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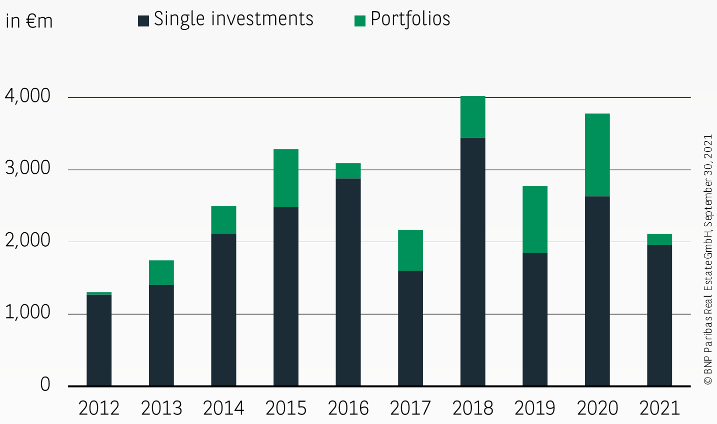
RESEARCH

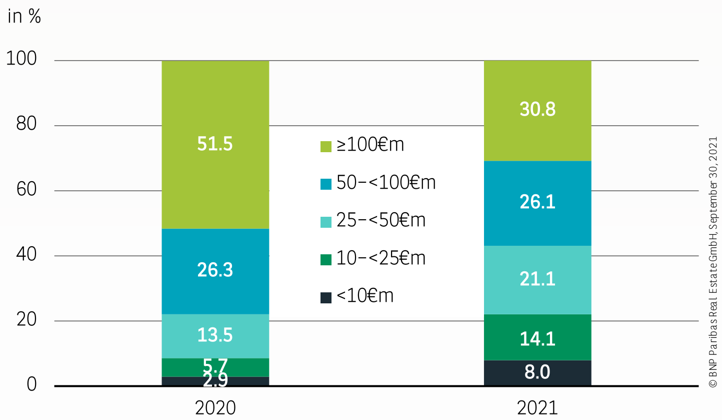
At a Glance Q3 2021

INVESTMENT MARKET HAMBURG

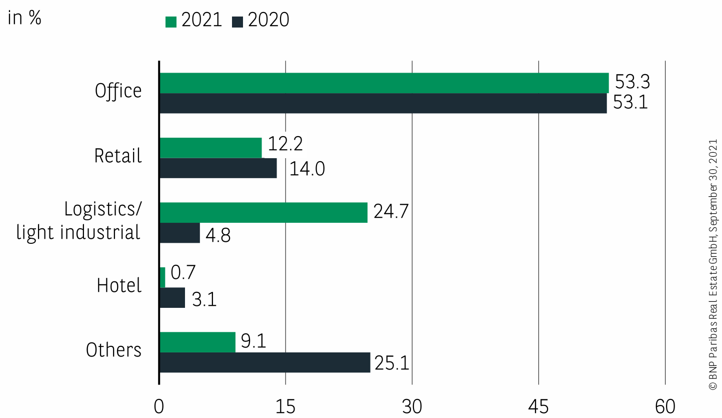
Investment volume Q1-3



Investments by € category Q1-3



Investments by type of property Q1-3



LOW PRODUCT SUPPLY PREVENTS HIGHER RESULT

In the first three quarters, the Hamburg investment market achieved a transaction volume of just over €2.1 billion, 44% below the previous year's figure and the weakest result in the last eight years. Similar to the other major German real estate locations, Hamburg is also suffering from a significantly below-average portfolio share. To date, just under €160 million in transaction volume has been generated from package sales, representing a 7% share of the overall result. By comparison, portfolio deals worth just under €1.15 billion were registered in the same period last year. However, if only single deals are considered, the picture brightens somewhat. At just under €2.0 billion, the volume of individual deals is only slightly below the long-term average (-9.5%). Interestingly, the number of registered deals, at 75 transactions, is just as high as in the previous year; only the average deal volume (€28 million) is significantly lower. It is evident that demand for commercial real estate in the Hanseatic city remains high and that properties on offer are being taken up quickly by the market. Ultimately, it is primarily the lack of product in the core segment that stands in the way of a significantly better investment result.

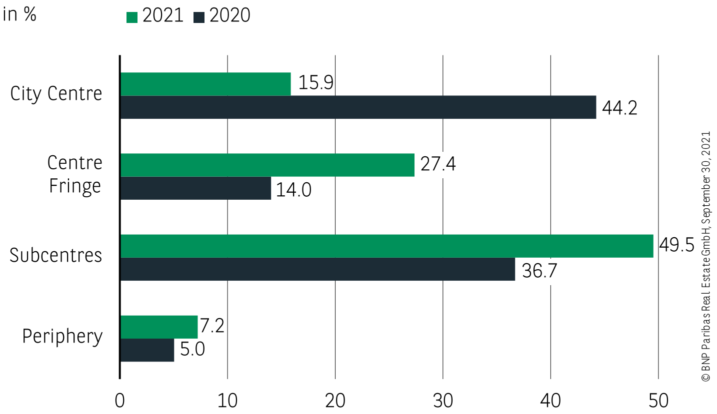
BALANCED SIZE CLASS DISTRIBUTION

The low portfolio share and the aforementioned shortage of supply, especially in the large-volume segment, are clearly reflected in the size class distribution. While deals over €50 million accounted for more than three quarters of transaction volume in the previous year, the figure is now less than 60%. At the same time, only four deals in the triple-digit million range have been registered so far. In contrast, the volume class below €10 million has reached the highest share of the last seven years, at 8%, due to numerous smaller transactions.

