

ECONOMIC OVERVIEW

Hamburg, with 1.9 million inhabitants, is Germany's northernmost major city and a centre of international trade. However, after the annual outlook for Hamburg initially promised vigorous economic growth, expectations have darkened considerably with the Ukraine war, inflation, supply chain volatility and the thread of an energy crisis. As a result, the economic analyst Moody's Analytics has also revised its growth forecast for gross value added in Hamburg for 2022 downwards from 5.5% in January to 3.9% in July. On the labour market, however, the recent disruptions have not yet made their mark: the unemployment rate fell by 0.9 percentage points year-on-year to 6.7% in June.

TAKE-UP

Take-up in the Hamburg office market was 307,000m² in H1 2022. This result corresponds to a year-on-year increase of 45% and exceeds the H1 10-year average by more than 28%. After 2019, this is the second-highest half-year result ever. From January to June, eleven major deals of over 5,000m² were registered, together totalling 104,500m² or 34% of office take-up. Development project pre-letting accounted for 75,000m² or 72% of this. Take-up in H1 is back to pre-Covid levels after two slow years and the search pipeline suggests a good result for the second half of the year as well, so take-up of around 550,000m² appears achievable.

The largest letting was of 30,000m² m to Haspa in the new "Deutschlandhaus" project in the city centre, which is currently under construction.

LABOUR MARKET

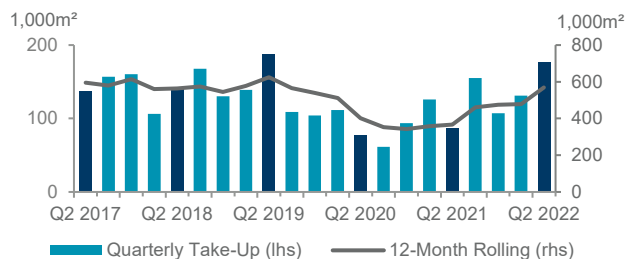


Sources: ifo-Institut, Moody's Analytics, Federal Employment Agency

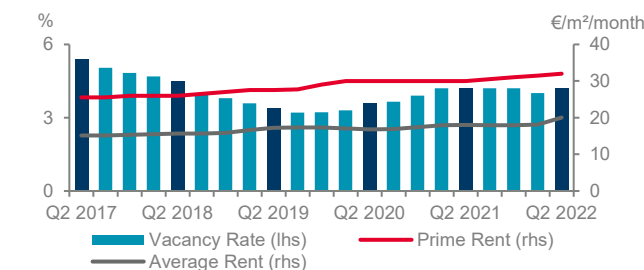
VACANCY

Compared to last year, the vacancy rate remains stable at 4.2%. Absolute vacancy fell by only 2,000m² to 633,000m². The large construction volume, and thus large amount of new office space coming into the market, is cushioned by the high pre-letting rates. A significant increase in vacancy in newly-constructed space is not expected in the short to medium term. However, vacant existing space could cause the vacancy rate in Hamburg to rise again moderately to the end of the year.

TAKE-UP



VACANCY & RENT





COMPLETIONS

In the first half of 2022, around 98,000m² of new and refurbished office space was completed in Hamburg. Of this, 83% was already let or allocated to owner-occupiers at the time of completion. The largest property completed in the second quarter is Campus Hamburg in the Barmbek submarket, most of which will be occupied by Société Générale.

In total, around 535,000m² of office space is under construction. This is around 7% more than the five-year average (500,000m²). Of this, 68% has already been allocated to users. In addition, there are concrete plans for further developments totalling 717,000m².

RENTS

The high proportion of large-scale development project lettings in central locations in H1 2022 boosted the prime rent to a new all-time high of €32.00/m²/month. This was the fourth consecutive increase. The current high demand for modern office space in prime locations leads us to expect prime rents to continue to rise to the end of the year.

The weighted average rent also reached a new peak, at €20.00/m²/month across all building classes. This is €1.95 or around 11% more than at the end of June 2021, reaching the €20 threshold for the first time.

SELECTED PROPERTY DEVELOPMENT PROJECTS

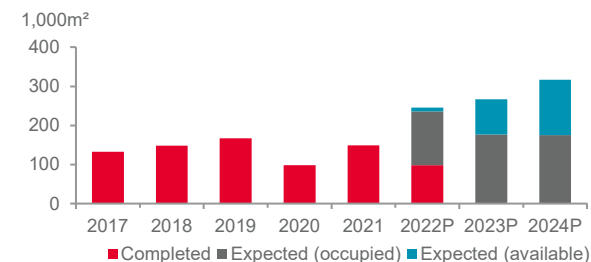
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Campus Hamburg	Barmbek	Completed	2022	26,000	HIH
Deutschlandhaus	City	Under Construction	2023	30,000	ABG
Elbtower	HafenCity	Proposed	2026	78,000	Signa
EDGE HafenCity	HafenCity	Under Construction	2023	19,000	Allianz

