much more diversified: With other services (16%), consultancies (10%), wholesale/retail (9%), ICT firms (8%) and insurances (6%), five sectors are reflected in the ranking with shares ranging from almost 6% to 16%. The broad base of market participants in the small and medium-sized segments is also underlined by the category others, which comes to a further 18% of take-up.

VERY LOW VACANCY RATE

The vacancy volume has fallen by almost 8% in the past twelve months and stands currently at 268,000 m². Only 30% (80,000 m²) of the vacant space offers modern specifications. The largest supply in the modern segment can be found in the central locations (34,600 m²) and in Kalk/Mülheim (16,000 m²). The vacancy rate has also fallen and marks below the fluctuation reserve at currently 3.3%. Cologne thus has the second lowest vacancy rate in a national comparison, directly behind Berlin (3.2%).

Major contracts

Sub-market	Company	m²
3.1	BIMA / Bundesverwaltungsamt	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
2.3	Raiffeisen Waren-Zentrale Rhein-Main eG (RWZ)	6,100
3.3	Goldbeck	5,600

Trends in important market indicators

	2021	2022	Trend 2023
Take-up	337,000 m²	336,000 m²	↘
Vacant space	290,000 m²	268,000 m²	→
Space under construction (total)	170,000 m²	238,000 m²	→
Space under construction (available)	74,000 m²	82,000 m²	↘
Top rent	26.50 €/m²	28.00 €/m²	↗

HIGH CONSTRUCTION ACTIVITY IN THE CITY CENTRE

The amount of space under construction rose by remarkable 40% over the course of the year and currently totals 238,000 m². Construction volume is thus an impressive 41% above the long-term average of 169,000 m², which is a clear indication of the confidence of project developers and investors in the Cologne office market. The continuing high pre-letting rate of 66% confirms their view of the market. The focus of construction activity remains to be in centre fringe locations with a total construction volume of almost 109,000 m² as well as the city centre locations in the two office market zones City (54,000 m²) and Deutz (37,000 m²).

PRIME RENT REACHES 28 €/M² MARK

Alongside the dynamic market development, the prime rent has also continued its upward trend: Top rent now stands at 28.00 €/m², which is almost 6% higher than 12 months ago. A similar picture can be seen when looking at the average rent, which has risen by around 4% to 16.60 €/m². It is an expression of the high demand for modern space with a low vacancy rate over-all.

OUTLOOK

For the second year in a row, the Cologne office market is looking back on a lively market activity. However, the 2022 result was driven by a few exceptional lettings that cannot be realised on this scale every year. Nevertheless, in addition to the take-up, the low vacancy rate and the very good pre-letting rate, among other things, stands for consistently high demand impulses. These are likely to ensure that there is still upward pressure on rents in 2023 as well.

Key indicators 2022

		Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	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		28.00	85,500	41,700	16,600	0	53,800	38,600	80,300	17,700
1.2	Deutz		23.50	12,700	24,200	18,000	0	36,900	6,300	30,500	0
2	Centre Fringe	15.60 -	20.60	95,500	92,100	27,800	0	108,800	18,900	111,000	141,300
3	Subcentres	12.00 -	16.50	142,300	110,000	17,600	0	38,500	18,200	128,200	174,000
	Total			336,000	268,000	80,000	0	238,000	82,000	350,000	333,000

* The top rent given applies to a market segment of 3-5 % 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 2022

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