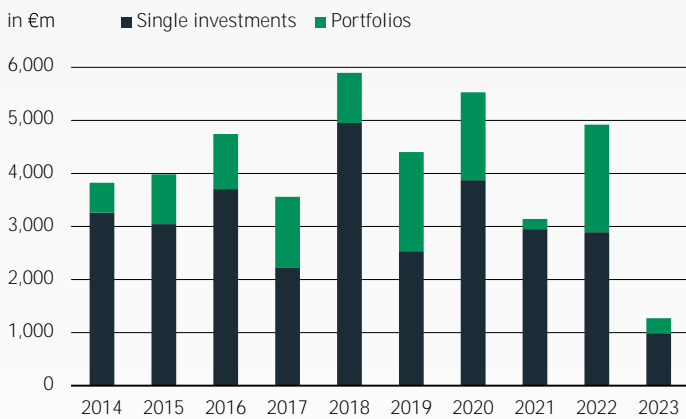




At a Glance **Q4 2023**

# INVESTMENT MARKET HAMBURG

**Investment volume**

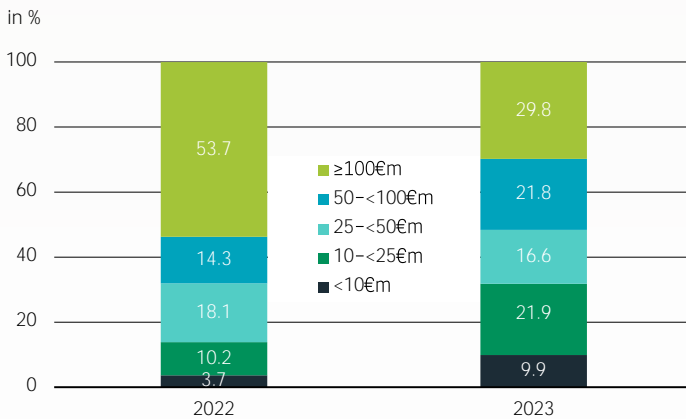


© BNP Paribas Real Estate GmbH, December 31, 2023

**➤ HALF OF INVESTMENT VOLUME IS ATTRIBUTABLE TO Q4**

Last year, the market for real estate investments throughout Germany was dominated by higher interest rates and the absence of an economic backdrop. The Hamburg market was no exception. With a transaction volume of €1.27 billion, the strong result of the previous year was undercut by around three quarters and the long-term average by a good 69%. The transaction volume is therefore roughly at the level of the financial crisis. The very good performance of the Hanseatic city in recent years was due in particular to a large number of large-volume core transactions in the office sector. However, the considerable increase in the cost of financing has led to a noticeable flattening of transaction activity in this segment, which is why the low market momentum among the top cities in Hamburg is reflected most strongly in the volume of transactions. However, there are increasing signs that the pricing phase has come to an end. In the final quarter of the year, the market already showed a clear upturn overall. At €630 million, almost half of the total transaction volume can be dated to the last three months of the year. The sale of Strandkai 1 for more than €150 million, a core transaction from the office segment, contributed significantly to this.

**Investments by € category**

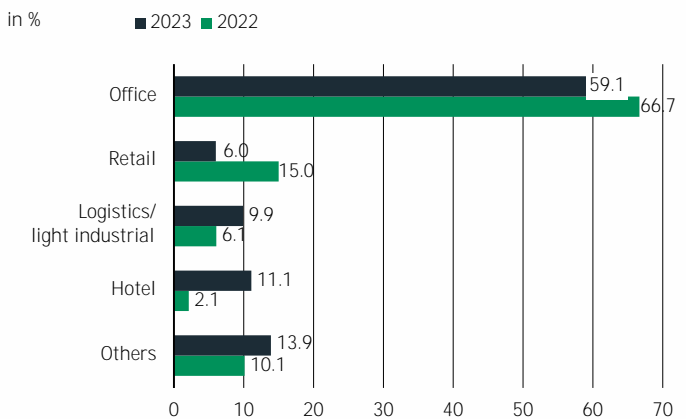


© BNP Paribas Real Estate GmbH, December 31, 2023

**➤ SMALL SIZE DEALS DISPROPORTIONATELY REPRESENTED**

The distribution of investments by size category clearly reflects the difficult financing environment. Smaller transactions, below the €25 million mark, contributed an unusually high proportion to the result, accounting for around a third of the volume. Although the €405 million registered in this segment is significantly below the 10-year average (€787 million) in absolute terms, the discrepancy of -48% is noticeably more moderate than in the other segments, which only achieved around a quarter of their usual results.