MARKET STATISTICS

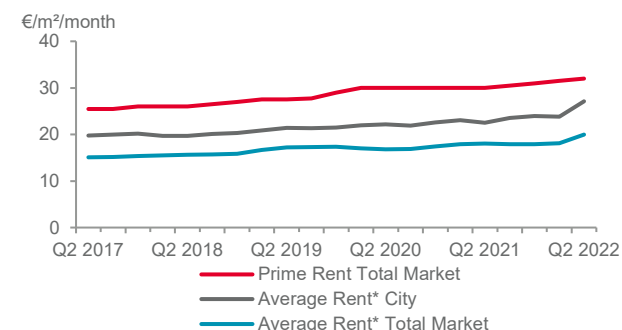
Selected Submarkets	Take-Up Q1-2 2022 (m ²)	Completions Q1-2 2022 (m ²)	Space under Construction Q2 2022 (m ²)	Prime Rent Q2 2022 (€/m ² /month)	Average Rent* Q2 2022 (€/m ² /month)
City	88,600	0	98,100	32.00	27.10
HafenCity	50,300	3,600	121,300	29.00	25.60
Harbour Edge	26,100	8,500	8,600	25.50	23.10
City South	25,400	0	19,900	17.50	14.65
Total Market Hamburg	307,000	98,000	535,400	32.00	20.00

* Weighted Average Rent (12 months)

