
Investment Market Cologne

03|2023



GREIF & CONTZEN

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Dear readers,

Following the record investment levels achieved in 2021, transactions declined markedly from the second quarter of 2022, owing to the interest rate turnaround.

While a number of large office buildings changed hands in the fourth quarter, these were sold for noticeably lower prices compared to those recorded at the start of the year. Investors continue to be reluctant, due to the development of interest rates. Sellers must anticipate that further price reductions will be demanded. Investors with large amounts of equity capital in particular are at an advantage in the current market phase, and these could seize the opportunity to expand their portfolios.

Investment activity is likely to increase once again if the European Central Bank ceases to increase the base interest rate or makes corresponding announcements. After all, the office, logistics and residential letting markets all continue to be robust and characterised by low or even very scarce availability and rising rents.

Please do not hesitate to contact us if you have any questions about the real estate market. We are happy to help.



»A lower price level is going to establish itself in 2023. Interesting purchasing opportunities will be available to high-equity investors.«

Thorsten Neugebauer

Head of Investment

Greif & Contzen Immobilienmakler GmbH

Cover image: Sachsenring 91

Investment Market Cologne Q1–4 2022



EUR 1.2 billion

COMMERCIAL PROPERTY TRANSACTION VOLUME

The investment volume decreased by over two thirds, compared to the previous year's record level of EUR 3.8 billion. Planned sales were postponed and purchasing prices declined.



3.50%

PRIME OFFICE YIELD

The prime office yield increased by 0.8 percentage points over the course of the year and is back on the 2017 level.



4.00%

PRIME LOGISTICS YIELD

The net prime yield for logistics facilities increased by 0.6 percentage points and is back on the mid-2020 level.



3.60%

PRIME RETAIL YIELD

With 0.3 percentage points, the prime yield on retail buildings increased less markedly than was the case in other segments.



EUR 1.2 billion

OUTLOOK

Many investors will remain reluctant in 2023, waiting for the interest rate environment to become more predictable and for prices to settle on a new level.

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The interest rate turnaround forced many investors to refocus

Real estate for a total of around EUR 4.3 billion was traded in Cologne in 2022 across all market segments.

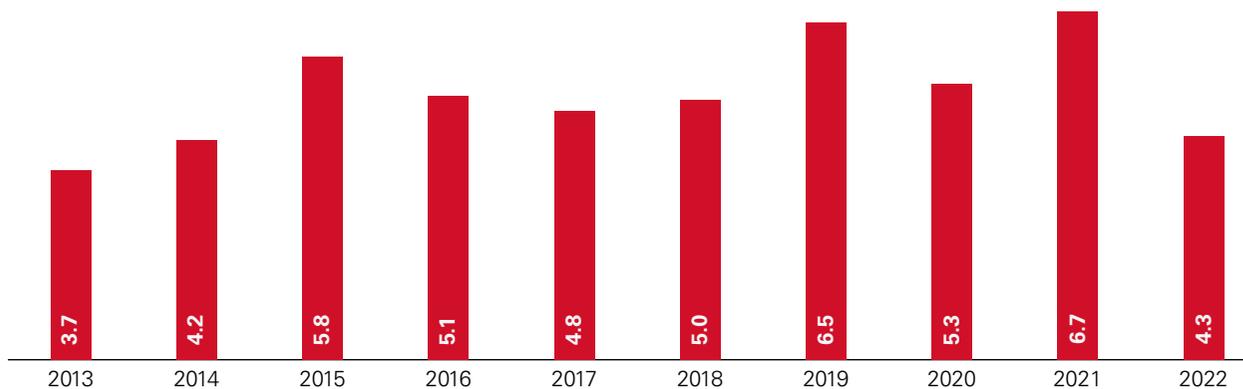
- Compared to the year before, investment activity decreased by around 35 percent.
- This corresponds to the lowest transaction volume since 2014.

The European Central Bank raised the base interest rate drastically, owing to the high inflation levels. This led to a sharp increase of mortgage interest rates from the second quarter onwards.

- Following several years of purchasing price increases, many buyers were able to achieve price reductions.
- Numerous transactions that were underway were abandoned and planned transactions were postponed.

approx. EUR 4.3 billion
transaction volume 2022 (all
real estate segments)

Transaction volume: development 2013 – 2022 | in billion €



Source: Committee of experts for real estate value in the City of Cologne

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All asset classes were affected in 2022, the outlook for 2023 is better for some

Office properties

- The transaction volume decreased noticeably in 2022. Investment activity decreased considerably and there were only a few transactions with purchasing prices over 100 million euros.
- The prime yield increased to 3.50 percent.
- Low vacancy rates and rising rents continue to provide for a solid basis for investment.

Retail properties

- The transaction volume decreased significantly. Only few new retail buildings are currently being developed.
- Footfall has recovered noticeably, but still fell short of the pre-Covid level.
- A number of units were let in the top locations on Schildergasse, Hohe Strasse and Ehrenstrasse.
- Rents have stabilised in 2022 on the whole.

Industrial and logistics properties

- The transaction volume in Cologne's city area decreased sharply in 2022, however, a number of large-scale transactions were realised in the greater logistics region.
- Scarce availability of space and strong rent increases provide that the asset class remains attractive for many investors.
- The prime logistics yield increased to 4.0 percent.

Hotels

- Hardly any hotels were sold in the past year and the project pipeline shrank over the course of the Covid years.

- Nevertheless, the hotel market recovered to a large extent in 2022.
- Following initial reluctance, a greater number of hotel transactions may be realised in 2023 once again.

Apartment buildings

- The investment volume almost halved in 2022 to around EUR 830 million.
- Purchasing price factors decreased significantly, and the highest factors were around 30-fold the annual net rent.
- The housing shortage is intensifying further and rents continue to rise.

Condominiums

- The transaction volume decreased by 21 percent to around EUR 1.5 billion.
- While purchasing prices for existing condominiums went down, prices for new builds remained stable owing to high construction costs.
- The current core range for newly built condominiums in popular neighbourhoods is between 6,000 and 8,000 euros per square metre.

Outlook

- It is likely that most investors will act reluctantly in the first half of 2023.
- Yields are expected to rise further.
- A stabilisation of the interest rate environment is likely to give rise to an increase of investment activity.

