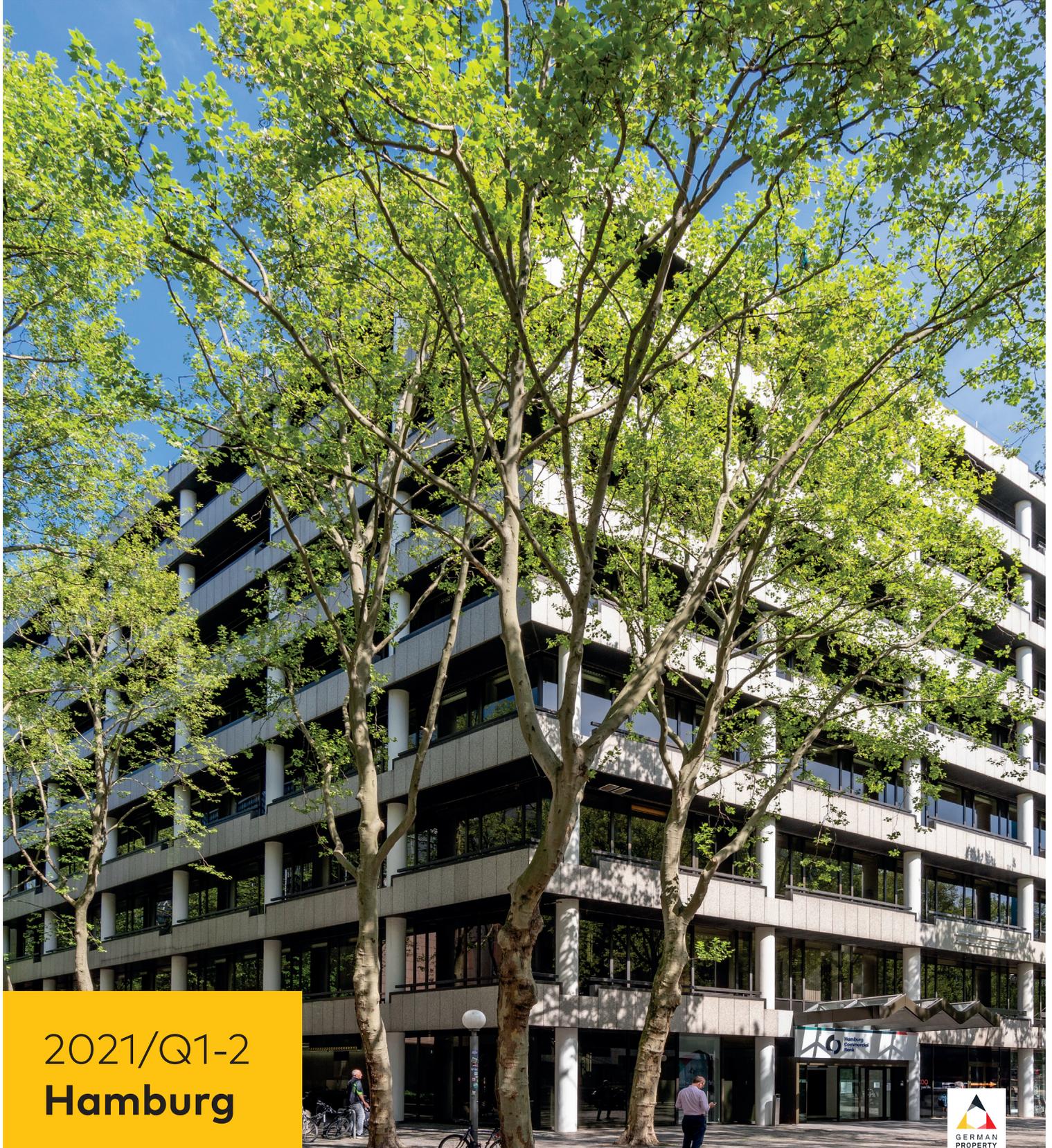


# Market survey

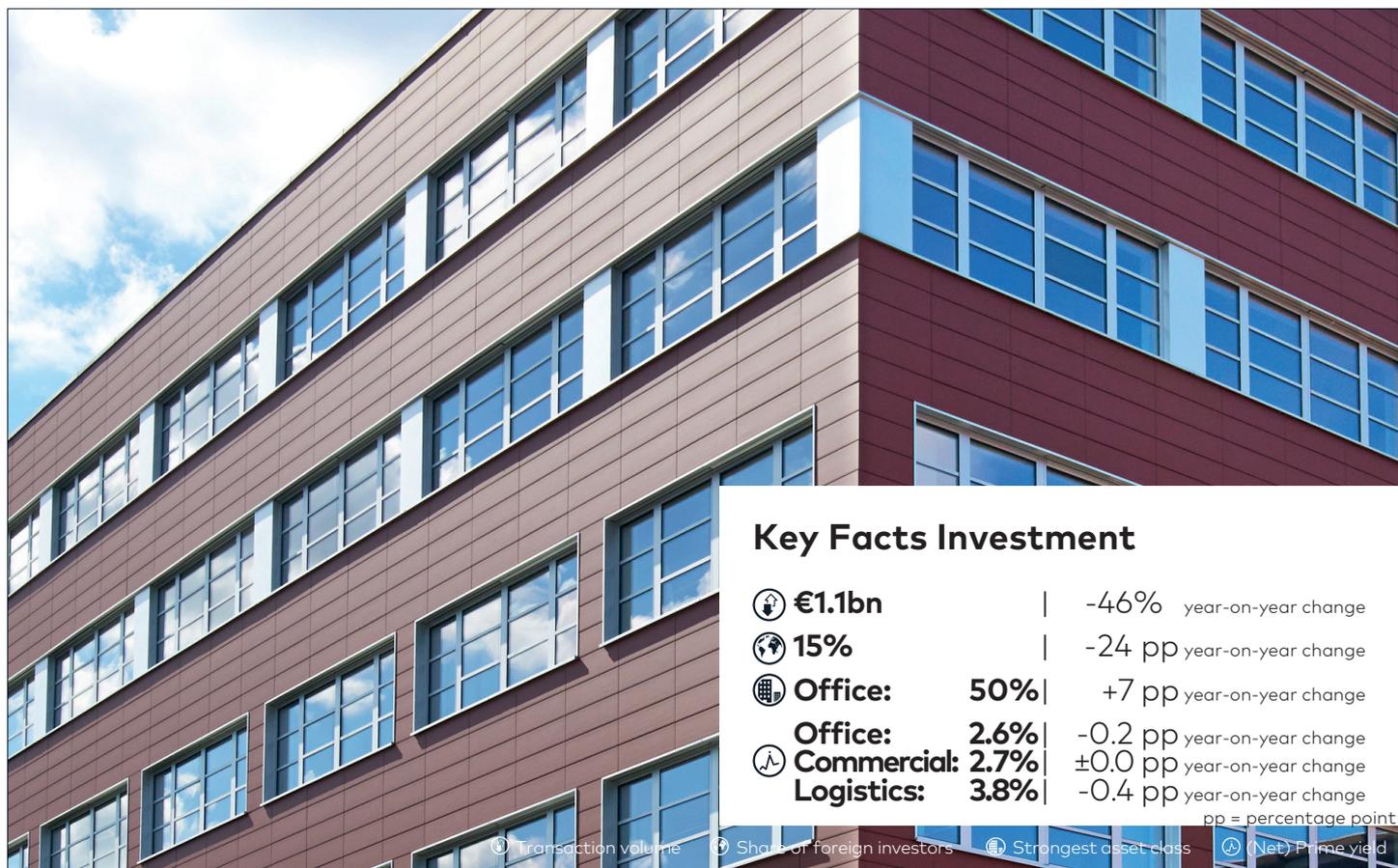
Commercial | Investment



2021/Q1-2  
Hamburg



**Grossmann & Berger**



### Key Facts Investment

📈	€1.1bn		-46%	year-on-year change
🌐	15%		-24 pp	year-on-year change
🏢	Office: 50%		+7 pp	year-on-year change
	Office: 2.6%		-0.2 pp	year-on-year change
📊	Commercial: 2.7%		±0.0 pp	year-on-year change
	Logistics: 3.8%		-0.4 pp	year-on-year change

pp = percentage point

📉 Transaction volume
🌐 Share of foreign investors
🏢 Strongest asset class
📉 (Net) Prime yield

**“Demand for core properties is as high as ever, putting even greater pressure on yields, above all in the logistics sector. In view of the ongoing shortage of real estate, however, we expect the overall volume of trading for the year to be unspectacular.”**

