

COLOGNE

REPORT OFFICE MARKET

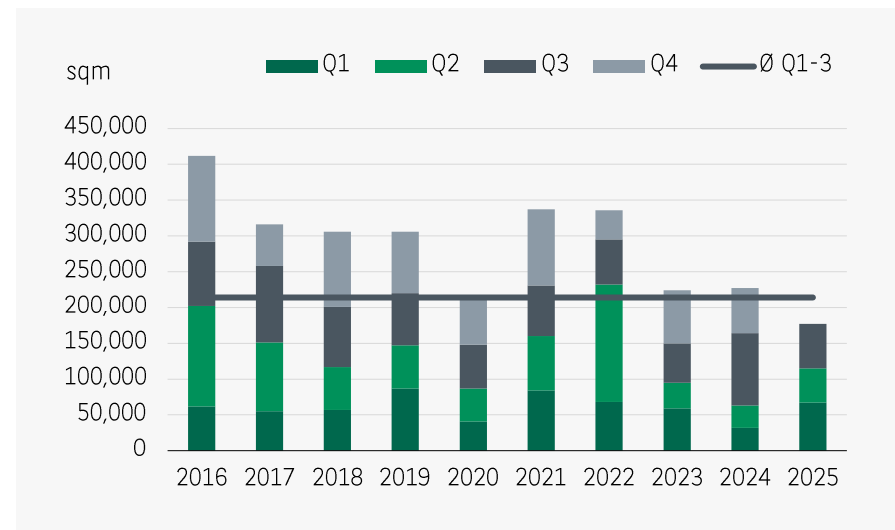
Q1-3 2025



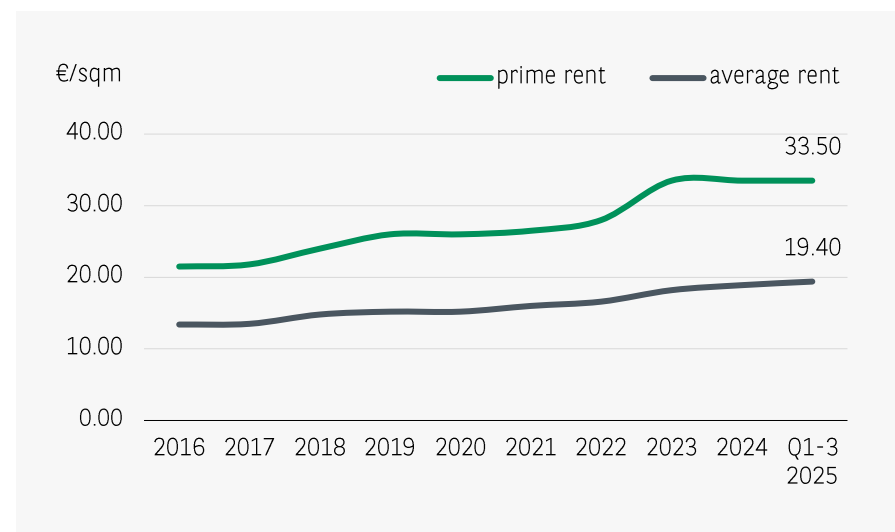
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Development of take-up



