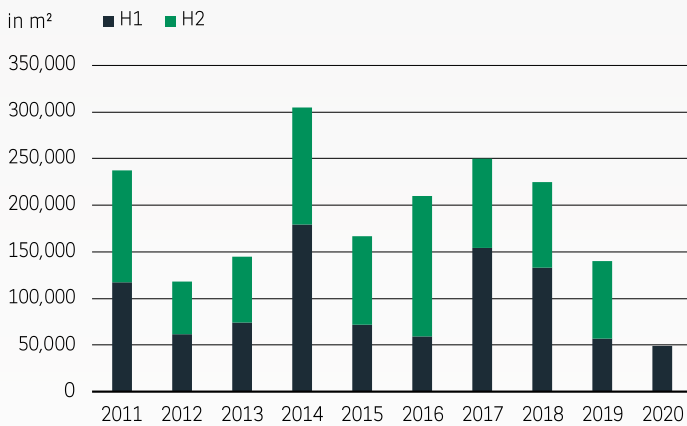




At a Glance **Q2 2020**

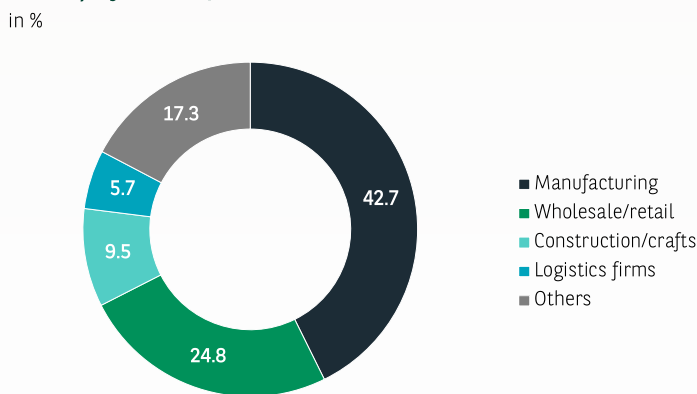
LOGISTICS MARKET COLOGNE

Light industrial and logistics take-up



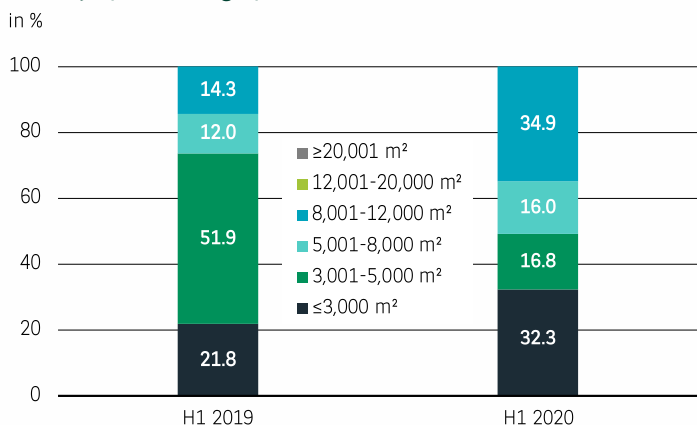
© BNP Paribas Real Estate Industrial Services, June 30, 2020

Take-up by sector Q2 2020



© BNP Paribas Real Estate Industrial Services, June 30, 2020

Take-up by size category



© BNP Paribas Real Estate Industrial Services, June 30, 2020

➤ CORONA ENSURES VERY WEAK HALF-YEAR RESULT

The Cologne market for warehouse and logistics space has traditionally not been one of the highest take-up markets in Germany due to its small-scale structure and the high proportion of existing space. However, a half-year result of 49,000 m² is a new negative record even for this metropolis. The already weak result of the previous year was undercut by around 14% and the long-term average was even missed by 49%. As a result of the social and economic lockdown in the wake of the Corona pandemic, many companies had to switch to a crisis mode and temporarily put their investment and expansion plans on hold. The long-term shortage of supply was thus compounded by a temporary decline in demand, which additionally caused the market to lose its momentum in the second quarter. The few market activities focused primarily on smaller spaces, with a particular interest in capacities available at short notice. However, in the course of the step-wise easing and economic recovery, a revival of the market on the demand side could already be possible in the next weeks.

➤ RESULT IS BASED ON INDUSTRIAL COMPANIES

The demand from industrial and production companies proved to be relatively resistant, with around 43% of the outcome being by far the most important in the distribution of take-up by sector. At almost 21,000 m², they also remained at the level of their long-term average in absolute terms. One reason for this is undoubtedly the fact that these companies have high demand for property, plant and equipment and require much longer run-up times for their rental decisions. By contrast, companies from the logistics sector played a much less significant role, accounting for a share of only 6%, and had to deal with significantly lower freight rates in recent months.

➤ SMALL SEGMENT DRIVES MARKET ACTIVITY

Only two contracts were able to give the size segment between 8,000 and 12,000 m² a share of about 35%. However, the bulk of the market was in the small-scale category up to 3,000 m². This class accounted for more than 72% of all registered transactions. This is also due to the continuing scarcity of supply, with particularly large modern spaces hardly available. In the core area, for example, only small existing halls can be rented, which is reflected accordingly in the actual distribution.

