

# MARKETBEAT HAMBURG

Investment Q4 2022



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YoY 12-Month  
Change Forecast

**€4.10 bn**

Transaction Volume (cum.)



**60%**

Share of Foreign Capital



**3.35%**

Office Prime Yield, net



**61%**

Share Office Investment Volume



## ECONOMIC INDICATORS

YoY Change 12-Month Forecast

**6.9%**

Hamburg Unemployment Rate (Dec 2022)



**490,600**

Hamburg Office Employees (Dec 2022)



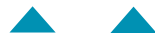
**2.50%**

ECB Interest Rate (Dec 2022)



**2.15%**

10-Year Government Bond Yield (Q4 2022)



Sources: Federal Employment Agency, Moody's Analytics

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

In 2022, Hamburg's commercial real estate investment market achieved a transaction volume of €4.1 billion. This exceeds the weak prior-year result by 35% and is close to the 5-year average. Just under half of the transaction volume 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 €2.1 billion. In a quarterly comparison, the first and third quarters were the most dynamic due to the major acquisitions and participations. Both achieved quarterly results of more than €1 billion.

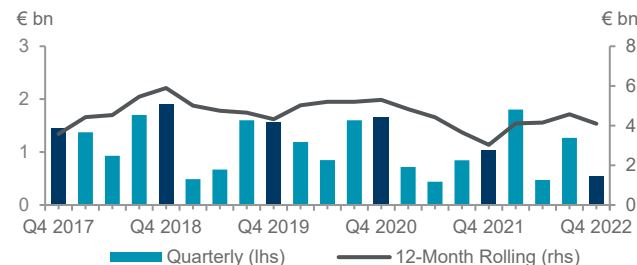
With 27% of the transaction volume, the focus of investment activity was on the City submarket. Four properties from the Alstria portfolio as well as the sale of the Klöpperhaus building in the second quarter with a value of more than €100 million each contributed significantly to this.

Office properties and office development projects were the dominant asset class with a volume of €2.5 billion. This corresponds to 61% of the total CRE 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 2022.

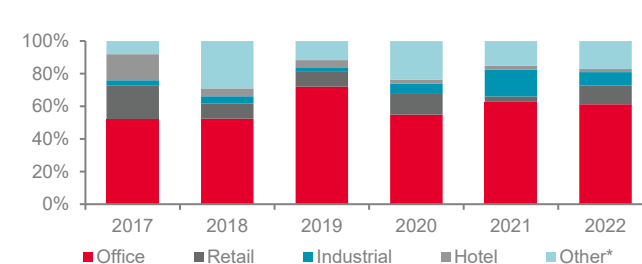
The second-strongest asset class was retail property at around €470 million and a contribution of 11% of total transaction volume. Last year's weak figure of €88 million was thus almost quintupled. The sale of the Klöpperhaus department store contributed significantly to this strong result. However, the year-end result still fell 5% short of the 5-year average.

The third-strongest asset class was logistics and industrial real estate with around €340 million and a contribution of 8%. Although this was 32% below the previous year's high figure of around €500 million, the result was still 31% above the 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 2022, 89% of the transaction volume was generated via the sale of core and core+ properties. The high proportion of these risk classes is largely due to the special effects in the first and third quarters. Higher-risk investments in value-add assets accounted for only 10% of the total transaction volume. In addition, investments in this segment are fraught with uncertainties in the context of the current 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 (54%) to transaction volume via deals involving twelve office buildings, five of which were part of the Alstria portfolio. The remainder of the transaction volume is distributed in descending order of size, with a share of 18% by the size category between €50 and €100 million, 17% between €25 and €50 million and 11% 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 65 basis points year-on-year to 3.35%.

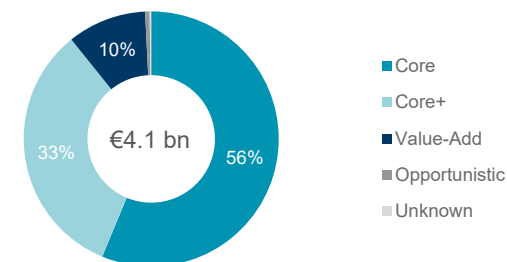
The prime yield for 1-A retail properties is currently 3.75%. It has risen by 10 basis points compared to a year ago.