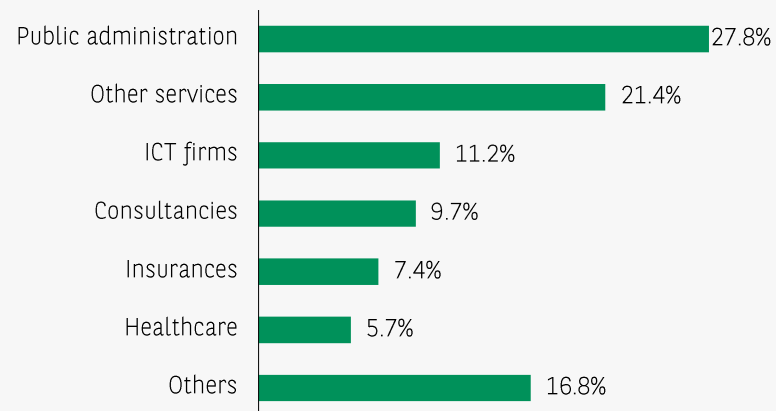
Prime and average rents



MARKET ON THE UPSWING: WITH STRONG INTERIM RESULTS HEADING INTO THE FINAL QUARTER

- Despite challenging conditions continuing, the Cologne office market has shown positive development this year. By the end of the third quarter, take-up stood at around 177,000 sqm, of which a good third (62,000 sqm) was accounted by the months of July to September. Compared to the previous year, the current result has thus increased by around 8%. Thereby Cologne is one of the few top office markets that recorded an increase in take-up compared to the same period last year. However, the 10-year average remains unmatched (-14%).
- One reason for this positive outcome is the significant volume of smaller contracts, ranging from 500 to 1,000 sqm, and medium-sized lettings, spanning from 2,000 to 5,000 sqm. These categories each accounted for approximately 20% of the total take-up. Of particular note is Atradius Credit Insurance's letting of 7,700 sqm in the Cologne-Deutz submarket.
- By contrast, large-scale transactions involving properties of 10,000 sqm or more decreased year-on-year, resulting in a fall in share to around 16%. The most significant contracts in this category were the two lettings signed by the Cologne Job Centre, each covering approximately 16,000 sqm of office space.
- Since the end of 2023, the prime rent in Cologne has remained unchanged at €33.50/sqm and is primarily paid in central locations for modern, high-quality office space. The average rent increased to €19.40/sqm in the first three quarters, marking a 3% rise compared to the previous year.

Take-up by sector Q1-3 2025



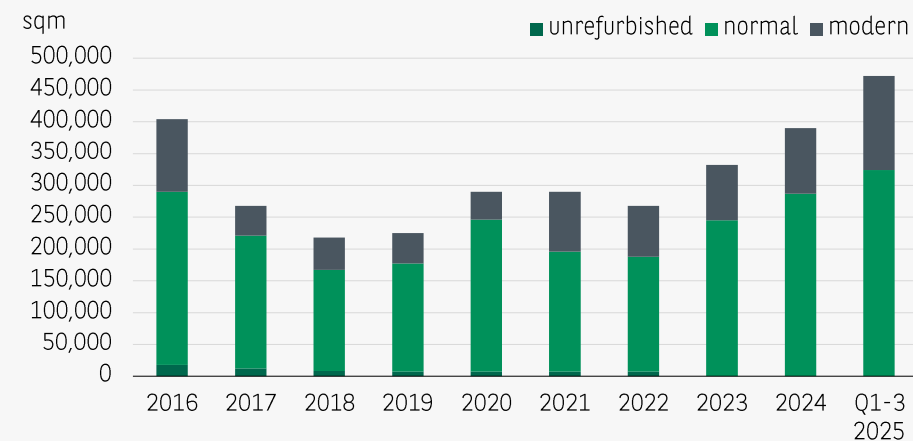
Major contracts Q1-3 2025

Quarter	Sub-market	Company	sqm
Q1	2.1	Jobcenter Köln	16,500
Q1	1.2	Jobcenter Köln	14,500
Q3	1.2	Atradius	7,700
Q3	3.5	Axians Networks & Solutions	5,500
Q1	2.1	Stadtwerke Köln KVB	4,900
Q2	2.1	Brunata-Metrone	4,500

PUBLIC ADMINISTRATION REMAINS STRONGEST SECTOR

- In terms of take-up by sector, public administration ranks first with 28%, equating to around 49,000 sqm. The aforementioned large deals concluded by the Cologne Job Centre in the Deutz and Braunsfeld districts are the decisive factor here. ICT technologies, in addition to other services, are performing well and, due to several deals in the mid-range space segment, account for an above-average 11% of the result.
- Vacancy volume has risen slightly again, reaching 472,000 sqm at present terms. Compared to last year, this represents an increase of around 27%. However, only around 31% of vacant space meets modern standards of fit-out. Space available for first-time occupancy in prime locations, in particular, remains in short supply. The vacancy rate for the whole market notes at 6.0%. Nationwide, Cologne thus has the second-lowest rate after Leipzig (5.2%).