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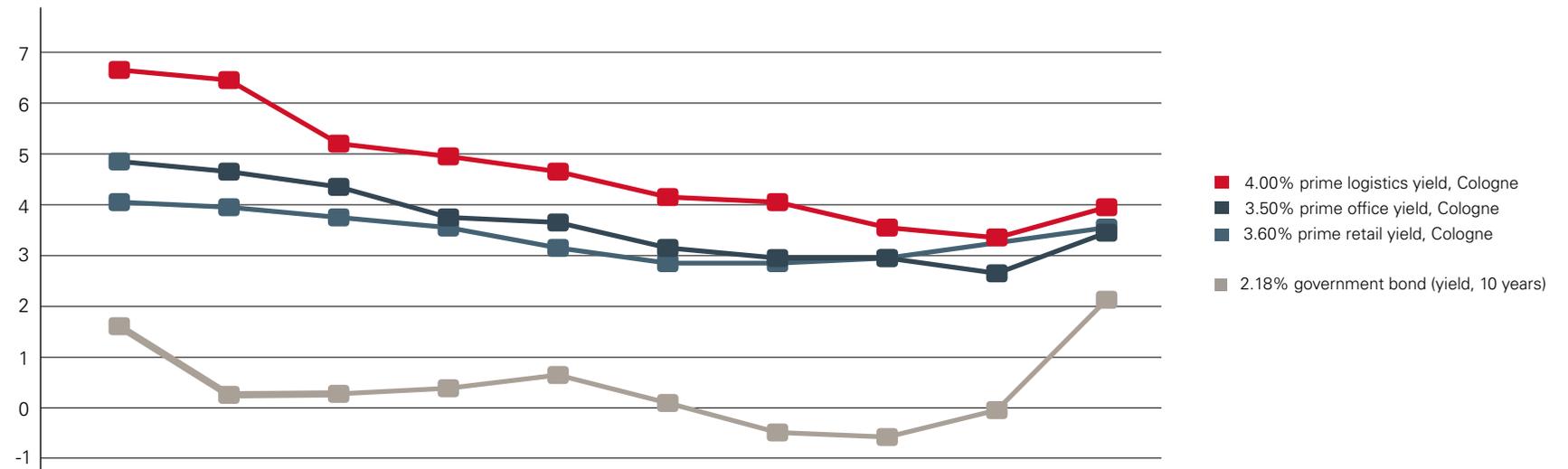
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Yields in the fourth quarter: 2013 – 2022 | in %



Source: Greif & Contzen Research, Cologne 2013-2022
 from Oct. 2022 <https://de.investing.com/rates-bonds/germany-10-year-bond-yield>

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Few transactions with purchasing prices above 100 million euros

The two biggest transactions took place at the start of the year when low-interest-rate policies still applied. A number of properties changed hands in Cologne when Brookfield took over alstria office REIT AG. Most of these were office buildings. Union Investment bought a construction project

with a total of around 6,900 square metres of rental space in the top retail location Schildergasse.

Following a period with very few sales, a number of large office buildings were sold in the fourth quarter, albeit for considerably lower prices.

EUR 1.2 billion

investment transaction volume realised with commercial properties in 2022

Selection of major transactions in 2022

Property (location)	Type	Buyer	Purchasing price in million EUR*
Alstria office portfolio (Altstadt-Nord, Ehrenfeld, Junkersdorf)	office space (portfolio)	Brookfield	> 150
Construction project Schildergasse 56-58 / Herzogstr. 2-12 (Altstadt-Nord)	office and retail building	Union Investment	> 80
Aachener Strasse 1042 (Junkersdorf)	office space	unknown	> 80
Clever Strasse 36 / Mevissenstrasse 3 (City Centre)	office space	AEW	estimated at around 50
Richmodstr. 10 (Altstadt-Nord)	retail building	Momeni and others	estimated at around 50

Source: Greif & Contzen Research, Cologne March 2023

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In the third quarter of 2022, Momeni, the WPI fund and the pension fund of the Wesfalen-Lippe Chamber of Pharmacists bought Olivandenhof from a fund by HIH.

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Office buildings remained the backbone of commercial real estate investment

around 20,000 m²
biggest office building sold

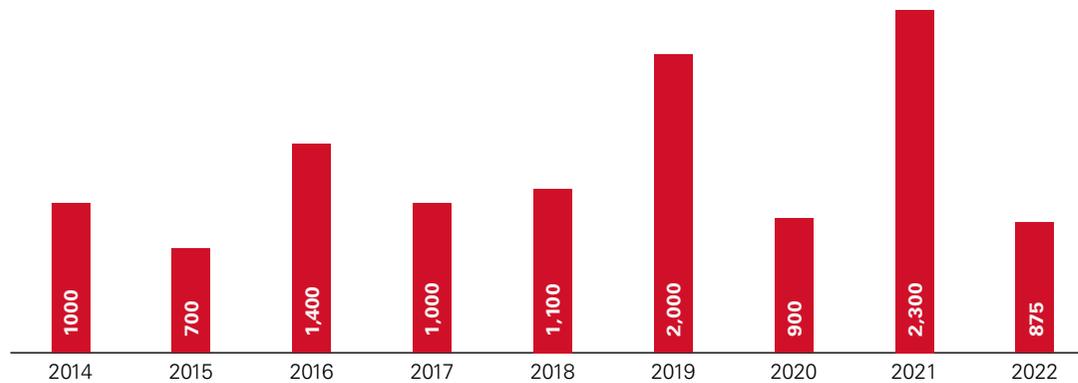
The total investment volume generated with office properties in 2022 was around EUR 875 million.

- Office space accounted for over 70 percent of the overall commercial property investment volume.
- Purchasing prices between 50 and 100 million euros were realised in more than five cases.
- Brookfield realised the biggest transaction by taking over the alstria portfolio with an estimated price of over EUR 150 million for the properties in Cologne.

A number of sales were notarised in the core segment towards the end of the year, too. Some buildings with development potential also changed hands.

- Only few large-scale sites were bought by developers. However, they did buy office buildings with structural development potential.
- Specialist funds acted as buyers in a number of cases, as had been the case in 2021.

Transaction volume: office and commercial buildings 2014 – 2022 | in billion €



Source: Greif & Contzen Research, March 2023

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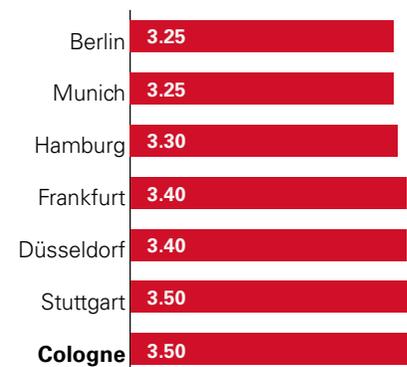
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Yields on office buildings

The interest rate turnaround caused investors to raise their yield requirements. As a result, there were no more further positive leverage effects, and equity capital shares increased.

- The highest purchasing price factor realised dropped from well over 30-fold to 25-fold.
- The prime yield increased to 3.5 percent over the course of the year.
- Many market players expect that yields will rise further in 2023.

Prime yields on office properties in Germany's top cities in 2022 | in %



Source: gif e.V.; Greif & Contzen Research; various market reports, March 2023



In the fourth quarter, AEW bought the former Zurich Versicherung premises Rheinzeit Offices from Swiss Life.

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No severe consequences are expected, despite the economic slowdown

Letting

- Around 315,000 square metres of office space were taken up in 2022, matching the previous year's result.
- Public sector users continued to be a key pillar of demand for office space.
- Owing to the economic situation, demand is likely to decrease in 2023. However, it is expected that the forecast recession will be relatively mild. In addition, many companies are increasingly seeking to introduce modern workplace concepts that require relocation.

