



Market Report 2019/2020 · Hamburg  
**Office Space**

# HAMBURG



**13.9 Mio. sqm**  
Office stock



**2.9%**  
Vacancy rate



**550,000**  
Take-up



**0.73**  
vacancy/take-up  
quotient



**29.50 EUR/sqm**  
Prime rent



**17.60 EUR/sqm**  
Average rent

Source: Engel & Völkers Commercial

The supply shortage in Hamburg's office market continued to grow unabated in 2019. High-value, well-connected office spaces in particular were only available in a limited supply. This shortage also led to increased rents in 2019. The peak rent increased by 2.00 euros to achieve an historic record of 29.50 euros per sqm. The average rent was also noticeably higher than in 2018, rising by 1.90 euros to make it 17.60 euros per sqm. In addition to that, the trend towards falling vacancy rates continued, and in the year 2019, it fell under the 3% mark for the first time ever. Comparing vacant space with office take-up using the vacancy/take-up quotient produces a value of 0.73 (2018: 0.83). Accordingly, the Hamburg office market theoretically has enough vacant

space to satisfy office space demand for three quarters of a year. The quotient's year-on-year decrease is evidence of the short supply in the Hamburg office market. An even tenser market can be seen in Berlin, for example, where the vacancy/take-up quotient is at 0.31.

## Take-up falling due to supply

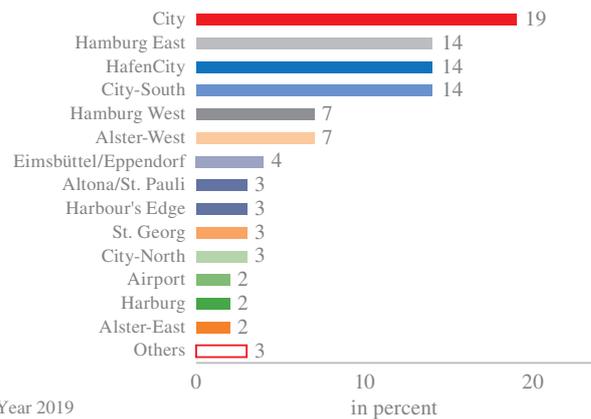
Previously, the annual take-up was solely dependent on demand, which was able to be almost fully satisfied. However, the office market has transformed into a landlord's market and the office space supply now determines the office space take-up. With a take-up of 550,000 sqm, the Hamburg office market hovered at about 7% over

Take-up



\* Forecast  
Source: Engel & Völkers Commercial

Take-up - location\*



\*Year 2019  
Source: Engel & Völkers Commercial

## Significant take-ups 2019 (selection)

User	Space	Office area
Otto	40,000 sqm	Hamburg East
New Work SE (XING)	21,600 sqm	HafenCity
Vattenfall	17,500 sqm	HafenCity
Uni Hamburg	15,200 sqm	Alster-West
German Institut (GIGA)	10,000 sqm	Alster-West

Source: Engel & Völkers Commercial

the ten-year average in 2019, though was not able to build on last year's result. Major deals included the reconstruction of the Otto Group headquarters with a size of 40,000 sqm. This owner occupancy is the chief reason why 15% of office space take-up in 2019 could be attributed back to the commerce sector. Strong take-up was also witnessed in HafenCity, where New Work SE (XING) is becoming the replacement tenant for the 21,600 sqm Unilever building. Additionally, Vattenfall leased 17,500 sqm in EDGE ElbSide in the Elbbrücken area.

