

News release

COMFORT study: Cologne Special 2018/19

The city is the measure of all things

- **Substantiated market analysis of prime shopping locations in Cologne**
- **Top position in the COMFORT City Ranking**
- **313,000 m² retail space in the city generating approx. EUR 1.6 billion in sales revenue per annum**
- **Schildergasse is the number one prime location with footfall of 14,800 per hour and max. rent of EUR 270/m²**
- **High demand from international investors**
- **Purchase price factors often higher than 30x net annual rent**

The retail specialists at the COMFORT Group have published a substantiated study of the Cologne retail market with a focus on city shopping locations at the end of 2018. It contains comprehensive information on Cologne's retail framework and performance. In particular, it includes footfall and "temperature" maps based on an analysis of city centre visitor and pedestrian flows.

Back in July the COMFORT retail experts presented the first results of the recent large-scale pedestrian count at 20 checkpoints in Cologne city centre. They make it very clear that Cologne is a premier-league player, both as a retail location and as a tourism destination. Now the experts have followed up the initial findings with detailed analyses. The main objective of the special report is to provide the most detailed possible picture of the city centre retail situation. It provides an important basis for retailers, investors and project developers to make decisions regarding store locations and investments, as well as general assessments and recommendations for inner-city developments.

Cologne is one of the best-performing retail locations in Germany

Located on the banks of the river Rhine, Cologne is the fourth-largest city in Germany with a current population of 1.08 million. It has a broad and, importantly, healthy mix of industries – from media/IT and financial services to automotive manufacturing, chemicals, logistics and retail. Cologne is a leading education and research location in the Rhine-Ruhr metropolitan area with the third-largest university in Germany. It is also a top tourist destination, recording over 6.2 million overnight stays in 2017 and with a relatively high percentage of foreign visitors at 35 %.



Population growth (2017/2030 forecast: +10.7 %) and the employment rate (+14.1 % over the past five years) have developed very positively, providing ideal conditions for the retail industry's development.

Cologne is actually one of the strongest retail cities in Germany. It boasts a kaleidoscope of retailers, from local retailers to national and international chain store operators. The large catchment area with a total of 2.4 million residents extends far outside the city limits.

An overview of retail data

Strukturdaten Structural data	Berlin	Hamburg	München Munich	Köln Cologne	Frankfurt	Stuttgart	Düsseldorf
Einzelhandelskaufkraft 2018 Retail purchasing power 2018 (Deutschland/Germany = 100,0)	96,6	109,5	130,0	108,5	114,3	113,3	117,8
Einzelhandelsverkaufsfläche 2017 Retail sales area 2017 in m ² / sqm	4.850.000	2.686.000	1.833.000	1.575.000	1.167.000	1.014.000	1.012.000
Anteil der Innenstadt in m ² Share of the city centre in sqm	644.000	346.500	497.000	313.000	277.000	377.000	347.000
Anteil der Innenstadt Share of the city centre	13,3%	12,9%	27,1%	19,9%	23,7%	37,2%	34,3%
Einzelhandelsverkaufsfläche pro Einwohner Retail sales area per inhabitant	1,4	1,5	1,3	1,5	1,6	1,6	1,7
Flächenproduktivität in € pro m² Space productivity in € per sqm	3.800	4.200	5.900	4.500	3.700	4.100	4.100
Flächenproduktivität Innenstadt in € pro m² Space productivity of the city centre in € per sqm	3.900	5.600	6.600	5.200	5.200	4.400	4.600
Einzelhandelsumsatz 2017 in Mio. € Retail turnover 2017 in € million	18.376,0	11.226,8	10.887,0	7.079,5	4.346,0	4.174,1	4.170,4
Anteil der Innenstadt in Mio. € Share of the city centre in € million	2.530,0	1.955,0	3.290,0	1.625,0	1.430,0	1.670,0	1.610,0
Anteil der Innenstadt Share of the city centre	13,8%	17,4%	30,2%	23,0%	32,9%	40,0%	38,6%
Einzelhandelszentralität 2018 Retail centrality 2018 (Deutschland/Germany = 100,0)	106,6	113,4	114,7	121,9	103,5	117,0	114,9
Modezentralität 2017 Fashion centrality 2017 (Deutschland/Germany = 100,0)	156,3	173,6	221,9	198,9	202,4	209,8	224,3
Einzugsgebiet / Catchment area Einwohner in Mio. / Inhabitants in mill.	5,3	3,5	3,1	2,4	2,4	2,6	2,0

Quelle / Source: COMFORT - Research & Consulting, GfK GeoMarketing GmbH

The city centre is the indisputable measure of all things when it comes to shopping. It currently has total retail space of 313,000 m² and annual retail sales of approximately EUR 1.6 billion. Retail space productivity is approximately EUR 5,200/m², which is only surpassed in Germany by Hamburg and Munich.

