

Office Space Market **Cologne**

01|2025



GREIF&CONTZEN

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Dear readers,

The hopes expressed in early 2024 that uncertainties in Cologne's office space market would decrease over the course of the year were disappointed. This can be attributed not only to geopolitical risks but also to growing competitive disadvantages.

While many office space users did see the need to move into more modern premises and implement new workplace concepts, they often shied away from a relocation, owing to the economic environment and the costs associated with a move.

Compared to the previous year's low figure, take-up of office space therefore increased only slightly to around 210,000 square metres. In addition, vacant space went up by around 95,000 square metres since the start of 2024, to currently around 375,000 square metres. Availability of high-quality newly built office space in the city centre remains limited, nevertheless. So far, landlords have responded to the greater availability of existing space by offering incentives, and base rents were only reduced in individual cases and in particularly affected locations.

On the following pages, you will find our preliminary assessment of market trends in the past year, as well as our first outlook for the year ahead. Our comprehensive analysis will be published in February 2025 along with an updated office market map.

We wish you a healthy and successful year and are looking forward to a fruitful exchange.



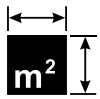
»There has been a considerable increase in vacant space, but availability of high-quality newly built office space in the city centre remains low, nevertheless.«

Andreas Reul

Head of Office Properties

Greif & Contzen Immobilienmakler GmbH

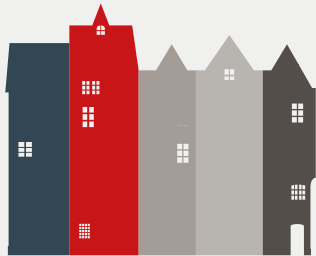
Cover photo: the new office and retail building HERZOG on the corner of Schildergasse and Herzogstrasse with around 6,900 square metres of rental space



210,000 m²

TAKE-UP OF SPACE

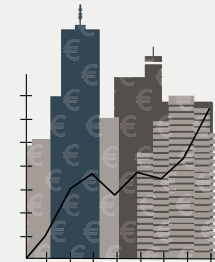
Take-up of office space was only slightly higher than the previous year's poor result of 200,000 square metres. Public facilities were the strongest demander group, accounting for a market share of some 29 percent.



375,000 m²

VACANT SPACE

A strong increase in vacant space of around 95,000 square metres was observed in 2024. In addition to this, about 30,000 square metres are currently available for sub-letting. This corresponds to a vacancy rate of around 4.6 and 4.9 percent respectively.

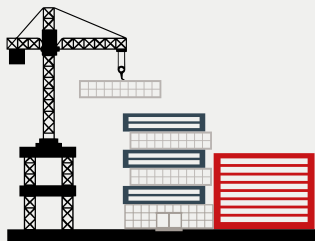


35.00 €/m² 38.00 €/m²

PRIME RENT

MAXIMUM RENT

A number of rental agreements were concluded in the high-price segment. The prime rent rose nominally from EUR 33.00/m² to EUR 35.00/m². The weighted average rent rose from EUR 19.60/m² to EUR 20.40/m².



COMPLETIONS

Around 90,000 square metres of office space were completed in 2024. The result fell short of the five-year average by about 16 percent, and was around 3 percent lower than the ten-year average.



OUTLOOK

The weak economic situation is likely to continue to curb demand for space in the private sector, also in 2025. There is currently no identifiable impetus concerning take-up of space or the development of rents. Vacant space may increase further.

