**Hamburg: Office letting market 1st-4th quarters of 2019
Gloomy outlook for companies seeking office space**

**Hamburg, 6 January** **2020** - In 2019 the total amount of office space let in Hamburg was 545,000 m² and thus some 8 % below the prior year’s figure. Information analysed by Grossmann & Berger, a member of German Property Partners (GPP), reveals that the volume of empty space continued to contract and by the end of the year the vacancy rate had reached an all-time low of 2.9 %. *“In conjunction with the strong rise in land and construction costs, the low level of vacant space led to a significant rise in office rents in 2019,”* says managing director **Andreas Rehberg**. In view of the high proportion of pre-lettings - 73 % of the space due for completion in 2020 and 2021 is already taken - the market will not benefit from these new buildings. Consequently, office rents will rise even further. *“In 2020 Hamburg will remain a landlord’s market. Because so little office space is on the market, companies seeking new office premises have extremely little scope to negotiate terms. Meanwhile, even when larger suites between 1,000 and 2,000 square metres in size become available, three or four firms will be competing for the space. Therefore clients are now offered practically no inducements to sign,*” adds **Rehberg**.

**Market details:**

* The 4th quarter was the weakest of the four with take-up of office space at 110,000 m².
* Overall in 2019 twelve leases for more than 5,000 m² of space were signed (2018: 15). None of the six agreements to rent more than 10,000 m² (2018: 5) was concluded in the 4th quarter. The biggest new agreement involved some 8,175 m² which energy firm Lichtblick has rented off-plan in the “CONNEXION” office development at Klostertor 1.
* Year on year the average rent rose by 12.0 % from €15.80/m²/month to € 17.70/m²/month. By the end of the year, the premium rate had risen 7.3 % to mark a new high of €29.50/m²/month
* Although some 304,000 m² of new office property will be completed in 2020/2021, this will not ease the tight market because 73 % of the volume has been pre-let. *“Therefore speculative developments stand an excellent chance on the market,”* forecasts **Rehberg**.
* As the volume of available space continues to shrink, Grossmann & Berger expect take-up of office space in 2020 to be in the region of the ten-year average of 530,000 m².

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| **Office market | Hamburg | 2019** | **Q1-4** |
| **Space take-up** [m²] | 545,000 |
| against prior yr [%] | -7.6 |
| **Premium rent** [€/m²/month net of services] | 29.50 |
| against prior yr [%] | +7.3 |
| **Average rent** [€/m²/month net of services] | 17.70 |
| against prior yr [%] | +12.0 |
| **Stock of office space** [millions m²] | 13.8 |
| **Vacant space** [m²] | 400,400 |
| against prior yr [%] | -16.1 |
| **Vacancy rate** [%] | 2.9 |
| **Completions 2020+2021** [m²] | 304,000 |
| **Pre-let ratio** [%] | 73 |



**Selected agreements | offices in Hamburg | 1st to 4th quarters 2019**

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| --- | --- | --- | --- | --- |
| **Tenant/owner-occupier** | **Property/project** | **Street no.**  | **Sub-market** | **Rental area**[ca. m²] |
| Otto Group | “OTTO GOeast” | Werner-Otto-Strasse 1-7 | Hamburg East | 40,000 |
| Xing | “Unilever-Haus” | Strandkai 1 | HafenCity | 22,000 |
| Vattenfall Europe | “EDGE Elbside” | Amerigo-Vespucci-Platz | HafenCity | 17,500 |
| University of Hamburg | Former telephone exchange / Humanities Research Center | Schlüterstrasse 51-59 | Alster West | 15,000 |
| German Institute of Global and Area Studies | Former telephone exchange / Humanities Research Center | Schlüterstrasse 51-59 | Alster West | 10,000 |

New transactions or those occurring in the quarter in this report are highlighted

The complete [market survey](https://www.grossmann-berger.com/marktbericht/gewerbe/hamburg-buero/) will soon be available and can be downloaded from our website.

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