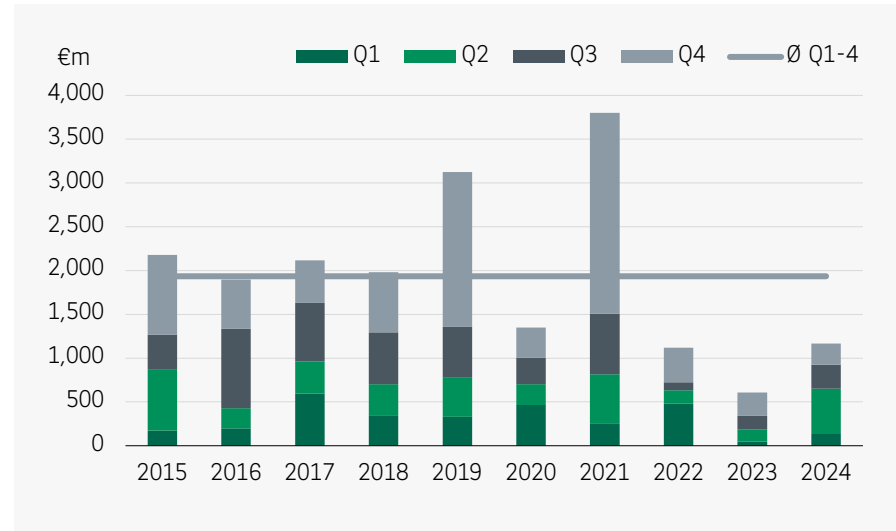


COLOGNE

REPORT INVESTMENT MARKET

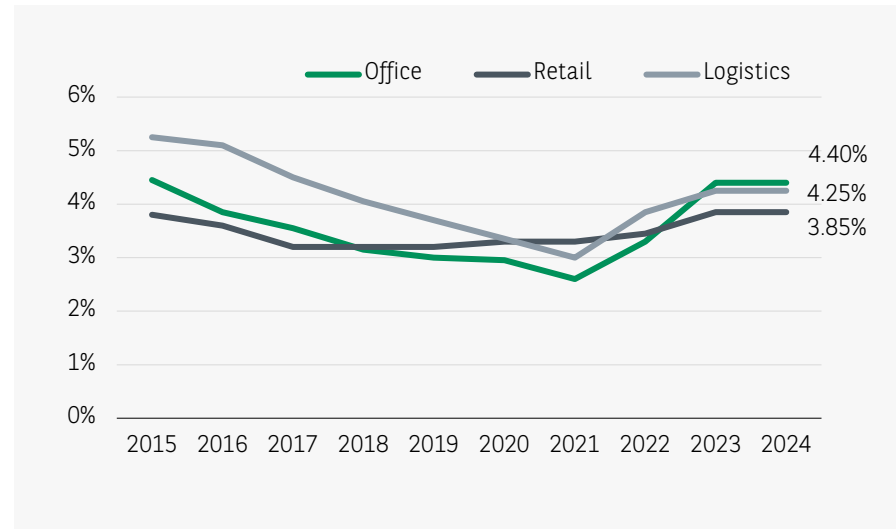
2024

Development of investment volume



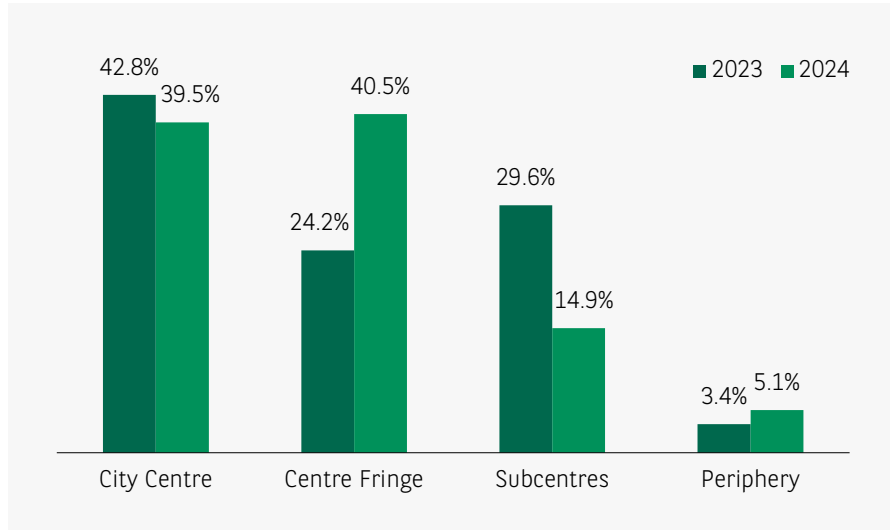
**VOLUME ALMOST DOUBLE
COMPARED TO WEAK PREVIOUS YEAR**

Net prime yields by type of property



- A transaction volume of just under €1.2 billion was recorded on the Cologne investment market in 2024. This exceeded the previous year's weak result, which was well below the billion euro threshold, by a remarkable 92%. It is therefore hardly surprising that this growth rate makes Cologne the market in Germany with the strongest growth compared to 2023 after Munich. A direct comparison with Düsseldorf shows a higher investment volume, putting Cologne ahead of its Rhineland neighbour in fifth place among the A-locations.
- A large part of the annual result is attributable to two major deals by the City of Cologne in the second and third quarter, which together contributed an investment volume of more than €600 million to the annual result. Although no major deals over €100 million were registered in the final quarter, the segment of medium-sized deals between €25 million and €100 million was comparatively lively with five transactions. It is also pleasing that a quarterly result of over €100 million was reported for office investments in the final quarter of the year. Compared to the weak previous quarters, the market has thus picked up somewhat and there are initial signs of a slow recovery in this asset class.
- In line with expectations, prime yields in Cologne have also stabilised further, as in the other top German markets. Net initial yields for office properties are unchanged at 4.40%. This is followed by warehouse and logistics space, which yield 4.25%. High street properties in prime locations continue to yield 3.85%.