For prime logistics properties, the prime yield is 4.00%, an increase of 100 basis points compared to 2021.

### Outlook

- Expected further increases in interest rates and changes in financing conditions will make pricing more difficult and inhibit investment activity - investors are likely to remain cautious in the first half of 2023.
- Due to the difficulty in assessing the future development of the economic environment, it is assumed that prime yields for office properties will continue to rise.
- The liquidity currently available for investments in Hamburg office properties will increasingly focus on low-risk assets and in size categories from approx. €20 million up to approx. €60 million.
- More stable interest rates and a positive economic outlook should boost the market again from mid-year.

### TRANSACTION VOLUME BY RISK CATEGORY Q1-4 2022

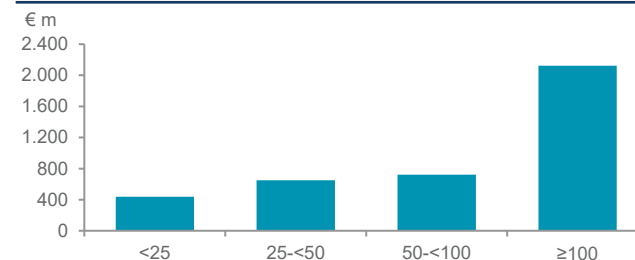


### PRIME YIELD BY ASSET CLASS



\* Net initial yield

