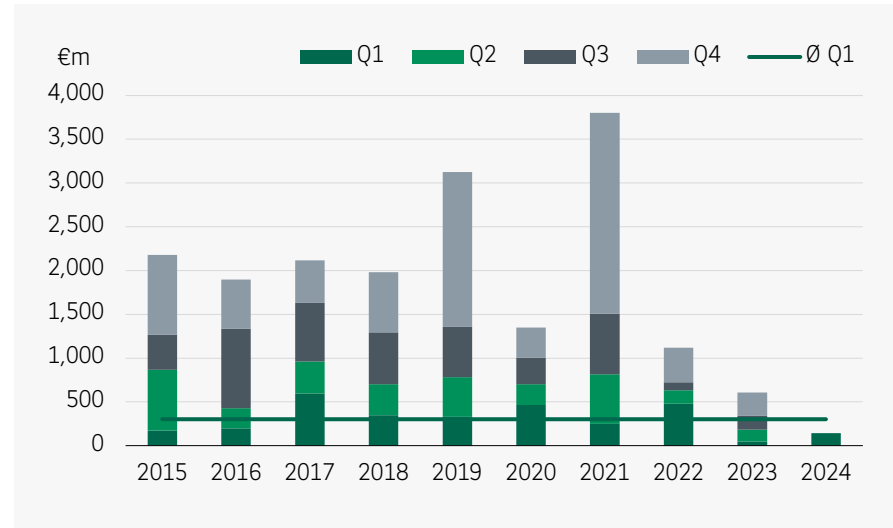


COLOGNE

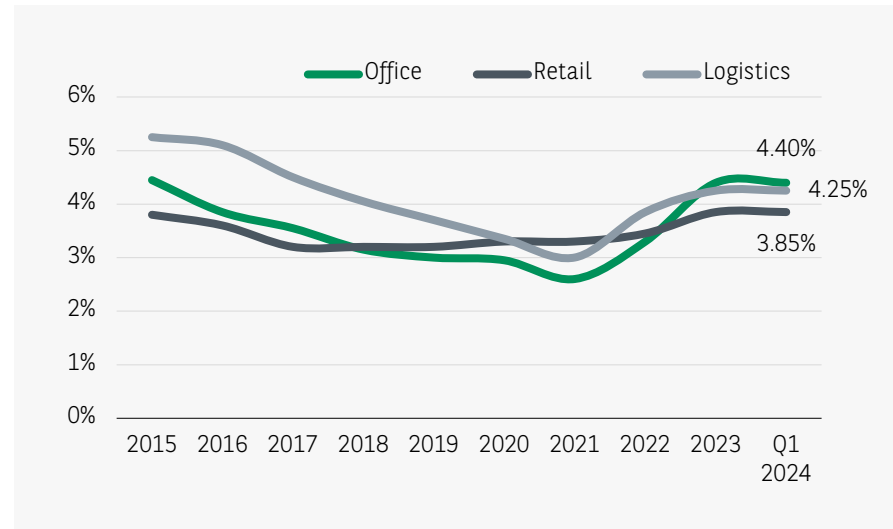
REPORT INVESTMENT MARKET

Q1 2024

Development of investment volume



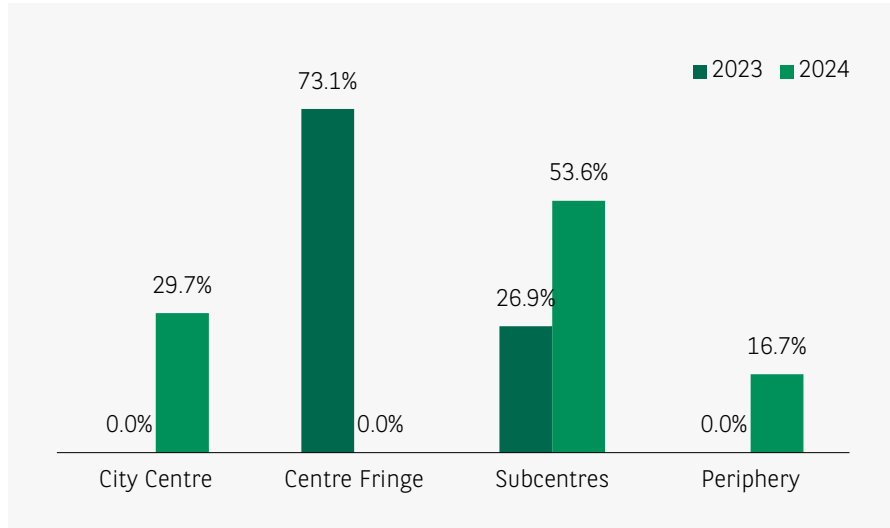
Net prime yields by type of property



HIGHEST INCREASE IN TURNOVER OF ALL LOCATIONS NO MAJOR DEALS YET AGAIN

- The Cologne investment market was able to significantly increase its transaction volume compared to the previous year. At €145 million, the result was almost tripled. As a result, the Cologne recorded the strongest growth (+190%) of all major investment locations. From a long-term perspective, however, this is a moderate result that is only around half as high as the ten-year average. The high level of interest rates and the difficult economic environment continue to hold the investment market firmly in place and prevent investment volumes of past levels.
- The persistently difficult conditions are particularly evident in the fact that, as in the same period of the previous year, no major transactions above €50 million have been recorded. Looking only at investment turnover in the market segment up to €50 million, however, the best result in the last six years was achieved in the first quarter of 2024. This indicates that the general mood among many investors is generally more positive than the investment volume suggests and that the lack of major deals contributed disproportionately to the subdued result.
- Following approximately one and a half years in which prime yields had only moved in one direction, namely upwards, they were stable at the beginning of the year. This development is not surprising given the noticeable fall in inflation and the resulting expectation of the first interest rate hikes before the end of the year. Prime yields for office buildings currently stand at 4.40%, for retail properties at 3.85% and for logistics assets at 4.25%.

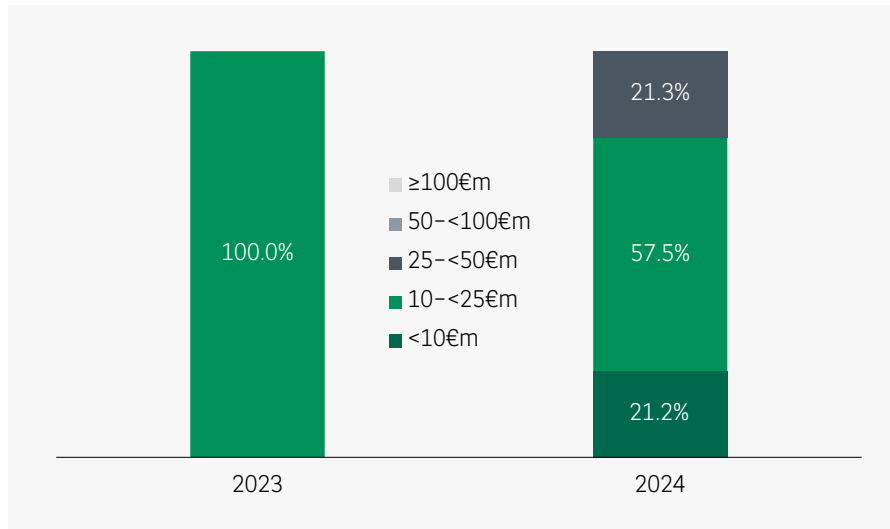
Investments by location Q1



LOGISTICS PROPERTIES WITH A NEW RECORD

- Underlining the fact that there are currently considerable differences between the individual asset classes in terms of buyer interest is that logistics investments have taken the lead among types of property use with a share of 52%. This is not only the highest share of all time in relative terms, but also represents a record level of turnover in absolute terms in the first quarter at just under €76 million. In contrast, the traditionally most strongly represented office properties only accounted for just under 35%.
