

MARKETBEAT HAMBURG

Investment Q3 2024



YoY 12-Month
Change Forecast

€740 m

Transaction Volume (cum.)



34%

Share of Foreign Capital



4.90%

Office Prime Yield, net



27%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY
Change 12-Month
Forecast

8.1%

Hamburg Unemployment
Rate (Sep 2024)



508,900

Hamburg Office Employees
(Sep 2024)



3.65%

ECB Interest Rate
(Sep 2024)



2.31%

10-Year Government
Bond Yield (Q3 2024)



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

REVIVAL OF THE HAMBURG REAL ESTATE INVESTMENT MARKET IS STILL AWAITED

In the commercial investment market in Hamburg, a transaction volume of €740 million was achieved in the first nine months of 2024. This is the second-lowest nine-month result in the past ten years. Although this exceeds the weak previous year's result of €715 million by 3%, it remains 71% below the 5-year average of approximately €2.5 billion for the first three quarters. With a share of 34% of the total volume, international investors were slightly more active compared to the previous year (30%). This figure is just below the 5-year average for the first three quarters of 36%.

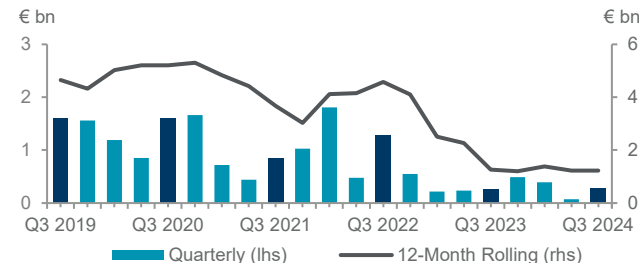
Sales of logistics and industrial properties achieved a transaction volume of around €210 million by the end of September, making them the strongest asset class with a share of 28% of the total transaction volume. The previous year's figure (€100 million) was exceeded by 110%. The largest transaction in this segment remains the sale of a logistics centre at Vollhöfener Weiden by a fund managed by Tristan Capital Partners to Montea (around €50 million) in the 1st quarter.

Mixed-use properties and land accounted for a total of €205 million or 28% of the total transaction volume. This was mainly due to the largest transaction in the Hamburg real estate investment market: the sale of the "Nikolai-Quartier" development project from Procom to Bilton for around €100 million.

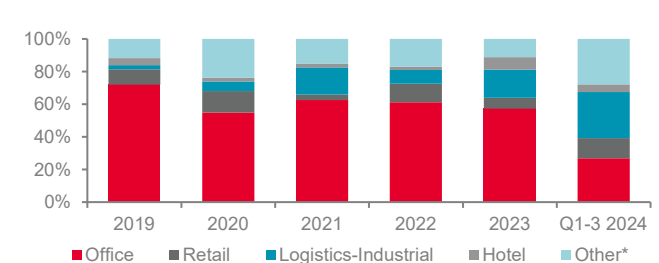
Office properties rank third in the asset class ranking with around €200 million and a share of 27% of the total transaction volume. This is 53% below the Q1-3 result of the previous year (€430 million). One of the largest transactions was the sale of the office and commercial building at Dornbusch 2-4 in the Inner City submarket by French investor Ofi Real Estate to investment manager Montano Real Estate for around €37 million in the 1st quarter.

Retail properties generated around €90 million, accounting for 12% of the transaction volume. This exceeded the previous year's figure of €80 million by 13%.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

VALUE-ADD AND OPPORTUNISTIC OUTPERFORM LONG-TERM AVERAGE

In the first three quarters of 2024, 68% of the transaction volume was generated from the sale of core and core-plus properties. Riskier investments in the Value-Add or Opportunistic categories accounted for 32%, surpassing the 5-year average (2019-2023) by 19 percentage points.

MAJOR TRANSACTIONS REMAIN RARE

Investment activity focused on the small to medium price segment due to the ongoing caution of institutional investors. 78% of the transaction volume was accounted for by properties below €50 million, with a clear focus on core-plus properties. While three large transactions were recorded in the same period last year, the already mentioned sale of the Nikolai-Quartier development project in the Inner City submarket represents the only major transaction above €100 million in the reporting period.

