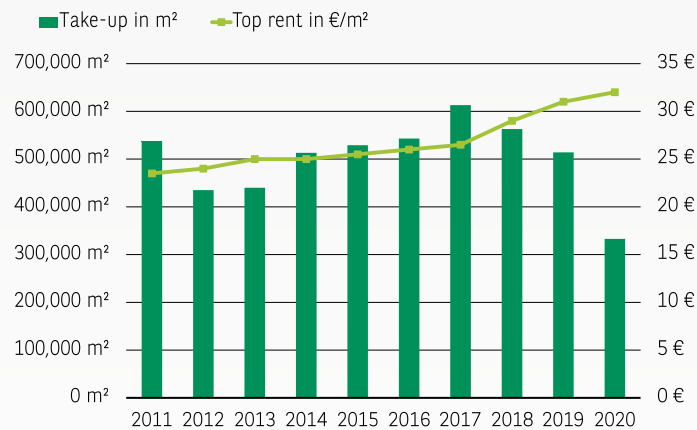




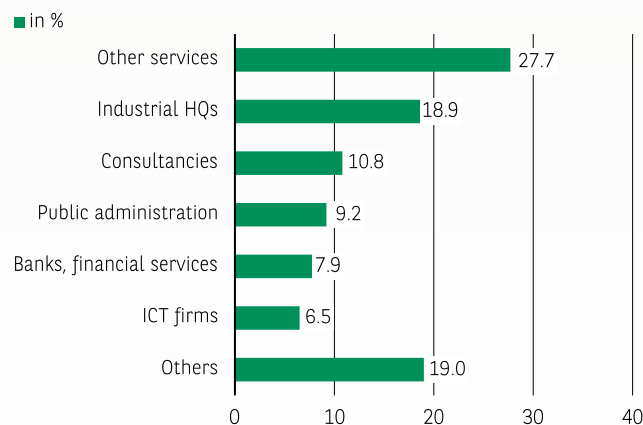
At a Glance **Q4 2020**

OFFICE MARKET HAMBURG

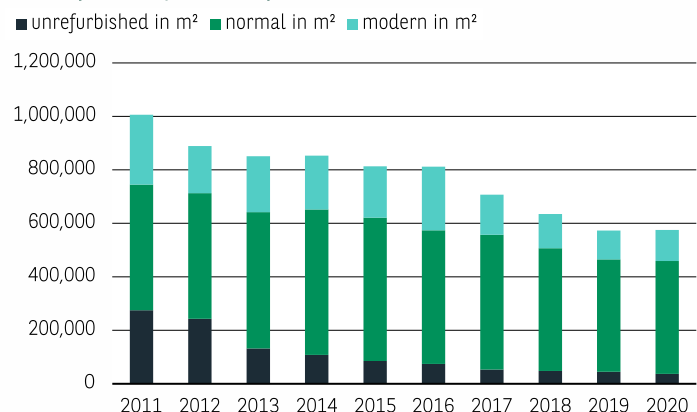
Development of take-up and top rents



Take-up by sector 2020



Development of vacant space



TAKE-UP SUFFERS FROM CORONA CRISIS

The Hamburg office market finished the unusual year 2020 with a take-up of 333,000 m², which represents a decline of 35% year-on-year. Even compared to the 10-year average, there is a gap of a good third. The Hanseatic city cannot escape the negative effects of the Corona crisis just as the other top 7 locations, which had to face declines in take-up between 26% (Munich) and 49% (Düsseldorf). The reason for the overall weak performance is mainly the pandemic-related reluctance of office users to lease larger spaces. In Hamburg, for example, only one deal was recorded for more than 10,000 m², whereas in the previous year there were six large deals. Looking at the letting results over the course of the year, it becomes obvious that the office market gradually recovered from the Corona shock in the second quarter (56,000 m² take-up) and, despite the second lockdown, achieved its best quarterly result between October and December (102,000 m²).

