

LABOUR MARKET



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

ECONOMIC OVERVIEW

Hamburg, with a population of 1.9 million, is Germany's northernmost major city and a centre of international trade. However, after the annual outlook for Hamburg initially promised vigorous economic growth, high inflation, the Ukraine war and the consequences of the Covid-19 pandemic are weighing on the global economy and thus also on Hamburg. As a result Moody's Analytics has also revised its growth forecast for gross value added in Hamburg for 2022 downwards from 5.5% in January to 2.2% in October.

TAKE-UP

Take-up in the Hamburg office market was 478,000m² from January to the end of September. This corresponds to an increase of 30% compared to the equivalent period last year and is the strongest nine-month result ever recorded. Take-up by size class over the reporting period was dominated by deals of over 5,000m². Here 18 leases accounted for around 187,000m² and thus 39% of the total CRE take-up. The proportion of take-up in development projects under construction or in planning was around 32% in the first nine months, where the Q1-3 5-year average is only 21%. As in previous years, letting activity was concentrated in the central locations. Around 56% of take-up was in the City Centre, HafenCity and City South sub-markets, totalling around 268,000m².

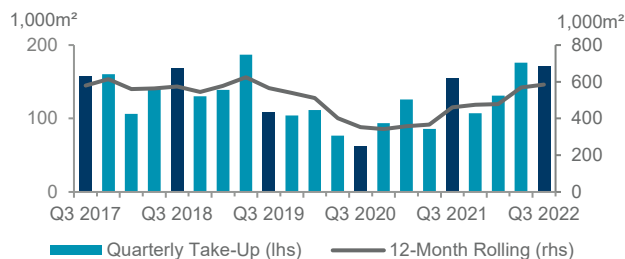
The largest deal in Q3 was the leasing of 40,000m² in the Hanse Center in City Süd by Dataport.

Potential tenants continue to signal strong interest, including further major occupiers, and the total annual take-up is therefore expected to exceed 600,000m². A figure only ever exceeded in 2017.

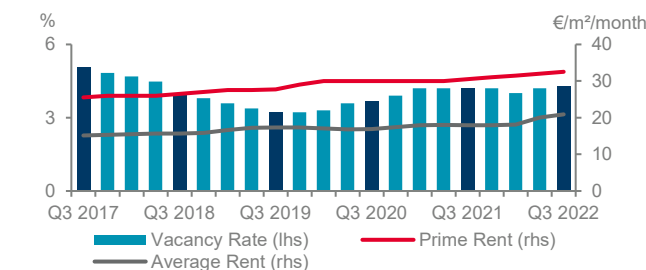
VACANCY

Compared to a year ago, the vacancy rate has increased by 10 basis points to stand at 4.3%. Absolute vacancy increased by 6,300m² to 643,300m². The large construction volume, and resulting new office space coming into the market, is cushioned by the high pre-letting rates. However, vacancies in existing space could cause the vacancy rate in Hamburg to rise again moderately in the medium term.

TAKE-UP



VACANCY & RENT





COMPLETIONS

To the end of September, around 132,000m² of new and refurbished office space had been completed in Hamburg in 2022. This is 13% more than the Q1-3 10-year average. Of this, 84% was already let or for owner-occupation at the time of completion. The largest property completed in the third quarter is BrAMs in the Hamburg North-East submarket, which is largely occupied by IT service provider Akquinet. A total of around 520,000m² of office space is currently under construction. Of this, 69% has already been allocated to users. In addition, there are concrete plans for development projects of 703,000m² with completion planned by 2027.

RENTS

The high requirements of potential tenants regarding location and fit-out mean that more expensive space is being rented. This has led to the prime rent reaching a new high for the fifth consecutive quarter. At the end of September it stood at €32.50/m²/month in the City Centre submarket. Compared to a year ago, this corresponds to an increase of €2.00 or around 7%.

The weighted average rent also reached a new record level at €20.90/m²/month across all building classes. This is €2.95 or 16% more than at the end of September 2021.