COMPLETIONS

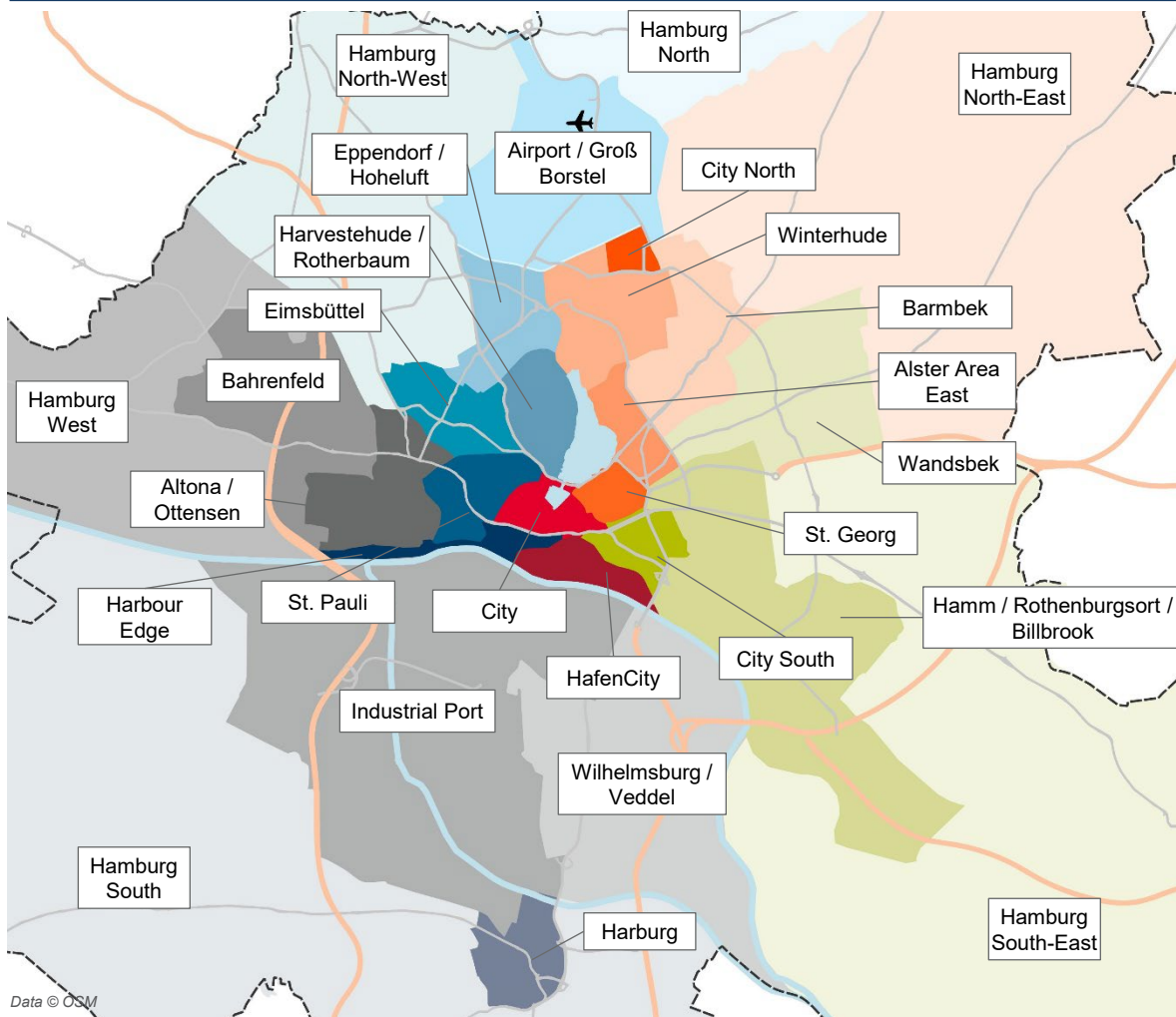


RENTS





SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q2 2022

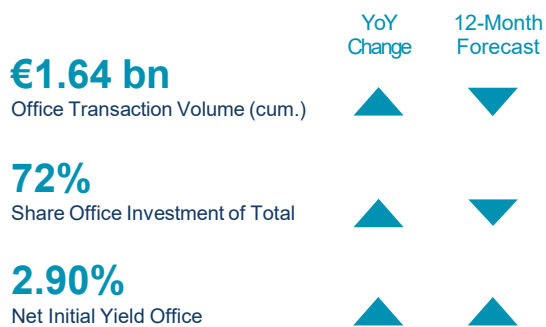
Submarket	€/m ² /month
City	15.00 - 32.00
St. Georg	10.00 - 21.50
HafenCity	16.00 - 29.00
City South	9.50 - 17.50
Harbour Edge	14.00 - 25.50
Alster Area East	12.00 - 19.00
City North	10.00 - 17.00
Harvestehude / Rotherbaum	15.00 - 26.00
Winterhude	12.50 - 17.50
St. Pauli	12.50 - 23.50
Eimsbüttel	12.50 - 17.00
Altona / Ottensen	10.00 - 19.50
Bahrenfeld	10.00 - 17.50
Eppendorf / Hoheluft	13.00 - 21.00
Barmbek	10.50 - 18.00
Airport / Groß Borstel	9.00 - 16.00
Wandsbek	7.50 - 16.00
Hamm / Rothenburgsort / Billbrook	8.00 - 12.00
Harburg	10.50 - 16.50
Hamburg North	8.50 - 15.50
Hamburg North-East	7.50 - 16.00
Hamburg South-East	7.00 - 17.50
Hamburg South	7.50 - 14.50
Wilhelmsburg / Veddel	7.00 - 12.00
Industrial Port	6.50 - 11.50
Hamburg West	8.00 - 16.50
Hamburg North-West	8.50 - 14.50

OFFICE INVESTMENT MARKET

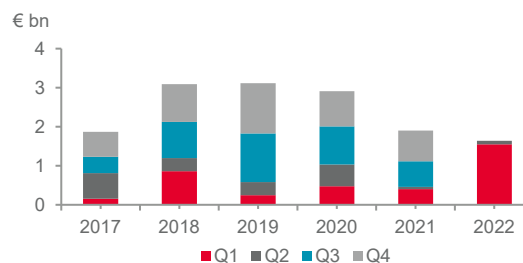
Office properties and office development projects were the dominant asset class in the first half of the year with a total transaction volume of €1.64 billion. This corresponds to 72% of the total commercial real estate transaction volume. The previous year's equivalent figure was exceeded threefold. The main driver for the result was the acquisition of alstria office REIT-AG by Brookfield Asset Management in the first quarter. The alstria-portfolio was responsible for 90% of the total office transaction volume.

The net initial yield for prime office properties in Hamburg's central locations rose by 10 basis points compared to 12 months ago to 2.90 per cent, and by as much as 25 basis points compared to Q1. Considering the European Central Bank's announced exit from its current monetary policy, it is assumed that prime yields will continue to rise.

KEY FIGURES



OFFICE TRANSACTION VOLUME



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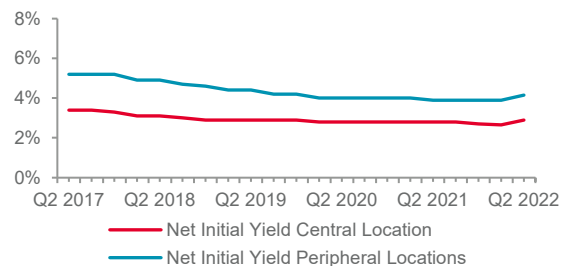
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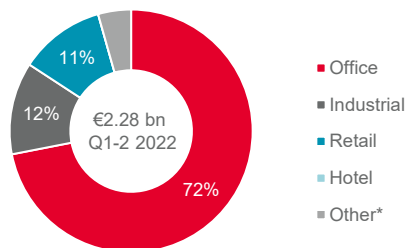
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PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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