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GERMANY'S DIGITAL
CITY DISPLAYS ITS
TECH CREDENTIALS

Cologne's cutting edge



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City of Cologne

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Ltd, Number One Southwark
Bridge, London SE1 9HL,
UK Tel: +44 (0)20 7873 3000.
Editorial fax: +44 (0)1858 461873.

Staff members can be contacted by
dialing +44 (0)20 7775 followed by
their extension number

Editor-in-Chief
Courtney Fingar 6365
courtney.fingar@ft.com

Deputy Editor
Jacopo Dettoni 4339
jacopo.dettoni@ft.com

Global Markets Reporter
Natasha Turak 6480
natasha.turak@ft.com

Production Editor
Richard Gardham 6367
richard.gardham@ft.com

Deputy Production Editor
Elliot Smither 6379
elliot.smither@ft.com

Executive Editor
Brian Caplen 6364
brian.caplen@ft.com

Art Director
Paramjit Virdee 6535
paramjit.virdee@ft.com

Advertisement Executive
Daniel Macklin 4120
daniel.macklin@ft.com

Global Commercial Director
Chris Knight 6718
chris.knight@ft.com

Associate Publisher
Luke McGreevy +971 (0)4 391 4398
luke.mcgreevy@ft.com

Publishing Director
Angus Cushley 6354
angus.cushley@ft.com

Marketing Executive
Jay Seenundun 6896
jay.seenundun@ft.com

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Customer services**

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Street, Sovereign Park, Market
Harborough, Leics, UK. LE16 9EF
ft@subscription.co.uk
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fax: +44 (0)1858 461 873

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Old and new

LONG ESTABLISHED AS A CENTRE FOR MANUFACTURING, FINANCE AND MEDIA, COLOGNE IS LOOKING TO DEMONSTRATE HOW IT CAN ALSO BE THE PERFECT HOME FOR INNOVATIVE DIGITAL COMPANIES, WRITES NATASHA TURAK, GIVING THE CITY AN ECONOMIC DIVERSITY WHICH SHOULD SAFEGUARD ITS FUTURE

The German city of Cologne has been an important trade and commerce destination since its founding by the Romans nearly 2000 years ago. Today, it sits at the heart of the Rhine-Ruhr metropolitan region, the largest in Germany and home to 11 million people within the state of North-Rhine Westphalia (NRW). A 100 mile-radius from the city's centre reaches a consumer base of more than 100 million inhabitants, making it an access point to one of the biggest market areas in Europe. With a population of just over one million, Cologne is Germany's fourth-biggest city after Berlin, Hamburg and Munich.

The city today is more known for events like its vibrant Carnival festival than for its Roman beginnings. Since its reconstruction after the Second World War, Cologne has moved from strength to strength, leveraging its traditional identity as an industrial and manufacturing hub to attract advanced industries and drive its media and finance sectors into the digital age. The University of Cologne, with a student body of 48,000, is one of the largest in the country, and the city's population is projected to grow by 20% by the year 2040. Known as Germany's media capital, its mission now is to broadcast to the world what it has to offer.

Underpinning Cologne's capacity as a busi-

ness destination is its central location and numerous transport links for both passengers and freight. Three international airports sit within less than an hour of the city, with Cologne Bonn airport a mere 12 minute drive from the city centre. Rail infrastructure includes connections to Brussels in less than two hours and Paris in just over three hours. Cologne also hosts Germany's second largest inland port, Kölner Häfen, which is directly connected to Rotterdam, one of the world's largest sea ports, via the Rhine.

A large source of investment activity is Cologne Bonn Airport, winner of the Skytrax World Airport award for the last three consecutive years and employer of 13,500 people. It is the fastest-growing in Germany, with passenger numbers increasing 20% each month, expected to hit a record of more than 11.6 million in 2016. Ninety-seven percent of all cargo volume is handled by global logistics companies Fedex and UPS, whose expanded cargo areas in the airport have seen over €400m of investment in the last few years.

"The background is the growth of low-cost carriers like Ryanair and the arrival of the Lufthansa subsidiary, Eurowings, which now offers low-cost long-haul flights from Cologne to Asia, the Caribbean and the US," says Michael



OUR CITY HAS A VERY VARIED AND DYNAMIC ECONOMIC STRUCTURE





Calm waters: by not being dependent on one single industry, Cologne has so far managed to insulate itself against the worst symptoms of economic downturns

Garvens, Cologne Bonn Airport's CEO. "Cologne Bonn is the only airport in continental Europe that, with Eurowings, has a low-cost product on long-haul."

