Summary as at February 2023

PROPERTY MARKET REPORT 2022

BUSINESS PROMOTION

Region Hannover

OFFICE PROPERTY MARKET

Office	
Office rental space 2022 in m² MF-G*	**5.27 m**
Hannover city	4.74 m
Surrounding towns of Garbsen, Laatzen and Langenhagen	0.53 m
Office space turnover 2022 in m² MF-G*	**165,000**
Hannover city	155,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	10,000
Vacancy rate 2022 in m² MF-G*	**220,000**
Hannover city	185,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	35,000
Vacancy rate 2022	**4.2%**
Hannover city	3.9%
Surrounding towns of Garbsen, Laatzen and Langenhagen	7.2%
Prime rent 2022 in m² MF-G*	
City	18.80
city periphery	16.50
Average rent 2022 in m² MF-G*	
City	15.10
city periphery	13.30
Net initial yield in prime city locations 2022	**3.8%**

Source: bulwiengesa AG; Hannover Region surveys; information from market participants; data as at Q1/2023

* Commercial rental space calculation according to the guidelines of the gif Gesellschaft für immobilienwirtschaftliche Forschung e.V.

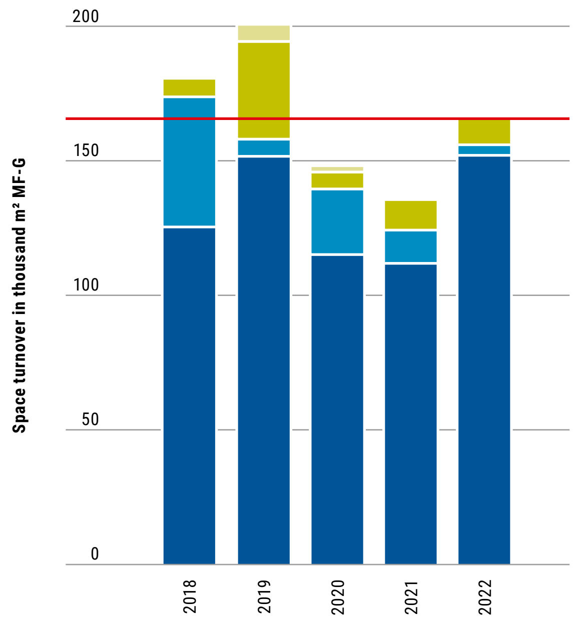
In 2022, especially in the first half of the year, the crisis-ridden climate slowed down investment decision-making by participants on both supply and demand sides. However, turnover then picked up more dynamically than expected in the second half of the year, likely to have been driven by a catch-up effect arising from weak previous years and expectations of even higher prices in the coming months.

Office space turnover was around 165,000 m² at the end of 2022. In the past five years (2018 to 2022), approximately 280,000 m² of new office space has been built and a further 80,000 m² has undergone complete renovation. The list of project developments is very long. By 2025, a further 330,000 m² (of which around 80,000 m² through refurbishments) will be added.

Demand has primarily been for high-quality space in well-integrated locations and for project developments whose location makes them especially suited to companies with substantial research and development activities in the technology sector. This is also reflected in prime. By the end of 2022, prices increased to €18.80/m² in city centre locations - an increase of 80 cents.

MARKET MOOD:
A COMEBACK TOWARDS THE YEAR END, GENERAL OPTIMISM

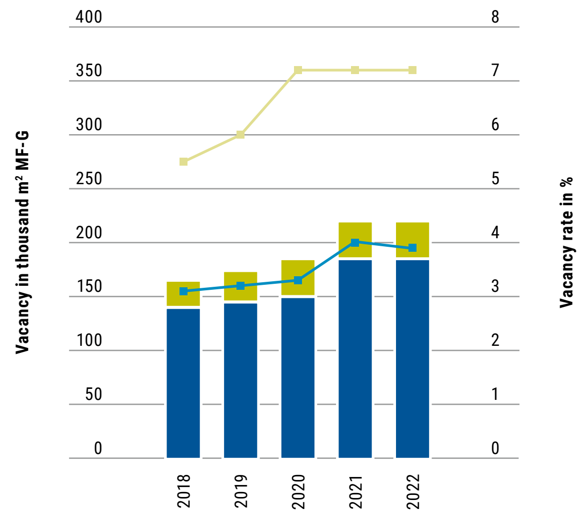
Office space turnover 2018 to 2022



Rental Hannover
Rental surrounding area
Average 2018 to 2022
Owner-occupier Hannover
Owner-occupier surrounding area

Source: Hannover Region surveys; information from market participants
Data as at Q1/2023

