

Germany - Cologne

Key Performance Indicators

Prime Yield

4.9%

Expected Investment Returns
Change YoY: -20 bps

Prime Rent

€35.00

Monthly, per sq m
Change YoY: 0.0%

Total Stock

8,475K

Square meter
8,035K occupied stock

Office Investment Volume

€568M

In Cologne during H2 2025
€723M (Rolling 12 months)

Take-up

131K

Square meter
241K Year2Date

Vacancy Rate

5.2%

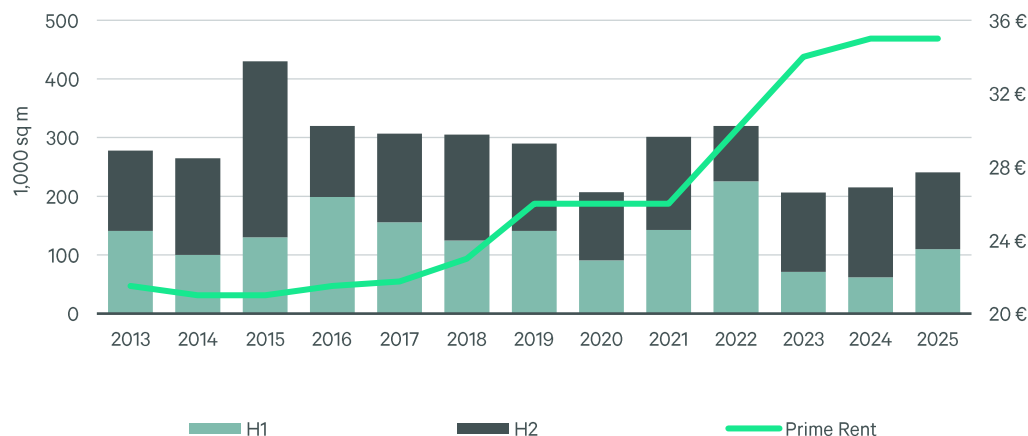
Percentage of stock vacant
Change YoY: 120 bps

The Cologne office letting market recorded a 12% increase in take-up compared to the previous year, with 241,000 sq m of space let in 2025. This continued the moderate but steady upward trend since 2023, falling just 4% short of the average for the last five years. The fourth quarter in particular, with a take-up of 73,000 sq m, set a positive tone at the end of the year – the expansion of BIMA on behalf of the German Armed Forces (9,000 sq m) was particularly significant. In general, public services was clearly the largest tenant group, led by two large leases by the Jobcenter (14,000 sq m and 16,000 sq m). Compared to previous years, however, demand for large spaces remained subdued – economic and geopolitical uncertainties are prolonging users' decision-making processes, which is why they often opt for renewal options in their existing leases.

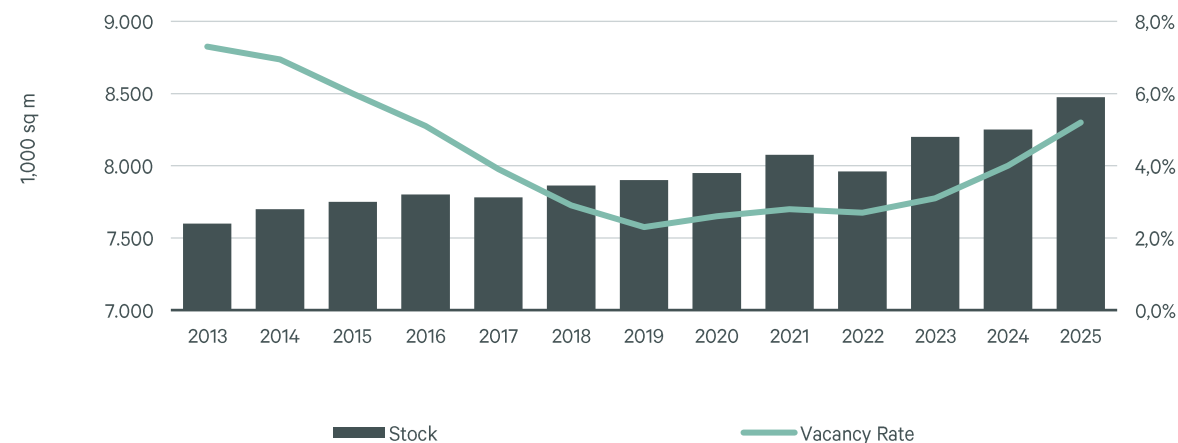
Office space vacancy increased steadily over the course of the year, reaching around 440,000 sq m by the end of the year. Accordingly, the vacancy rate rose by 1.2%-points year-on-year to 5.2%. Despite this increase, which mainly results from occupiers' desire for more efficient space utilization and flexible workplace models, Cologne still has the second-lowest vacancy rate among the top 7 locations after Hamburg – well below the top 7 average of 8.0%. Vacant space is primarily located in the peripheral submarkets, where it is increasing at a faster rate than in the inner city. In the CBD, on the other hand, the supply of high-quality office space remains scarce due to limited construction activity, especially as users are specifically looking for properties with modern amenities and ESG features in central locations. This is one of the reasons why the sustainably achievable prime rent for 2025 remained stable at €35.00/sq m/month. The average rent, on the other hand, decreased to €19.50/sq m/month compared to last year. As a result of this market division, there is price pressure in the demand-driven city center, whereas in peripheral areas, concessions by landlords to tenants are increasing.

