

Market survey

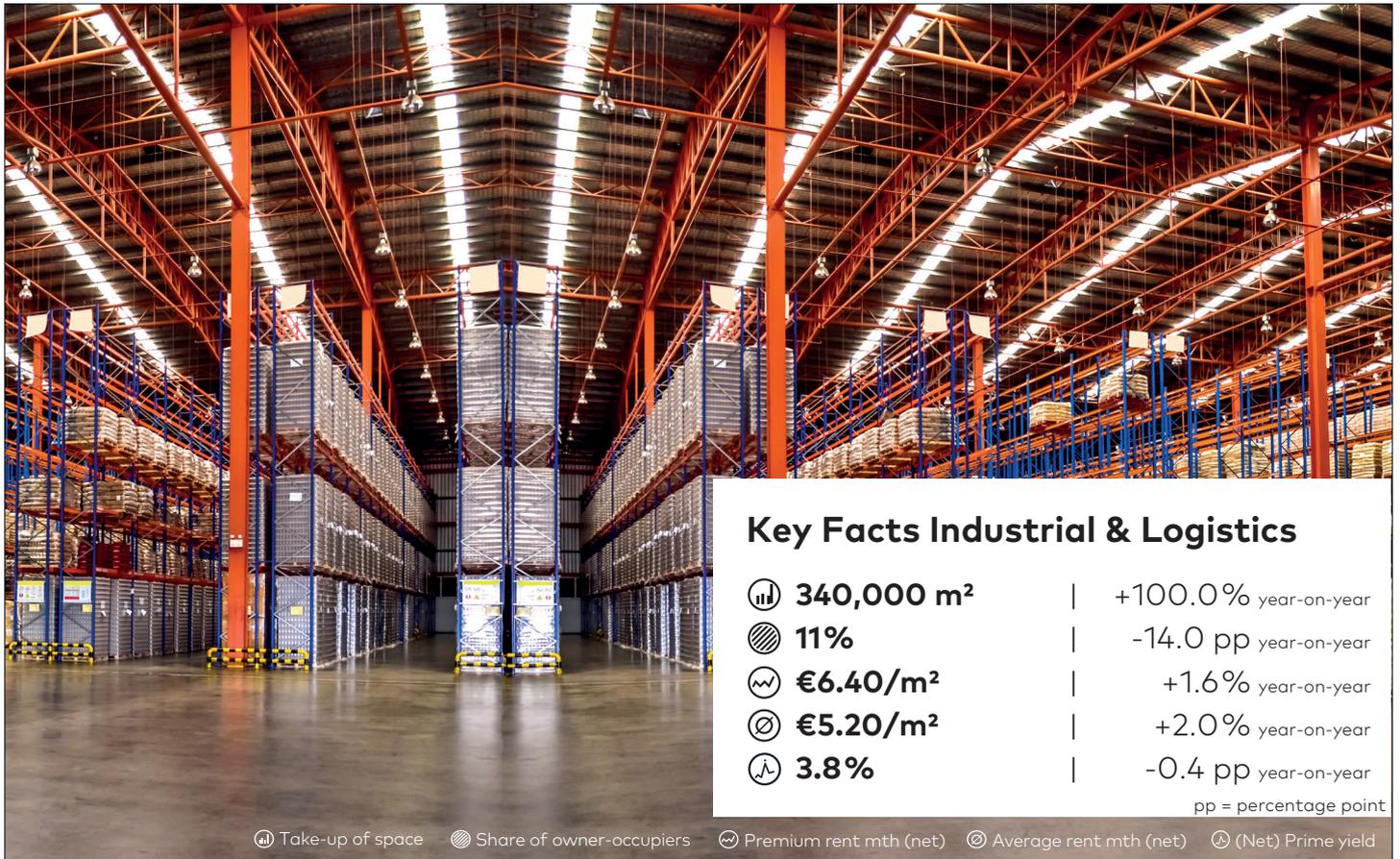
Commercial | Industrial & Logistics



2021/Q1-2
Hamburg and Environs



Grossmann & Berger



Key Facts Industrial & Logistics

340,000 m ²		+100.0% year-on-year
11%		-14.0 pp year-on-year
€6.40/m ²		+1.6% year-on-year
€5.20/m ²		+2.0% year-on-year
3.8%		-0.4 pp year-on-year

pp = percentage point

Take-up of space
 Share of owner-occupiers
 Premium rent mth (net)
 Average rent mth (net)
 (Net) Prime yield

