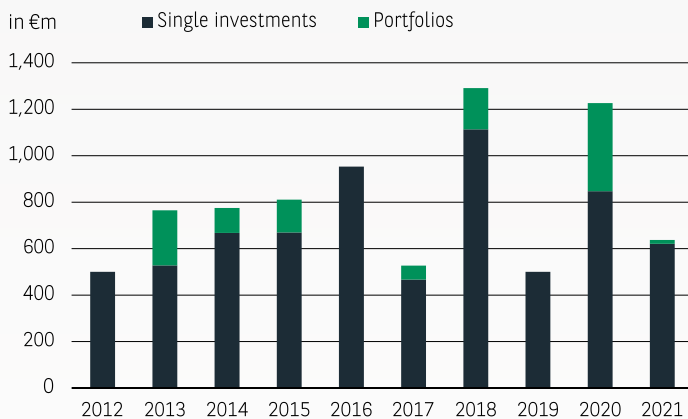




At a Glance **Q1 2021**

INVESTMENT MARKET HAMBURG

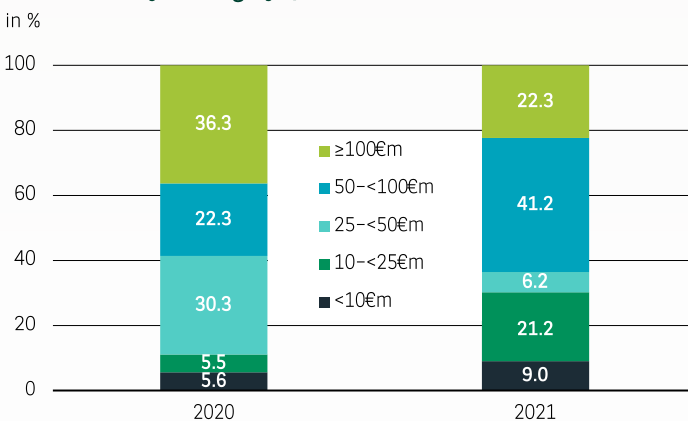
Investment volume Q1



➤ SOLID START TO THE YEAR IN THE HANSEATIC CITY

With a transaction volume of just under €640 million in the first quarter, Hamburg's investment market is off to a buoyant start to 2021. Although the result is 48% down on the same period of the previous year, it should be noted that the first quarter of 2020 was largely spared the effects of the Corona pandemic. In addition, the investment market benefited significantly from portfolio deals and corporate investments, particularly in the retail segment in Q1 2020. Whereas portfolio sales accounted for a good 30% of the investment volume in the previous year, this figure is currently less than 3%. However, if only the single deals are considered, the situation is much brighter. Although turnover in Q1 2021 was down by a good quarter year-on-year to a good €620 million, a total of 25 deals were counted, significantly more than at the start of 2020 (18 single deals). This shows that the Hanseatic city continues to enjoy a very high standing among real estate investors and that the Hamburg economy is expected to make a strong comeback after overcoming the Corona crisis.

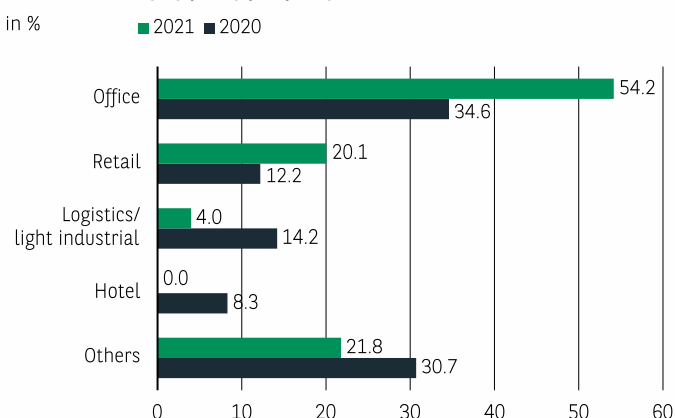
Investments by € category Q1



➤ HIGH PROPORTION OF MAJOR TRANSACTIONS

Even more than in the previous year, the Hamburg investment market can rely on large-volume deals. With the sale of the Hamburg-Süd ensemble from the Oetker Group, the former owner of the shipping company, to Union Investment Real Estate, only one deal in the triple-digit million range was registered. However, in the next largest segment above €50 million, no fewer than four transactions with a total volume of almost €275 million were counted. This implies that almost 64% of the total volume is accounted for by deal volumes of €50 million and above. The smaller ticket sizes of up to €50 million have thus contributed only slightly more than a third of the investment result, but account for almost 85% of the registered deals.