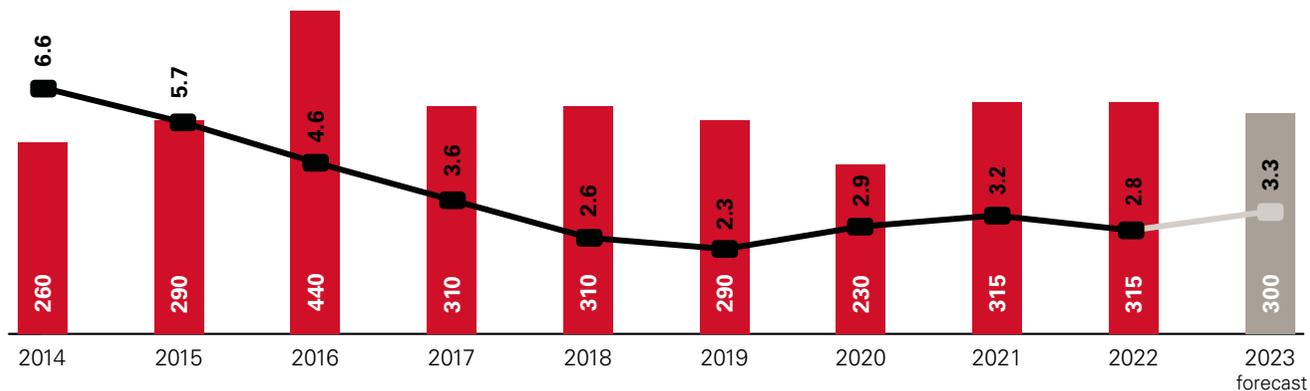
Rents

- Low vacancy rates and high construction costs caused rents to rise and this trend is expected to continue in 2023.
- The unweighted average rent rose from EUR 15.30 per square metre to EUR 16.70.
- The prime rent increased from EUR 27.00 per square metre to now EUR 28.50.
- The highest rent realised was EUR 36.00 per square metre.

30.00 €/m²

prime rent in 2023 (forecast)

Vacancy rate and take-up of space: 2014 – 2022 and forecast for 2023 | in % and 000's m²



Source: Greif & Contzen Research, Cologne March 2023

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Vacancies decreased again in 2022

Vacant space

- Vacant office space decreased by around 10 percent in the past year, to about 230,000 square metres.
- The vacancy rate stood at 2.8 percent at the end of the year.
- Vacant space is likely to increase in 2023, owing to the economic downturn.

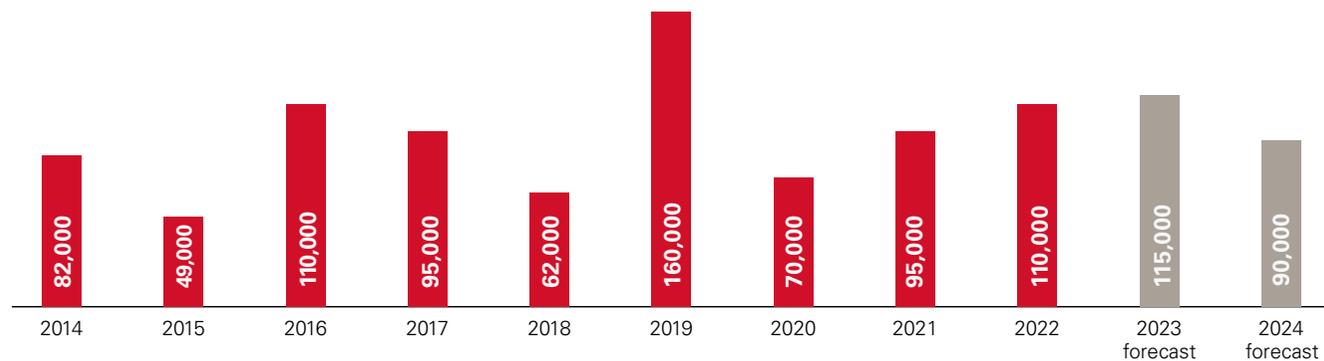
Construction activity

- The amount of office space that was completed increased to around 110,000 square metres in 2022. However, there were also some delays.
- A further slight increase of the volume of completed space is expected for 2023.
- 70 percent of the new space expected for 2023 is no longer available (2024: approx. 60 percent).

115,000 m²

office space due to be completed in 2023

Completions: development 2014 – 2022 and forecast 2023 – 2024 | in m²



Significant construction activity 2023 (top 3 properties under construction)

Property (office submarket)	Rental space in m ²	Completion
ROSSIO (Deutz)	25,000	2025
CENTRAAL (Deutz)	19,700	2024
OVUM (Braunsfeld)	18,400	2023

Source: Greif & Contzen Research, Cologne March 2023

Further information and analyses are available in our report “Office Space Market Cologne 02|2023”

→ www.greif-contzen.de/en/press/market-reports

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The increase of retail yields was less pronounced than in other asset classes

Investment

The transaction volume generated with retail buildings decreased by two thirds in the past year: from about EUR 300 million to around EUR 100 million.

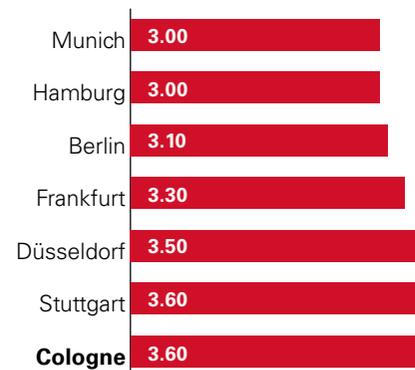
- The retail segment thus played a secondary role in the overall investment market once again.
- The biggest transaction was the sale of Olivandenhof. The building with over 12,000 square metres of gross floor space is let to Globetrotter and located in a central retail neighbourhood.
- In addition, a number of smaller retail buildings in the city centre changed hands, including in top locations.

Yields

In contrast to most other types of real estate, prime yields on retail buildings had already increased during the Covid-19 pandemic.

- The prime yield for retail buildings increased rather moderately in 2022: from 3.3 to 3.6 percent.
- Prime yields for shopping centres rose to 5.1 percent.
- The decrease of prime yields on retail parks and individual specialist retail stores that occurred in 2021 was cancelled out. The current prime yields are 4.2 and 4.8 percent respectively.

