

Research Germany

Residential market Cologne

25 percent more housing completions despite minus
in building permits



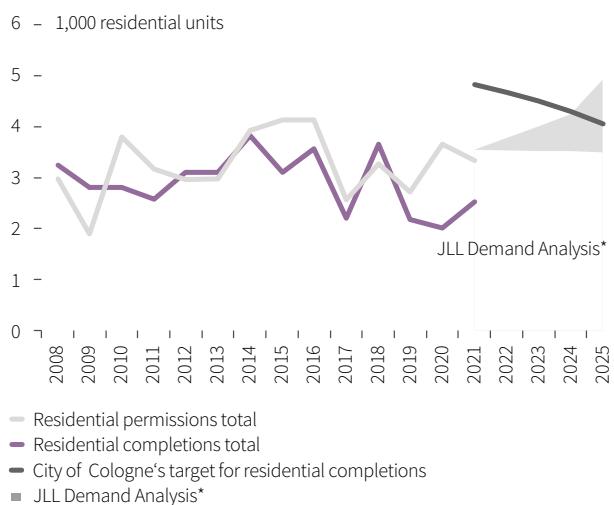
Residential market

Cologne

25 percent more housing completions despite minus in building permits

Last year, around -9% fewer building permits were issued in the Rhine metropolis than in the previous year. However, +25% more apartments were completed. With a total of +2,530 new residential units, the figure for 2021 also significantly exceeds the previous two years. Nevertheless, the construction overhang in Cologne cannot be dismissed out of hand. According to the construction activity statistics for 2021, there is a new this is up +9% on the previous year. Despite negative

Housing supply and demand for new buildings Cologne



*Additional annual need for housing units (includes also apartments in detached houses) without consideration of current construction deficits.
Source: destatis, JLL (Status: July 2022)

peak in the construction surplus. At 9,400 apartments, net migration (around -9,600 people in 2021) with the surrounding area and a slowdown in population growth in recent years, there remains a positive need for additional housing. On the one hand, the population decline is due to a greater migration of multi-person households to the surrounding area of Cologne and thus indirectly to the lack of adequate housing. On the other hand, demographic changes such as a rapidly growing proportion of younger households (18 to under 30-year-olds) are leading to a further increase in demand via a qualitative change in demand. With a demand of around 33 housing units p.a. per 10,000 inhabitants, the housing market in Cologne is at a lower level compared with the other Big 8 cities. At the same time, however, Cologne brings up the rear in terms of completions in 2021, with just 23 apartments completed per 10,000 inhabitants. The discrepancy between demand and completions is therefore enormous but is still ahead of Leipzig compared with the other Big 8 cities. The greatest demand is seen in the lower-priced housing segment. This is a major challenge in the medium term, because in addition to high building land prices, the commodities market is also currently holding back new residential construction. The city of Cologne's medium-term goal for meeting demand and need is to approve up to 6,000 apartments per year. To ensure that this target can be achieved, more than 4,000 apartments are to be approved on a regular basis from 2023.

Selected developments under construction

Cologne

Name	Location	Residential units	Completion date
Clouth-Quartier	Nippes	ca. 1,200	2024
Stockholmer Allee	Chorweiler	ca. 1,200	2026
Weiler Höfe	Volkhoven/Weiler	ca. 385	2023
Gutenberg-Karree	Neuehrenfeld	ca. 65	2024
Quartier Hohenlind	Lindenthal	ca. 165	2023

Source: Thomas Daily, JLL (Status: July 2022)

Rental market

Cologne

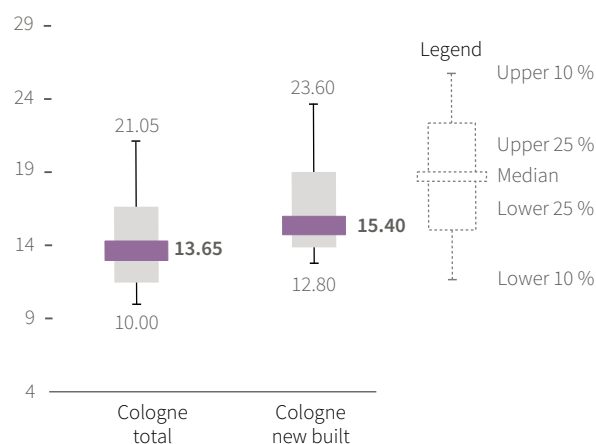
New construction rents lose strong momentum

