

MARKETBEAT HAMBURG

Investment Q2 2021



YoY 12-Month
Change Forecast

€1.16 bn

Transaction Volume (cum.)



10%

Share of Foreign Capital



2.80%

Office Prime Yield, net



40%

Share Office Investment Volume

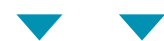


ECONOMIC INDICATORS

YoY Change 12-Month Forecast

7.6%

Hamburg Unemployment Rate (Jun 2021)



467,900

Hamburg Office Employees (Dec 2020)



0.0%

ECB Interest Rate (Jun 2021)



-0.23%

10-Year Government Bond Yield (Q2 2021)



Source: Federal Employment Agency, Moody's Analytics

LOW TRANSACTION VOLUME, OFFICE PROPERTIES WITH THE HIGHEST SHARE

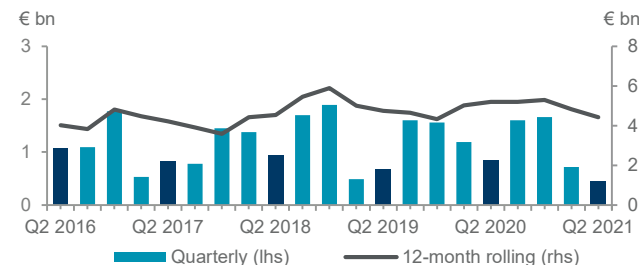
After record transaction volume in the Hamburg commercial investment market in the first half of 2020, this year's first-half result of around €1.16 billion is 43% lower. Thus, the transaction volume is 34% and 24% short of the H1 5-year and 10-year averages. In contrast to last year, when investment was largely concentrated in city centre locations, a large proportion of transaction volume (over 30%) was generated by deals for properties in the eastern locations of the city.

Office properties remain the most sought-after asset class among investors. In total, around €460 million was invested in office properties and development projects in the first half of the year, which is 40% of total transaction volume. Compared to the first half of last year, the current result falls 55% short. The main reason for this is the low number of large-volume transactions involving office properties in the three-digit-million-euro range. The only office transaction above the €100 million mark was the approximately €155 million sale by the OetkerGroup of Hamburg Süd Haus in Willy-Brandt-Straße in the City submarket to Union Investment in the first quarter.

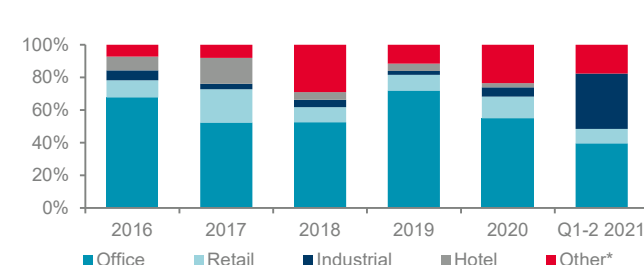
With a share of 34%, the transaction volume of logistics and industrial properties was above average, reaching over €390 million, largely due to the sale of the Spectrum logistics centre in the east of the city for around €189 million by Fiege Logistik to the DWS Group in the second quarter.

The retail property transaction volume contributed 9 % or €102 million in the first half of the year. Compared to the equivalent period last year, this represents a decline by more than half (-51%), primarily due to the lack of availability of suitable properties.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



*Office, Retail, Logistics/Industrial, Hotel, Other (Leisure, Health Care, Mixed Use, Development Plots)

INVESTORS FOCUS ON CORE PRODUCTS

Low-risk investments in the Core and Core+ classes account for over 80% of total transaction volume. These mainly involved office and logistics properties. The lack of product availability slowed market activity and limited the transaction volume. However, one of the few transactions in the value-add segment was the sale of the Wintershall Dea headquarters in the City North submarket. The property, which was developed for Dea in the 1970s, was bought by Becken with the aim of refurbishing it and exploiting the potential to increase its value.

BROAD DISTRIBUTION OF THE TRANSACTION VOLUME ACROSS SIZE CLASSES

Large-volume transactions of €100 million or more and transactions of less than €25 million made similar contributions to total transaction volume in the first half of 2021, at 32% and 28% respectively. None of the other markets in the top-7 shows this structure.

OFFICE YIELDS REMAIN STABLE, STRONG YIELD COMPRESSION IN THE LOGISTICS SEGMENT

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 3.90% in peripheral locations.

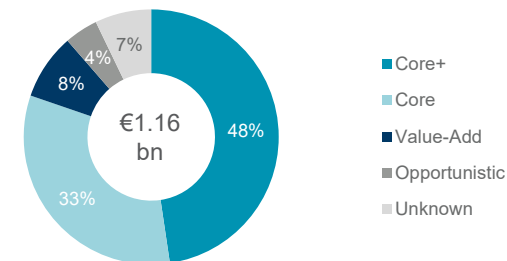
The yield for high-quality logistics properties was at 3.30% at the end of the first half of the year. Compared to the same point last year, the prime yield has fallen by 60 basis points.

Prime yields for city centre retail properties are stable year-on-year at 3.80%.

