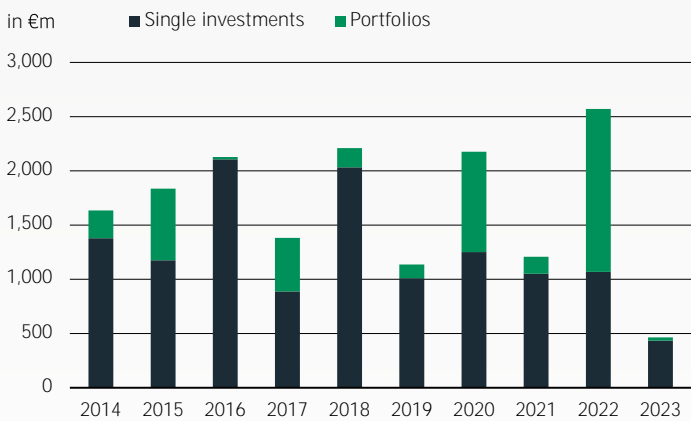




At a Glance **Q2 2023**

# INVESTMENT MARKET HAMBURG

**Investment volume H1**

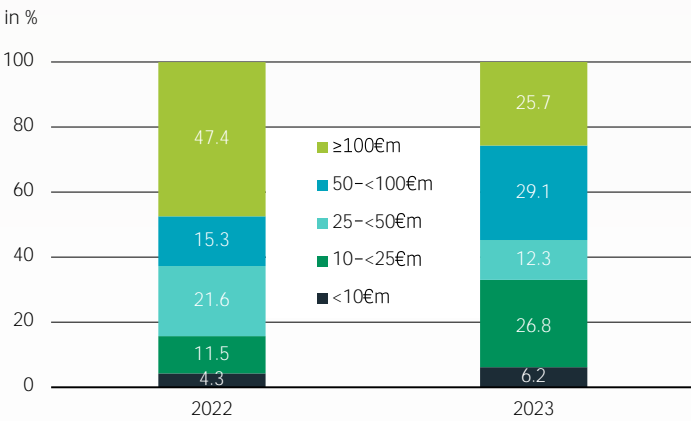


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**➤ LACK OF LARGE DEALS CAUSES WEAK H1**

With a transaction volume of only € 464 million, the investment market in Hamburg recorded the worst half-year result in the last 10 years. The half-year result is therefore about 82% below the strong result of the previous year and about 72% below the long-term average. It should, however, be mentioned that the strong prior year result was significantly influenced by the Alstria acquisition. The main reason for the weak performance is the absence of large-volume deals above € 100 million. At € 29 million, the volume of portfolio deals is around 93% below the previous year's result and below the long-term average. The segment of large-volume single deals registered only one transaction, with the purchase of the Fritz Schumacher building at the Gänsemarkt by the City of Hamburg. Despite the weak overall result, the volume of single deals did not fall as sharply as the volume of portfolio transactions.

**Investments by € category H1**

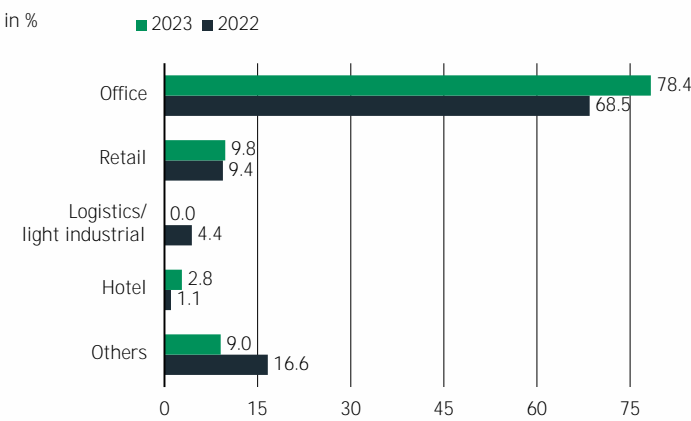


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**➤ MEDIUM-SIZED DEALS DETERMINING MARKET ACTIVITY**

Large-volume transactions with a purchase price above the €100 million mark accounted for a good 25% of the investment volume in the first half of the year. Around 29% of the transaction volume is attributable to medium-sized deals (between € 50 and 100 million). The segment of medium-sized transactions is thereby still relatively dynamic and accounts for a share that is above the long-term average (22%). This relatively high volume is a consequence of the acquisition of the two office properties "Cube 10" and "Office 3001". Despite the current small-scale structure of the market, deals under € 50m in total account for a relatively low share of around 45% (10-year average: 48%).