An amalgamation of industries

"Our city has a very varied and dynamic economic structure; Cologne is not dependent on any one single branch of industry, and is so far better able to deal with any economic downturns or crises," says Cologne's mayor, Henriette Reker. Indeed, the city is known as both the media and insurance capital of Germany; it also hosts major German and international names in industry and engineering, from auto manufacturers to chemical and pharmaceutical plants.

One third of German TV content is produced in Cologne, home to RTL, Europe's largest private station, and WDR, continental Europe's biggest public radio and TV broadcast corporation. One in every 10 city residents is employed by the media sector. Advanced technology is provided by major digital players like Adobe, IBM, Wipro, and Microsoft, the latter of which moved its NRW operations to Cologne in 2008 and employs more than 420 people there. IT companies in the city number over 11,000 and employ 100,000 people, according to Cologne's Chamber of Commerce and Industry (CCI).

Cologne also tops German cities for volume of insurance companies, with about 300 companies in banking and insurance and another 5,500 insurance intermediaries. German giants Axa and HDI Gerling are based there, as are Japan's Mitsui Sumitomo, Zurich Financial Services and Warren Buffet's Gen Re European headquarters, to name a few.

These all serve to create a rich market for innovative digital start-ups, which the city works hard to support through initiatives like business accelerator Digital Hub Cologne, a platform connecting start-ups to industry. Still behind start-up and banking hubs Berlin and Frankfurt on the international radar, the city knows it must continuously intensify its efforts.

"Digitalisation will have a key role to play in business and industry in the future and our city is in an excellent position to meet these challenges," the mayor stresses. Indeed, consulting firm PricewaterhouseCoopers last year declared Cologne to be Germany's digital capital after having compared all the country's major urban centres.

Fuelling location development

Still driving its industrial core is Cologne's auto industry: Ford, Citroen, Mazda, Renault, and Toyota among many others make the city and region a centre for international car manufacturers. In 1930 Ford made Cologne its German headquarters; in 1998 it became its European headquarters. The US automaker employs 20,000 workers, making it the single largest foreign investor in the city.

"One important aspect for a car manufacturer is logistics," says Ford's communications office. "The Ford plant in Cologne is located directly next to the river Rhine. About 40% of our daily production is transported by ship, and many Ford suppliers are located close to the plant. Not to forget that the region is a scientific hub with many important universities and research institutions. This guarantees a strong and vibrant network to innovation, research and young talents." ▶

WAR AND PEACE

Cologne was almost entirely destroyed in the bombings of the Second World War, but returned to its pre-war population by 1959. It benefited greatly from the presence of Konrad Adenauer, Germany's first post-war chancellor, who is credited for bringing about the "German Economic Miracle". Mr Adenauer not only was born in and served as Mayor of Cologne; his funeral was held in the iconic Cologne Cathedral, which miraculously survived the war despite being hit 14 times by Allied aerial bombs



Well connected: Cologne's central location and excellent transport links have served to attract both traditional industries such as manufacturing and the new wave of digital start-ups

“There is an enormous spread of economically diverse activities in Cologne,” says Werner Görg, president of the CCI. “The University of Cologne and University of Applied Sciences offer a large research and training potential, and Cologne brings in very good conditions to attract skilled employees.”

Cologne also strives to integrate and train its influx of Syrian and other refugees through dedicated language and apprenticeship programs funded by the CCI; so far, 85% of programme entrants have successfully graduated.

Highly-qualified workers in sciences and links to the international pipeline system have also made Cologne attractive for world leaders in chemicals and pharmaceuticals – Bayer, Lanxess and ExxonMobil Chemical are some of the names whose massive buildings dot the city skyline. Experts at industry-specific networks like BioCampus Cologne and ChemCologne foster cutting-edge research to complement the business environment.

“There is a direct proximity of competitors and numerous industry events in our city,” the president continues. He describes something Germans call the “kleben effect”, or the glue effect. “People come here to study or work, and end up staying,” he explains. “And that’s the big advantage for all the companies and big branches here – they get all the skilled people they need to do business.”

Astronomic aspirations

Germany’s most celebrated astronaut lives in Cologne, and it is not for nothing. Alexander Gerst, International Space Station (ISS) veteran, trained at the European Astronaut Training Centre in the German aeronautics and space research centre (DLR) in Cologne. In 2018, he will become ISS’s first German commander.