Sandra Ludwig | Managing director

## Transaction volume

High demand unabated

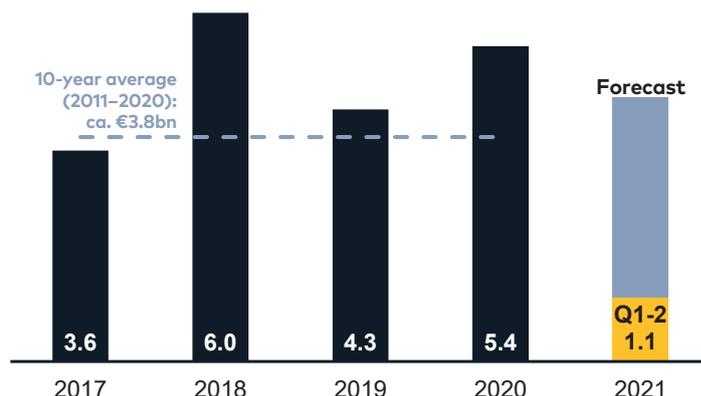
Hamburg’s market for investments in commercial properties started the year slowly and gained no further momentum in the 2nd quarter of 2021. Transactions completed in the first half of 2021 totalled only some €1.1bn. Trades have thus plummeted 46% below the €2.0bn traded in 2020, when the second-highest-ever total for a half-year was recorded. The half year result for 2021 is thus as low as the result in 2019 and well below the ten-year average of €1.51bn. Demand for office properties, especially core real estate in central locations, remains as high as ever. However, the Hamburg market is still handicapped by a considerable shortage of properties for sale, leading to a low volume of transactions and slowing the momentum of trading.

In the first half year only two properties costing over €100m each were sold, and these accounted for some 32% of the total, putting this price sector ahead of all others. However, this is first and foremost a reflection of the low overall volume of trading. One sale in this price category,

the largest of the year so far, was that of the “Spectrum” (Amandus-Stubbe-Strasse 10, Hamburg East). In the context of a sale and lease-back transaction, DWS Group paid Fiege Deutschland some €189m for this logistics centre. In a similarly-priced transaction, Dr. Oetker sold the “Hamburg Süd Haus” (Willy-Brandt-Strasse 59-65, City) to Union Investment for over €150m; it was the second-biggest transaction of the 1st half year.

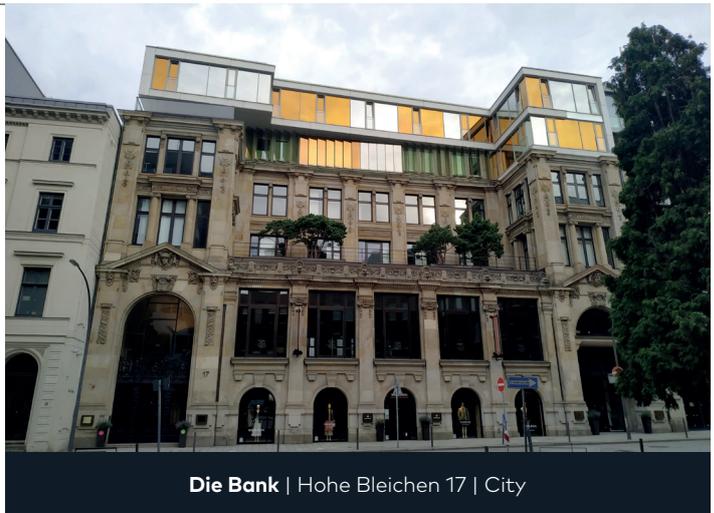
Properties selling for between €51m and €100m comprised the second-biggest price segment by trading volume. The 4 transactions in this category, which accounted for 24% of the volume traded, included the “D10 Domkontor” (Domstrasse 10, City) sold by Savills Investment Management

**Transaction volume**  
2017-2021/Q1-2 | in € bn



Selected transactions  
2021/Q1-2

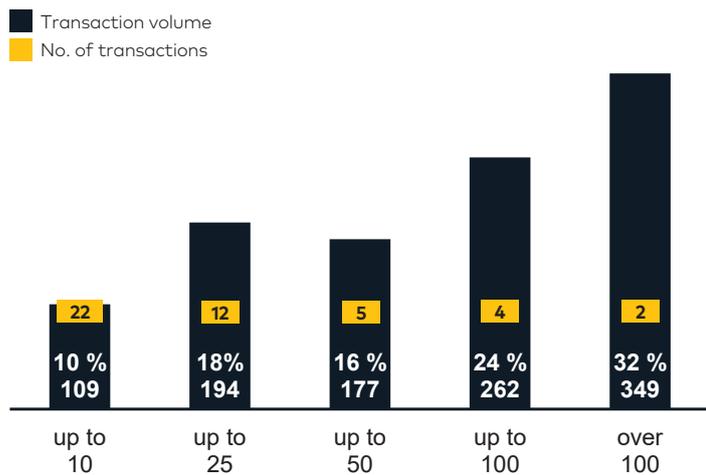
- Spectrum** | Amandus-Stubbe-Strasse 10 | Hamburg East  
Office | Investor: DWS Group | Purchase price: over €180m
- Hamburg Süd House** | Willy- Brandt-Strasse 59-65 | City  
Office | Investor: Union Investment | Purchase price: over €150m
- Campus Stapelwerk** | Meiendorfer Strasse 205 | Hamburg East  
Office | Investor: Warburg-HIH Invest | Purchase price: over €70m
- Krohnstieg Center** | Krohnstieg 41-43 | Hamburg East  
Retail | Investor: Hahn Gruppe | Purchase price: ca. €60m
- D10 Domkontor** | Domstrasse 10 | City  
Office | Investor: Caleus Capital Investors | Purchase price: over €60m