Prime yields on retail properties in prime locations in Germany's top cities in 2022 | in %



3.60%

prime retail yield Q4 2022

Source: gif e.V.; Greif & Contzen Research; various market reports, March 2023

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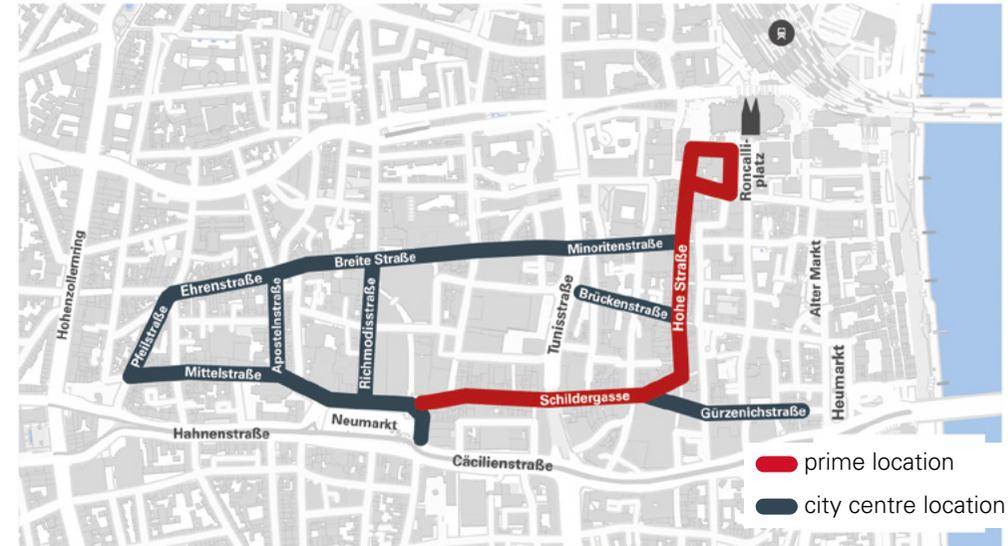
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Letting market

Footfall recovered in 2022 but is not back to the pre-Covid level. A number of units were let in the central retail locations, albeit fewer than in 2021.

- Schildergasse, Hohe Strasse and Ehrenstrasse formed the geographic focus of the lettings, with at least three units taken up on each of these streets.
- In a number of cases, space on an upper floor was let in addition to the ground floor.



Top 3 units let in prime locations in 2022

Location	Tenant	Industry	Rental space in m ²
Hohe Strasse 135	S.Oliver	fashion	approx. 560
Schildergasse 52	Only	fashion	approx. 500
Schildergasse 55a	Mister Spex	opticians	approx. 400

900 m²

biggest unit taken up in 2022

Top 3 units let in city centre locations in 2022

Location	Tenant	Industry	Retail space in m ²
Rudolfplatz / Hahnenstrasse 47-49	Digital Express	printing	900
Mittelstrasse 22-24	Senger	electromobility	500
Ehrenstrasse 25-27	Lee Wrangler	fashion	230

Source: Greif & Contzen Research, Cologne March 2023

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The overall level of rents stabilised over the course of 2022

- Slight further prime rent decreases and an increase of incentives could be observed in the top locations on Wallrafplatz, Schildergasse and Hohe Strasse in 2022.
- Rents remained stable in other locations.

- No further declines are expected.
- Only a few retail buildings are currently being developed. A new revitalisation project on Hohe Strasse was announced.

EUR 260/m²
prime rent in 2022

Prime rent for retail space

Retail location*	2021 ** in €/m ²	2022 ** in €/m ²	Forecast for 2023 in €/m ²
Wallrafplatz	270 ↘	260 →	260
Schildergasse	230 ↘	225 →	225
Hohe Strasse	170 ↘	160 →	160
Neumarkt (northern part)	100 →	100 →	100
Ehrenstrasse	90 →	90 →	90
Mittelstrasse	70 ↘	65 →	65
Breite Strasse	70 →	70 →	70
Very good city centre locations (e.g. Apostelnstrasse, Pfeilstrasse)	45 →	45 →	45
Very good locations in districts outside the city centre (e.g. Deutzer Freiheit, Dürener Str., Neusser Str., Hauptstr. Rodenkirchen, Sülzburgstr., Venloer Str.)	30 →	30 →	30

*ideal shop with up to 100 m² of retail space² Source: Greif & Contzen Research, Cologne March 2023

**little data available and subject to uncertainties owing to the COVID-19 pandemic

Top retail developments in the city centre

Property/location	Completion	Retail space
DOMCARRE*	2024	approx. 5,210 m ²
Laurenz Carré**	from 2024	approx. 4,300 m ²
Schildergasse / Herzogstrasse**	2024 / 2025	approx. 930 m ²

*Parts of the retail space are already completed / occupied ** Office and retail building

Source: Greif & Contzen Research, Cologne March 2023

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Industrial and logistics properties

The asset class continues to be attractive for many investors

The investment volume generated with industrial and logistics properties plummeted to around EUR 60 million in 2022.

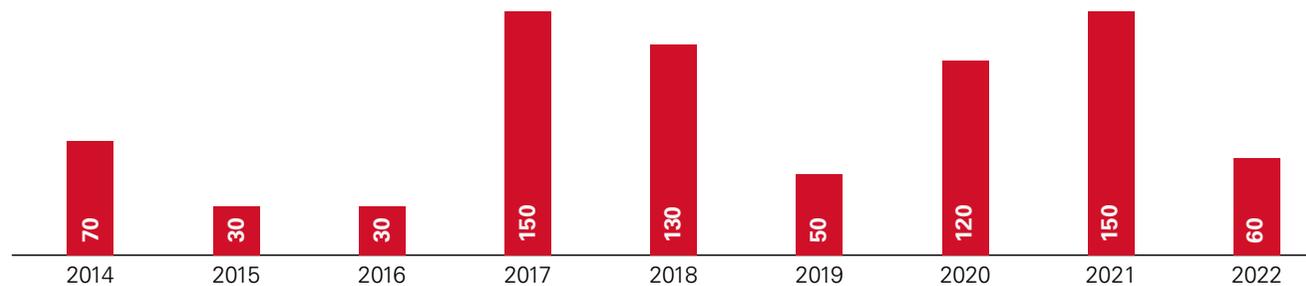
- The result was far below the five-year average of around EUR 120 million.
- Only a few properties with more than 10,000 square metres of warehouse space were sold.
- The transaction volume generated in the greater logistics region of Cologne | Bonn meanwhile increased from EUR 320 million to EUR 550 million.
- Even very large transactions with purchasing prices ranging between 75 and 115 million euros were realised here.

In the second quarter, investment activity decreased also in this asset class. Logistics facilities offer investors a number of key advantages, nevertheless.

- Low vacancy rates and strongly limited potential for new developments give rise to a demand surplus. Marketing prospects for modern units are excellent.
- Rents have increased considerably, and are usually adjusted for inflation by means of index clauses.
- Logistics companies are often able to pass on rent increases to downstream parts of the value chain or to consumers.

59,000 m²
warehouse space in the biggest property sold in 2022

Transaction volume: commercial and industrial properties in Cologne’s city area, 2014 – 2022 | in million €



Source: Greif & Contzen Research, Cologne March 2023

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No serious consequences of the economic slowdown can be seen in the letting market

Take-up of space

- At around 325,000 square metres, take-up of warehouse space in the Cologne | Bonn logistics region was around 18 percent lower in 2022 than the very strong result recorded in the previous year. However, the five-year average was still exceeded considerably.

Rents

- The prime rent increased noticeably to EUR 8.00 per square metre in Cologne and to EUR 6.00 in neighbouring towns.

Yields

- The prime yield on logistics properties increased significantly from 3.4 to now 4.00 percent.
- Depending on the interest rate environment and yet to be completed pricing processes between buyers and sellers, further price decreases may occur in 2023.

