



RHEINREAL

COLOGNE QUARTERLY REPORT

Q3/2020

COLOGNE OFFICE MARKET ON HOLD?!

Pandemic continues - companies in waiting position !

Space turnover declines - average rent € 14.75 - top rent at a high level

With a space turnover of 144,000 m², the Cologne office market recorded a decline of 30 % compared to the previous year.

The absolute vacancy rate rose by around 24,000 m² to 210,000 m² compared with the first half of the year, which corresponds to a vacancy rate of 2.5 %.

In addition to space being returned by larger users, we observed that tenants increasingly did not take advantage of their extension and expansion options.

At € 14.75 per square metre, the average rent continued to decline slightly compared to the first half of the year, but is still well below the previous year's figure of € 15.60 per square metre. This is not so much due to a general decline in rents but rather to larger contracts concluded outside the city centre, such as the AOK in Gremberghoven with more than 18,000 m². The top rent remains stable at an unchanged high level of 24.00 €/m².

„LAST YEAR'S RESULT WILL PROBABLY NOT BE REACHED, DESPITE PUBLIC SECTOR LEASES. THE RENTAL MARKET WILL NOT RETURN TO NORMAL UNTIL A VACCINE IS AVAILABLE!“ – Lars Laufenberg

Subletting as a new second market

Since the outbreak of the pandemic, almost 75,000 m² of sublet space has been newly placed on the market, mainly by larger corporates. In relation to the current total vacancy rate, this represents an increase in available space of more than 30 %. This is certainly also due to the trend towards more working from home in companies, although the main reasons for this are likely to be the reduction of space reserves built up prior to the crisis and the need to adjust the personnel structure, often packaged as corona-related



right-sizing. The extent to which this new supply of space will affect the market as a whole will depend mainly on the speed of absorption and the price discounts granted by subletters.

Neck and neck race for the strongest sub-market

While the city centre was the clear leader last year - with a market share of over 43 % - this year there are 3 office market zones which provide the majority of the space turnover.

The traditionally strong sub-market Cologne West with Braunsfeld/Ehrenfeld is in a neck-and-neck race with the city centre of Cologne for the strongest sub-market, both with a market share of about 25 %. The Porz/Gremberghoven location is surprisingly strong this year with a 22 % share of the total space turnover. This is mainly due to larger lettings, such as the conclusion of a contract by the AOK for 18,000 m² in a property owned by DIBAG at Lina-Bommer-Weg 9 - 11 and the conclusion of a contract by KHD Humboldt Wedag for 4,300 m².

	Tenant	Location	sqm
1	AOK	Porz	18 000
2	BimA/ Hauptzollamt	Ehrenfeld	10 000
3	DKMS	Braunsfeld	4 500
4	KHD Humboldt Wedag	Porz	4 300
5	Anonym	City	4 100
6	Job Center	Zollstock	3 800
7	Gebäudewirtschaft Köln	Rodenkirchen	3 640
8	Anonym	Mülheim	3 000
9	Deutsches Rotes Kreuz	Ehrenfeld	3 000
10	MSG Systems AG	Kalk	2 832