“Companies in Hamburg and the environs now have a better basis for planning and are thus far more optimistic and willing to enter new agreements than they were a year ago. Many talks that had been put on ice due to the uncertainties of the pandemic were resumed and agreements finalized between April and June.”

Felix Krumreich | Consultant for Industrial & Logistics

Take-up of space

Take-up of space doubled

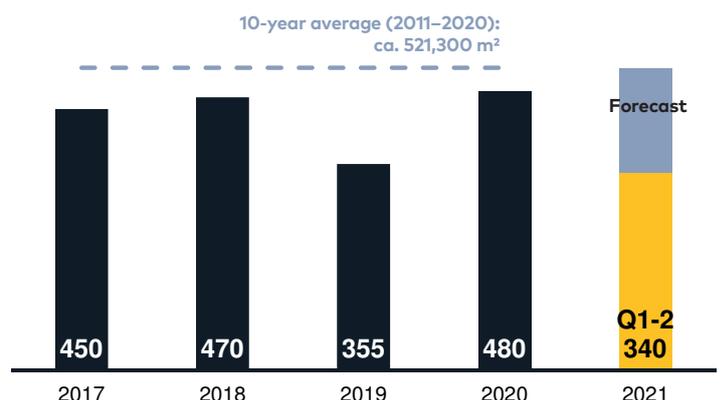
It is as if the market for industrial and logistics properties in Hamburg had decided to leap into action after a long period of slumber; it could explain why take-up of space doubled within a year to close the first half of 2021 at 340,000 m². Only once before, in the absolutely exceptional year 2011, was more space leased or taken up by owner-occupiers in a 2nd quarter; in 2011 the total was 235,000 m², ten years later, 205,000 m². Many talks that had been put on ice due to the uncertainties of the pandemic were resumed and agreements finalized between April and June. Additionally, 23 agreements for over 5,000 m² of space were noted. Last year, when the coronavirus first hit, only seven such leases were concluded. Overall the number of agreements signed rose by 20%, climbing from 49 to 59.

Considering that the owner-occupier ratio was 11%, rental take-up was very high at 302,600 m². Owner-occupiers were very prominent in 2020, when their share of the market was 25% at the end of the 1st half year.

Above all, agreements for large amounts of space led to the high take-up result. Whereas 44% of the take-up of space (2020/Q2: 35%) involved leases for over 10,000 m² of space, the next-largest size segment, 5,001 to 10,000 m², also accounted for the second-largest share of the market at 33% (2020/Q2: 23%) Leases for large amounts of space thus constituted over three quarters of total take-up (261,000 m²). Accounting for 12% of the market and some 42,000 m² of take-up, the third most sought-after size was that between 1,001 and 3,000 m²; this category actually posted the highest number of contracts - 20 - in the first half of 2021.