The first half of 2022 showed a slight decline in the median rent previous year. The median rent in the Rhine metropolis rose by around +4.2% in the first half of the year and now stands at 13.65 euros/m²/month. This figure is just below the five-year average of +4.4%. Rental prices in Cologne thus rose less dynamically than in the previous year. In contrast, the prime rent (21.05 euros/m²/month) rose sharply year-on-year. Particularly in comparison with the five-year average (+6.0% p.a.), this is significantly higher in the first half of 2022. The rental price trend in the lower price segment (below 10% of rental offers) rose for the first time in the last half of the year to a value of 10.00 euros/m²/month and was thus around +2.6% above the value for the previous half of the year. In the new construction segment, the median rent increased by +4.1% in the first half of 2022 (12.80 EURO/m²/month). The highest median rents at district level are currently charged in the city center (16.10 euros/m²/month). By contrast, the lowest median rents are charged in the Chorweiler district (11.70 euros/m²/month).

Rental price bands for listed apartments

Cologne – H1 2022

Asking rent in €/sqm/month

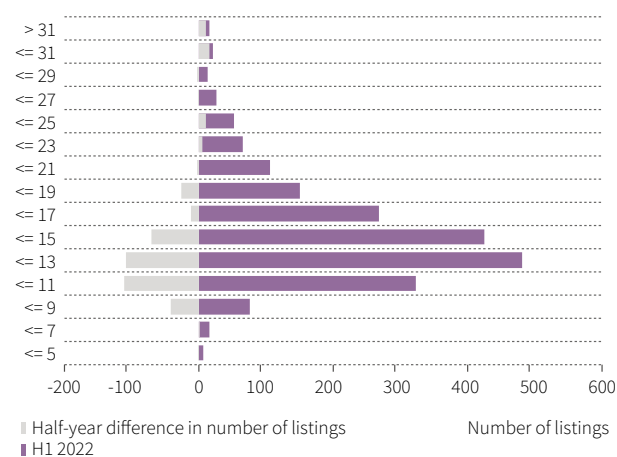


Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of rental listings by price group

