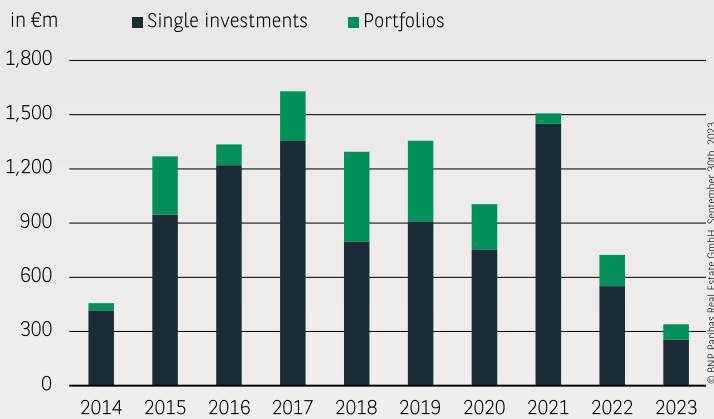




At a Glance **Q3 2023**

INVESTMENT MARKET COLOGNE

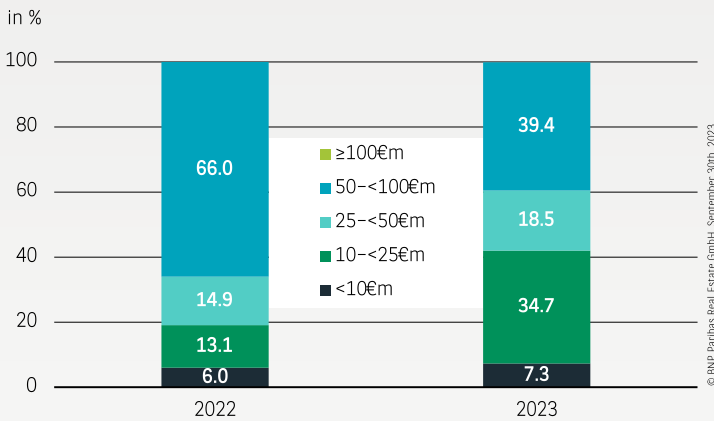
Investment volume in Cologne Q1-Q3



COLOGNE MARKET STILL WITHOUT MAJOR MOMENTUM

The investment market in Cologne has seamlessly lined up with the weak results of the major German investment locations. Cologne continues to suffer from the combination of high interest rates, a weakening economy and a lack of supply, especially in the large-volume segment. Against this background, it is not surprising that the transaction volume to date has been very moderate at just €340 million. Compared with the same figure for the previous year, this represents a decline of 53%. In relative terms, Cologne is therefore doing better than most of the other A-locations, where transaction losses are significantly higher. The fact that it is still a weak result is underlined by the fact that the ten-year average has been missed by 69%. As in the previous year, the Cologne market is mainly affected by the lack of major deals. In the current year, for example, no deal in the triple-digit million range has yet been registered. Typically, this market segment accounts for around a quarter of the investment volume.

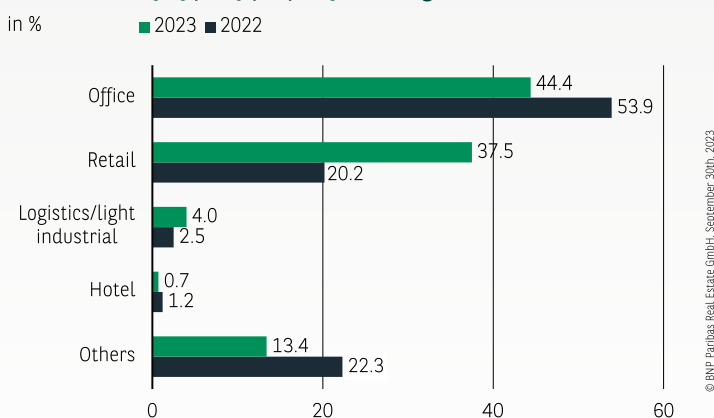
Investments by € category in Cologne Q1-Q3



STILL NO DEAL ABOVE €100 MILLION MARK

So far this year, there has still been no deal above the €100 million mark, which is reflected not only in the moderate investment volume, but also in the distribution of investments by size category. With a share of a good 39%, the size class of €50 to €100 million therefore took the lead, with only two deals concealing this figure. In second place follow transactions of €10 to €25 million, which contribute almost 35% to total turnover. In the ten-year average, these size categories only account for around 20%. A further 18.5% is accounted by transactions between €25 million and €50 million, which is roughly in line with their usual relative share level. A similar situation applies to small deals of up to €10 million (7%).