Take-up of space

2017-2021/Q1-2 | in 000s m² | incl. owner-occupiers



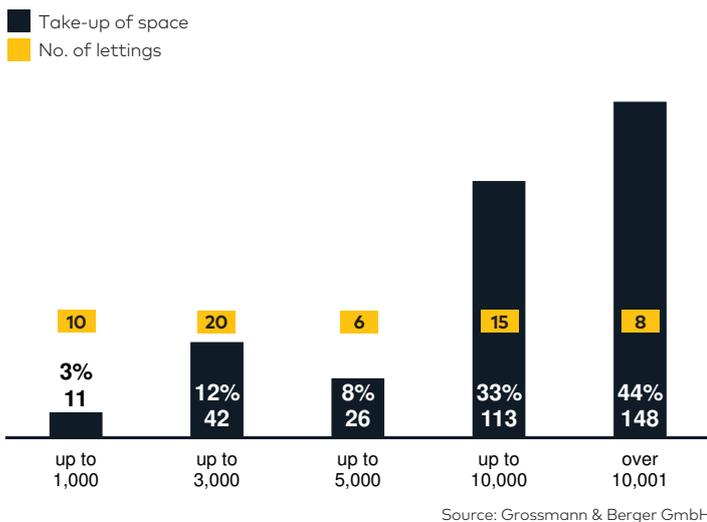
Source: Grossmann & Berger GmbH

Selected top contracts
2021/Q1-2

1. Riess Ambiente Kirchenweg 12 Nützen (Environs North-West) ca. 37,700 m ²
2. Greiwing logistics for you Vollhöfner Weiden 19 Hamburg South ca. 29,200 m ²
3. Confidential Otto-Lilienthal-Strasse 1a-d Wenzendorf (Environs South-West) ca. 15,500 m ²
4. Boeing Distribution Services Rudolf-Diesel-Strasse 11-13 Henstedt-Ulzburg (Environs North-West) ca. 15,400 m ²
5. Heinrich Dehn Internationale Spedition Bredowstrasse 6 Hamburg East ca. 15,300 m ²

Take-up of space

2021/Q1-2 | in 000s m² | by size and no. of lettings

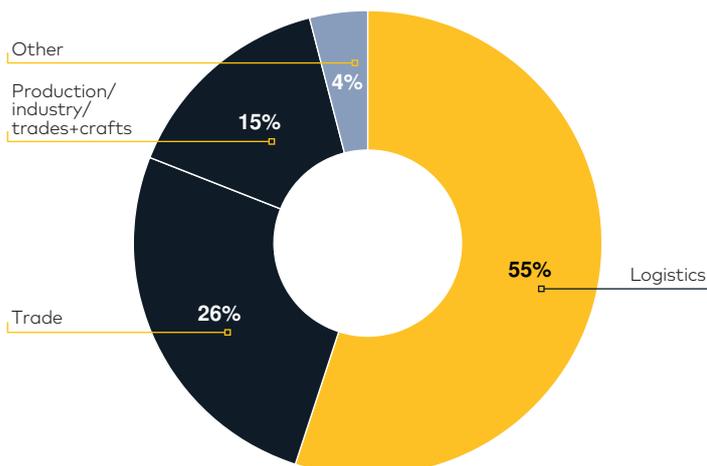


The biggest contract of the 1st half year was signed by Riess-Ambiente in the 2nd quarter. On behalf of a Hamburg online retailer of designer furniture, the developer Panattoni is building a facility in Nützen near Kaltenkirchen (Kirchenweg 12, North East Environs) comprising two halls with some 37,700 m² of space and around 3,750 m² of offices. The second-largest agreement was also concluded in the 2nd quarter when Greiwing logistics for you signed a lease for 29,200 m² of hall space at Vollhöfner Weiden 19 (Hamburg South).

Unlike the situation a year before, take-up was fairly evenly spread across the three most popular sub-markets. Hamburg East reported a 30% share of the market (101,900 m²), thus ranking first among sub-markets. The largest premises leased in this sub-market comprised 15,300 m² of hall space at Bredowstrasse 6, let to Heinrich Dehn, a forwarding company, in the 1st quarter. Returning similar volumes of take-up, North West Environs and Hamburg South placed second and third with 24% (82,600 m²) and 22% (73,800 m²) respectively. This distribution also owed much to the two new, large-volume agreements with Riess Ambiente and Greiwing. The share of take-up registered in the environs grew appreciably, from 33% to 44%.

