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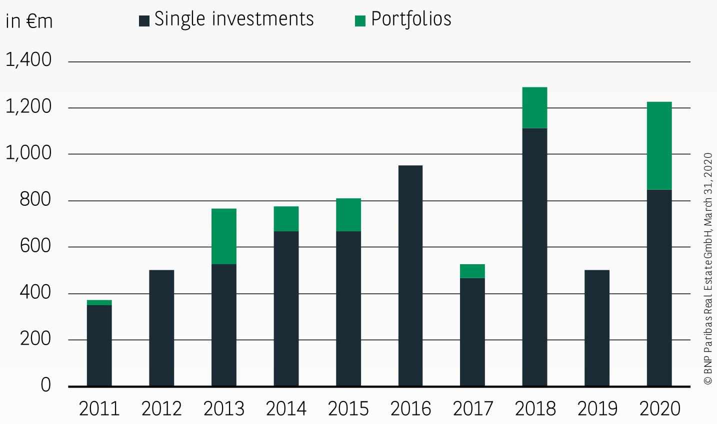
RESEARCH

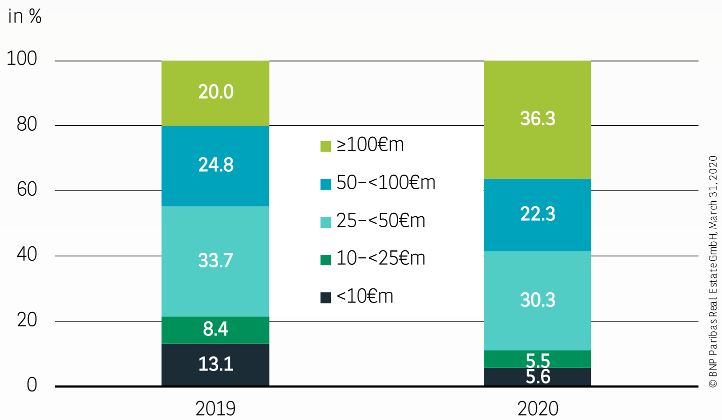
At a Glance Q1 2020

INVESTMENT MARKET HAMBURG

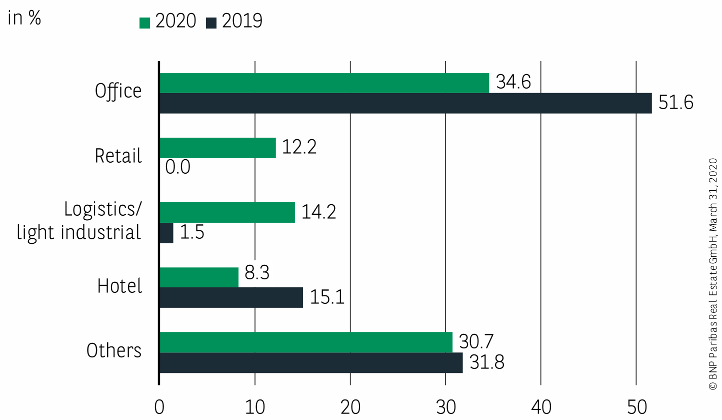
Investment volume Q1



Investments by € category Q1



Investments by type of property Q1



BRILLIANT START TO THE YEAR

With a transaction volume of around €1.23 billion, the Hamburg investment market is starting the new decade with the third-best opening result ever achieved. The previous year's figure was exceeded by more than 145% and the long-term average by about 58%. The market benefited from a disproportionately high turnover with portfolio transactions, which, at €379 million, accounted for almost a third of cash turnover. A higher figure was last recorded in 2007. The merger of giants between Aroundtown and TLG and the participation of several investors in the Signa Prime Selection package deal caused the transaction volume to skyrocket in the first quarter. This effect can be observed not only in the Hanseatic city but also in Berlin and Frankfurt. But even without the extraordinary portfolio contribution, the result in the Elbe metropolis would have been impressive with €847 million. However, the start of the year does not yet reflect the anticipated effects of the corona pandemic.

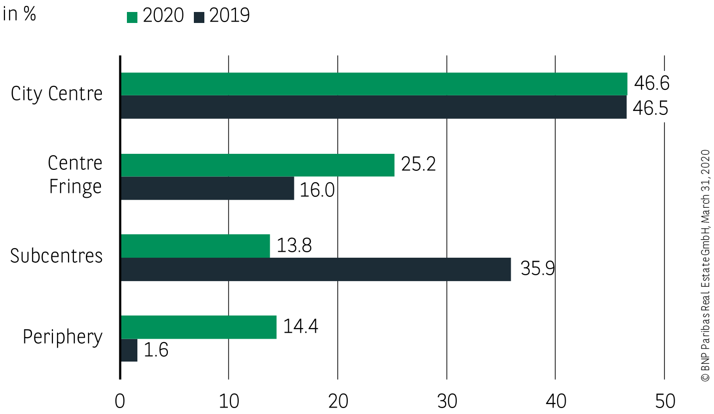
THE ACTION TAKES PLACE IN THE HIGH-VOLUME SEGMENT

Compared with the same period of the previous year, the breakdown of investment volume by size class shows an increase in absolute terms in all categories. However, the share of small-volume deals up to €25 million was almost halved (11% compared to 21.5% in Q1 2019). By contrast, the largest increase was recorded in the large-volume segment: significantly more than one-third of the market activity was in the region above €100 million. This also includes the sale of half of the Johann Kontor project of the property developer Aug. Prien to the insurance company HanseMerkur. Overall, the average transaction volume amounts to around €38 million and is therefore more than 50% above the long-term average.

