

	YoY Change	12-Month Forecast
<b>210,000</b> Take-Up (cum.), m <sup>2</sup>	▲	▬
<b>4.2%</b> Vacancy Rate	▲	▲
<b>517,000</b> Under Construction, m <sup>2</sup>	▼	▬
<b>€30.00</b> Prime Rent, €/m <sup>2</sup> /month	▬	▲

## LABOUR MARKET

**103.7**

Ifo Employment Barometer Germany (Jun 2021)

YoY Change



**476,900**

Hamburg Office Employees (Dec 2020)



**7.6%**

Hamburg Unemployment Rate (Jun 2021)



Source: ifo-Institut, Moody's Analytics, Federal Employment Agency

## ECONOMIC OVERVIEW

As a result of the Covid-related economic downturn, the unemployment rate rose to 8.5% in July 2020. Since May 2021, it has been declining again in a year-on-year comparison for the first time and is at 7.6% in June 2021. According to the latest figures from Moody's Analytics, gross value added declined by 4.1% in 2020. However, recovery began in the first half of 2021 with growth of 0.3%. In the second half of the year, growth of 3.4% is projected.

## TAKE-UP

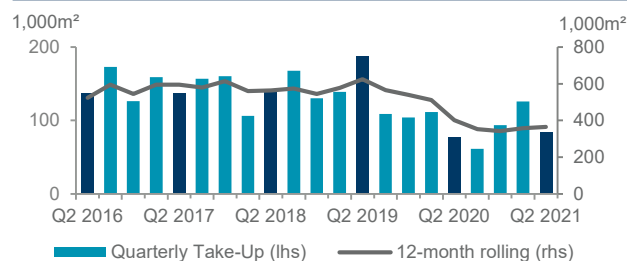
Take-up in the Hamburg office market in the first half of 2021 was 210,000m<sup>2</sup>, an increase of 12% on the previous year's result. The result indicates a moderate market recovery after the Covid-related downturn but is still 19% short of the H1 5-year average and 3% short of the H1 10-year average. Three large leases for an area of more than 10,000m<sup>2</sup> were registered to mid-year, accounting for around 20 % of the total take-up. The outlook for the rest of the year remains cautiously optimistic. Many office users want to implement their newly-developed workplace concepts and require new space accordingly. In addition, major contracts in the pipeline lead us to expect a higher take-up in the second half of the year. With an expected annual take-up of around 450,000m<sup>2</sup>, the year-end result would be significantly above the 343,000m<sup>2</sup> result of 2020.

The largest lease in the first half was signed by the public prosecutor's office for 17,600m<sup>2</sup> in the Michalis Quartier in the City submarket. Overall, City contributed around 61,000m<sup>2</sup>, some 29% of Hamburg's total office market take-up. The second-strongest submarket in terms of take-up was Ottensen-Bahrenfeld with 28,600 m<sup>2</sup> or 14 %.

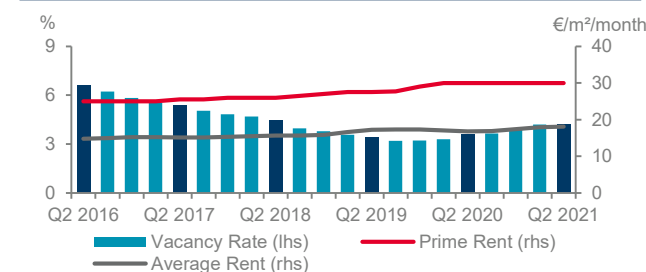
## VACANCY

Office vacancy rose by 19% compared to the previous year, to around 635,000m<sup>2</sup>. At 4.2%, the vacancy rate in the market area is now as high as it was in mid-2018. In the second half of 2021 the vacancy rate is likely to increase further due to a combination of existing space becoming vacant, additional space being offered for subletting and available space in newly-completed developments.

## TAKE-UP



## VACANCY & RENT





## COMPLETIONS

Completions added 95,000m<sup>2</sup> to Hamburg's office stock in the first six months of the year – 97% of this was already pre-let. The largest completion is the Olympus Campus in the City South submarket, developed by the Zech Group, with around 47,000m<sup>2</sup> of office space, which is fully let to Olympus and Design Offices.

In addition, a total of 517,000m<sup>2</sup> of office space is under construction and is expected to be completed by 2025. In the current and coming year, a total of about 435,000m<sup>2</sup> of office space is expected to be completed. The pre-letting rate here is already 64%.

## RENTS

The consistently high interest in modern office space in city centre locations has kept the prime rent stable at a sustainably achievable level of €30.00/m<sup>2</sup>/month for 18 months. The weighted average rent is €18.10/m<sup>2</sup>/month, having risen by €1.30 or 8%, compared to the same point last year.

The further increase in construction costs and the shift in the office working world with a focus on high quality locations and equipment lead us to expect a moderate growth in prime rents in the medium term.

