

# MARKETBEAT HAMBURG

Investment Q3 2021



CUSHMAN &  
WAKEFIELD

YoY 12-Month  
Change Forecast

**€2.01 bn**

Transaction Volume (cum.)



**23%**

Share of Foreign Capital



**2.80%**

Office Prime Yield, net



**56%**

Share Office Investment Volume



## ECONOMIC INDICATORS

YoY Change 12-Month Forecast

**7.0%**

Hamburg Unemployment Rate (Sep 2021)



**472,900**

Hamburg Office Employees (Dec 2020)



**0.0%**

ECB Interest Rate (Sep 2021)



**-0.41%**

10-Year Government Bond Yield (Q3 2021)



Source: Federal Employment Agency, Moody's Analytics

## TRANSACTION VOLUME CATCHES UP, OFFICE PROPERTIES WITH THE HIGHEST SHARE

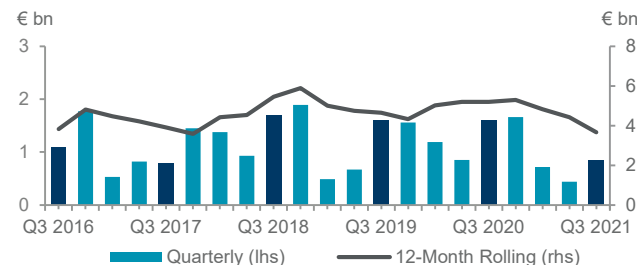
After a comparably low take-up in the first half of the year (€1.16 billion), the commercial investment market in Hamburg was more dynamic in the third quarter. The transaction volume of around €845 million contributed to a Q1-3 cumulative balance of around €2.01 billion. Nevertheless, the result is 45% lower than last year's strong figure and 36% behind the Q1-3 5-year average. With around 35% of the transaction volume, most of this year's investment activity has so far been concentrated in city centre locations.

Office properties remain the most sought-after asset class among investors. In total, around €1.1 billion was invested in office properties and development projects from January to September, which is 56% of total transaction volume. Compared to the same period last year, the current result falls 45% short. The main reason for this is the continuing lack of product in the core segment. The largest office transaction, the approx. €170 million sale by the Jahr Group of Medienzentrum Rotherbaum in the Alster Area West submarket to Values Real Estate in the third quarter, was also the second-largest transaction of the current year.

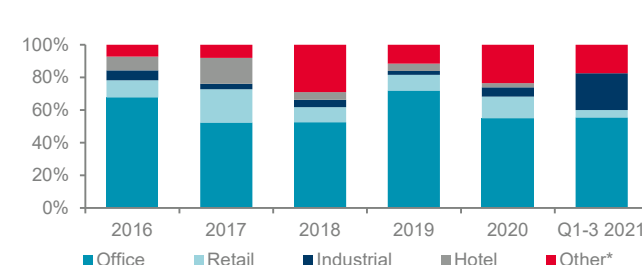
Contributing over €452 million, some 23% of the total, the transaction volume of logistics and industrial properties was above average, largely due to the sale of the Spectrum logistics centre in the east of the city for around €189 million by Fiege Logistik to the DWS Group in the second quarter. The previous year's result was thus exceeded almost five-fold and the 5-year average of the first three quarters was more than doubled.

The retail property transaction volume contributed 4% or €88 million in the first nine months of the year. Compared to the equivalent period last year, this represents a decline by more than 80%.

## COMMERCIAL TRANSACTION VOLUME\*



## SHARE OF TRANSACTION VOLUME BY ASSET CLASSES



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



### INVESTORS ARE BROADENING THEIR PURCHASING PROFILES AGAIN

Low-risk investments in the Core and Core+ classes account for almost 80% of total transaction volume. These mainly involved office and logistics properties. However, the second half of the year shows that investors are increasingly reacting to the emerging recovery in the office market and are again more frequently considering value-add products. Their share of the transaction volume rose again into the double-digit percentage range by the end of the third quarter. One of the 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 its value-add potential.

### BROAD DISTRIBUTION OF TRANSACTION VOLUME ACROSS PRICE CLASSES

At 34%, large-volume transactions of €100 million or more made the largest contribution to the nine-month result. The weakest segment was the smallest price category with transactions of less than €25 million. However, at 20%, transactions in this category did still make a significant contribution to the transaction volume.

