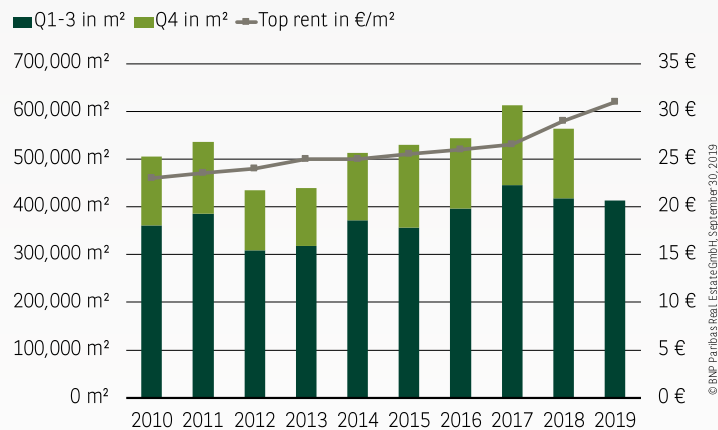




At a Glance **Q3 2019**

OFFICE MARKET HAMBURG

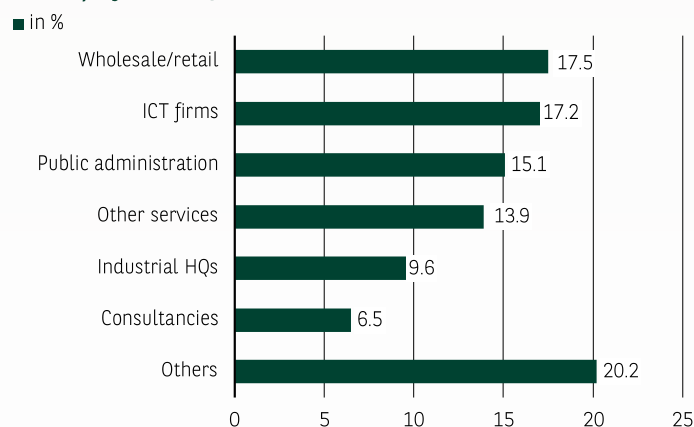
Development of take-up and top rents



THIRD YEAR IN A ROW: 400,000 M² MARK SURPASSED

After the record set in the first half of the year, the third quarter was much more restrained on the Hamburg office market: with a take-up of 413,000 m² the result after the first nine months is more or less at the level of the previous year (418,000 m²), but still well above the long-term average (around 9%). At the same time, the result of the Elbe metropolis exceeds the 400,000 m² mark for the first time in three consecutive years, underlining the good economic conditions in the Hanseatic city. It therefore remains to be seen whether the relatively weak third quarter, which is primarily due to the lack of large deals, is just a snapshot. As before, more space is absorbed by the demand side than gets onto the market in the same period, leading to a constant reduction in supply.

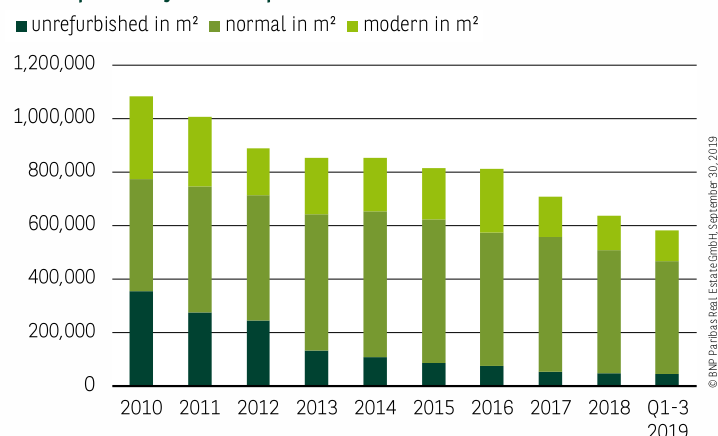
Take-up by sector Q1-3 2019



THANKS TO OTTO: RETAIL MOVES TO THE TOP

Historically, Hamburg has a disproportionately high density of retail companies compared to other German regions, of which the Otto Group is certainly one of the most important. With the new building in Bramfeld (40,000 m²), the family-owned company creates a modern working environment for more than 1,800 of its employees and for the first time pushes the retail sector to the top of the ranking (17.5%). Just behind them are firms from the ICT sector, which account for just over 17%. The largest contract in this category was signed by the mobility company Free Now. The joint venture between BMW and Daimler rented around 6,900 m² at the western edge of the port. Public administration (15%) and the other services segment (14%) also accounts for double-digit shares.