## SELECTED DEVELOPMENT PROJECTS

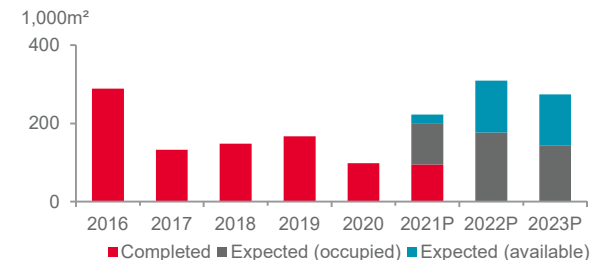
Property/Project	Micro-Submarket	Status	Year of Completion	Office Space (m <sup>2</sup> )	Owner
Olympus Camus	City South	Completed	2021	47,000	Hines, AEVWL
Deutschlandhaus	City	Under Construction	2022	30,000	ABG
SG Campus	Extended Areas North	Under Construction	2022	26,000	Warburg-HIH
EDGE ElbSide	HafenCity	Under Construction	2023	22,000	HMG AG

## MARKET STATISTICS

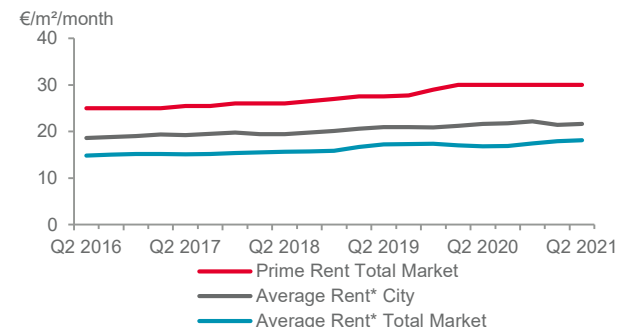
Selected Micro-Submarkets	Take-Up Q1-2 2021 (m <sup>2</sup> )	Completions Q1-2 2021 (m <sup>2</sup> )	Space under Construction Q2 2021 (m <sup>2</sup> )	Prime Rent Q2 2021 (€/m <sup>2</sup> /month)	Average Rent* Q2 2021 (€/m <sup>2</sup> /month)
City	61,000	27,500	106,100	30.00	21.60
Ottensen-Bahrenfeld	28,600	0	12,000	18.00	16.10
City Süd	26,800	54,300	32,300	16.50	13.50
HafenCity	24,400	8,900	111,800	26.50	25.60
<b>Total Market Hamburg</b>	<b>210,000</b>	<b>95,000</b>	<b>517,000</b>	<b>30.00</b>	<b>17.90</b>

\* Weighted Average Rent (12 months)