Take-up of space

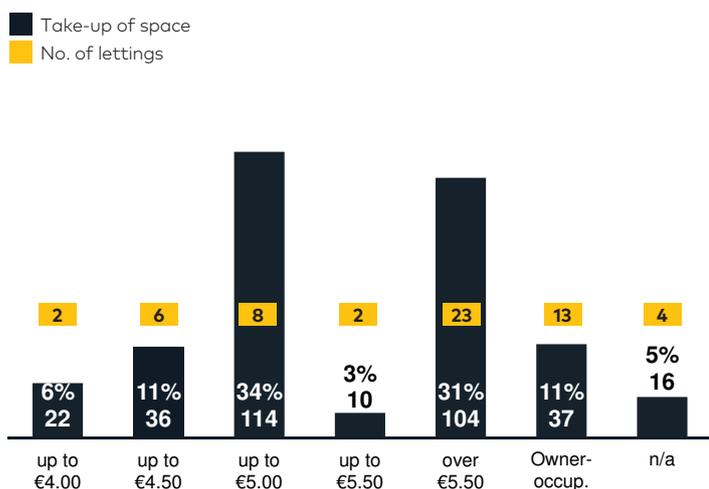
2021/Q1-2 | by industry



As in 2020, logistics and forwarding companies were still the predominant market players at the end of the first half year. Their share of take-up rose from 42% to 55% (186,700 m²). Six of the eight contracts for more than 10,000 m² of space were signed by firms from this sector. In view of the Riess-Ambiente agreement, retail/wholesale accounted for 26% (87,000 m²) of take-up, dislodging the manufacturing/industrial/craft trades sector (15%, 49,600 m²) from second place. Boeing Distribution Service, which is counted in the manufacturing sector, took some 15,400 m² of hall space at Rudolf-Diesel-Strasse 11-13 in Henstedt-Ulzburg (North West Environs) in the 1st quarter.

Take-up of space

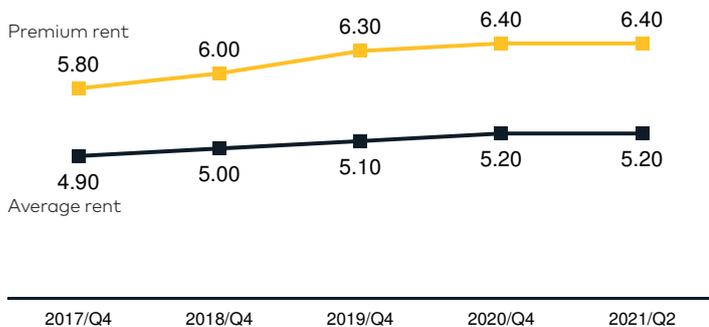
2021/Q1-2 | in 000s m² | by rent and no. of lettings



Source: Grossmann & Berger GmbH

Premium and average rent

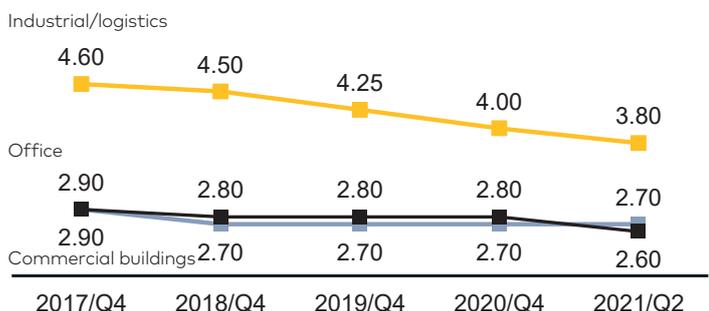
2017-2021/Q2 | in €/m²/mth (net)



Source: Grossmann & Berger GmbH

Prime yields

2017-2021/Q2 | (Net) initial yield | in %



Source: Grossmann & Berger GmbH

Rents

Moderate rise

Once again, both prime and average rents rose slightly year on year. The prime rent rose by 2% to €6.40/m²/month, the average rent by 2% to €5.20/m²/month. Both rates were, however, unchanged from the prior quarter. The average rent for premises within city limits was €5.70/m²/month, rates in the environs were €4.90/m²/month.

In terms of take-up, rental rates of more than €5.51/m²/month and of between €4.51 and €5.00/m²/month predominated, accounting for 34% and 31% of the market respectively. However, most leases (23) were agreed at over €5.51/m²/month, i.e. in the top-priced segment.

