

COLOGNE

# REPORT INVESTMENT MARKET

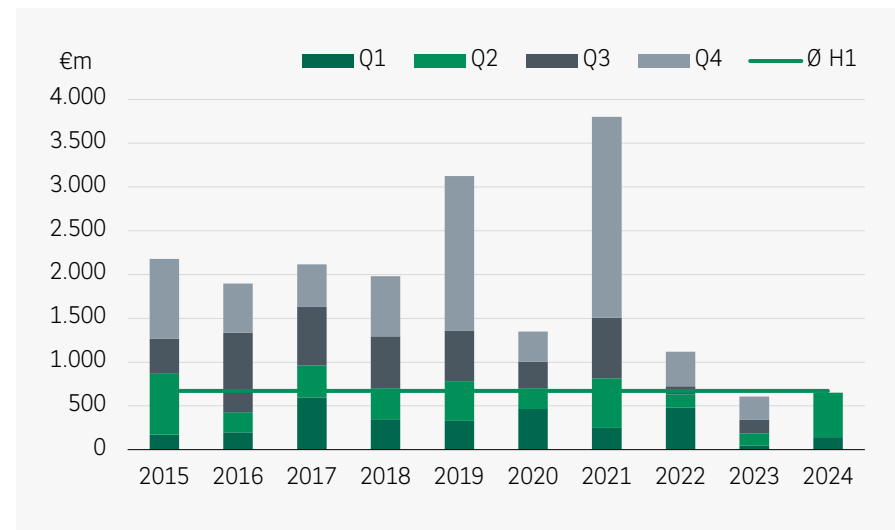
H1 2024



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REAL ESTATE for a changing world

