

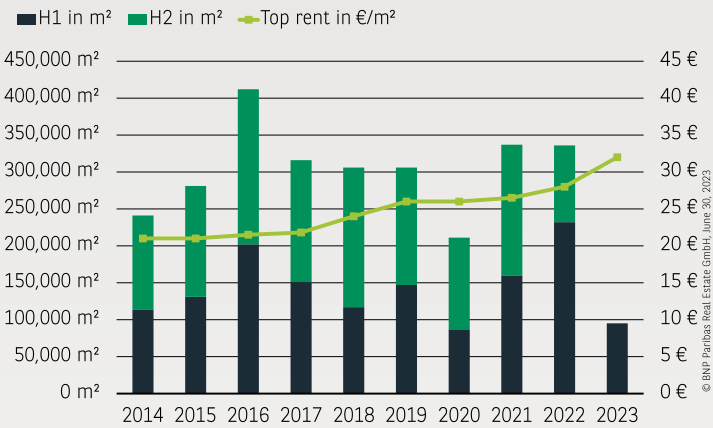


RESEARCH

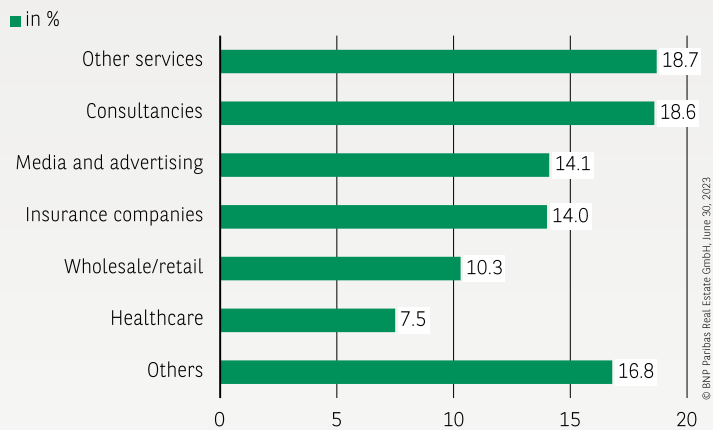
At a Glance **Q2 2023**

OFFICE MARKET COLOGNE

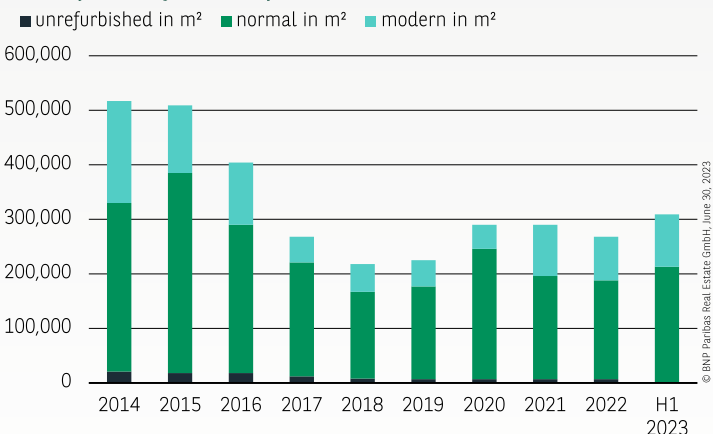
Development of take-up and top rents



Take-up by sector H1 2023



Development of vacant space



RESTRAINED FIRST HALF OF 2023

With take-up of 95,000 m², the Cologne office market was unfortunately unable to gain further momentum in the first half of the year, recording the second-weakest result in the last 10 years. The comparable figure for the previous year was missed by 59% and the ten-year average by 34%. Due to the continuing challenging economic times and difficult overall conditions, declines in take-up can be observed at almost all German office locations. Düsseldorf and Munich in particular recorded similar significant declines in a long-term comparison across Germany. In Cologne, both the first and second quarters fell well short of the previous year's figures, with take-up of just 59,000 m² and 36,000 m² respectively. Against the background of the weakening economy, no contracts above 10,000 m² could be recorded in the second quarter as well. A good 17% of the result is attributable to the size segment between 5,000 and 10,000 m², which is due to the two biggest lettings in the market area, the contract signed by KZVK over 9,000 m² and the rental of more than 7,000 m² of office space by BCG in Q1. Fortunately, market developments in the rather small-size segment up to 1,000 m² are very lively and achieve a significantly above-average share with 61% of take-up.