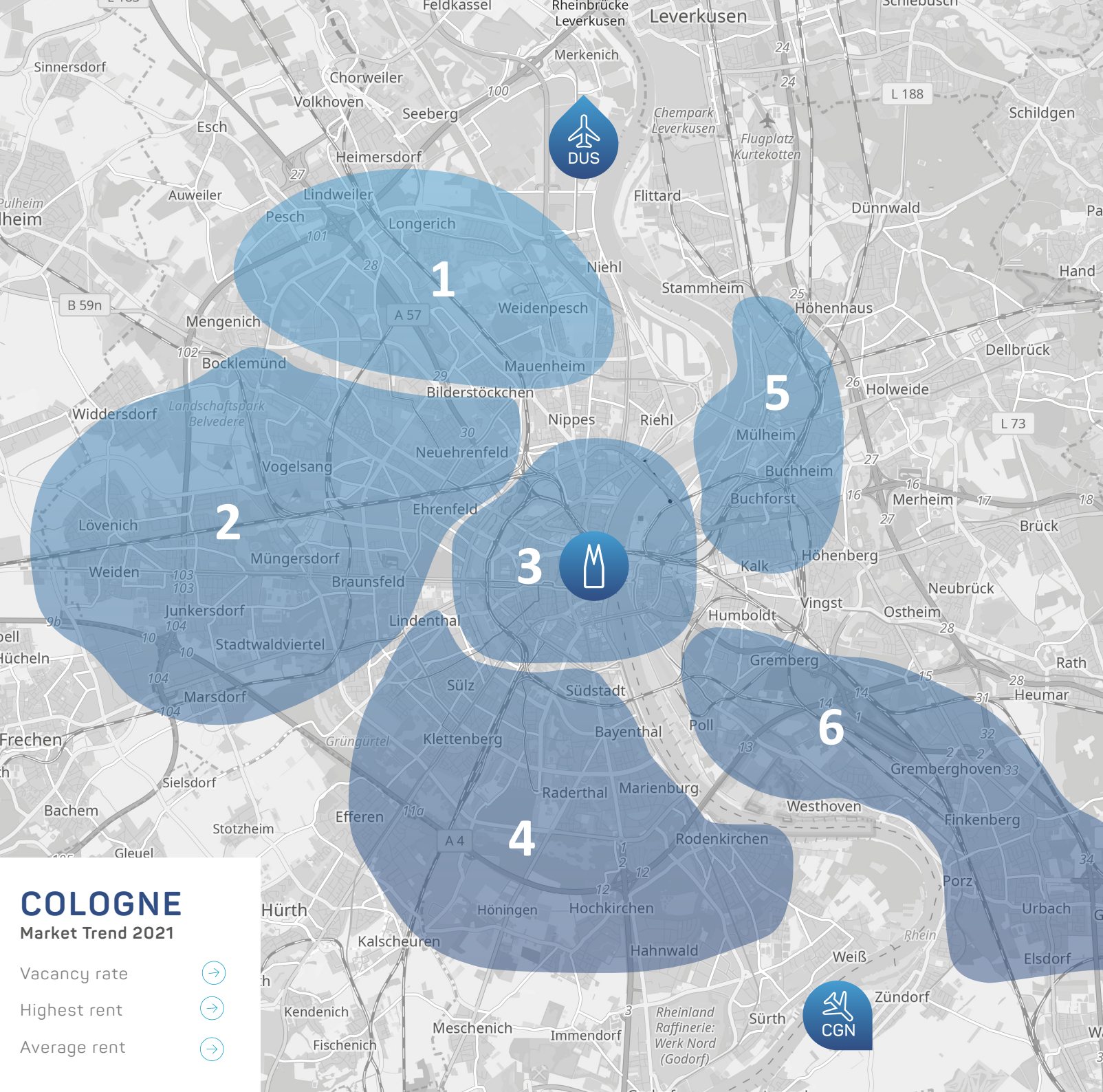
The end of big deals?

Yes and no! In the first three quarters of this year alone, our research department recorded more than 135 contracts below 1,000 m². This segment thus accounts for 32 % - in absolute terms 46,000 m² - of total space take-up, whereas large lettings of more than 5,000 m² account for only 19 % of total take-up. Nevertheless, we are observing - particularly at the end of the last quarter - a sharp increase in market activity by larger users who had initially parked their applications shortly after the outbreak of the pandemic. We expect that rentals by the public sector, which amounted to "only" 22,000 m² of space in the first three quarters, will play a significant role in the last quarter.

Working from home as the new panacea?

Even though many companies have discovered working from home as the "new normal" for themselves and have strongly promoted the digitalisation of workplaces, we were able to ascertain that it is increasingly driving employees back into the office. This is mainly due to one main reason: Despite all the advantages of working from home solutions, this work model cannot compensate for the loss of spontaneous and personal communication. As a result, companies need to change the way they think about space that was considered a waste of space in a world before a pandemic, such as retreats and meeting rooms. These areas have become much more important as meeting places for employees and as points of contact for customers and will therefore take up more space than before.





