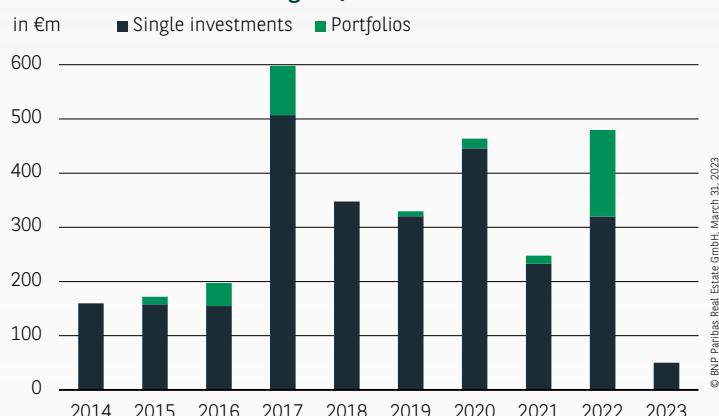




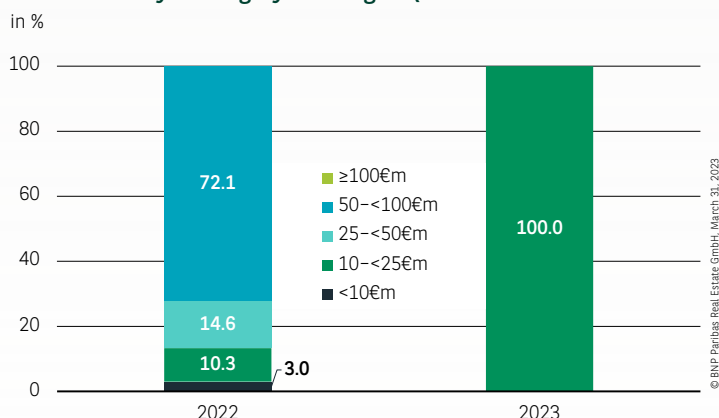
At a Glance **Q1 2023**

# INVESTMENT MARKET COLOGNE

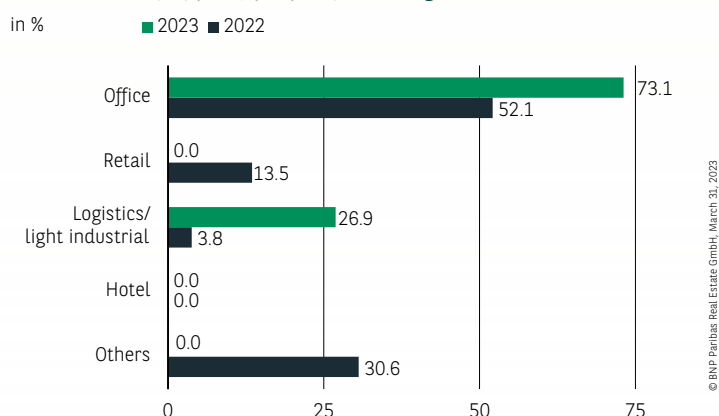
## Investment volume in Cologne Q1



## Investments by € category in Cologne Q1



## Investments by type of property in Cologne Q1



## COLOGNE MARKET AFFECTED BY THE CURRENT SITUATION

After the Cologne investment market managed to perform very well in recent years and was able to steadily maintain transaction volumes at a high level, the difficult economic and, above all, financial environment almost completely stopped the market at the beginning of 2023. The noticeable uncertainty observed in the last quarter of 2022, in which the investment volume was already relatively low at only €395 million, has thus accelerated and intensified even further. In the first three months of the current year, an investment volume of only around €50 million was registered, covering less than a handful of transactions. After the sharp interest rate hikes by the major central banks, investors are still looking for a new price level that is fair for both sides. Given this background, a series of large assets, which were already on the market last year, have been put on hold for the time being. In addition, no portfolio transactions have yet been made in the first quarter of 2023. Therefore it is not surprising that Cologne has so far recorded the lowest transaction volume among the A-cities and, just like Frankfurt, has only achieved a double-digit result.

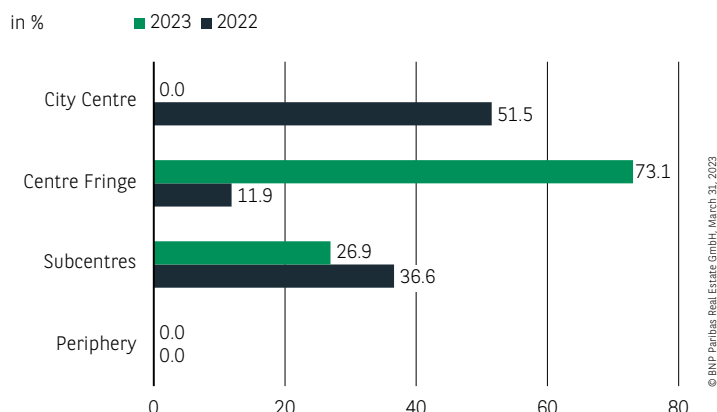
## NO MAJOR DEALS SO FAR

Although the very low number of transactions to date limits the significance of any conclusions about market activity, it is nevertheless noteworthy that all transactions have taken place in the market segment between €10 and 25 million. In contrast, larger transactions of more than €50 million have not yet been concluded. This may be seen as an indication that the price finding process beyond the large-volume core segment is already significantly advanced.