Prime yields for industrial and logistics properties in Germany's top locations in 2022 | in %



46,600 m²

biggest unit taken up:
Deutz AG

Source: gif e.V.; Greif & Contzen Research; various market reports, March 2023

Selection of significant lettings

Transactions	Location	Type	Rental space approx. in m ²
Deutz AG (industrial)	Cologne	letting	46,600
LIDL	Bergheim	letting	30,000
Production Resource Group	Kerpen	letting	20,000

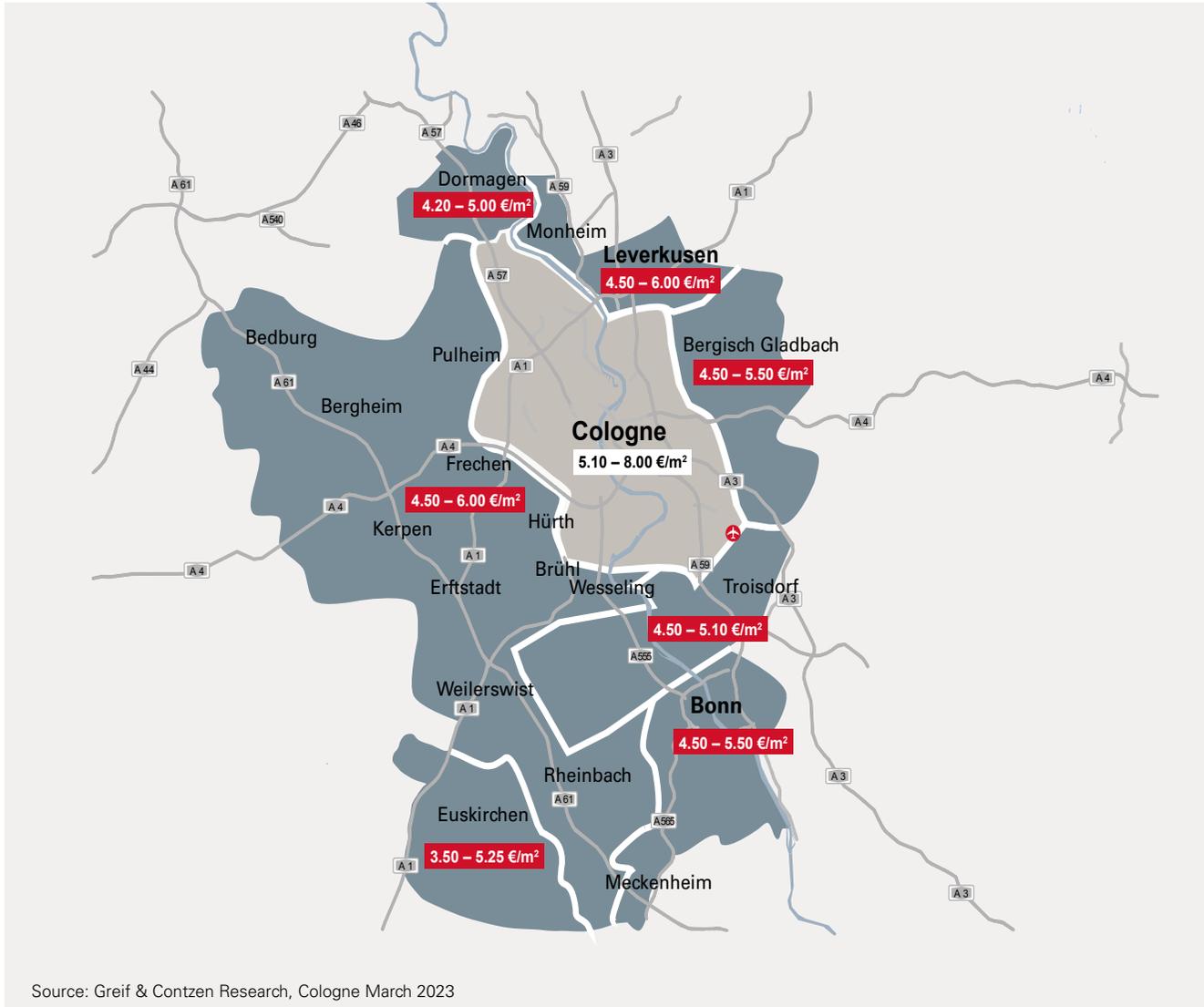
Source: Greif & Contzen Research, Cologne March 2023

Please refer to our report “Industrial Property Market Cologne | Bonn 09|2022” for further information and analyses.

→ www.greif-contzen.de/en/press/market-reports.html

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Customary rent price core range in the Cologne | Bonn logistics region for units of 500 square metres and up



EUR 5.60/m²
average rent in Cologne's city area

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Hotels

The hotel investment market might recover in 2023 / 2024

Investment

Investment activity hit a low point in 2022 with an estimated investment volume of EUR 10 million.

- Only a few hotels were sold.
- Covid-related restrictions applied at the start of the year and the tourism industry was affected by the corresponding reluctance. Uncertainty still prevailed concerning the further course of the pandemic. This discouraged investors.
- While these inhibiting factors declined over the course of the year, new difficulties were caused by the interest rate turnaround.

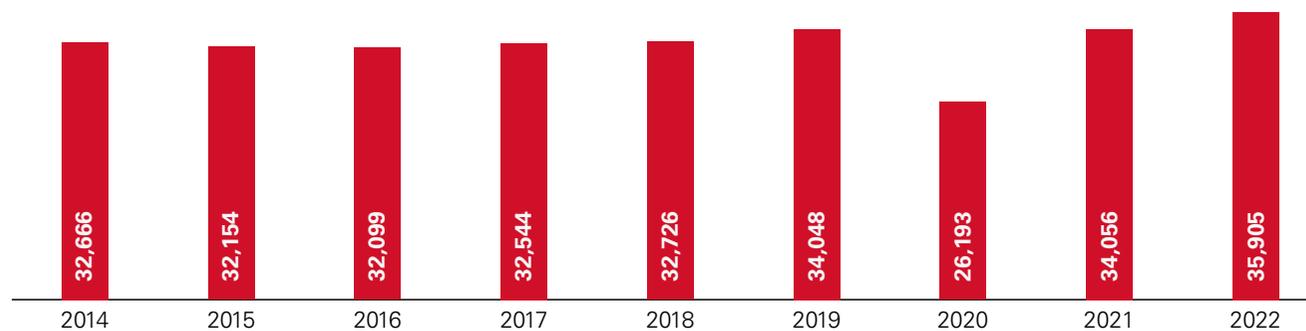
Hotel market

The hospitality industry picked up new momentum over the course of the year, as the pandemic came to an end.

- Overnight stays in Cologne doubled in 2022 compared to the year before, to around 5.6 million. However, this result is still 15 percent below the 2019 level.
- The number of available beds reached a new high of around 35,900.

approx. EUR 10 million
transaction volume
for hotels in 2022

Beds available in Cologne 2014 – 2022



Source: Landesamt für Statistik NRW 2023 and Köln Tourismus GmbH

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Better business situation in the hotel market

The pandemic-related decrease of construction and refurbishment projects has now reached the market.

