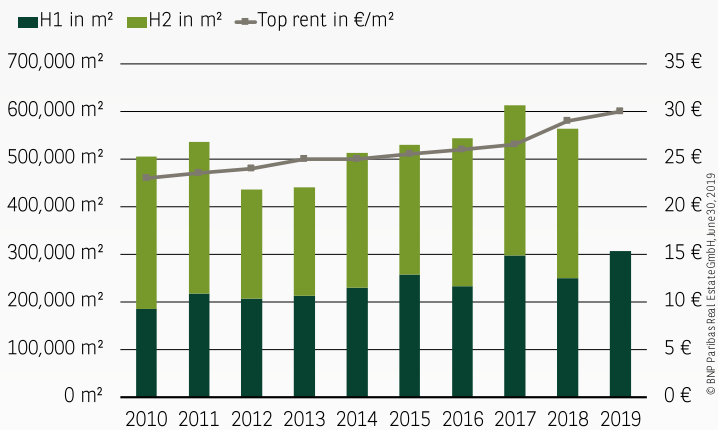




At a Glance **Q2 2019**

OFFICE MARKET HAMBURG

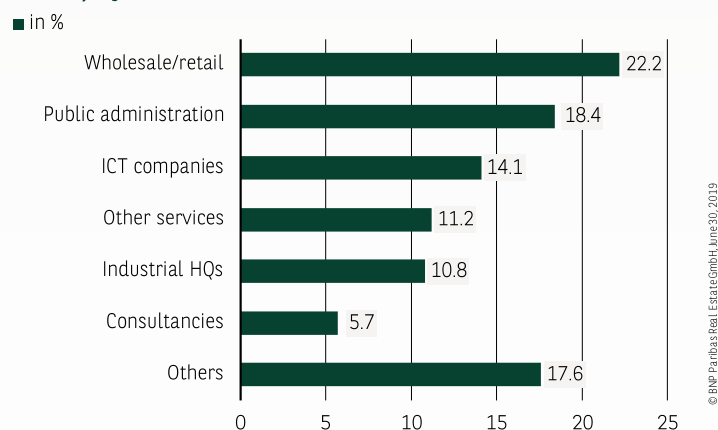
Development of take-up and top rents



NEW HALF-YEAR RECORD THANKS TO MANY LARGE DEALS

The Hamburg office market was extremely dynamic in the first half of the year, breaking through the 300,000 mark for the first time with a take-up of 306,000 m². With this exception, the 10-year average was exceeded by more than 28%. The main reason for this outstanding result was primarily the large number of individual transactions above 10,000 m², which accounted for a total of around 36% of the result. With the start of construction of the Otto Campus, one of the largest contracts of the last decade (40,000 m²) was registered in the Elbe metropolis. The traditional Hanseatic company is establishing its new headquarters in the city district Bramfeld. The nine-storey building will be erected according to a multi-space concept and will in particular meet the requirements of new working environments. In 2022, the online retailer with around 1,800 employees plans to move in.

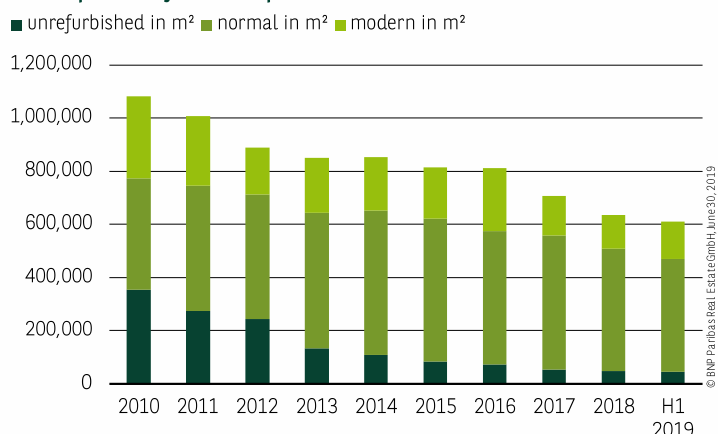
Take-up by sector H1 2019



DIVERSIFIED SECTOR MIX UNDERLINES DEMAND

The diversified demand structure becomes clear when looking at the distribution by sector: five economic branches are recording double-digit results. The Otto Group's large-volume owner-occupier deal enabled the trading sector to take the lead for the first time with over 22%. Not significantly behind them are public administration institutions, which account for just over 18% of the total. The majority of the space was leased by the German Institute of Global and Area Studies, in short GIGA, (15,700 m²) and the University of Hamburg (15,200 m²). Both will move into the Alte Fernmeldeamt near the main campus Von-Melle-Park. The third active category consists of companies in the field of information and communication technologies, which recorded their best results since 2014.

