

	YoY Change	12-Month Forecast
343,000 Take-Up, m ²	▼	▲
3.9% Vacancy Rate	▲	▲
620,000 Under Construction, m ²	▼	▬
€30.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

	YoY Change
95.5 Ifo Employment Barometer Germany (Dec 2020)	▼
566,400 Hamburg Office Employees (Dec 2019)	▲
7.7% Hamburg Unemployment Rate (Dec 2020)	▲

Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC OVERVIEW

With 1.8 million inhabitants, Hamburg is Germany's northernmost international trading city. However, the coronavirus-related economic downturn since April 2020 is leaving its mark on the economic outlook. The unemployment rate rose from 6.3% in March to 7.7% in December, and Hamburg's gross domestic product has declined by 6.6% in 2020, according to the latest figures from Oxford Economics. Hamburg's economy will recover in the coming years with projected growth of 3.7% in 2021 and 8.0% in 2022.

TAKE-UP

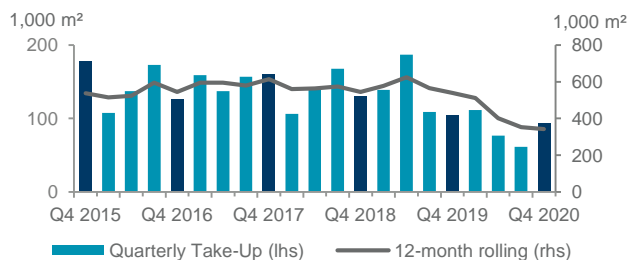
Take-up in the Hamburg office market 343,000m² in 2020. Due to the coronavirus crisis, the leasing market experienced a fall in demand, resulting in the lowest take-up since 2003. Compared to the previous year, take-up declined by 36% and fell short of the five-year average by 38%. Although take-up in the fourth quarter of 2020 was 10% lower than in the equivalent quarter of 2019, it was the quarter with the highest take-up since the onset of the pandemic, and with a lease signed for an area of more than 10,000m², the final quarter exhibited the first positive signals. In 2021, take-up is expected to be higher than in 2020, but the coronavirus-related economic effects and uncertainties will continue to slow office leasing activity until at least mid-2021, and thus take-up in 2021 is likely to remain below the five-year average.

The largest deal in the fourth quarter, and in the course of 2020, was HCOB's lease of 11,000m² in the Elbtower development project in the HafenCity submarket. Overall, HafenCity contributed over 34,000 m²; some 10% of Hamburg's total office market take-up. The strongest submarket in terms of take-up was City, with around 89,000m² or 26% of total take-up.

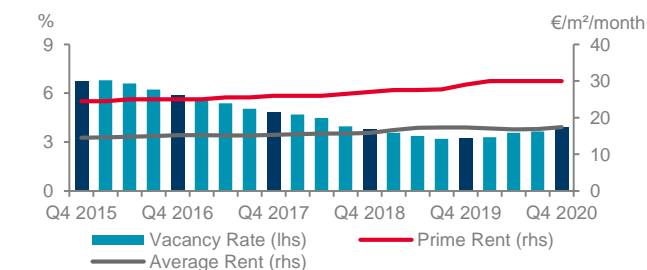
VACANCY

Office vacancy rose by 22% compared to 2019, to around 583,000m². At 3.9%, the vacancy rate in the market area is now as high as it was at the end of 2018. In 2021 the vacancy rate is likely to increase further due to the low level of expected take-up in combination with existing space becoming vacant, additional sublet space and the increase in space still available in completed developments.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Development project completions added 98,400m² to Hamburg's office stock in 2020; 42% less than the average of the previous five years. Completion volume is to increase again in the coming years, with 620,000m² of office space currently under construction, of which 54% has already been pre-let. In 2021 and 2022, a total of about 580,000m² of the office space is expected to be completed. The pre-letting rate here is already 59%. Construction activity and pre-letting rates remain at a high level.

RENTS

Since increasing by €1.00 to €30.00/m²/month at the beginning of 2020, the prime rent has remained static. The weighted average rent is €17.45/m²/month, having risen by €0.10 or 0.6%, compared to the same point the previous year. The main reason for this was HCOB's large-scale lease in the "Elbtower" development in HafenCity.

In 2021, prime and average rents are expected to rise slightly as office leasing activity picks up, as demand for attractive new-build space in good city centre locations remains at a high level.

