

# MARKETBEAT HAMBURG

Investment Q3 2022



YoY 12-Month  
Change Forecast

**€3.55 bn**

Transaction Volume (cum.)



**58%**

Share of Foreign Capital



**3.15%**

Office Prime Yield, net



**62%**

Share Office Investment Volume



## ECONOMIC INDICATORS

YoY  
Change 12-Month  
Forecast

**7.0%**

Hamburg Unemployment  
Rate (Sep 2022)



**486,000**

Hamburg Office Employees  
(Sep 2022)



**1.25%**

ECB Interest Rate  
(Sep 2022)



**1.35%**

10-Year Government  
Bond Yield (Q3 2022)



Sources: Federal Employment Agency, Moody's Analytics

## STRONG TRANSACTION VOLUME RESULT DUE TO TAKEOVERS AND PARTICIPATION ACQUISITIONS

From January to the end of September 2022, Hamburg's commercial real estate investment market achieved a transaction volume of €3.55 billion. This exceeds the previous year's equivalent figure and the Q1-3 5-year average by 77% and 22% respectively. More than half of the transaction volume (around €1.9 billion) is accounted for by acquisitions and participation deals, such as the takeover of Alstria office REIT-AG by Brookfield Asset Management in the first quarter and Commerz Real's acquisition of a 25% stake in Elbtower in the third quarter. Conventional sales of properties and land totalled around €1.6 billion.

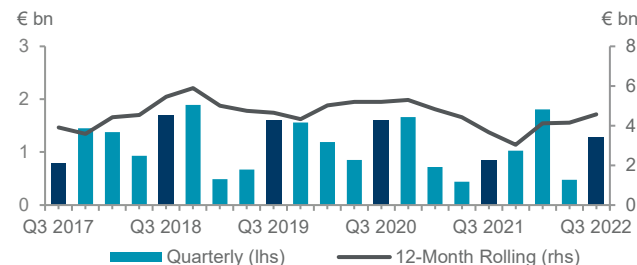
With 25% of the transaction volume, the focus of investment activity in the current year has been on the City submarket. Four properties from the Alstria portfolio as well as the sale of the Klöpperhaus building in the second quarter with a value of more than €100 million each contributed significantly to this.

Office properties and office development projects were the dominant asset class with a volume of €2.2 billion to the end of the third quarter. This corresponds to 62% of the transaction volume. The largest office transaction, the sale of Altes Fernmeldeamt in the Harvestehude / Rotherbaum submarket in the third quarter for around €400 million by Peakside Capital to Values Real Estate, was also the largest single-property transaction in the current year.

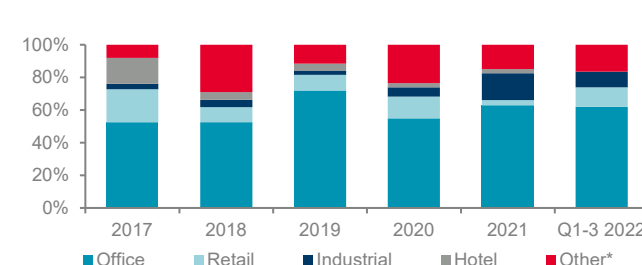
The second-strongest asset class was retail property at around €420 million and a contribution of 12% of total transaction volume. Last year's weak figure of €88 million was thus more than tripled and the 5-year average for the first three quarters was also exceeded by 54%. The sale of the Klöpperhaus department store contributed significantly to this strong result.

The third-strongest asset class was logistics and industrial real estate with around €340 million and a contribution of 10%. Although this was 25% below the previous year's high figure of around €450 million, the result was still 87% above the Q1-3 5-year average.

## COMMERCIAL TRANSACTION VOLUME\*



## SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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



### FOCUS ON CORE AND CORE+ SECTOR

In the months from January to September, 86% of the transaction volume was generated via the sale of core and core+ properties. The high proportion of these risk categories reflects the great interest of investors in high-quality buildings in good locations.

Higher-risk investments in value-add assets account for a smaller share, at 11% of the total transaction volume. Although demand for value-add properties is high, they are in short supply. In addition, investments in this segment are fraught with uncertainties in the context of the situation on the financial markets, which makes pricing more difficult.

### MAJOR DEALS DOMINANT CONTRIBUTOR TO TRANSACTION VOLUME

The size category of €100 million and above contributed the largest proportion (53%) to transaction volume of the first nine months via ten office buildings, five of which were part of the Alstria portfolio. The remainder of the transaction volume comprised a contribution of 19% by the size category between €50 and €100 million, 15% between €25 and €50 million and 13% in the size category below €25 million.

### YIELDS CONTINUE TO RISE

The net initial yield for first-class office properties in Hamburg's central locations has risen by 35 basis points year-on-year to 3.15%.

