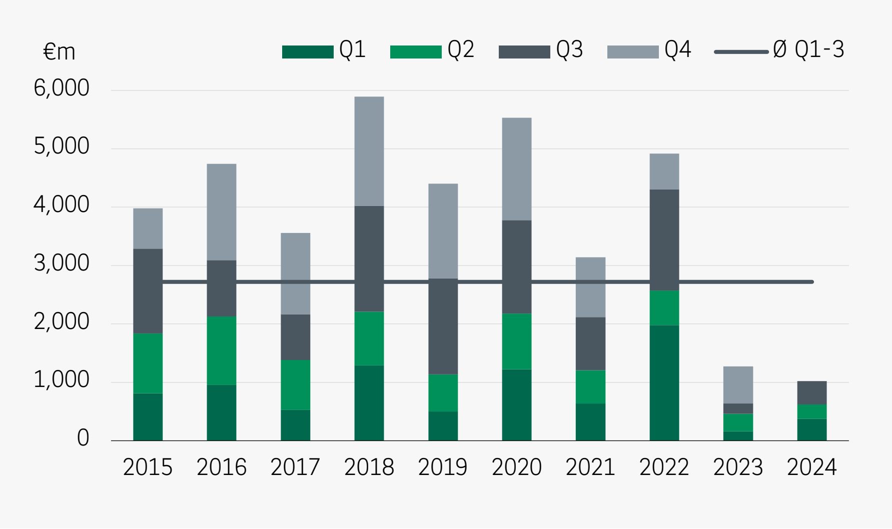
HAMBURG

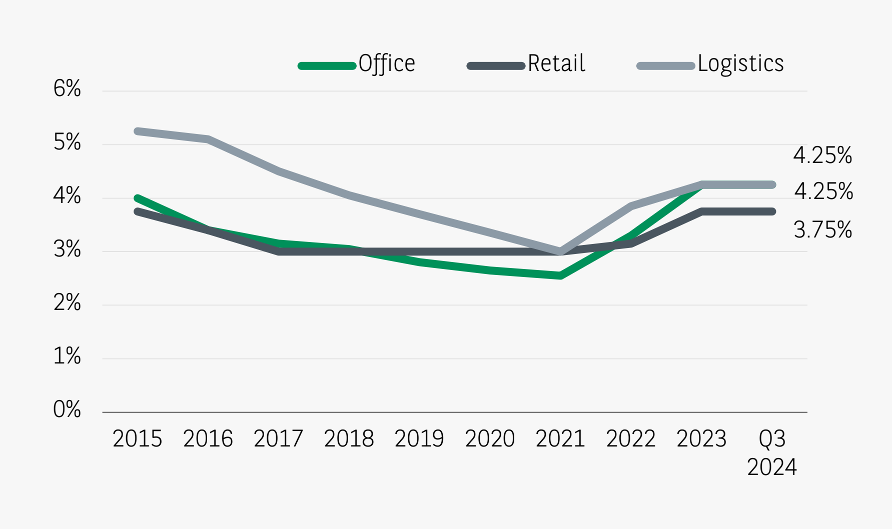
REPORT INVESTMENT MARKET

Q1-3 2024

Development of investment volume



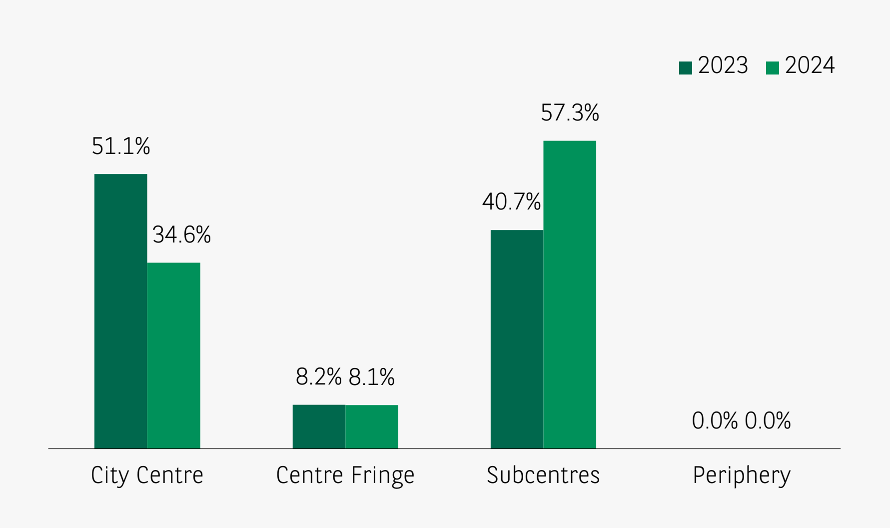
Net prime yields by type of property



UPWARD TREND CONTINUES: SIGNIFICANT PLUS DESPITE LACK OF MAJOR DEALS

- The Hamburg investment market continued the upward trend of the first half of the year and already exceeded the billion euro threshold at the end of September. With an investment volume of €1.02 billion, the previous year's result was improved by an impressive 59%. What is particularly remarkable is that this positive development was achieved almost without any major deals. In the first three quarters, only one deal in the lower triple-digit millions was registered.
- In the third quarter alone, the volume more than doubled compared to the previous year and, at €397 million, even exceeded the solid first quarter. The pace of recovery has therefore continued to increase over the course of the year.
- In a nationwide comparison, this result puts Hamburg in fourth place behind Berlin, Munich and Frankfurt, placing it in the usual position in a long-term comparison. The 59% increase in transaction volume is even the third-highest after Cologne and Munich.
- Prime yields, which had already begun to stabilise at the beginning of the year, remained unchanged in the third quarter. As a result, the net initial yield for office buildings is 4.25%, which is the same level as the net prime yield for logistics properties. For high street retail properties, the yield remains at 3.75%.

