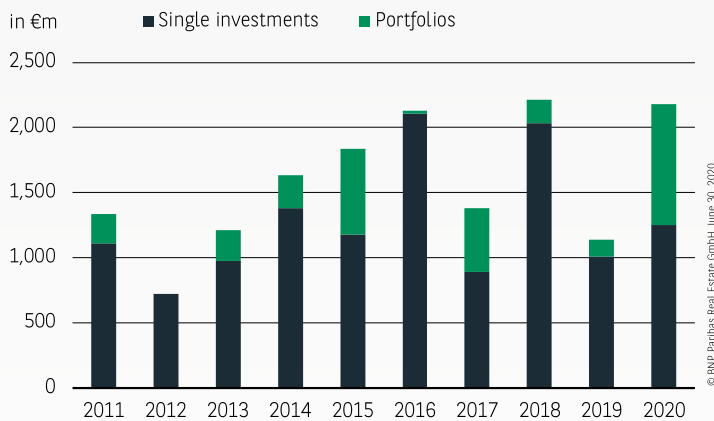




At a Glance **Q2 2020**

INVESTMENT MARKET HAMBURG

Investment volume H1

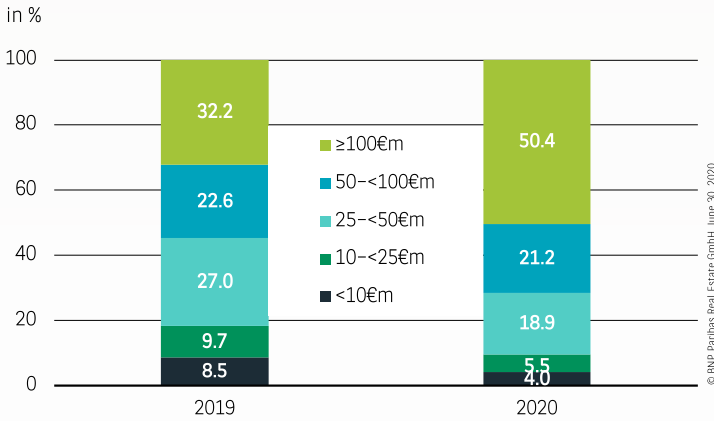


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➤ DESPITE CORONA: 2 BILLION MARK BROKEN

The results of the Hamburg investment market for commercial real estate do not even begin to reflect the current economic distortions resulting from the Corona crisis. At €2.18 billion, it posted the third-best half-year result ever recorded. The previous year's weak figure was almost doubled with a plus of 91.5%, and also exceeded the long-term average by a full 38%. A glance at the breakdown of transaction volumes shows that the market benefited disproportionately from portfolio sales. At €926m, the last time this value was higher was in 2007, a record year, and it represents about 43% of the total volume, assisted by the contribution of several company takeovers. These include, for example, the integration of the office holding company Godewind into the French Covivio Group. Looking only at the turnover of individual deals in the second quarter (€404 million), which was particularly affected by the interim lockdown, it becomes clear that temporary restrictions and uncertainties have left their mark. However, Hamburg's attractiveness for investors remains undiminished. Large-volume core transactions such as the Ericus-Contor or the Neuer Dovenhof bear witness to this.

Investments by € category H1

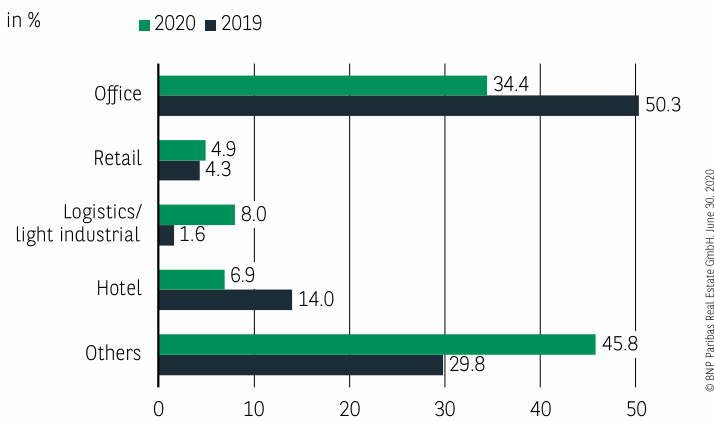


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➤ BIG IS BEAUTIFUL: BIG DEALS DOMINATE

These large deals are also reflected in the distribution of investment volume according to size classes. Never before has Hamburg's share of transactions over €100 million been higher than the first six months of this year. More than every second euro invested is due to the largest segment. When compared to the same period of the previous year, the respective volume almost tripled to €1.10 billion and therefore passed the one billion mark for the first time. Yet a completely different picture emerges at the other end of the distribution. At 9.5% of the total volume, small-volume deals of up to €25 million played only a minor role.