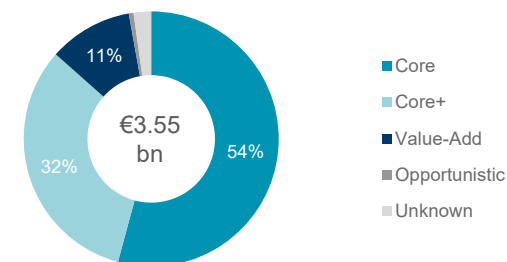
The prime yield for 1-A retail properties is currently 3.70%. It has risen by 10 basis points compared to the previous quarter but is still 5 basis points lower than a year ago.

For prime logistics properties, the prime yield is 3.60%, an increase of 50 basis points compared to Q3 2021.

### Outlook

- The uncertainties triggered by the interest rate turnaround continue to hamper pricing. If the ECB raises the key interest rate further, as expected, the fourth quarter will also be characterised by uncertainties and a year-end surge in the classic sense will fail to materialise.
- No easing is expected in the financial markets in the fourth quarter, which is why prime yields for office properties are expected to continue to rise.
- The liquidity currently available for investments in Hamburg office properties will increasingly focus on low-risk assets and in size categories up to approx. €20 million (private / semi-institutional segment) and up to approx. €80 million (institutional segment) to the end of the year.

