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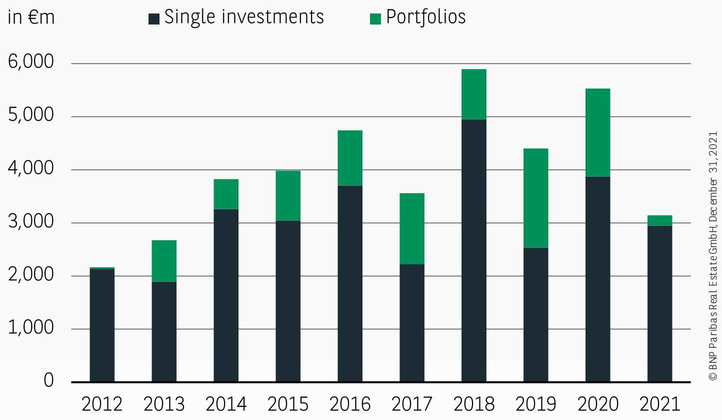
RESEARCH

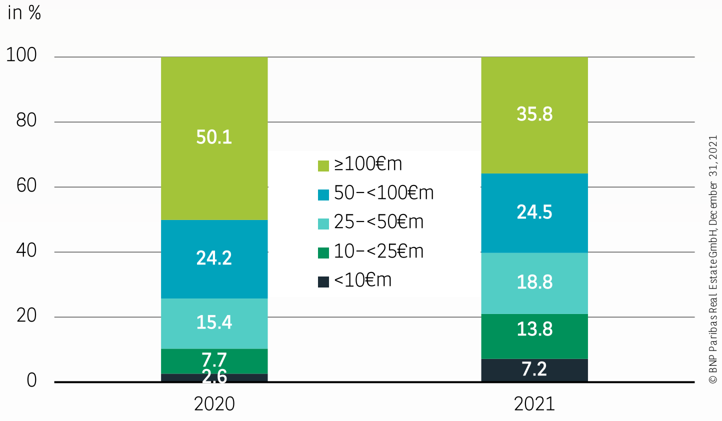
At a Glance Q4 2021

INVESTMENT MARKET HAMBURG

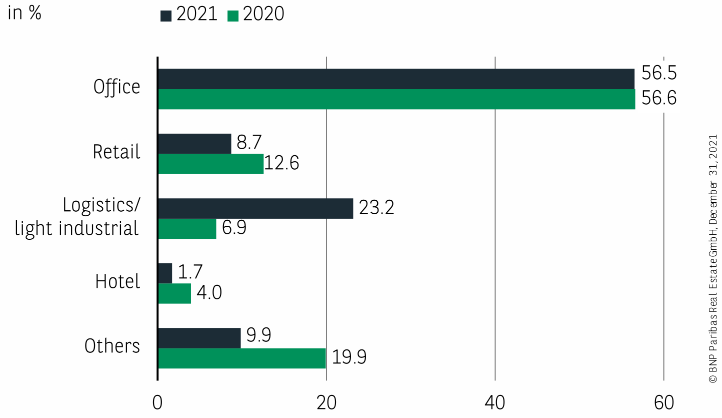
Investment volume



Investments by € category



Investments by type of property



WEAK PORTFOLIO SEGMENT WEIGHS ON THE MARKET

The Hamburg investment market closes 2021 with a transaction volume of just over €3.1 billion. This corresponds to a decline of around 43% against the strong result of the previous year. Compared to the 10-year average, the market also shows a below-average performance (21%). While the single deal segment, at €2.95 billion, is in the range of the long-term average, portfolio deals contribute less than €200 million to the result. By comparison, package sales of €1.66 billion were registered in the previous year. In addition to the lack of portfolio deals, the investment market is suffering from a glaring lack of product - especially in the core sector: While almost €3.0 billion was transacted here in 2020, the value is now a good half. Nevertheless, the market is showing a clearly positive trend over the course of the year: at €1.9 billion, the investment volume in the second half of the year is significantly higher than in the first half (€1.2 billion). Basically, however, it is evident that the demand for commercial real estate in the Hanseatic city is more than robust and that properties on offer are quickly taken up by the market. Ultimately, the lack of product in the core segment is the main obstacle to a significantly better investment result.

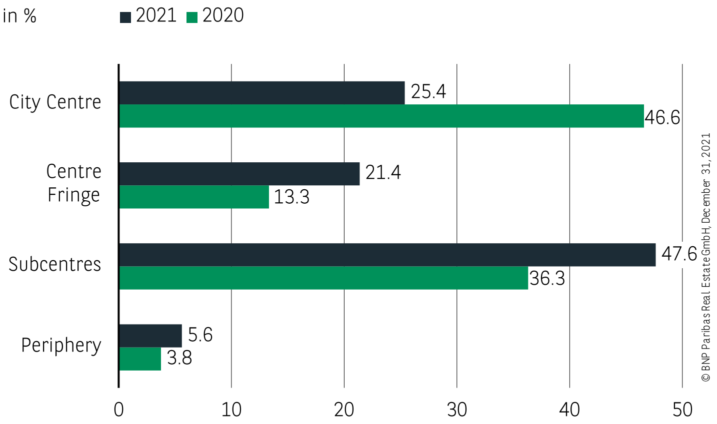
BALANCED SIZE CLASS DISTRIBUTION

The low portfolio share and the aforementioned shortage of supply in the core segment are clearly reflected in the size class distribution: While deals above €50 million accounted for almost three quarters of turnover in the previous year, the figure is currently only 60%. At the same time, only seven deals in the three-digit million range were registered, less than half as many as in 2020. Thanks to numerous smaller transactions, the two size classes below €25 million are not only higher in percentage terms but also in absolute terms than in the previous year.

