In the first quarter of 2015, the Hamburg investment market generated a transaction volume of 811 m €. That was almost 5 % up on the prior-year figure and around 24 % above the ten-year average. Compared with the first quarter of last year, the number of sizeable deals has been far higher, lifting the average value per sold asset to 22 m €. The biggest transaction so far has been the sale by the City of Hamburg of a part of the Axel Springer Building in the City Centre for about 130 m €. While the aggregate volume of single investments was more or less the same as last year, turnover produced by portfolio deals (included on a pro rata basis) has increased substantially (+31 %) due especially to a transaction in HafenCity, and their share of total investment has risen to over 17 %.

The distribution of investment according to size classes looks quite different from that seen last year. Whereas the first quarter of 2014 produced a very considerable number of sales in the small and mid-range size segment, this year there has been a far higher proportion of large-unit deals. The ranking is headed by the 25–50 m €, with just over 35 % of all investment, which represents a modest increase on this category’s prior-year share. The volume produced by the 50–100 m € has almost doubled, giving it nearly 29 % of the total. Deals in the triple-digit million range accounted for a further 16 %. The significance of small deals up to 10 m € slipped slightly, to just over 12 %, while the role played by transactions of between 10 and 25 m € dropped sharply, to just 7.5 % (-30 percentage points).

Office buildings already headed the asset-class ranking last year, and this year they have extended their lead to account for more than half of all the capital deployed. Retail properties again finished in second place, generating just over one quarter of the result, which represents a year-on-year rise of more than 6 percentage points. The volume of hotel deals also rose, to give them a share of 13.5 %. After performing very strongly in 2014, logistics complexes this year got off to a somewhat weak start and have up to now contributed just 2 % to the total. Here, the situation resembles that in the field of retail properties: the supply of suitable assets is too low. Miscellaneous real estate, including for instance development sites and mixed-use properties, accounted for just over 5 % of total investment.
AT A GLANCE - INVESTMENT MARKET HAMBURG - Q1 2015

CITY CENTRE TOP LOCATION ONCE AGAIN
The spread of investment across the market area is headed clearly by the downtown precincts. They have already attracted more than half a billion euros (almost 63% of the total), thus getting off to a more successful start than at any time in the past ten years. A key contribution to this was made by several sizeable deals of over 30 m €. All the other geographical categories registered lower shares year-on-year. In second place came the Centres with just under one quarter of all investment. Last year’s leader, the Subcentres, generated only one third of its prior-year turnover in absolute terms and thus obtained only slightly more than 12%, far lower than before. Up to now, no deals at all have been registered in Hamburg’s periphery.

SPECIAL-PURPOSE FUNDS KEEP FIRST PLACE
Just like last year, special-purpose funds headed the investor ranking and have actually increased their lead quite significantly to gain a share of nearly 29%. Investment/asset managers have moved up into second place, with just over 17%. They are followed by public administration, which was responsible for the biggest deal in the first three months and has generated 16%. Private investors deployed more than twice as much capital as in 2014, but still only managed to finish fourth, with just over 11%. Project developers, second-placed last year, have so far contributed slightly over 5% to the result. Foreign players account for more than one quarter of all investment up to now.

PRIME YIELDS CONTINUE TO EASE
In the first three months of the year, the prime yield for premium office assets slipped by a further 10 basis points to 4.30% at present. The prime yield for retail/office buildings, which had already declined to 3.80% at the end of 2014, has firmed up at that very low level. The tough competition for top properties is also evident in the logistics segment, where the prime yield has fallen by another 30 basis points to 6.00%. That means that Hamburg remains the second most expensive location nationwide after Munich.

OUTLOOK
Benefiting this time from some sizeable transactions, the Hamburg investment market once again got off to an outstanding start to the year. Since demand is set to remain strong in the coming quarters, turnover in 2015 as a whole should prove excellent. It is doubtful, though, whether it will be able to match the very high level achieved last year (3.8 bn €), since investment in many asset classes is being held back by a shortage of available products. This fact also makes it probable that net prime yields will fall slightly further in the months ahead.