At a Glance Q2 2018
LOGISTICS MARKET COLOGNE

COLOGNE LOGISTICS MARKET CONTINUES TO BE SUCCESSFUL
Take-up in the Cologne market for warehouse and logistics space in the first half-year totals a pleasing 133,000 m², which is the third-best result of all time and just over 23% above the ten-year average. The market benefits significantly from a major deal above 35,000 m² in Frechen in the first quarter, because the number of registered deals to date has been fairly low compared to previous years. A shortage of supply is hampering market activity particularly in the Core area, where half of the volume was achieved but only around one in every three deals was registered. There is a shortage of in particular new and modern space, which is also made clear by the fact that almost exclusively (just under 94%) existing properties were occupied. Some new-builds which are being constructed on a speculative basis in the Periphery and which might ease the situation in the market have already been let.

LOGISTICS FIRMS SET THE TONE
In the first half of 2018 logistics firms take first place thanks to large-scale leases by Offergeld Logistik (35,000 m²) and Peisker Logistik (8,800 m²) among others. The sector is also responsible for other major deals and is the busiest sector in terms of the number of contracts. Well behind in second place are manufacturing companies (just under 22%), which also have one of the biggest deals to date in their ranks with a lease agreement for over 12,000 m² in Kerpen. Retail companies are also represented among the biggest deals with a lease agreement for over 13,000 m² and take third place with just under 20%.

MIDDLE SEGMENTS PARTICULARLY ACTIVE
As in the previous year, all size categories have again contributed to the result to date in 2018, even though only a few deals were registered in the larger size categories. All three categories above 8,000 m² have lost around 2-3 percentage points each compared to the previous year. However, they still account together for almost 60% of the total take-up and with this underline their great importance for the market. Only the middle size categories 5,000-8,000 m² and 3,000-5,000 m² increased their share, to just under 16 and just over 19% respectively. Activity was particularly lively in the category 3,000-5,000 m², in which almost one in every three deals was completed by tenants or owner-occupiers.
INCREASE IN AVERAGE RENT, TOP RENT STABLE

In the case of the top rent, which is being achieved for new and modern space in Cologne’s Municipal Area and in particular on the left bank of the Rhine in Osendorf and around Am Eifeltor, no movement has been seen to date. It remains 5.00 €/m². Due to increasing construction costs and land prices, however, an increase is very realistic, which would put an end to the prolonged period of stable top rents since 2014. The average rent has already reacted to the difficult market conditions: It has moved from 4.10 €/m² for the first time in many years and is now an all-time high of 4.20 €/m². In addition, the share of owner-occupiers is low, as in the last three years, at just over 15%, even though one of the biggest deals to date (13,000 m² in Poll) is in this category.

OUTLOOK

It is expected that the positive trend of recent years in the Cologne warehouse and logistics market will continue in 2018. The relatively small number of deals to date at a time high demand makes it clear, though, that market conditions remain difficult. An increase in supply through new-build projects is therefore necessary in order to ease the situation. Nevertheless, for the remainder of the year increases in take-up and the top rent are expected.

Logistics region Cologne

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