### 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.

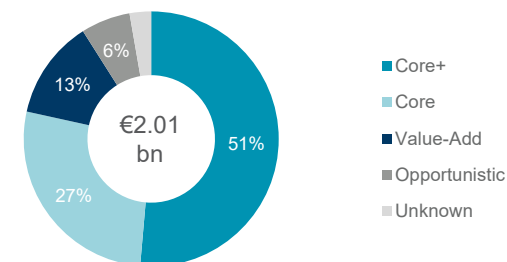
The yield for high-quality logistics properties was at 3.10% at the end of the third quarter. Compared to the same point last year, the prime yield has fallen by 60 basis points.

Prime yields for city centre retail properties are stable year-on-year at 3.75%.

### Outlook

- The demand for sustainable office properties with ESG criteria is increasing significantly.
- High demand for office and logistics core products is encountering low supply, which is expected to lead to slight yield compression over the remainder of the year.
- The increasing demand and the broadening of investors' purchasing profiles to include value-add and opportunistic products lead us to expect a solid transaction volume at the end of the year.

### TRANSACTION VOLUME BY RISK CATEGORIES Q1-3 2021

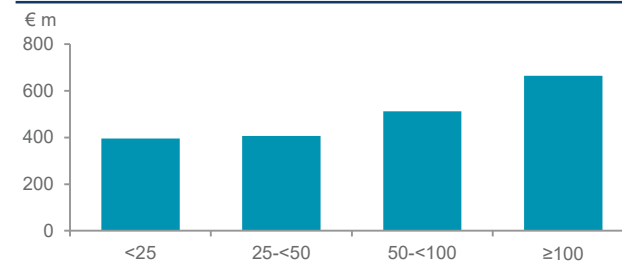


### PRIME YIELD BY ASSET CLASSES



\* Net initial yield

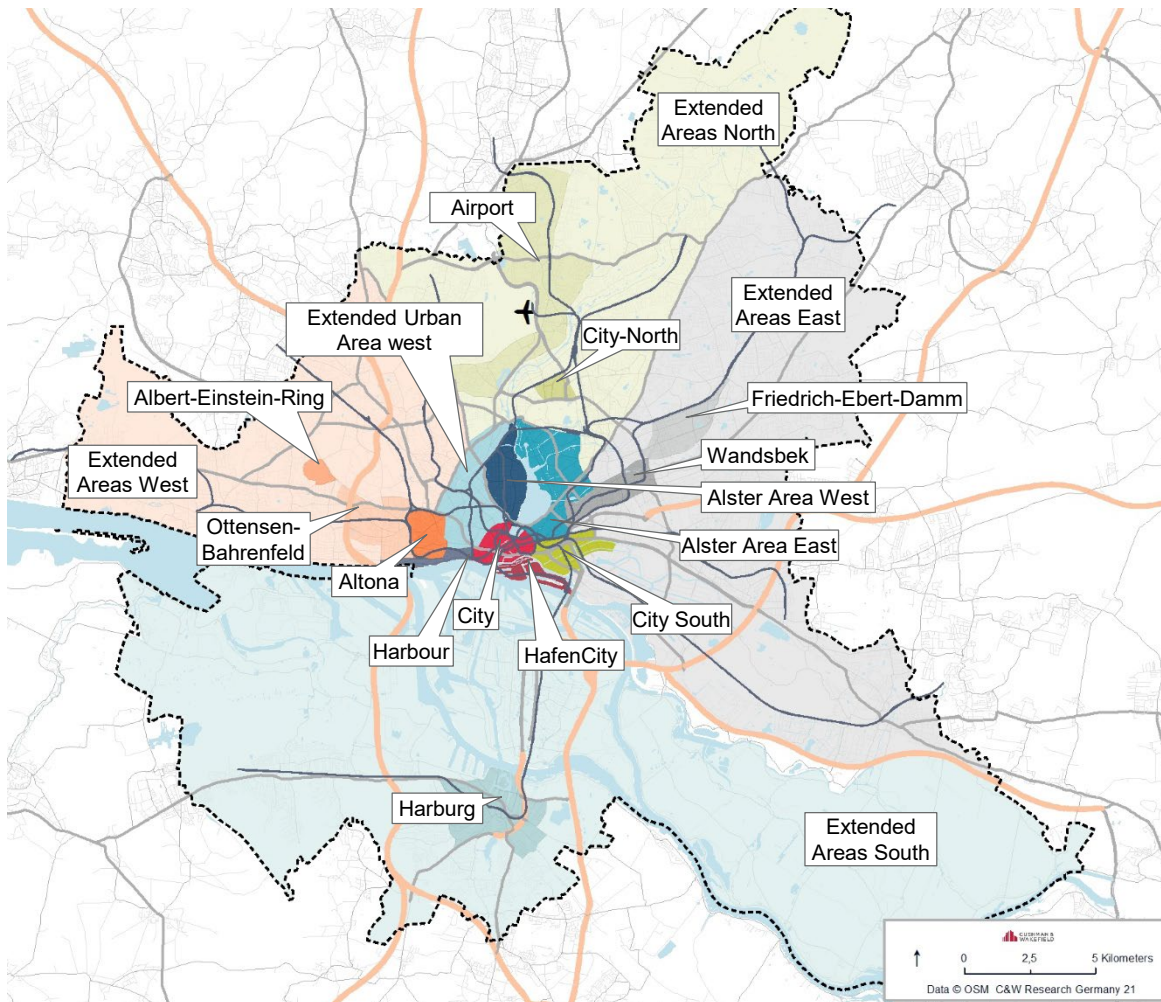
### TRANSACTION VOLUME BY SIZE CATEGORIES Q1-3 2021\*