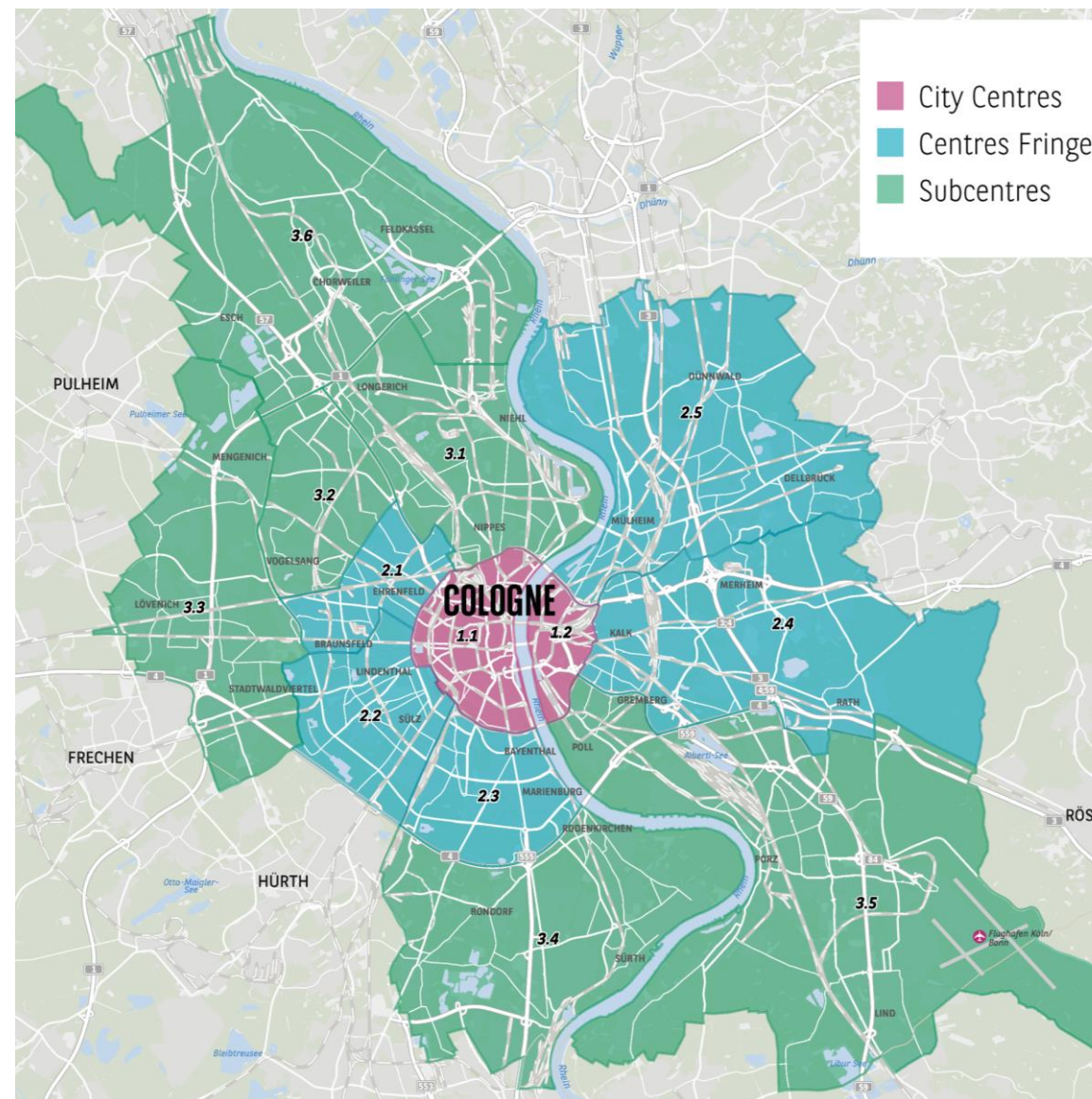
Development of vacant space



OUTLOOK

- Overall, the first nine months of the year were positive for the Cologne property market, enabling it to outperform other major cities nationwide. Encouraged by this initial success and the recent increase in leasing activity, the Cologne market is approaching the end of 2025 in a strong position. The market has a solid demand base, with current letting activity already almost back to average levels. If the German economy continues to pick up speed as expected, the office market in Cologne is also likely to benefit.
- From today's perspective, the improving market environment and the number of contracts already in the pipeline suggest that the year-end take-up figure for 2025 will clearly exceed 200,000 sqm, surpassing last year's figure of 227,000 sqm.
- Although growth has slowed recently, it is reasonable to assume that the peak in vacancy has not yet been reached. An increase in vacancy volume is expected, particularly among existing properties that are older and lower quality, as many of these no longer meet current rental requirements.
- At the same time, it is reasonable to assume that the current shortage of high-quality office space will continue to worsen. This is because little additional capacity is expected from new construction, while demand in this sector remains high. Consequently, an increase in prime rents is anticipated by the end of the year.

Office submarkets Cologne



Key indicators office market Cologne

		PRIME RENT* (€/sqm)		TAKE-UP (sqm)	VACANT SPACE (sqm)		SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)		
		from	to	Q1-3 2025	total	modern	of this, since completion	total	available	available	projected
Submarkets**		1		2	3	4	5	6	7	8 = (3 + 7)	9
1	City Centre										
1.1	City Centre		33.50	54,500	132,100	54,100	0	95,000	56,100	188,200	43,500
1.2	Deutz		26.70	24,200	12,600	6,700	1,700	48,800	0	12,600	0
2	Centre Fringe	17.60 -	21.60	47,500	130,100	17,300	500	17,800	9,700	139,800	162,800
3	Subcentres	11.00 -	21.50	50,800	197,200	69,900	800	6,400	2,200	199,400	76,700
Total				177,000	472,000	148,000	3,000	168,000	68,000	540,000	283,000

* The prime rent given applies to market segment of 3-5 % in each case.

** The relevant submarket can be found on our website under „Research“.

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