**Investments by type of property**

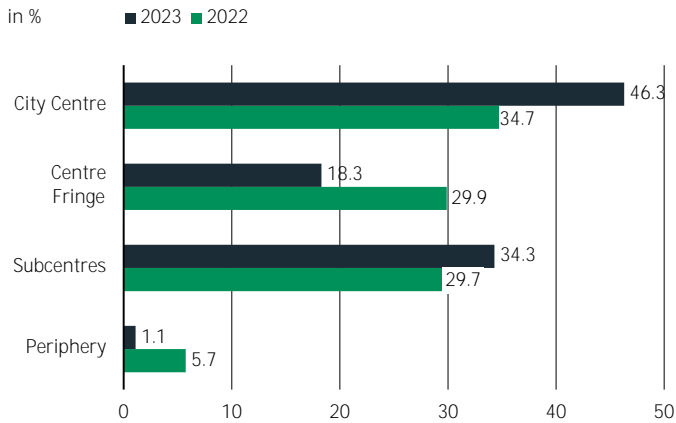


© BNP Paribas Real Estate GmbH, December 31, 2023

**➤ OFFICE PROPERTIES REMAIN AT THE TOP**

Despite the difficult market environment, office properties continue to account for the majority of the registered volume, contributing around 59% to the result. Hotel investments follow at a considerable distance in second place, accounting for around 11% or €141 million. This is the smallest decline compared to the long-term average (-50%) for this asset class. Logistics properties also made a notable contribution, partly due to the acquisition of six logistics halls by the Kaldox Group in Billbrook. Retail investments (6%), meanwhile, only accounted for a subordinate share.

**Investments by location**



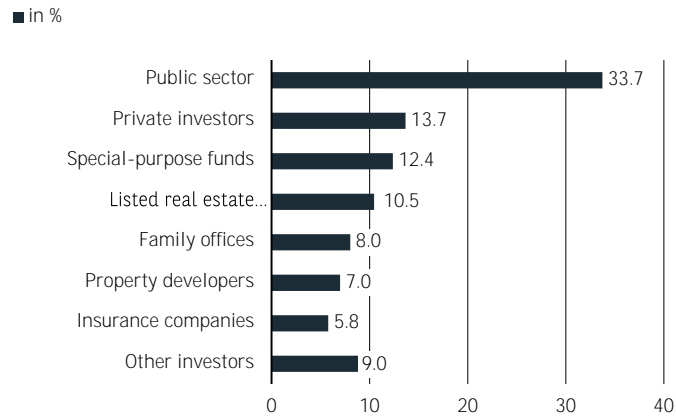
**➤ CENTRAL LOCATIONS IN DEMAND**

Investment activity was very unevenly distributed across the market area in 2023. The city center locations accounted by far for the largest share at around 46%. Although the volume of just under €590 million registered there is around 65% lower than in a long-term comparison, the decline is more moderate than in the other locations. This is a clear indication that investors prefer safe and central locations in the current market phase, particularly for office investments.

**➤ PUBLIC SECTOR AT THE TOP FOR THE FIRST TIME**

The extent to which the changed financing environment has shaped investment activity in the past year is illustrated by a breakdown of the buyer structure. The public sector accounts for more than a third of transactions. The fact that the two largest transactions of the year - the acquisition of the Am Strandkai 1 property by the Hamburg Port Authority (HPA) and the purchase of the Fritz Schumacher building by the City of Hamburg - were attributable to the buyer group made a significant contribution to this. Private investors (14%) also appeared on the podium for the first time. Just like the family offices, which are also strongly represented (8%), they often operate with high equity shares and are therefore less dependent on interest rates.

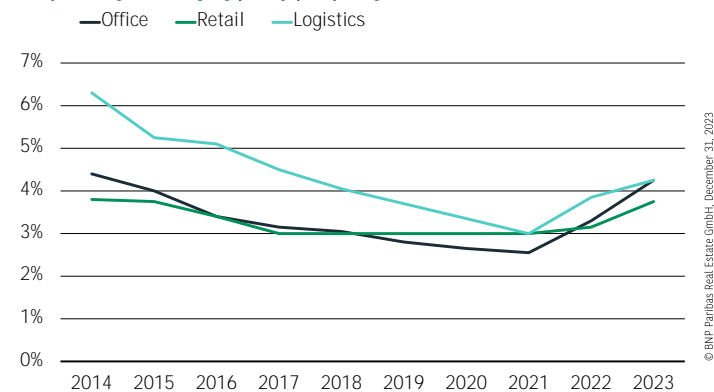
**Investments by buyer group 2023**



**➤ AS EXPECTED FURTHER RISE IN YIELDS**

As the cycle of interest rate hikes by the major central banks was not yet complete in the final quarter, some net prime yields also increased slightly as expected. An increase of 20 basis points to 4.25% was recorded for offices. While an increase of 15 basis points to 4.25% was also reported in the logistics segment, the net prime yield for inner city commercial properties remained stable for the first time since the beginning of 2022. It currently stands at 3.75%.

**Net prime yields by type of property**



**➤ OUTLOOK**

Although there was already a slight upward trend on the market in the final quarter, transaction activity is still expected to be subdued overall against the backdrop of the weakening economy at the start 2024. However, as the interest rate peak has probably already been reached and a new price level has emerged, many investors are once again more confident in their planning. From today's perspective, it is likely that a gradual recovery will set in over the course of 2024 and that market momentum will pick up noticeably in the second half of the year. The transaction volume should therefore increase noticeably compared to 2023.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.12.2023

Further Information BNP Paribas Real Estate GmbH | Branch office Hamburg | Phone +49 (0)40-348 48-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)