Office space vacancy 2018 to 2022

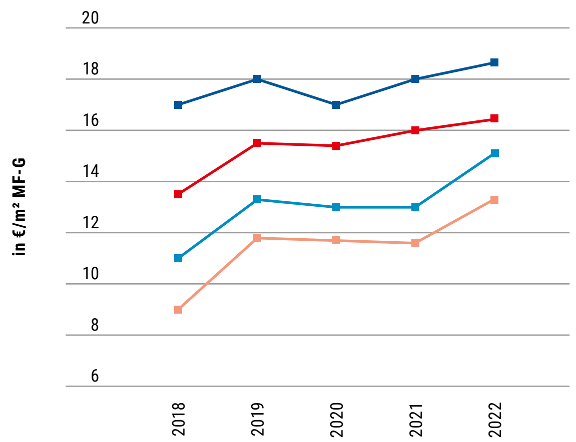


Hannover vacancy
Vacancy surrounding area
Hannover vacancy rate
Vacancy rate surrounding area

Note: The vacancy rate was calculated and updated on the basis of the 2019 office space survey for the Hannover market area. On the basis of the current survey, the vacancy figures updated since the 2015 survey using estimates were retroactively adjusted to the 2019 survey results.

Source: Hannover Region surveys; information from market participants
Data as at Q1/2023

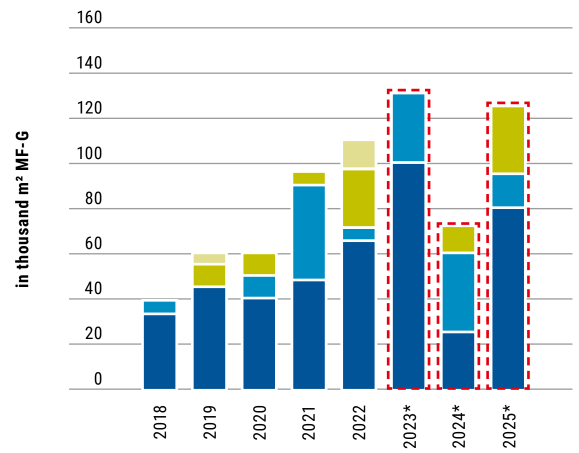
Office rents 2018 to 2022



Prime rent city
Prime rent city periphery
Average rent city
Average rent city periphery

Source: Hannover Region surveys; information from market participants
Data as at Q1/2023

Completions 2018 to 2025



Hannover newbuilds
Newbuilds surrounding area
Hannover renovations
Renovations surrounding area

Source: bulwiengesa AG; Hannover Region surveys; data as at Q1/2023

* Forecast based on information from market participants

LOGISTICS PROPERTY MARKET

Logistics and production

Logistics space available in 2022 in m²	**3.9 m**
of which investable space (built after 01/2011)	1.6 m
Logistics space turnover in 2022 in m²	**420,000**
of which rentals	355,000
of which owner-occupied	65,000
Rents in prime locations 2022	
Prime rent in €/m²	5.50
Average rent in €/m²	4.60
Net initial yield of logistics centres in prime locations 2022	**3.7%**

All figures refer to the Hannover Region.

Source: bulwiengesa AG; Hannover Region surveys; current space is an update based on space surveys from Q4/2019.

Information from market participants Q1/2023

The logistics property market continues to boom. The Hannover Region a key national and European logistics hub within Germany's logistics regions and an important port hinterland location for seaports in northern Germany. Industrial and logistics properties are in particular demand from retail and industrial businesses. Many up- and downstream contract logistics companies, courier, express and parcel service providers have settled at the location and/or expanded their service portfolio. Key features of the market are the regional logistics industry's own high level of added value and that it has long since ceased to be a just provider of warehousing and transport services. The sector has had several highly dynamic years, with space turnover reaching an all-time high of 420,000 m² at the end of 2022.

MARKET MOOD:
OPTIMISTIC AND SUSTAINED HIGH LEVEL OF MARKET ACTIVITY

RESIDENTIAL PROPERTY-MARKET

Residential

Rents 2022	
Newbuild, prime rent in €/m²	16.50
Newbuild, average rent in €/m²	13.10
Re-let, prime rent in €/m²	13.70
Re-let, average rent in €/m²	9.60
Home buying 2022	
Owner-occupied apartment, newbuild, prime group in €/m²	6,600
Owner-occupied apartment, newbuild, average in €/m²	5,250
Multipliers 2022	
Apartment blocks / investment properties, newbuild, prime group	33.5
Apartment blocks / investment properties, newbuild, average	29.7
Apartment blocks / investment properties, stock, prime group	30.2
Apartment blocks / investment properties, stock, average	27.0

All figures refer to the State Capital Hannover.

Source: bulwiengesa AG; data from market participants Q2/2022

The residential property market in the Hannover Region is characterised by regional providers and demand from private households. Population growth dynamics in the state capital and neighbouring municipalities has led to rising demand in the residential property market in recent years. Meeting the continuing demand for housing across all supply segments and price categories remains a major challenge in view of rising prices, interest rates and energy costs.

