



Market Report 2021 · Hamburg  
**Office Space**

# HAMBURG



**345,000**  
Take-up



**3.5%**  
Vacancy rate



**13.9 Mio. m<sup>2</sup>**  
Office stock



**30.50 euros/m<sup>2</sup>**  
Prime rent



**17.40 euros/m<sup>2</sup>**  
Average rent

Source: Engel & Völkers Commercial

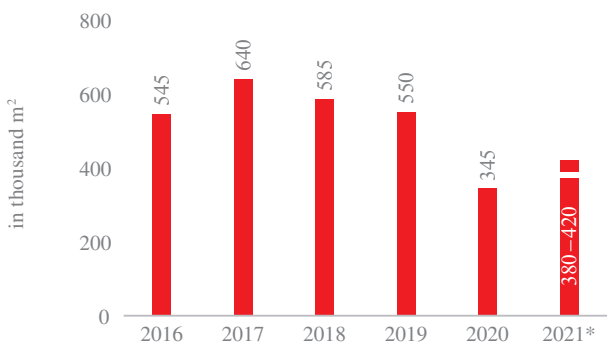
In 2020 Hamburg's office market achieved total take-up of some 345,000 m<sup>2</sup>, with floor-space take-up around one third lower than in the previous year (-37%). This was the worst result since 2003. The lack of major deals for over 10,000 m<sup>2</sup> of rental space played a key role in the fall in turnover. While such leasing contracts accounted for just over 20% of total floor-space turnover in 2019, the figure in 2020 was just 3%. Whereas six deals were concluded in this segment in the previous year, there was only one in 2020. The Hamburg Commercial Bank leased 11,000 m<sup>2</sup> in the Elbtower building, a Signa Real Estate development project. This is an indication that large companies are awaiting the outcome of the current corona

pandemic-related uncertainties before concluding new, long-term leasing contracts. Parallel to this, all sectors of the economy are reviewing future office working practices in combination with a review of corresponding space requirements.

## Vacancy rate back on the rise

The vacancy rate for office space peaked in 2010, at 9.8%. In the following years it declined continuously, reaching a low of 2.9% in 2019. This period was characterised by the development of a tenant market in which leasing activity was increasingly influenced by the short-

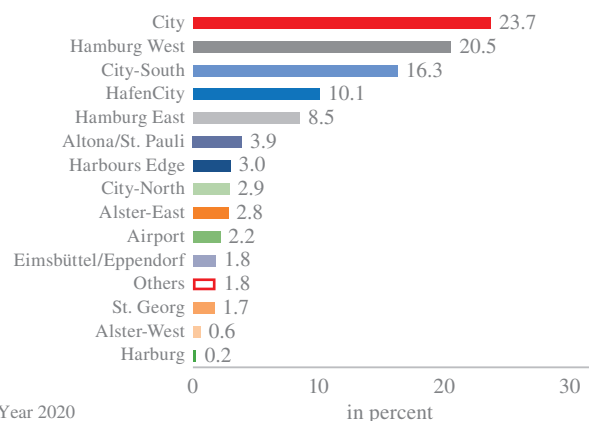
Take-up



\* Forecast

Source: Engel & Völkers Commercial

Take-up - location\*



\* Year 2020

Source: Engel & Völkers Commercial

## Significant take-ups 2020 (selection)

User	Space	Office area
Hamburg Commercial Bank (HCOB)	11,000 m <sup>2</sup>	HafenCity
Schwarzkopf	9,000 m <sup>2</sup>	Hamburg West
Hamburg Verkehrsanlagen	6,848 m <sup>2</sup>	Hamburg East
HANSAINVEST Hanseatische Investment	6,000 m <sup>2</sup>	City-North
Wärtsilä SAM Electronics	5,926 m <sup>2</sup>	Hamburg West

Source: Engel & Völkers Commercial

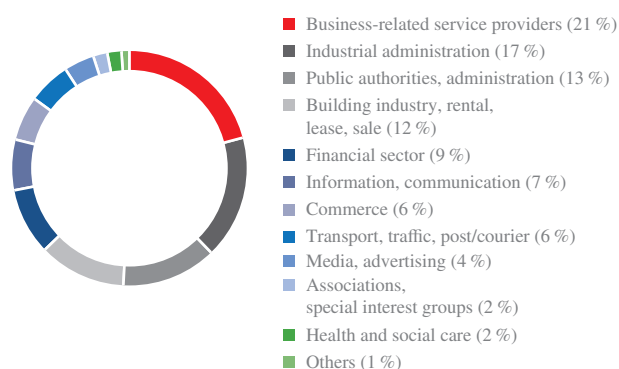
fall in supply rather than continued strong demand. Although the vacancy rate in 2020 rose by 0.6 percentage points to 3.5%, this does not, however, signal a reversal in the trend, since pressure on the market has only eased slightly. Vacancy rates for prime office locations in the City and HafenCity districts in particular thus remain far below the average for Hamburg overall. It is generally still the case that companies looking for office space must begin their search for premises early, namely two years in advance.