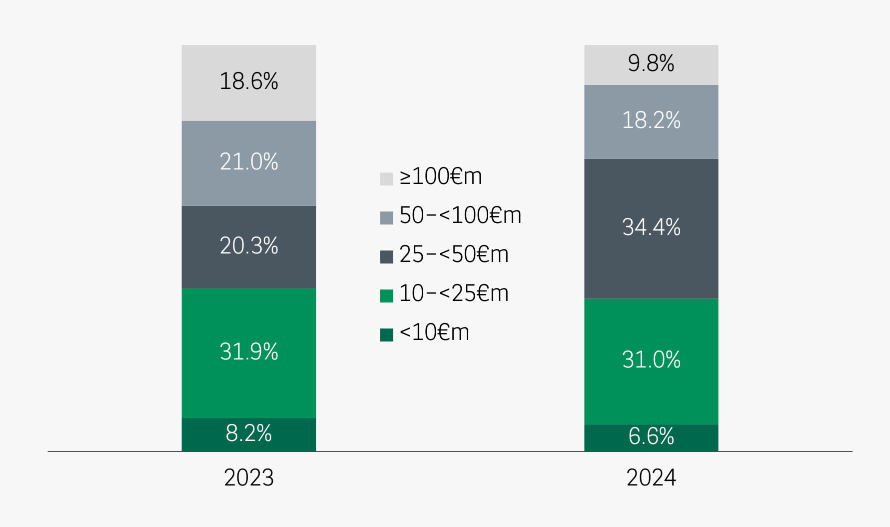
Investments by location Q1-3



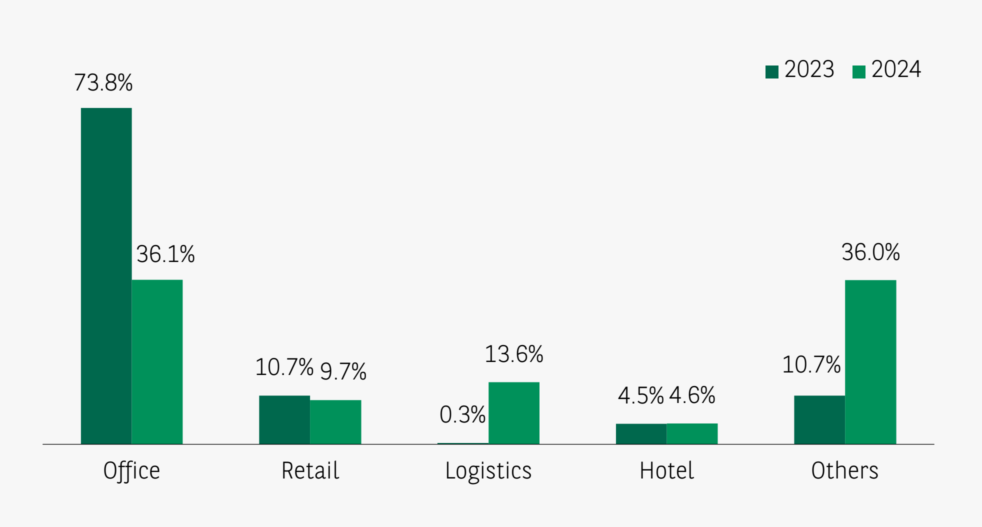
SUBCENTRES WITH THE HIGHEST SHARE

- The trend that the highest investment volumes were achieved in secondary locations was also confirmed at the end of the third quarter. In total, over 57% of the result has been listed here to date. However, this is not due to a lack of investor interest in the central locations, but primarily to a lack of supply.
- Large-volume sales continue to be the exception. So far, only one deal worth around €100 million has been recorded. However, there has been a slight increase in participation in the €50-100 million category, which currently contributes a good 18% to the result. The €25 to 50 million category continues to account for the highest share at a good 34%.
- In contrast to the national average, office properties lead the asset classes with 36%, followed by logistics properties with just under 14% and retail investments with almost 10%.

Investments by € category Q1-3



Investments by type of property Q1-3



OUTLOOK

- The upward trend on the Hamburg investment market has continued and even accelerated somewhat. Against the backdrop of the economic headwinds that the markets are currently facing, this is a remarkable development that suggests that investor sentiment is slowly but surely brightening. At the same time, there are indications that investors often have a better view of the economic prospects in both Germany and the Hanseatic city than is currently being widely acknowledged.
