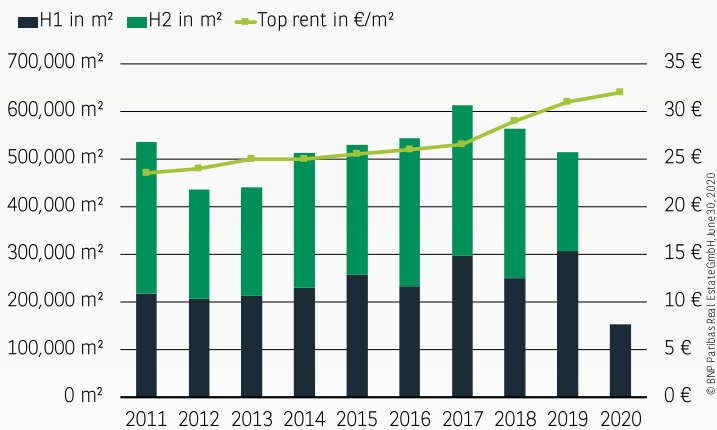




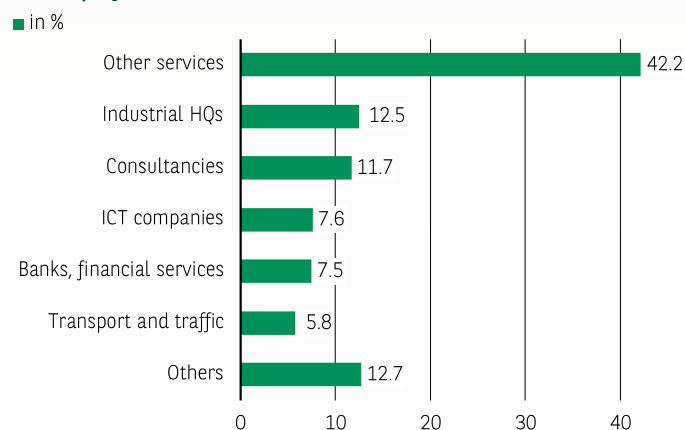
At a Glance **Q2 2020**

OFFICE MARKET HAMBURG

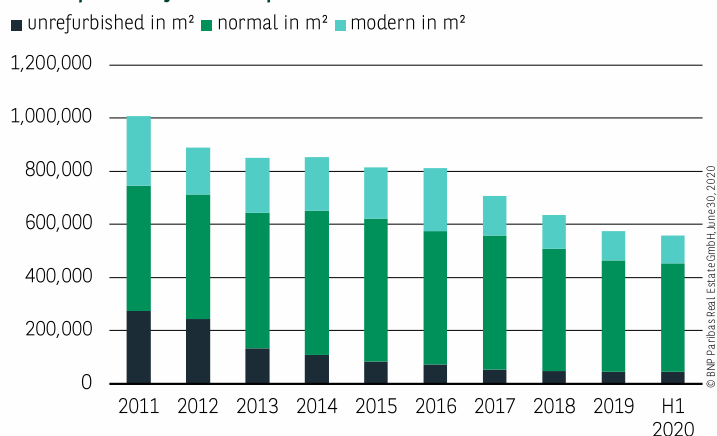
Development of take-up and top rents



Take-up by sector H1 2020



Development of vacant space



➤ EFFECTS OF THE CORONA CRISIS ARE CLEARLY NOTICEABLE

With a half-year result of 152,000 m² the Hamburg office market suffered a strong decline of more than 50% after the record result of the previous year (306,000 m²) - only the banking metropolis Frankfurt (-53%) was hit harder in a nationwide comparison. Thus, the result marks the weakest first half year in 15 years as a result of the effects of the Corona crisis and the lockdown lasting for weeks. The measures adopted to control the pandemic led to a temporary drop in demand for office space, particularly in the second quarter. Because of the continuing economic uncertainty and the current recession, many companies are postponing planned new hiring and investments in order to have more liquidity and options for action as the economic recovery progresses. In the short term, the supply bottleneck that has prevailed for years is compensating for the current dip in demand, as a result of which no effects on rents are evident in the Hanseatic city.

