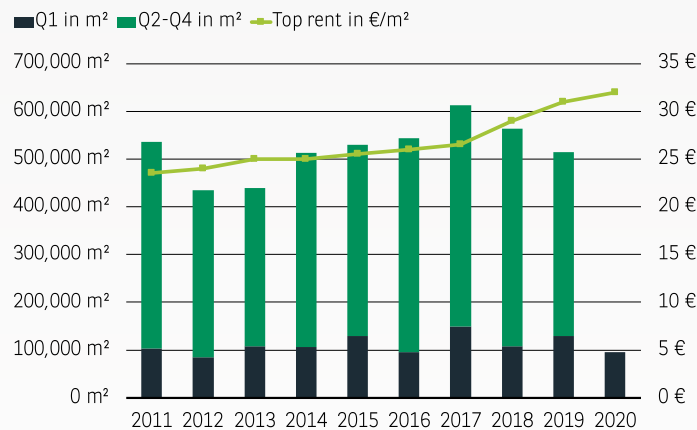




At a Glance **Q1 2020**

# OFFICE MARKET HAMBURG

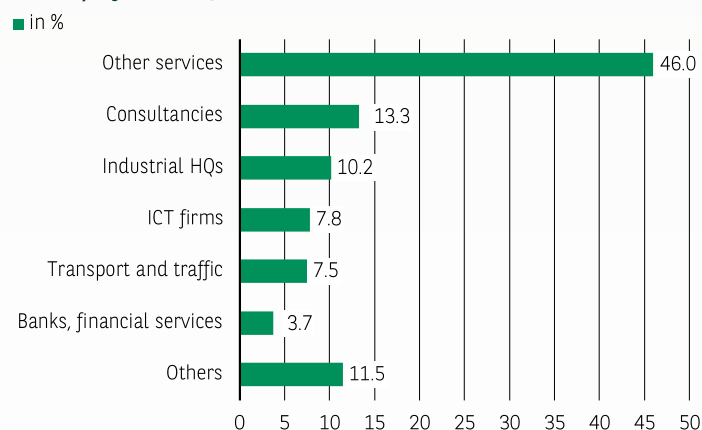
## Development of take-up and top rents



## MAJOR DEALS ARE MISSING

On the Hamburg office market, 96,000 m² of space were taken up in the first three months of the year. With this moderate result, the previous year's outcome was missed by around 26% and the long-term average by a good 13.5%. The decisive reason for this is the size structure of the deals concluded to date, which often has a disproportionately large impact on the results of the first few months in particular. In addition, economic growth has generally slowed down somewhat in recent quarters. While the size categories up to 2,000 m² show more take-up than at the same time last year, in contrast to the previous year, no large deals over 10,000 m² have yet been registered. Excluding this category, the market is even at a higher level than a year ago. Thus there is basically a stable demand in the Hanseatic city. However, it remains to be seen what effects the government measures and far-reaching restrictions in the wake of the Corona crisis will have on the office market in the further course of the year.

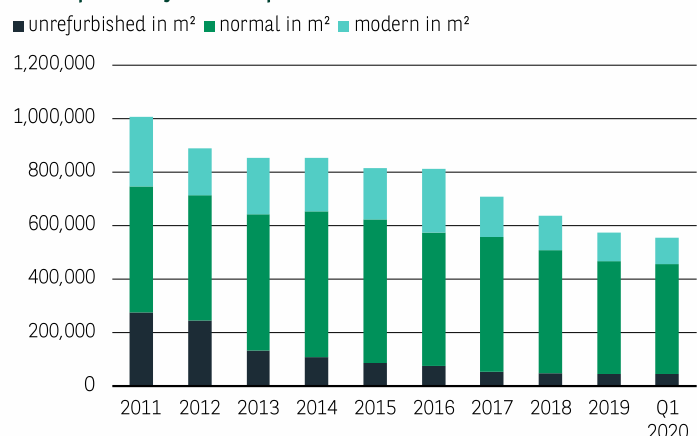
## Take-up by sector Q1 2020



## DIVERSITY OF INDUSTRIES

An outstanding feature of Hamburg's economy is its broad mix of industries. This diversity is also evident when looking at the take-up by sector: Almost half of the volume after the first three months is accounted by the aggregated category of other services. This includes the largest contract of the quarter with MSH Medical School Hamburg. The private medical school leased around 5,800 m² in the prominent HafenCity Gate directly at the top of HafenCity. Consultancies (13 %) and the administration of industrial companies (10%) also have double-digit shares, but at a much lower level.