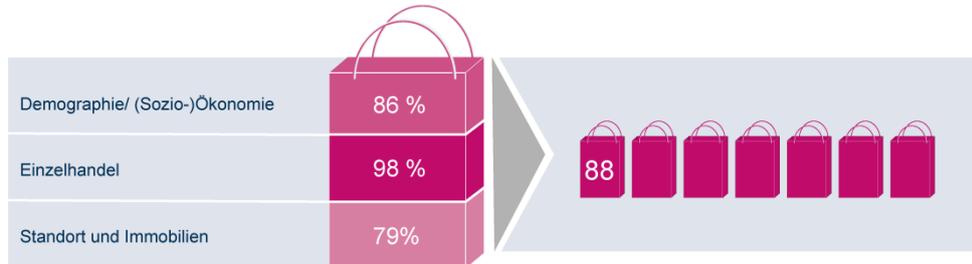
The city's key performance indicators such as retail centrality (121.9) and fashion centrality (198.9) are also pretty impressive.

Top position in the COMFORT City Ranking

Cologne's excellent retail performance is also confirmed in the COMFORT retail specialists' annual analysis of the retail situation in the most important German cities. In the most recent COMFORT City Ranking Cologne came out very well in a nationwide comparison, scoring 88 out of a possible total 100 points. The COMFORT City Ranking is a substantiated annual benchmarking based on 35 sociodemographic, economic, retail and property-related parameters that COMFORT compiles every year.

COMFORT City Ranking 2018/2019

Excellent ranking with 7 out of 7 shopping bags



Source: COMFORT Research & Consulting

Schildergasse is the number one prime location in Cologne

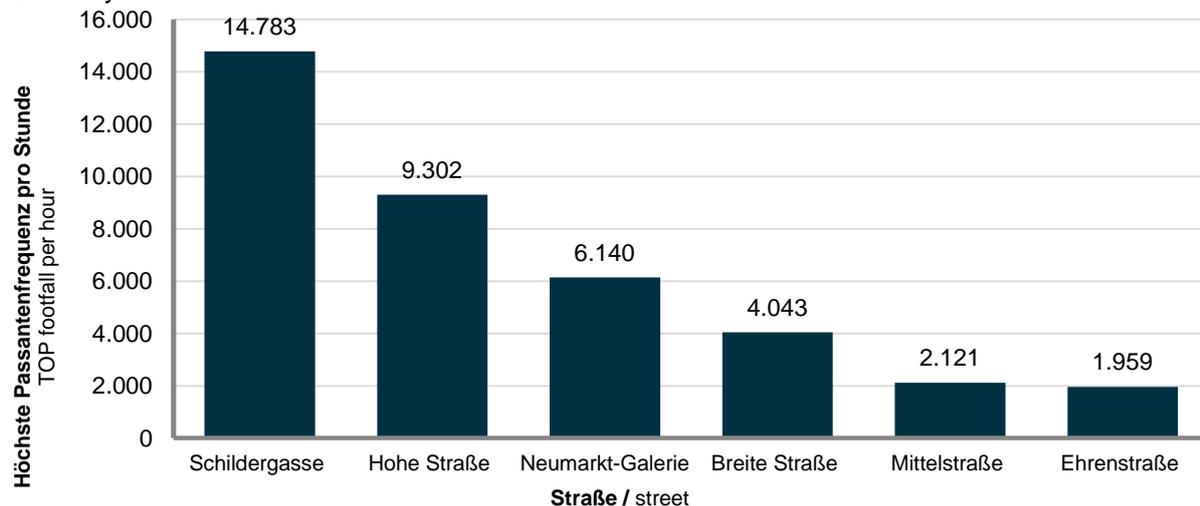
The city's main shopping destinations are linked by a 3.5 km circular route within the historic "Ring" on the left bank of the Rhine. The prime locations are Schildergasse, Hohe Strasse, Breite Strasse, Ehrenstrasse and Mittelstrasse, as well as Neumarkt. The sections between Hansaring and Hohenstaufenring, where there is a lively restaurant and café scene, and special locations such as the Belgian Quarter and the Colonaden at Cologne central station, complete the list of prime locations. Please refer to the attached list of prime locations in Cologne and the "temperature map".