DIVERSE RANGE OF SECTORS

The distribution of take-up by sectors shows a wide variety in the first half of the year. Head-to-head in the lead, as in the previous quarter, are other services and consultancies, each with almost 19% of the total volume. Companies from the media and advertising sectors (a good 14%) emerge as the third strongest contributor, mainly due to several small and medium-sized contracts, placing them just ahead of insurance companies. The retail sector also reported a double-digit share of take-up. With a good 10% or around 10,000 m², retail companies achieved their second-best half-year result in the last 10 years, ranking ahead of healthcare (7.5%).

INCREASE IN VACANCIES IN THE SECOND QUARTER

Due to the slowdown in demand in the wake of the overall economic uncertainties, vacancies have increased, as in many other locations. In Q2, the vacancy volume rose by around 15% to a current level of 309,000 m². The increase in vacancies took place both in the older stock as well as at a reduced pace in the preferred modern spaces. In the same period, an increase of 23% can thus be recorded in the more important market segment of modern vacancies. The vacancy rate in the market area is currently a low 3.8%.

Major contracts

Sub-market	Company	m ²
1.1	KZVK	9,200
1.1	BCG - Boston Consulting Group	7,300
3.5	Buddy Bash	3,000
2.4	Emons Spedition	2,700
2.4	Basic-Fit	2,200
1.1	Rödl + Partner	2,000

© BNP Paribas Real Estate GmbH, June 30, 2023

Trends in important market indicators

	H1 2022	H1 2023	Trend remaining year
Take-up	232,000 m ²	95,000 m ²	↘
Vacant space	267,000 m ²	309,000 m ²	→
Space under construction (total)	258,000 m ²	221,000 m ²	↘
Space under construction (available)	120,000 m ²	72,000 m ²	↘
Top rent	27.00 €/m ²	32.00 €/m ²	↗

© BNP Paribas Real Estate GmbH, June 30, 2023

SIGNIFICANT DROP IN AVAILABLE CONSTRUCTION SPACE

Unlike the vacancy, space under construction is already in reverse motion and has fallen by around 4% in the last three months to 221,000 m². The reduction is even more pronounced for the space still available to the rental market. At 72,000 m², this figure is a good 40% below the level of the previous year. The high pre-letting rate of around 67% is particularly noteworthy. Accordingly, only just under 33% of the total construction volume is still available for new tenants. Consequently, no real expansion in supply is expected in the short term, particularly in the more important modern segment.

PRIME RENT INCREASED NOTICEABLY

The focus of demand on modern space has led to a further rise in rents in Cologne. The prime rent for modern space in city center locations has reached 32 €/m², an increase of around 3% on the previous quarter as well as 18.5% on the previous year. The average rent has risen to a record level of 18.90 €/m², representing an upturn of 17% on the same period of the previous year. However, it is unchanged from the previous quarter.

OUTLOOK

The Cologne office market looks back on a weaker first half of 2023. Against the backdrop of the ongoing and continuing macro-economic uncertainties, it may be assumed that a certain degree of restraint is still likely among many companies in the second half of the year. For the entire year, therefore, a below-average level of take-up is to be expected overall. From today's perspective, however, rental levels are likely to rise again in the further course of the year if the market situation persists.

Key indicators H1 2023

Submarkets**	Top rent* (€/m ²)		Take-up (m ²)	Vacant space (m ²)			Space under construction (m ²)		Space on offer (m ²)	
	from	to	H1 2023	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre	32.00		32,700	45,500	17,600	0	68,100	37,000	82,500	50,000
1.2 Deutz	24.00		2,700	25,000	19,500	0	34,500	3,900	28,900	0
2 Centre Fringe	16.10 - 21.00		30,200	102,900	22,000	0	77,000	16,900	119,800	194,500
3 Subcentres	12.20 - 16.10		29,400	135,600	36,900	0	41,400	14,200	149,800	132,500
Total			95,000	309,000	96,000	0	221,000	72,000	381,000	377,000

* 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".

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: 30.06.2023

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