In the first six months of 2015 the Hamburg investment market generated a volume of 1.84 bn € and thus its best half-year result since 2007. The figure represented a rise of more than 12 % compared with the very good prior-year total. Alongside a high volume of investments in single deals, the result was driven by an appreciably larger proportion of portfolio sales (36 %). As in the previous years, the market was very lively overall, something reflected by the high number of sales. It is notable that investment in the second quarter, which totalled over 1 bn €, was considerably greater than in the first three months of the year. Fuelled in particular by an increase in transactions in the higher double-digit range, the average volume per deal has risen to 26 m €. The biggest transaction up to now was the first-quarter acquisition of a part of the Axel-Springer Building by the City of Hamburg for around 130 m €.

MARKED INCREASE IN LARGE DEALS

The size-class distribution of the transaction volume was dominated by two segments which together accounted for more than 70 % of the result. In first place, with just under 36 % of all investment, came the 50-100 m € bracket, which in absolute terms more than doubled its prior-year turnover. Next came the 25-50 m € class, with over 34 %; this also represented a year-on-year improvement. The biggest decline was that posted by the size category of deals between 10 and 25 m €; after registering an extremely high volume last year, its share fell this year to just 9 % of the total. Small sales of up to 10 m € accounted for about 8 %, major transactions of over 100 m € for just under 13 %.

OFFICE PROPERTIES WELL OUT IN LEAD

After attracting a total of more than 1.2 bn € in investment, office buildings led the asset-class ranking in the first half by a large margin, with a share of over 67 %. That is the highest figure since 2007; it was due not just to a substantial number of transactions but also to several large-volume deals. Hotels set a new record for the six-month period and moved up into second place with 14 %. They thus relegated retail properties to third place with the relatively low share of just over 12 %, something due primarily to the shortage of supply in this segment. Logistics complexes and miscellaneous real estate each accounted for about 3 %.
CITY CENTRE MOST FAVOURED AREA

Hamburg’s City Centre generated nearly 60% of all investment, attracting a total of more than 1 bn €. It therefore finished only just slightly below its previous record of mid-2006. Apart from that, only the subcentres posted a result comparable with that posted in the first half of 2014, taking second place with a share of just over 26%. This pushed the Centre Fringe areas into third place, with slightly over 14%, which was well below their strong prior-year result. No notable transactions at all have so far been registered in the periphery.

BROAD SPREAD OF DEMAND

Up to now, the investment volume has been distributed fairly evenly across the different buyer categories. Following the acquisition of several sizeable office buildings, insurances took first place with a share of 17.5%. In second and third places, each with around 16%, came special-purpose funds and equity/real estate funds. Completing the leading quartet were investment managers/asset managers with close to 11%. Private investors have again been very active, contributing just over 9%. By itself, the purchase of the Axel-Springer building generated a high volume for the public sector, which obtained a share of 7%. The collective category of other types of investors accounted for the substantial share of 17.5%, which underlined the broad basis of different sources of demand. Around half of all the capital deployed originated from outside Germany, which was a considerably higher proportion than a year ago.

YIELDS LOWER YEAR-ON-YEAR

The buoyant demand in the investment markets is reflected by declining prime yields. The net initial yield for office properties is currently 4.30%, 25 basis points down on the prior-year figure. The yield for retail/office buildings had already fallen by 30 basis points to 3.80% by the end of 2014, and since then has stabilised at that low level. Yields in the logistics segment have eased considerably in the past twelve months; for premium assets they now stand at 5.60%.

OUTLOOK

The excellent first-half result underlines the strength of demand on the part of both domestic and international investors and in view of the still predominantly positive economic prospects, the second half of the year can also be expected to generate a high investment volume. In fact, it seems quite realistic to expect an overall result on a par with the prior-year total (3.8 bn €). Where prices are concerned, the tough competition for core assets could lead to a further decline in prime yields.