Schildergasse is the number one high street in Cologne, with a footfall of around 14,800 pedestrians per hour and an annual sales revenue of EUR 650 million. It is home to large-unit outlets such as Galeria Kaufhof, Peek & Cloppenburg, Ansons, C&A, the biggest Zara store in Germany and Apple, which opened its landmark store in the old Hansen-Haus building (Schildergasse 1) in 2017.

There have been many other changes further down Schildergasse. Polish chain store operator Reserved took over the former Zara store in 2017 when Zara moved into Humanic's previous premises. Other new tenants include Iqos, Asics and Levi's. There has been extensive conversion work done at traditional shoe store Kämpgen on Krebsgasse. A new quarter – Antoniter Quarter – with retail, restaurant, residential and service facilities is currently being developed between Schildergasse and Cäcilienstrasse.

Cologne: top footfall by shopping street

Saturday 23 June 2018



Cologne's second most important prime location is **Hohe Strasse**, a narrow street with small retail units. Annual retail sales on this high street are around EUR 150 million and, at peak times, footfall is very high at around 9,300. Hohe Strasse connects the tourist and luxury area surrounding the cathedral with Schildergasse. Several development projects are currently in progress on the southern section. SATURN relocated from the Kaufhof department store and the store on Schildergasse to an approx. 6,500 m² sized unit at Hohe Strasse 46-50 after traditional retailer Jacobi moved out. The original Galeria Kaufhof department store has also undergone extensive refurbishment and UK fashion label Topshop recently opened a store there. The northern section of Hohe Strasse is attracting an increasing number of luxury retailers. Bayerische Versorgungskammer is planning to re-develop the former Domhotel and Kristallpasasge into a new five-star-plus hotel and a shopping arcade for high-end and luxury brands.

Zeppelinstrasse is another Cologne high street with top footfall rates after the restructuring of **Neumarkt-Galerie** and the arrival of major attraction Primark. Since the Primark store opened in 2014, this area has been more popular than ever before as a shopping destination. COMFORT's specialists recorded the city's third-highest hourly footfall of 6,100 pedestrians at Neumarkt-Galerie.

Cologne's **Breite Strasse** is another popular shopping street with footfall of around 4,000 pedestrians per hour. Breite Strasse and Minoritenstrasse form the connecting axis between Ehrenstrasse and Hohe Strasse. Three small inner city shopping centres, all with specific optimisation potential, are located here: Opern-Passagen, DuMont-Carré with its new anchor tenant Decathlon, and WDR-Arkaden. This prime location is mainly populated by traditional regional retailers. Karstadt has an anchor tenant role.

Ehrenstrasse is a trendy location with significant footfall fluctuation depending on the day of the week and the time of day. Around 2,000 pedestrians per hour at peak times is generally appropriate for this type of location. The retail units on Ehrenstrasse are relatively small in size and the shops that occupy them provide a variety of out-of-the-ordinary concepts. Ehrenstrasse has three distinct sections. The upper section near the Ring is very eatery-focused. Footfall increases to the east and the highest pedestrian rates can be found on the section extending from Willy-Millowitsch-Platz (Breite Strasse).

Mittelstrasse is an upmarket location with lower but adequate footfall of 2,100 pedestrians per hour. This, like Ehrenstrasse's footfall, is actually a very solid figure bearing in mind that the retailer profiles on these streets, and the consumers, are very different to those at the top frequency locations according to COMFORT research specialist Olaf Petersen. Mittelstrasse has diverse high-end retailers such as Aigner, Repeat, Marc Cain, Maje, and the Bazaar de Cologne is extremely popular as a central fashion, trend and style marketplace. A Tesla store also recently opened there.

Cologne has quite a few shopping centres, but it's no shopping centre stronghold

The Neumarkt-Galerie, with around 18,400 m² of rental space, and the DuMont-Carré (approx. 17,400 m² of rental space) are integral features of the inner-city retail scene. Both are operated by Apleona Real Estate.

In the greater urban area there are three main shopping centres. The largest, with a total of 43,000 m² of rental space, is Köln-Arcaden, which is under the management of Unibail-Rodamco. The Rhein-Center in Cologne-Weiden has some 40,000 m² of rental space and is considered to be one of the most professionally managed ECE shopping centres in Germany. The City-Center shopping centre in Cologne-Chorweiler with around 27,500 m² of rental space is also operated by ECE.