YIELD PEAK REMAIN STABLE

The net initial yield for prime office properties in Hamburg's central locations stood at 4.90% at the end of the 3rd quarter of 2024. This reflects a sideways movement compared to the previous quarter and an increase of 50 basis points over the year.

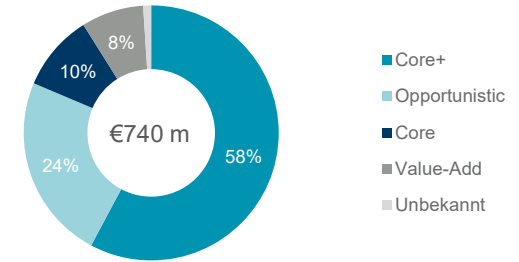
The prime yield for high-street commercial buildings in 1a locations also remains stable at 4.50%, unchanged from the previous quarter, with an increase of 20 basis points compared to the previous year.

The prime yield for first-class logistics properties is also stable compared to the previous quarter at 4.50% – 20 basis points higher than a year ago.

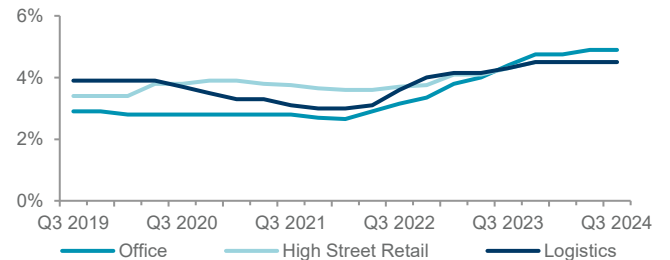
Outlook

- While a classic year-end rally in 2024 is not expected, a moderate increase in investment activity can be expected beyond the turn of the year.
- With inflation and interest rates continuing to stabilize and recover, there is growing confidence that institutional investors will also become more active again. A noticeable market recovery by mid-2025 seems realistic.
- Cushman & Wakefield expects that the increase in yields has peaked. Given the ECB's first cuts in key interest rates in June and September and signs of a slight upward trend on the German investment market as a whole, there is potential for subsequent declines in prime yields in 2025.

TRANSACTION VOLUME BY RISK CATEGORY Q1-3 2024

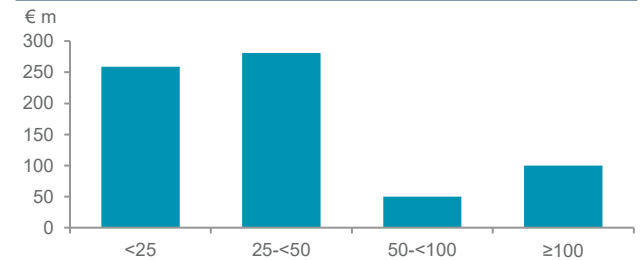


PRIME YIELD BY ASSET CLASS



* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1-3 2024*



* Each size category in euro million

MARKET STATISTICS Q1-3 2024

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	0.74	27%	12%	28%	34%	4.90%	4.50%	4.50%
YoY Change	3%	-33pp	1pp	14pp	4pp	50bp	20bp	20bp
Top-7 Markets	8.64	28%	20%	14%	35%	4.91%	4.46%	4.50%
YoY Change	51%	-6pp	8pp	-1pp	4pp	42bp	27bp	20bp
Germany	16.43	22%	22%	24%	40%	-	-	-
YoY Change	11%	0pp	-1pp	0pp	7pp	-	-	-

*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 2024

Property / Address	Quarter	Type of Use	City	Vendor / Buyer	Price (€ million)
Nikolai-Quartier, Neß 7-9	Q3	Development plot	Hamburg	Procom Invest / Bilton Real Estate	~100
Logistics centre, Vollhöfner Weiden 17	Q1	Logistics-Industrial	Hamburg	Tristan Capital Partners / Montea	~50
Retail park Eidelstedt, Hörgensweg 5	Q3	Retail	Hamburg	Union Investment / LHI Gruppe	~48
Quantum-HQ, Dornbusch 2 + 4	Q1	Office	Hamburg	Ofi / Montano Real Estate	~37

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