Investment

Prime yields continue to slide

Posting a transaction volume of some €250m and 23% of the total Hamburg market, logistics/industrial properties were the second most sought-after assets after office buildings. In the 1st half year a total of 11 logistics and industrial properties in Hamburg were traded. In the 1st half of 2020 the transaction volume had been a mere €11m, generated by four trades. First and foremost, this result stemmed from the biggest transaction in the 1st half year: in the context of a sale and lease-back transaction, DWS Group paid Fiege Deutschland some €189m for the logistics centre "Spectrum" (Amandus-Stubbe-Strasse 10, Hamburg East). The second-largest logistics property traded stands in Harburg (Seevestrasse 1) and was sold by Prologis to Aroundtown for about €22m. All other trades were properties costing less than €10m each.

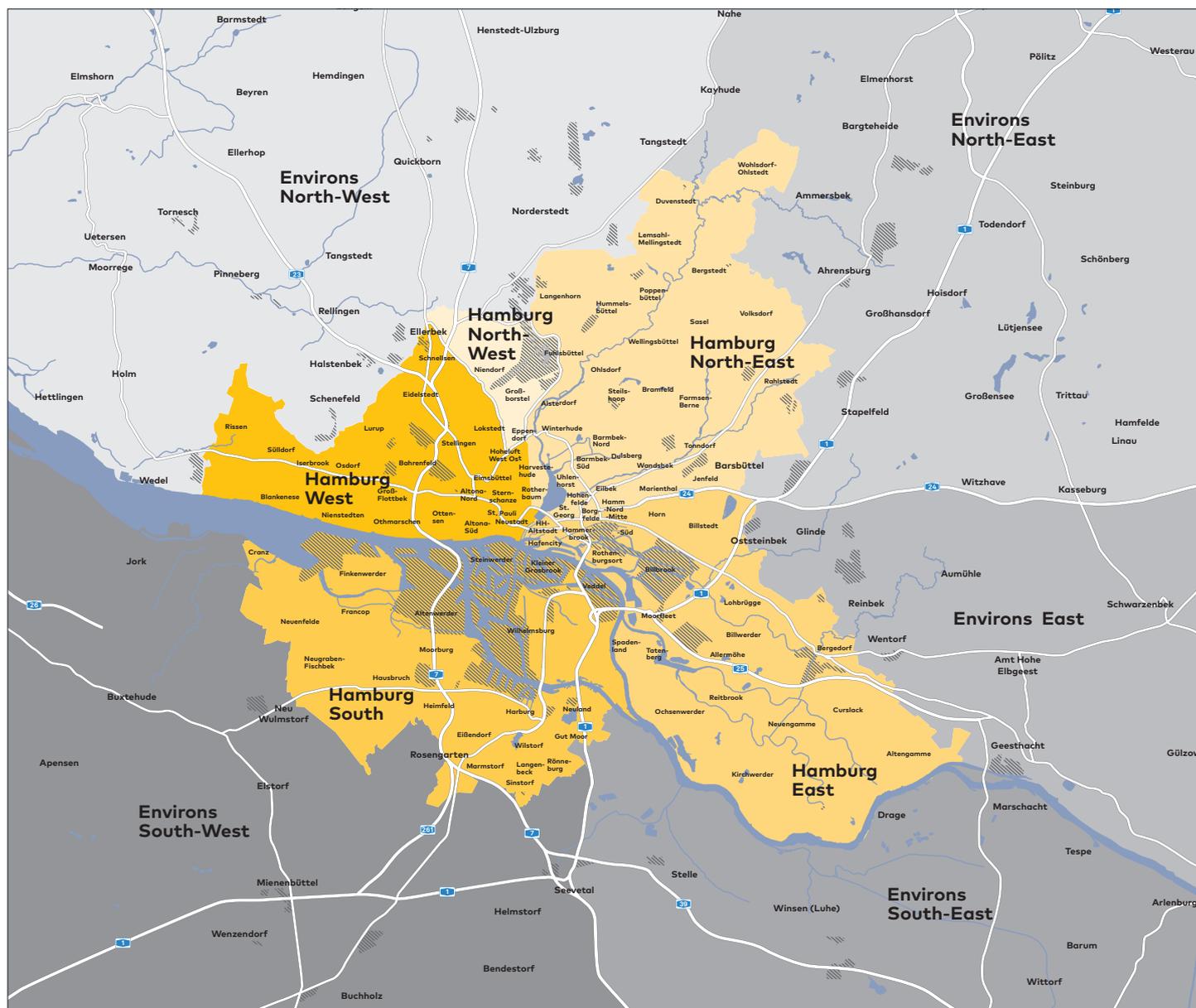
Logistics/industrial real estate is now coming under even greater pressure than core office properties. There was heavy investor demand for logistics/industrial property assets, driving the prime yield down to a new low of 3.80% and 0.4 percentage points below the prior year's value.