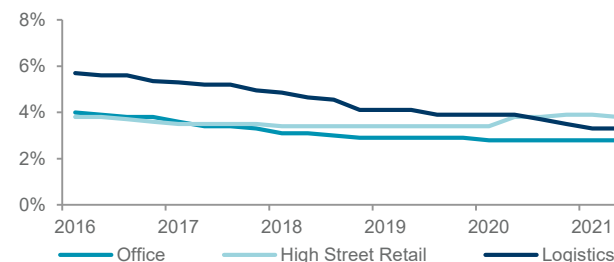
Outlook

- The demand for sustainable office properties with ESG criteria is increasing significantly.
- High demand for core product is encountering low supply, which is expected to lead to slight yield compression over the remainder of the year.
- Investment pipeline for the second half of the year is picking up but will remain below the previous year's level.
- The excess demand for core properties will probably continue to dominate the second half of the year and limit potential transaction volume, leading to a lower result for the year as a whole than in previous years.

TRANSACTION VOLUME BY RISK CATEGORY Q1-2 2021

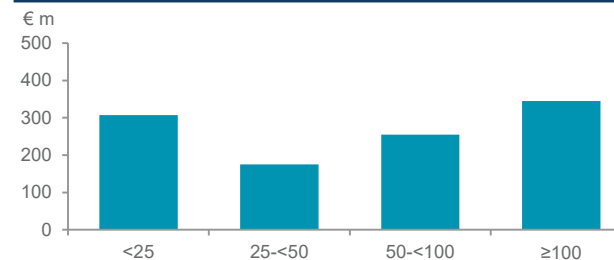


PRIME YIELD BY ASSET CLASS



* Net initial yield

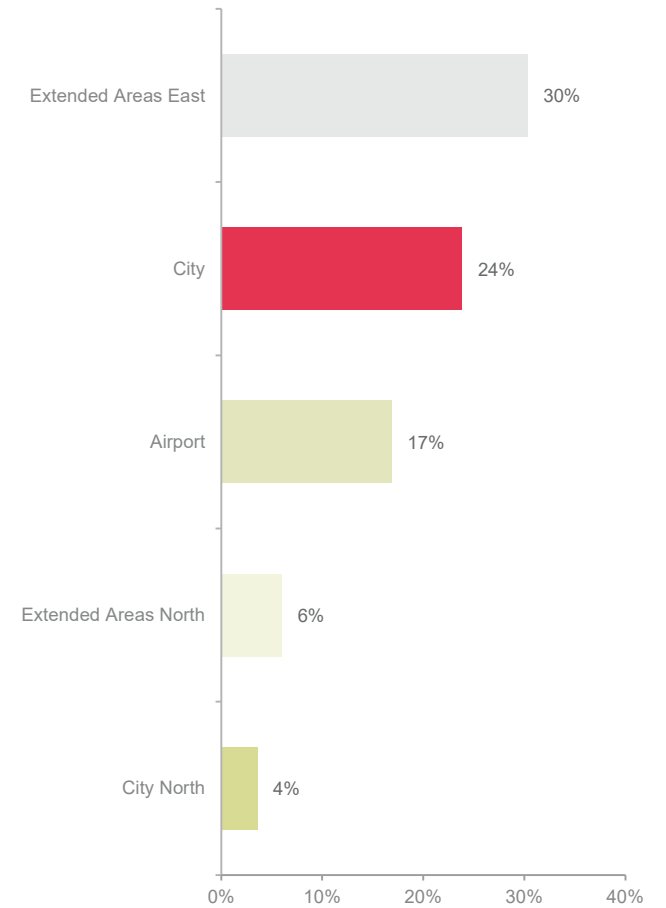
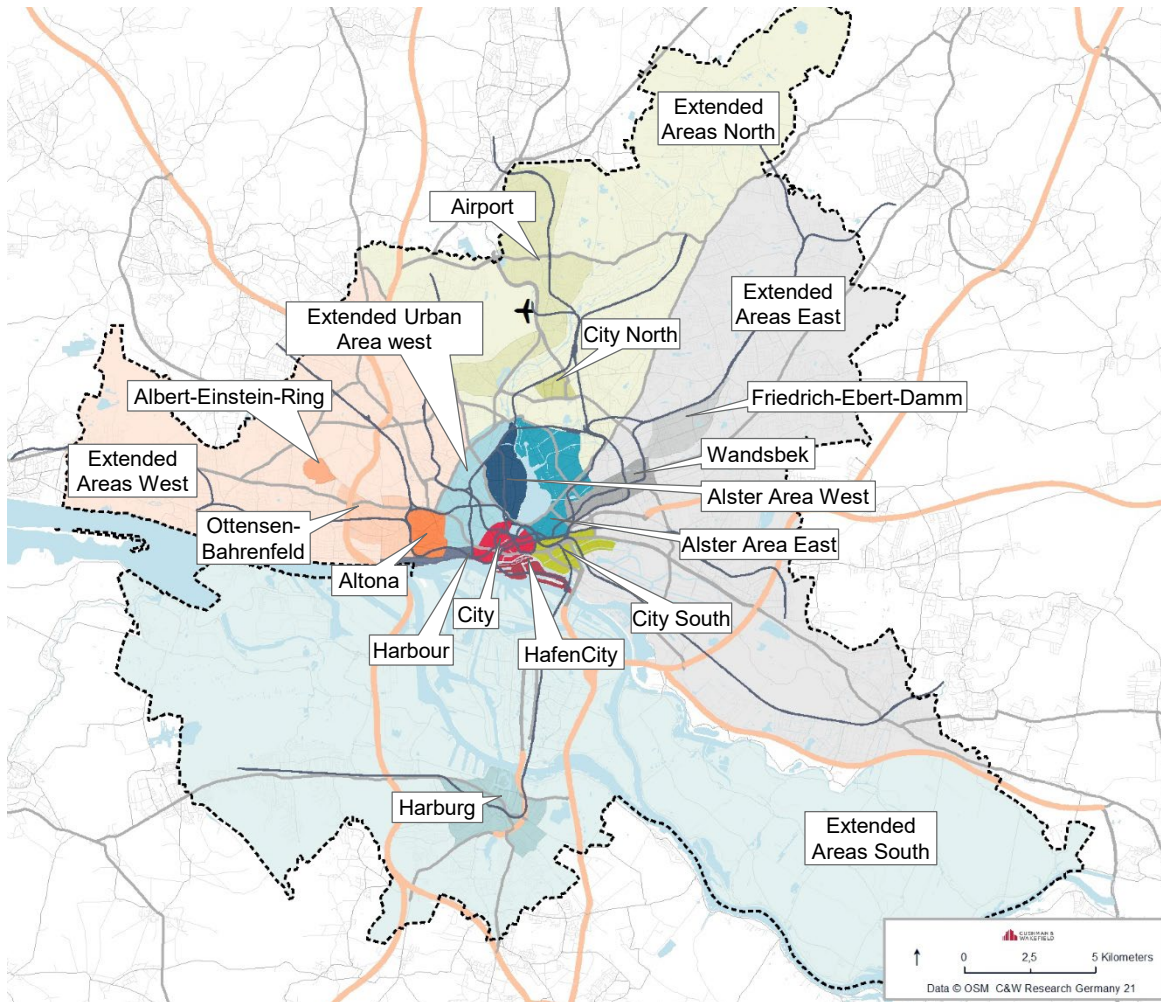
TRANSACTION VOLUME BY SIZE CATEGORY Q1-2 2021*