SELECTED PROPERTY DEVELOPMENT PROJECTS

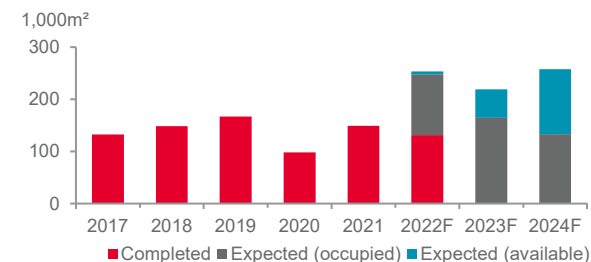
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Campus Hamburg	Barmbek	Completed	2022	26,000	HIH
Deutschlandhaus	City	Under Construction	2023	30,000	ABG
Elbtower	HafenCity	Proposed	2026	78,000	Signa
EDGE HafenCity	HafenCity	Under Construction	2023	19,000	Allianz

MARKET STATISTICS

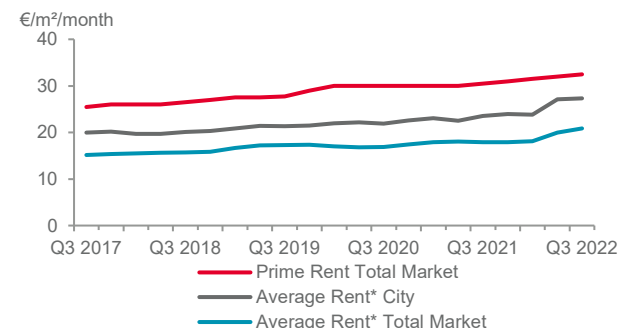
Selected Submarkets	Take-Up Q1-3 2022 (m ²)	Completions Q1-3 2022 (m ²)	Space under Construction Q3 2022 (m ²)	Prime Rent Q3 2022 (€/m ² /month)	Average Rent* Q3 2022 (€/m ² /month)
City	110,000	15,400	82,700	32.50	27.35
HafenCity	80,400	4,600	122,000	32.00	27.90
City South	77,500	0	19,900	17.50	15.55
Bahrenfeld	51,100	3,000	19,600	17.50	14.85
Total Market Hamburg	478,000	131,600	520,600	32.50	20.90

* Weighted Average Rent (12 months)

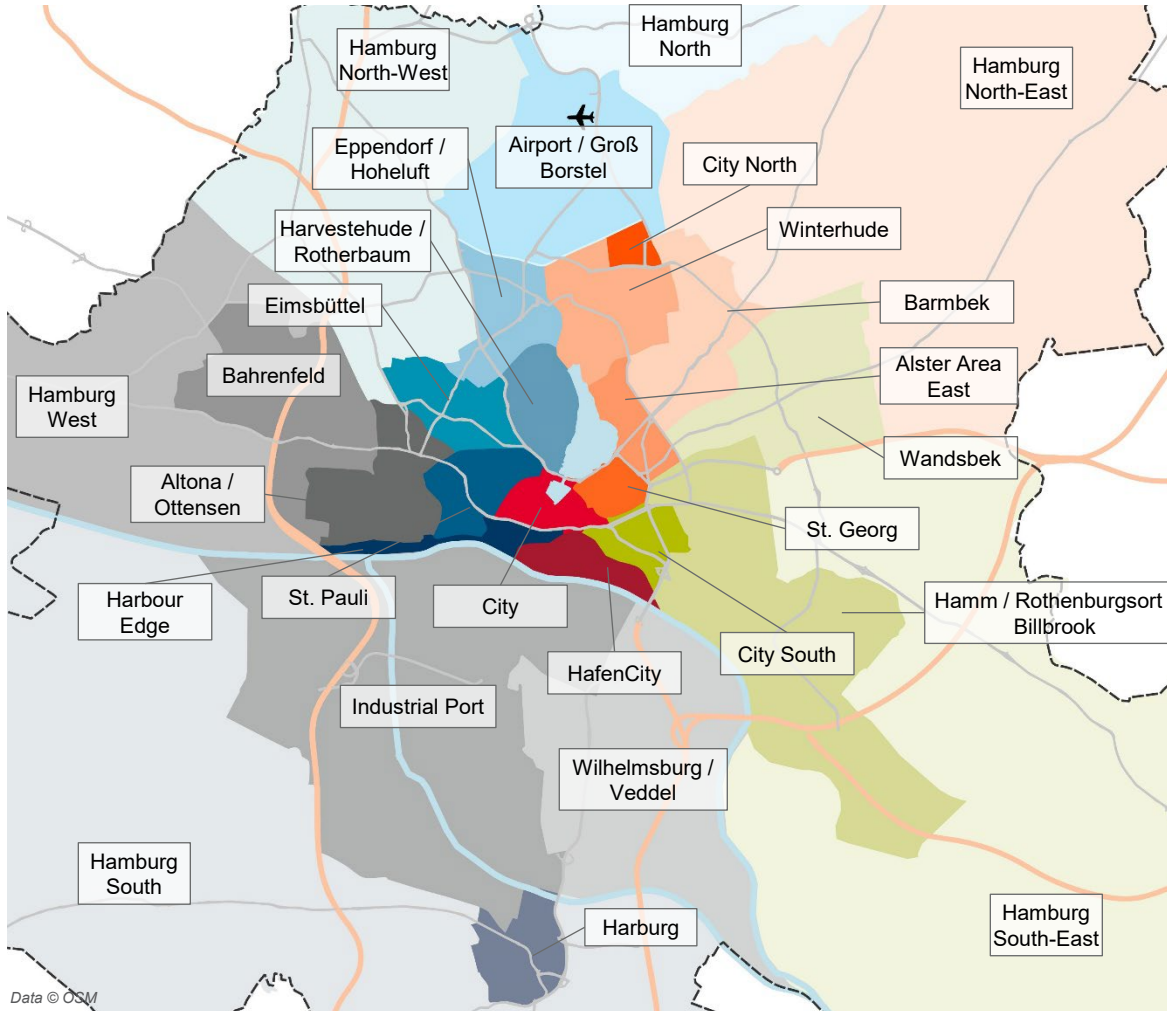
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q3 2022