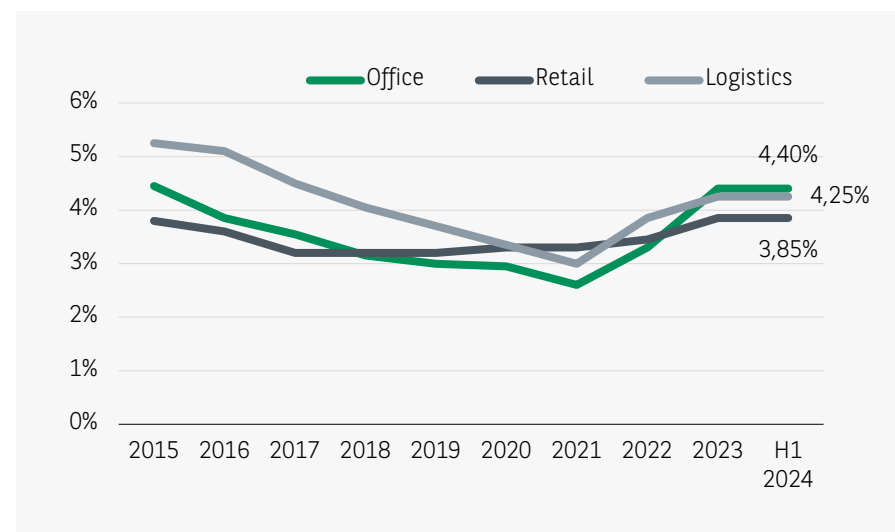
## Development of investment volume



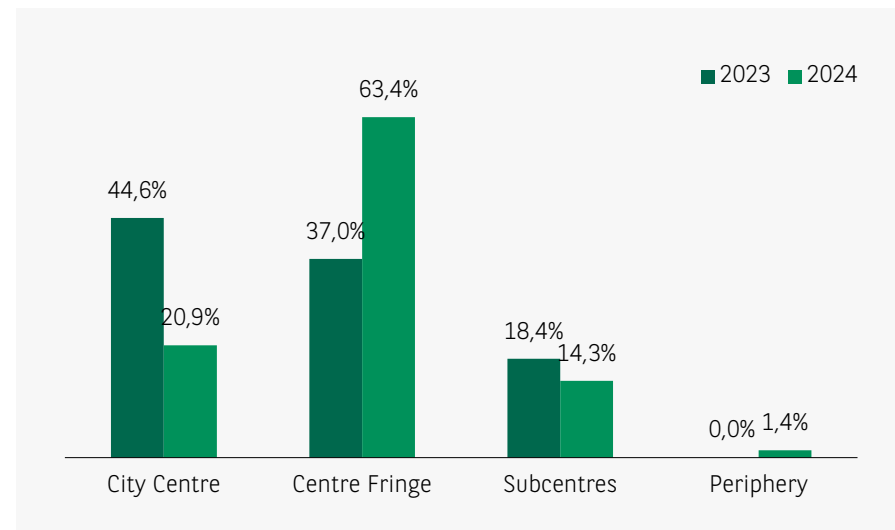
**DUE TO ONE MAJOR DEAL: HIGHEST INCREASE  
IN INVESTMENT VOLUME OF ALL A-CITIES**

- Cologne's commercial real estate investment market shifted gears in the first half of the year 2024, recording a rise in transaction volume by an impressive 250% year-on-year to €652 million. This is by far the highest increase of any major German investment location in H1. It should be noted, however, that almost 60% of this pleasing result is attributable to just one deal, namely the City of Cologne's purchase of the northern part of the Koelnmesse exhibition centre.
- Thanks to this special transaction, Cologne is the only investment market in Germany to have returned to approximately the ten-year average in the first half of the year. Without this special effect, however, the growth rate would only be comparable to that of the other major locations. The recorded €652 million at mid year put Cologne in fifth place among Germany's A-cities, ahead of the traditionally much stronger Hanseatic city of Hamburg.
- The development of prime yields is in line with other major German cities. After stabilising in the first three months of the year, the yield level solidified in the second quarter, as expected, with no change. Net prime initial yields for office properties remain at 4.40%. In the logistics segment, they are slightly lower at 4.25%. For high street retail properties, they remain at 3.85% at the end of the first half of the year.