Development of vacant space



VACANCY UNDER NECESSARY FLUCTUATION RESERVE

The ongoing reduction of vacancies observed for almost ten years continued in the first half of 2019. Compared to the previous year, the volume of space available at short-term was reduced by almost 10% to only 611,000 m², the lowest figure since 2002. By contrast, the segment of modern space which is most in demand by users remained virtually unchanged at 141,000 m² (+2%) and thus accounts for around 23% of the total vacancy volume. At 4.4%, the vacancy rate is now well below the necessary fluctuation reserve of 5%. Currently, available office space is most likely to be found in the City (70,000 m²) and City South (47,500 m²).

Major contracts

Sub-market	Company	m²
3.7	Otto Group	40,000
1.3	Xing	21,600
1.3	Vattenfall	17,500
2.5	GIGA German Institute of Global and Area Studies	15,700
2.5	University of Hamburg	15,200
3.5	Signal Iduna Group	10,000

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Trends in important market indicators

	H1 2018	H1 2019	Trend remaining year
Take-up	249,000 m²	306,000 m²	➔
Vacant space	676,000 m²	611,000 m²	➡
Space under construction (total)	354,000 m²	338,000 m²	➡
Space under construction (available)	170,000 m²	67,000 m²	➔
Top rent	27.00 €/m²	30.00 €/m²	↗

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➤ CONSTRUCTION PLOTS ARE HARDLY AVAILABLE ANY MORE

Although construction activity in the Elbe metropolis, at 338,000 m², is at a comparably high level as in the previous year (-4.5%), most space capacities are not available on the market due to the high pre-letting rates and many owner-occupiers: At just 20%, the proportion of available space is at a historic record low. In the mid-term, construction activity will therefore hardly provide any relief on the supply side. As a result, the total available space is just 678,00 m² and thus fell to under 700,000 m² for the first time in more than 15 years.

➤ TOP RENT REACHES €30 MARK FOR THE FIRST TIME

The persistently high demand in connection with the tense supply situation has led to a significant rental price development in recent years, which covers both prime and average rents. The top rent alone rose by more than 11% in the past twelve months and was quoted for the first time at 30 €/m². As expected, it is achieved in the city centre, where numerous exposed buildings have been extensively modernised and renovated in the last few years. But also the average rent is at an all-time high with 18 €/m².

➤ OUTLOOK

From today's perspective, there is every reason to believe that the good demand will continue throughout the rest of the year. At the year-end, an above-average result well in excess of 500,000 m² can be expected. Against the backdrop of low speculative construction activity in particular, a sustained reduction in vacancies is therefore to be expected. This will also lead to corresponding rental increase potential in the future.

Key indicators H1 2019

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	H1 2019	total	modern	of this, since completion	total	available	available	projected
	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre	30.00		53,500	70,000	29,000	5,500	74,000	31,000	101,000	170,000
1.2 Eastern Harbour Fringe	21.00		5,500	5,500	0	0	5,000	0	5,500	10,000
1.3 HafenCity	26.00		54,000	22,500	15,000	2,000	5,000	0	22,500	190,000
1.4 Western City Fringe - St. Pauli	25.00		2,500	3,500	2,000	0	0	0	3,500	0
2 Centre Fringe	16.50	- 24.50	87,500	224,000	42,000	6,500	52,000	5,000	229,000	265,000
3 Subcentres	12.00	- 19.00	103,000	285,500	53,000	24,000	202,000	31,000	316,500	285,000
Total			306,000	611,000	141,000	38,000	338,000	67,000	678,000	920,000

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

** The relevant office market zone can be found on our website under "Research".

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