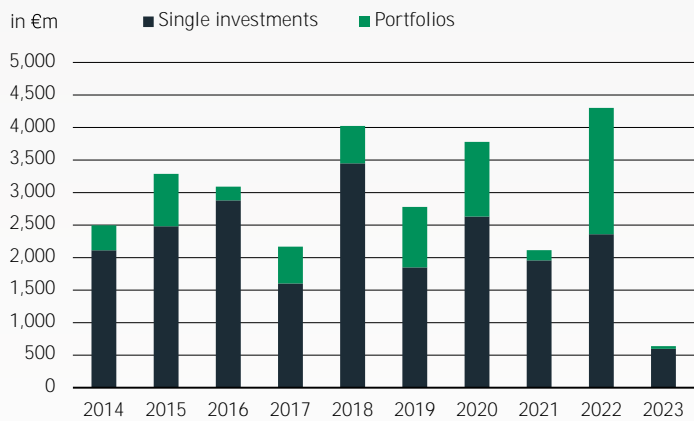




At a Glance **Q3 2023**

# INVESTMENT MARKET HAMBURG

**Investment volume Q1-Q3**

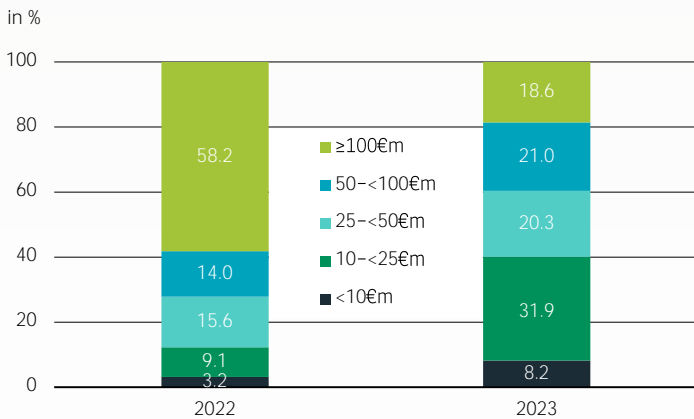


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**LACK OF PORTFOLIO DEALS CAUSES SLUMP**

With a transaction volume of only € 640 million, the Hamburg investment market recorded a result that was around 78% below the long-term average (€ 2.9 billion) and 85% below the strong result of the previous year. However, the previous year's result was clearly positively influenced by the Alstria acquisition. The reason for the low total volume is the very low investment activity in the large-volume segment (>€100 million). In the segment of large-volume single investments, only the sale of the Fritz Schumacher building on Gänsemarkt has been recorded so far this year. At around € 43 million, the volume of portfolio deals is around 94% below the long-term average and 98% below the previous year's result. The volume of single investments is around 73% below the long-term average and is thus not quite as strongly in decline as the portfolio deals.

**Investments by € category Q1-Q3**

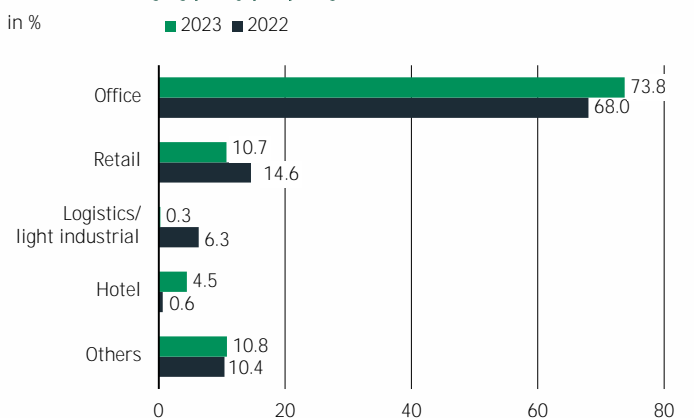


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**MEDIUM-SIZED DEALS DETERMINE INVESTMENT ACTIVITY**

Large-volume transactions with a purchase price of over € 100 million accounted for just under 19% of the investment volume in the first nine months. 21% of the transaction volume is attributable to medium-sized deals (between € 50 and 100 million) (Ø 10 years: 24%). The segment of smaller deals between € 10 and 25 million is comparatively lively: The share of the total result is 32% and thus clearly above the long-term average (15%). It is indicative of the current small-scale nature of the market that this size category has the highest turnover at €204 million. Very small deals (under €10 million) also account for a slightly above-average share of 8%.

