

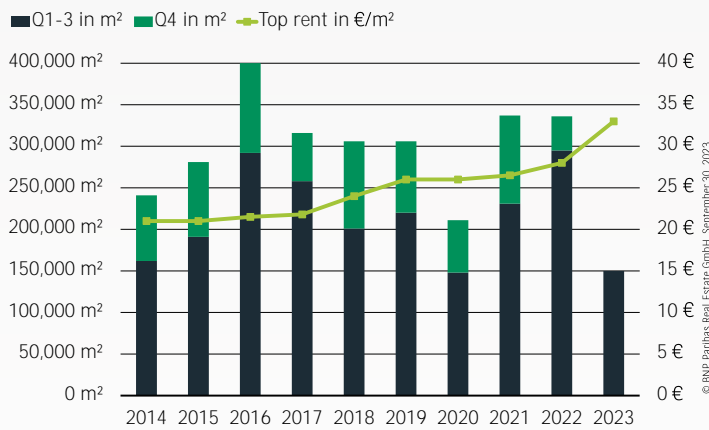


RESEARCH

At a Glance **Q3 2023**

OFFICE MARKET COLOGNE

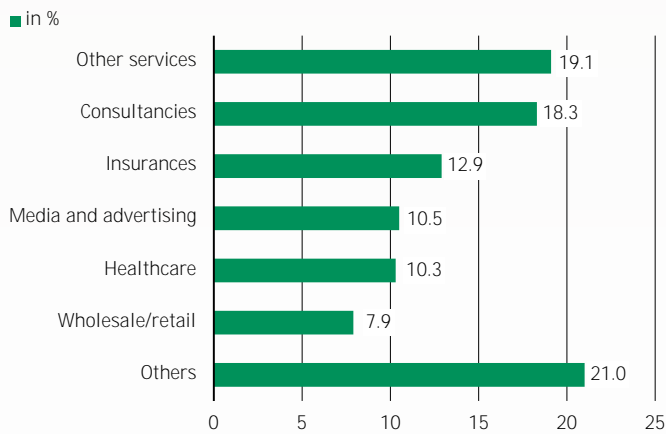
Development of take-up and top rents



▶ TAKE-UP AT LEVEL OF 2020

With take-up of 150,000 m², the Cologne office market achieved a comparatively weak result at the end of the third quarter. Compared with the same period last year, this result represents a drop of 49%. The long-term average is also missed by just under a third. As in previous months, the difficult macroeconomic situation is clearly reflected in the letting market in Cologne. However, it is encouraging to note that the market picked up in the third quarter. With take-up of 55,000 m², the result for the previous quarter was exceeded by almost 53%. The reason for the overall weak result can be attributed to the fact that many contracts were concluded in the small and medium size categories. Thus, a good 56% of the current result accounted for lettings of less than 1,000 m². This phenomenon, although not as pronounced, can be observed in other cities as well. It results from the current longer decision-making processes of large users. Many companies are operating with considerably more caution and restraint due to the subdued economic situation. As a result, no deals above the 10,000 m² mark had been registered by the end of September.