The number of new hotels that were opened decreased considerably.

- The volume of completions dropped to around 600 rooms in 2022 (2021: 1,100).
- Only the Meininger Hotel in Braunsfeld is expected to be added in 2023.
- Two construction projects in top locations that have been subject to long-term preparations are scheduled for completion in 2024.

Only a few new projects were announced in 2022, and these are once more located in districts outside the city centre, such as Ehrenfeld.

- The high-price segment is being expanded in direct vicinity of the cathedral in particular.
- New construction projects are to be expected, once the hotel market and the development of interest rates have stabilised. There are a number of existing properties with potential for modernisation in the city centre.

approx. 670 rooms

scheduled for completion in
2023 + 2024

Top 3 current hotel developments

Hotel (location)	Scheduled opening	Rooms
Radisson Red Hotel (4*, Unter Goldschmied, Altstadt Nord)	2024	265
MeiningerHotel (3*, Stolberger Strasse 349, Braunsfeld)	2022	200
Dom-Hotel (5*, Dom-Kloster 1a, Altstadt Nord)	2024	130

Source: Greif & Contzen Research, Cologne March 2023

Key figures

The business situation has improved, but profits are still below the 2019 level.

- The occupancy rate rose from around 20 to over 50 percent.
- The average room rate increased from around EUR 80 to around EUR 100.
- High inflation has led to an increase in operating costs.
- Business travel is affected by the national and international economic slowdown.

Outlook

Tourism is likely to increase in Cologne once again in 2023, thanks to Covid-related restrictions coming to an end.

- Hotel investment opportunities should become interesting for investors again.
- However, owing to the insecure interest rate environment, buyers are expected to act reluctantly over the next few months, also in the hotel segment.
- Individual existing and newly completed buildings might be sold, but investment potential is limited by the lack of construction activity.

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Apartment buildings

Demand for housing from private households remains high

Investment

Compared to the very high volume achieved in the year before, the transaction volume generated with apartment buildings decreased by half in 2022 to around EUR 830 million.

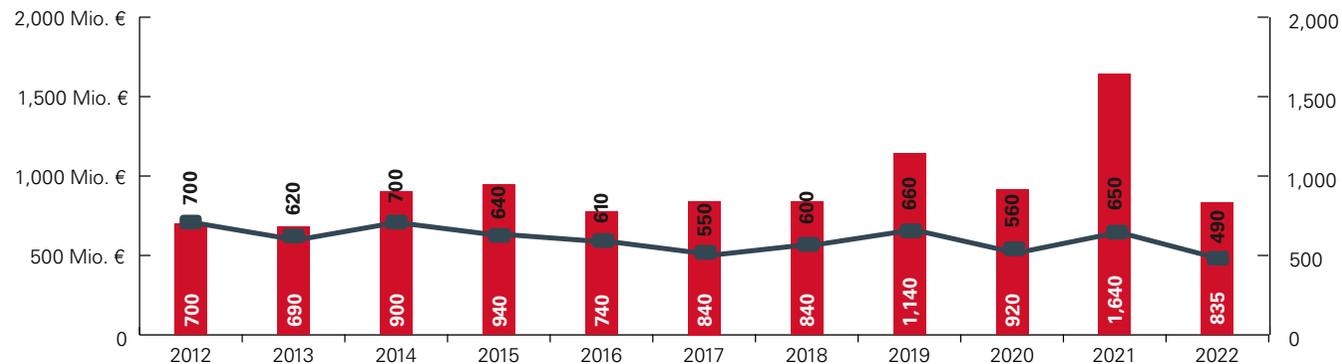
- The average purchasing price that had peaked at around EUR 2.5 million in 2021 decreased to around EUR 1.7 million.
- A number of large housing complexes and portfolios were sold in Cologne in the first few months of the year. A decline of transactions on this scale could be observed in the second half of the year.

Availability

The housing shortage in Cologne is intensifying. Following supply and capacity shortages, development activity is now affected by high interest rates.

- An average of around 2,550 residential units were completed annually between 2017 and 2021. According to official statements, around 6,000 new units are needed every year.
- Major urban development projects are expected to provide relief in the long term. However, regarding near-term availability, a number of larger construction projects were interrupted or even abandoned for various reasons.

Transaction volume and number of transactions: apartment buildings 2012 – 2022



Source: Committee of experts for real estate value in the City of Cologne

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Rents for new builds on the rise

Rents

The development of rents has gained further momentum, despite the high inflation rates that are affecting the budgets of tenants.

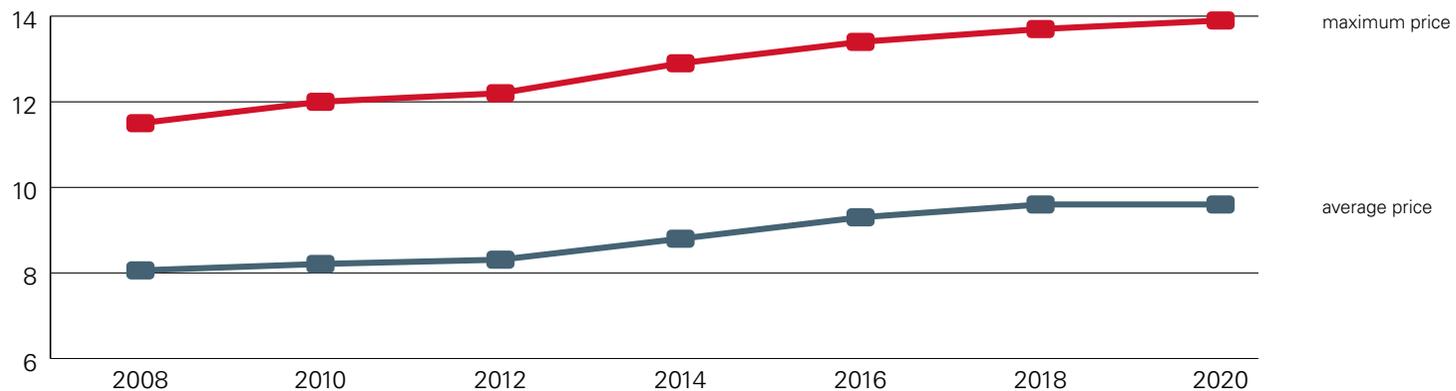
- The lack of availability intensified further. Fewer people are leaving the rental market, owing to the fact that many can no longer afford to buy for owner occupation, due to the higher interest rates.
- As far as possible, higher construction costs of building and refurbishment measures are passed on to the tenants.
- The increase of energy prices justifies a greater price gap between new or modern buildings and older ones, owing to the correspondingly lower ancillary costs.
- Privately financed newly built apartments were usually offered for between EUR 14.00 and well above EUR 20.00 per square metre.

Purchasing price factors

As was the case in the other asset classes, sellers of apartment buildings also had to accept lower prices in 2022.

