City council well short of target for residential construction

The positive trend in population and household growth continued in 2017, albeit at a weaker pace. Overall, the population grew by some 4% since 2013, with the number of households growing by almost 5%. Despite this therefore being the lowest rate of growth in demand for housing compared with the other major German cities, supply growth of barely 2% clearly lagged behind the growth in demand. After an increase in completions between 2011 and 2015, the number of apartments completed in recent years has dropped considerably. After a 10-year high of 3,958 completed new apartments in 2015, the figure in 2017 barely reached 2,140 new apartments. The number of completions is therefore significantly lower than the City of Cologne’s target of 6,000 apartments per year including about 1,000 planned subsidised units. Despite a continuing backlog of residential projects, no material improvement in this situation is expected as the number of approvals in recent years has dropped in line with the number of completions. Thus, barely 2,600 new apartments were approved in 2017, and the number of approvals in 2018 is not expected to be much higher. Overall and despite limited potential in available building land, some 25,000 housing units are due to be completed by 2030. There is a particular reliance on increasing housing density and on conversions, for example in the case of the Clouth Quarter which is expected to create housing for some 3,000 people. However, construction projects of this scale are exceedingly rare in Cologne. For that reason, it is unlikely that the excess demand in the Cologne residential market will be reduced appreciably in the medium term.

### Selected developments under constructions

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Residential units</th>
<th>Completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clouth-Quartier</td>
<td>Nippes</td>
<td>approx. 1,200</td>
<td>2021</td>
</tr>
<tr>
<td>Park Linné</td>
<td>Braunsfeld</td>
<td>approx. 500</td>
<td>2020</td>
</tr>
<tr>
<td>Wohnquartier Ossendorfer Gartenhöfe</td>
<td>Ossendorf</td>
<td>approx. 430</td>
<td>2021</td>
</tr>
<tr>
<td>Wohn- und Geschäftskomplex Coloria</td>
<td>Bickendorf</td>
<td>approx. 400</td>
<td>2019</td>
</tr>
<tr>
<td>CologneApart (VauVau)</td>
<td>Altstadt-Nord</td>
<td>approx. 200</td>
<td>2020</td>
</tr>
</tbody>
</table>

Source: JLL; Status: January 2019
Strongest rent growth in prime rents

After a slight downward trend in 2017, the general level of rents increased again in 2018 and average asking rents reached a new record of €11.80/sqm/month. While median rents grew 5.4% compared to the previous year, prime rents grew by 20% over the previous year. By contrast, rents in the lowest-priced segment grew by just 4.0%. The increase in asking rents for newly-built apartments was also very moderate at 0.8%. An analysis of rental development by location reflects these observations. The strongest growth in rents can be seen along the principal northerly and southerly transport axes of the city centre. Among the areas with the highest rental growth are Nippes and Cologne-Zollstock with asking rents rising by up to 20%.

Source: IDN immodaten, JLL; Status: January 2019
Asking rental prices Cologne

Rent Level
Average in €/sqm/month on postcode level

- < 10.00
- 10.00 < 11.50
- 11.50 < 13.00
- 13.00 < 14.00
- >= 14.00

Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH
Top-end rises only moderate

Among the Big 8, Cologne shows the smallest growth in purchase prices at just 2.9%, to a new level of €3,580/sqm. Price growth at the top end was particularly weak at just 0.7% compared to the previous year. Average asking prices for new-build even fell by 1.5% compared to the previous year. Analysed by location, it is the areas around the city centre that are currently benefiting most from price increases. Rondorf in the south, with price growth of nearly 60% or Ehrenfeld in the north, with an increase of some 50%, are among the areas with the highest rates of growth in the last two years. This development shows clearly that demand for residential property focused increasingly on the city fringe locations. If excess demand stays at this level in the coming years, it can be expected that accelerated price growth will also spread to the neighbouring areas.

Source: IDN immodaten, JLL; Status: January 2019
Asking condominium prices Cologne

Condominium price level
Average in €/sqm on postcode level

- < 2,500
- 2,500 < 3,000
- 3,000 < 4,000
- 4,000 < 4,500
- >= 4,500

Water Area
Green Area
Industrial or Traffic Area
Other Area

Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH