

MARKETBEAT HAMBURG

Investment Q3 2023



YoY 12-Month
Change Forecast

€715 m

Transaction Volume (cum.)



30%

Share of Foreign Capital



4.40%

Office Prime Yield, net



60%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY
Change 12-Month
Forecast

7.6%

Hamburg Unemployment
Rate (Sep 2023)



501,500

Hamburg Office Employees
(Sep 2023)



4.50%

ECB Interest Rate
(Sep 2023)



2.53%

10-Year Government
Bond Yield (Q3 2023)



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

HAMBURG INVESTMENT MARKET REMAINS BECALMED

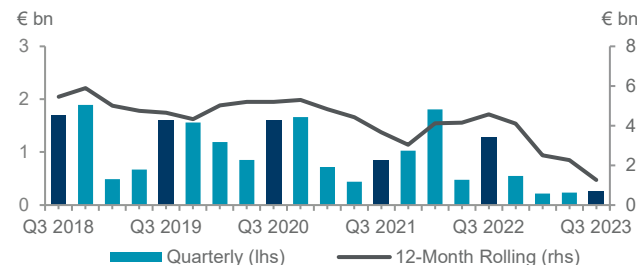
At €265 million, the 3rd quarter recorded the strongest transaction volume of the year so far in Hamburg's commercial real estate market. In total, an investment volume of around €715 million was achieved in the first three quarters. This is the lowest first-nine-months result for 14 years and 80% below the previous year's figure, which was particularly strong due to one-off effects (Q1-3 2022: €3.55 billion). The 5-year average of the first three quarters of around €3.19 billion was under-shot by 78%.

From January to the end of September, office real estate and office development projects were the strongest asset class, generating a total transaction volume of €430 million. This corresponds to 60% of the total commercial transaction volume. This level was however still 80% below the very high prior-year figure of €2.20 billion. More than 40% of the volume is accounted for by purchases for owner-occupancy. These included the largest office transaction – and at the same time the largest transaction in Hamburg's real estate investment market this year – with a volume of €119 million. PPS Immobilien Holding sold the "Fritz Schumacher Building" on Gänsemarkt in the City submarket to the City of Hamburg in the 2nd quarter.

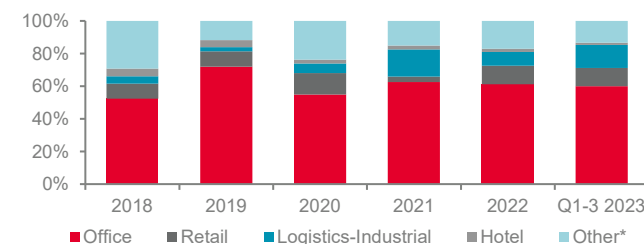
In the Logistics-Industrial real estate segment, no transaction took place in the 3rd quarter. This means that the transaction volume here has remained unchanged since Q2 at around €100 million, or 14% of the total commercial transaction volume and is 71% lower than at this point last year (€340 million). The largest single transaction was the sale of "Panattoni Park Hamburg Nord" to J.P. Morgan Asset Management and Cromwell Property Group in Q1 (over €90 million).

At around €80 million, retail properties generated 11% of the total commercial transaction volume. This was 81% below the previous year's figure of €420 million. One of the most significant single-property transactions was the sale of the "Tibarg Center" by Generali Deutschland Lebensversicherung to Hamburg-based asset management company Prof. Dr. h.c. Hannelore Greve for around €50 million.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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



DISTRIBUTION OF INVESTMENTS AMONG RISK CLASSES REMAINS DECEPTIVE

To the end of September 2023, 74% of the total transaction volume was generated by sales of core and core-plus 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.

AFTER NINE MONTHS ONLY THREE TRANSACTIONS OF OVER €50 MILLION

In the first nine months of 2023, large transactions of €100 million or more remained rare due to the ongoing restraint of institutional investors. The only deal in this size category was the purchase of the Finance Authority on Gänsemarkt by the City of Hamburg for its own use in the 2nd quarter. Transactions of less than €50 million accounted made the major contribution to total transaction volume.

