Investment in Hamburg by the end of the third quarter totalled just over 3.28 bn €, some 31% higher than the prior-year figure and the best result since 2007. This fine performance was fuelled by over 110 transactions. Single deals generated nearly 2.5 bn €, while portfolio sales, included on a pro rata basis, attracted more than 800 m € or 25% of all turnover – a high proportion by Hamburg standards. Among the chief transactions were the sales of the BTC Berliner Tor Center and of the H&M logistics centre, and the partial sale of the Axel-Springer House.

Investment volume in Hamburg Q1-3

Investments according to € categories in Hamburg Q1-3

Investments according to type of property in Hamburg Q1-3

At a Glance
INVESTMENT MARKET HAMBURG
Q3 2015

Another Rise in Investment Volume

Higher Average Volume per Deal

Office Buildings Lead Field

Office buildings continue to head the asset-class ranking with an investment volume of over 2 bn €, equivalent to a share of 64%. Retail properties, on the other hand, have so far attracted 61% less than in the prior-year period, lowering their share to only around 6%. This was due to an inadequate supply of appropriate products, resulting in just 11 registered transactions. Hotels, in contrast, have exhibited a positive development, generating turnover of nearly 410 m € and giving them second place with a share of close to 13%. Thanks to such major deals as the Sofitel, Marriott and Height 3, hotels stepped up their absolute volume by 89%. Logistics complexes posted a comparatively strong result with 7%. The remaining 10.5% was accounted for by miscellaneous assets, including business parks and development sites.
CITY CENTRE HEADS SPREAD

Last year, the City Centre, the Centre Fringe and the subcentres had all vied for the top slot in the geographical spread of investment; this year, though, the City Centre has gained a clear-cut lead with 42 % of the total (+9 percentage points), attracting investment of over 1.38 bn € since the start of the year. Although they posted lower shares than before, the Centre Fringe (nearly 30 %) and the subcentres (almost 25 %) actually generated higher absolute turnovers (+10 % and +18 % respectively) and the subcentres in fact registered the largest number of deals. The share noted by the periphery, at 3 %, has remained relatively stable year-on-year.

INSURANCES GO FOR REAL ESTATE

The distribution in terms of buyer groupings is headed by insurances (18 % of the total), with most of the capital involved going into sizeable office assets. Close behind come special-purpose funds (17 %) and equity/real estate funds (16.5 %). Each of these three categories has been responsible for over half a billion euros in investment in Hamburg. A notable contribution was made by investment/asset managers (11 %), while private investors, which are regularly active in the Hamburg market, accounted for 7 %. Close behind in the ranking come project developers with 6 % and open-ended funds with 5 %. All the other groupings together produced nearly 19 %, a significant proportion which underlines the broad spread of the different sources of demand. Foreign investors have generated about half of the transaction volume, nearly 7 percentage points up on their prior-year contribution.

FURTHER DECLINE IN YIELDS

The strong demand in the investment markets has made the net prime yield for office properties slip from 4.40 % at the end of 2014 to 4.25 % at present. Other asset classes have also registered slight falls. The greatest stability has been exhibited by retail/office buildings, where the net prime yield at the end of the third quarter stands at 3.75 %. The biggest drop has been that posted by logistics complexes, where the net prime yield has eased in the past 12 months from 6.3 % to 5.6 %.

OUTLOOK

The buoyant demand in the Hamburg investment market on the part of both domestic and international players has already produced an impressive result, and since further transactions in the triple-digit million range are expected in the fourth quarter, the positive development looks set to continue. Against the background of the strong competition for core assets, the possibility of a further fall in net prime yields cannot be excluded.