BNP PARIBAS REAL ESTATE

INVESTMENT MARKET HAMBURG

At a Glance Q2 2018

2 BN € MARK EXCEEDED ONCE AGAIN

With an investment volume of 2.21 bn €, the Hamburg investment market has achieved its second-best result ever for the first half-year. Compared to the quieter first half-year in 2017, the market increased by 60 %, while the ten-year average was beaten by just over 67 %. Only in 2007 was more capital invested in Hamburg. While in particular portfolio transactions were responsible for the strong result in 2007 with 75 %, currently single deals are driving the result with a turnover of more than 2 bn € (92 %). The sale of the Springer Quartier in the inner city alone accounts for approx. 400 m € and is the biggest single transaction ever recorded in Hamburg. Due to further major sales in the high two-digit and three-digit millions, including the Sumatrakontor office building in HafenCity, the average volume per deal has risen to 42 m €. The lively market activity is in line with the trend seen in the other major locations, where for the most part very high investment turnovers are being achieved.

HIGH SHARE OF MAJOR VOLUME DEALS

The distribution of volume by size category is led by investments over 100 m € with just under 43 %. This is also a very high figure compared over the long term and far exceeds the previous year’s result by 26 %. The category between 50 and 100 m € has also increased significantly, with its volume more than doubling in absolute terms, and contributes a further 19 %. Slightly more turnover was generated, though, by the next segment down, between 25 and 50 m €, which accounts for 21 %. However, compared to the previous year this equates to a reduction of almost 15 percentage points. The shares of the two smaller categories between 10 and 25 m € and below 10 m € have also fallen to 15 % and almost 3 % respectively.

OFFICE PROPERTIES DOMINATE

Office properties remain the benchmark and dominate the distribution by property type, boosted by a few major transactions, with just over 61 %. They are followed well behind in second place by retail properties (almost 14 %), which have swapped places with hotel properties, that take third place with around 9 %. Logistics properties account for just under 7 %. In absolute terms, almost all categories have improved on the previous year’s result, only hotels have achieved a minimally lower volume.
EVEN SPREAD ACROSS THE MARKET REGION
The investment volume is spread on the whole very evenly across the market region. The City Centre was involved in a head-to-head race with the Subcentres, just winning the contest 36.4 % to 35.6 %. With a high number of transactions and a few major deals, the Subcentres have recorded a new record result in absolute terms. The Centre Fringe, which achieved an exceptionally strong result in the previous year, currently contributes 27 %, which equates to a reduction of 19 percentage points. A little less was invested here than in the first half of 2017 in absolute terms as well. The Periphery locations are currently under-represented with 1 % to date.

PENSION FUNDS AND SPECIAL-PURPOSE FUNDS LEAD
Pension funds (just under 30 %) and special-purpose funds (around 25 %) account for more than half of the investment volume. While pension funds only invest in a few, but very high-volume properties, special-purpose funds acquire far more properties across a range of types of use. All other buyer groups have a single-figure share. Equity/real estate funds account for 9 %, corporates 8 % and insurance companies also almost 8 %. Listed real estate companies/REITs and private investors are also responsible for significant shares with just over 6 % and around 5 % respectively. Foreign investors have with just under 22 % a lower share than in the same period of the previous year (38 %), which is also well below the nationwide average of around 41 %.

YIELDS LARGELY STABLE SINCE THE END OF THE YEAR
Compared with mid-2017, prime yields have fallen once again, but for offices and retail/office buildings already in the second half of 2017. They have since stabilised at a low level: For top office properties the prime yield is 3.15 % and therefore 40 basis points below that of mid-2017. Prices for logistics properties in excellent locations, on the other hand, have increased once again and they now have a prime yield of 4.40 %.

OUTLOOK
After a brilliant start to the year, which benefited in part from deals not completed in the previous year, the Hamburg investment market has also achieved a high result in the second quarter. Against the background of the development of the general economy, the market is expected to remain busy with the result that a volume in the region of 4 bn € by the end of the year appears to be realistic. Nevertheless, the often inadequate supply remains a limiting factor.