Die Bank | Hohe Bleichen 17 | City

Transaction volume

2021/Q1-2 | in € millions | by price



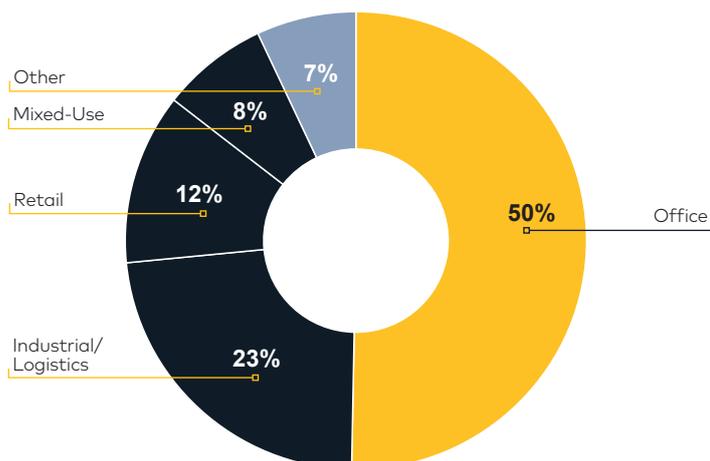
Source: Grossmann & Berger GmbH

to Caleus Capital Investors for over €60m, and the office block "Die Bank" (Hohe Bleichen 17, City) sold by RFR Holding to May & Co. for over €50m. 18% of the volume traded was attributable to 12 transactions for properties costing between €11m and €25m. Two office buildings in the Omega portfolio owned by Peakside Capital fell into this price category. One, a property at Spaldingstrasse 77-79 (City South) was sold to May & Co. for some €21m. The other, (Max-Brauer-Allee 60, Altona), passed into Dereco's ownership for some €15m. This price segment thus ranked third.

Posting five transactions at between €26m and €50m, the fourth-ranked price category comprised some 16% of the market. Three major sales in this segment were buildings in the Magnet portfolio, which PGIM Real Estate sold to Swiss Life. The properties (Essener Strasse 89, Essener Bogen 7, Essener Bogen 17, Airport) changed hands for a total of €96m.

Transaction volume

2021/Q1-2 | by asset class



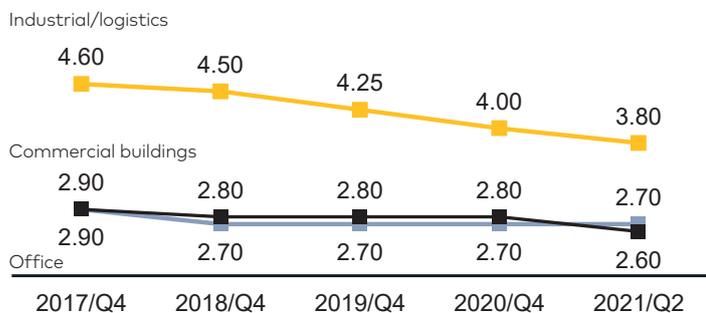
Source: Grossmann & Berger GmbH

Accounting for 50% of the volume traded, office properties retained their status as the most sought-after class of assets. Particularly as a result of the previously mentioned sales of the "Hamburg Süd Haus" and "D10 Domkontor", offices took the lead in the ranking of assets, improving their year on year performance by 7 percentage points. Logistics/industrial real estate assets followed in second place with a new record result of around 23% of the market. The sale of the "Spectrum" made a crucial contribution to this good result. Another of the logistics property assets traded stands in Harburg (Seevestrasse 1); Prologis sold it to Aroundtown for about €22m.

As in the previous year, retail shop properties followed in third place (€132m, 12%), a good result that was due above all to the sale of "Krohnstieg Center" (Krohnstieg 41-43, Hamburg East) for which Hahn Gruppe paid HBB over €60m. In the same asset class, the Steilshoop shopping centre (Schreyerring 26, Barmbek) was sold for some €21m.