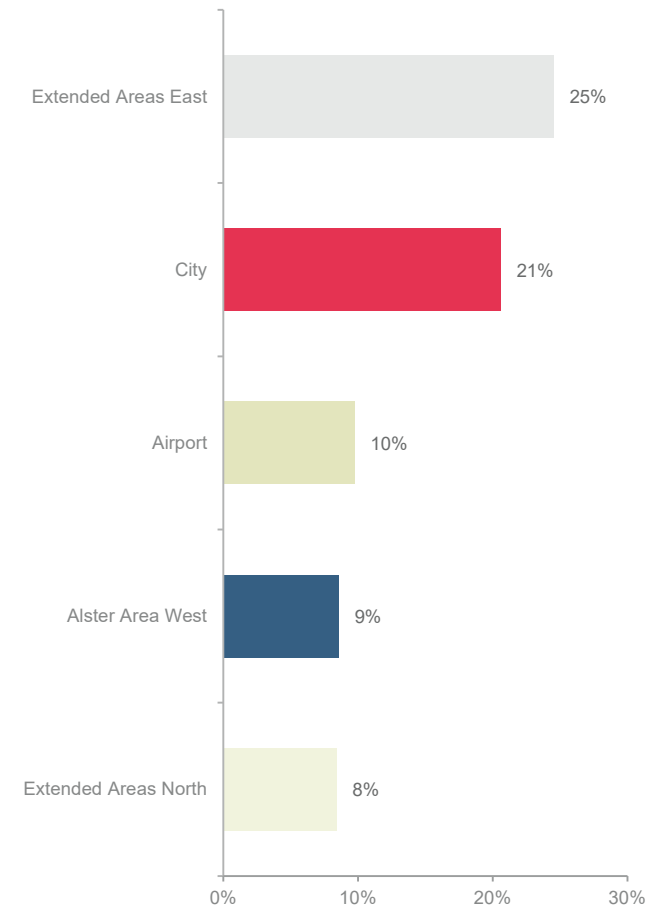
\* Each size category in euro million



## OFFICE SUBMARKETS OVERVIEW



## TOP-5 SUBMARKETS BY TRANSACTION VOLUME\*



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## MARKET STATISTICS Q1-3 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	2.01	56%	4%	23%	23%	2.80%	3.75%	3.10%
YoY Change	-45%	+1 PP	-10 PP	+21 PP	-22 PP	0 BPS	-5 BPS	-60 BPS
Top-7 Markets	21.22	59%	2%	8%	39%	2.80%	3.63%	3.11%
YoY Change	+2%	-1 PP	-8 PP	+3 PP	-2 PP	-14 BPS	-7 BPS	-55 BPS
Germany	37.89	44%	14%	15%	37%	2.80%	3.63%	3.11%
YoY Change	-8%	+4 PP	-9 PP	+2 PP	-2 PP	-14 BPS	-7 BPS	-55 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, Amandus-Stubbe-Straße 10	Q2	Industrial	Extended Areas East	Fiege Logistik / DWS Group	~ 189
Medienzentrum Rotherbaum, Rotherbaumchaussee 80	Q3	Office	Alster Area West	Jahr Group / Values Real Estate	~ 170
Hamburg Süd Headquarter, Willy-Brandt-Straße 59-65	Q1	Office	City	Oetker Group / Union Investment	~ 155
Generali Office, Norderstraße 101	Q3	Office	City	Commerz Real / B&L Group	~ 150

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