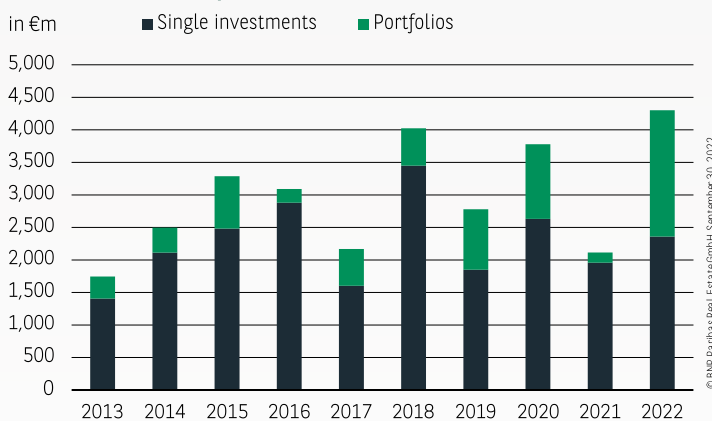




At a Glance **Q3 2022**

INVESTMENT MARKET HAMBURG

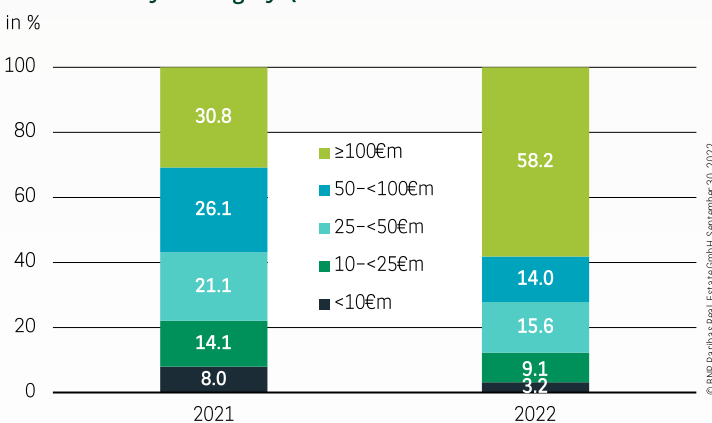
Investment volume Q1-3



BEST INVESTMENT VOLUME OF THE LAST 15 YEARS

With a transaction volume of €4.3 billion, Hamburg achieved the best result in the past 15 years, more than doubling the previous year's figure. However, the disproportionately high share of portfolio deals, which account for 45% of total volume, must be taken into account here. With an investment volume of €1.94 billion, a new historic record is thus set. The acquisition of alstria by Brookfield is reflected here in particular, but the majority takeover in Deutsche EuroShop also accounts for several hundred million euros. Single investments account for a share of 55% and contributes to an investment volume of €2.36 billion. This market segment also increased by almost 21% year-on-year and is also almost 4% above the 10-year average. Even without the special influence of the large portfolios, the market was therefore lively and underlines the amenity of the Hanseatic city, which is high on investors' shopping lists. This statement is underlined by the fact that Hamburg ranks second in a national comparison, surpassed only by Berlin.

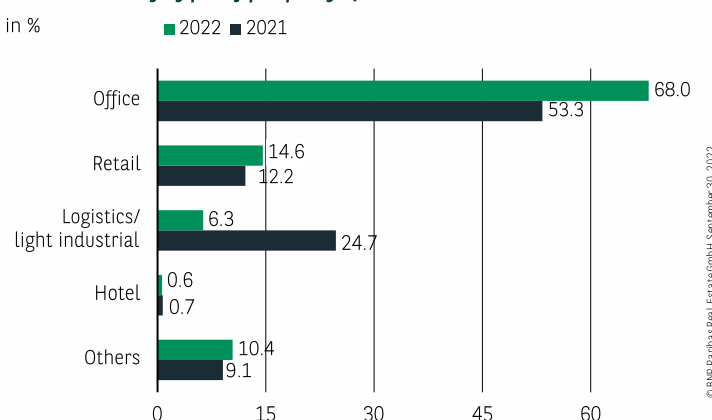
Investments by € category Q1-3



HIGH SHARE IN THE THREE-DIGIT MILLION RANGE

Around 58% of take-up are accounted for properties with a value in the triple-digit millions. For the Hanseatic city, this share represents a new record, as the market is generally less characterized by large deals compared with Frankfurt or Munich, for example. A total of 15 properties can be assigned to this category, with just under half of these being transacted as part of portfolio sales. The two medium size categories of €25 to €50 million and €50 to €100 million contribute a further volume just under 30%. The smaller properties of up to €25 million accommodate in relative terms and accounted for just over 12%. However, the absolute volume in this market segment has also increased by around €60 million. This also indicates good demand despite the difficult environment.