## INVESTMENTS ONLY IN OFFICE AND LOGISTICS PROPERTIES

The distribution of volumes by type of property in the first three months of the year is equally negligible. Office properties, which are typically the strongest in Cologne, account for a good 73% of the result, which is a significantly high figure even for Cologne. The remaining 27% are attributable to logistics properties, whose share is higher than their long-term average, but in absolute terms still only achieve a low volume of turnover. In the other types of property, including retail and hotel, no significant transactions have been registered so far in the first three months of the year.

## Investments by location in Cologne Q1



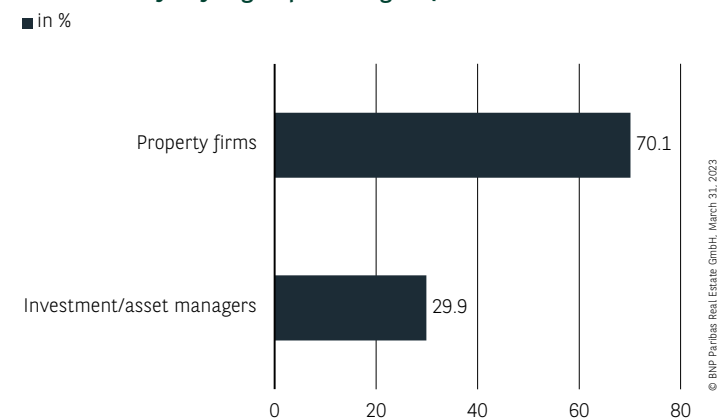
## ➤ NO DEALS IN THE CITY CENTRE SO FAR

Due to the current market conditions as already mentioned earlier, the lack of transactions in the city centre in the first quarter is not surprising. Since the price-finding phase in the core segment requires a greater adjustment process as a result of the extraordinarily low yields in previous years, the top locations in particular are struggling a lot at the moment. Consequently, almost three quarter of the total volume were generated in the Centre Fringe. The remaining 27% were invested in logistics properties located in the Subcentres.

## ➤ ONLY TWO GROUPS OF BUYERS ACTIVE TO DATE

Only two groups of buyers have been involved in the few transactions recorded so far. This also reflects the very calm market activity, that is still marked by a high level of uncertainty. At around 70%, property firms accounted for more than two-third of total transaction volume in the first quarter. Investment/asset managers account for a further share of just under 30%. All other investor types have sounded the market but have not yet completed any major deals.

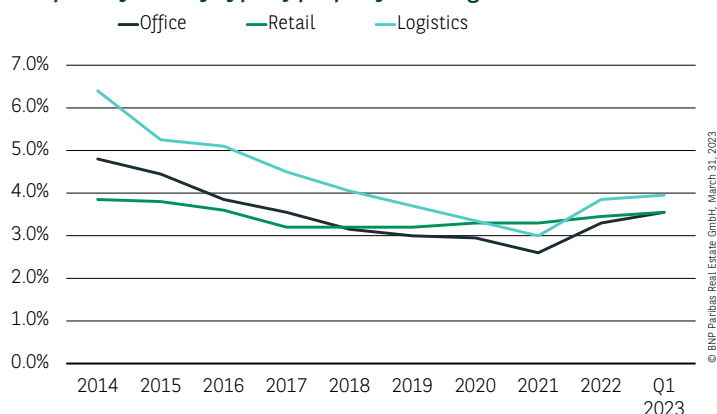
## Investments by buyer group in Cologne Q1 2023



## ➤ YIELDS CONTINUE TO EXPAND AS EXPECTED

The positive development of the Cologne investment market has caused prices to rise significantly in recent years, so that Cologne has been able to catch up with the level of the other major investment locations in a relatively short time. Given this background, it is not surprising that the net prime yields for office buildings have once again increased significantly by 25 basis points to currently 3.55% due to the interest rate hikes by the major central banks. The same applies to inner-city highstreet properties, with an increase of 10 basis points to 3.55%. Logistics yields currently stand at 3.95%.

## Net prime yields by type of property in Cologne



## ➤ OUTLOOK

From today's perspective, investment volumes can be expected to increase over the course of the year, although the price adjustment process has not yet been fully completed and will continue to dominate the market for some time. For a significant revival of market activity and thus also a lasting increase in transaction volumes, it is essential that the interest rate hikes by the central banks come to an end. At the moment, it is difficult to predict when this process will be completed, although many factors suggest that this could happen in the course of the second half of the year. Nevertheless, the investment volume in Cologne in 2023 is expected to remain significantly below the long-term average of the last few years.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

**Imprint** Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.03.2023

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