BROAD DEMAND GENERATES RECORD RESULT

The Hamburg office market shines out with a record performance. Take-up in the first three months of the year totalled 150,000 m², which was more than 56 % above the prior-year figure and bettered the 10-year average by around 40 %. It is gratifying to note that this result was fuelled by leases in all size categories and that there has also – unlike the first quarter of last year – already been a deal in the class upwards of 10,000 m²: the letting of 19,700 m² in Centre North to Hamburg University. Also deserving of mention were two contracts (8,400 m² and 6,400 m²) concluded in Centre South by the Schools and Vocational Training Authority. In another sizeable deal, coworking spaces specialist WeWork obtained 7,900 m² in the City Centre. This shows that the North German port continues to attract private enterprise, something that is also confirmed by the nationwide comparison; in this, Hamburg takes third place behind Munich (253,000 m²) and Berlin (190,000 m²), and thus finishes just ahead of banking centre Frankfurt, which also performed strongly (137,000 m²).

PUBLIC ADMINISTRATION TAKES OVER TOP SLOT

The business-sector ranking of take-up has a clear-cut leader: thanks to a number of large deals, public administration accounted for one square metre in every four (share: 26 %). In second place came the traditionally strong collective grouping of other services, with just over 19 % of the total. Consultancies stepped up their prior-year share by nearly 6 percentage points to take third place with slightly over 14 %. Then came the media and advertising (nearly 8 %), followed by information and communications technology firms and healthcare (each: around 5 %). The remaining sectors accounted only for considerably smaller shares, giving them a combined total of just under 22 %.

VACANCY CONTINUES TO SHRINK

The buoyant demand has led to a further reduction in vacancy. Overall, this has fallen by 6 % in the past 12 months to 778,000 m² at present – the lowest level for 15 years. Despite numerous building completions in 2016, the volume of modern vacant space, the category most favoured by users, has also declined, by just over 4 %. It now stands at just 206,000 m² (share: 26 %). The development is also reflected by the vacancy rate, which has slipped to 5.6 %, lower than at any time since 2002.
BUILDING ACTIVITY RESTRAINED

Because of the completions mentioned above, the volume of space under construction has fallen by 43 % in the past 12 months. It now totals 229,000 m², an extremely low level. What is pleasing is that over half of this space has already been taken up, and so the volume of available space under construction is just under 107,000 m², corresponding to a proportion of 47 %. Building activity is particularly extensive in the City Centre (94,500 m²) and in Hafencity (43,500 m²). The overall available supply of space (vacancy plus available premises under construction) has shrunk by nearly 13 % to 885,000 m².

PRIME RENT PEAKS

The combination of strong demand and reduced supply has triggered a rise of 2 % in the prime rent, taking it to 26 €/m². That is the figure obtained for office premises offering high-grade specifications in very good City Centre locations. The only previous time this level was reached was in 2008. Both top and average rents have risen in almost all the City Centre and Centre Fringe submarkets, providing further evidence of the buoyant demand in all precincts.

OUTLOOK

The readiness to conclude new lease contracts that is evident all over Hamburg has boosted the office market and suggests that take-up for the year as a whole could well be in the vicinity of around 550,000 m². With vacancy set to fall and construction activity lower, the possibility of a further climb in the prime rent cannot be excluded.

### Trends in important market indicators in Hamburg

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Trend remaining year</th>
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<tbody>
<tr>
<td>Take-up</td>
<td>96,000 m²</td>
<td>150,000 m²</td>
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<tr>
<td>Vacant space</td>
<td>829,000 m²</td>
<td>778,000 m²</td>
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<tr>
<td>Space under construction (total)</td>
<td>402,000 m²</td>
<td>229,000 m²</td>
<td>➪</td>
</tr>
<tr>
<td>Space under construction (available)</td>
<td>185,000 m²</td>
<td>107,000 m²</td>
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</tr>
<tr>
<td>Top rent</td>
<td>25.50 €/m²</td>
<td>26.00 €/m²</td>
<td>➪</td>
</tr>
</tbody>
</table>

### Key indicators Hamburg Q1 2017

<table>
<thead>
<tr>
<th>Submarkets**</th>
<th>Top rent* (€/m²)</th>
<th>Take-up (m²)</th>
<th>Vacant space (m²)</th>
<th>Space under construction (m²)</th>
<th>Space on offer (m²)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>from to</td>
<td>Q1 2017</td>
<td>total</td>
<td>modern</td>
<td>of this, since completion</td>
</tr>
<tr>
<td>1 City Centre</td>
<td>26.00 38.00</td>
<td>99,000</td>
<td>27,000</td>
<td>14,000</td>
<td>94,500 50,000</td>
</tr>
<tr>
<td>2 Centre Fringe</td>
<td>23.50 2,000</td>
<td>17,500</td>
<td>3,500 1,500</td>
<td>0 0</td>
<td>17,500 40,000</td>
</tr>
<tr>
<td>3 Subcentres</td>
<td>23.00 7,000</td>
<td>38,000</td>
<td>20,500</td>
<td>0 0</td>
<td>43,500 36,500</td>
</tr>
<tr>
<td>4 Western City Fringe - St. Pauli 23.00 500 12,500 8,500 1,000</td>
<td>0 0</td>
<td>12,500</td>
<td>10,000 150,000 778,000 206,000 70,000 229,000</td>
<td>107,000 885,000 1,270,000</td>
<td></td>
</tr>
</tbody>
</table>

* The top rent given applies to a market segment of 3-5 % in each case.
** The relevant office market zone can be found on our website under “Research”.

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