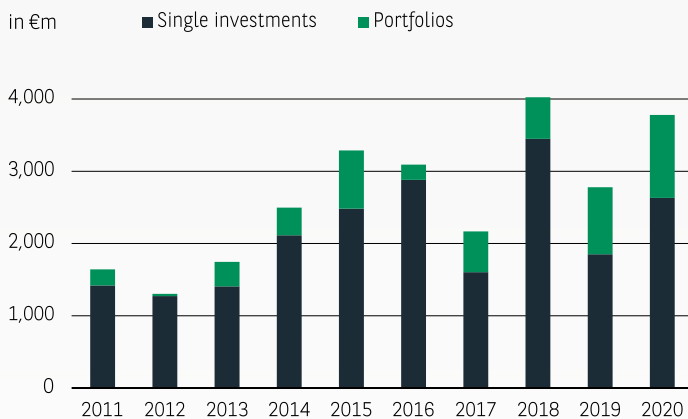




## At a Glance Q3 2020

# INVESTMENT MARKET HAMBURG

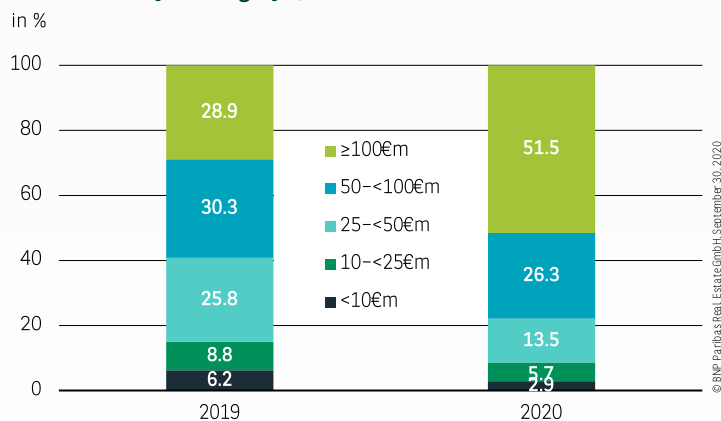
### Investment volume Q1-3



### INVESTMENT MARKET UNIMPRESSED BY CORONA CRISIS

The Hamburg investment market recorded a transaction volume of € 3.78 billion in the first three quarters, the third-best result ever achieved. Only the years 2007 and 2018 saw a higher investment volume. Seemingly unimpressed by the Corona crisis, the Hanseatic City is up 36% on the previous year and also outperforms the ten-year average by an impressive 44%. With the exception of Düsseldorf (+27%), all other A-locations are reporting declines of between 11% and 40%. Nevertheless, the sales volume throughout Germany is almost at the same level as in the previous year (-3%). In the current environment, the Hamburg market is once again picking up considerably with an impressive quarterly result of € 1.6 billion - after almost € 1 billion in the second quarter. Portfolio deals again made a significant contribution to the volume, accounting for around 30%. However, at € 2.63 billion, individual transactions were also almost a quarter above the long-term average.

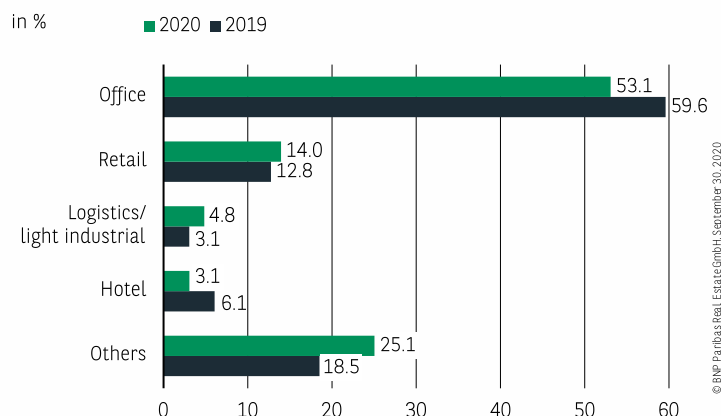
### Investments by € category Q1-3



### BIG IS BEAUTIFUL: LARGE DEALS DOMINATE

Compared to the previous year, the distribution of investments by size class is particularly exciting in absolute terms. In each of the three segments up to €50 million, less was currently invested than in 2019, whereas in the two classes above, considerably more was invested. A wait-and-see attitude or uncertainty among investors can only be seen in smaller transactions. In the large-volume segment above € 50 million, on the other hand, investments of € 2.95 billion have been made, roughly as much as in the exceptional year 2007, with properties in the triple-digit million range clearly leading the way with more than half of the result and generating the second-highest volume of sales ever recorded. This results in an average volume per deal that has risen to a peak of € 50 million (Q1-3 2019: € 32 million).