Investments by type of property H1

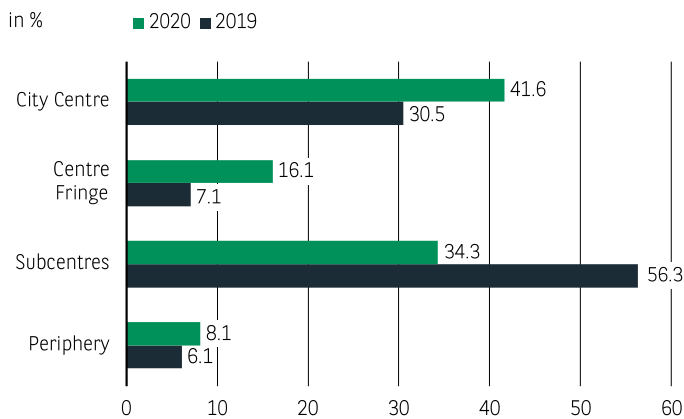


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➤ OFFICES REMAIN INVESTORS DARLING

In terms of the distribution of investment volume across asset classes, office properties traditionally occupy first place. However, at slightly more than 46%, they experienced a noticeable decline and no longer dominate the ranking as clearly as in the previous year (around 50%). At the same time, the Corona pandemic is causing investors to rethink their asset allocation. Logistics properties are becoming increasingly important, not least against the backdrop of growing e-commerce, and achieved their best result in absolute terms since 2005 (174 million). Meanwhile, hotels are losing their appeal - at least in the short term - as evidenced by a share of just under 7%.

Investments by location H1

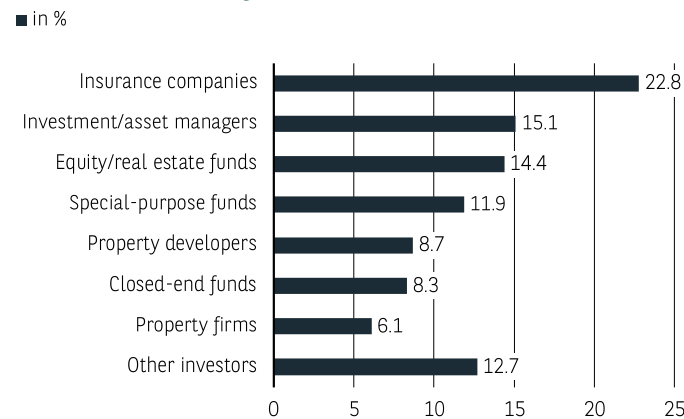


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➤ AVAILABILITY KEY TO DISTRIBUTION BY LOCATION

The distribution of investment turnover is primarily determined by supply and availability, as there is still a marked excess of demand for suitable investment properties. The City Centre, as a traditional location of core products in particularly high demand, was once again the "place to be" for investors with a share of 42%. This was down to the large-volume sales of the Johann Kontor, the Neuer Dovenhof or even some shares of numerous high street properties from the Signa Prime Selection portfolio. Subcentres (34%) particularly benefited from the sale of 17 development projects by Consus Real Estate to the Gröner Group, some of which are also located in this Hanseatic city.

Investments by buyer group H1 2020

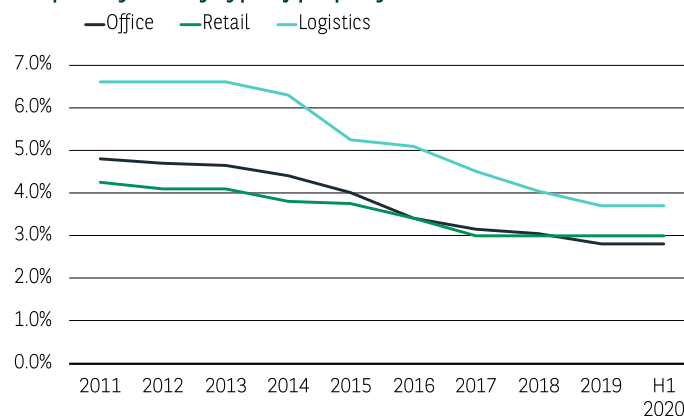


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➤ INSURANCE COMPANIES PROVE PARTICULARLY ACTIVE

As usual, demand in Hamburg is broadly spread across the various investor groups, with insurance companies being particularly willing to buy, accounting for a share of almost 23%. Almost €500 million was spread over only a few deals, most of which were large-volume core investments. Investment and asset managers (15%), equity and real estate funds (14%) and special-purpose funds (12%) also achieved double-digit results. The comparatively high proportion of international investors (41%) is also striking, which was also disproportionately high in other prime locations and underlines Germany's international image among investors as a "safe haven".

Net prime yields by type of property



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➤ CORONA LEAVES YIELDS UNTOUCHED

The international character and popularity of Hamburg, as well as continuing tight supply, mean that no meaningful adjustment processes have been observed to date, despite Corona. In the core segment in particular, the demand surplus remains so clear that net prime yields remain at the level seen at the end of 2019. This means that office properties continue to trade at a peak of 2.8%, 3.0% for inner-city commercial buildings and 3.7% for logistics properties.

➤ OUTLOOK

The half-year results of the Hamburg investment market make it clear that although prevailing economic uncertainties have a noticeable impact on the market, the situation far from represents a standstill in investment activity. Most investors seem to expect the current recession to be quickly overcome. Many are even taking advantage of the initial situation and intensifying their purchasing efforts in order to gain a competitive edge in securing attractive investment products. There are therefore many indications that market activity will remain brisk and prices stable for the rest of the year.

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Further Information BNP Paribas Real Estate GmbH | Branch office Hamburg | Phone +49 (0)40-348 48-0 | www.realestate.bnpparibas.de