

The Hamburg office market

Q1 - Q3 / 2023

FAST FACTS

Total take-up	298,000 sqm
Availability	595,000 sqm
Vacancy rate	4.5%
Prime rent	29.70 €/sqm
Average rent	20.00 €/sqm

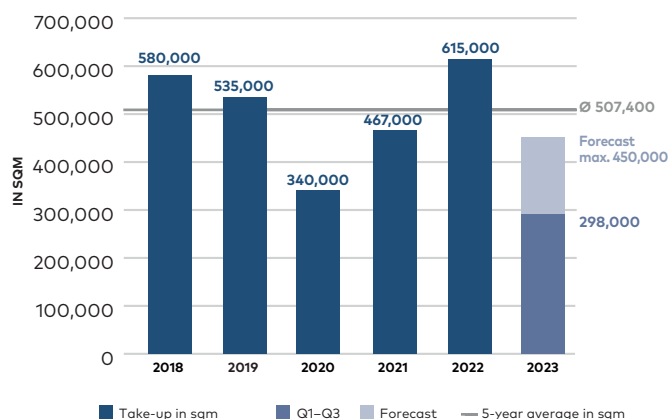
A roundup of the market

Hamburg's market for office rentals witnessed a take-up of 298,000 sqm in the first three quarters of 2023. In the last three months, the lack of deals by major clients ensured that quarterly take-up settled at the level seen during the Covid-19 pandemic. Around 80 percent of the take-up achieved was in the existing real estate inventory. The demand for these existing spaces remains high – albeit only when the location, condition and appointment standard are all high in quality. When it comes to highly sought-after prime locations in particular, there are hardly any high-quality office listings on the market. At the same time, office space that can be occupied at short notice and meets the needs of potential tenants is scarce and fiercely contested.

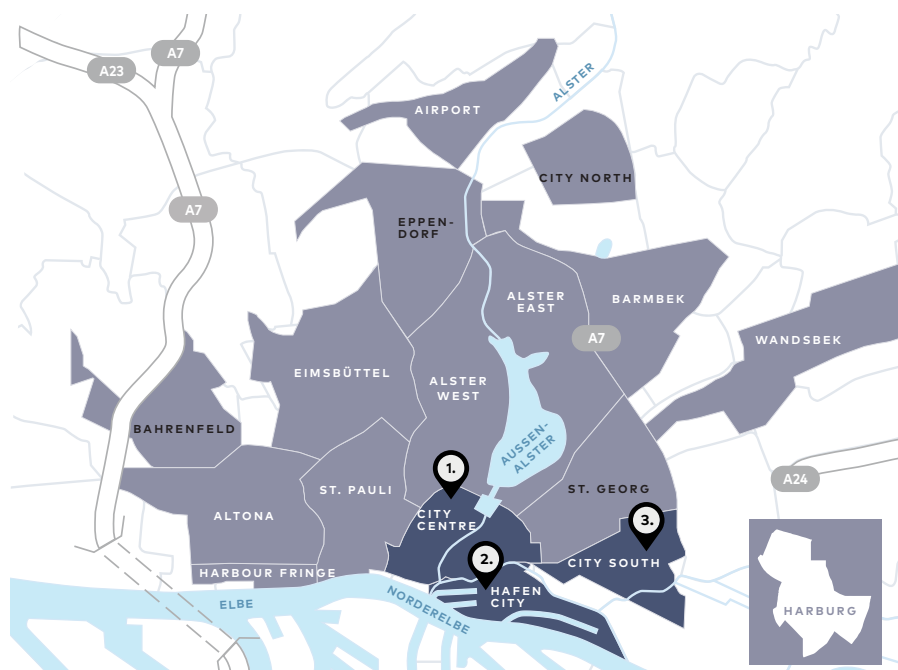
Office buildings that no longer meet the very latest standards have to be refurbished in order to find a suitable tenant again. The required investments are not to be underestimated, but will pay off in the medium to long term due to the realised adjustment of the market rent. Even though the shortage of materials has been alleviated to some extent in the context of conversion or extension projects, the costs for this still remain relatively high at 500-700 EUR/sqm.

