

	YoY Change	12-Month Forecast
474,000m² Take-Up (cum.)	▲	▲
4.2% Vacancy Rate	▲	▲
514,000m² Under Construction	▼	▬
€31.00 Prime Rent, €/m ² /month	▲	▲

LABOUR MARKET

102.9

Ifo Employment Barometer Germany (Dec 2021)

YoY Change



474,900

Hamburg Office Employees (Dec 2021)



6.6%

Hamburg Unemployment Rate (Dec 2021)



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

ECONOMIC OVERVIEW

Hamburg, with 1.9 million inhabitants, is Germany's northernmost international trading city. However, 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 was at 6.6% in December 2021. After the 6.2% decline in gross value added in 2020, the recovery began in 2021, with growth estimated at 3.2%. According to Moody's Analytics, the pre-Covid level will not be reached before mid-2022, with expected growth of 5.5%.

TAKE-UP

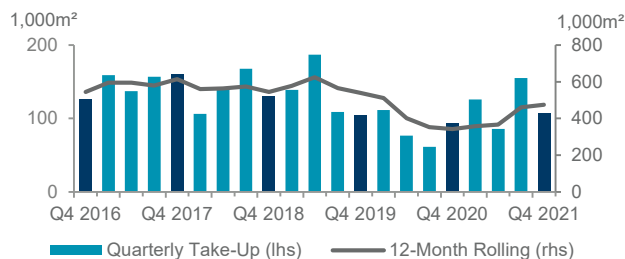
Take-up in the Hamburg office market was 474,000m² in 2021. Although this is 8% below the 5-year and 6% below the 10-year averages, it increased by 38% compared to the previous year's result. So far in 2021, seven large lettings for a total area of 100,000m², thereof more than 83,000m² in development projects, have taken place, accounting for around 21% of total take-up. The establishment of new workplace concepts has already had a positive impact on leasing activity in the past year. This potential for change and the increasing focus of office users on sustainability will probably have a decisive impact on take-up in 2022. The existing pipeline and additional major space searches in the Hamburg market lead us to expect a take-up of 490,000m² in 2022.

The largest lease in 2021 was signed by Berenberg Bank for 19,200m² in the Ipanema development project in the City-North submarket in Q3. Hamburg City was the most sought-after submarket, accounting for around 119,000m² or 26% of total take-up.

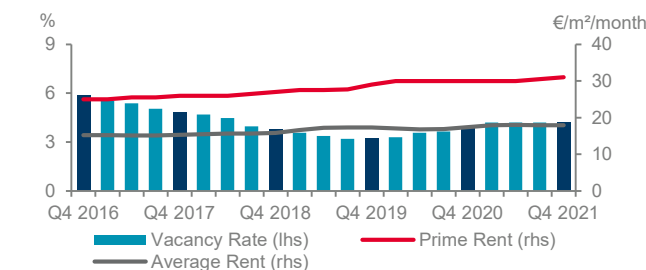
VACANCY

Office vacancy rose by 11% compared to last year, to around 638,000m². The vacancy rate in the market area remained stable over the year at 4.2%. In 2022, the vacancy rate is likely to increase further due to a combination of existing space becoming vacant and available space in newly-completed developments.

TAKE-UP



VACANCY & RENT



COMPLETIONS

In 2021, around 149,000m² of new and refurbished office space was completed in Hamburg – 90% of this was already pre-let or owner-occupied. The largest completion is that of Olympus Campus in the City South submarket in Q2, with around 47,000m² of office space, which is fully let to Olympus and Design Offices.

In addition, a total of 514,000m² of office space is under construction – 63% of this is already pre-let or owner-occupied. Plans are also in place for further development projects of over 750,000m² of office space, of which more than a third is already pre-let or owner-occupied.

RENTS

The consistently high interest in modern office space in city centre locations caused the prime rent to rise by €1.00 year-on-year to a new high of €31.00/m² per month. The continuing construction boom with further increases in construction costs and the shift in the office working world with a focus on high quality locations and fit-out lead us to expect a moderate growth in prime rents in 2022.

The weighted average rent is €17.90/m²/month, having risen by €0.45 or 3%, compared to the previous year.

