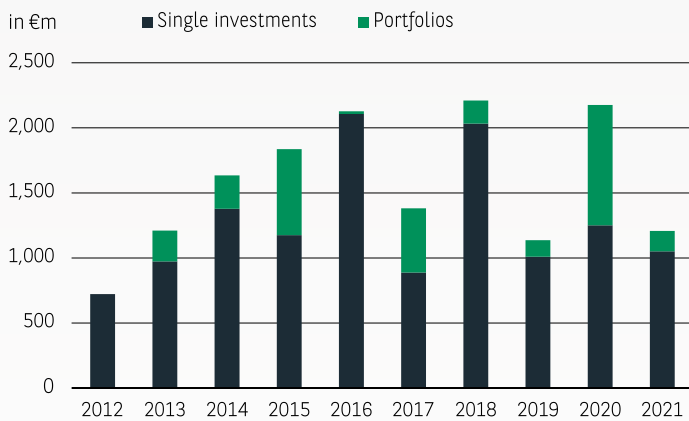




At a Glance **Q2 2021**

INVESTMENT MARKET HAMBURG

Investment volume Q2

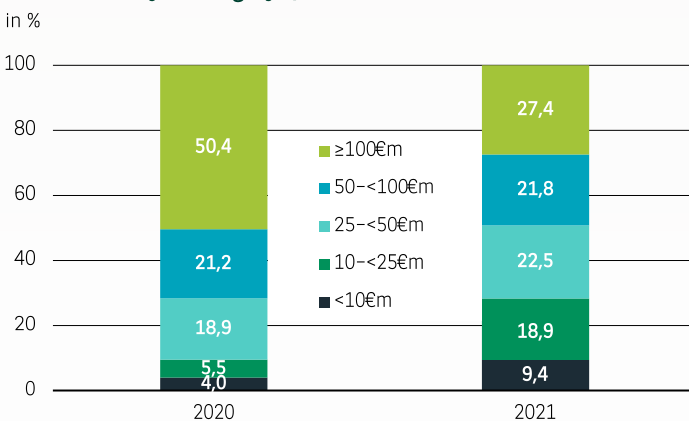


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HIGH LEVEL OF INVESTMENT ACTIVITY IN HAMBURG

With a transaction volume of just over €1.2 billion, Hamburg's investment market achieved a rather mixed half-year result which was about 44% below the figure for the same period last year. However, it should be noted that the first quarter of 2020 was still largely unaffected from the Corona pandemic. In addition, the investment market benefited strongly from portfolio deals and corporate investments, which generated high transaction volumes, particularly in the retail segment. In the previous year, portfolio sales accounted for a whopping 43% of the total volume, compared with just under 13% at present. Looking only at the single deals, however, there are some positive aspects. Although individual transactions accounted for €1.05 billion in the first half of the year, almost 16% less than in the previous year, a full 44 deals were counted. By comparison, there were only 25 sales in the first half of 2020. This shows that demand for commercial real estate in the Hanseatic city is still very high and that properties on offer are being taken up quickly by the market. Ultimately, the lack of product in the large-volume core segment stands in the way of a significantly better investment result.

Investments by € category Q2

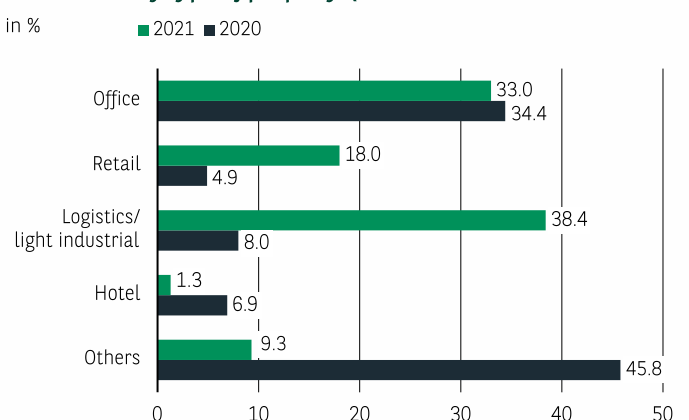


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BALANCED DISTRIBUTION OF SIZE CLASSES

The aforementioned lack of large transactions is clearly noticeable in the distribution by size class. Whereas deals over €100 million accounted for around half of transaction volume last year, it is now only a good quarter. So far, only two deals in the triple-digit million range have been registered. The next three largest revenue segments account for a share of between just under 19% and around 22%, revealing a very even distribution of revenue. Even the smallest size category below €10 million achieves a notable contribution to investment volume of a good 9% due to the large number of single deals in this segment.