Since 1959 Cologne has been home to DLR and since 2003 to the European Aviation Safety Agency. The proximity to logistics links makes this connection obvious; they frequently use Cologne Bonn airport’s infrastructure. Boeing and Airbus run tests in the DLR; it also has research collaborations with DHL, Bayer, and engine maker Deutz AG. General Electric and Rolls Royce have invested €60m into DLR combustion chamber testing for power plants and aeroplane engines.

One of the city’s assets is Koelnmesse, the fifth-largest exhibition centre in the world, which covers 380,000 square metres of space and attracts hundreds of thousands of visitors per year. “Specialist trade fairs such as [food fair] Anuga, Photokina, and digital marketing fair Dmexco make Koelnmesse the number one trading venue globally for 25 branches of business,” Ms Reker says.

The venue is also the site of leading games fair Gamescon, hosted by global gaming giant Electronic Arts (EA), which attracts nearly 350,000 visitors annually. Martin Lorber, PR director at EA, says, “We chose Cologne as it is one of the most important media business hubs in Germany and Europe. You find here the most important broadcasters, media partners, digital agencies, creative people, universities and other parts of the gaming ecosystem.”

The concept of an ecosystem, for all aspects of work and life, is central to Cologne’s marketing pitch. Norbert Strochen, president of the British Chamber of Commerce in Germany, agrees. “I think industry is coming increasingly to Cologne because of the infrastructure,” he says. “You have universities, you have theatre, you have international schools; you need all this to attract people.”

Looking forward, Cologne aims to focus its message to continue raising its profile internationally, as well as develop commercial and living space to prepare for the growth the city will see in coming years. Harnessing this growth properly, and continuing to support young talent and innovative ideas, will prove key to driving that message home. ■

Q&A: HENRIETTE REKER

Open for business

COLOGNE HAS ALL THE QUALITIES TO ATTRACT INTERNATIONAL INVESTORS, SAYS MAYOR HENRIETTE REKER, BUT AS SHE TELLS fDi, THE CITY NEEDS TO MAKE ITSELF MORE VISIBLE

Q Cologne is Germany's fourth-biggest city in terms of population. Considering the popularity of cities like Berlin, Frankfurt and Munich, what makes Cologne unique?

A Cologne Cathedral is unique and it makes the city famous across the globe. Millions of visitors from every corner of the world come and visit our city every year in order to see this world heritage site. Many come also to celebrate the sensational Carnival. But Cologne is more than just that; the city is also an international business location, a leading trade-fair and conference venue, and is highly rated as being a great city to live in. People from over 180 different nations live here in Cologne, and the city's globally open and tolerant atmosphere means that each of them feels right at home here.

Q Like many German cities, Cologne is receiving thousands of refugees from war-torn countries. There was an array of serious incidents that took place on New Year's Eve involving women being robbed and sexually assaulted by large numbers of men purportedly from migrant communities. How are you working to integrate refugees into the city while also ensuring safety?

A The events of New Year's Eve have not led to any changes to Cologne's integration policy and measures. The many Cologne citizens who have been voluntarily supporting the more than 40 initiatives in the city have continued to work to the same commitment as before, helping refugees integrate into Cologne's city districts. Many have, however, developed a more realistic view of the situation. They know that among the many refugees

who are looking for protection against war and persecution, there are also those among them who behave in a criminal manner. I have the impression that many people working voluntarily with refugees now keep a closer eye on things in this respect. Following the events of New Year's Eve, the police and the city have examined how they co-operate and have intensified this further.

Q What are Cologne's biggest challenges in terms of achieving more FDI and job growth? In what areas can it do better, and how are you pursuing this?

A In the last few years Cologne recorded an above-average increase in employment rates, while also increasing the awareness it enjoys among international investors. But there remain opportunities for improvement – Cologne must sharpen its profile and become more visible internationally. I think the city has all the qualities required in terms of location; investors just need to be made aware of these. Consequently we have started a branding process in conjunction with companies and associations to optimise our external communication. Together with exhibition centre Koelnmesse, for example, we want to attract five-star hotels to Cologne at the Expo Real as there is a need for such hotels in the city.

Q What is your vision for the city – where would you like to see Cologne in five years' time? And what are some of the big investment projects planned in the city in the near future, if any?