### TRANSACTION VOLUME BY SIZE CATEGORY Q1-4 2022\*



\* Each size category in euro million

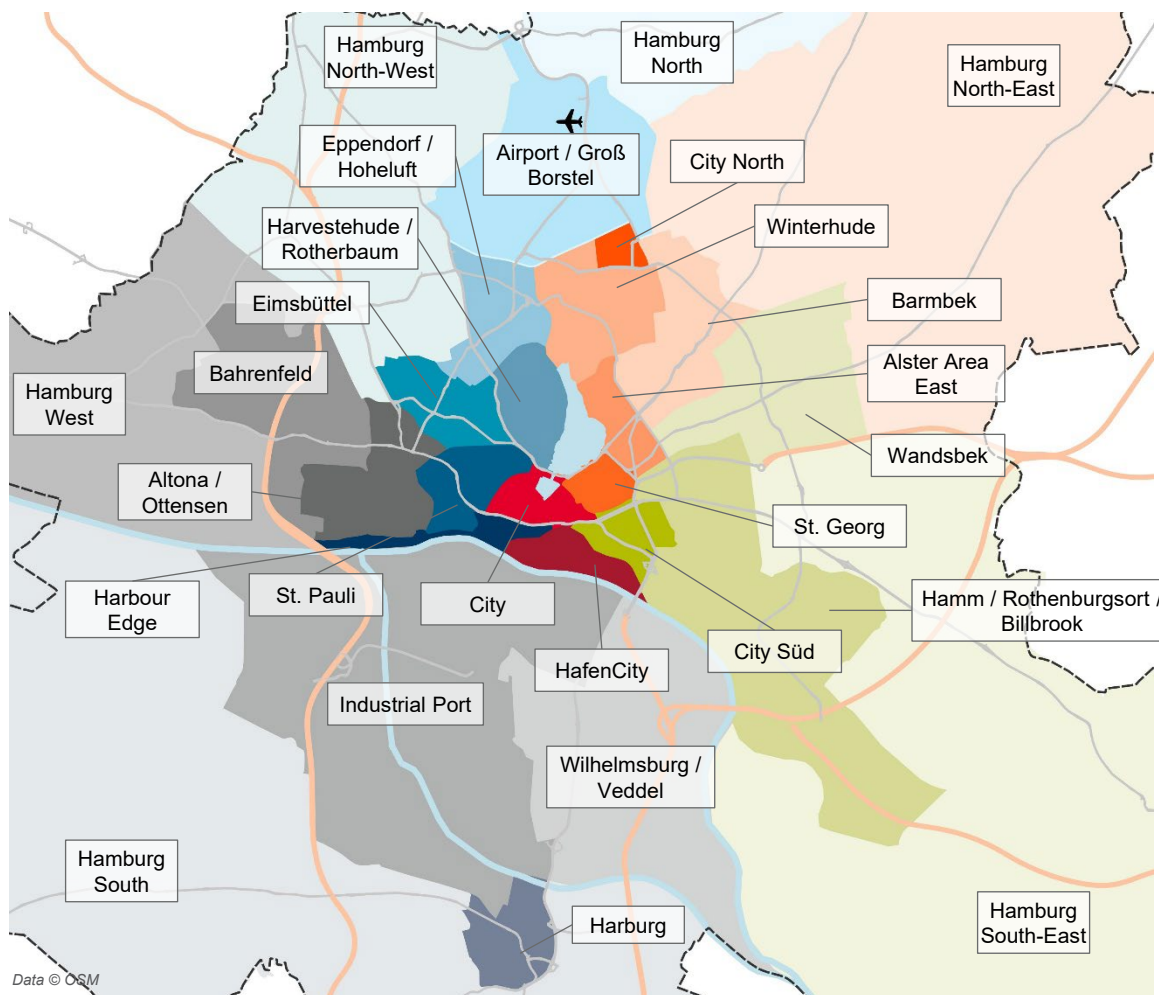
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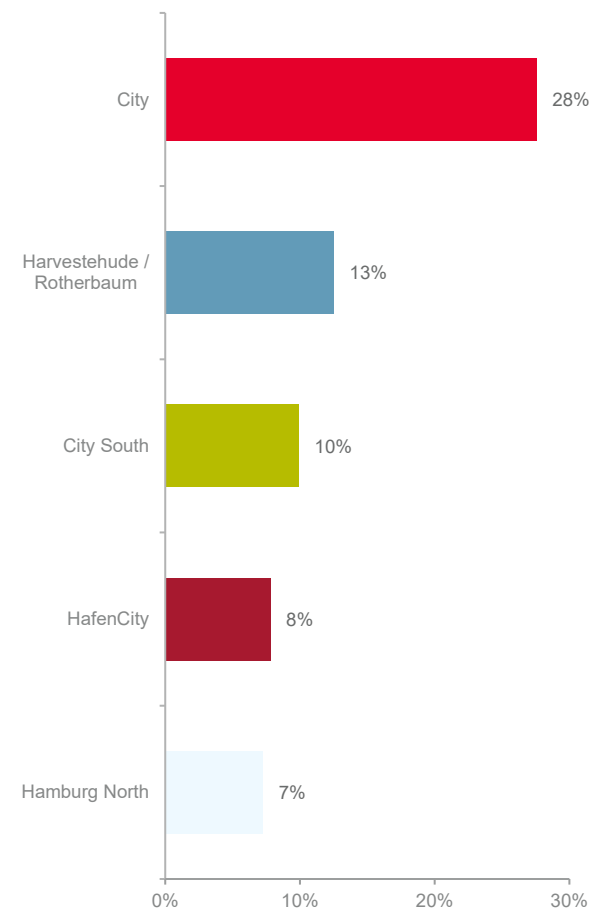


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## OFFICE SUBMARKET OVERVIEW



## TOP-5 SUBMARKETS BY TRANSACTION VOLUME\*



\*Q1-4 2022

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## MARKET STATISTICS Q1-4 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	4.10	61%	11%	8%	60%	3.35%	3.75%	4.00%
YoY Change	+32%	-1 PP	+8 PP	-8 PP	+34 PP	+65 BPS	+10 BPS	+100 BPS
Top-7 Markets	26.74	56%	4%	9%	50%	3.51%	3.60%	4.00%
YoY Change	-22%	-10 PP	+2 PP	+2 PP	+6 PP	+75 BPS	+19 BPS	+99 BPS
Germany	51.70	39%	15%	18%	43%	3.51%	3.60%	4.00%
YoY Change	-14%	-7 PP	+3 PP	+3 PP	+6 PP	+75 BPS	+19 BPS	+99 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

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