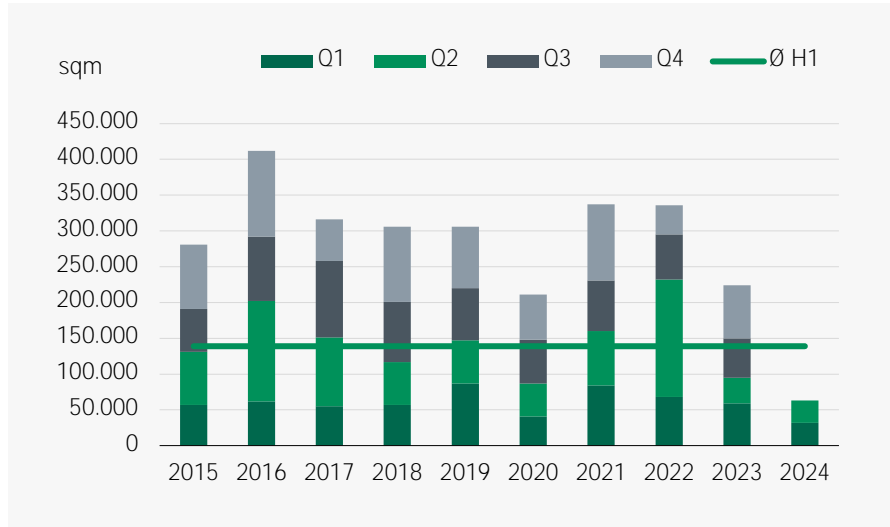


COLOGNE

REPORT OFFICE MARKET

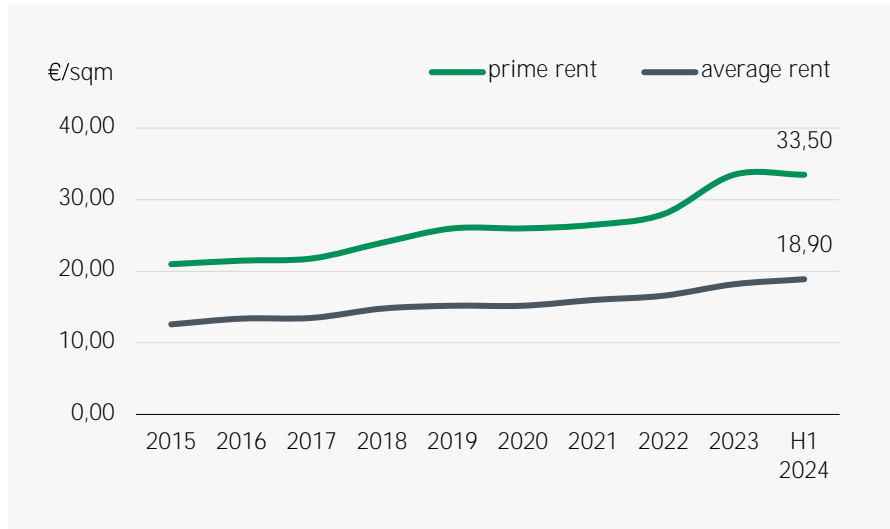
H1 2024

Development of take-up



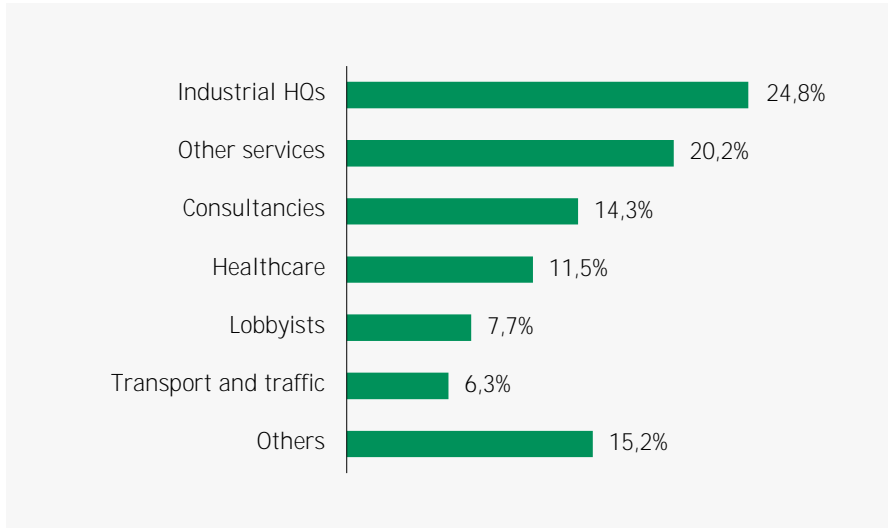
WEAK FIRST HALF OF 2024
NO MAJOR CONTRACT SIGNED TO DATE

Prime and average rents



- At around 63,000 sqm, the Cologne office market recorded very low take-up in the first half of the year, which is also the weakest result in the last 20 years. The comparable figure for the previous year was undercut by nearly 34% and the ten-year average by almost 55%.
- In addition to the continuing difficult economic conditions, a key factor in this development relates to the fact that no major contract for over 10,000 sqm has been concluded to date. No take-up has yet been generated in the category between 5,000 and 10,000 sqm either. In contrast, these two size categories account for just under 31% of the long-term average result. To some extent, this also reflects the lack of modern space in the central locations of Cologne, resulting in large-scale searches in particular no longer being easily realized there. As a consequence, 3,500 sqm by Avedo Cologne in the Ehrenfeld/Braunsfeld submarket was the largest transaction till now.
- By contrast, letting activity in the smaller space segments of up to 1,000 sqm is much livelier and market shares of these categories are noticeably above the long-term average.