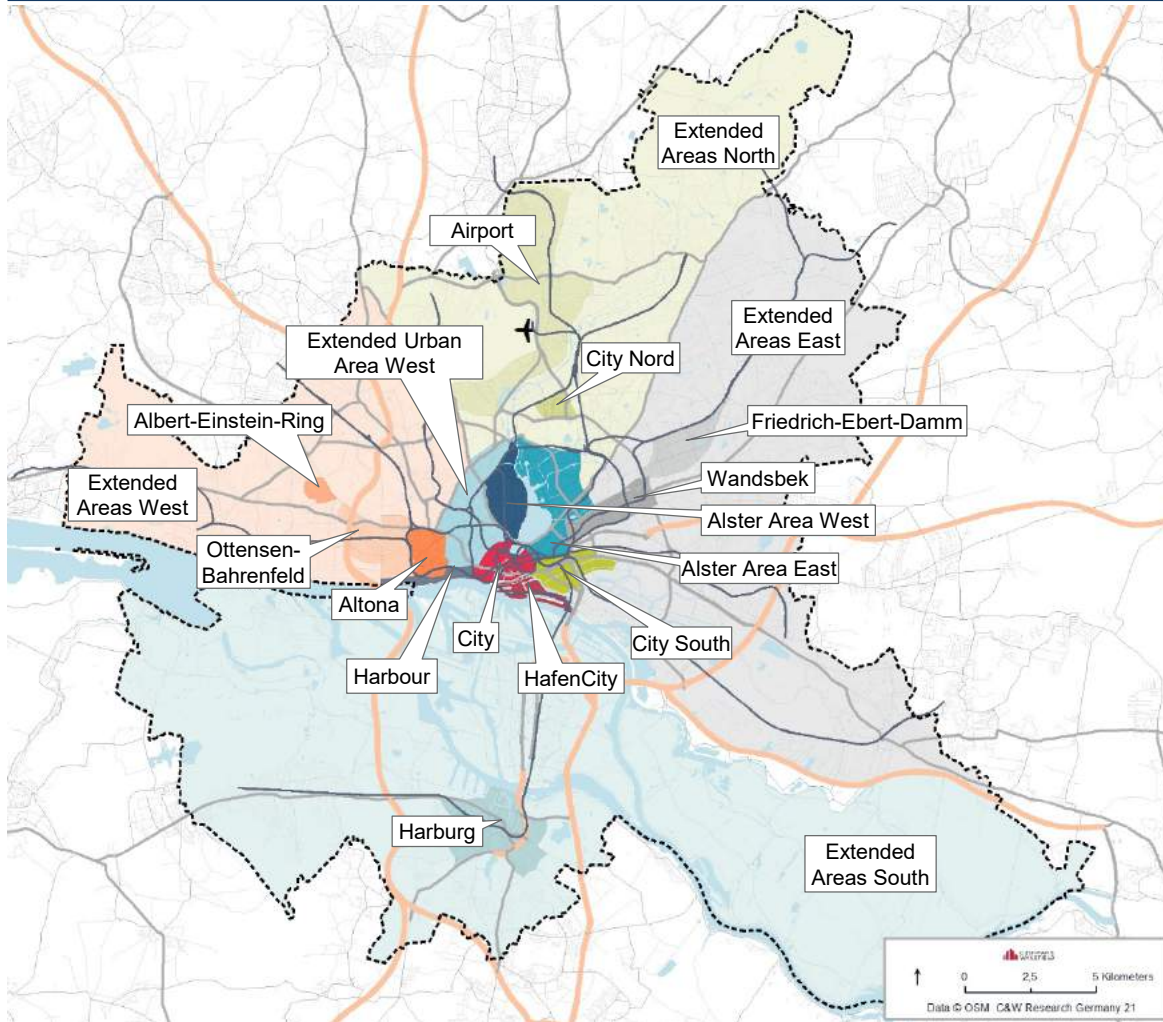
## COMPLETIONS



## RENTS



## MICRO-SUBMARKET OVERVIEW



## RENTAL PRICE RANGES Q2 2021

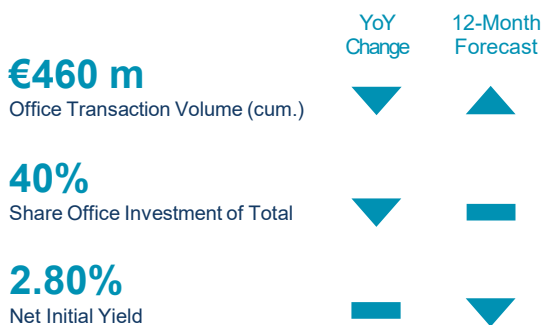
Micro-Submarket	€/m <sup>2</sup> /month
City	15.00 – 30.00
City South	10.00 – 16.50
HafenCity	16.00 – 26.50
Harbour	15.00 – 24.00
Alster Area West	14.00 – 24.00
Alster Area East	12.00 – 24.00
Extended Urban Area West	12.00 – 15.50
Wandsbek	9.50 – 15.00
Friedrich-Ebert-Damm	8.00 – 12.50
Extended Areas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

## OFFICE INVESTMENT MARKET

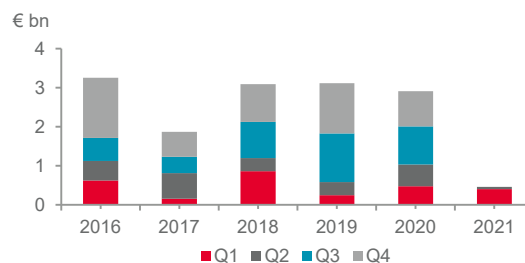
A total of around €460 million was invested in office properties and development projects in the first half of the year. The only office transaction above the €100 million mark was the approx. €155 million sale by the Oetker Group of Hamburg Süd Haus in Willy-Brandt-Strasse in the City submarket to Union Investment in the first quarter. As was the case last year, investment activity was heavily concentrated in 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 3.90% in peripheral locations. High demand for core products is encountering low supply, which is expected to lead to slight yield compression over the remaining course of the year.

### KEY FIGURES



### OFFICE TRANSACTION VOLUME



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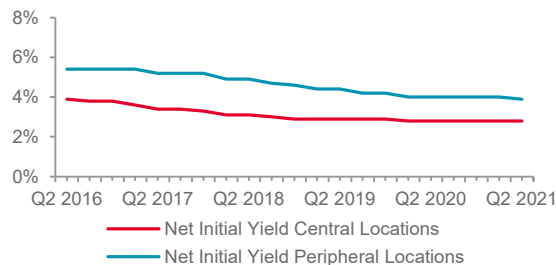
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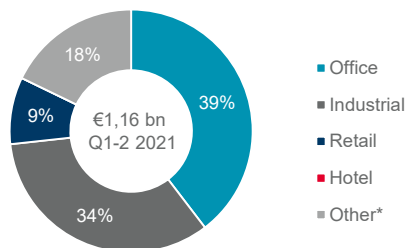
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### PRIME OFFICE YIELDS



### TRANSACTION VOLUME BY ASSET CLASS



\*Mixed-use Property, Development Plots, Nursing Homes etc.

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