## Net prime yields by type of property



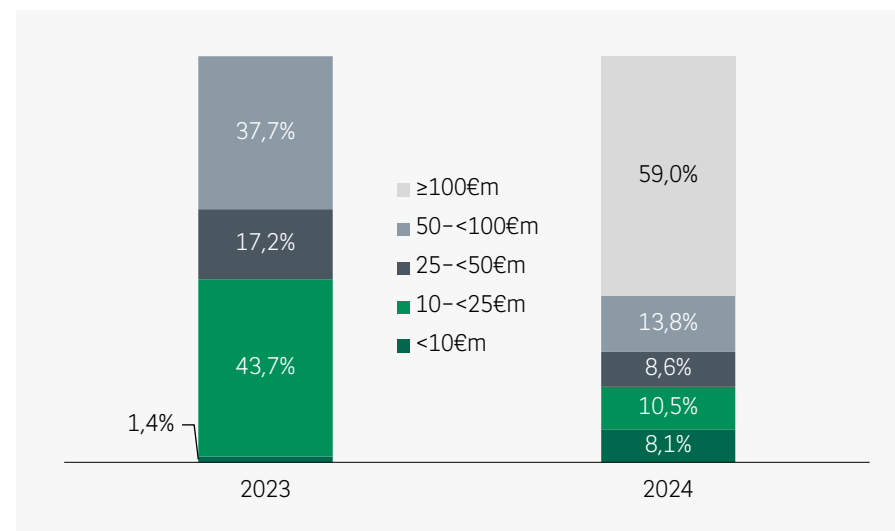
## Investments by location H1



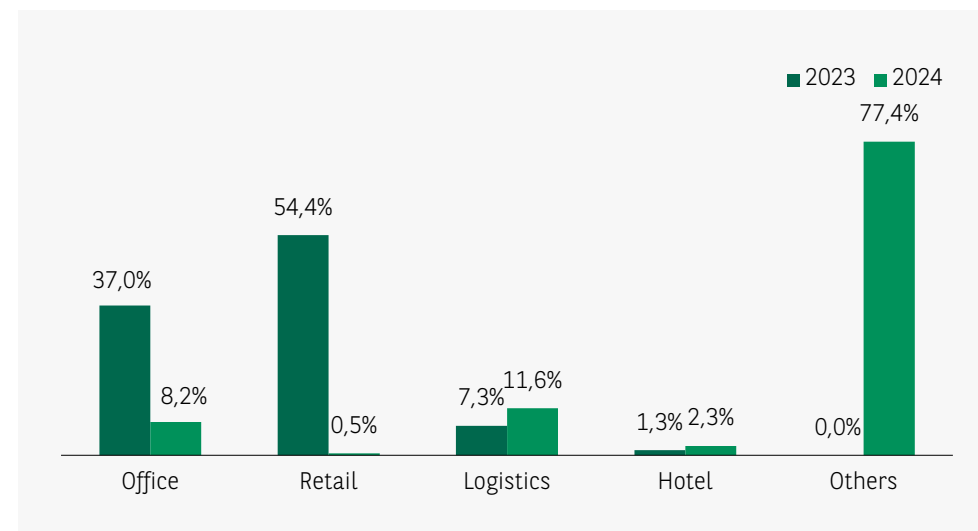
## MARKET DETERMINED BY ONE LARGE DEAL

- As expected, the aforementioned major deal is dominating the latest results of the H1 market analysis. It is therefore unsurprising that almost two-thirds of the investment volume is accounted for by the centre fringe.
- The same applies when analysing the different size categories. Just under 60% of the transaction volume can be attributed to the deals with an investment volume above €100 million, although it should be noted that this is due to only one deal only.
- In addition, the category 'Others' which includes e.g. development sites ranks first in asset class comparison. A good 77% is allocated to this group. This is followed by logistics properties, with a share of just under 12%, and office buildings, which contribute a further 8%.

## Investments by € category H1



## Investments by type of property H1



## OUTLOOK

- Looking only at the key figures for the investment market, Cologne has put in a strong performance in the first half of the year and has clearly set itself apart from the other major German investment locations, both in a year-on-year comparison and in terms of approaching historical investment volumes. However, even without the extraordinary and certainly unique major deal of the purchase of the northern site of the Koelnmesse, Cologne's investment market development would follow an upward trend. Like all other cities, the market in Cologne is still struggling with difficult framework conditions and is still relatively far from a normal investment environment.
- Nevertheless, there is light at the end of the tunnel and the number of positive signs are increasing giving hope that a turnaround has begun. This is underlined not only by the significant increase in investment volume, which would have risen noticeably even without the special influence of the major deal, but also by the higher number of transactions. It should also be noted that the share of portfolio transactions usually exceeds 20%. So far this year, this market segment has only accounted for a good 2% of total turnover. This is a segment with noticeable upside potential and an acceleration of portfolio investment activity would have a positive impact on the Cologne investment market in the coming quarters.
- Overall, the upward trend is likely to continue and may even accelerate somewhat in the second half of the year. This is not least due to the fact that investors are slowly but surely regaining confidence in the current and future market environment.

## Key facts investment market Cologne

INVESTMENT VOLUME	H1 2023	H1 2024	CHANGE
Total (€m)	186	652	+251.4%
Portfolio share	37.7%	2.3%	-35.4%pts
Share above €100 million	0.0%	59.0%	+59.0%pts
Office share	37.0%	8.2%	-28.8%pts
Share of city locations	44.6%	20.9%	-23.7%pts
Share of foreign investors	37.7%	11.0%	-26.8%pts

NET PRIME YIELDS	H1 2023	H1 2024	CHANGE
Office	3.95%	4.40%	+45bps
Retail	3.75%	3.85%	+10bps
Logistics	4.00%	4.25%	+25bps

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