➤ GROUP OF OTHER SERVICES DOMINATE

In the past ten years, there has never been a clearer result in the Elbe metropolis after the first six months: At 42%, the group of other services dominate the distribution of take-up by sector. However, this share is not based on only a few major deals - these deals were not even present in the first half of the year - but of a large number of deals from different business sectors, which underlines Hamburg's diverse economic landscape. Administrations of industrial companies (12.5%) and consultancies (around 12%) also have double-digit shares.

➤ VOLUME OF VACANT SPACE REMAINS LOW

With 558,000 m², the overall vacant space in the Hanseatic city has increased only slightly compared to the first quarter, by only 4,000 m² (+1%). Thus, it is still at a historically very low level. At 4.0%, the corresponding vacancy rate is well below the necessary fluctuation reserve of 5% and was only lower in 2001. In central office locations that are in high demand, such as the City or HafenCity, vacancy rates of well below 3% show, that this sub-markets can be considered as almost completely let. The market becomes even tighter if we look only at the space with modern equipment quality that is particularly preferred by companies; at 105,000 m² this represents only 19% of the total vacant space.

Major contracts

Sub-market	Company	m²
3.5	Hansainvest Hanseatische Investment	6,000
3.3	Wärtsilä SAM Electronics	5,900
1.3	MSH Medical School Hamburg	5,800
3.3	Wärtsilä SAM Electronics	5,700
2.1	SGS Germany	5,000
1.3	team situs	4,300

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Trends in important market indicators

	H1 2019	H1 2020	Trend remaining year
Take-up	306,000 m²	152,000 m²	↗
Vacant space	611,000 m²	558,000 m²	↗
Space under construction (total)	338,000 m²	444,000 m²	→
Space under construction (available)	67,000 m²	174,000 m²	→
Top rent	30.00 €/m²	32.00 €/m²	→

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➤ CONSTRUCTION ACTIVITY SHOWS POSITIVE DEVELOPMENT

New construction activity in the Hanseatic city has been successfully extended in recent years and is now at a high level with 444,000 m² of office space under construction. Of this, a considerable proportion (39%), 174,000 m², is still available to the market. However, in the short term this will not change the currently prevailing shortage of supply, as around 133,000 m² will not be completed until 2022 at the earliest and will therefore not be ready for occupation. The southern Überseequartier in HafenCity and the Deutschlandhaus at Gänsemarkt in the City are particularly prominent landmark building projects.

➤ LACK OF SUPPLY LEADS TO ROBUST RENTS

The continuing tight supply situation ensures that rents have remained stable despite the Corona shock on the demand side. For example the top rent stands at 32.00 €/m² unchanged from the previous quarter due to lettings in high-quality new buildings and thus at the highest level since the start of office market data collection. The average rent has increased by around 4% since the beginning of the year and is currently quoted at 18.40 €/m².

➤ OUTLOOK

Due to the continuing uncertainty regarding the further course of the pandemic, the concrete effects on the Hamburg office market can only be classified with a time lag. In the medium term the demand for office space is directly dependent on the resilience and strength of the German economy and on the effect of government economic stimulus programmes. From today's point of view a slight recovery in demand as the year progresses appears realistic, so that there should not be any major drop in rents.

Key indicators H1 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	H1 2020	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	32.00		38,500	69,000	27,000	10,500	110,900	70,200	139,200	169,100
1.2 Eastern Harbour Fringe	24.00		1,000	2,500	0	0	0	0	2,500	0
1.3 HafenCity	30.00		19,500	13,000	9,500	1,000	74,900	70,000	83,000	264,800
1.4 Western City Fringe - St. Pauli	24.00		1,000	5,000	1,000	0	0	0	5,000	9,300
2 Centre Fringe	18.50 - 25.00		41,000	167,500	28,500	1,000	87,800	10,000	177,500	410,500
3 Subcentres	11.50 - 20.00		51,000	301,000	39,000	16,500	170,400	23,800	324,800	431,300
Total			152,000	558,000	105,000	29,000	444,000	174,000	732,000	1,285,000

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