### Location and connections making office space attractive

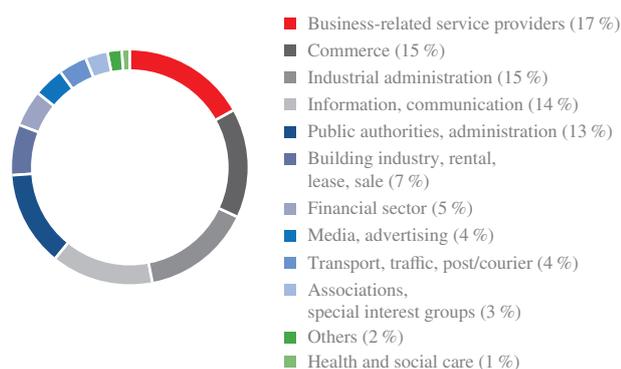
The rent rises could be felt in the city centre in particular. Increased rents can also be seen in the City-North, City-South and Alster-East locations. These take out latter places are office locations to which tenants are turning as alternatives to the city centre. However, loca-

tions in Hamburg's east and west are also profiting from the booming office market if they are well connected to the railway network. Examples of this include the Otto von Bahrenpark project on the site of the old Bahrenfeld gas works as well as Marzipanfabrik on the site of an old marzipan factory, both of which feature excellent micro-locations. On the other hand, there are high vacancy rates – some of them double-digit – in locations with bad railway connections. This can be contrasted with the vacancy rates of desirable locations, which are significantly below the Hamburg average of 2.9% and approaching full occupancy.

### Competition among employers means competition for office space

Companies are leasing office space with premium amenities in good locations for reasons that include standing out from competitors in the jobs market and remaining attractive for qualified employees. The grow-

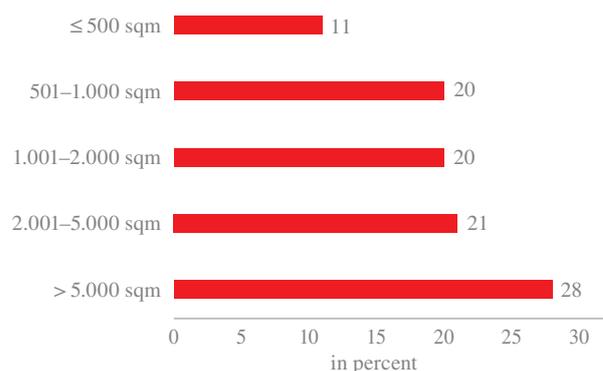
### Take-up - segment\*



\* Year 2019

Source: Engel & Völkers Commercial

### Take-up - size categories\*



\* Year 2019

Source: Engel & Völkers Commercial

## Constructions - Completion 2019/2020 (selection)

Project	Project developer	Space	Office area
Europazentrale Olympus	Hines	47,400 sqm	City-South
Springer Quartier – Bauteil B	MOMENI	23,000 sqm	City
Marzipanfabrik Haus 16, 17, 18	HPV Hollmann & Partner Vermögensverwaltung	11,400 sqm	Hamburg West
Neue Burg 1	QUEST Investment Partners	6,200 sqm	City
Kontorhaus Bei den Mühren 5	Borchard Schifffahrts GmbH	5,800 sqm	City

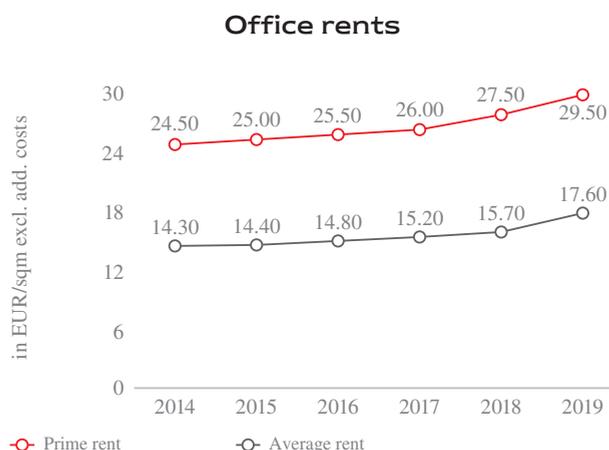
Source: bulwiengesa, Engel & Völkers Commercial

ing flexibility of working hours and concepts such as telecommuting and working from home mean that workplaces have new requirements. The individual office is increasingly being superseded by open-plan offices with adjoining areas for individual work and teamwork. However, companies must begin to look for suitable office space in good time if they do not have access to any renewal or extension options. This especially applies to spaces with a size above 2,000 sqm. These offices are mainly to be found in development projects, with the market only offering a limited supply of pre-existing properties of this scale. Furthermore, prospective tenants of an available office space are now frequently competing with two to three other users for it.