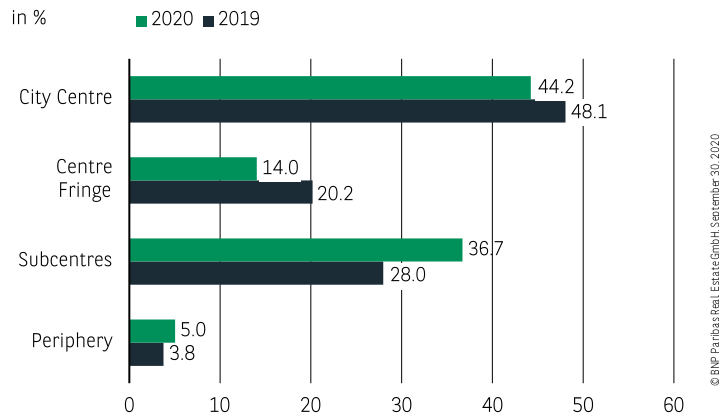
### Investments by type of property Q1-3



### OFFICE PROPERTIES REMAIN INVESTORS DARLING

In terms of investments by type of property, office real estate leads the field with a good 53 % market share. Sales such as the Gruner + Jahr building on Baumwall or the Ericus-Contor in HafenCity are among the biggest deals in this segment. Retail properties can increase their share to 14 %, to which the sale of two Karstadt buildings in the city center and in Eimsbüttel made a significant contribution. Although demand is high, logistics properties can only increase slightly to just under 5 %. The "Other" category comes to 25 % due to numerous development plots and mixed-use properties.

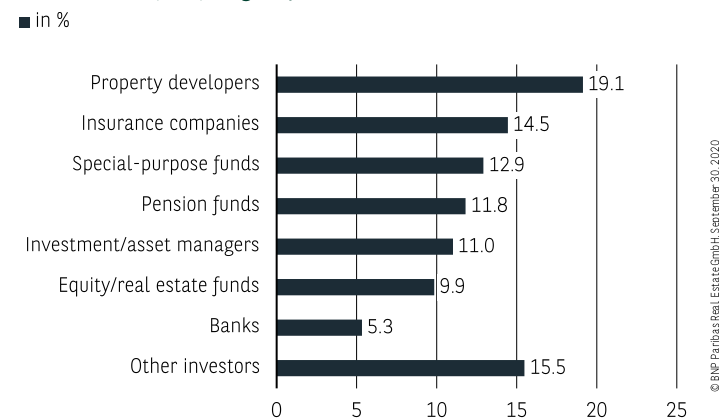
## Investments by location Q1-3



## CITY CENTER MOST POPULAR LOCATION

The City Centre locations are again at the top of the geographical distribution with a good 44 %, albeit losing 4 percentage points compared to the previous year. By contrast, the Subcentre locations, which follow in second place with almost 37 %, recorded strong growth. At just under € 1.4 billion, they have the second-highest volume after 2018, boosted by a high overall number of sales, including quite a few high-priced office properties and development plots. The Centre Fringe locations have been underrepresented to date and, at 14%, shows a rather weak performance even by long-term standards. The periphery accounts for a further 5 %.

## Investments by buyer group Q1-3 2020



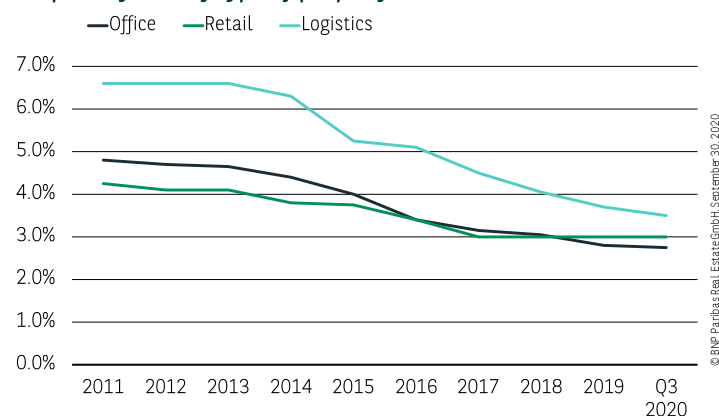
## BROADLY DIVERSIFIED INVESTOR BASE

The investment volume is quite widely distributed among the various buyer groups. Property developers lead the field with around 19% and are investing more than ever before. A few large-volume core purchases put insurance companies in second place with a good 14 %. Special-purpose funds complete the podium with almost 13 %. In addition, pension funds (12 %), investment / asset managers (11 %) and equity / real estate funds (10 %) also contribute double-digit percentages to the result. The share of foreign investors has risen considerably compared to the previous year and amounts to around 40 % - as is the case nationwide. This development underlines the great importance of Germany as a safe investment target.

## CORE PROPERTIES SOUGHT: YIELDS DOWN AGAIN

Due to the high demand for core properties, the net prime yield for office properties has further declined and is quoted at 2.75% at the end of the third quarter. This represents a decline of 15 basis points compared to the previous year. The logistics properties, which are becoming increasingly popular with investors, are continuing their positive development of recent years. Over the past twelve months, the return on top assets fell by 30 basis points and is now at 3.50 %. Due to the challenging environment for retail properties, the top yield for commercial properties remains unchanged at 3.00 %.

## Net prime yields by type of property



## OUTLOOK

A lack of investment alternatives and a comparatively good economic environment in Germany are leading to a continuing high demand for real estate - especially in the core segment. Hamburg benefits from this and, due to a corresponding supply in the large-volume segment, shows a very high result. Against this backdrop, and in view of the transactions already in preparation, it seems entirely possible that the Hanseatic City will once again surpass the €5 billion mark by the end of the year and achieve the second-best result ever recorded after 2018.

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