A What I imagine for the city in five years' time is that we will



have successfully dealt with the growth, meaning that we will not only have created affordable housing for the population, but also the necessary jobs and infrastructure such as kindergartens and schools. We will have been successful in integrating refugees. We will have renewed our infrastructure, in particular our streets and bridges. Our biggest advantage here in Cologne is that we still have massive potential when it comes to developing our inner city area, such as, for example, the area known as 'MesseCity', where Zurich Versicherung Insurance company will locate new offices and employ almost 3000 people. The "Deutzer Hafen" harbour also offers massive potential, and it will be redeveloped into a new city district with housing and businesses. ■

Beyond biotech

COLOGNE'S BIOTECH CENTRE BIOCAMPUS IS BRANCHING OUT FROM ITS ORIGINAL PURPOSE. DIRECTOR ANDRÉ VAN HALL TELLS NATASHA TURAK WHY AN INTERDISCIPLINARY APPROACH IS THE WAY FORWARD

The BioCampus on the edge of Cologne's city limits is set for a comprehensive rebrand, says director André van Hall – one that will encompass its ambitions toward becoming a multidisciplinary science and technology hub rather than a centre focused purely on biotech. Everything from its new name to its corporate logo is up for transformation.

"The BioCampus originally was only made for biotech companies," Mr van Hall tells *fDi*. "That wasn't a good idea for the future as the target group – biotech companies – is too small." Germany has about 500 biotech companies with around 18,000 employees, a small figure compared with its US or British counterparts.

"Furthermore, you can support synergetic effects by having an interdisciplinary environment," says Mr van Hall, who adds that in scientific fields, it is ideal to have different disciplines located together. "This is why we are planning a rebranding. It doesn't make sense to call it biotech if we're going to do much more than that."

International R&D

The 25-hectare property is currently home to 29 companies carrying out sophisticated research and development in life sciences and, increasingly, other scientific fields. Established as a biotech park in 2002 after serving as factory premises since 1962 and funded by the city of Cologne, BioCampus is already an FDI destination for major players including German multinational Bayer, French healthcare company Sanofi, and Swiss life sciences company Lonza. Sanofi, which owns its facility on the property since buying German pharmaceutical manufacturer Nattermann in the early 2000s,



Fresh injection: the BioCampus rebrand is part of a push to attract companies from beyond the biotech sector

employs about 400 of the 1000 people that work on the campus.

"We want to provide one address for a whole company's life," Mr van Hall says. This includes rentable space for individual offices or labs for small start-ups, scale-up support for flexible growth, construction of customised facilities for later-stage growth, and partnerships with academic institutions such as the nearby University of Cologne.

BioCampus is a growing magnet for international companies as they discover and invest in the specialised start-ups within Cologne's science community. Mr van Hall calls them "hidden champions" – Germany's term for companies that are not well known but are market leaders in their field – and names some that have won major investment or acquisition by multinationals.

One such is cell and gene company Amaxa Biosystems, founded in Cologne and bought by Swiss company Lonza in 2008 for €180m. Another is Sividon diagnostics, one of only two companies worldwide producing diagnostic kits for breast cancer patients, which was recently acquired by US-based molecular diagnostics company Myriad Genetics. Meanwhile, German start-up Direvo, a specialist in biomass

conversion, was partly bought by Bayer for €270m.

Happy endings

"These are typical examples for Cologne's BioCampus," Mr van Hall says. "Here is an innovative start-up, it grows, and an international player buys it. It's a perfect story, and we need 50 more of them to get that traffic here."

Other hidden champions at the BioCampus include Axio Genesis, a spin-out from the University of Cologne. Since its founding in 2002 it has become a major force in the field of pluripotent stem cells. Rimasis is another start-up with roots in the university, in this case medical technology. Smaller foreign players include Finland's Kemira, UK-based Bioclub, and Ayoxxa Biosystems, which was founded in Singapore. The latest foreign company to enter the campus is HawkEye, an IT innovator in sports technology originally set up in the UK.

"We have to increase the number of such cases," says Mr van Hall. "But you can see that companies see something interesting here, especially for foreign investors. If a US or UK company is looking for a sophisticated location, we are here, and we want to be part of the competition." ■

Q&A: UTE BERG

A hub for innovation

ATTRACTING TECH COMPANIES IS A KEY COMPONENT OF COLOGNE'S FUTURE PROSPERITY. UTE BERG, GENERAL MANAGER OF BIOCAMPUS COLOGNE AND DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT AND REAL ESTATE, TELLS fDi HOW THE BIOCAMPUS CAN PROVIDE THESE FIRMS WITH A PERFECT HOME, BUT ADMITS IT NEEDS TO BOOST ITS PROFILE

Q What is the vision behind BioCampus Cologne?

A We want to develop long-term structures for technology-driven companies to secure the wealth and economic power of Cologne. We are world champions of exports, but to secure this we have to invest in future technologies such as life sciences, engineering and chemistry. Cologne had the idea that somewhere within the city limits there should be a place for innovation and technology, and this is the BioCampus Cologne.