* Each size category in euro million

OFFICE SUBMARKETS OVERVIEW

TOP-5 SUBMARKETS BY TRANSACTION VOLUME Q1-2 2021



MARKET STATISTICS Q1-2 2021

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Industrial Volume	Share of International Capital	Office Prime Yield*	High Street Retail Prime Yield*	Logistics Prime Yield*
Hamburg	1.16	40%	9%	34%	10%	2.80%	3.80%	3.30%
YoY Change	-43%	-10 PP	-1 PP	+21 PP	-30 PP	0 bps	0 bps	-60 bps
Top-7 Markets	12.19	52%	3%	7%	35%	2.84%	3.68%	3.31%
YoY Change	-14%	-14 PP	-6 PP	+3 PP	-3 PP	-11 bps	-2 bps	-60 bps
Germany	22.08	43%	10%	16%	38%	2.84%	3.68%	3.31%
YoY Change	-23%	+3 PP	-13 PP	+4 PP	-4 PP	-11 bps	-2 bps	-60 bps

*Prime yield is net initial yield, displaying achievable values. Prime yield Germany = Average of Top-7 Markets

PP = Percentage Points bps = Basis Points

SELECTED TRANSACTIONS 2021

Property / Transaction	Quarter	Asset Classes	Submarket	Vendor / Buyer	Price (€ million)
Spectrum, Amadeus-Stubbe-Straße 10	Q2	Industrial	Extended Areas East	Fiege Logistik / DWS Group	~ 189
Hamburg Süd Headquarter, Willy-Brandt-Straße 59-65	Q1	Office	City	Oetker Group / Union Investment	~ 155
Campus Stapelwerk, Meiendorfer Straße 205	Q1	Industrial	Extended Areas East	Aurelius / Warburg HIH Invest	~ 75
North 40, Überseering 40	Q1	Office	City North	Wintershall Dea Immobilien / Becken Development	confidential

Marc Rohrer

Head of Hamburg Branch
Head of Capital Markets Hamburg
Tel: +49 40 300 88 11 14
marc.rohrer@cushwake.com

Sebastian Becker

Research Analyst
Tel: +49 40 300 88 11 49
sebastian.becker@cushwake.com

Helge Zahrt, MRICS

Head of Research & Insight Germany
Tel: +49 40 300 88 11 50
helge.zahrt@cushwake.com

Ursula-Beate Neißer

Head of Research Germany
Tel: +49 69 50 60 73 140
ursula-beate.neisser@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.