MARKET MOOD:
BASICALLY OPTIMISTIC, BUT CHANGING GENERAL CONDITIONS ARE LEADING TO MOMENTUM COOLING.

RETAIL PROPERTY MARKT

Retail

Sales area Hannover Region in m²	**2.1 m**
Surrounding area	1.2 m
Hannover city	0.9 m
of which inner city Hannover (Mitte district)	253,000
Retail centrality 2022 (Germany = 100)	
Hannover city	120.8
Surrounding area	107.7
Purchasing power 2022 in €	**8.65 b**
Hannover city	3.93 b
Surrounding area	4.72 b
Retail sales 2022 in €	**7.64 b**
Hannover city	3.89 b
Surrounding area	3.75 b
Rents 2022	
Prime rent, prime city location in €/m²*	175
Average rent, prime city location in €/m²*	135
Yields 2022	
Net initial yield in prime locations*	4.10%
Net initial yield in specialist retail centres	4.60%

* Bahnhofstraße, Große Packhofstraße, Georgstraße, Karmarschstraße

Source: Retail portfolio surveys commissioned by the Hannover Region (2017); Retail and centre concept, local amenities concept and integrated entertainment venue concept for the state capital Hannover (2019); MB Research 2022; estimates from market participants Q2/2022

In terms of turnover, the Hannover Region is one of the strongest retail locations in Germany. Forecasts for 2022 put retail turnover for the region at around €7.64 billion. In addition to the Hannover city centre with its prime locations in Georgstraße, Große Packhofstraße, Bahnhofstraße and Karmarschstraße, Hannover's retail location is characterised throughout the region by specialist retail centres, shopping centres, city district locations and attractive town centres in the surrounding areas.

MARKET MOOD:
RETAILERS AND TOWN CENTRES MUST REINVENT THEMSELVES TO REMAIN COMPETITIVE.

HOTEL PROPERTY MARKET

Hannover's tourism plummeted when the corona pandemic began in early 2020, as did tourism everywhere in Germany. Nevertheless, overnight stays in 2021 increased slightly compared to a weak 2020 to around 2.2 million overnight stays in the city and surrounding area. In the first three quarters of 2022, numbers continued to rise significantly, with signs of a recovery in overnight stays over the course of the year. By the end of 2022, around 3.55 million overnight stays could be recorded in the city and surrounding area (as of the end of November: 3.36 million).

The attractiveness of Hannover as a location is demonstrated by the number of ongoing developments within the hotel property market. During the corona pandemic, eight hotels with around 1,250 rooms or approximately 2,375 beds opened between 2020 and 2022. Another eight to twelve hotels with up to 1,400 rooms are planned for the next five years. However, it remains to be seen whether all projects will be realised as planned.

Hotel

Number of tourist accommodation establishments 2021	**302**
Hannover city	96
Surrounding area	206
Hotels 2021	**104**
Hannover city	38
Surrounding area	66
Number of beds (all accommodation types) 2021	**27,746**
Hannover city	13,723
Surrounding area	14,023
Number of hotel beds 2021	**14,155**
Hannover city	9,039
Surrounding area	5,116
Nights (all accommodation types) 2021	**2.18 m**
Hannover city	1.06 m
Surrounding area	1.12 m
Nights in hotels 2021	**1.13 m**
Hannover city	0.66 m
Surrounding area	0.47 m
Arrivals (all accommodation types) 2021	**1.05 m**
Hannover city	0.58 m
Surrounding area	0.47 m
Average length of stay in days (all accommodation types) 2021	
Hannover city	1.8
Surrounding area	2.1
Key figures for hotel chains, Hannover city (Fairmas) 2021	
Occupancy rate	27.1%
Room price in €	71.70
RevPAR (revenue per room) in €	19.40
Net initial yield hotel in 2022	**5.4%**

Source: State Office for Statistics of Lower Saxony [Landesamt für Statistik Niedersachsen]; Fairmas, Q2/2022

Data for the hotel market generally refers to the 2021 annual average.

MARKET MOOD:
STEADY IMPROVEMENT IN THE NUMBER OF OVERNIGHT STAYS. PREDATORY PRICING BEGINS.

IMPRINT

Region Hannover

Region president
Business and employment promotion

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This document is an updated extract from the Property Market Report 2022 for the Hannover Region.

As at: February 2023
Errors and omissions excepted.

Current project information, further data and maps can be found at www.immobilienmarktbericht-hannover.de

On the methods for collecting data

Note: The market area for office developments includes the cities of Langenhagen, Garbsen, Laatzen and Hannover. For logistics developments, turnover is assessed for the entire region. Turnover statistics are based on the date of signing the contract for rental and purchase agreements, or the start of construction for owner-occupied properties, and not on the date of completion or the date of occupancy of a new building. The region therefore follows the guidelines of the Gesellschaft für immobilienwirtschaftliche Forschung e. V. (gif), which are applied in all major German cities.

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