Outlook

Record within reach

The exceptional half-year result gives reason to hope that the rest of the year will continue this well. Take-up of space at around the 10-year average of some 520,000 m² seems totally realistic. Provided that fresh waves of pandemic in autumn and winter do not lead to more restrictions, it might even be possible to post a new record result.

Overview of industrial/logistics sub-markets Hamburg and Environs
2021/Q1-2



Sub-market	Take-up of space in m ² incl. owner-occupiers	Share in %	Year-on-year change in %	No. of lettings	Share in %	Average rent in €/m ² /mth (net)
1 Hamburg West	7,500	2	+436	2	4	6.50
2 Hamburg North-West	4,100	1	+86	3	5	6.50
3 Hamburg North-East	2,700	1	-75	2	4	6.00
4 Hamburg East	101,900	30	+250	17	29	5.60
5 Hamburg South	73,800	22	+6	6	11	5.60
Total Hamburg	190,000	56	+68	31	52	5.70
6 Environs North-West	82,600	24	+478	14	23	5.20
7 Environs North-East	11,900	4	+45	3	5	5.00
8 Environs East	6,800	2	-9	5	9	5.50
9 Environs South-East	6,500	2	+41	1	2	5.50
10 Environs South-West	42,200	12	+91	5	9	4.50
Total Environs	150,000	44	+165	28	48	4.90
Total	340,000	100	+100	59	100	5.20

Skilled consultancy Services und contacts



From left to right: Felix Krumreich | Fiona Thiel (Assistentin) | Nico Beckmann | Bertram Schubert (not displayed)

What can we do for you?

An analysis of the property markets is an important part of the wide-ranging consultancy services offered by Grossmann & Berger. We would be pleased to be of assistance in your decision-making process and can draft an offer that is tailored to your specific requirements.

Glossary

Definitions, industrial/logistics market

Take-up of space: Take-up of space is the total of all space newly let plus that sold to or built by an owner-occupier during the period under review. The operative date for inclusion in the statistics is the date on which the lease or purchase agreement was signed. Lease renewals are not counted as take-up. Areas are stated on the basis of the guide for calculating the rental area in commercial leases (MF/G).

Premium rent: The premium rent is that paid for the most expensive 3% of the market for new lets (not counting owner-occupiers) during the 12 months just ended and is stated as the average of such rents.

Average rent: The average rent paid is calculated by taking the individual rents agreed in all leases signed over the past 12 months, weighting them by the amount of space rented and computing the mean value. Figures refer to nominal net rents ex services.

Prime yield: The prime yield is the initial return attainable on a property that has been let on normal market terms (tenants with good credit ratings), has top quality structure and fit-out and stands in one of the very best locations. It is stated as the net initial yield in per cent, i.e. the ratio between the annual rental income less non-apportionable ancillary costs and the gross purchase price (net purchase price plus land acquisition tax, notary's fees and agency commission.)

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We draw your attention to the fact that all statements made here are non-binding. Most of the information is based on third-party reports. The sole intention of this market survey is to provide general information for our clients.

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