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Office space market Cologne – key figures

	2020	2021	2022	2023	Development 2023/2024	2024
Take-up (000's m²)	230	315	315	200	↗	210
Existing space (million m²)	8.0	8.05	8.1	8.15	↗	8.23
Completions (000's m²)	70	95	110	100	↘	90
Vacant space (000's m²)	230	255	230	280	↗	375
Vacancy rate in %	2.9	3.2	2.8	3.4	↗	4.6
Maximum rent (in €/m²)	28.50	30.00	36.00	35.00	↗	38.00
Prime rent (according to gif) in €/m²	26.00	27.00	28.50	33.00	↗	35.00
Average rent (weighted according to unit size) in €/m²	16.50	17.00	18.50	19.60	↗	20.40
Average rent (mean value) in €/m²	14.00	15.30	16.70	16.70	↗	17.30
Employees* (000's) (as of June)	580	591	607	614	↗	628
Unemployment rate in % (as of June)	9.6	9.5	8.4	8.6	↗	8.8

* employees contributing to social insurance
Source: Greif & Contzen Research, Cologne, January 2025

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Growing impact on demand for space in the private sector

Slight increase

Take-up of space increased by five percent, compared to the poor result of 200,000 square metres taken up in the previous year.

- Following the drop observed in the year before, the share of take-up accounted for by public sector users rose to around 29 percent (2023: around 14 percent, 2022: around 43 percent).
- The City of Cologne acquired the new building ROSSIO in the MesseCity Köln development area in Deutz, and Landschaftsverband Rheinland started construction of its new building on Opladener Strasse.

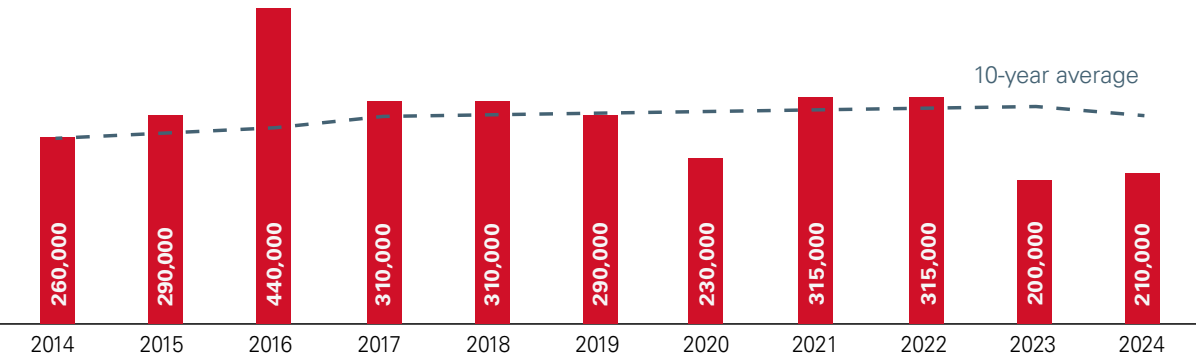
Continued need for modernisation

There are many companies that need high-quality space and wish to adjust their workplace concepts.

- The DEVK insurance company rented another 6,200 square metres in Rheinparkmetropole in Deutz, as it prepares to revitalise its headquarters.
- However, many office users hesitate when it comes to renting new premises, owing to economic uncertainties and the related risks.

approx. 210,000 m²
take-up of space Q1 – Q4 2024

Take-up of office space: development 2014 – 2024 and 10-year-average | in m²



Source: Greif & Contzen Research, Cologne, January 2025

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Top 6 units taken up in 2024

User	Status	Office space in m²
City of Cologne (Deutz)	development project	approx. 26,500
Landschaftsverband Rheinland (LVR, Deutz)	owner-occupier development	approx. 22,600
Consultancy company (Kölner Ringe)	development project	approx. 11,000
Healthcare company (Kölner Ringe)	development project	approx. 9,700
DEVK (Deutz)	existing space	approx. 6,200
Smartvillage (Mülheim)	existing space	approx. 5,100

Source: Greif & Contzen Research, Cologne, January 2025

around 70 percent

of the ten biggest transactions were accounted for by developments

Largest increase in vacant space in over 15 years

Vacant space increased by around a third (95,000 square metres) in 2024, to currently 375,000 square metres. A large share of this space was vacated in the third quarter.

