OUTSTANDING RESULT

The Hamburg investment market is maintaining its upward trend: it finished the first half with a transaction volume of 2.13 bn €, which was 16 % up on the prior-year total and exceeded the long-term average by all of 62 %. It is remarkable that this very good result was generated almost entirely by single deals. So this North German city is continuing to benefit from buoyant demand for commercial property – and despite a growing shortage of supply, it was able to meet this demand. Among the most important transactions were the sales of the Telekom building in Centre North and of the Commerzbank complex in the City Centre. Nationwide, the result actually gave Hamburg first place, in front of Munich (2.09 bn €) and Berlin (2.06 bn €). The proportion of foreign investors in Hamburg has slipped during the past 12 months, and at the end of the second quarter stood at 30 %.

BALANCED DISTRIBUTION

The distribution of the transaction volume between the size classes is fundamentally balanced. The total was split more or less half-and-half between deals over and deals under 50 m €. The biggest slice, of more than 28 %, was registered by the class of large-unit assets upwards of 100 m €. Close behind came the 25-50 m € bracket with 27.5 %. The prior-year leader, the 50-100 m € segment, posted a decline of 13 percentage points to give it third place with just under 23 %. The classes of smaller deals, on the other hand, obtained slightly higher shares than before: the 10-25 m € segment just over 13 % and the class of assets up to 10 m € around 8 %.

OFFICE BUILDINGS STAY IN LEAD

In the Hamburg market, offices traditionally form the most important asset class, and in the first half – despite a decline in share of 16 percentage points – they again headed the ranking, with over half of the aggregate investment volume. The collective category of other forms of real estate, which includes development sites and mixed-use properties, secured 17.5 %, giving it second place by a narrow margin in front of retail buildings. Thanks to a slight increase in supply, these lifted their share by 5 percentage points, giving them third place with just over 17 %. Then came hotels with just under 9 %, followed by logistics complexes with around 5 %.
CITY CENTRE IN FIRST PLACE AGAIN
In contrast to the first three months of the year, when the subcentres headed the geographical ranking, in the second quarter it was Hamburg's City Centre which attracted the biggest slice of investment, restoring it to its traditional first place with close to 44%. Then came the subcentres, with 33%; this represented a year-on-year increase of nearly 7 percentage points. The Centre Fringe submarket also developed positively, stepping up its share by about 5 percentage points to slightly over 19%. With just 4%, the periphery continues to play a somewhat subordinate role. Basically, the shifts in shares have been due clearly to the level of asset availability.

TWO GROUPINGS HEAD RANKING
Although market activity in the first half of the year involved many different kinds of investors, two groupings stood out and were together responsible for over half of the transaction volume. Out in front were special-purpose funds, with nearly 29% of turnover. Also very ready to deploy capital were pension funds, which contributed over 24% to the total. Property developers also secured a double-digit percentage, with just over 13%. Virtually equal shares were generated by private investors and investment/asset managers, each with around 7%, and by open-ended funds and the public sector, each with about 4%. The category of “Others”, i.e. all the remaining groupings, accounted for slightly more than 12%.

YIELD FOR LOGISTICS COMPLEXES STAYS STEADY
For some years time now, there has been increasing pressure on yields for premium assets in Hamburg, just as elsewhere in Germany, and in the past 6 months the net prime yield for office buildings has eased further, by 25 basis points to 3.75%. The trend in the field of retail/office properties has been similar, with a decline of 15 basis points in the prime yield to 3.60%. In contrast, the yield for logistics complexes has remained steady since the start of the year at 5.25%.

OUTLOOK
The outstanding half-year performance was the result of strong demand from domestic and international investors backed by an adequate supply. In view of the economic climate, there is a good chance that this development can be sustained in the months ahead. However, there are signs of a growing shortage of available assets. Tough competition for core products could lead to a further fall in yields.