A special topic here is incubating start-ups as an exciting part of this innovation process. The Rhine-Ruhr is one of the largest metropolitan areas in Europe; all the academic and industry competence is here, it is a perfect spot to invest and to run your business. Cologne is the largest city in this area, and the BioCampus is one solution for innovation and technology in the city.

Q How do you see BioCampus developing or expanding in the coming years?

A At the moment we have 30,000 square metres in use. It is possible to build 300,000 sq m here due to our large expansion area, so you can see the potential of what is behind that. Currently we have 28 tenant companies with more than 1000 employees, and we can increase the area tenfold – so maybe 10,000 people will work here in 10 to 20 years.

Our message and our goal is that BioCampus will be the hi-tech campus – not only for biotech but also the whole healthcare sector, ICT, big data, digital economy, biochemistry, environmental technology, nanotechnology, robotics – everything dealing with tech. We do not have all of these yet; the majority of companies here are



still in life sciences, but in recent years we have established a few others. This will start to create a cluster effect, which will further help companies that come to BioCampus. Anything that deals with technology and has a high level of R&D is very welcome here.

Q What is your strategy for attracting industry and major international players in the biotech sphere?

A We already have an excellent mix of companies. There are global players like Sanofi, Bayer, and Lonza, which bought smaller companies here and are now located here – these are absolutely success stories in their field.

Our major strategy is to build the buildings and maintain ownership of them, and rent them to customers. But we can also sell areas to major players – landmark investments to attract other companies.

This is important because you do not often have the combination of

CURRICULUM VITAE

UTE BERG

2011

Cologne

Deputy mayor for economic development and real estate for the city of Cologne

Previously

Economic policy spokesperson, SPD parliamentary group; Head of Department of Labour and Economic Development, Kiel; Member of Parliament, German Bundestag

excellent location and the opportunity to expand. When you settle down here as a company you can stay your whole life. Start with one lab or room or office, and you have room to grow – we can build you a customised building. We have a solution for everything, and they are sustainable solutions.

Q Where do you see your biggest challenge in expanding the BioCampus?

A Our visibility. We are not visible – if you ask people, they do not know what we are doing here. Now we are at the moment of this strategic concept to reinvent ourselves. We are planning to come up with a new name, a new corporate design and so on. We want to intensify our marketing strategies by using social media and going to real estate fairs to raise our visibility.

In the last 10 years this was not focused on very intensively; we have to change that now. Because again, the potential is there; we just have to put it on the table. ■



Showcasing the future: the Koelnmesse exhibition hall hosts the Gamescom and DMEXCO events

Kick-starting the future

LONG A CENTRE FOR TRADITIONAL BUSINESS, COLOGNE IS DETERMINED TO MAKE ITSELF A LEADING DESTINATION FOR START-UP AND TECH FIRMS. THE POTENTIAL FOR COLLABORATION BETWEEN THESE OLD AND NEW INDUSTRIES COULD GIVE THE CITY AN EDGE OVER ITS RIVALS, FINDS NATASHA TURAK

Historically a centre for industry and manufacturing, Cologne's embrace of the digital age is carrying it forward as one of Germany's fastest-growing cities for start-ups and technology.

This is helped in no small part by the fact that Cologne is also the country's media capital, home to six television stations, nine radio stations, 35 publishers and more than 50 independent production studios. Combined with the several thousand financial services companies located in the city, Cologne's business landscape – and the surrounding area of the Rhine-Ruhr metropolitan region, which includes Düsseldorf, Dortmund, Essen, Bonn, and smaller cities – provides a rich market for digital innovation and tech start-ups.

"A significant goal in the next few years is to make Cologne one of the leading start-up hotspots in Germany alongside Berlin," says Ute Berg,

Cologne's deputy mayor for economic development and real estate.

While already benefiting from strong business sectors and the brain power of the University of Cologne, the city is not resting on its laurels. Key public and private players have come together to create a collaborative platform in an effort to boost digital industry growth. "Following the successful application for subsidies from the federal state government of North Rhine-Westphalia for the creation of a 'Digital Hub Cologne'," Ms Berg continues, "the city's administrative authority, chambers as well as its scientific and economic institutions are well on the way to making our city the premier digital hub in western Germany."

Digital Hub Cologne GmbH was established as an initiative between the City of Cologne, the Chamber of Commerce (CCI) and the University of

Cologne "to sustainably strengthen the regional economy by the ability to digitise", according to its website. A brand new business accelerator, it aims to act as a bridge to connect SMEs with innovative digital startups in the region and internationally to help develop new products and services. "Cologne wants to defend its digital top position in North Rhine-Westphalia and to catch up with Berlin, Munich and Hamburg," the website states as its aim.