- Despite considerably weaker demand in the first half of 2024, the prime rent has remained stable and stands at €33.50 per sqm at the half-year mark. The traditionally more volatile average rent also held firm in q2 recorded at €18.90 per sqm at the end of June 2024.

Take-up by sector H1 2024



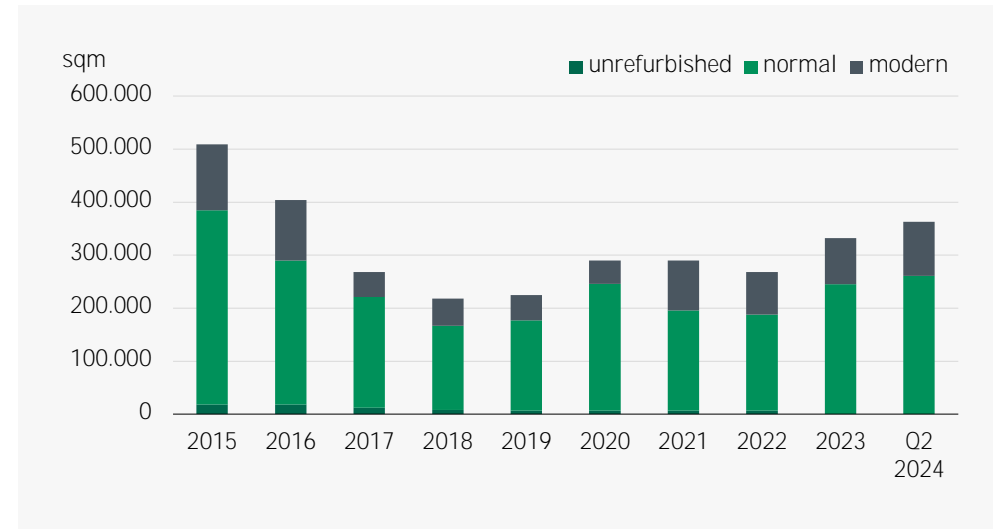
Major contracts H1 2024

Quarter	Sub-market	Company	sqm
Q2	2.1	Avedo Cologne	3.500
Q2	2.1	SVA	2.500
Q1	2.1	Worley Projects	2.300
Q1	3.4	nds solarconcept	1.600
Q2	3.5	Eviden Deutschland	1.400
Q1	2.3	Vella Versicherung	1.300

CONSTRUCTION ACTIVITY HAS FALLEN NOTICEABLY

- The range of sectors contributing to take-up appears to be quite broad. In total, four groups achieved double-digit take-up shares, led by the ICT sector, which contributed an above-average 25% to the result, leaving the sub-category “Other services” in second place (a good 20%).
- Due to weaker demand, office vacancy increased year-on-year and amounted to a good 363,000 sqm (+17.5%) at the end of Q2. This rise mainly occurred in the segment of older and lower-quality office stock. Only around 28% of office vacancy has the modern fit-out standards preferred by tenants. The vacancy rate currently stands at a low 4.5%.
- In contrast to vacant space, construction activity is already declining. Compared to the previous year, it has fallen by just under 23% to 170,000 sqm. Of this, 76,000 sqm is still available. The pre-letting rate stands at a good 55%.