- The core range of purchasing price factors for apartment buildings in Cologne was between 20 and 26-fold the annual net rent at the end of 2022.
- Prices may deviate from this range in individual cases.
- A large share of commercial space is meanwhile considered a disadvantage by banks and therefore leads to lower bids.
- With regard to existing buildings, it is to be expected that a price gap will increasingly emerge between those that are modernised and those with an older standard. Energy costs and carbon taxation have gained significance and construction costs have increased considerably, also for refurbishment measures.

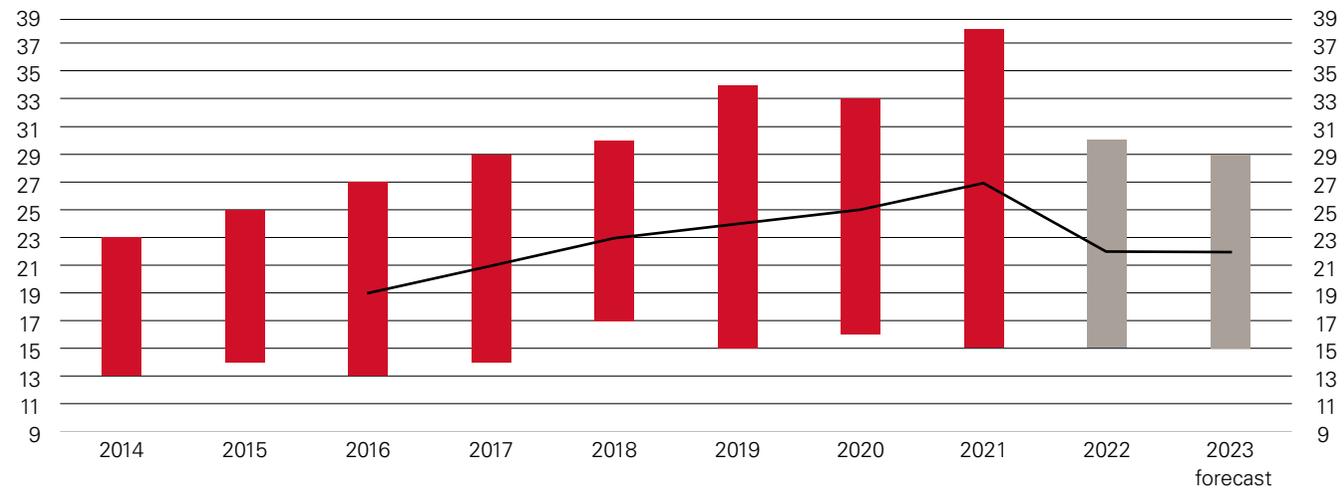
Rents for apartments according to Cologne's rent index: development 2008 – 2020 | in €/m²



Source: Greif & Contzen Research, Cologne March 2023 based on the rent index by Rheinischen Immobilienbörse e.V.

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Purchasing price factors for apartment buildings (multipliers of a property’s annual rent): development 2014 – 2022, average and forecast 2023



Source: data from the Committee of experts for real estate value in the City of Cologne, graphic and figures for 2022 and forecast for 2023 by Greif & Contzen Research



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Condominiums

Lower prices for existing units, stable prices for new builds

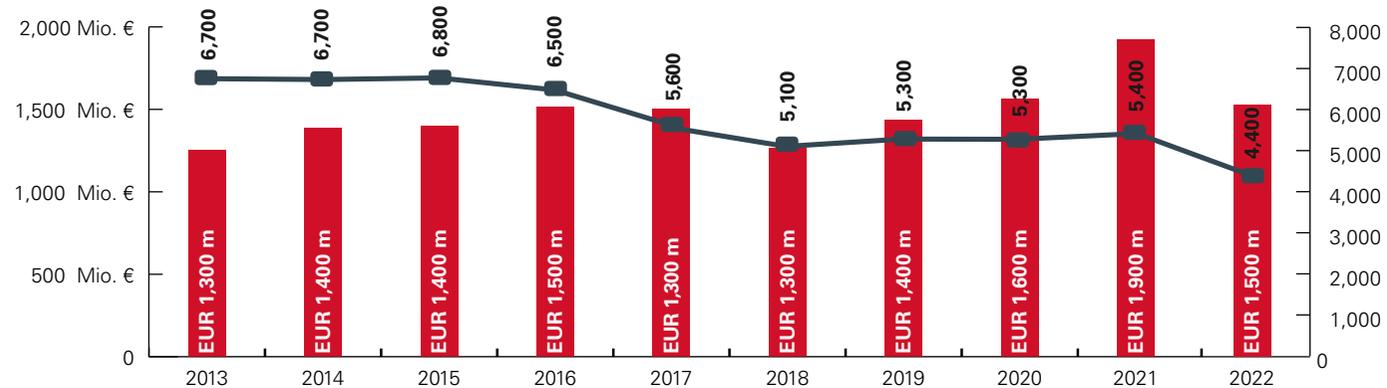
While the transaction volume of around EUR 1.5 billion generated in 2022 was about 21 percent below the record-breaking result of the year before, it was on par with the five-year average.

- The increase in construction loan interest has eliminated many prospective buyers from the market, and the number of sales decreased to around 4,400.
- The number of available existing condominiums listed on real estate websites has increased significantly. The average purchasing price across all market segments decreased by about two percent to around EUR 348,000.

Prices for existing rented out apartments in the average to high-quality segment have largely dropped to a purchasing price factor of around 25-fold.

- Pressure to upgrade buildings with regard to energy aspects has increased considerably. This is why buyers of existing units frequently need to factor in high modernisation costs.
- Owing to the high demand for housing paired with scarce availability and lack of new units that are added, rents were raised by four to five percent in many cases.

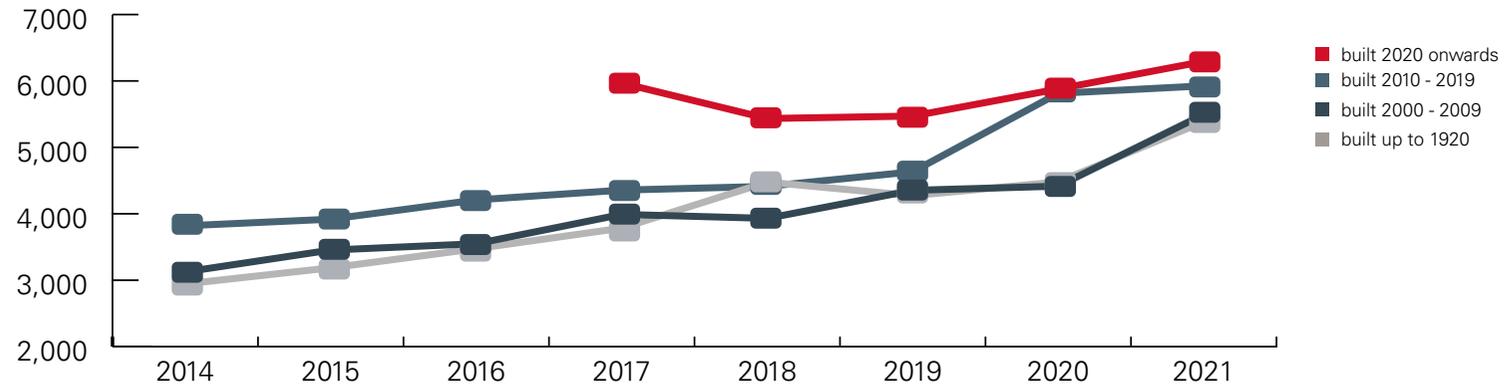
Transaction volume and number of transactions: condominiums and part-ownership, development 2013 – 2022



Source: Committee of experts for real estate value in the City of Cologne

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Development of prices for condominiums 2014 – 2021, average purchasing prices | in €/m²



Source: Committee of experts for real estate value in the city of Cologne 2022

Availability of newly built units is low, compared to the demand. The majority of construction projects feature between ten and 30 condominiums.