**Investments by type of property H1**

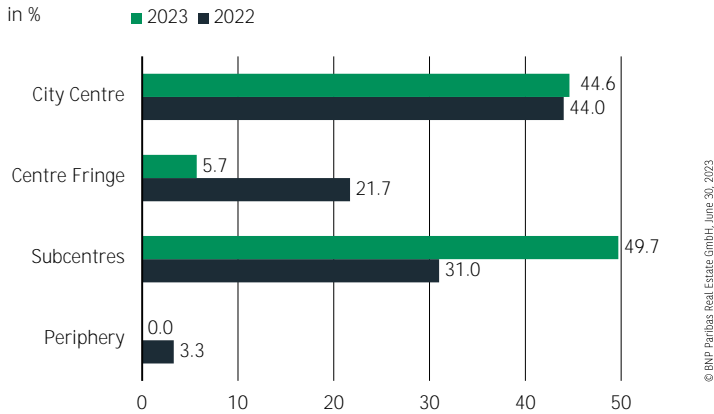


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**➤ OFFICE REAL ESTATE CLEARLY ASSET CLASS NO. 1**

Office properties are clearly the dominant asset class in Hamburg's investment market accounting for a share of 78% and an investment volume of just under € 363 million. The three largest deals already mentioned above had a decisive impact on this. Retail follows in second place with a share of almost 10%. Close behind is the Other category with a share of 9%. Hamburg's development sites, which are in high demand, are also included here. However, the relatively high share of 17% in the previous year was clearly undercut. Hotel properties follow with a share of 3%, which is clearly higher than the previous year. However, no logistics deals have been registered in the Hanseatic city so far in the first six months.

**Investments by location H1**

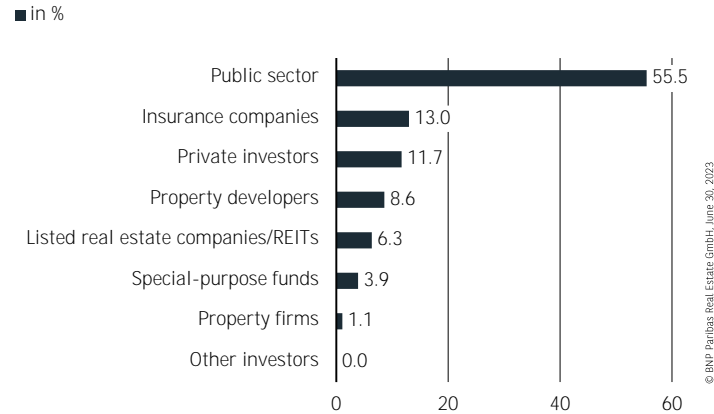


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**SUBCENTRE ASSETS GENERATE HALF OF THE VOLUME**

Hamburg's City Centre accounts for a good 44% of total investment volume. In relative terms, the city is therefore at roughly the same level as the previous year but above the long-term average (average over 10 years: 39%). Nevertheless, with only around €207 million in absolute terms, the lowest investment volume of the last 10 years was observed in the City Centre. At just under 50%, the Subcentres makes the highest contribution. This gives them a share well above the 10-year average of 38%. On the other hand, the Centre Fringe achieves a weak result both in relative and absolute terms. In the first half of the year, only € 27 million or 6% was invested in the Centre Fringe. No transactions were registered in the periphery.

**Investments by buyer group H1 2023**

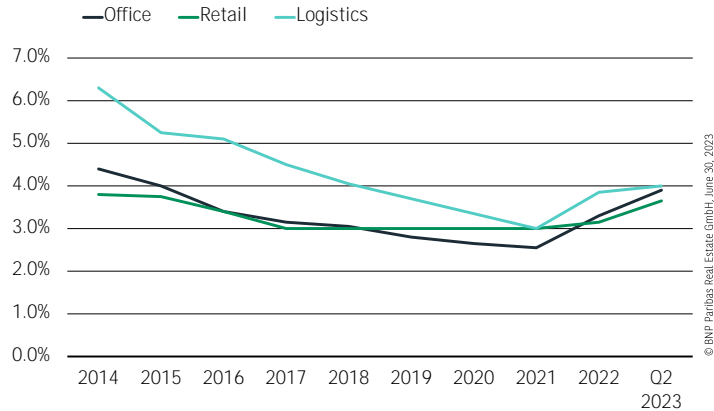


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**PUBLIC SECTOR CLEARLY LEADS THE RANKING**

The public sector comes to an extraordinarily high volume of around € 257 million due to the transaction of the City of Hamburg at the Gänsemarkt. This is by far the highest investment volume of this buyer group in Hamburg over the past ten years. Usually, the public sector only contributes single-digit shares to the investment volume. Insurance companies and private investors in second and third place, respectively, also account for above-average shares of 13% (Ø 10 years: 7%). These three groups of buyers lead the ranking and together account for around 80% of the investment volume, which is not surprising: These three groups of buyers in particular are arguably better capitalised and thus less affected by the more difficult financing requirements. Behind them come property developers (9%), listed real estate companies/REITs (6%), special-purpose funds (4%) and property firms (1%).

**Net prime yields by type of property**



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**PRIME YIELDS CONTINUE TO EXPAND**

Considering the new interest rate situation, a further increase in prime yields in Q2 2023 could be observed. Yields for office properties have increased by 35 basis points to 3.9% compared to the first quarter. For retail highstreet properties in prime locations, yields increased by 20 basis points to 3.65% while logistics assets registered only a small increase of 5 basis points to 4.00%.

**OUTLOOK**

After the first half of the year, the Hamburg investment market is characterised by a cautious attitude on the part of investors. Buyers and sellers still often differ significantly in their price expectations. Nevertheless, Hamburg's solid occupier markets continue to show potential, especially in view of an anticipated recovery of the economy over the coming months.

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