YIELDS CONTINUE TO RISE

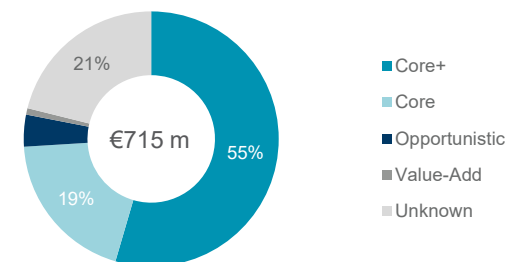
The rise in yields for prime properties triggered by the interest rate turnaround in the summer of 2022 continued in the 3rd quarter of 2023. The net initial yield for first-class office properties in Hamburg's central locations was quoted at the end of the 3rd quarter of 2023 at 4.40%, which is 125 basis points higher than a year ago.

The prime yield for high-street retail properties is currently 4.30%. The year-on-year increase was 60 basis points. For first-class logistics properties, the prime yield is also 4.30%, which is an increase of 70 basis points since Q3 2022.

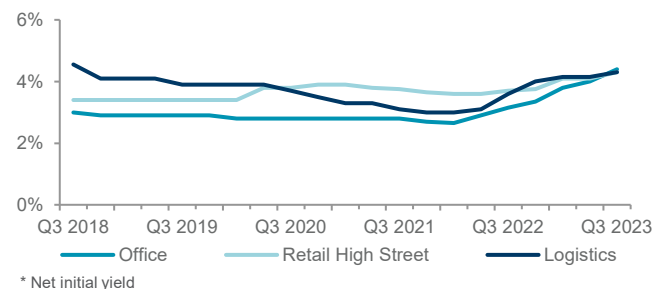
Outlook

- The pricing phase continues and the restraint in the real estate investment market is expected to continue over the remainder of the year.
- The gap between buyers' and sellers' purchase price expectations is increasingly narrowing and concordance is coming closer. By the end of the year, a price level could be reached that would mark the beginning of a market revival in 2024.
- After the tenth increase by the ECB in September 2023, the key interest rate now stands at 4.50%. Due to the fact that interest rate changes precede prime yields, further increases in yields in these asset classes are to be expected in the final quarter of the year.

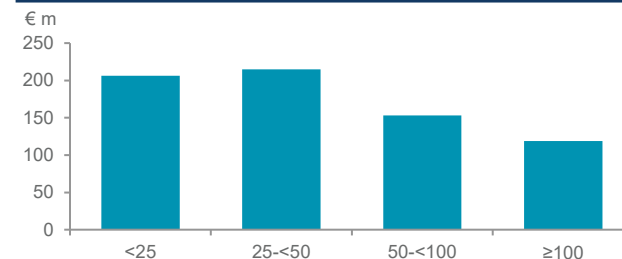
TRANSACTION VOLUME BY RISK CATEGORY Q1-3 2023



PRIME YIELD BY ASSET CLASS



TRANSACTION VOLUME BY SIZE CATEGORY Q1-3 2023*



* Each size category in euro million

MARKETBEAT HAMBURG

Investment Q3 2023



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MARKET STATISTICS Q1-3 2023

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Logistics-Industrial Volume	Share of International Capital	Office Prime Yield*	Retail High Street Prime Yield*	Logistics Prime Yield*
Hamburg	0.72	60%	11%	14%	30%	4,40%	4,30%	4,30%
YoY Change	-80%	-2 pp	-1 pp	4 pp	-28 pp	125 bp	60 bp	70 bp
Top-7 Markets	6.42	30%	22%	13%	39%	4,49%	4,11%	4,30%
YoY Change	-70%	-32 pp	18 pp	4 pp	-13 pp	126 bp	63 bp	69 bp
Germany	15.52	21%	27%	23%	36%	-	-	-
YoY Change	-61%	-20 pp	11 pp	3 pp	-10 pp	-	-	-

*Prime yield is net initial yield, displaying achievable values. Prime yield Germany = Average of Top-7 Markets
pp = percentage points; bp = basis points

SELECTED TRANSACTIONS 2023

Property / Address	Quarter	Type of Use	City	Vendor / Buyer	Price (€ million)
Fritz-Schumacher-Building (Finance Authority at Gänsemarkt)	Q2	Office	Hamburg	PPS Immobilien Holding / City Hamburg	~119
Panattoni Park Hamburg North	Q1	Industrial	Nützen	Panattoni / J.P. Morgan Asset Management & Cromwell Property Group	~90
Cube 10	Q2	Office	Hamburg	Amundi / Ofi Invest Real Estate	~60
Getreideheberhaus	Q3	Office	Hamburg	Tishman Speyer / confidential	Confidential

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