At a Glance Q3 2017
OFFICE MARKET HAMBURG

IMPRESSIVE RECORD RESULT
Take-up totalling 446,000 m² sees the Hamburg office market continuing its trend and reporting the best result of the past 15 years. This figure outstrips last year’s very good result by almost 13 % and even surpasses the multi-year average by around 22 %. A gratifying aspect is that all three quarters have benefited from very good demand and contributed similarly to the overall result. Three major deals in the size range over 10,000 m² have additionally stimulated the market. The largest lease for 34,500 m² was placed at the beginning of the year with the Olympus company, which will take up residence at its new European headquarters in Centre South following completion in 2020. The Grüner + Jahr publishing group will also be moving its headquarters in the coming years, and placed an order for the construction of a new head office in HafenCity comprising 34,000 m² in the third quarter. Also worthy of note is the lease taken out by the University of Hamburg on 19,700 m² in Centre North.

OTHER SERVICES LEAD THE FIELD
Other services top the rankings, with a share of almost 24 %. Increased demand from providers of co-working space and business centres was to be observed here. The expanding office space provider WeWork has taken out two leases in the City Centre for 7,900 m² and 6,400 m², for example. Industrial HQs, media and advertising and public administration are all neck-and-neck, each with a share of around 13 %. All three of these segments benefit from the above-stated major deals. Consultancies remain in single figures on almost 9 %, as does transport and traffic, with a good 5 %. All sectors which have not been mentioned here and are grouped together under “Others” have contributed lower shares to the total take-up and account together for a good 23 %.

VACANT VOLUME CONTINUES TO FALL
The volume of vacant space on the Hamburg office market has dropped by almost 9 % over the past 12 months, with its current level of 730,000 m² representing the lowest figure of the past 15 years. The modern space which is favoured by users has seen an even sharper drop in its vacant volume, falling by almost 29 %. This leaves only 155,000 m² of space appointed to a high standard, corresponding to a good 21 % share. A supply shortage is thus gradually emerging here. Accordingly, the vacancy ratio for the market as a whole has continued to fall and currently stands at 5.3 %.
CONSTRUCTION ACTIVITY LOW

Following the completion of many new building projects in the course of 2016, construction activity is now at a very low level of 223,000 m², which is down by a good 10% on last year. 82,000 m² of this construction volume remains available to the market, corresponding to a share of 37%. The highest construction volumes currently apply in the popular office market zones City Centre (76,500 m²), Centre South (45,000 m²) and Hafencity (43,000 m²). The total volume of available space (vacant space plus available space under construction) has dropped by almost 10% to 812,000 m².

2% RISE IN PRIME RENT

The prime rent, which is attained for high-quality office space in very good City Centre locations, rose by 2% at the end of 2016, since when it has stood at 26 €/m². Many other office market zones also show positive prime rent trends on account of the good prevailing demand: The prime rent in HafenCity has risen by almost 9% to 24.50 €/m², for example, while in the Eastern Harbour Fringe it is up by around 18% at 23.50 €/m² and in the Western Harbour Fringe it has gained a good 13%, at 22 €/m².

OUTLOOK

As things stand, dynamic market performance looks set to continue in the final quarter, offering the realistic prospect of a new record result in the order of 600,000 m². In view of this scenario and the low level of construction activity, the volume of vacant space should continue to fall. It remains to be seen to what extent the good demand accompanied by a dwindling supply will give rise to further rent increases before the year is out, however.