

COLOGNE

REPORT INVESTMENT MARKET

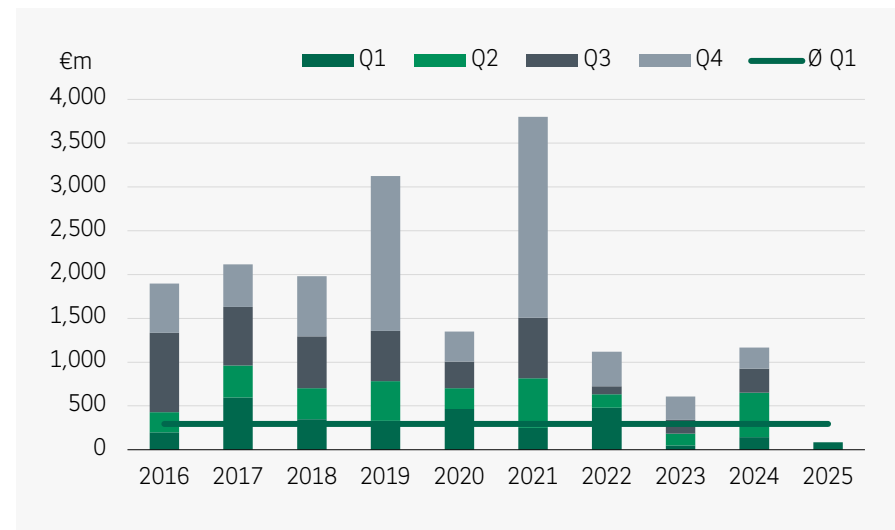
Q1 2025



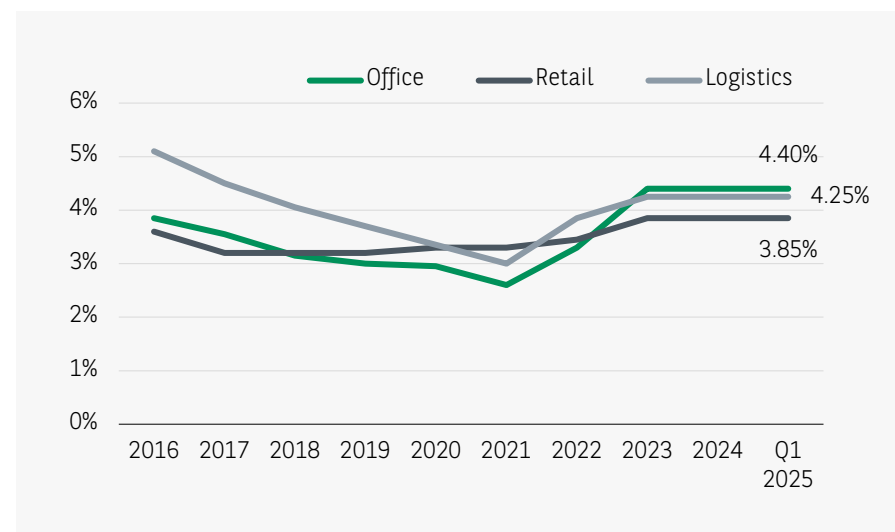
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Development of investment volume



