At a Glance Q1 2019
OFFICE MARKET HAMBURG

Second-best result in the last ten years
With a take-up of 130,000 m², the Hamburg office market achieved an extraordinarily good result and had a very dynamic start into 2019. Compared to the previous year, this represents an increase of around 20% and marks the second-highest value in the last ten years. The strong demand, which already led to an outstanding end-of-year result in 2018, continues unabated. A spectacular change of tenants in the HafenCity has made a significant contribution to this good result: After more than ten years, Unilever leaves its exposed domicile at Strandkai and relocates its German headquarters to the city centre. From 2020, the food company will move into around 6,200 m² in the new building project "Neue Burg". The existing premises (22,000 m²) will be taken over by the rapidly expanding career network XING, which plans to bring all its employees together at one location from 2021.

Four industries with double-digit results
XING's major contract is also directly reflected on the distribution of take-up by industry sector: with over 22%, the Information and Communication Technologies sector leads the ranking. Second place goes to the administrations of industrial companies, which account for around 19%. This strong result is mainly due to Vattenfall's newly projected headquarters in the HafenCity (17,500 m²). The podium is completed by the group category other services (15.5%). It is particularly positive to note that, together with trading companies, a total of four sectors are showing double-digit results. This underlines the diversity and robustness of demand in the Hanseatic city.

Vacancy at lowest level
Vacancy fell again in the first three months of the new year. With just 634,000 m², the availability of short-term vacant space has reached a new low point in the metropolis on the Elbe. On the positive side, the situation has eased somewhat for the modern premises: Due to some completions in the side centers about 143,000 m² in the most demanded quality are currently available on the market. Their share of the total vacancy is thus around 23%, which is still a very low level. Large users in particular are now forced to switch to project developments or refurbishments, as large contiguous spaces are hardly available. This shortage is also reflected in the vacancy rate, which at 4.5% is only slightly above the required fluctuation reserve.
Major contracts in Hamburg

<table>
<thead>
<tr>
<th>Sub-market</th>
<th>Company</th>
<th>m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3</td>
<td>XING</td>
<td>22,000</td>
</tr>
<tr>
<td>1.3</td>
<td>Vattenfall Europe Hamburg</td>
<td>17,500</td>
</tr>
<tr>
<td>1.1</td>
<td>Unilever</td>
<td>6,240</td>
</tr>
<tr>
<td>1.2</td>
<td>Wünsche Handelsgesellschaft International</td>
<td>5,100</td>
</tr>
<tr>
<td>1.3</td>
<td>smava</td>
<td>3,500</td>
</tr>
<tr>
<td>3.3</td>
<td>company from the healthcare sector</td>
<td>2,700</td>
</tr>
</tbody>
</table>

Trends in important market indicators in Hamburg

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Trend remaining year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take-up</td>
<td>108,000 m²</td>
<td>130,000 m²</td>
<td></td>
</tr>
<tr>
<td>Vacant space</td>
<td>685,000 m²</td>
<td>634,000 m²</td>
<td></td>
</tr>
<tr>
<td>Space under construction (total)</td>
<td>365,000 m²</td>
<td>280,000 m²</td>
<td></td>
</tr>
<tr>
<td>Space under construction (available)</td>
<td>177,000 m²</td>
<td>66,000 m²</td>
<td></td>
</tr>
<tr>
<td>Top rent</td>
<td>26.50 €/m²</td>
<td>29.00 €/m²</td>
<td></td>
</tr>
</tbody>
</table>

BUILDING ACTIVITY DOES NOT CREATE ANY EASING

Despite the increasing shortage of supply, project developers were unable to expand their current construction volume due to a lack of suitable plots. As a result only 280,000 m² are currently under construction, 23% less than a year ago. However, only 66,000 m² or about 23% of this space is still available to the market. This is the lowest level in more than 15 years and illustrates that there is no medium-term easing on the supply side in sight. As a result, the total available space (vacancy plus available space under construction) is at a historic low of 700,000 m².

RISING RENTS IN ALMOST ALL LOCATIONS

As expected, the growing overhang in demand is leading to rising rents. This applies on the one hand to the prime rent, which has risen in the last twelve months by almost 9% to currently 29 €/m², and on the other hand to the respective highest and average rents in the various submarkets. Rental prices in the HafenCity, which is currently in especially high demand, rose by around 10% to 21.50 €/m² within one year.

PERSPECTIVES

Although the economic outlook is deteriorating slightly, everything currently points to a high take-up in the Hanseatic city in 2019 as well. In this respect, the share of project leases in particular is likely to increase once again due to the continuing shortage of supply. In view of this, it is likely that both vacancy as well as the available space under construction will decrease again in the further course of the year. This should lead to additional potential rent increases.

Key Indicators Hamburg Q1 2019

<table>
<thead>
<tr>
<th>Submarkets**</th>
<th>Top rent* (€/m²)</th>
<th>Take-up (m²)</th>
<th>Vacant space (m²)</th>
<th>Space under construction (m²)</th>
<th>Space on offer (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>from</td>
<td>to</td>
<td>Q1 2019</td>
<td>total</td>
<td>modern</td>
</tr>
<tr>
<td>1.1 City Centre</td>
<td>26.50</td>
<td>29.00</td>
<td>26,500</td>
<td>78,500</td>
<td>28,000</td>
</tr>
<tr>
<td>1.2 Eastern Harbour Fringe</td>
<td>5,500</td>
<td>21.00</td>
<td>6,500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.3 HafenCity</td>
<td>46,500</td>
<td>26.00</td>
<td>23,500</td>
<td>16,000</td>
<td>0</td>
</tr>
<tr>
<td>1.4 Western City Fringe - St. Pauli</td>
<td>8,500</td>
<td>23.00</td>
<td>8,500</td>
<td>6,500</td>
<td>500</td>
</tr>
<tr>
<td>2 Centre Fringe</td>
<td>24,500</td>
<td>17.00</td>
<td>25,000</td>
<td>240,000</td>
<td>47,000</td>
</tr>
<tr>
<td>3 Subcentres</td>
<td>19.00</td>
<td>12.00</td>
<td>26,500</td>
<td>277,000</td>
<td>45,500</td>
</tr>
<tr>
<td>Total</td>
<td>143,000</td>
<td>130,000</td>
<td>634,000</td>
<td>143,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

* The top rent given applies to a market segment of 35% in each case.