Opportunity

Small to medium-sized businesses are often behind when it comes to digitisation; Cologne sees a market gap which it aims to fill, in turn strengthening the competitiveness of its local economy. Already, the city is home to nearly 1000 start-ups employing more than 13,000 people.

"The digitisation is not only changing entire branches of industry

A SIGNIFICANT GOAL IN THE NEXT FEW YEARS IS TO MAKE COLOGNE ONE OF THE LEADING START-UP HOTSPOTS IN GERMANY ALONGSIDE BERLIN



START-UPS NEED CLIENTS AND BUSINESSES NEED DIGITAL SOLUTIONS, AND BOTH ARE STRONG IN COLOGNE



and large areas within companies. It is also decisive for their future development,” Ms Berg explains. “Cologne as a city pulls out all the stops to set optimal framework conditions for successfully shaping the digital transition of Cologne as a business hub.”

This includes hosting events, providing grants, and building incubators for the city’s many budding start-ups. StartPlatz is an accelerator and co-working facility in Cologne’s media park providing office space, training workshops and a thriving network of neighbouring digital media companies for its tenants. Other local incubators include WHB Ventures, which works with start-ups in digital publishing; Betafabrik, which provides support for financing and implementation of business ideas; and Gateway, based in the University of Cologne and founded by and for scientists and students.

Cologne-born start-ups are many and varied, crossing the retail, media, communications and financial services sectors, among others. Included are online shopping portal Hitmeister, virtual dictionary Linguee, social app Qeep, financial technology tool TrustedShops which delivers digital seals of approval for web retailers, online art platform Fotocommunity, and insurance technology innovator Insurance AI, which aims to modernise the

insurance industry using artificial intelligence – to name just a few.

Collaboration

“The start-ups need clients and the businesses need digital solutions, and these are both strong in Cologne – that’s our big advantage,” says Ulf Reichardt, general manager of the CCI. “Compared to Berlin, for example, they have many start-ups but they’re lacking the classical industry. And these start-ups need clients and industry to do business with. We have both, so what we need to do now is lift the potential that comes from that collaboration.”

International start-up accelerator network StartupBootCamp held its 2016 “Pirate Summit” in Cologne in July – a wild gathering held in a scrapyard-turned-outdoor art gallery involving more than 650 start-up founders competing for funding from 250 investors, corporate leaders and media executives. InsurTech, FoodTech, DataTech and Internet of Things visionaries were out in force, while DJs, pop-up bars, and guests in pirate costumes certainly made the event an original one.

Cologne’s famous Koelnmesse exhibition hall hosts DMEXCO, an international conference showcasing global digital marketing and media trends, new industry ideas, and networking opportunities with executives from the likes of Facebook,

Google, Twitter, Amazon and more. Koelnmesse is also the site of Gamescom, a massive games business fair held by the German branch of American gaming company Electronic Arts (EA). The event attracts more than 635 exhibitors from 40 countries and nearly 350,000 visitors each year.

“There’s a lot going on in Cologne,” says Mehrdad Pirozraam, a venture capitalist in financial and insurance technology who first came to Germany from Iran in 1979. “The ecosystem is the hand-in-hand play between governmental bodies like the city and the chamber and big corporate players. Working close to banks and insurers, for start-ups, is a huge win for Cologne and a huge win for the start-ups.”

Despite all this, Cologne must work on projecting its image, Mr Pirozraam argues. Essential to maintaining an innovative edge is attracting young talent. “Cities like London and Berlin are sexy and hip for young people. You need to have a really different, unique pitch because you can’t compete with ‘cool’ cities. Let’s find areas where we are strong and develop them into the next generation.”

With yearly increases in established start-ups, university graduates, employees in digital industries, and high-profile events and initiatives, Cologne appears on the right track to cultivate that strength and maintain its momentum. ■

Flight of the insurers

WITH THE UK'S FINANCIAL SERVICES FIRMS WEIGHING UP THEIR OPTIONS FOLLOWING THE BREXIT REFERENDUM, COULD COLOGNE BE SET TO BENEFIT FROM AN EXODUS OF INSURANCE COMPANIES FROM LONDON? NATASHA TURAK TAKES A LOOK

It was not long after the dust of the UK's dramatic vote to leave the EU had settled before European cities began their campaigns to lure UK-based businesses into their jurisdictions.

