DECLINING INVESTMENT VOLUME

The Hamburg investment market reported a transaction volume of 2.17 bn € in the first three quarters, which is around 30 % below the result for the corresponding period last year. While it is a good 14 % above the ten-year average, the result for the year to date falls short of the high volumes achieved in the past three years. This downward trend is primarily attributable to an inadequate supply and a comparatively muted first quarter in which hardly any deals were closed in the wake of the outstanding final quarter of 2016. In contrast to the other major German locations, whose investment volumes have risen substantially once again in comparison to 2016, Hamburg has witnessed noticeably less deals than in the previous lively years. Three properties in the segment over 100 m € nevertheless changed hands, in the guise of the Hotel Radisson Blu, the HafenCity Gate office building which was sold as part of a portfolio and the Kaisergalerie office and business property. This segment’s share of the total transaction volume has risen considerably, to a good 26 %.

BREAKDOWN OF SIZE CATEGORIES SIMILAR TO LAST YEAR

The breakdown of the investment volume across the individual size categories has altered only slightly in comparison to last year. The three categories over 25 m € are again predominant. With a share of just under 28 % each, sales with a volume between 50 and 100 m € and sales in the range between 25 and 50 m € lie ahead of major deals of 100 m € and over, which have dropped by almost 4 percentage points to around 24 %. The segment from 10 to 25 m € accounts for a good 13 %, while smaller deals of up to 10 m € contribute around 7 %. In absolute terms, all the size categories show a noticeably lower result than last year.

OFFICE PROPERTIES CLEARLY IN THE LEAD

As in the previous years, office properties dominate the breakdown of investments according to asset classes, contributing more than half of the total investment volume. Hotels move up into second place as a result of a number of large-volume sales, with a good 16 % share in the overall result. Retail properties slip down into third place, on just under 15 % — following an above-average transaction volume last year. While logistics properties claim a 5 % share once again, the Others category accounts for a good 11 %. This category includes properties in mixed use and development sites in particular.
HIGHEST VOLUME IN THE CENTRE FRINGE LOCATIONS
The Centre Fringe locations clearly lead the geographic breakdown across the market territory, with a 43.5% share. This represents a more than two-fold increase over the result for the corresponding period last year. The transaction volume for these locations has also grown in absolute terms, and is nudging the one billion euro mark. Numerous deals in the double-digit millions range and one sale in the segment over 100 m € have contributed to this result. Investment in the Centre City was markedly down on the previous year, in particular on account of the inadequate supply. This results in a drop by 15 percentage points for this market zone, which contributes a share of 30%. The subcentres, which were very strong last year, are currently generating an average volume, resulting in a share of a good 22%. The periphery plays only a marginal role, accounting for 4%.

SPECIAL-PURPOSE FUNDS LEAD THE FIELD ONCE AGAIN
The list of investors is headed once again by special-purpose funds, which contribute the largest volume in Hamburg, corresponding to a good 22% share. Investment/asset managers rank second on just under 17%, while pension funds take the third place on the winners’ podium with around 14%. Family offices claim just under 10% with a small number of large deals. Property developers and equity/real estate funds each account for around 7%. The overall investment volume is spread very broadly across the different buyer categories, resulting in a very high share of 17.5% for the investors grouped together under Others. Foreign investors have invested slightly more in Hamburg to date than over the corresponding period last year, their share amounting to just under 43%.

PRIME YIELDS CONTINUE TO FALL
In line with the nationwide trend, the net prime yields have declined again, following a brief period of stabilisation around the middle of the year. A rate of 3.20% is now applicable for office properties in the premium segment, corresponding to a drop of 45 basis points. The prices of business premises have risen by 50 points in the past 12 months, to 3.00%. Yields for prime logistics properties have also fallen noticeably once again, and now stand at 4.70%.

OUTLOOK
In view of the very positive general mood on the Hamburg investment market and a very full pipeline, a lively final quarter is to be assumed, which should lead to a sound overall result. Although the high demand continues to be constrained by the supply situation, a volume within the range of the five-year average would appear realistic.