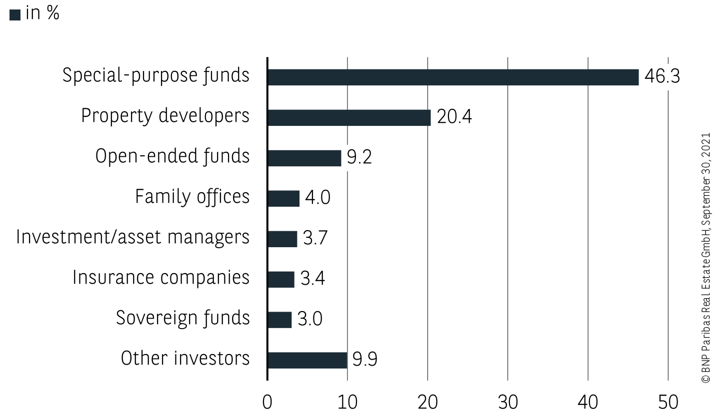
OFFICE PROPERTIES OCCUPY THE TOP POSITION

With a total investment volume of just over €1.1 billion, office properties are at the top of the sales breakdown by asset class. Thanks to three transactions above the €100 million mark, they accounted for more than half of the transaction volume, just like in the previous year. At just over €520 million, logistics properties set a new record and contributed almost a quarter to the result. The sale of Fiege's "Spectrum" logistics complex to DWS for almost €190 million - also the largest deal of the current year - made a significant contribution to this. By contrast, retail properties (12%) and above all hotels (1%) achieved below-average results.

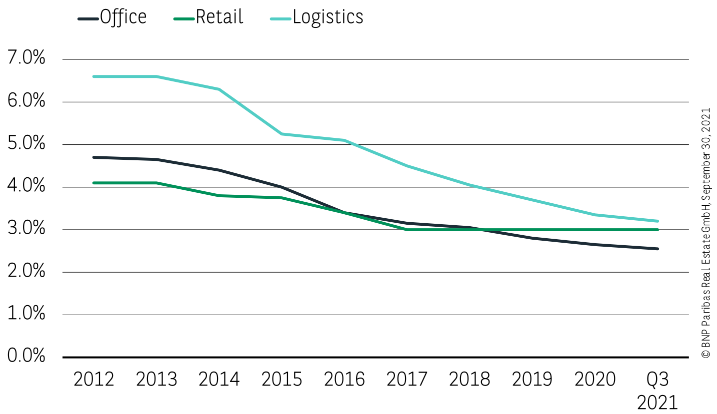
Investments by location Q1-3



Investments by buyer group Q1-3 2021



Net prime yields by type of property



SUBCENTRES BENEFIT FROM LOGISTICS DEALS

While city centre locations led the way in the same period last year with a 44% share of the total transaction volume, this figure has now fallen to just 16%, which can be seen as further evidence of the lack of supply in the core segment. Due to numerous logistics transactions, but also some office deals, almost half of the total investment volume is attributable to subcentres. Peripheral locations were also able to expand their market share, taking second place with a good 27%. Here, the most prominent deal was the €170 million sale of the Multimedia Centre Rotherbaum by the Jahr Group to Values Real Estate. As in the same period last year, the periphery achieved a single-digit market share of currently 7%.

SPECIAL-PURPOSE FUNDS SET THE PACE

At the end of the third quarter, special-purpose funds are clearly making their mark on the Hamburg investment market. In total, more than 20 transactions in various asset classes and a total volume of almost €1 billion are attributable to this group of buyers, which thus accounts for 46% of total investment volume. In second place are property developers, who at 20% have achieved the highest market share since 2004. In addition to some development plots, they secure several older office properties for the purpose of repositioning on the market. The leading trio is completed by open-ended funds (16%), which are placed ahead of family offices (4%), investment/asset managers (4%), insurance companies (3%) and sovereign funds (3%).

PRIME YIELDS DECLINE AGAIN

Due to unchanged high demand, yield compression continues in the Hanseatic City. In the third quarter, the net prime yield in the office segment decreased by a further 5 basis points to just 2.55%, meaning that Hamburg is now yielding only slightly more than Berlin (2.40%) and Munich (2.50%). The decline in yields is even more pronounced in the logistics sector, where the net prime yield fell by a whopping 15 basis points to just 3.20%. Highstreet properties in prime locations continue to yield a stable 3.00%.

OUTLOOK

After the first three quarters of the year, the transaction volume on the Hamburg investment market stands at €2.1 billion. However, the relatively weak result is due less to the consequences of the Corona crisis and more to the continued lack of product in the core segment. As demand for commercial real estate remains high and there is still a lack of adequate investment alternatives, a significantly more dynamic final quarter is likely, meaning that total investment volume in excess of the €3 billion mark is still within the realm of possibility.

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