### Insufficient supply increasing rents

Demand for office space remains strong, even though construction activity remains lacklustre. This is also

reflected in the pre-lease rates. Projects being completed by 2023, for example, already have about half of their spaces pre-leased. The number of speculative office developments is also low, the reasons for this remaining the high construction costs and property prices. Construction projects in the top price segment are, for example, the speculative construction of the Deutschlandhaus at Gänsemarkt, the development of the Burstah Ensemble on Grosser Burstah and the development of the southern end of Überseequartier. However, these projects will only be completed in a few years' time. Supply will keep shrinking in 2020 as well. As a result, a further increase of the average rent is to be expected since the increased prices affect the majority of sub-markets. The peak rent is likely to exceed the 30-euro mark. The scarcity of office space supply is dampening take-up, such that Engel & Völkers Commercial is forecasting office space take-up of roughly 500,000 sqm for 2020.

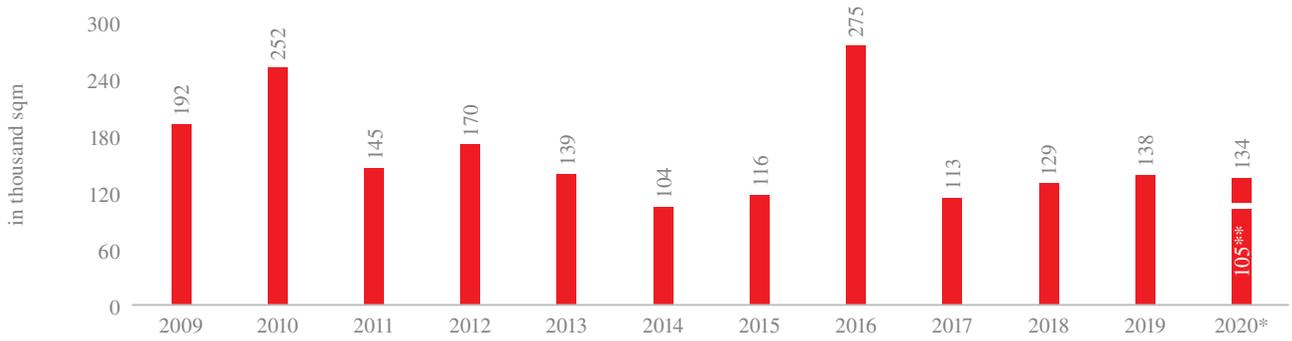


Source: Engel & Völkers Commercial