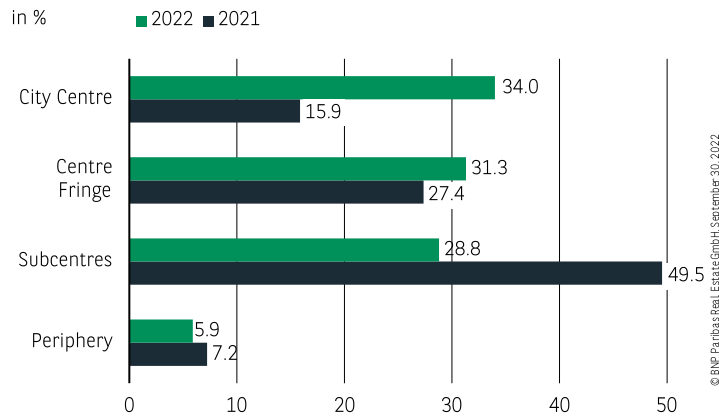
Investments by type of property Q1-3



OFFICES ACCOUNT FOR TWO-THIRDS OF VOLUME

The sale of alstria is also reflected in the distribution of the transaction volume across the individual asset classes. Office properties account for a good two-thirds of transaction volume, an unusually high figure by Hamburg standards. Retail follows in second place with a volume of just under 15%. This also includes some properties from the majority takeover in Deutsche EuroShop. The low contribution of logistics properties, at just over 6%, is primarily due to insufficient supply rather than a lack of demand.

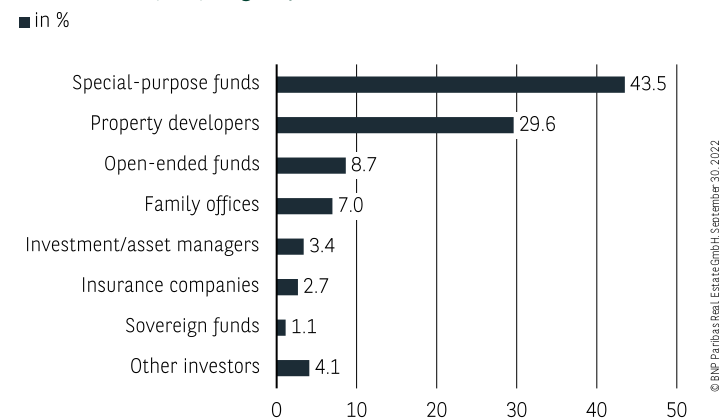
Investments by location Q1-3



▶ VERY HOMOGENEOUS DISTRIBUTION BY LOCATION

The extremely balanced distribution of investment volume across the various locations in the city is remarkable. A good third of the result is attributable to the city center, which are thus at the usual and expected level. They are followed by the Centre Fringe with 31% and the Subcentres with just under 29%. Although Hamburg traditionally has a high proportion of transaction volume in different location qualities, this very balanced picture is unusual and indicates that investors have great confidence in the market overall. In addition, a further €253 million was operated in the Periphery, which corresponds to a share of just under 6% of total transaction volume.

Investments by buyer group Q1-3 2022



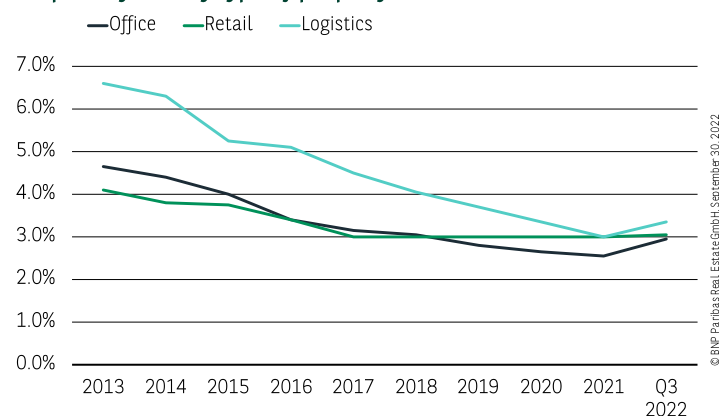
▶ TWO BUYER GROUPS DOMINATE MARKET ACTIVITIES

Considering the high proportion of large-volume portfolio transactions, it is not surprising that there is a concentration on a few buyer groups. Equity/real estate funds invested the most, contributing over 43% to the result. This is followed by special funds, which are responsible for a further almost 30% of the result. These two types of investor thus account for almost three quarters of the volume. Project developers account for just under 9%, while Open-ended funds also make a larger contribution of 7%. By contrast, all other investor types have played only a minor role in the year to date.

▶ PRIME YIELDS RISE DUE TO INTEREST RATE HIKES

Against the background of significantly higher interest rates, financing costs has also become noticeably more expensive. This was already reflected in slightly higher yields in the second quarter. As expected, this trend continued in the third quarter. The current net prime yield for office properties is at 2.95%, ranking Hamburg behind Munich and Berlin in the national comparison. The prime yield for logistics properties has also risen by 25 basis points, so that it is now quoted at 3.35%. Prime yields for commercial properties have also risen slightly, to 3.05%.

Net prime yields by type of property



▶ OUTLOOK

The fact that Hamburg's investment market will not be able to maintain its previous performance, which was largely determined by proportional portfolio sales, is quite self-explanatory. In addition, the year-end rally in Hamburg is likely to be more subdued than usual due to further increases in financing costs and a downturn in the economy. Nevertheless, it cannot be ruled out that the €5 billion mark could be reached at the end of this year. The upward trend regarding yields is likely to continue in the final quarter, not least because of further interest rate hikes have already been announced.

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