**Prime yields**

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



Source: Grossmann & Berger GmbH

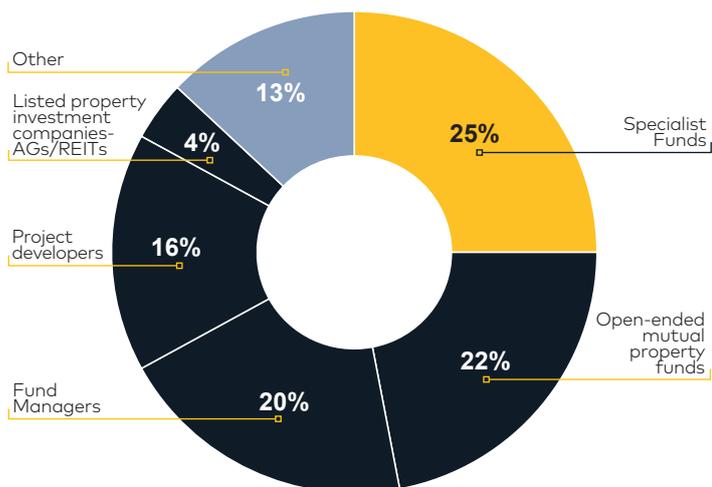
**Yields**

**Rising pressure on yields**

In view of investors' prevailing aversion to risk, yields are set to come under further pressure. With attention focussed on core office properties, the prime yield on this class of asset fell to 2.60% (2020: 2.80%). Greater contraction is evident in the logistics/industrial real estate sector. This class of asset is much in demand with investors, driving the prime yield down to a new low of 3.60% and 0.4 percentage points below the prior year's value. Only on commercial buildings did the prime yield remain unchanged year on year at 2.70%.

**Transaction volume**

2021/Q1-2 | by investor groups



Source: Grossmann & Berger GmbH

**Investors and vendors**

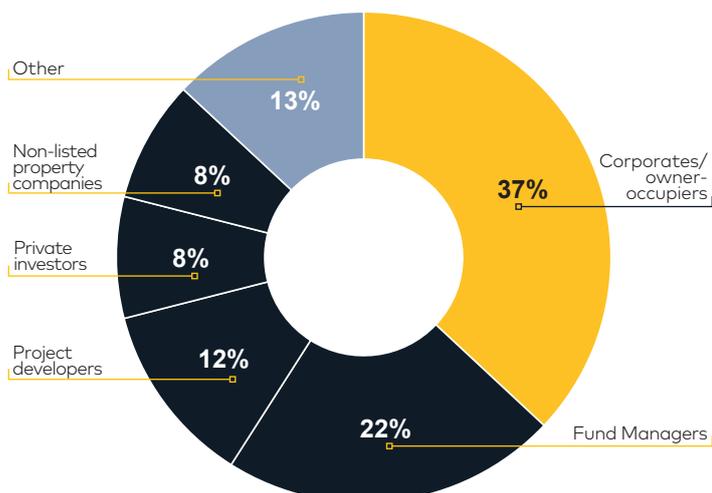
**National buyers dominated the market**

As buyers of real estate, specialist funds took 25% of the market in the 1st half year. Following in second and third place are open property mutual funds (22%) and fund managers (20%). Corporates/owner-occupiers sold more properties than other groups (37%) followed by fund managers (22%) and developers (12%).

International investors remained hesitant to invest in Hamburg properties in the 1st half year. Accounting for 15% of trading, their share of the market dropped by 24 percentage points year on year. However, these investors featured more prominently as sellers. Their share of some 28% of the volume sold was 5 percentage points higher than a year before. But it would appear that under pandemic conditions national investors do have a geographical advantage over international competitors.

**Transaction volume**

2021/Q1-2 | by vendor groups



Source: Grossmann & Berger GmbH

**Outlook**

**Revival in the second half year**

Demand for properties in Hamburg remains as high as ever. However, due to the shortage of properties on the market, a relatively low trading volume is expected this year. Nevertheless, the second half of the year should see the market revive overall because some big-ticket transactions are in the pipeline.

## Skilled consultancy Services und contacts



From left to right: Tatjana Merger | Anna Martens

### 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.

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## Glossary

### Definitions, investment market

**Transaction volume:** The transaction volume is the sum of the purchase prices of all commercial property sold in Hamburg during the period under review. The date of signing determines when a transaction is included in the statistics. Buy to let investments in residential properties are not included in the transaction volume.

**Asset class:** A property is allocated to an asset class according to the predominant way in which space is used (at least 75%) when the contract is signed.

**Individual properties and portfolio transactions:** An individual property transaction means the purchase of a building used for commercial purposes or of a piece of land for development. Portfolio transactions involve the purchase of at least two separate properties in different locations.

**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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