## Development of vacant space



## NO RELAXATION IN VACANCIES

The vacancy decreased again in the first three months of the new year. With just 554,000 m², the availability of short-term vacant space has reached a new low in the Elbe metropolis. Only 100,000 m² of this space has modern quality fittings, which are in particularly high demand on the market. Especially large users are now forced to switch to project developments or refurbishments, as large spaces are hardly available. This shortage is also reflected in the vacancy rate, which at 3.9% is now below the required fluctuation reserve.

## Major contracts

Sub-market	Company	m²
1.3	MSH Medical School Hamburg	5,800
3.3	Wärtsilä SAM Electronics	5,700
1.3	team Situs	4,300
2.3	Applike	3,000
1.1	MOMENI Immobilien Holding	2,600
2.1	GRASSL BERATENDE INGENIEURE BAUWESEN	2,400

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## Trends in important market indicators

	Q1 2019	Q1 2020	Trend remaining year
Take-up	130,000 m²	96,000 m²	↓
Vacant space	634,000 m²	554,000 m²	↑
Space under construction (total)	280,000 m²	496,000 m²	→
Space under construction (available)	66,000 m²	197,000 m²	→
Top rent	29.00 €/m²	32.00 €/m²	↓

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## ➤ CONSTRUCTION ACTIVITY PROMISES MEDIUM-TERM RELIEF

There are signs of a medium-term easing of the supply situation on the side of construction activity: Currently, around 496,000 m² of office space is under construction - the highest figure since 2009. 197,000 m² of this space is still available for potential tenants, but 76% of it will be completed in 2022 at the earliest. It is pleasing to note, however, that a large part of the available space under construction is located in the submarkets City and HafenCity, which are in particularly high demand. Vacancy rates here are currently only just above the 2% mark, making additional supply urgently necessary.

## ➤ RENT DEVELOPMENT IN THE FIRST QUARTER

Rents in the first quarter were not yet greatly affected by the Corona crisis. Not least because many contracts, especially larger ones, had been negotiated for some time and were about to be concluded. As a result, both the prime rent (32.00 €/m²) and the average rent (19.30 €/m²) increased noticeably in the course of the still tense supply situation.

## ➤ OUTLOOK

Since large parts of the economy are suffering at least temporarily from the effects of the Corona crisis, letting requests and investments are likely to be postponed in some cases. Against this backdrop, take-up is expected to be significantly lower than in 2019, but it is not possible at present to reliably predict how strong the change will be. The same applies to the development of rents, even if significant declines are rather unlikely due to the relatively low supply situation in a long-term comparison.

## Key indicators Q1 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	Q1 2020	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	32.00		27,500	57,000	21,000	2,500	135,000	90,000	147,000	150,000
1.2 Eastern Harbour Fringe	24.00		500	3,000	0	0	0	0	3,000	10,000
1.3 HafenCity	29.00		18,000	13,000	10,000	1,000	75,000	70,000	83,000	190,000
1.4 Western City Fringe - St. Pauli	25.00		1,000	5,000	1,000	0	0	0	0	5,000
2 Centre Fringe	18.50 - 25.00		22,500	172,000	27,000	1,000	59,500	5,000	177,000	265,000
3 Subcentres	11.50 - 20.00		26,500	304,000	41,000	19,500	226,500	32,000	336,000	295,000
<b>Total</b>			<b>96,000</b>	<b>554,000</b>	<b>100,000</b>	<b>24,000</b>	<b>496,000</b>	<b>197,000</b>	<b>746,000</b>	<b>915,000</b>

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

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