- Ehrenfeld continues to be one of the areas with particularly busy construction activity.
- Individual large-scale projects are being realised in the northern part of the city centre, in Rodenkirchen and Weidenpesch.
- Some construction projects are affected by delays or even abandoned entirely.

Property development activities have become more complicated due to the increase of construction costs and interest rates that also prevent price reductions.

- Newly built apartments in popular parts of the city such as Nippes are offered for between EUR 6,000 and EUR 8,000 per square metre. There are some developments with much higher prices.
- Developments in less popular locations or with lower-quality fit-out are offered for between EUR 5,000 and EUR 6,000 per square metre.

Selection of current large-scale residential projects

Project (location)	Completion	Residential units (approx.)
Simonsveedel (Weidenpesch)	from 2024	243 condominiums
Viva Aggripina (Neustadt Nord)	up to 2026	286 condominiums
Waldviertel (Rodenkirchen)	2023	272 condominiums

Source: Greif & Contzen Research, Cologne March 2023

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Stabilisation of the interest rate environment will allow for busier investment activity

Economic environment

- Many economists anticipate a mild recession in early 2023, which the economy is likely to recover from over the course of the year.
- Forecasts by economic research institutes concerning growth of the gross domestic product in 2023 ranged between -0.75 and +0.3 percent last December.
- The ifo business climate index increased for the fourth consecutive time in February 2023.
- High inflation, the war in Ukraine and disruptions of the energy, raw materials and pre-product supply situation continue to constitute risk factors.

Investment market

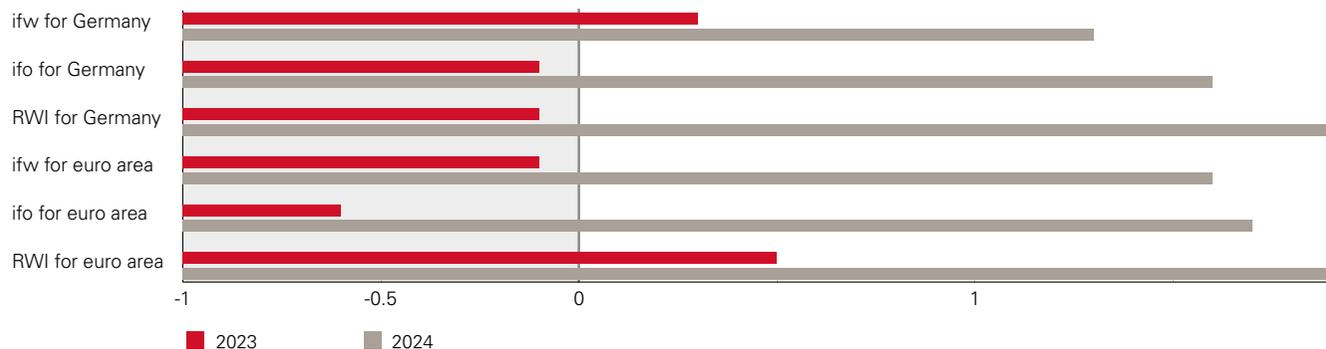
- Many investors will continue to act reluctantly over the next few months. In addition, there is frequently a large

gap between the pricing expectations of buyers and sellers. Yields are expected to rise further.

- An end of the rise of interest rates or a corresponding announcement of the European Central Bank would make investment activities more predictable and likely to increase once again.
- Availability is low or even very scarce in the office, logistics and residential property segments, and rents continue to show an upwards trend. These conditions are generally favourable for investment.
- High-equity investors will have an advantage in sales processes, as they can factor in lower interest costs and are in a better situation with regard to loans.
- The transaction volume is unlikely to be much higher in 2023 than was the case in 2022.

EUR 1.2 billion
commercial property
transaction volume
forecast for 2023

Economic forecasts for Germany and the Eurozone: GDP growth in percent 2023 and 2024



Source: Forecast as of Dec. 2022, data compiled by Greif & Contzen Research, Cologne March 2023

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Glossary

Take-up of space

The take-up of space is the amount of space in buildings that is let in a defined time period (e.g. quarter or reporting period). Whether a transaction is attributed to the respective time period, is determined based on the date the contract was concluded. New leases, sub-leases, renewed leases, and projects for owner occupation are generally taken into account. The following rules apply for the latter two: If a lease is renewed, only the amount of space by which the new unit is bigger than the old one is taken into account. In the case of owner-occupiers, allocation to a time period is determined based on the date of the purchasing contract or the time the actual construction measure was taken up. Lettings to final users in office centres or coworking facilities are not taken into account.

Rents

The published figures represent basic net rents (excluding service charges and VAT) per square metre of space per month in the respective reporting period. Any additional charges for tax liabilities or compensation for investment costs paid via the rent are not specified separately. The following definitions apply:

- **Maximum rent**
The highest recorded basic net rent agreed upon in a building, regardless of the size of the unit let. Lettings to final users in office centres or coworking facilities are not taken into account here.
- **Prime rent**
We use the definition by the Society of Property Researchers, Germany (gif) as a guideline. The prime rent corresponds to the median value of the highest rents realised in the reporting period that must account

for at least three percent of the overall take-up of space. There should be at least three corresponding rental contracts.

- **(Unweighted) average rent**

The arithmetic mean (simple average) and median value of all recorded rental prices from individual letting contracts are calculated. Large-scale lettings are considered in the same way as small rental units. The average rent is usually specified as a rounded value between the two measured values.

- **Weighted average rent (according to unit size)**

The rental prices of all leases concluded are weighted according to the size of the respective rental unit, and the mean value is calculated. To do so, the unit size and rent price of each letting are multiplied with each other. The total sum of these products is then divided by the total amount of space let.

Prime yield

The attainable prime yield is the initial yield that can be achieved with a state-of-the-art property with a long-term standard lease (creditworthy tenant) in a very good location. It is indicated as the initial net yield in percent, i.e. as the ratio between the gross purchasing price and the annual rental income minus non-apportionable ancillary costs.

(Investment) transaction volume

The transaction volume is the sum total of purchasing prices of properties sold within Cologne's city limits in the respective time period. Transactions are assigned to a certain time period, based on the date the contract was signed.

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1976
the year Theodor J. Greif started his one-man business as an estate agent



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