

Pressemitteilung

Köln, 28.03.2019

Cologne's office space market: good prospects for property developments

In their latest market report, the real estate experts from Greif & Contzen analyse the results achieved in 2018, and take a look at the months ahead.

The shortage of space is nothing to fret about, but should be understood as an opportunity: this is the bottom line of Greif & Contzen's market report about Cologne's office space market. The economy continues to experience growth and increasing employment figures, which opens up chances for new and interesting property developments.

It cannot be denied that the office space market in the city on the Rhine was once again characterised by a shortage of space in 2018: while companies continued to hire additional staff, and demand for office space remained high, supply was too low. The portfolio of available office space therefore shrank further, and the vacancy rate dropped to a record low of 2.6 percent. Take-up of space was on a good level at a total of 310,000 square metres.

Cologne's prime rent climbs to 23 euros

The market situation was clearly reflected in rental levels in 2018: following nine years of stagnation, the prime rent in Cologne's office letting market increased by around seven percent to EUR 23.00 per square metre. The average rent weighted according to unit size increased by almost ten percent over the course of the year, to about EUR 15.00 per square metre. "Properties that are available at short notice and feature high-quality fittings have become extremely rare. Above-average prices are achieved both in the city centre and in popular locations beyond the inner city, as a result. The highest rent realised was around EUR 25.00 per square metre," explains Florian Schmidt, Head of Office Properties at Greif & Contzen.

Positive thinking

On a positive note: the stable demand indicates that Cologne has a healthy economy. Companies plan for the longer term, office space remains in high demand, property developments are monitored closely, and in most cases large parts of these are taken up before completion. This means that there is plenty of room for further property development ideas.

Large-scale property developments provide for additional office space for Cologne

In their current market report, the researchers from Greif & Contzen take a closer look at the issue of "completions": they found that 62,000 square metres of office space became



Pressemitteilung

Köln, 28.03.2019

ready for occupation in 2018. This figure is expected to be outdone considerably in 2019: the major construction project MesseCity alone is scheduled to provide for around 68,000 square metres of new office space by the end of 2019. According to Greif & Contzen, a total of around 170,000 square metres is due for completion over the course of the year. "Including revitalisation projects, it is likely that more than 260,000 square metres of office space will be created over the next two years," says Florian Schmidt. The building ONE Cologne on Innere Kanalstrasse with around 15,000 square metres is being revitalised, and WALLARKADEN in the Kölner Ringe area and CLOUTH 104 in the north of Cologne will provide for 14,000 and 13,000 square metres, respectively. With the completion of the b4 campus, around 5,000 square meters will be added to the market in Cologne-Kalk.

Calling for greater courage

Cologne's market is ready to accommodate interesting property developments featuring top-quality architecture and urban planning concepts. The latest projects account for more than the proverbial drop in the ocean, but they are not enough. "A little more courage is needed to provide Cologne's office space market with the urgently needed space," real estate expert Schmidt points out. "Property developers must show courage when it comes to building activities for the market, and companies must show courage when it comes to taking up new space as anchor tenants, at early construction stages."

All parties involved also need the courage to take a closer look at Cologne's new hotspots. Thanks to upcoming revitalisation measures and a number of new buildings, there is currently still some space available in the city centre, however, only in conjunction with waiting periods and higher rents. It is therefore worthwhile to consider other dynamic locations in the city of Cologne. "The focus of market activities has included locations beyond the inner city, for a long time," says Schmidt. "Various construction projects are being planned and realised in Ossendorf, Mülheim, Braunsfeld, or Ehrenfeld. Deutz Harbour and Parkstadt Süd are two further urban development sites whose locational properties and size make them well-suited for residential structures as well as for office users."

Growth industry coworking

There is one industry that benefits from the shortage of space: coworking and business centres. In the course of its expansion activities that can also be observed in other top markets, this industry increased its share of the total take-up of space from just four percent in 2017 to around 13 percent, making it the third biggest group of demanders, after authorities, associations, and societies (28 percent) and companies from the area of construction, industrial, and technology (16 percent).

Outlook: users are focussing on property developments

While 2018 was the ninth consecutive year of economic growth, it can now be monitored across Germany that the economy is slowing down noticeably. This trend is further

Presse- und Öffentlichkeitsarbeit

Pferdmengesstrasse 42 • 50968 Köln (Marienburg)
Tel. 0221 93 77 93 - 312 • Fax 0221 93 77 93 - 77
presse@greif-contzen.de • www.greif-contzen.de



Pressemitteilung

Köln, 28.03.2019

intensified by risks posed for example by a possible unregulated Brexit, or international trade disputes. Economists still expect that the German economy is going to grow by between 0.6 and 1.0 percent in 2019. Current economic forecasts for Cologne also show that business sentiment remains optimistic in the city on the Rhine, and businesses even plan to add further staff. It is therefore unlikely that there will be a perceptible decrease of demand for office space in Cologne's real estate market. "As early as in 2014, we anticipated that the high demand was met by a too small supply of new office units, and that companies would struggle increasingly to find suitable premises," Florian Schmidt recollects. "And this shortage of space has steadily increased ever since. We expect that the vacancy rate will drop to just 2.1 percent in 2019." Considering the low availability of vacant space and the higher rents, Greif & Contzen considers a total take-up in the area of 280,000 square metres to be realistically achievable in 2019. Further moderate rent increases also appear possible.

Available space remains scarce. And this means that prospects for property developments remain bright.

Beraten. Bewerten. Vermitteln. Verwalten.

Die Leistungen der über 100 Spezialisten bei Greif & Contzen decken die gesamte Wertschöpfungskette bei Immobilien ab – von der Marktanalyse und der Beratung bei Projektentwicklungen über die Bewertung, maßgeschneiderte Vermarktungskonzepte und zielgruppengerechte Vermittlung bis hin zur technischen und kaufmännischen Verwaltung. Das gilt für Privatimmobilien ebenso wie für Einzelhandels- und Büroflächen, Industrie- und Logistikflächen, Grundstücke, Investmentobjekte oder auch land- und forstwirtschaftliche Liegenschaften.

Seit 40 Jahren vertrauen Eigentümer, Nutzer und Investoren auf das Wissen, die Qualität und die Diskretion von Greif & Contzen. Spezialisiert ist Greif & Contzen auf hochwertige und renditestarke Immobilien in der Großregion Köln. Über German Property Partners ist das Unternehmen in ein bundesweites Netzwerk renommierter Immobiliendienstleister eingebunden.

Die Entwicklung der Immobilienmärkte analysiert Greif & Contzen in regelmäßig erscheinenden Büro- und Investmentmarktberichten.

Bei Fragen wenden Sie sich bitte an:

Stefan Altmann

Tel: +49 221 937793-312

Presse- und Öffentlichkeitsarbeit

Pferdmengesstrasse 42 • 50968 Köln (Marienburg)

Tel. 0221 93 77 93 - 312 • Fax 0221 93 77 93 - 77

presse@greif-contzen.de • www.greif-contzen.de