Among them were Paris, Dublin and Berlin, offering new homes to companies in banking, financial technology, and more, betting on the possibility of restricted business for the UK if post-Brexit laws alter its access to the EU single market. Cologne has been less prominent on the radar, but some in the city's financial services sector believe it could benefit too.

"Cologne is now a very attractive insurance location for British companies wanting to re-orientate following the Brexit vote in the country's recent referendum," remarks Henriette Reker, Cologne's mayor. Since the end of the Second World War, Cologne has been a capital for insurance services. The city's insurance sector employs about 25,000 people across more than 300 insurance and banking companies and 5,500 insurance intermediaries.

"We expect in Cologne that Brexit will have a tremendous influence on the financial industry in Great Britain – not only in the banking institutions but also in the insurance industry," says Werner Görg, president of the Cologne Chamber of Commerce and Industry (CCI) and supervisory board chairman at major German insurance group Gothaer. "Barrier-free access to the EU market is crucial – Cologne could be the region in central Europe which attracts most UK [insurance] companies for their mainland European hub."

According to the CCI, 231 British companies are already in the region.



Brexit blues: Cologne would be happy to provide a new home for insurance companies looking to relocate

"In case they are willing to leave London, it would be wonderful if they considered coming to Cologne."

Partner up

Not everyone in Cologne's insurance community agrees. Mehrdad Pirozraam, partner at InsurTech.VC, a venture capital firm investing in disruptive insurance technology startups, believes it is unrealistic to try to compete with London. Rather, he says, Cologne should focus on what it is good at and aim to collaborate with the global finance capital. "I want to do something together with London," he says, "because everything else is not realistic. Financial power and all the investments needed to develop these companies are much stronger in London."

Insurance technology, or insurtech, is a concept similar to fintech – Mr Pirozraam describes it as the disruption and innovation of the insurance business via technology. One Cologne-born start-up in which he is investing is Insurance AI, which he says uses artificial intelligence "to bring banks and insurance companies into the new age".

"The financial power of London is obvious, and it takes the lead in Europe for VC funding," Mr Pirozraam continues. "However, I believe Cologne is in a good position to develop an insurtech start-up eco-

system, because we have a really good market in Germany, which can be served from the excellent insurance sector in Cologne. This business will be much more international than in the past. So combining Cologne's power with London's financial leverage is a huge win for everybody."

Norbert Strohschen, president of the British Chamber of Commerce in Germany, does not predict a seismic shift to Cologne. "I think London's dominance will continue – the insurance business is international, and London is historically one of its most important markets. International companies will stay there, but potentially others who considered London might now choose to stay in Germany or go to Cologne or Munich."

Too soon to tell

In the meantime, the British Chamber of Commerce says it receives between 50 and 100 emails per day from German and British companies concerned about how their businesses will be affected by Brexit. Germany is the UK's second-biggest trading partner after the US, with nearly €300bn in bilateral trade. But all that is for certain is enduring uncertainty, Mr Strohschen explains. "For questions on post-Brexit business, it's really half a year too early. Nobody knows what is going to happen." ■

Growing demand

WITH A RISING POPULATION FUELLING DEMAND FOR HOUSING AND A COMMERCIAL SECTOR IN GOOD HEALTH, THE REAL ESTATE MARKET IN COLOGNE IS A HIVE OF ACTIVITY. NATASHA TURAK EXPLAINS HOW MUCH OF THE REQUIRED INVESTMENT IS COMING FROM FOREIGN INVESTORS

As millennials continue to fuel urban population rises and migrants and refugees stream into Germany, Cologne's population is projected to grow by 20% by the year 2040. This means a constant demand for housing and commercial real estate development. The city has seen a record first half this year in real estate take-up – gross leasing activity – which for the first time in 10 years has surpassed 200,000 square metres, hitting a record 202,000 sq m in the first six months of 2016. Despite the slowed pace of European growth, Cologne's skyline is dotted with cranes and is set to continue to be for at least the next several years.

A massive contribution to this half year total is a 60,000 sq m lease signed by Swiss insurer Zurich Insurance Group for a brand new office district, to be occupied by a series of insurance companies. The development, called MesseCity Köln, will sit next to the river Rhine between German television broadcaster RTL, Koelnmesse exhibition centre, the city's 20,000-capacity Lanxess arena and a railway station, and will allow for a further 60,000 sq m of development space for offices and hotels. It will be ready for occupancy by late 2018, accommodating 2700 people.

Zurich Insurance is centralising the operations of its offices in Cologne and southern neighbour Bonn into this new development; this is in part due to Cologne's larger size, along with its well-known status as the insurance services hub of Germany.