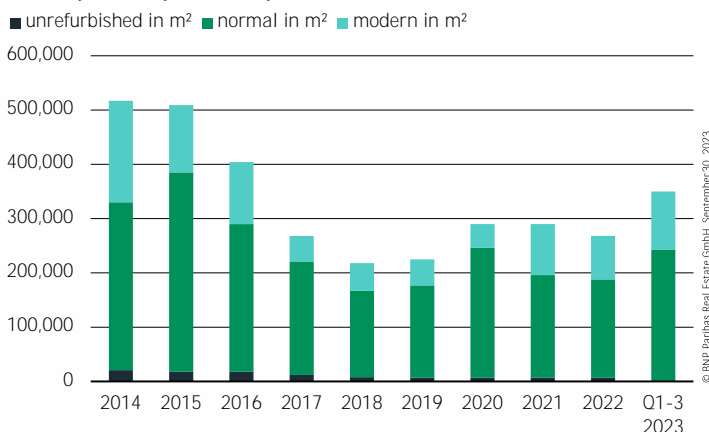
Take-up by sector Q1-3 2023



▶ BALANCED SECTOR DISTRIBUTION

The distribution of take-up by sector has been relatively balanced so far, which indicates a stable market structure overall. No less than five industry groups contribute double-digit shares to the result. At 19%, other services are in first place. Closely behind are the consulting companies with a good 18% and an above-average take-up of just under 27,500 m². Insurance companies also performed above average with 13% and a good 19,500 m². Not least, the largest letting of the current year so far, the rental of 9,200 m² by KZVK in the city center, was registered in this sector.

Development of vacant space



▶ RISE IN VACANCIES CONTINUES

The vacancy volume has risen once again in the past three months and currently stands at 350,000 m². Compared with the previous year, this represents growth of almost 26%. Nevertheless, the vacancy rate is still low at 4.3% and thus below the fluctuation reserve of 5%. Currently, around 31% of all vacant space has a modern fit-out standard. However, high-quality space in the city center locations preferred by tenants is still in short supply. Less than 40,000 m² is currently available in these locations at short notice.

Major contracts

Sub-market	Company	m ²
1.1	KZVK	9,200
1.1	BCG - Boston Consulting Group	7,300
1.2	Industrial HQs	4,300
3.1	DEVK	4,000
2.1	Uniklinik Köln	3,900
1.1	YPOG	3,600

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➤ CONSTRUCTION ACTIVITY CONTINUES TO DECLINE

The moderate level of letting activity and the current difficult financing environment are equally reflected in the development of construction activity. There is currently 182,000 m² of space under construction on the Cologne office market. This represents a decline of 18% compared with the same time last year. Construction activity is mainly concentrated in the city center (129,000 m²) and occasionally in centre fringe locations. In the last three months, the proportion of space still available for renting has increased slightly. Currently, 78,000 m², or just under 43% of the new-build space, is still unoccupied. At 33,000 m², the majority (43%) of this space can be found in the city centre submarket.

➤ FURTHER RISE IN RENTAL PRICES

In very good city center locations, prime rent of 33€/m² are being achieved for modern space, which represents an increase of 20% compared with the same period last year. The Average rent, which is traditionally more volatile, has also continued to grow over the past 12 months. It currently stands at 18€/m², a good 9% above the comparable level for the previous year.

➤ OUTLOOK

Despite the generally difficult economic environment, the Cologne market recorded a slight upturn in the third quarter. This slight upward trend in take-up is likely to continue in the final quarter. Against this backdrop, take-up at the end of the year in the region of the 200,000 m² mark is a thoroughly realistic scenario from today's perspective. A further increase in vacancy volume cannot be ruled out. Due to the high demand for high-quality modern space in particular, construction activity is likely to rise again as soon as the German economy also experiences more momentum. A moderate rise in prime rents can be expected, assuming demand for premium space remains high.

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Trends in important market indicators

	Q1-3 2022	Q1-3 2023	Trend remaining year
Take-up	295,000 m ²	150,000 m ²	➔
Vacant space	278,000 m ²	350,000 m ²	➔
Space under construction (total)	222,000 m ²	182,000 m ²	➔
Space under construction (available)	128,000 m ²	78,000 m ²	➔
Top rent	27.50 €/m ²	33.00 €/m ²	➔

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Key indicators Q1-3 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	Q1-3 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	33.00		49,500	69,700	19,700	0	68,100	33,200	102,900	50,000
1.2 Deutz	24.00		7,000	25,900	19,900	0	61,000	26,500	52,400	0
2 Centre Fringe	17.50 - 21.00		48,700	114,000	26,100	0	30,200	8,700	122,700	270,500
3 Subcentres	12.50 - 17.50		44,800	140,400	41,300	0	22,700	9,600	150,000	135,500
Total			150,000	350,000	107,000	0	182,000	78,000	428,000	456,000

* 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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