Investments by type of property Q2

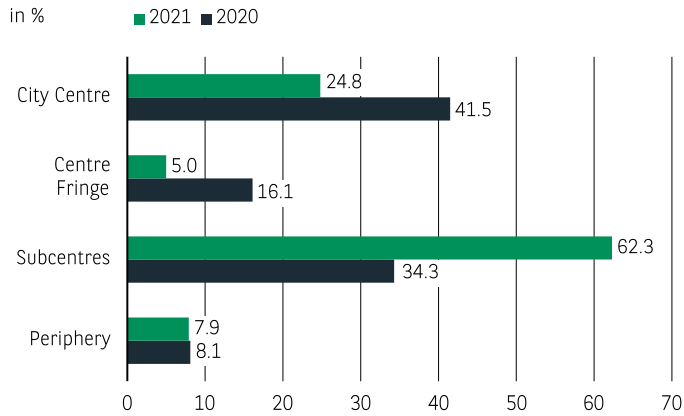


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LOGISTICS PROPERTIES TAKE THE LEAD

With a total investment volume of just over €460 million, logistics properties achieved by far their best half-year result in the Hanseatic city and, with a good 38%, took the top spot in the distribution of sales by asset class for the first time. The sale of Fiege's Spectrum logistics complex with almost 80,000 m² of logistics space to DWS also represents the largest deal of the current year. Office properties follow in second place with a good quarter of the transaction volume, while retail properties take third place with a market share of 18%. There is still plenty of room for improvement in hotels (a good 1%). The collective category "other", which essentially comprises development plots and mixed-use properties, is also well down on the previous year's result.

Investments by location Q2

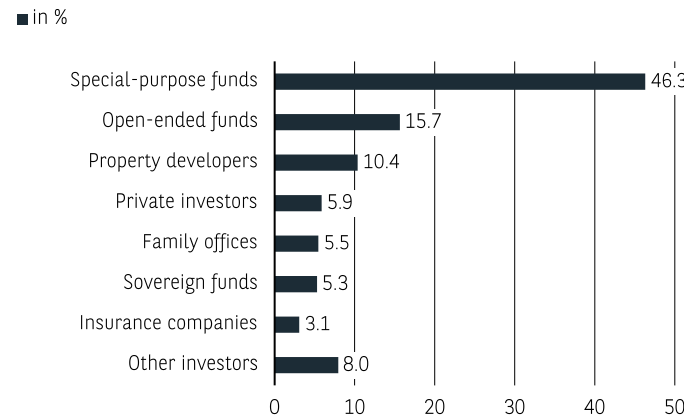


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➤ SUBCENTRES BENEFIT FROM LOGISTICS DEALS

Whereas the City Centre submarket led the way in the same period last year with a 42% share of sales, the figure is now just under 25%. This once again reflects the lack of supply in the core segment. Due to several large-volume logistics transactions, the Subcentres took first place in the distribution of locations in the first half of the year, accounting for over 60% of total investment volume. Only a few transactions were registered on the Centre Fringe (5%) and in the periphery (8%). In general, it is obvious that investors have confidence in Hamburg as an investment target and that location categories have lost some of their importance as a selection criterion. The limiting factor is and remains supply.

Investments by buyer group Q2 2021

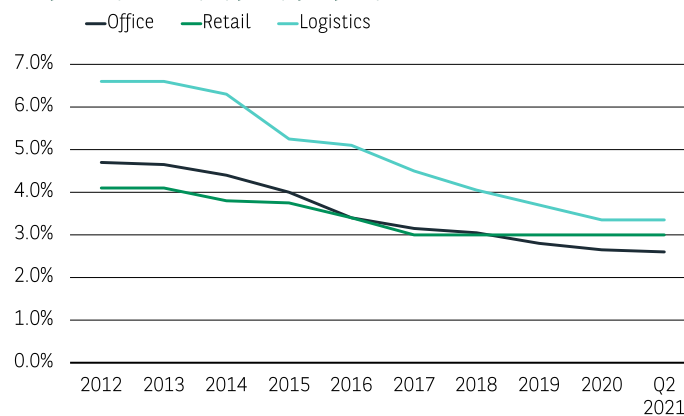


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➤ SPECIAL-PURPOSE FUNDS SET THE PACE

At the start of the year, special-purpose funds are clearly making their mark on the Hamburg investment market. A total of 16 transactions in various asset classes and an overall volume of €560 million are attributable to this group of buyers, which thus accounts for 46% of total investment volume. Open-ended funds follow in second place with 16%, while property developers contribute around 10% to the transaction volume. Private investors (6%), family offices (5.5%) and sovereign wealth funds (5%) also account for notable shares of sales. The latter were particularly prominent in the sale of the Domkontor office property from Savills IM to Caleus Capital, which BNPPRE brokered.

Net prime yields by type of property



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➤ TOP YIELDS DOWN AGAIN

Due to the unchanged high demand for commercial real estate, yields in the Hanseatic city remain under pressure. While the net prime yields for highstreet properties in prime locations (3.00%) and first-class logistics properties (3.35%) are moving sideways, the yield compression in the office segment is continuing. Here, the net prime yield falls by a further 5 basis points to just 2.60%. Hamburg thus yields only slightly more than Berlin (2.50%) and Munich (2.55%).

➤ OUTLOOK

In the first half of the year, the Hamburg investment market had to make do with a transaction volume of €1.2 billion. Despite the continuing impact of the Corona crisis, demand for commercial real estate in Hamburg was high. The main obstacle to significantly higher transaction volumes is the lack of supply in the core segment. Demand is also expected to remain high for the rest of the year due to the lack of investment alternatives and persistently low interest rates. In addition, economic recovery effects and improved market sentiment are expected for the second half of the year, which should certainly also benefit Hamburg as a real estate location.

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