**Investments by type of property Q1-Q3**

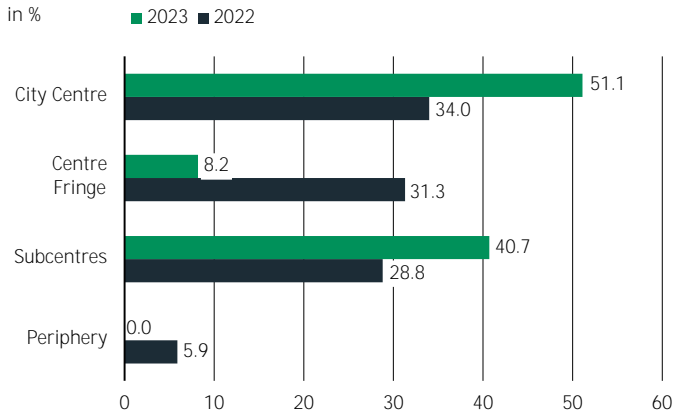


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**OFFICE PROPERTY REMAINS THE FRONT-RUNNER**

Despite the weak overall result, office properties still recorded the comparatively smallest decline compared to the long-term average. With a market share of 74% or an investment volume of € 472 million, they clearly dominate the Hamburg investment market. However, three large transactions from the first half of the year played a decisive role in this. The collective category Other (which also includes the development properties in demand) and Retail follow in second and third place, each with a turnover share of just under 11%. Clearly behind them are hotel properties with a share of just under 5%, which at least increased their market share compared to the previous year. Logistics properties continue to bring up the rear with a barely noteworthy market share.

**Investments by location Q1-Q3**

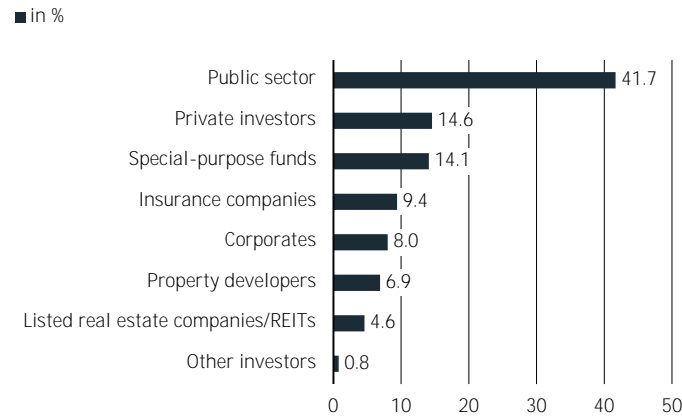


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**CITY CONTRIBUTES A GOOD HALF OF THE VOLUME**

With a share of around 51% of the overall result, Hamburg's City dominates investment activity more clearly than in previous years (Ø 10 years: 38%). In absolute terms, however, the result in the city centre is the worst in the last 10 years at 327 million. Subcentre locations also contribute a considerable market share of 41% to investment volume. This gives them a market share that is well above the 10-year average of 33%. By contrast, the city periphery has a below-average share of 8% (Ø 10 years: 26%). This is where the most significant decline in turnover (-93% compared to the long-term average) was recorded. The periphery is also weak, with no noteworthy transactions registered so far.

**Investments by buyer group Q1-Q3 2023**



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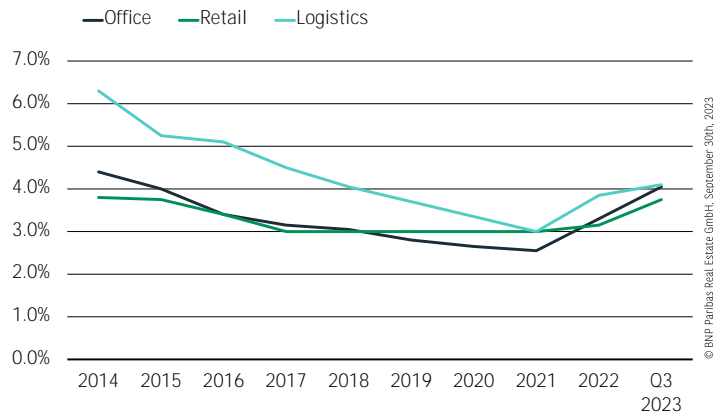
**PRIVATE INVESTORS WITH A COMPARATIVELY HIGH SHARE**

The public sector accounts for almost 42% of the total investment volume in Hamburg after the first nine months. The large-volume transaction by the City of Hamburg at Gänsemarkt (€ 257 million) accounted for a significant share of this. In the last ten years, the public sector has only contributed single-digit percentages to turnover, if at all. Also rather unusual is that private investors follow in second place with an above-average share of 15% (Ø 10 years: 6%). Close behind in third place are special-purpose funds with around 14% (Ø 10 years: 24%). The solid equity base is probably one reason why these three buyer groups account for the majority of the investment volume. They are followed by buyer groups with shares in the single-digit percentage range: insurance companies (9%), project developers (7%), real estate companies/REITs (5%) and other investors (1%).

**FURTHER SLIGHT YIELD COMPRESSION**

The third quarter also saw a slight increase in prime yields. Compared to the second quarter, yields for office properties have risen by 15 basis points to 4.05%, which represents the smallest increase in yields among the A-locations for this asset class. For commercial properties in prime locations as well as for logistics properties, a yield compression of 10 basis points each to 3.75% and 4.10%, respectively, was recorded.

**Net prime yields by type of property**



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**OUTLOOK**

The consolidation phase on the Hamburg investment market has not yet come to an end after the first nine months. The difficult general conditions will not change significantly in the final quarter. However, from today's perspective, a slight increase in turnover can initially be expected in the first half of 2024. From the second half of the year onwards, a reviving economic engine and a financing environment with more planning certainty as well as rising rent levels should ensure a significant increase in market momentum.

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