Development of vacant space



VACANCY BELOW 600,000 M² FOR THE FIRST TIME SINCE 2001

For the eleventh quarter in a row, the volume of space available at short notice has fallen, dropping below the 600,000 m² mark for the first time since 2001 to 582,000 m². Modern space - which is in particularly high demand by users - accounts for 115,000 m², not even one fifth of the total vacant space. As a result, the vacancy rate fell again and is currently just 4.2%. In the Hamburg City Centre, the most important submarket of the Hanseatic metropolis, the vacancy rate is just half of that and notes at 2.1%, which is equivalent to almost full occupancy.

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

	Q1-3 2018	Q1-3 2019	Trend remaining year
Take-up	418,000 m²	413,000 m²	➔
Vacant space	657,000 m²	582,000 m²	➡
Space under construction (total)	327,000 m²	337,000 m²	➔
Space under construction (available)	135,000 m²	56,000 m²	➔
Top rent	27.00 €/m²	31.00 €/m²	⬆

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➤ CONSTRUCTION ACTIVITY GENERATES NO RELIEF

At present, about 337,000 m² of office space are under construction in the Elbe metropolis, of which 57% are forecasted to be completed within the next 15 months. However, the construction activity leads to almost no increase of the supply, since only a small part is built speculatively. Due to the high pre-letting rates and many owner-occupiers, only 56,000 m² (17%) are still available to the market, which is the lowest figure of the past 15 years. The City submarket, which traditionally dominates the demand for office space, alone accounts for 22,500 m².

➤ TOP RENT BREAKS THROUGH 30 € MARK FOR THE FIRST TIME

As a result of the ongoing shortage of space, which is becoming even more acute in some submarkets, the ongoing rise in rents also continued over the course of the year. Compared to the same period last year, top rents rose by around 15% to 31 €/m², thus exceeding the 30 € mark for the first time. Since 2010, the direction of the prime rents has been exclusively upward. Average rents are also moving at almost the same pace: across all markets average rents rose by 15% in the last twelve months as well and stands at 17.90 €/m² at the end of the third quarter.

➤ OUTLOOK

Despite the uncertain development of the economy, the good demand situation and the general increase in activity on the real estate market in the fourth quarter of the year give reason to expect take-up of well over 500,000 m² for 2019 as a whole. In addition, the continuing shortage of vacant space and the early letting of many units under construction are likely to cause rents to rise further in the short term.

Key indicators Q1-3 2019

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1-3 2019	total	modern	of this, since completion	total	available	available	projected
	1	2	3	4	5		6	7	8 = (3 + 7)	9
Submarkets**										
1 City Centre										
1.1 City Centre	31.00		85,000	54,000	14,000	5,000	71,500	22,500	76,500	170,000
1.2 Eastern Harbour Fringe	21.00		6,000	5,000	0	0	5,000	0	5,000	10,000
1.3 HafenCity	26.00		58,000	20,500	13,000	2,000	5,000	0	20,500	190,000
1.4 Western City Fringe – St. Pauli	25.00		4,000	3,500	2,000	0	0	0	3,500	0
2 Centre Fringe	16.50	- 24.50	126,000	194,500	35,500	4,500	57,500	5,000	199,500	265,000
3 Subcentres	11.50	- 18.00	134,000	304,500	50,500	19,500	198,000	28,500	333,000	285,000
Total			413,000	582,000	115,000	31,000	337,000	56,000	638,000	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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