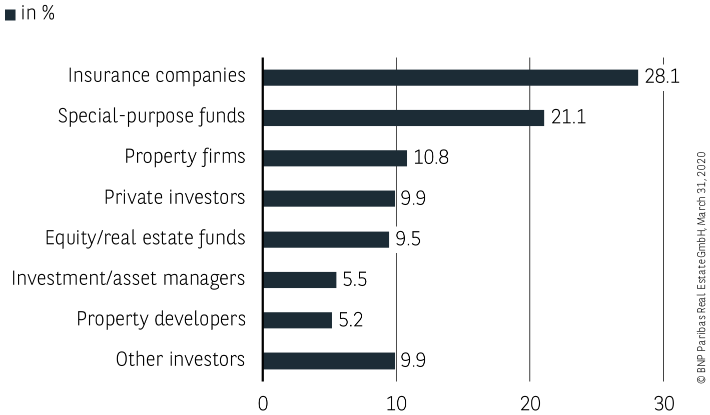
OFFICE PROPERTIES STILL AT FRONT

The distribution of transaction volume by asset class shows a very mixed picture after the first three months. All types of use except for the hotel category reach double-digit shares. While retail (12%) and logistics (14%) properties in particular gained more than 12 percentage points each, office properties fell by 17 percentage points. Nonetheless, office properties made the largest contribution to the result with around one third. The category Others, which at around 31% remained at the previous year's level, mainly comprises plots of land for development.

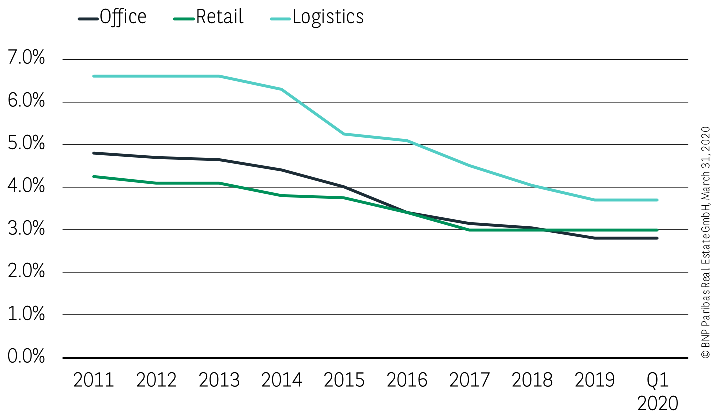
Investments by location Q1



Investments by buyer group Q1 2020



Net prime yields by type of property



INVESTORS ARE ATTRACTED BY THE CENTRAL LOCATIONS

With an almost unchanged share of 47%, the City Centre is once again the hot spot for investors. This includes the investments in the numerous showcase properties belonging to the Signa Prime Selection portfolio. But the Centre Fringe also accounted for a share of more than 25% with over €300 million. The Periphery benefited in particular from the acquisitions of Garbe Industrial Real Estate for its logistics special fund. For the first time, the transaction volume here exceeded the €100 million mark after the first three months.

INSURANCE COMPANIES WITH A RECORD AT THE TOP

Fueled by the acquisition of the Johann Kontor, insurance companies invested more than ever before in the Hanseatic city in the first quarter, with over €340 million. In terms of investment volume according to buyer groups, it catapulted them to the top position with a share of 28%. In the previous year, they had not yet completed a single transaction at this time. In second place come the traditionally strong special-purpose funds, which also reached more than 20%. Close together are property firms (11%), private investors (10%) and equity/real estate funds (9.5%), which all invested well over €100 million, underlining the breadth of the demand base.

PRIME YIELDS UNCHANGED IN THE FIRST QUARTER

At the beginning of the year, slight price increases were still apparent. Ultimately, however, the sales concluded in the first quarter, many of which were already at an advanced stage of negotiations at the beginning of the year, generated yields comparable to those at the end of 2019. Since the introduction of the measures to contain the corona crisis, no significant properties have been sold that would reflect a changed yield level. Accordingly, no adjustments have been made so far. Against this background, the prime net yield for offices remained at 2.80% in the first quarter. For inner-city retail properties in prime locations, the rate keeps stable at 3.00% and logistics properties are quoted at 3.70%.

PERSPECTIVES

Even though the investment markets got off to a very good start to the year, it can be assumed that the effects of the corona crisis will also be felt on the investment markets as the year progresses. At this point, the expected transaction volume for the year 2020 cannot be reliably estimated due to the still unchanged uncertainty about the further course of the crisis. However, the probability that results will be significantly lower than in 2019 is very high. The future development of yields also remains to be seen at present.

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