Cologne

Price group in €/sqm/month

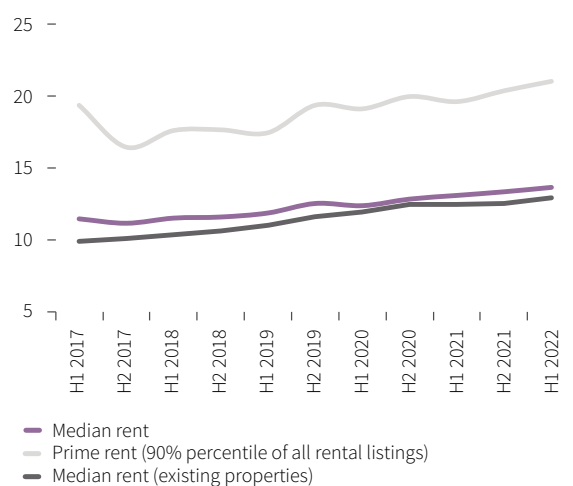


Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of rental prices

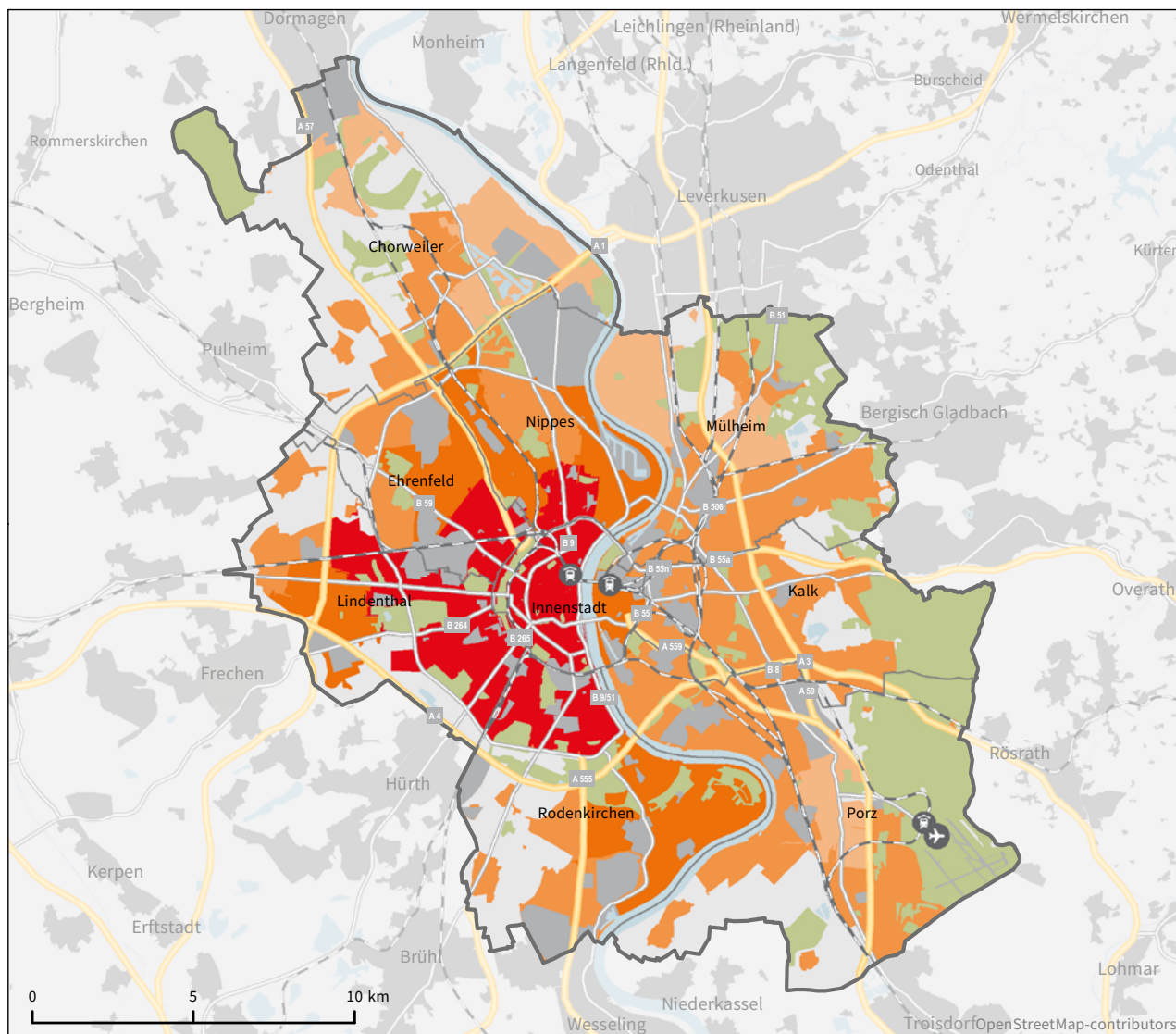
Cologne

Asking rent in €/sqm/month



Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking rental prices Cologne



Rent Level

Average in €/sqm/month on postcode level

< 10.00

13.00 < 14.00

Water Area

Industrial or
Traffic Area

10.00 < 11.50

>= 14.00

Green Area

Other Area

11.50 < 13.00

Source: JLL, VALUE Marktdaten

Market for condominium apartments

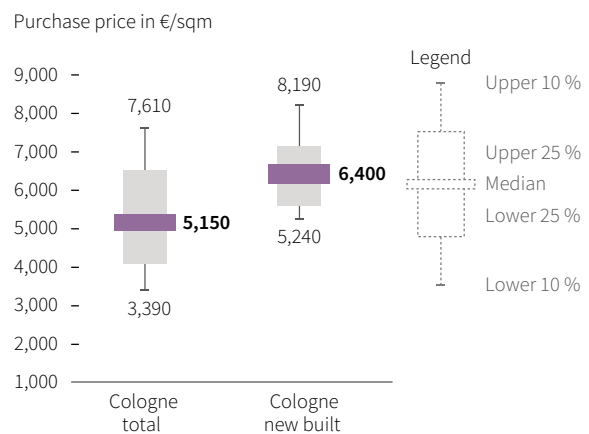
Cologne

Purchase prices with moderate growth

In the first half of 2022, purchase prices on the Cologne residential property market rose moderately. Year-on-year, prices rose by only +7.3% compared with +15.4% in the same period last year and the five-year average (+9.1% p.a.). The median purchase price is currently around €5,100/m². The top segment (most expensive 10% of purchase offers), on the other hand, lost little momentum compared with median purchase prices. The price is currently