

The Hamburg office market

Q1/2023

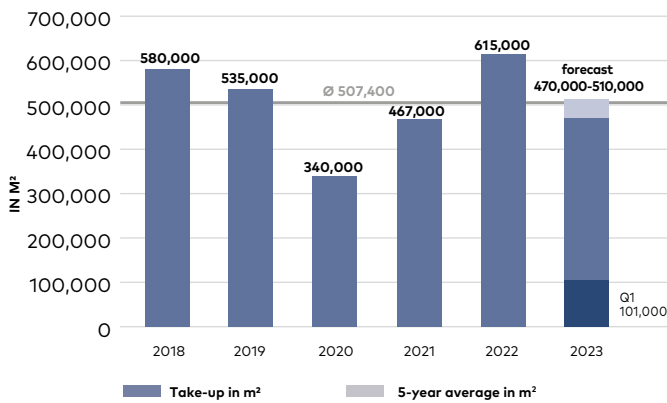
FAST FACTS

Total take-up	101,000 m ²
Vacancies	527,100 m ²
Vacancy rate	4.0%
Prime rent ¹	27.80 €/m ²
Average rent	17.50 €/m ²

A roundup of the market

Hamburg's market for office rentals witnessed a take-up of 101,000 m² in the first quarter. The demand for contemporary office space remains high. Meanwhile, the availability of premium-quality premises and new builds is very low, especially in the city's most highly sought-after prime locations. ESG factors are playing an increasingly key role in cases where companies are searching for rental space on a large scale. Besides building efficiency, there is a focus on mobility issues like nearby S-Bahn train connections, as well as e-mobility and its associated charging points. At the same time, prospective tenants are keen to maximise planning security and thus increasingly looking to address the issue of index-linked rent.

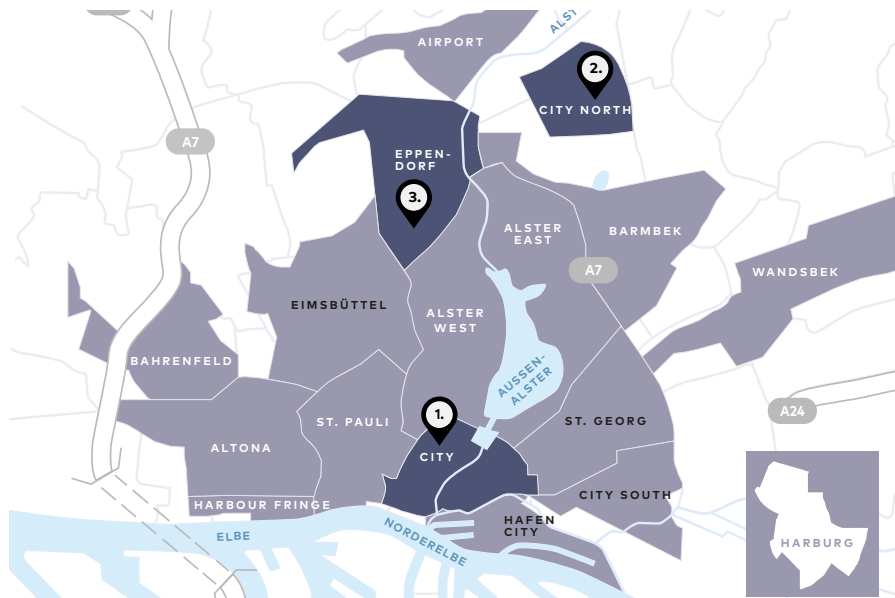
OFFICE SPACE TAKE-UP



Subletting rate continues to rise

Companies leaving their "old" office are often in the process of downsizing as they implement a new modern office concept. They are increasingly opting to sublet or re-let their previous premises. The "market within the market" created from this subletting trend will continue to gain importance during the current year. Companies downsizing their office prior to their original lease agreement expiring are tending to heavily subsidise as they sublet. These sublet spaces at a subsidised rate are in stark contrast to the high-priced existing offices on the market, which are currently seeing an increased price pressure as a result. This current development means that any change of tenant or extension of a contract agreement usually requires intensive consultation between the tenant and landlord, as well as investments in the existing portfolio.

OFFICE LOCATIONS IN HAMBURG



TAKE-UP / TOP OFFICE LOCATIONS

1. City	18.4 %*
2. City North	11.8 %*
3. Eppendorf	11.4 %*
St. Georg	7.9 %*
City South	7.5 %*
Eimsbüttel	6.7 %*
HafenCity	5.3 %*
Other locations	31.0 %*

*Percentage of total revenues

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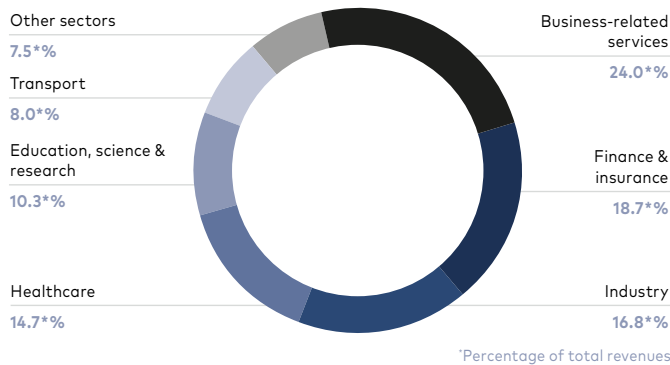
Average rent down sharply by 18.6 percent

Both, the average rent and prime rent have fallen sharply as a result of the rising rate in sublets. In the first three months of the year, the average rent fell by 4 EUR/m² – equivalent to 18.6 percent – and currently stands at 17.50 EUR/m². The prime rent has dropped by 3.70 EUR/m² and is now 27.80 EUR/m². This trend is set to continue over the course of the next three quarters.

Outlook: Take-up of approx. 500,000 m² forecast for year as a whole

Total take-up in 2023 is expected to be in line with the five-year average, with a projected forecast of between 470,000 and 510,000 m². The vacancy rate is set to increase somewhat during this period. Most significantly, however, existing office space will be forced to adapt rapidly to the new requirements of the market.

TOP SECTORS



OUTLOOK 2023



Please note: Data last updated on 31.03.2023

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TERM OF THE QUARTER

INDEX-LINKED RENT

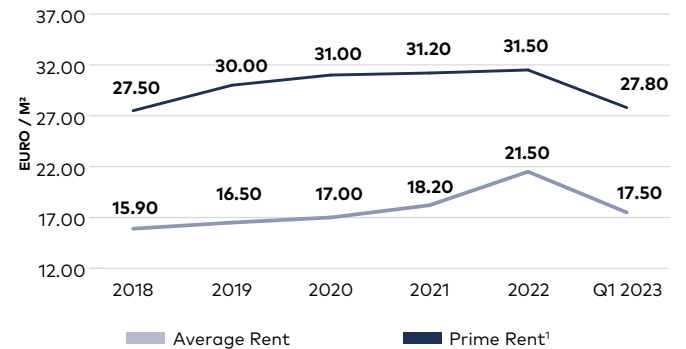
Tenants want the security of being able to plan ahead well. For this reason they are more willing to accept rent increases than an index-linked rent that cannot be calculated with any certainty.

"Existing office space needs to adapt swiftly to the new market demands."

GORDON BERACZ

TEAM LEAD OFFICE RENTALS

PRIME RENT AND AVERAGE RENT



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