SELECTED PROPERTY DEVELOPMENT PROJECTS

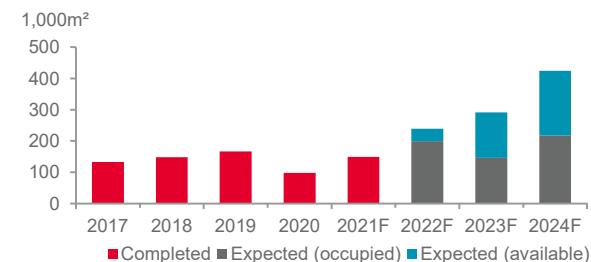
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Olympus Camus	City South	Completed	2021	47,000	Hines, AEWVL
Deutschlandhaus	City	Under Construction	2022	30,000	ABG
Campus Hamburg	Extended Areas North	Under Construction	2022	26,000	Warburg-HIH
EDGE ElbSide	HafenCity	Under Construction	2023	19,000	Allianz

MARKET STATISTICS

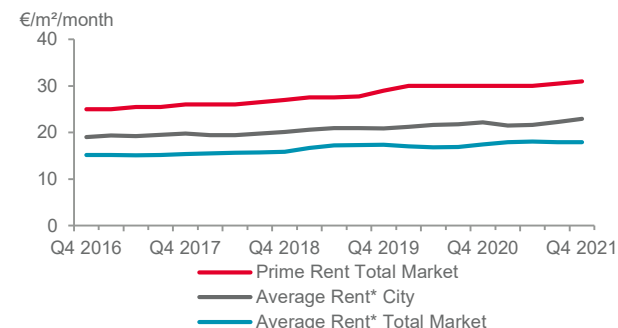
Selected Micro-Submarkets	Take-Up Q1-4 2021 (m ²)	Completions Q1-4 2021 (m ²)	Space under Construction Q4 2021 (m ²)	Prime Rent Q4 2021 (€/m ² /month)	Average Rent* Q4 2021 (€/m ² /month)
City	118,700	55,100	81,900	31.00	22.90
City South	58,400	59,800	26,800	17.00	14.10
City-North	45,000	0	41,500	17.50	17.05
Ottensen-Bahrenfeld	46,100	0	16,900	18.00	14.95
Total Market Hamburg	474,000	149,200	514,300	31.00	17.90

* Weighted Average Rent (12 months)