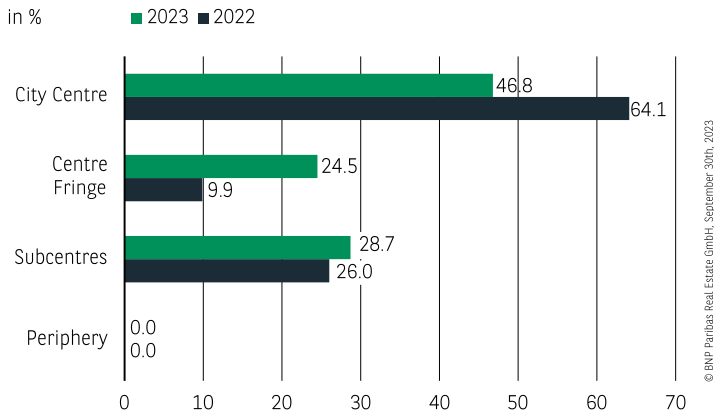
Investments by type of property in Cologne Q1-Q3



NO CLEARLY DOMINANT ASSET CLASS

The investment volume to date is distributed in a comparatively usual manner and is not dominated by any single asset class. Office properties once again take the lead with a share of just over 44%, which is only around eight basis points below their long-term average. Retail properties follow closely behind in second place, contributing 37.5% to the result. This figure is almost twice as high as the average for the past ten years. This figure includes a not inconsiderable amount of transaction volume from a portfolio deal included on a pro rata basis. Logistics properties account for a further 4% of investments, whereas hotel investments have so far been of only minor importance in the current year (1%).

Investments by location in Cologne Q1-Q3



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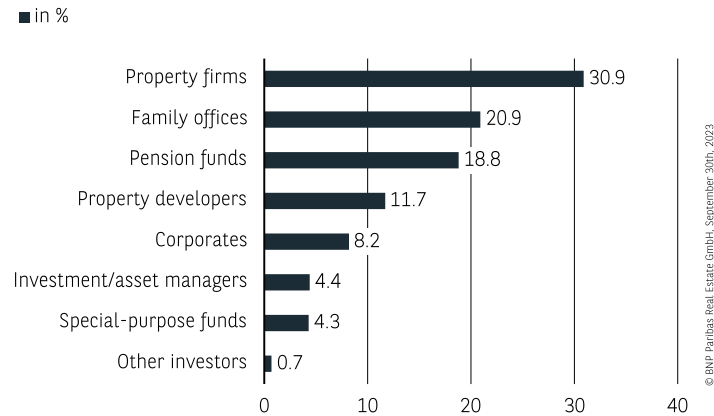
➤ BROAD DISTRIBUTION ACROSS ALMOST ALL LOCATIONS

The investment volume is distributed in a relatively balanced manner across almost all locations within the market area. It can be seen as a positive sign that investors generally have great confidence in the Cologne market. It is likely to be reflected again in higher take-up as conditions improve. The highest level of investment, just under 47%, was made in the city center, which was almost able to maintain its usual level. Subcentre locations accounted for just under 29% and the centre fringe for a further 24.5%. No significant transactions have been registered to date in the periphery, which is traditionally not a major focus in Cologne.

➤ FOUR BUYER GROUPS WITH DOUBLE-DIGIT SHARE

The distribution of investments by buyer group is also comparatively broad, underlining the statement that investors have a positive long-term view of Cologne's development. In total, four investor groups account for double-digit shares. Property firms lead the ranking with just under 31%, followed by family offices, which contribute almost 21%. Pension funds are only just behind in third place with a contribution of just under 19%. The fourth group is rounded out by property developers, who account for around 12%. Corporates also make a larger contribution with a good 8%.

Investments by buyer group in Cologne Q1-Q3 2023

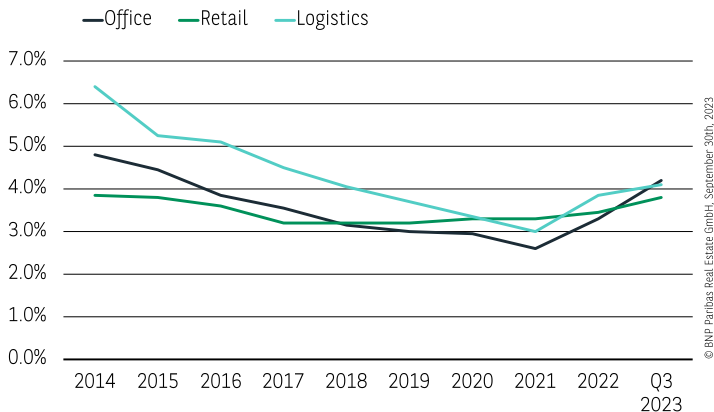


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➤ YIELDS WITH FURTHER SLIGHT INCREASE

As expected, prime yields rose again slightly in the third quarter, due to the interest rate hikes by the major central banks. For office buildings, yields are currently 4.20%, 25 basis points higher than in the second quarter. Logistics properties have also recorded a slight increase and, at 4.10%, are now ten basis points higher than in the previous quarter. For retail high street properties, the rate now stands at 3.80%, which is only a moderate increase of five basis points.

Net prime yields by type of property in Cologne



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➤ OUTLOOK

As a noticeable economic recovery is not expected before 2024 and the cycle of interest rate hikes is not yet complete, the Cologne investment market will continue to face headwinds in the final quarter. Against this backdrop, a further slight rise in yields is also likely at the end of the year. However, as the economy as a whole gains momentum and the pricing phase comes to an end, investment volumes are expected to pick up again in the course of 2024, with investment growth visibly accelerating in the second half of the year. A major contribution to this will probably come from greater financing certainty following the conclusion of the interest rate increases, which will lead to greater planning certainty on the part of investors.

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