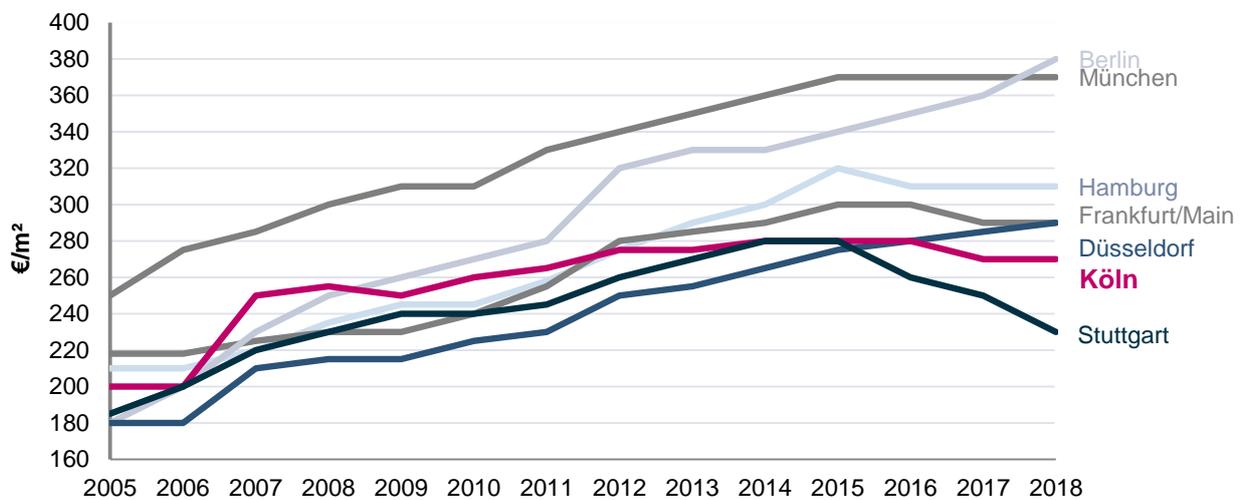
There are also various smaller shopping centres with less than 10,000 m² of rental space, though none of them has a strong profile. They include Opernpassagen, WDR-Arkaden and Colonaden in the city centre.

Stable rent development

Cologne's rent level puts it in sixth place out of the top seven cities, and rents have remained relatively stable at this level since 2017. This can be said for both smaller unit rents (80 – 120 m²) and larger unit rents (300 – 500 m²). The highest rents can be found at the number one prime location of Schildergasse at approx. EUR 270/m² for small units (80 – 120 m²), followed by Hohe Strasse (approx. EUR 225/m²). Ehrenstrasse (max. rent for 80 – 120 m² units: approx. EUR 97/m²), Mittelstrasse (max. rent for 80 – 120 m² units: approx. EUR 82/m²) and Breite Strasse (max. rent for 80 – 120 m² units: approx. EUR 72/m²), are much lower, but relatively close. "Although some prime location units are still available, the rents remain relatively stable – with the exception of a few corrections of excessively high historic rents – and demand is average," explained Jürgen Kreutz, Managing Director of COMFORT Düsseldorf.