SELECTED PROJECT DEVELOPMENTS

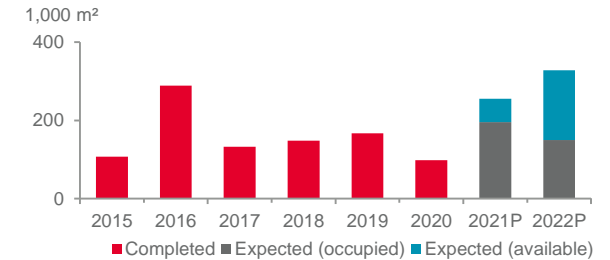
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Springer-Quartier BT A	City	Completed	2020	11,000	AEVN
Olympus Campus	City South	Under Construction	2021	47,000	Hines, AEVWL
Deutschlandhaus	City	Under Construction	2022	30,000	ABG
SG Campus	Extended Areas North	Under Construction	2022	26,000	Warburg-HIH

MARKET STATISTICS

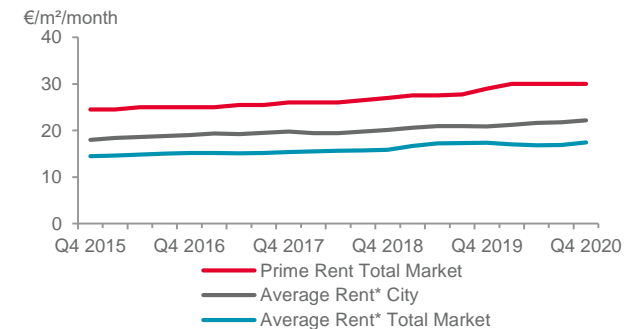
Selected Micro-Submarkets	Take-Up 2020 (m ²)	Completions 2020 (m ²)	Space under Construction Q4 2020 (m ²)	Prime Rent Q4 2020 (€/m ² /month)	Average Rent* 2020 (€/m ² /month)
City	88,600	49,200	148,700	30.00	22.20
City South	44,800	-	99,400	16.50	12.55
HafenCity	32,100	2,500	91,900	26.50	25.40
Ottensen-Bahrenfeld	43,100	10,600	3,000	18.00	16.10
Total Market Hamburg	343,000	98,400	620,000	30.00	17.45

* Weighted Average Rent (12 months)

