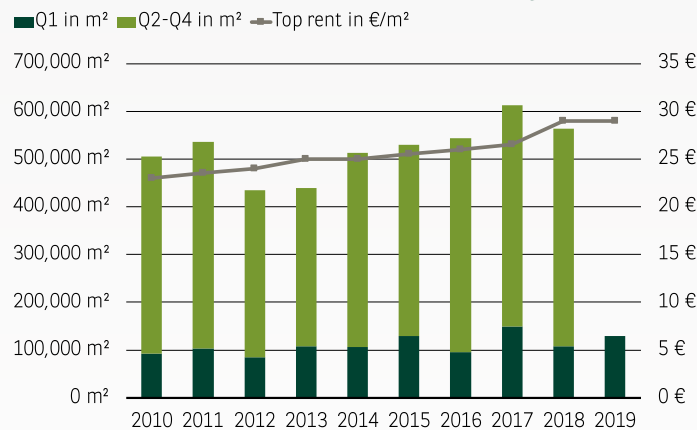




At a Glance **Q1 2019**

OFFICE MARKET HAMBURG

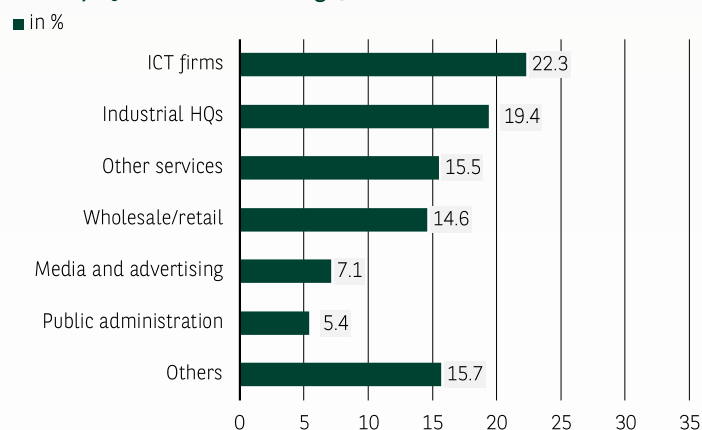
Development of take-up and top rents in Hamburg



➤ SECOND-BEST RESULT IN THE LAST TEN YEARS

With a take-up of 130,000 m², the Hamburg office market achieved an extraordinarily good result and had a very dynamic start into 2019. Compared to the previous year, this represents an increase of around 20 % and marks the second-highest value in the last ten years. The strong demand, which already led to an outstanding end-of-year result in 2018, continues unabated. A spectacular change of tenants in the HafenCity has made a significant contribution to this good result: After more than ten years, Unilever leaves its exposed domicile at Strandkai and relocates its German headquarters to the city centre. From 2020, the food company will move into around 6,200 m² in the new building project "Neue Burg". The existing premises (22,000 m²) will be taken over by the rapidly expanding career network XING, which plans to bring all its employees together at one location from 2021.

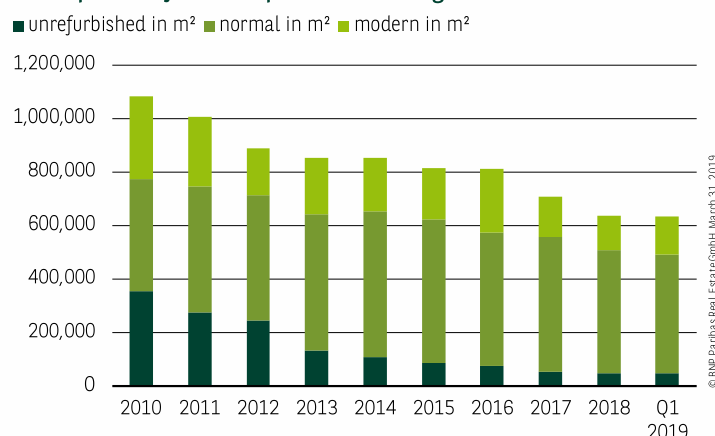
Take-up by sector in Hamburg Q1 2019



➤ FOUR INDUSTRIES WITH DOUBLE-DIGIT RESULTS

XING's major contract is also directly reflected on the distribution of take-up by industry sector: with over 22 %, the Information and Communication Technologies sector leads the ranking. Second place goes to the administrations of industrial companies, which account for around 19 %. This strong result is mainly due to Vattenfall's newly projected headquarters in the HafenCity (17,500 m²). The podium is completed by the group category other services (15.5 %). It is particularly positive to note that, together with trading companies, a total of four sectors are showing double-digit results. This underlines the diversity and robustness of demand in the Hanseatic city.