- In view of the high share of the logistics sector, it is not surprising that over 70% of the volume was realized in subcentre locations and the periphery. In contrast, the city centre only account for just under 30% of the result.
- A similarly unusual picture can be observed in the size structure of the transactions. Smaller transactions of up to €25 million contributed more than two thirds of the result.

Investments by € category Q1



Investments by type of property Q1



OUTLOOK

- For a good decade, Cologne's investment market has also gained considerably in importance compared to the rest of Germany. This positive development is not least due to a noticeable increase in interest from both international and major German investors in investing in Cologne. As a result, however, the market is currently facing the same adversities as the other major investment locations. The generally difficult environment will continue to influence market activity for the rest of the year. In particular, GDP growth is likely to be modest and interest rates remain high, which suggests that large deals in the three-digit million range are likely to remain the exception. On a positive note, however, the pricing phase has probably come to an end, meaning that investor interest is likely to grow further.
- Against this backdrop, there are also many indications that a continuous upturn in transaction activity can be expected over the course of the year, which is very likely to accelerate in the second half of the year. Investment volume should therefore be higher than in 2023.
- Prime yields are likely to stabilize at the level achieved over the next few quarters. If the major central banks do start to cut interest rates as expected in the second half of the year, there is at least a certain probability that the first slight yield compression could set in towards the end of the year.

Key facts investment market Cologne

INVESTMENT VOLUME	Q1 2023	Q1 2024	CHANGE
Total (€m)	50	145	+190.2%
Portfolio share	0.0%	0.0%	+0.0%pts
Share above €100 million	0.0%	0.0%	+0.0%pts
Office share	73.1%	34.7%	-38.3%pts
Share of city locations	0.0%	29.7%	+29.7%pts
Share of foreign investors	0.0%	44.0%	+44.0%pts

NET PRIME YIELDS	Q1 2023	Q1 2024	CHANGE
Office	3.55%	4.40%	+85bps
Retail	3.55%	3.85%	+30bps
Logistics	3.95%	4.25%	+30bps

CONTACT

BNP Paribas Real Estate GmbH

THE CORNER | Im Klapperhof 3-5| 50670 Cologne

Phone: +49 (0)221-93 46 33-00

All rights reserved. This report 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
Edited by: BNP Paribas Real Estate Consult GmbH | As of: 31.03.2024
Photo credits: ©TensorSpark – stock.adobe.com

LEARN
MORE 