Source: Engel & Völkers Commercial

## Office space completion

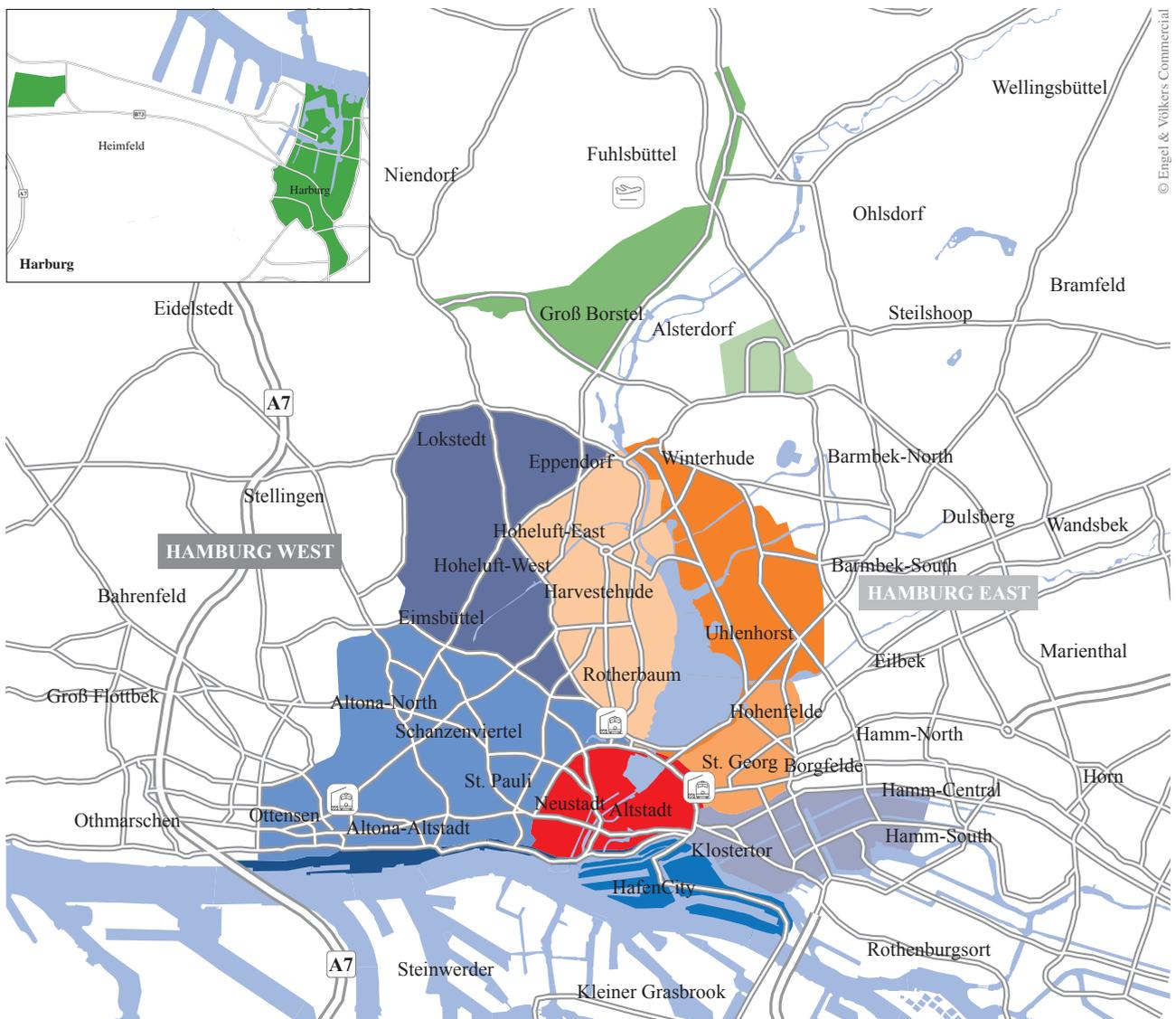


\* Forecast

\*\* of which, pre-let

Source: bulwiengesa, Engel & Völkers Commercial

## Office locations in Hamburg



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<span style="color: red;">■</span> City 15.00–32.00 EUR/sqm	<span style="color: orange;">■</span> Alster-East 12.00–21.50 EUR/sqm	<span style="color: lightorange;">■</span> St. Georg 10.00–18.00 EUR/sqm	<span style="color: peachpuff;">■</span> Alster-West 13.00–24.00 EUR/sqm
<span style="color: darkblue;">■</span> Harbour's Edge 15.00–23.00 EUR/sqm	<span style="color: blue;">■</span> Altona/St. Pauli 11.50–25.00 EUR/sqm	<span style="color: lightblue;">■</span> Eimsbüttel/Eppendorf 9.50–16.00 EUR/sqm	<span style="color: cyan;">■</span> Hafencity 15.50–29.50 EUR/sqm
<span style="color: green;">■</span> Harburg 9.00–14.50 EUR/sqm	<span style="color: lightgreen;">■</span> Airport 9.00–14.50 EUR/sqm	<span style="color: yellowgreen;">■</span> City-North 9.00–17.00 EUR/sqm	<span style="color: grey;">■</span> Hamburg West 11.00–16.50 EUR/sqm
			<span style="color: grey;">■</span> Hamburg East 9.00–14.00 EUR/sqm

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