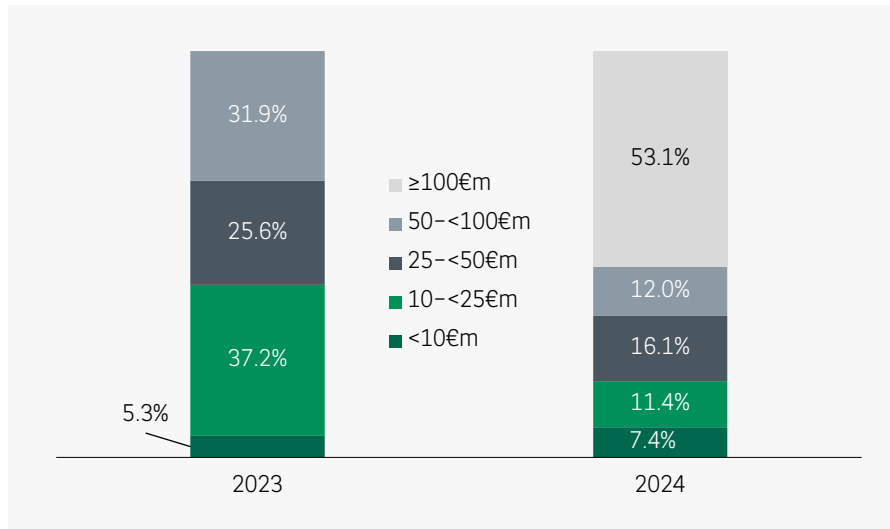
Investments by location



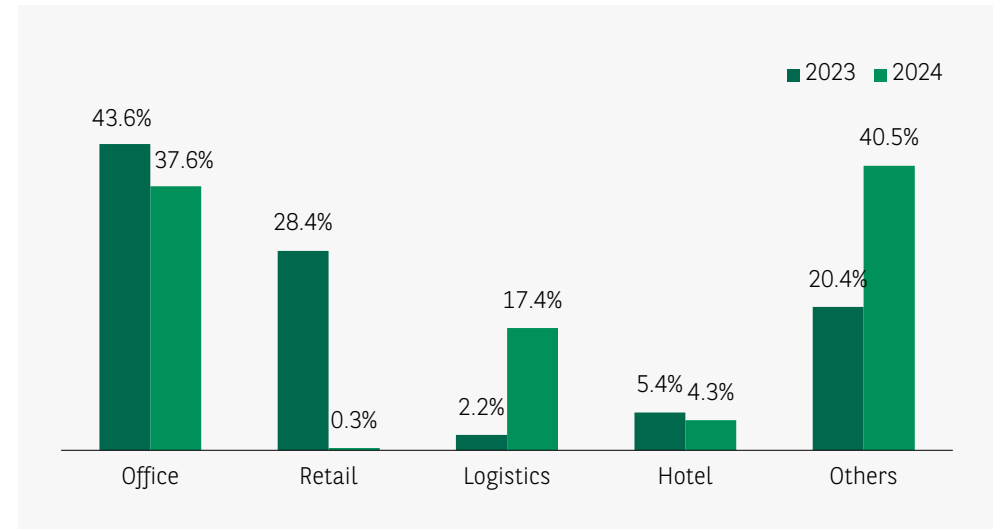
LOGISTICS SIGNIFICANTLY STRONGER THAN IN THE PREVIOUS YEAR

- After two extremely below-average years in 2022 and 2023, the logistics market in Cologne has now picked up speed again and achieved a strong and well above-average result of over €200 million. Hardly any turnover was registered in the retail segment.
- City Centre and Centre Fringe locations clearly dominate the market with a combined 90%. This high market share is largely due to the two major deals mentioned above, Rossio (City Centre) and the north site of Koelnmesse (Centre Fringe) by the City of Cologne.
- The over €100 million segment accounts for more than half (53%). At over €600 million, the long-term average in this asset class is thus missed by around 21%. The gap to the average is even greater in the other size categories. Only in the small segment below €10 million, where the pricing phase was completed much earlier, is the gap only -6 %.

Investments by € category



Investments by type of property



OUTLOOK

- Cologne is the market nationwide with the second strongest recovery in 2024 compared to the previous year. In addition, the result is slightly less clearly below its long-term average than in the other top markets. However, the two major deals in particular played a decisive role in the year-end result, while investment momentum is still very moderate overall. Nevertheless, there are many indications that the uncertainty in the market is slowly diminishing and investor confidence in the market is returning.