### TRANSACTION VOLUME BY RISK CATEGORY Q1-3 2022

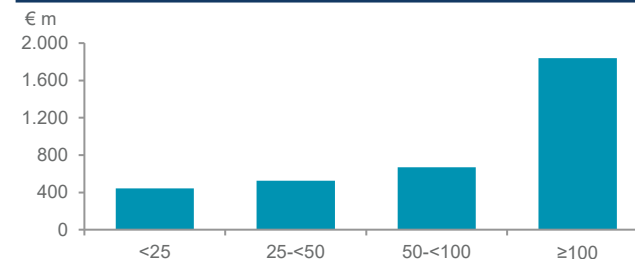


### PRIME YIELD BY ASSET CLASS



\* Net initial yield

### TRANSACTION VOLUME BY SIZE CATEGORY Q1-3 2022\*



\* Each size category in euro million

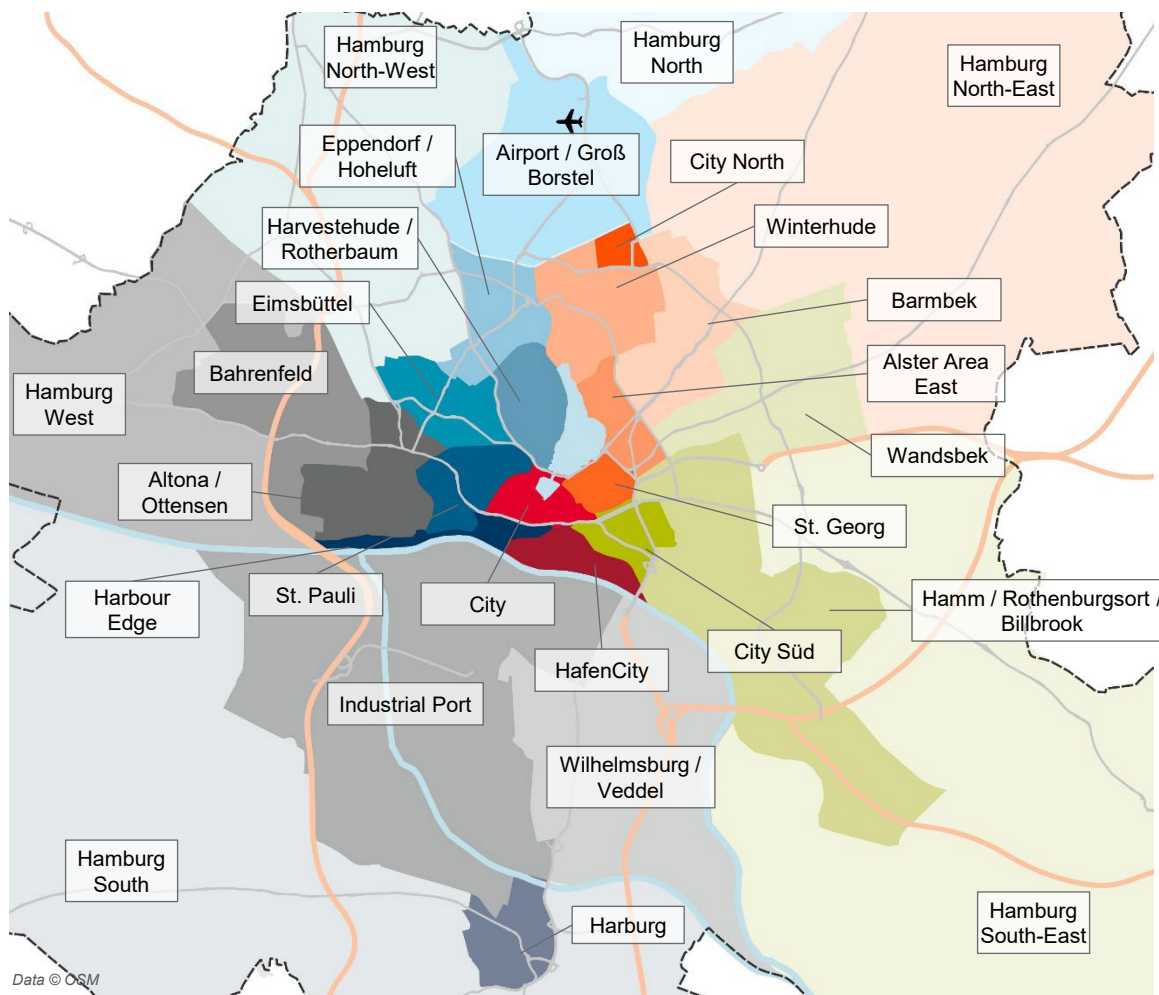
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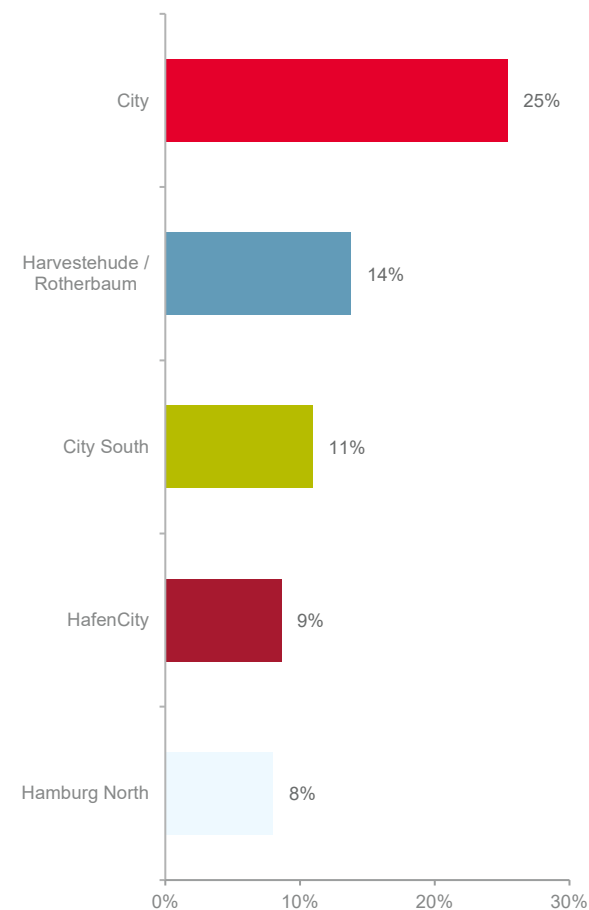


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## OFFICE SUBMARKET OVERVIEW



## TOP-5 SUBMARKETS BY TRANSACTION VOLUME\*



\*Q1-3 2022



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## MARKET STATISTICS Q1-3 2022

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	3.55	62%	12%	10%	58%	3.15%	3.70%	3.60%
YoY Change	+77%	+6 PP	+7 PP	-13 PP	+35 PP	+35 BPS	-5 BPS	+50 BPS
Top-7 Markets	21.08	62%	4%	9%	52%	3.23%	3.48%	3.61%
YoY Change	+3%	+2 PP	+2 PP	+2 PP	+14 PP	+43 BPS	-3 BPS	+50 BPS
Germany	40.24	41%	16%	20%	46%	3.23%	3.48%	3.61%
YoY Change	+6%	-3 PP	+2 PP	+5 PP	+10 PP	+43 BPS	-3 BPS	+50 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 2022

Property / Transaction	Quarter	Asset Classes	Submarket	Vendor / Buyer	Price (€ million)
Takeover alstria office-REIT AG: subportfolio Hamburg (34 properties)	Q1	Office	Various	alstria office REIT-AG / Brookfield Asset Management	~ 1,500
Altes Fernmeldeamt	Q3	Office	Harvestehude / Rotherbaum	Peakside Capital / Values Real Estate	~ 400
Elbtower (25% stake)	Q3	Office	HafenCity	Signa Real Estate / Commerz Real	confidential
Logistics centre / Rungedamm 38	Q2	Industrial	Hamm / Rothenburgsort / Billbrook	ADF Asset Management / Ivanhoé Cambridge	confidential

### Marc Rohrer

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

### Sebastian Becker

Research Consultant  
Tel: +49 40 300 88 11 49  
[sebastian.becker@cushwake.com](mailto:sebastian.becker@cushwake.com)

### Helge Zahrt, MRICS

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

### Ursula-Beate Neißer

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

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