- Nevertheless, the development of the markets in the coming quarters will be determined by several issues that are likely to have varying effects on the investment volume. The stuttering economic engine and the somewhat gloomy mood in companies are likely to have a dampening effect. As a result, the occupier markets will not provide any major growth impetus for the time being. By contrast, the central banks are sending out positive signals with the interest rate cuts that have already taken place and those still to come. Considering that the inflation rate returned to 1.6% in September, consumer sentiment should also brighten considerably in conjunction with the relatively high wage settlements. The occupier markets will benefit from this and attractive entry opportunities will open up for investors.
- Overall, there is much to suggest that the moderate upward trend will continue and that the transaction volume for the year as a whole will be noticeably higher than in the previous year. From today's perspective, the most likely scenario for yields is an initial slight compression in individual market segments in the first quarter of 2025.

Key facts investment market Hamburg

INVESTMENT VOLUME	Q1-3 2023	Q1-3 2024	CHANGE
Total (€m)	**640**	**1,020**	**+59.3%**
Portfolio share	6.7%	22.0%	+15.3%pts
Share above €100 million	18.6%	9.8%	-8.8%pts
Office share	73.8%	36.1%	-37.7%pts
Share of city locations	51.1%	34.6%	-16.5%pts
Share of foreign investors	15.0%	37.8%	+22.8%pts

NET PRIME YIELDS	Q3 2023	Q3 2024	CHANGE
Office	4.05%	4.25%	+20bps
Retail	3.75%	3.75%	+0bps
Logistics	4.10%	4.25%	+15bps

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