

MARKETBEAT HAMBURG

Investment Q1 2023



YoY 12-Month
Change Forecast

€215 m

Transaction Volume (cum.)



43%

Share of Foreign Capital



3.80%

Office Prime Yield, net



28%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY
Change 12-Month
Forecast

7.3%

Hamburg Unemployment
Rate (Mar 2023)



492,500

Hamburg Office Employees
(Mar 2023)



3.50%

ECB Interest Rate
(Mar 2023)



2.34%

10-Year Government
Bond Yield (Q1 2023)



Sources: Federal Employment Agency, ECB, Moody's Analytics

LOW TRANSACTION IMPETUS, LOGISTICS AND INDUSTRIAL MAJOR CONTRIBUTORS

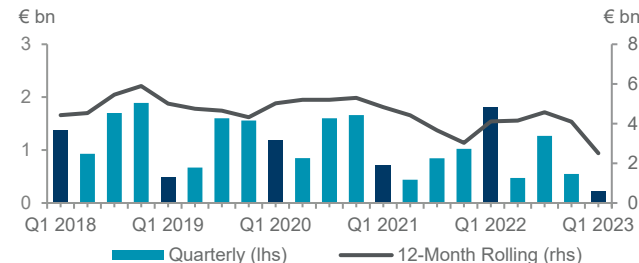
In the first quarter of 2023, Hamburg's commercial real estate investment market generated a transaction volume of €215 million. This was the lowest quarterly result since 2009, and falls 88% short of the previous year's equivalent figure, which was, however, particularly strong due to the Alstria takeover (Q1 2022: €1.81 billion). The result also fell short of the Q1 5-year average of €1.12 billion by 81%.

The largest single-property transaction in Q1 2023 was the sale of Panattoni Park Hamburg Nord to J.P. Morgan Asset Management and Cromwell Property Group (over €90 million). This change of ownership made logistics and industrial real estate the asset class with the largest contribution to total transaction volume, at some 44%. In the equivalent period last year, transaction volume was at a very similar level, but this only accounted for 5% of total transaction volume.

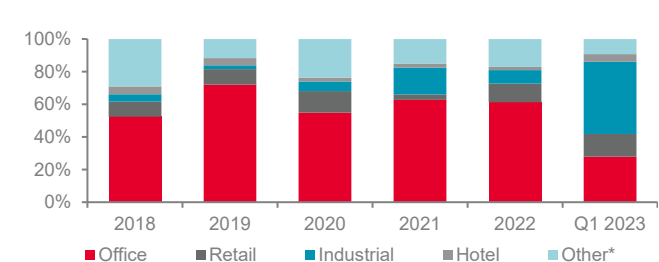
The second-strongest asset class was office property and office development projects, with a total of around €60 million. This corresponds to 28% of total transaction volume and fell 96% short of the very high previous year's equivalent figure (€1.6 billion). One of the few office transactions was the sale of the Schumacher Kontor in the City submarket by Gisev Family Office to asset management company Greve.

Retail property contributed around €30 million, accounting for 14% of total CRE transaction volume. The only transaction in this asset class was the increase in the stake held in Phönix-Center in Harburg by Deutsche Euroshop, to 75%.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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



DECEPTIVE DISTRIBUTION OF TRANSACTION VOLUME AMONG RISK CLASSES

In the first quarter of 2023, 95% of the transaction volume was generated by sales of core and core+ properties, although the low number of transactions provides a very insubstantial basis for any conclusions to be drawn about investors' purchasing or demand behaviour. The core segment is the most strongly affected by the ongoing price correction phase, which is making potential investors cautious. At around 4%, only a small proportion of transaction volume was allocated to the opportunistic risk class.

NO MAJOR DEALS SO FAR

In the first quarter of 2023, there were no large transactions of €100 million or more, particularly due to the ongoing restraint of institutional investors. Transactions in the size category between €50 million and €100 million made the major contribution to total transaction volume, if via only one single transaction, at 45%. Transactions of between €25 million and €50 million contributed a similar proportion of total transaction volume (42%).