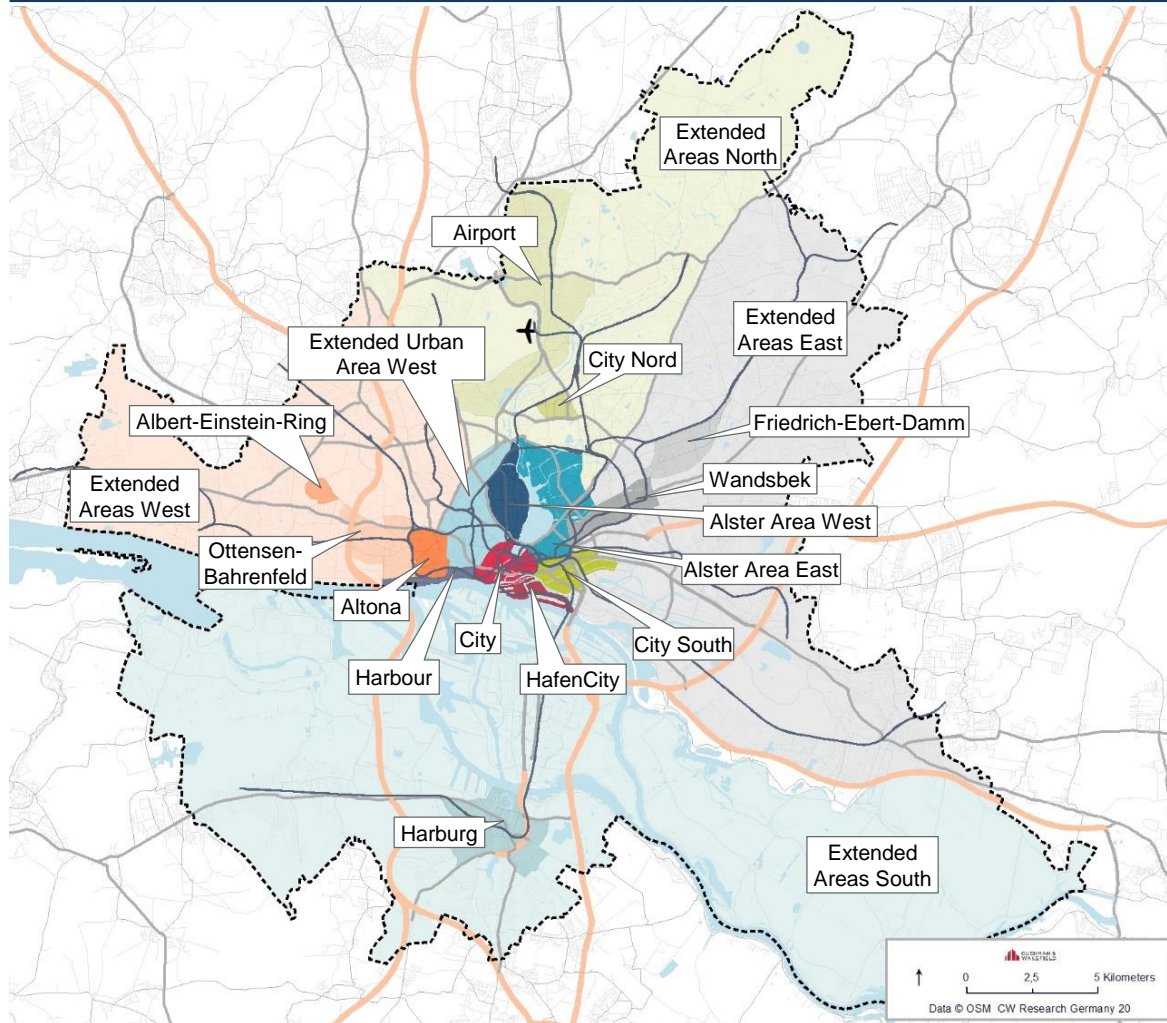
COMPLETIONS



RENTS



MICRO-SUBMARKET OVERVIEW



RENT SPREADS Q4 2020

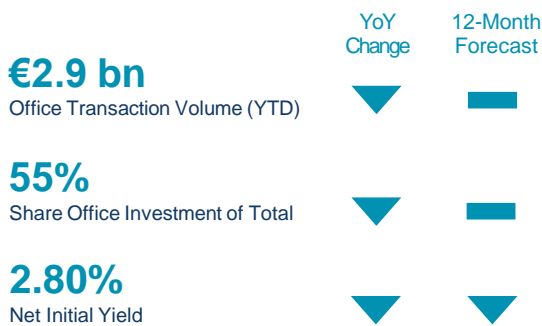
Micro-Submarket	€/m ² /month
City	15.00 – 30.00
City South	10.00 – 16.50
HafenCity	16.00 – 26.50
Harbour	15.00 – 24.00
Alster Area West	14.00 – 24.00
Alster Area East	12.00 – 24.00
Extended Urban Area West	12.00 – 15.50
Wandsbek	9.50 – 15.00
Friedrich-Ebert-Damm	8.00 – 12.50
Extended Areas East	7.00 – 16.50
City North	10.00 – 16.00
Airport	9.50 – 15.50
Extended Areas North	8.50 – 16.00
Harburg	10.00 – 15.00
Extended Areas South	7.50 – 11.00
Altona	10.50 – 16.50
Albert-Einstein-Ring	8.00 – 13.50
Ottensen-Bahrenfeld	10.50 – 18.00
Extended Areas West	8.00 – 15.00

OFFICE INVESTMENT MARKET

A total of around €2.9 billion was invested in office properties and project developments in 2020. The largest office transaction of the year was the approx. €300 million third quarter acquisition of the Gruner+Jahr building in the City submarket by a consortium led by Tishman Speyer. Investment activity in 2020 was heavily concentrated on central office locations, especially in the City submarket.

The net initial yield for prime office properties in Hamburg's central locations has been stable at 2.80% since the beginning of 2020, and at 4.00% in non-central locations. Demand for investment properties in the core and core-plus segments is expected to remain high in 2021. Consequently, the pressure on yields remains high.

KEY FIGURES



TRANSACTION VOLUME



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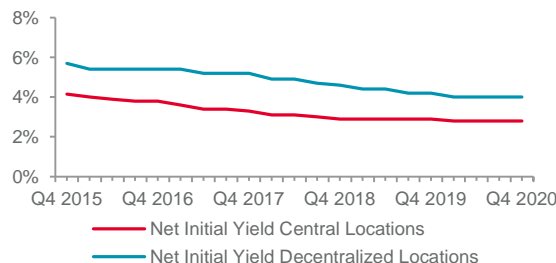
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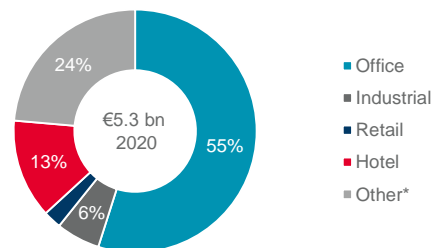
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PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



*Mixed-use Property, Development Sites, Nursing Homes etc.

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