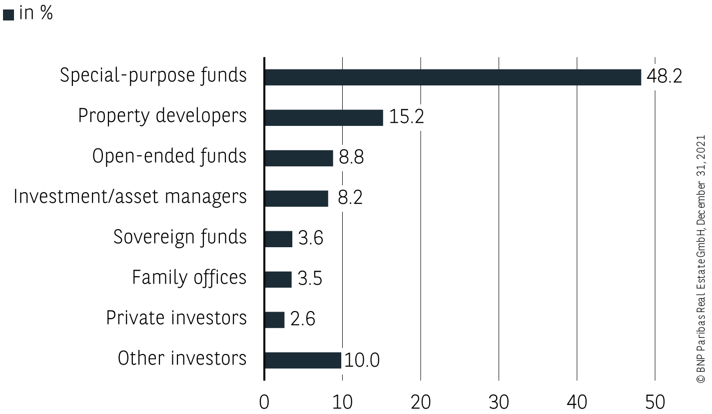
OFFICE PROPERTIES OCCUPY THE TOP POSITION

With just under €1.8 billion, office properties are at the top of the asset class distribution. Among other things, the sales of the Hamburg-Süd ensemble on Willy-Brandt-Strasse, the Multimedia Center Rotherbaum as well as the office complex of Generali and Commerz Real in St. Georg and the HQ of Marquard & Bahls in HafenCity, for each of which a three-digit million amount was achieved, contributed to this. At just under €730 million, logistics properties set a new record and account for a good 23% of the total volume. The sale of the "Spectrum" logistics complex from Fiege to DWS for almost €190 million - at the same time the largest deal of the year - made a significant contribution to this. Retail properties (9%) and hotels (2%), on the other hand, achieve below-average results.

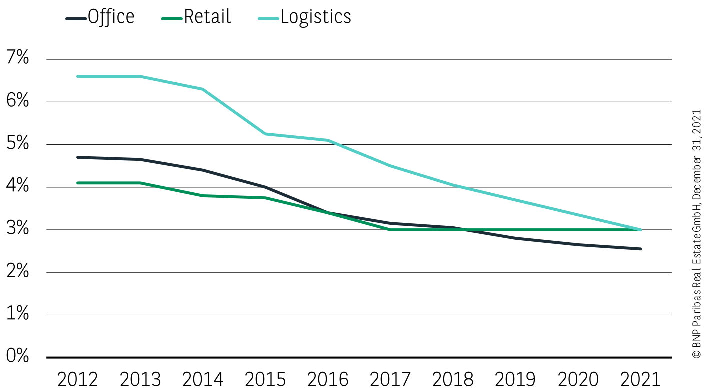
Investments by location



Investments by buyer group 2021



Net prime yields by type of property



SUBCENTRES BENEFIT FROM LOGISTICS DEALS

While City Centre locations accounted for the lion's share of investment turnover in the previous year (almost 47%), this figure is now only a good 25%, which can be seen as further evidence of the lack of supply in the core segment. Due to numerous logistics but also some office transactions, just under 48% of the total take-up is accounted for by Subcentres, which thus set a new record. Centre Fringe locations were also able to expand their market share, coming in third with a good 21%. As in the previous year, the Periphery achieved a single-digit share of turnover (just under 6%).

SPECIAL-PURPOSE FUNDS DOMINATE

As in previous years, special-purpose funds are making their mark on the Hamburg investment market. In total, around 30 transactions in various asset classes with a volume of more than €1.5 billion are attributable to this group of buyers, which is thus responsible for almost half of the turnover. Property developers follow in second place, having invested just under €480 million in Hamburg and thus achieving a top 3 result. With the purchase of several development sites and older office properties with optimisation potential, they document their confidence in the future growth of the Hanseatic city. Significant contributions to results are also made by open-ended funds (9%) and investment/asset managers (8%).

YIELD COMPRESSION CONTINUES

Due to the unchanged high demand, yields for Hamburg commercial properties are still in a downward spiral. Over the course of the year, the net prime yield in the office segment has fallen by a further 10 basis points (to just 2.55%), which means that the Hanseatic city now yields 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 has fallen by a whopping 35 basis points to just 3.00%. This means that for the first time, logistics properties are on a par with high street properties in prime locations, where a sideways trend in prime yields has been observed since 2017.

OUTLOOK

Hamburg's investment market can look back on a subdued investment year, which was clearly characterised by a lack of product in the core sector, meaning that the strong national and international demand could only be inadequately met. As the Hanseatic city's attractiveness as an investment destination remains unbroken and the favourable macroeconomic conditions are not expected to change, Hamburg is likely to remain high on the wish list of most investor types in 2022. Provided a more generous product offering comes onto the market again, a significantly better investment result beyond the €4 billion mark can be expected.

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