YIELDS CONTINUE TO RISE

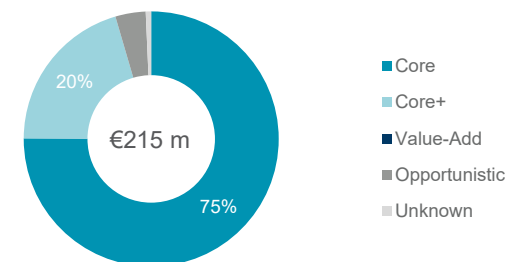
The net initial yield for prime office properties in Hamburg's central locations has been increasing steadily since the interest rate turnaround in the second quarter of 2022. After the historically lowest prime yield of 2.65% in the first quarter of 2022, it has now risen to 3.80%. This is not only an increase of 115 basis points in 12 months, it is 45 basis points higher than at the beginning of the year. The prime yield for 1-A retail properties is currently 4.10%, having risen by 50 basis points compared to a year ago.

For prime logistics properties, the prime yield is 4.15%, an increase of 115 basis points compared to the first quarter of 2022.

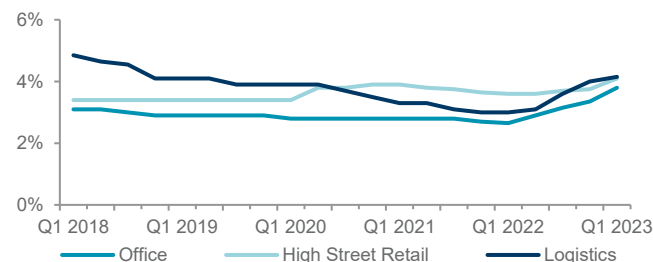
Outlook

- Expected further increases in interest rates and changes in financing conditions will keep pricing difficult and inhibit investment activity - investors are likely to remain cautious in the second quarter 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.
- Much of the process of market correction appears to have already been weathered and there are increasing signs of convergence between buyers and sellers – more stable interest rates and a positive economic outlook should increase planning certainty and herald the market recovery in the middle of the year.

TRANSACTION VOLUME BY RISK CATEGORY Q1 2023

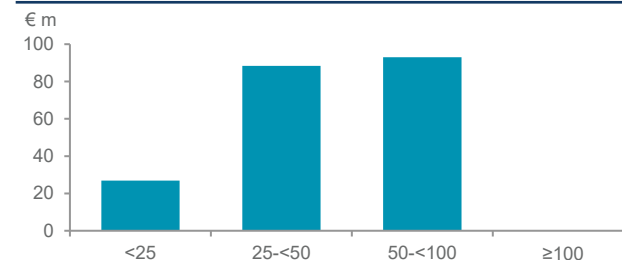


PRIME YIELD BY ASSET CLASS



* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1 2023*



* Each size category in euro million

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MARKET STATISTICS Q1 2023

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	0.22	28%	14%	44%	43%	3.80%	4.10%	4.15%
YoY Change	-88%	-58 PP	+8 PP	+39 PP	-39 PP	+150 BPS	+50 BPS	+115 BPS
Top-7 Markets	2.62	23%	38%	13%	53%	3.83%	3.90%	4.15%
YoY Change	-73%	-54 PP	+35 PP	+4 PP	-16 PP	+109 BPS	+53 BPS	+114 BPS
Germany	5.08	21%	31%	16%	34%	3.83%	3.90%	4.15%
YoY Change	-72%	-32 PP	+18 PP	-5 PP	-16 PP	+109 BPS	+53 BPS	+114 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 2023

Property / Transaction	Quarter	Asset Classes	City	Vendor / Buyer	Price (€ million)
Panattoni Park Hamburg North	Q1	Industrial	Nützen	J.P. Morgan Asset Management & Cromwell Property Group / Panattoni	~ 93
Phoenix-Center Hamburg-Harburg (stake increase by 25 %)	Q1	Retail	Hamburg	Kommanditgesellschaft Arena Vermögensverwaltung / Deutsche Euroshop	~ 29
Schumacher Kontor	Q1	Office	Hamburg	Gisev Family Office / Greve	confidential
Q-Park parking garage at Weg beim Jäger / Obenhauptstraße	Q1	Other	Hamburg	Parken & Immobilien Invest GmbH / Catella Real Estate AG	confidential

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