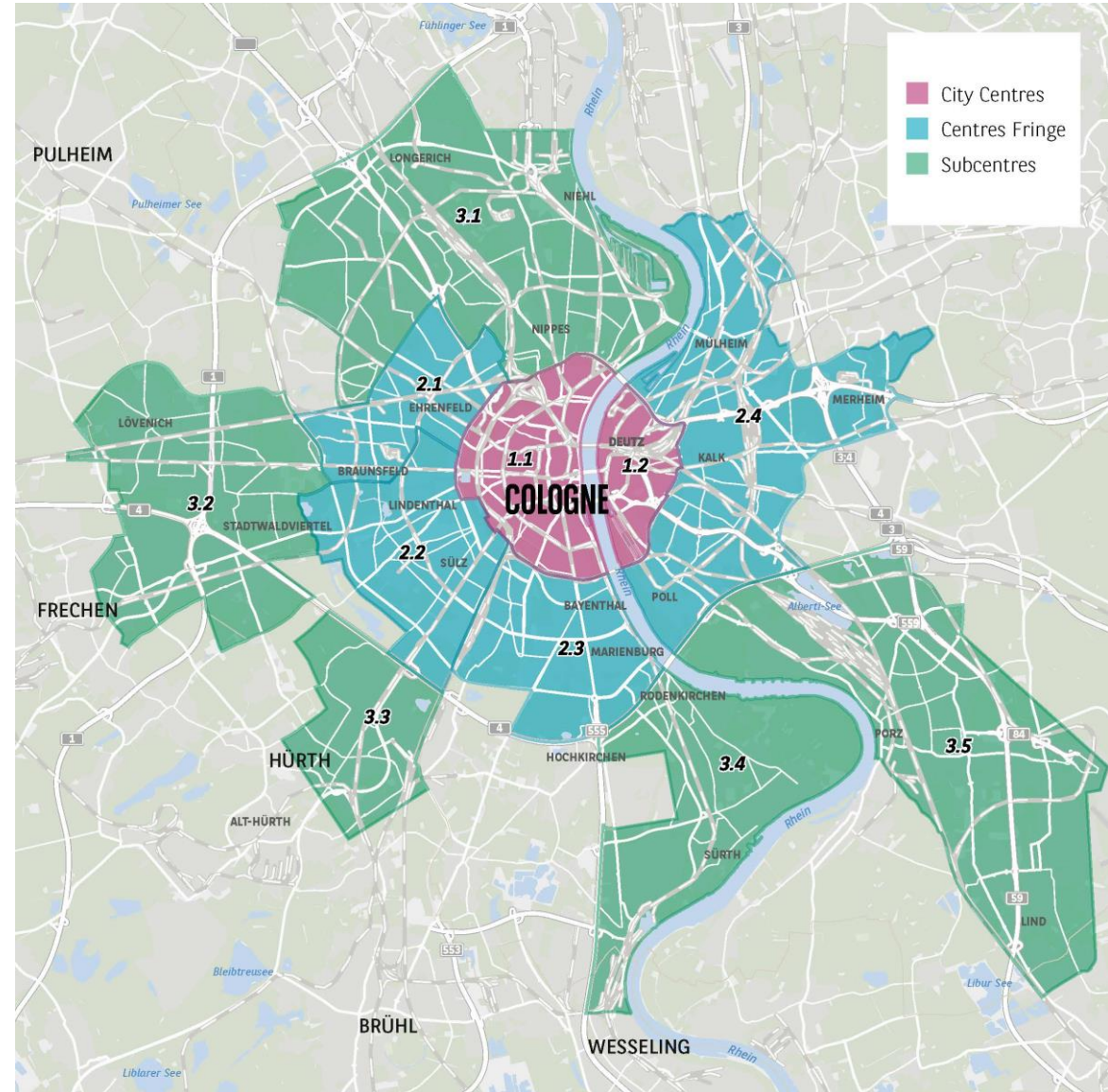
Development of vacant space



OUTLOOK

- Cologne's office market experienced a very subdued first half of the year and was therefore unable to match the more dynamic letting activity of previous years. It is primarily the lack of large-scale deals that is preventing higher take-up levels in Cologne. In view of the continuing economic uncertainties, it is likely that many companies will remain cautious in the second half of the year. Nevertheless, some large-scale searches indicate a slight upturn in the market, meaning that demand for space is likely to increase somewhat in the second half of the year. Nevertheless, take-up for the full year is expected to be lower overall than in the previous year.
- On the supply side, a continuing increase in vacancies is the most likely scenario for the remainder of the year, although construction activity is likely to settle at a lower level than in the previous year. Particularly in the segment of lower-quality stock, vacancies are expected to increase due to changes in tenant requirements for office space. On the other hand, the supply of space with modern fit-out quality is likely to remain scarce, particularly in central city locations, due to continued high demand and the decline in new construction activity.
- From today's perspective, rents are expected to remain constant or rise slightly over the latter of the year if the market fundamentals remain unchanged.

Office submarkets Cologne



Key indicators office market Cologne

	PRIME RENT* (€/sqm)		TAKE-UP (sqm)		VACANT SPACE (sqm)		SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
	from	to	H1 2024	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre		33,50	13.900	111.800	36.900	0	58.000	28.900	140.700	72.100
1.2 Deutz		23,90	4.000	8.600	2.500	0	61.000	26.500	35.100	0
2 Centre Fringe	17,80 -	21,60	25.800	93.800	18.200	0	32.200	15.800	109.600	222.000
3 Subcentres	13,80 -	17,50	19.300	148.800	44.400	3.000	18.800	4.800	153.600	101.900
Total			63.000	363.000	102.000	3.000	170.000	76.000	439.000	396.000

* The prime rent given applies to market segment of 3-5 % in each case.
 ** The relevant submarket can be found on our website under „Research“.

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