- This increase slowed down in the fourth quarter.
- Over the course of the year, the vacancy rate rose from 3.4 percent to 4.6 percent, or to 4.9 percent if space available for sub-letting is also considered.
- Availability of existing office space increased by some 78 percent in the submarkets in the city centre to currently around 116,500 square metres. Outside the city centre available existing space increased by some 21 percent to about 258,000 square metres.

Landlords held on to base rents

So far, landlords have mostly responded to the greater availability of space and the decrease in demand by offering incentives such as rent-free periods and fitout allowances.

- The average rent weighted according to unit size increased from EUR 19.60 per square metre to now EUR 20.40.
- The simple arithmetic average rent rose from EUR 16.70 to EUR 17.30 per square metre.
- The prime rent increased from around EUR 33.00 to about EUR 35.00. These figures are shaped by base rents that sometimes include tax liabilities.
- The highest rent realised was EUR 38.00.

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No economic impetus in sight

Economic environment

- The institutes for economic research reckon that gross domestic product decreased by about 0.2 percent in 2024. The recovery suggested at the start of the year did not continue.
- In their forecasts for 2025, economists predict further poor development of gross domestic product, ranging between –0.3 percent and +0.6 percent, which means that no noticeable growth is expected.
- Relevant positive economic prospects are currently limited to possible further interest rate cuts and business-friendly political measures that a newly formed government might implement from the second half of the year onwards.
- An overall decrease of the Ifo business climate index could be observed in 2024, as had been the case in 2023, too. In its economic survey conducted among local businesses in autumn, the Cologne Chamber of Industry and Commerce identified a negative mood in a number of areas. 14 percent of those surveyed plan to create more jobs, while 26 percent plan to reduce staff numbers.
- In addition to the current competitive disadvantages and geopolitical crises, trade disputes and tariff increases may pose further risks for the export-oriented German economy.

Cologne's office space market – outlook for 2025

- In consideration of the weak economic outlook, take-up of space is unlikely to be higher in 2025 than was the case in 2024. A number of large units may be taken up

by public sector institutions once again, but it is to be expected that many private sector users will continue to hold back. Staff reductions that have been announced by many companies will have a noticeable impact.

- Demand for space is likely to remain restrained and vacant space is expected to increase further.
- A further significant increase in the availability of space, as could be observed last year, will put further pressure on landlords, and this may affect rents.

approx. 210,000 m²

take-up of space
forecast for 2025



The new building DEUTZ ONE on Brügelmannstrasse 9 with some 1,900 square metres of office space.

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Glossary

Take-up of space

The take-up of space is the amount of office space 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 occupation, the date of the purchasing contract or the date the actual construction measure was begun is considered to attribute the measure to a certain time period. Lettings to final users in office centres or coworking facilities are not taken into account.

Vacant space

Completed office space that is currently not let or occupied and available for rent, subletting, or purchase by an owner-occupier in the near term, is considered vacant space. The vacancy rate is the percentage of vacant space of the total of existing office space.

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 an office 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.

- **Benchmark rent**

This figure is specified for a geographically defined office submarket. It is based on the range of the standard deviation below and above the (unweighted) average rent.