The signs of recovery on the Cologne office market allow for a cautiously optimistic outlook for 2026, although developments will also depend on the economic upturn and the flexibility of occupiers. A further increase in take-up coupled with slightly rising rents appears realistic.

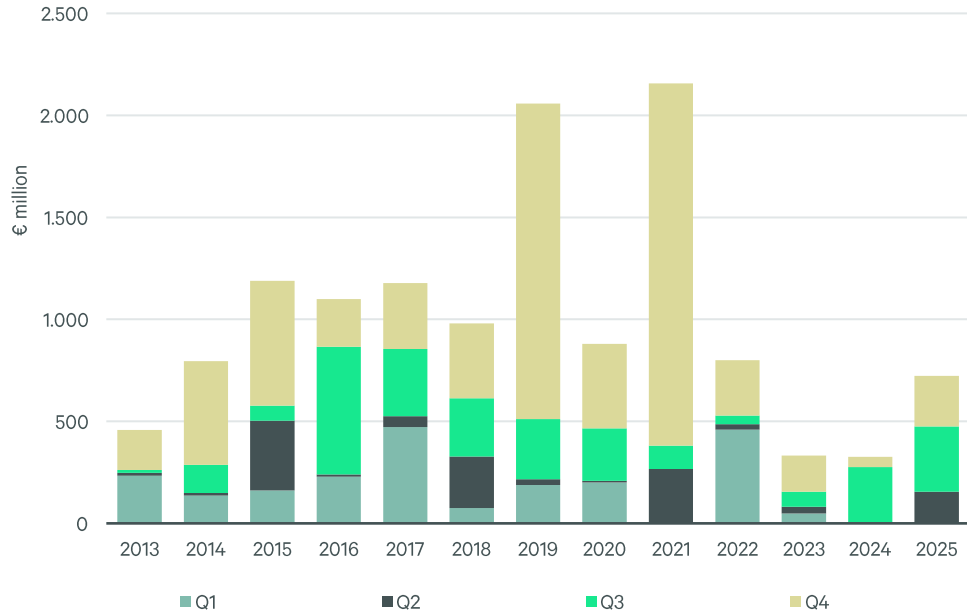
Market Trend (Take-up | Prime Rent)



Supply (Vacancy Rate | Stock)



Cologne Office Investment Volumes



The Cologne real estate investment market recorded a total transaction volume of around €1.6bn in 2025, exceeding the previous year's result by 42%. Commercial real estate accounted for just under €1.2bn. In an otherwise rather subdued year, Cologne was the only one of Germany's top 7 locations to record growth. Above all, the buoyant second half of the year ensured that the signs in Cologne point more towards recovery than in other major cities. 52 transactions (+44% y-o-y), which were distributed more evenly across the size categories than last year and increased particularly in the €10m to €100m segment, indicate a renewed willingness among investors to close deals and a broader market base.

The office segment played a significant role in bringing Cologne almost back in line with its five-year average in 2025. With transactions worth €723m, offices accounted for 46% of the total investment volume and were therefore clearly the dominant asset class among investors, ahead of residential (22%) and hotels (22%). The sales of the office complexes 'Friedrich and Karl' as well as 'Gerling Garden' for more than €100m each and of the property 'Mediapark 5' in the high double-digit range were the top office deals of the year and all took place in the second half of the year. While portfolio purchases accounted for 12% of the total transaction volume, investors in the office property sector invested exclusively in single assets. At 67%, core properties became even more the focus of interest. In addition, the focus shifted more strongly back to the city submarket compared to 2024. Given the continuing economic and geopolitical uncertainty in the market environment and the 'return to office' issue, investors continue to select properties based on quality and location, preferring stable cash flows to riskier investments. In Cologne's office buyer landscape, which is traditionally strongly dominated by domestic players, open-ended property and special funds as well as real estate companies emerged as the largest net buyers.

As a result of the increased interest, the prime office yield in Cologne fell by 0.2%-points in the third quarter and stood at 4.9%, as it did at the end of the year. The increase in transaction volume indicates that the price expectations for liquid prime properties in the core segment are increasingly converging between buyers and sellers. A further slight yield compression is conceivable for prime properties in prime locations in 2026, while rising acquisition yields are anticipated for properties beyond the prime segment. Furthermore, the positive signals from the second half of 2025 indicate that the Cologne investment market will continue to stabilize in 2026 and, especially if the hoped-for economic upturn materializes, a renewed increase in investment volume can be expected.

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