Major contracts Q2 2020

Quarter	Company	Location	Area (m ²)
Q2	Orion Engineered Carbons	Cologne	8,900
Q2	Wholesale/retail company	Kerpen	8,200
Q1	Manufacturing company	Cologne	7,800
Q1	AWB Köln	Cologne	5,000
Q1	Stamhuis Deutschland	Cologne	3,200

© BNP Paribas Real Estate Industrial Services, June 30, 2020

Key figures logistics market Cologne

	H1 2019	H1 2020	Trend remaining year
Prime rent	5.40 €/m ²	5.60 €/m ²	↗
Average rent	4.45 €/m ²	4.55 €/m ²	↗
Take-up	57,000 m ²	49,000 m ²	→
- Share of owner-occupiers	15.3 %	17.5 %	→
- Share of new buildings	46.9 %	35.3 %	→

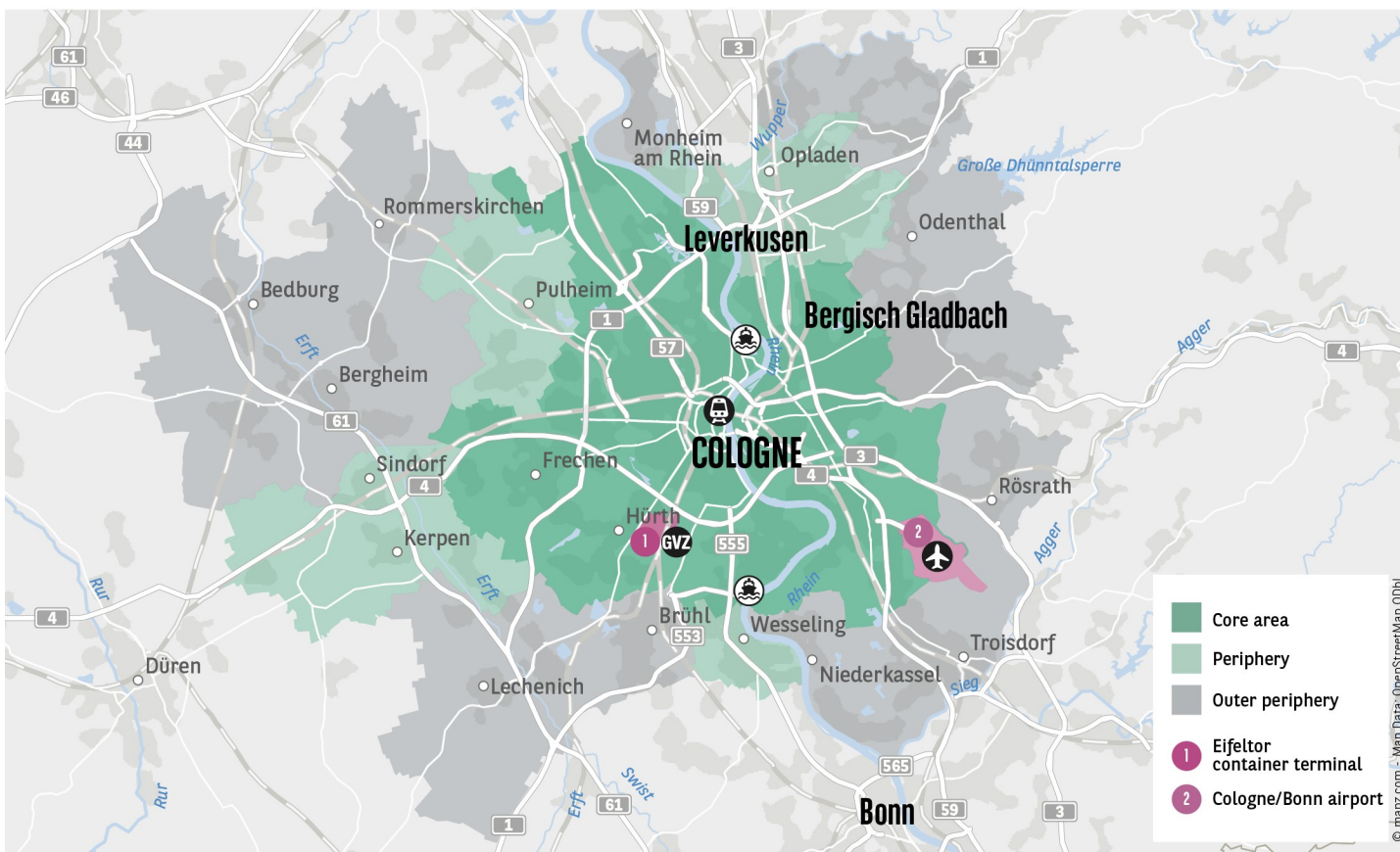
© BNP Paribas Real Estate Industrial Services, June 30, 2020

▶ IMPORTANCE OF NEW BUILDINGS IS APPARENT

In the medium term, the lack of suitable land will unavoidably lead to companies willing to pay more. The current extraordinary situation does not change this fact. In the cathedral city, many existing buildings are in the advanced cycle of their economic life, which makes state of the art developments with high technological standards even more desirable for companies looking for new premises. As a consequence, both prime and average rents in Cologne have risen compared to the previous quarter. The top rent is currently at 5.60 €/m² and the average rent at 4.55 €/m².

▶ OUTLOOK

The Corona crisis has led to noticeable disruption in the Cologne logistics market and has even accelerated existing developments. As a result of the business situation, short-term demand from e-commerce and last-mile delivery rose sharply, while many production companies stopped production because the globalized supply chains were no longer functioning efficiently. Assuming a rapid V-shaped recovery of the economy, a relatively rapid normalization of market activity is likely, but in the medium and long term the general market developments primarily require increased new construction activity and expansion of the product range.



© mapz.com - Map Data - OpenStreetMap ODbL

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.06.2020

Further Information BNP Paribas Real Estate GmbH | Branch office Cologne | Phone +49 (0)211-93 46 33-0 | www.realestate.bnpparibas.de