Working from home is being scrutinised more closely in some corporate sectors. Companies are increasingly realising that they need to adopt a hybrid approach and create attractive conditions in order to remain interesting and in demand as an employer. The infrastructure is also becoming more and more of a relevant factor.

TOTAL TAKE-UP



OFFICE LOCATIONS IN HAMBURG



TAKE-UP / TOP OFFICE LOCATIONS

1. City Centre	26.4 %*
2. Hafencity	12.0 %*
3. City South	8.6 %*
St. Georg	6.2 %*
Eppendorf	6.0 %*
Bahrenfeld	5.8 %*
City North	4.9 %*
Other locations	30.1 %*

*Percentage of total revenues

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Rental prices remain stable

The average rent has dropped slightly by 1.50 EUR/sqm in the last three months and now stands at what is still a high level at 20 EUR/sqm. During the same period, the prime rent increased by 1 EUR/sqm and is now 29.70 EUR/sqm. The vacancy rate has increased to 4.5 percent. Many companies are reviewing their current office situation and the future utilisation of their office space. The rate of subletting remains high as a result. This resulting "market within the market" and the unused (rented) space in the portfolio constitute a "hidden" vacancy rate, which, if taken into account, could also be classified as approx. 7-8 percent.

Outlook: Take-up of up to 450,000 sqm forecast for year as a whole

Total take-up in 2023 is expected to be just below the 5-year average, with a projected forecast of a maximum of 450,000 sqm. The prime rent for new buildings is set to remain stable, while the average rent will increase again in the long term. Most importantly, existing real estate will have to adapt strongly to the new market requirements in the coming months, as demand will be focused on office space that meets the most modern standards. If these are met, good rents will be paid.

**„For those who don't act now,
it's their own fault.“**

GORDON BERACZ

TEAM LEAD OFFICE RENTALS

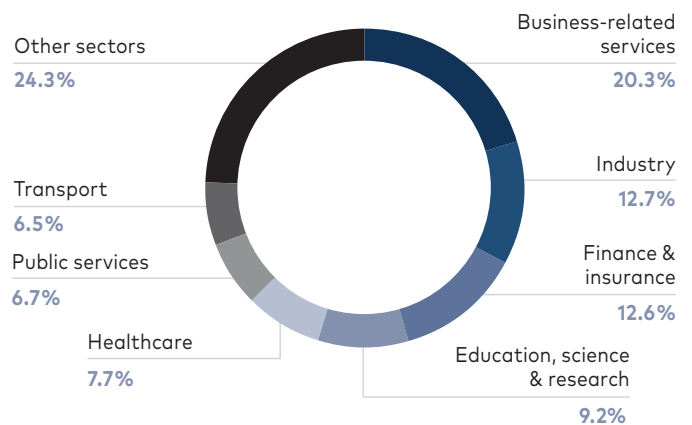
OUTLOOK 2023

Take-up	↘	Subletting	↗
Demand	→	Average rent	↑
Availability	↗	Prime rent	↘
		Project pipeline	↘

Please note: Data last updated on 25.09.2023

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TOP SECTORS

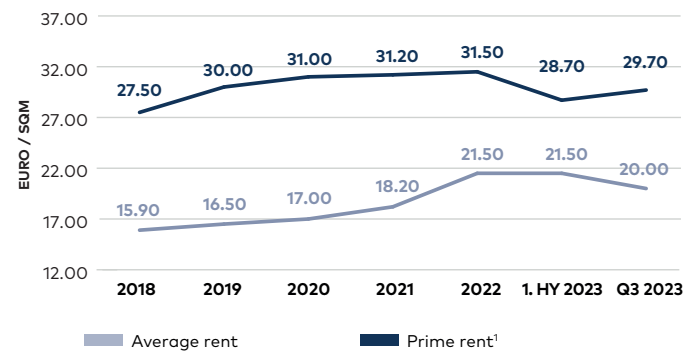


STAT OF THE QUARTER

80%

More than 80% of take-up in the first three quarters of 2023 was in the existing real estate inventory.

PRIME RENT AND AVERAGE RENT



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