COLOGNE NORTH

1 Ossendorf | Bickendorf |
Longerich | Bilderstöckchen

Market share 7.85%
Rent €/m² 9.00 - 15.00
Average rent Ø €/m² 14.01

COLOGNE WEST

2 Braunsfeld | Ehrenfeld |
Marsdorf | Lindenthal

Market share 26.13%
Rent €/m² 10.00 - 16.00
Average rent Ø €/m² 13.80

COLOGNE CITY CENTER

3 City Center | Deutz

Market share 22.11%
Rent €/m² 12.00 - 25.00
Average rent Ø €/m² 17.00

COLOGNE SOUTH

4 Zollstock | Rodenkirchen |
Bayenthal

Market share 6.75%
Rent €/m² 10.00 - 16.50
Average rent Ø €/m² 13.30

COLOGNE EAST

5 Mülheim | Kalk

Market share 7.51%
Rent €/m² 12.50 - 17.00
Average rent Ø €/m² 14.15

6 Poll | Porz | Gremerghoven |
Westhoven

Market share 21.79%
Rent €/m² 8.50 - 15.00
Average rent Ø €/m² 11.65

Other districts

Market share 5.23%
Rent €/m² 5.00 - 10.00
Average rent Ø €/m² 8.50

COLOGNE

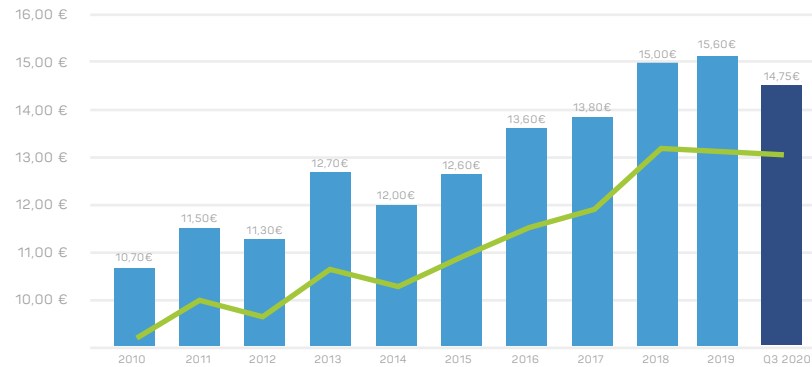
Market Trend 2021

Vacancy rate →
Highest rent →
Average rent →

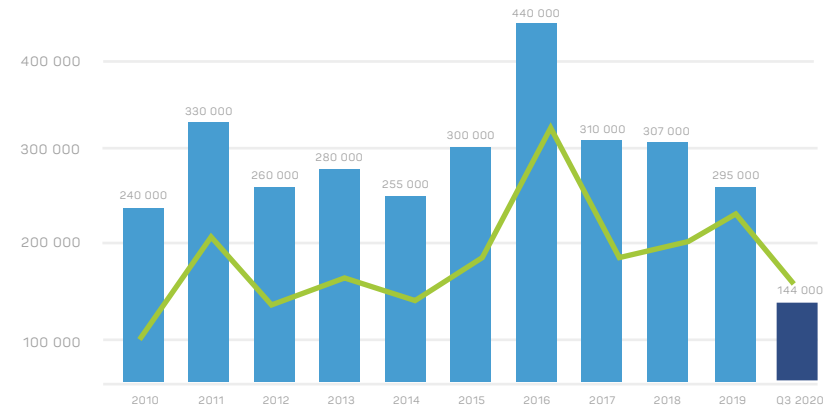
KEY INDICATORS

Market Report 2010 - 2020

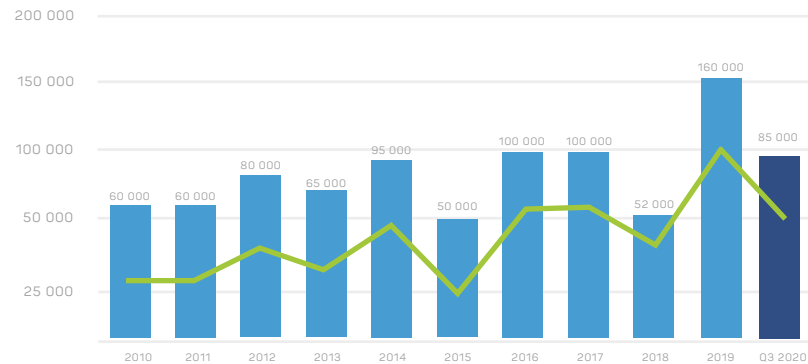
AVERAGE RENT 2010 - 2020



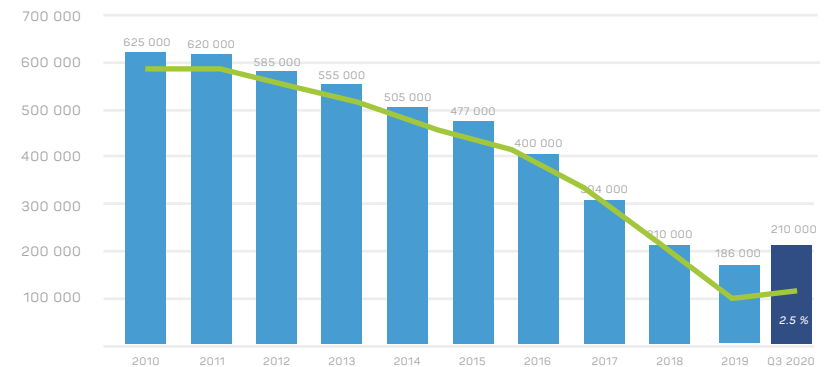
TAKE UP 2010 - 2020



COMPLETIONS 2010 - 2020



VACANCY DEVELOPMENT 2010 - 2020



AVERAGE RENT €/M² 14.75

VACANCY RATE 2.5%

PRIME RENT €/M² 24.00

HIGHEST RENT €/M² 26.00

"Companies need to
change their way of
thinking about office
space."





RHEINREAL

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LANDLORD SERVICES

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- Structuring of transaction processes at property and portfolio level
- Best regional expertise with an international network
- Landlord Representation Mandates
- Repositioning of portfolios
- Excellent track record



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The data obtained are based on research conducted by RheinReal Immobilien GmbH. The information comes in part from public sources, information from third parties and our assessment. However, we exclude any liability for the completeness and correctness of the information.

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