Development of vacant space in Hamburg



➤ VACANCY AT LOWEST LEVEL

Vacancy fell again in the first three months of the new year. With just 634,000 m², the availability of short-term vacant space has reached a new low point in the metropolis on the Elbe. On the positive side, the situation has eased somewhat for the modern premises: Due to some completions in the side centers about 143,000 m² in the most demanded quality are currently available on the market. Their share of the total vacancy is thus around 23 %, which is still a very low level. Large users in particular are now forced to switch to project developments or refurbishments, as large contiguous spaces are hardly available. This shortage is also reflected in the vacancy rate, which at 4.5 % is only slightly above the required fluctuation reserve.

Major contracts in Hamburg

Sub-market	Company	m²
1.3	XING	22,000
1.3	Vattenfall Europe Hamburg	17,500
1.1	Unilever	6,240
1.2	Wünsche Handelsgesellschaft International	5,100
1.3	smava	3,500
3.3	company from the healthcare sector	2,700

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Trends in important market indicators in Hamburg

	Q1 2018	Q1 2019	Trend remaining year
Take-up	108,000 m²	130,000 m²	➔
Vacant space	685,000 m²	634,000 m²	➔
Space under construction (total)	365,000 m²	280,000 m²	➔
Space under construction (available)	177,000 m²	66,000 m²	➔
Top rent	26.50 €/m²	29.00 €/m²	➔

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➤ BUILDING ACTIVITY DOES NOT CREATE ANY EASING

Despite the increasing shortage of supply, project developers were unable to expand their current construction volume due to a lack of suitable plots. As a result only 280,000 m² are currently under construction, 23 % less than a year ago. However, only 66,000 m² or about 23 % of this space is still available to the market. This is the lowest level in more than 15 years and illustrates that there is no medium-term easing on the supply side in sight. As a result, the total available space (vacancy plus available space under construction) is at a historic low of 700,000 m².

➤ RISING RENTS IN ALMOST ALL LOCATIONS

As expected, the growing overhang in demand is leading to rising rents. This applies on the one hand to the prime rent, which has risen in the last twelve months by almost 9 % to currently 29 €/m², and on the other hand to the respective highest and average rents in the various submarkets. Rental prices in the HafenCity, which is currently in especially high demand, rose by around 10 % to 21.50 €/m² within one year.

➤ PERSPECTIVES

Although the economic outlook is deteriorating slightly, everything currently points to a high take-up in the Hanseatic city in 2019 as well. In this respect, the share of project leases in particular is likely to increase once again due to the continuing shortage of supply. In view of this, it is likely that both vacancy as well as the available space under construction will decrease again in the further course of the year. This should lead to additional potential rent increases.

Key indicators Hamburg Q1 2019

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2019	total	modern	of this, since completion	total	available	available	projected
	1	2	2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre	29.00		26,500	78,500	28,000	7,000	79,500	37,500	116,000	180,000
1.2 Eastern Harbour Fringe	21.00		5,500	6,500	0	0	5,000	0	6,500	10,000
1.3 HafenCity	26.00		46,500	23,500	16,000	0	10,000	0	23,500	190,000
1.4 Western City Fringe - St. Pauli	23.00		0	8,500	6,500	500	0	0	8,500	0
2 Centre Fringe	17.00 - 24.50		25,000	240,000	47,000	6,500	52,000	5,000	245,000	245,000
3 Subcentres	12.00 - 19.00		26,500	277,000	45,500	16,000	133,500	23,500	300,500	269,000
Total			130,000	634,000	143,000	30,000	280,000	66,000	700,000	894,000

* The top rent given applies to a market segment of 35 % in each case.

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