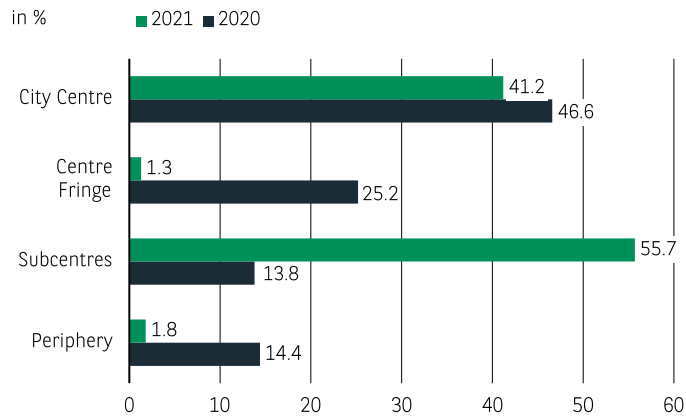
Investments by type of property Q1



➤ OFFICE PROPERTIES HOLD THEIR OWN AT THE TOP

In terms of the distribution of sales by asset class, offices are proving to be the mainstay of the investment market, accounting for more than half of total investment volume (54%). In addition to the aforementioned sale of the Hamburg-Süd ensemble, the sale of Domkontor from Savills IM to Caelus Capital, which BNPP-RE brokered, is particularly noteworthy. Retail also achieved a strong result with a good 20% market share, while logistics properties only contributed 4% to the total volume, contrary to the national trend. Notable hotel sales have not yet been registered. The result of the collective category "Other" (22%) was mainly driven by development properties and mixed-use properties.

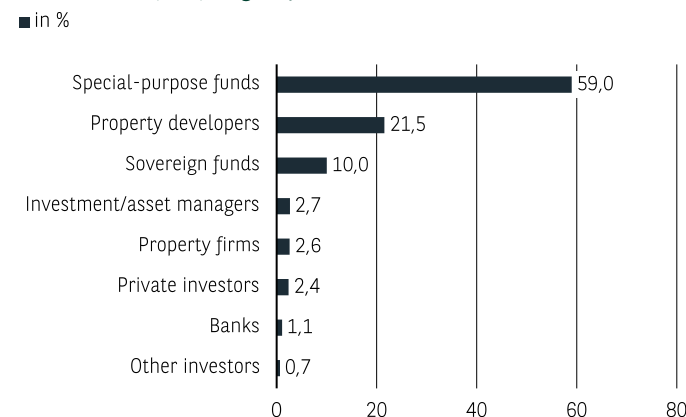
Investments by location Q1



MUCH DYNAMISM IN CITY AND SUBCENTRES

In the first quarter of 2021, almost all investment activity took place at City Centre locations (41%) and Subcentres (56%), which together account for almost 97% of the total volume. Only very sporadic smaller sales were registered on the Centre Fringe (1%) and in the Periphery (2%). Since the figures at the beginning of the year are traditionally not very meaningful, no general trend can be derived from the distribution described. Overall, it can be stated that investors have confidence in Hamburg as a business location and that location categories have long since ceased to be the sole decisive criterion. The limiting factor in this respect is and remains supply.

Investments by buyer group Q1 2021



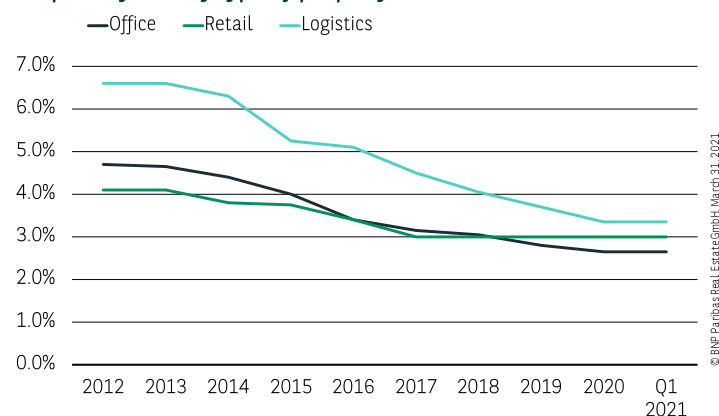
SPECIAL-PURPOSE FUNDS SET THE PACE

At the start of the year, special-purpose funds are clearly making their mark on the Hamburg investment market. A total of nine transactions in various asset classes with a combined volume of almost €380 million are attributable to this group of buyers, which thus accounts for almost 60% of the total investment volume. In second place are property developers, who contribute around 22% of the transaction volume and, in addition to development plots, have also secured several older office properties for the purpose of re-positioning on the market. International sovereign funds (10%) also account for double-digit transaction shares, while all other buyer groups have to settle with market shares of less than 3%.

PRIME YIELDS UNCHANGED IN THE FIRST QUARTER

After prime yields decreased again in the office (-10 bps) and logistics (-15 bps) segment in the fourth quarter of 2020, yields moved sideways in the first quarter of 2021. The net prime yield for centrally located, first-class office properties was unchanged at 2.65% in the first quarter. Downtown highstreet objects in prime locations continue to be traded at 3.00%, while logistics properties remain at 3.70%.

Net prime yields by type of property



PERSPECTIVES

Despite the still omnipresent restrictions in the wake of the Corona crisis, the Hamburg investment market achieved a solid quarterly result at the start of 2021. For the remainder of the year, demand for real estate is expected to remain high overall due to a lack of investment alternatives and continued low interest rates. In addition, there are many indications that economic development in Germany will benefit from significant catch-up effects in the second half of the year, which would certainly also benefit Hamburg as a real estate location. In this respect, an annual result in the region of the long-term average, which is just under €4 billion, is in the realm of possibility.

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