quoted at around 7,610 euros/m². Growth in the first half of 2022 was +10.1%, down only -1.2% on the same period of the previous year. In the lower price segment (cheapest 10% of purchase offers, 3,390 euros/m²), the market is growing by +13.8% year-on-year and is thus also at the level of the previous year as well as the five-year average. In contrast, momentum in the new build segment declined sharply. While purchase price growth was still +15.4% in the prior-year period, the figure recently fell to +0.3%. The median purchase price in the new-build segment is currently €6,400/m². At district level, the highest prices continue to be demanded in the city center (6,950 euros/m²), and the lowest in Porz (3,840 euros/m²).

Purchase price bands for condominiums

Cologne – H1 2022

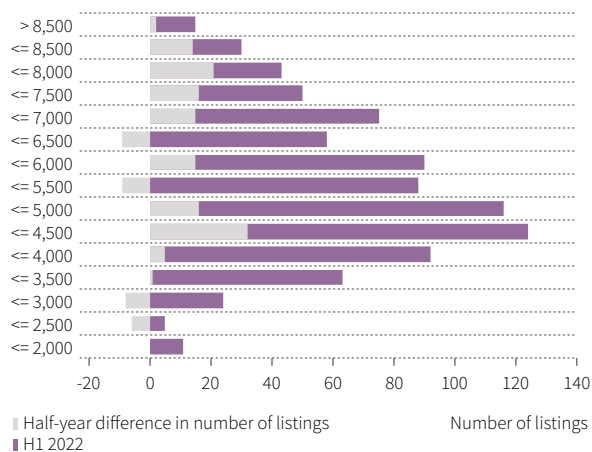


Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of condo listings by price group

Cologne

Purchase price group in €/sqm

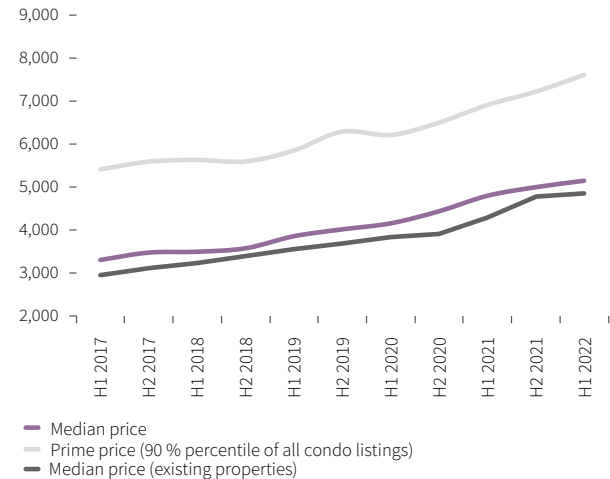


Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of purchase prices for condominiums