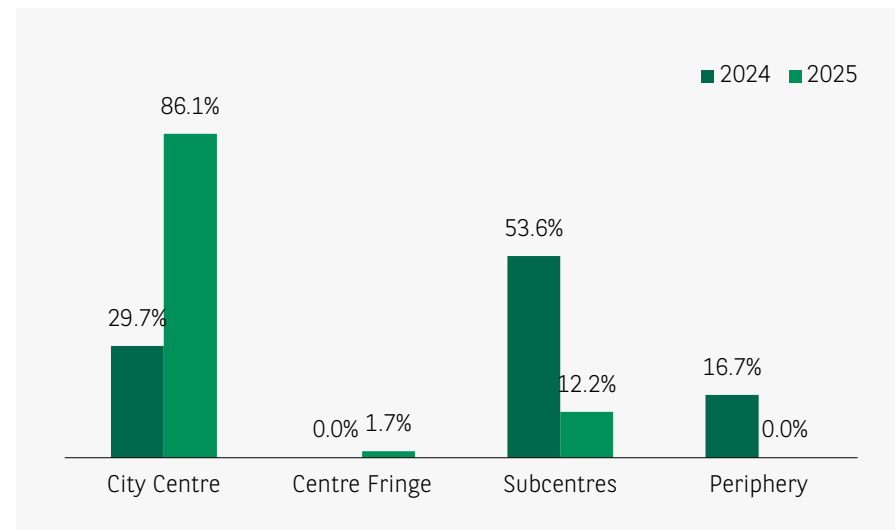
Net prime yields by type of property



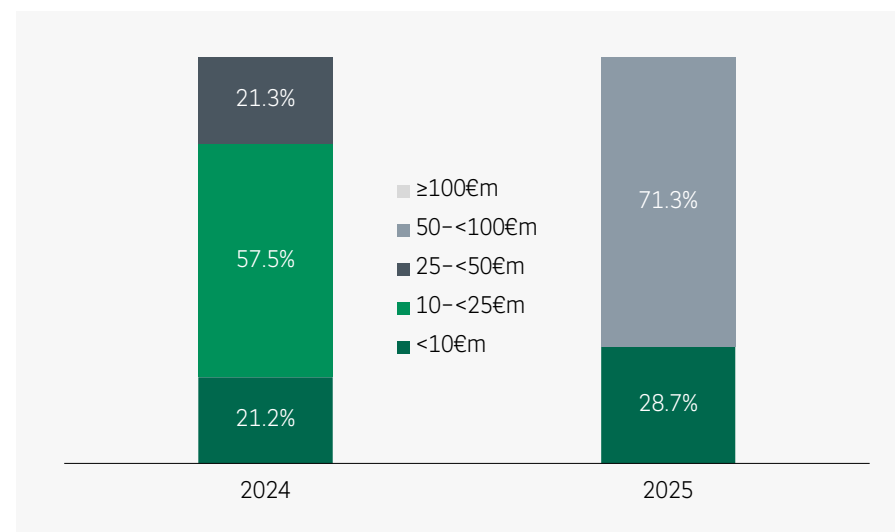
MODEST START TO THE YEAR WITH ONLY MODERATE INVESTMENT TURNOVER SO FAR

- Cologne's investment market got off to a very subdued start to the year in the first quarter. The transaction volume totalled only €87 million, corresponding to a decline of 40% compared to the previous year's result, which was also not overly strong. The ten-year average for the first three months was thus missed by 71%. At the same time, this is the third-lowest figure in the last 20 years. The main reason for this moderate result is the very low number of deals recorded to date, which is in the single-digit range. However, market momentum has also been slowed by the fact that hardly any major deals have been registered to date.
- Against this backdrop, it is not surprising that Cologne ranks second to last among the A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) in a nationwide comparison. Together with Stuttgart, the cathedral city only achieves a double-digit investment turnover. In the Swabian metropolis, however, this figure is even lower than in Cologne at €71 million.
- As in all other cities, net prime yields stabilised in the first quarter at the level reached at the end of the previous year. This is due on the one hand to the rather subdued market activity to date and the low number of deals, and on the other hand to the turbulence and great uncertainty in connection with fiscal packages and tariffs. As a result, prime yields for premium office properties remain unchanged at 4.40%, retail properties in prime high street locations are still expected to yield 3.85% and logistics properties are still quoted at 4.25%.

Investments by location Q1



Investments by € category Q1



MAJOR DEAL DOMINATES MARKET ACTIVITY IN Q1

- As over 70% of the total volume is attributable to just one deal, it is not surprising that both the size structure of the turnover and the participation of the various asset classes are significantly determined by this. This is the sale of the Pullman Cologne hotel from an Art-Invest Real Estate hotel fund to the Swedish investor Pandox. As a result, hotels accounted for around three quarters of the transaction volume, placing them well ahead of office properties at just under 13%.
- The situation is similar for the size categories involved. The category between €50 million and €100 million accounts for a good 71% of the result, with the sale of the Pullman Cologne Hotel being solely responsible for this. Beyond this, only smaller transactions of up to €10 million were registered, meaning that this size category contributed the remaining 29% to investment turnover.

Investments by type of property Q1



OUTLOOK

- The prospects for Cologne's investment market are difficult to predict and, like everywhere else, are overlaid and influenced by a number of overarching and in some cases global developments. The very favourable development of the occupier markets is fundamentally positive. Office space take-up in the first quarter rose by almost 140% to 67,000 m². This is by far the largest increase of all German A-locations. This indicates that companies' confidence has increased noticeably. As a rule, the investment markets also benefit from this, meaning that a significant increase in transaction volumes can be expected.
- At the same time, however, it should be noted that there are considerable risks for the global economy, and therefore also for developments in the cathedral city, resulting from the tariffs announced by the USA, which harbour the potential for a full-blown trade war. If the tariffs are not withdrawn or mitigated in the course of negotiations, a worst-case scenario could materialise with devastating consequences for the economic development of many countries.
- On the plus side, on the other hand, are the recently adopted fiscal policy measures. The associated investments are likely to boost the German economy, from which the occupier markets should continue to benefit.
- However, it is hardly possible to make a serious forecast for investment turnover for the whole year given the current situation. From today's perspective, there is much to suggest that prime yields will remain stable in the coming quarters.

Key facts investment market Cologne

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	145	87	-40.2%
Portfolio share	0.0%	0.0%	+0.0%pts
Share above €100 million	0.0%	0.0%	+0.0%pts
Office share	34.7%	12.5%	-22.2%pts
Share of city locations	29.7%	86.1%	+56.4%pts
Share of foreign investors	44.0%	78.7%	+34.7%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	4.40%	4.40%	+0bps
Retail	3.85%	3.85%	+0bps
Logistics	4.25%	4.25%	+0bps

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