More recent construction activity Some 160,000 m<sup>2</sup> of new office space was completed in Hamburg in 2020; the figure for 2021 is expected to be 170,000 m<sup>2</sup>. Both are above the five-year average. Despite this, just over 70% of the newly constructed office space due to become available in 2021 has already been let. This clearly illustrates the large gap between strong demand for office space and the limited supply which is available.

## Continued increase in prime rents

Key reasons for the further rise in prime rents in 2020 were the low vacancy rate and thus a lack of premium office space in popular locations. While the square metre price in the previous year was 29.50 euros, in 2020 it increased to 30.50 euros. The return of office space to the market did not thus lead to lower rents, even though the average rent in 2020 decreased by 20 cents to 17.40 euros/m<sup>2</sup>. The shares of individual office locations in total floor-space take-up in 2020 were similar to the previous year. The highest figure, 23.7%, was once again achieved by the City district. The greatest difference in comparison to the previous year was recorded in Hamburg West, with some 21% of total floor-space take-up (2019: 7%), while the figure for Hamburg East was approx. 9% (2019: 14%).

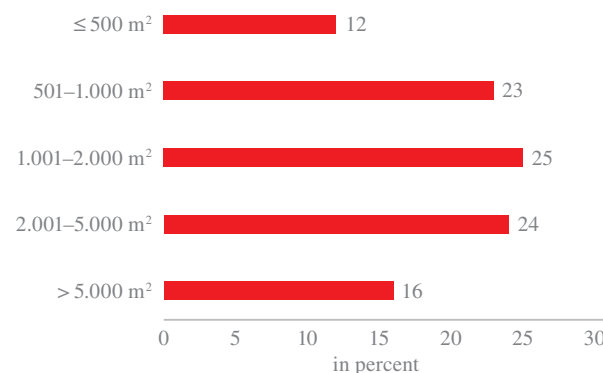
Take-up - segment\*



\* Year 2020

Source: Engel & Völkers Commercial

Take-up - size categories\*



\* Year 2020

Source: Engel & Völkers Commercial



## Constructions - Completion 2020/2021 (selection)

Project	Project developer	Space	Bürolage
Beiersdorf Campus	Beiersdorf	45,000 m <sup>2</sup>	Eimsbüttel/Eppendorf
Springer Quartier (Mitteltrakt Bauteil B)	MOMENI Immobilien Holding	23,000 m <sup>2</sup>	City
Alter Wall	Art-Invest Real Estate Funds	17,600 m <sup>2</sup>	City
Marzipanfabrik Haus 14, 15	HPV Hollmann & Partner Vermögensverwaltung	9,000 m <sup>2</sup>	Hamburg West
Katharinenkai	MOMENI Immobilien Holding	8,500 m <sup>2</sup>	City

Sources: bulwiengesa, Engel & Völkers Commercial

### Review of space requirements

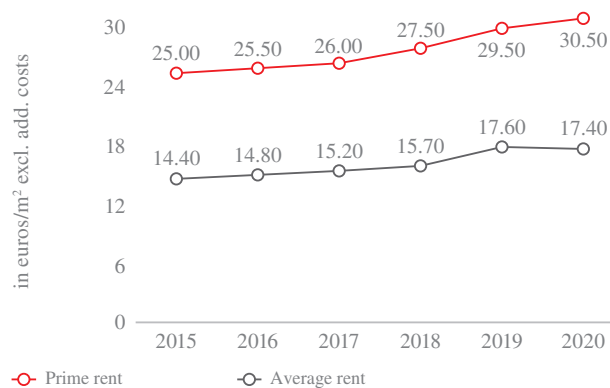
The pandemic has caused uncertainties, however, has also functioned as a catalyst for new business models and the digitisation process. Demand for business-related services, such as consulting, continues to be high. Correspondingly, this sector, as also in 2019, generated the highest volume share of floor-space take-up. Companies are currently establishing permanent guidelines for working from home as well as reviewing how much office work space should be reserved for such employees. In this context the need for flexible workspace, such as that offered by coworking providers is also being explored. Although social distancing rules are currently impacting the coworking business model, demand for flexible workspace is expected to increase in future, thus leading to a recovery in the segment. Within the scope of evaluating their working processes some companies are even giving up all or some of their office premises. This will,

in turn, lead to more sub-letting agreements, which in 2020 accounted for only a few thousandths of a percent of overall office stock in Hamburg.