Foreign interest

"Cologne is much more in focus for international investors; it is known for its university, strong media and



Moving in: Zurich Insurance will centralise its operations into the new MesseCity Köln office district

insurance sectors, the iconic Dom Cathedral, and a growing population," says Jens Hoppe, managing director at BNP Paribas Real Estate GmbH. "Around 33% of the total commercial investment in Cologne is from foreign investors." FDI is most prominent in high-volume investments (projects over €50m to €100m), Mr Hoppe adds.

Zurich Insurance's major development project represents a wider trend of insurance companies dominating this year's take-up with more than 32% of all activity, according to BNP Paribas' Cologne City Report 2016. Public administration followed at 16%, with consultancies at 13% of take-up and ICT at 8%. Media, retail and other services followed with 5% each.

Filling up

This bustling market activity is also reflected in falling vacancy figures, the BNP Paribas report reveals. "Overall vacancy currently stands at 434,000 sq m, which is almost 14% below the prior-year level," the report says.

"The vacancy rate has fallen to 5.6%, giving Cologne third place among the Big Six locations" – Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich.

Large, connected premises offering modern-quality vacant space are now found to be in short supply, resulting in a bottleneck that actually extends beyond central Cologne to the entire municipal area.

"We need the market to be offering enough comfortable office space to react to the future because we need more space for the people coming to work in Cologne, and to be prepared for the expansion of the inhabitants here," Mr Hoppe stresses.

Another major real estate project is the Deutzer Hafen harbour, a new quarter set to accommodate 4500 residents split between residential, office and commercial space. Beginning development in 2019, the quarter will reach up to 300,000 sq m in size. Development plans are also in place for Cologne-Mülheim in the south, where it is predicted up to 10,000 people will live and work in the future.

"If you think about how much Cologne is growing in the coming years, this means that it is 100% necessary to create more living space for the city," Mr Hoppe emphasises. "So no matter where the development happens, it will be of huge interest to investors." ■



Cologne factfile

LOCATION:

- Cologne is located in west-central Germany, in the Rhineland region.
- 16 million people are reachable within 1-hour's drive.

POPULATION/DEMOGRAPHIC:

- 2.2 million inhabitants and 8.5 in Rhineland, making the latter one of the biggest metropolitan regions in the EU (2014).
- In Cologne 770,988 (34.7%) are between 18 to 45 years old.
- Net migration: +16,179 (2011 census).

LABOUR FORCE:

- Workforce (subject to social insurance contributions) is 884,494 (2015). This is split between services (55.7%), trade (22.6%), and manufacturing (22.2%).
- GDP per employed person: €69,352 (2013).
- 100,000 students undertaking higher education (2015).
- 9,000 apprentices and traineeships undertaken in 2015.

ECONOMY:

- GDP at market prices (million

euros): €87,951 (2013).

- Unemployment: 8% (2015).
- Registered companies and small traders: 148,270 (2015).
- New businesses registered: 22,199 (2015).
- Insolvencies: 1,010 (2015).
- Purchasing power per person (index=100): 106.1 (2015).
- 54% is the export figure for the manufacturing industry (2015).
- Tourism (2015): 8.8 million overnight stays in 2015.
- Industrial sector total turnover in % (2015): automotive (31%), chemicals (18.6), and mechanical engineering (8.5).

Source: Cologne Chamber of Commerce and Industry

USEFUL LINKS:

The City of Cologne offers information on investment opportunities and other resources for investors via the following sites:
www.stadt-koeln.de
www.stadt.koeln
www.cologne.de
www.facebook.com/koeln

www.koelnmagazin.net
www.digitalhub.cologne
www.startupregion.koeln
www.wissenschaft.koeln
www.zeitraum.koeln

ADDITIONAL SOURCES OF INFORMATION:

Cologne Tourist Board
www.koelntourismus.de
 Cologne Convention Bureau
www.conventioncologne.de
 KölnKongress GmbH
www.koelnkongress.de
 Koelnmesse GmbH
www.koelnmesse.de
 Cologne Chamber of Commerce and Industry www.ihk-koeln.de
 and www.mediacity.cologne
 Cologne Chamber of Crafts
www.hwk-koeln.de
 Köln Bonn Airport
www.koeln-bonn-airport.de
 ICT Cologne
www.ict-cologne.de
 HealthRegionCologneBonn
www.health-region.de
 ChemCologne
www.chemcologne.de
 Cologne Science Forum
www.koelner-wissenschaftsrunde.de