BALANCED SECTOR DISTRIBUTION

The distribution of take-up by sector is relatively balanced, as is typical of Hamburg's broad economic structure. The category of "other services" dominates the market with a share of 28%, to which the MSH Medical School contract in the HafenCity made a big contribution. Industrial administrations follow in second place with 19%, with the most notable deal concluded by the Finnish technology company Wärtsilä (5,900 m²). In addition to consultancies (11%) and public administration (9%), banks and financial service providers also made larger contributions to the letting volume. The deals concluded by HCOB for 11,000 m² in the planned Elbtower and by Hansainvest in City-Nord (6,000 m²) caused a stir.

VACANCIES UNCHANGED

The overall level of vacancies is almost unchanged compared to the previous year, despite the decline in take-up. A total of 575,000 m² of office space is vacant, of which only 20% has modern fit-out. While vacancies in city centre locations have risen slightly (+26,000 m²), the reduction in vacancies on the city fringes has continued (-28,500 m²). The vacancy rate for the market as a whole remains at 4.1%, the lowest end-of-year figure since 2000.

Major contracts

Sub-market	Company	m²
1.3	HCOB	11,000
3.3	Industrial company	9,000
3.7	Hamburger Verkehrsanlagen	6,800
3.5	Hansainvest Hanseatische Investment	6,000
3.3	Wärtsilä SAM Electronics	5,900
1.3	MSH Medical School Hamburg	5,800

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Trends in important market indicators

	2019	2020	Trend 2021
Take-up	514,000 m²	333,000 m²	↗
Vacant space	573,000 m²	575,000 m²	↗
Space under construction (total)	432,000 m²	407,000 m²	→
Space under construction (available)	142,000 m²	193,000 m²	→
Top rent	31.00 €/m²	32.00 €/m²	→

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▶ SLIGHT DECLINE IN SPACE UNDER CONSTRUCTION

Due to the persistently low supply of space, construction activity has increased noticeably in recent years. Despite the start of several prominent projects - e.g. Deutschlandhaus and Burstah ensembles in the City or the southern Überseequartier as well as the Edge HafenCity - the amount of space under construction is, however, a good 12% lower than at the end of 2019 (407,000 m²). Thereof, 193,000 m² or around 47% are still available for the market, which is roughly at the same level as the previous year. Nevertheless, about 70% of the new office space is expected to be completed 2022 at the earliest.

▶ RENTS REMAIN AT A HIGH LEVEL

The top rent, which climbed to 32.00 €/m² in the first quarter, has stabilised further and is still achieved for high-quality space in the City Centre. After years of growth, the average rent remains virtually unchanged at 17.50 €/m². Thus, despite the market situation, rents have been able to maintain their level. This is particularly the case in the modern segment, where the supply available in the short term remains scarce.

▶ OUTLOOK

The Hamburg office market experienced a very challenging 2020, which was characterised by a high degree of uncertainty. However, despite two lockdowns, the market did not come to a complete stop. Quite the opposite: take-up recovered noticeably over the course of the year and rents also remained stable. Depending on the development of the pandemic and the overall economic situation, higher take-up in the range of the long-term average in 2021 is quite realistic.

Key indicators 2020

Submarkets**	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	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		75,200	78,500	28,500	5,500	74,000	68,000	146,500	189,400
1.2 Eastern Harbour Fringe	25.00		3,000	4,500	0	0	0	0	4,500	0
1.3 HafenCity	30.00		37,500	18,500	13,500	1,000	74,900	68,800	87,300	273,400
1.4 Western City Fringe - St. Pauli	23.50		3,500	3,000	1,000	0	0	0	3,000	9,300
2 Centre Fringe	20.00 - 25.00		74,500	158,000	25,000	500	28,500	20,500	178,500	342,500
3 Subcentres	11.50 - 20.00		139,300	312,500	48,000	19,000	229,600	35,700	348,200	371,400
Total			333,000	575,000	116,000	26,000	407,000	193,000	768,000	1,186,000

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

** The office market zone map and the key indicator table at submarket level can be found under the following link: [Office market zone map and key indicator table 2020](#)

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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