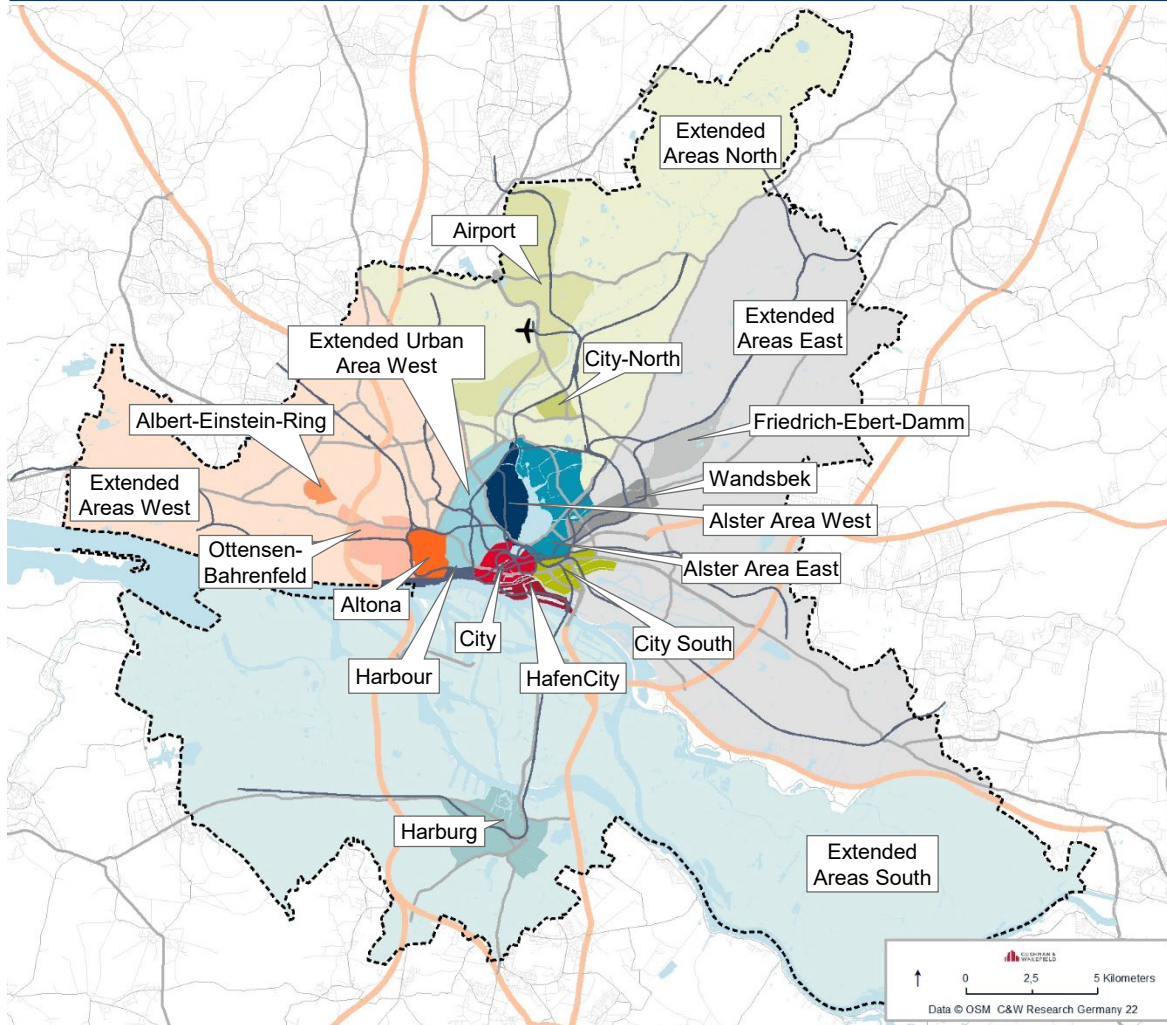
COMPLETIONS



RENTS



MICRO-SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2021

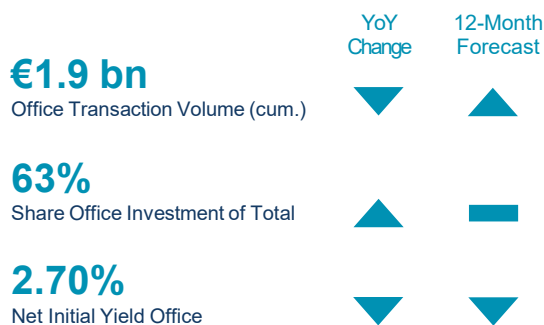
Micro-Submarket	€/m ² /month
City	15.00 - 31.00
City South	10.00 - 17.00
HafenCity	16.00 - 26.50
Harbour	15.00 - 24.00
Alster Area West	14.00 - 24.00
Alster Area East	12.00 - 24.00
Extended Urban Area West	12.50 - 16.50
Wandsbek	9.50 - 15.00
Friedrich-Ebert-Damm	8.00 - 12.50
Extended Areas East	7.50 - 16.50
City-North	10.00 - 17.50
Airport	9.50 - 15.50
Extended Areas North	8.50 - 17.50
Harburg	10.50 - 15.50
Extended Areas South	7.50 - 11.50
Altona	10.50 - 17.00
Albert-Einstein-Ring	8.50 - 13.50
Ottensen-Bahrenfeld	10.50 - 18.00
Extended Areas West	8.00 - 15.00

OFFICE INVESTMENT MARKET

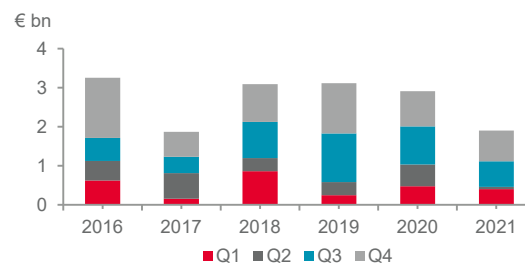
A total of around €1.9 billion changed hands in the acquisition of office properties and development projects in 2021, accounting for 63% of total commercial real estate transaction volume. The largest office transaction and the second-largest deal in the overall market was the sale of the Marquard & Bahls headquarters in the HafenCity submarket to J.P. Morgan Asset Management in Q4. Investment activity was heavily concentrated in central office locations (63%), especially in the City submarket (31%).

The net initial yield for prime office properties in Hamburg's central locations declined by 10 basis points year-on-year to 2.70%, and by the same amount in non-central locations to 3.90%. In view of the high demand for core product, a slight compression of prime yields is expected in 2022.

KEY FIGURES



OFFICE TRANSACTION VOLUME



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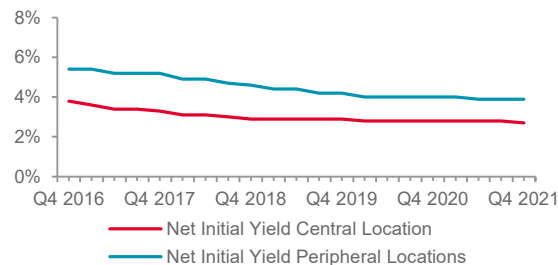
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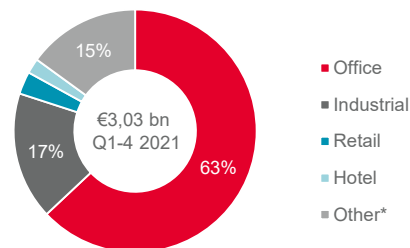
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PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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