- In 2024, Cologne also had to contend with the stuttering economic engine and the generally still challenging financing conditions. Major economic disruptions cannot be ruled out for 2025, although it is highly likely that the general conditions for the German investment markets will slowly improve in the coming months. The new German government is likely to give the sluggish economy a slight boost in the second half of the year. In addition, the procurement of debt capital is likely to be further simplified by the ECB's new interest rate cuts. The generally robust occupier markets and the potential for value appreciation due to previous valuation corrections and the prospect of further increases in rents continue to speak in favour of investments.
- The final quarter of the year already saw a significant improvement in sentiment among market participants on the Cologne investment market, although this has not yet led to a sustained increase in transaction momentum. However, the pace is expected to pick up significantly in 2025, which will be accompanied by the first steps towards yield compression.

Key facts investment market Cologne

INVESTMENT VOLUME	2023	2024	CHANGE
Total (€m)	609	1,167	+91.5%
Portfolio share	23.7%	5.0%	-18.7%pts
Share above €100 million	0.0%	53.1%	+53.1%pts
Office share	43.6%	37.6%	-6.0%pts
Share of city locations	42.8%	39.5%	-3.3%pts
Share of foreign investors	29.5%	12.9%	-16.7%pts

NET PRIME YIELDS	2023	2024	CHANGE
Office	4.40%	4.40%	0bps
Retail	3.85%	3.85%	0bps
Logistics	4.25%	4.25%	0bps

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. That applies in particular to reproductions, adaptations, translations, photographs (analogue and/or digital), microfilming and storage and processing in electronic systems. 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: 31.12.2024
Photo credits: ©TensorSpark - stock.adobe.com

LEARN
MORE 