### Recovery of the office market imminent

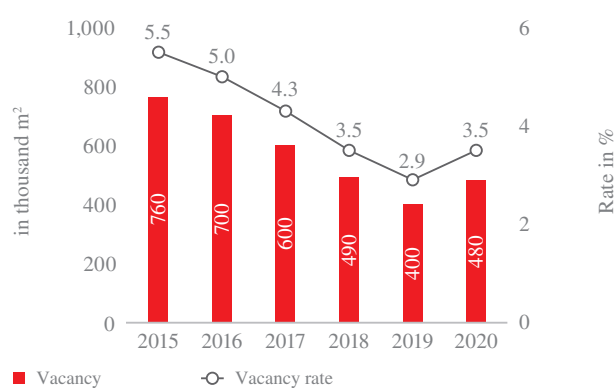
It can be assumed that decisions on leasing which were postponed in 2020 will be taken in 2021, thus contributing to floor-space take-up. The return of office space to the market will relieve the existing bottleneck on the supply side, in turn positively impacting leasing activity. Correspondingly, the market for office space is expected to normalise in 2021, becoming more dynamic. Overall Engel & Völkers Commercial is cautiously optimistic and forecasts office space take-up of between 380,000 and 420,000 m<sup>2</sup> in 2021.

Office rents



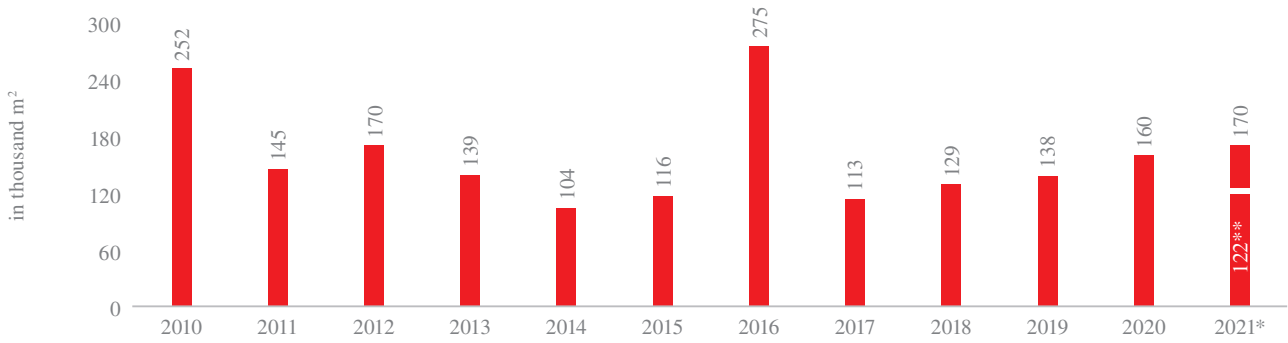
Source: Engel & Völkers Commercial

Vacancy



Source: Engel & Völkers Commercial

## Office space completion

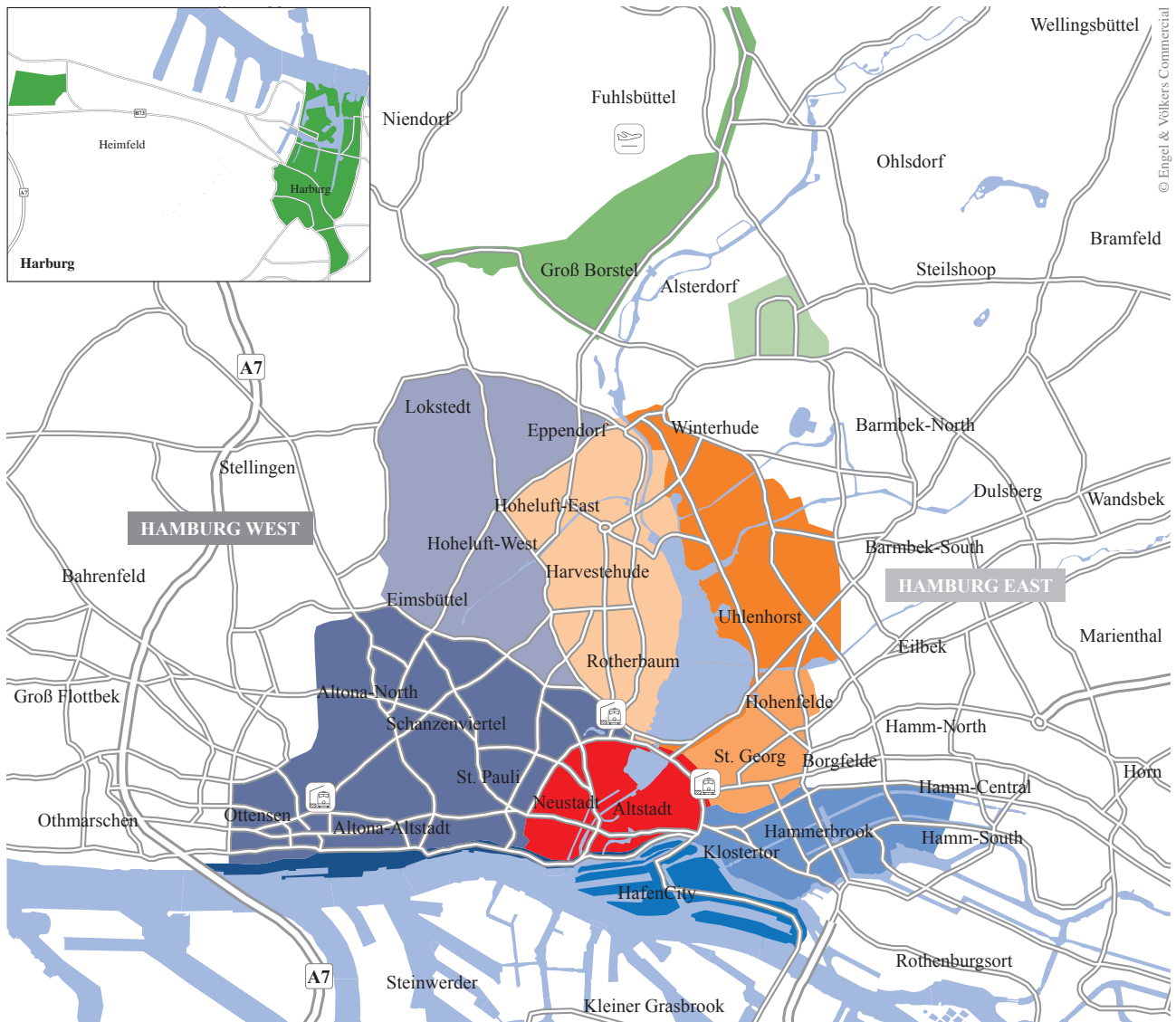


\* Forecast

\*\* of which, pre-let

Sources: bulwiengesa, Engel & Völkers Commercial

## Office locations in Hamburg (euros/m²)



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<span style="color: red;">■</span> City 15,00–35,00 euros/m²	<span style="color: orange;">■</span> Alster-East 12,00–21,50 euros/m²	<span style="color: lightorange;">■</span> St. Georg 11,00–19,00 euros/m²	<span style="color: peachpuff;">■</span> Alster-West 13,00–24,00 euros/m²
<span style="color: darkblue;">■</span> Harbour's Edge 15,00–23,00 euros/m²	<span style="color: blue;">■</span> Altona/St. Pauli 11,50–25,00 euros/m²	<span style="color: lightblue;">■</span> Eimsbüttel/Eppendorf 11,00–18,00 euros/m²	<span style="color: cyan;">■</span> HafenCity 17,00–32,00 euros/m²
<span style="color: green;">■</span> Harburg 9,00–14,50 euros/m²	<span style="color: lightgreen;">■</span> Airport 10,00–15,50 euros/m²	<span style="color: yellowgreen;">■</span> City-North 9,00–17,00 euros/m²	<span style="color: grey;">■</span> Hamburg West 11,00–18,50 euros/m²
			<span style="color: lightgrey;">■</span> Hamburg East 9,00–14,00 euros/m²

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