In the first half of the year, the Hamburg office market was extremely dynamic. With take-up of 297,000 m², it reached a new peak, breaking the previous record of 295,000 m² set in the boom year of 2007. In both the first two quarters, the Hanseatic city benefited from a colourful mix of different sources of demand and broadly-based activity across all size classes. And – unlike the year before – large-scale contracts also played a role, enabling the result to be stepped up by a good 27%. Significant in this context was the lease for 34,500 m² concluded by medical equipment manufacturer Olympus; after completion in 2020, the premises in Centre South will form the company’s new European headquarters. In addition, in the first quarter, Hamburg University rented temporary premises of 19,700 m² in Centre North.

The business-sector distribution of take-up was influenced heavily by the Olympus contract. This helped to give industrial headquarters first place with a share of almost 19%. In second place came public administration with just over 17%, a year-on-year increase of around 4 percentage points. Then, with slightly less than 17%, came other services. Another double-digit percentage contribution was made by consultancies; this was fuelled, for instance, by a lease taken out by the law firm Hogan Lovells International. The sector media and advertising accounted for 7% of the total, information and communications technologies for just over 6%. All the other sectors, grouped together in the category of miscellaneous businesses, were responsible for lower percentages.

Whereas in 2016 vacancy had tended to remain stable due to the completion of several new construction projects, since the beginning of this year the volume has increasingly been on a downward course and at 758,000 m² has now reached its lowest level in the last 15 years. Extensive stocks of vacant space are still located, for instance, in the City Centre (97,000 m²) and Centre South (57,500 m²). In particular, there has been a sharp reduction in modern empty premises of the kind favoured by tenants, so that a bottleneck in supply is now becoming apparent. At present, the relevant volume is just 181,000 m², or just under 24% of aggregate vacancy. The vacancy rate has continued to fall: at the end of the second quarter it was only 5.5%.
DECLINE IN BUILDING ACTIVITY

The volume of space under construction fell by a good 24% in the course of the year and, at 243,000 m², is at a low level. Only just under half (116,000 m²) is still available for renting. The main focus of building activity is the City Centre (133,000 m²), where the most important new construction projects include the Alter Wall (20,000 m²) and the Axel Springer Quarter (19,200 m²), which are expected to be completed by mid-2018 and late-2019 respectively. The total available supply (vacancy plus available space under construction) has fallen by around 11% to 874,000 m².

RISE IN PRIME RENT

The good demand situation and the growing scarcity of space in the Hamburg office market have led to an increase of around 2% in the prime rent, taking it to 26 €/m². This is the figure obtained for office units offering high-grade specifications located in very good parts of the City Centre. In addition, rents in almost all submarkets are showing upward tendencies. The top rents posted in the office market zones HafenCity and Alster Precincts, for instance, have risen by around 9% in each case, taking them to 24.50 €/m² and 24 €/m² respectively.

OUTLOOK

The positive mood in the marketplace suggests that the second half of the year will remain dynamic, so that a very good result at the high level of the previous year seem distinctly realistic. From today’s angle, it remains to be seen just what impact this will have on the rental price level in the short term. Something which is highly probable is that the reduction in vacancy will continue.