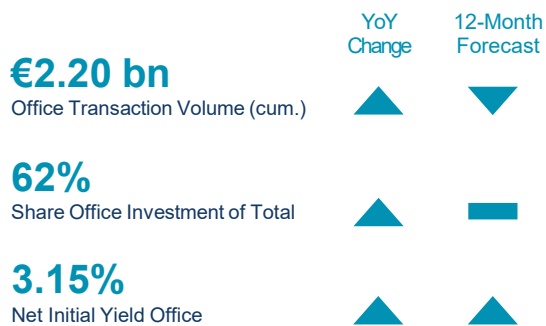
Submarket	€/m ² /month
City	15.00 - 32.50
St. Georg	10.00 - 21.50
HafenCity	16.00 - 32.00
City South	9.50 - 17.50
Harbour Edge	14.00 - 26.00
Alster Area East	12.00 - 19.50
City North	10.00 - 17.00
Harvestehude / Rotherbaum	15.00 - 26.00
Winterhude	12.50 - 17.50
St. Pauli	12.50 - 23.50
Eimsbüttel	12.50 - 17.00
Altona / Ottensen	10.00 - 19.50
Bahrenfeld	10.00 - 17.50
Eppendorf / Hoheluft	13.50 - 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

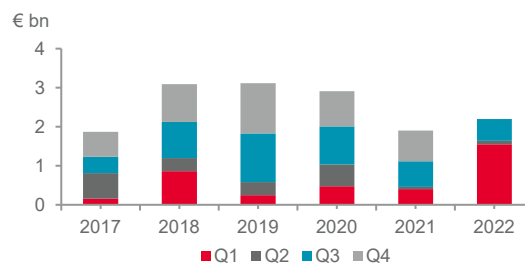
Office properties and office development projects were the dominant asset class over the reporting period, with a contribution of around €2.2 billion or 62% of the total CRE transaction volume. This is double the figure for the same period last year. The main drivers for the result were the acquisition 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. The takeover and the participation acquisition were responsible for 80% of the total office transaction volume.

The net initial yield for prime office properties in Hamburg's central locations rose by 35 basis points compared to 12 months ago to 3.15%. 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.

KEY FIGURES



OFFICE TRANSACTION VOLUME



Tobias Scharf

Head of Office Agency Hamburg
Tel: +49 40 300 88 11 44
tobias.scharf@cushwake.com

Marc Rohrer

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

Sebastian Becker

Research Consultant
Tel: +49 40 300 88 11 49
sebastian.becker@cushwake.com

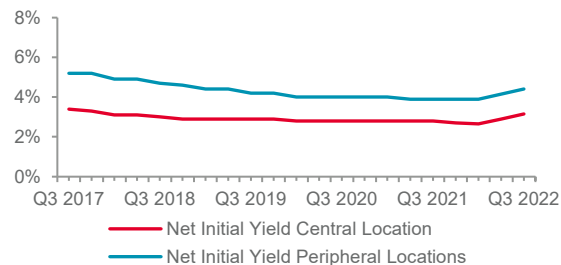
Ursula-Beate Neißer

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

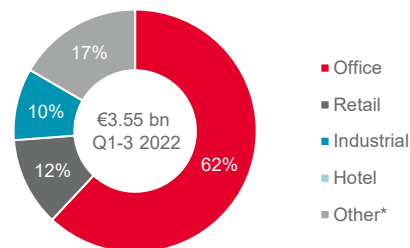
Helge Zahrnt MRICS

Head of Research & Insight Germany
Tel: +49 40 300 88 11 50
helge.zahrnt@cushwake.com

PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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