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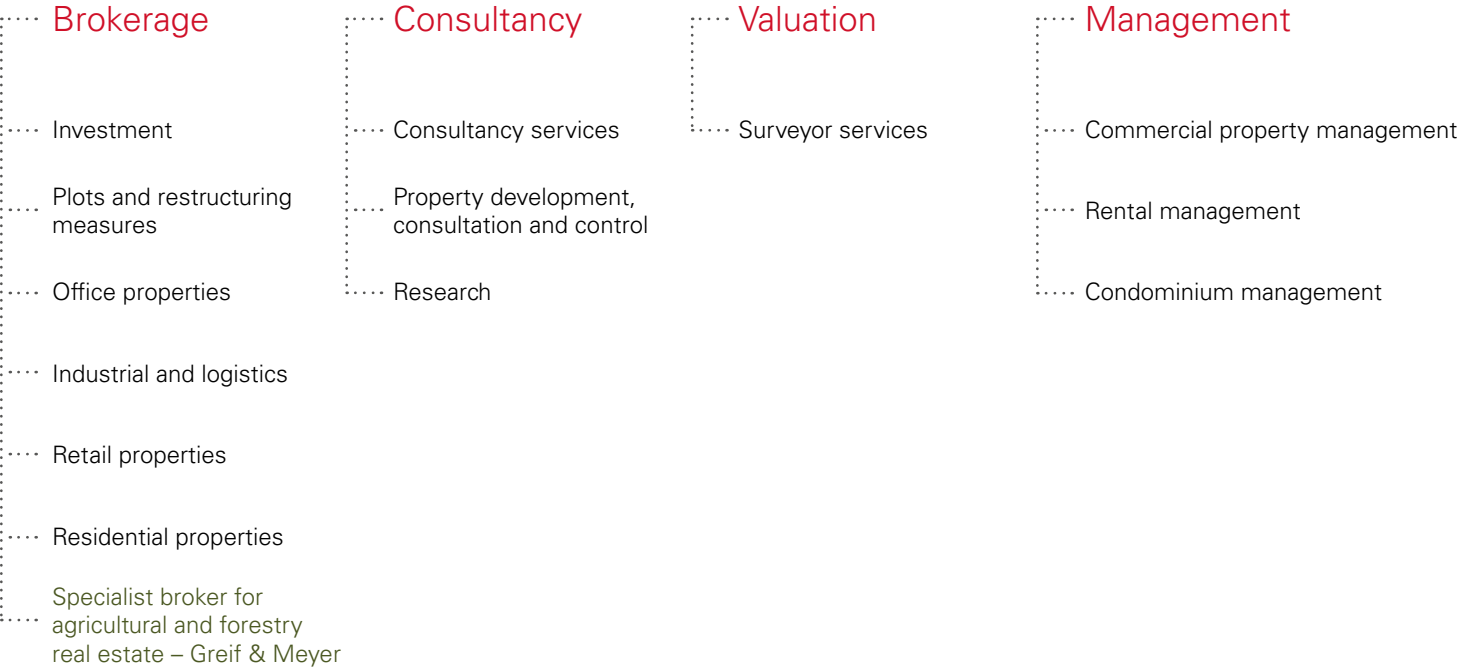
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1976
the year Theodor J. Greif started his one-man business as an estate agent



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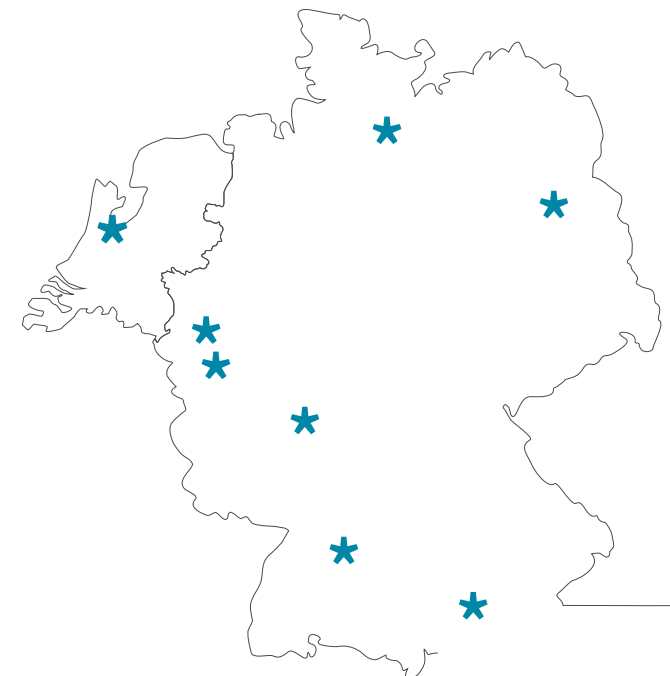
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