Comparison of retail rents in the top 7 cities

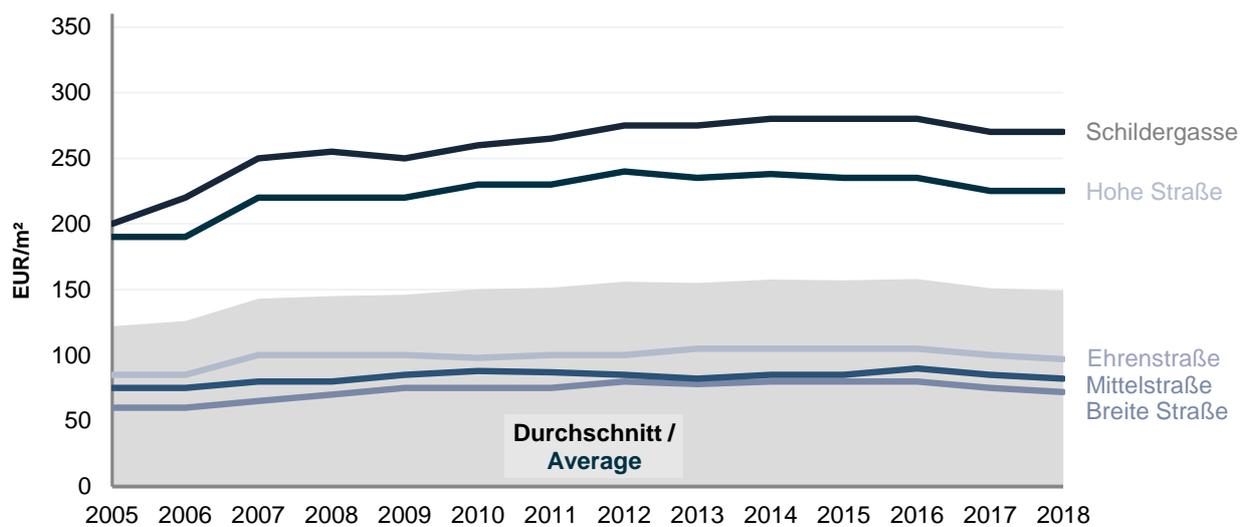
Max. rent for 80 – 120 m² units



Source: COMFORT Research & Consulting

Retail rents in Cologne's prime locations

Max. rent for 80 – 120 m² units

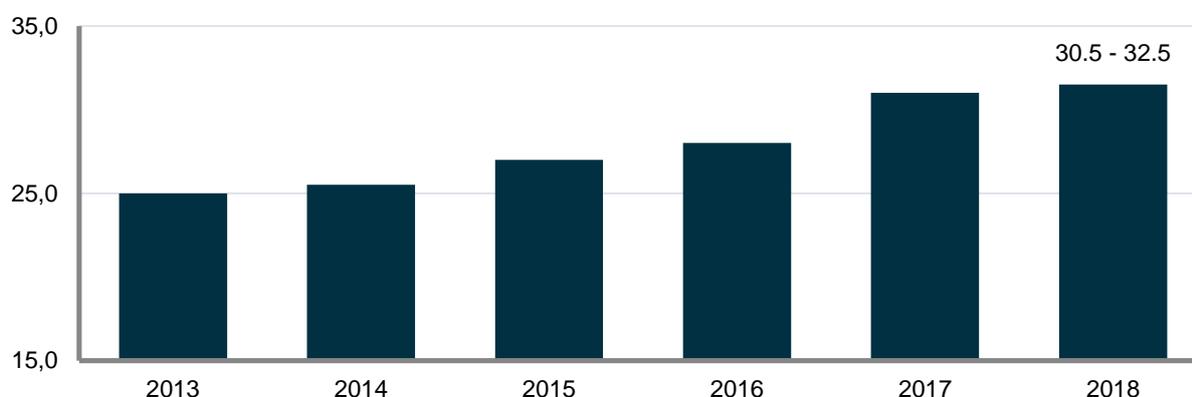


Source: COMFORT Research & Consulting

International investors are mainly interested in Schildergasse and Hohe Strasse

Cologne is currently profiting from the ongoing commercial property boom. “The city has a population of over a million and it plays an important role in both national and international investment concepts. Demand from a predominantly institutional and international investor base focuses almost exclusively on Schildergasse and the larger properties on Hohe Strasse, as well as a few properties on Ehrenstrasse,” commented Jürgen Kreutz, Managing Director of COMFORT Düsseldorf, explaining the investment trend in Cologne. “Overall, purchase price factors have increased considerably, and investors are still paying 30x net annual rent in some cases,” he added. In contrast, other retail locations in Cologne are popular with private investors and family offices because they offer similarly attractive properties with the same intrinsic value for prices between 22 and 24 times the net annual rent. Major investors also target Cologne’s shopping centres, although few options remain open to them after the sale of Neumarkt-Galerie, Bazaar de Cologne, Opfern Passagen and DuMont Carré. Generally speaking, demand is many times higher than supply, which is why prices are still extremely high.

Purchase price factors 2013 - 2018



Source: COMFORT Research & Consulting

About the COMFORT Group

Since it was founded in 1979, the COMFORT Group has specialised in the sale and letting of commercial properties, specialist stores and retail units. As a proven retail property expert, COMFORT makes its know-how available via a consultancy services portfolio which includes expertises, second opinion appraisals and third party due diligence reports. COMFORT continuously analyses rent and purchase price factors in Germany and Austria. It also provides shopping centre consultancy services and has a separate Luxury Retail unit. The retail specialist is also exclusive partner of Cushman & Wakefield for retail property letting in Germany. The COMFORT Group is headquartered in Düsseldorf and has offices in Berlin, Düsseldorf, Hamburg, Leipzig, Munich and Vienna. www.comfort.de

COMFORT Group media contact

Karolina Müller

Corporate Communications | | Schadowplatz 12, 40212 Düsseldorf | Tel. +49 211 9550-144 | mueller@comfort.de