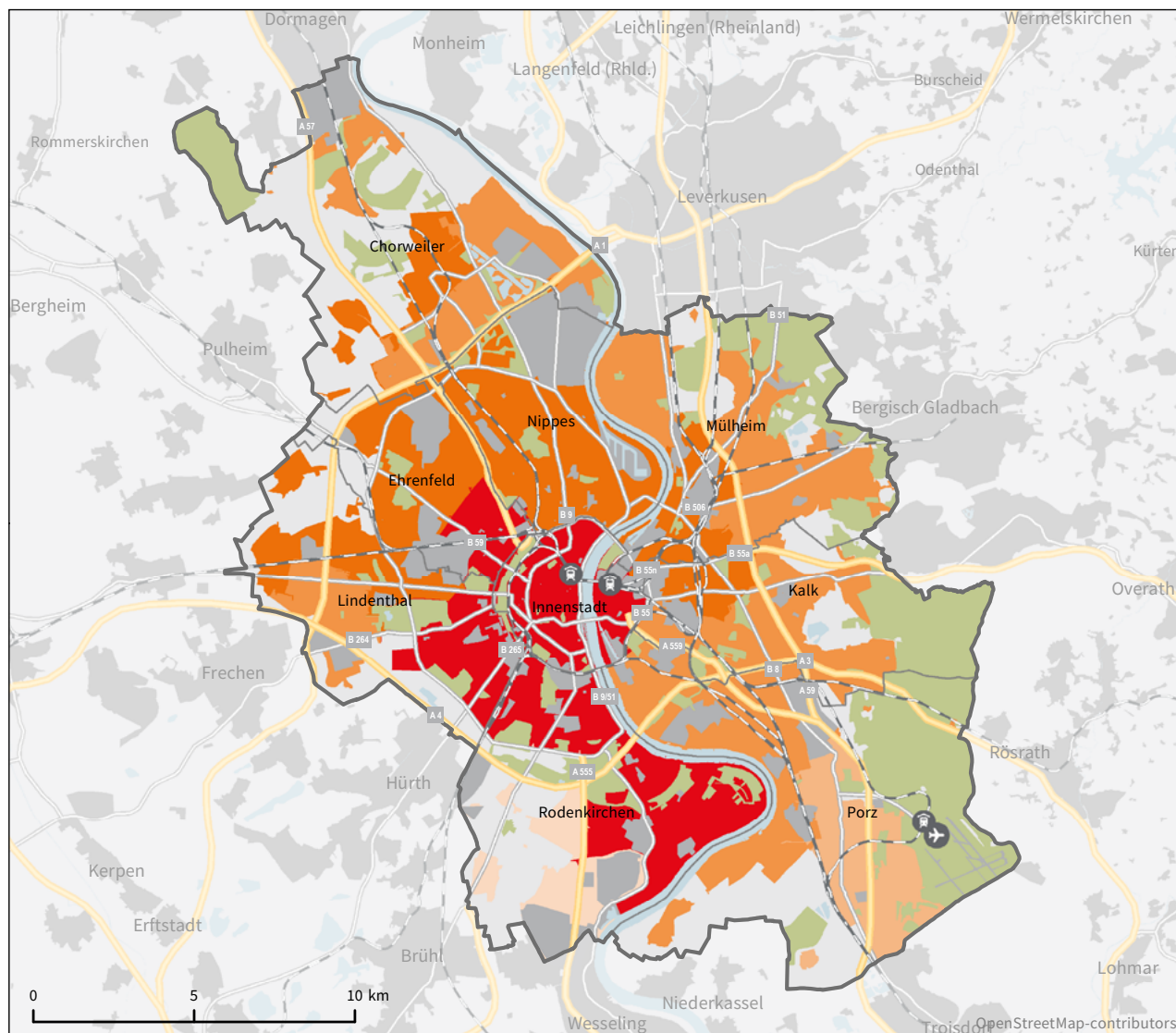
Cologne

Purchase price in €/sqm



Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking condominium prices Cologne



Condominium price level

Average in €/sqm on postcode level

< 3,000

4,500 < 5,500

Water Area

Industrial or
Traffic Area

3,000 < 3,500

>= 5,500

Green Area

Other Area

3,500 < 4,500

Source: JLL. VALUE Marktdaten



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