UPDATED FIGURES FOR 2017

As of January 2018

PROPERTY MARKET REPORT HANNOVER 2017

BUSINESS PROMOTION

Region Hannover

HANNOVER: PROPERTY SUBMARKETS AT A GLANCE

OFFICES

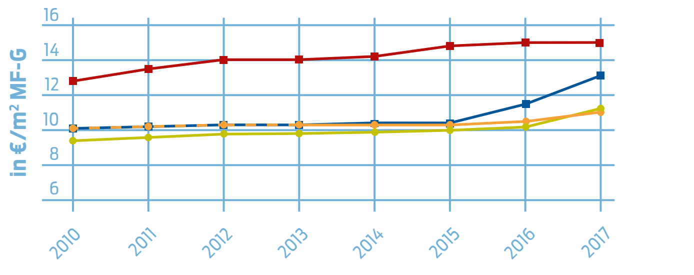
- The location includes approx. 5.02 million m² office space (of which 4.55 million m² in Hannover city).
- Hannover therefore has the largest office property inventory after the seven A-locations in Germany.
- Since 2010 an average of 1.05 million m² office turnover has been achieved in Hannover, Langenhagen, Laatzen and Garbsen.
- An average turnover of around 130,000 m² has been achieved every year since 2010 – a figure more than double that of the average of B-cities.
- As a result of the relatively low vacancy rates (2017: 3.5 % vacancy rate in Hannover) and the high level of market transparency, the investment risk is lower: whereby the net initial yield was 4.5 % in 2017.
- The investment transaction volume in the office property market amounted to approx. € 185 million.[1]

Office space portfolio 2017 in m² MF-G*	**5.02 m**
Of which Hannover city	4.55 m
Of which surrounding towns of Garbsen, Laatzen and Langenhagen	0.47 m
Office space turnover 2017 in m² MF-G	**145,000**
City of Hannover	130,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	15,000
Vacancy rate 2017 in m² MF-G	**190,000**
City of Hannover	160,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	30,000
Vacancy rate 2017 in %*	**3.8 %**
City of Hannover	3.5 %
Surrounding towns of Garbsen, Laatzen and Langenhagen	6.2 %
Prime office rent, city centre 2017 in €/m² MF-G	**15**
Prime office rent, city centre periphery 2017 in €/m² MF-G	**13.30**
Net initial yield in prime locations, city centre 2017	**4.5 %**

* Forecast values (data as at January 2018) for Hannover and surrounding area (Garbsen, Laatzen, Langenhagen)
Source: bulwiengesa AG; Surveys by Hannover Region; data from market participants

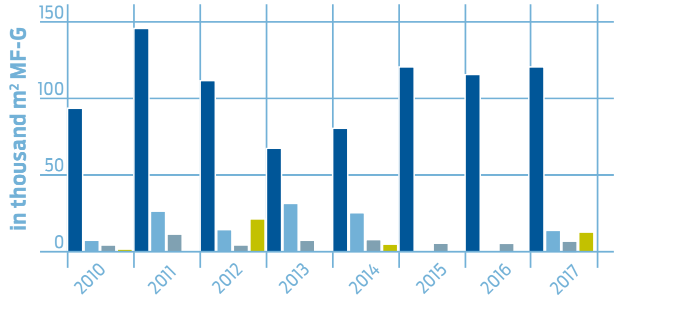
[1] No final validated information on sales in 2017 are available in January 2018 for "Transactions" in all the submarkets. For the sake of completeness, we are therefore publishing the figures for 2016 here.

Office rents in Hannover 2010 to 2017



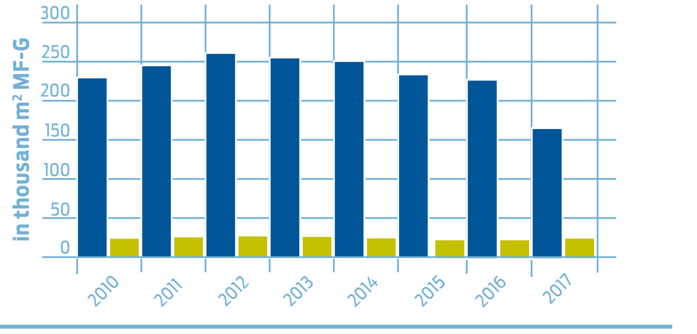
Source: bulwiengesa AG; Surveys by Hannover Region; data from market participants; forecast values and data as at January 2018

Office space turnover 2010 to 2017



Source: bulwiengesa AG; Surveys by Hannover Region; Data from market participants; forecast values and data as at January 2018

Office vacant space 2010 to 2017**



* Value for Hannover and surrounding towns (Garbsen, Laatzen, Langenhagen)
** Vacant space figures based on office space full surveys in 2008, 2012 and 2015 for the Hannover market area and extrapolated in the following years. For the surrounding towns, the survey is based on a specific vacancy rate from 2015.

Source: bulwiengesa AG; Surveys by Hannover Region; data from market participants; forecast values (data as at January 2018)

HANNOVER: PROPERTY SUBMARKETS AT A GLANCE

RETAIL

- Hannover's Georgstraße has for many years now been ranked amongst Germany's Top 10 most attractive shopping streets and amongst the nation's prime locations in terms of pedestrian flow and prime rent.
- The centrality of the city and the Region is high[2], with the catchment area extending westwards over the Lower Saxony border into North-Rhine-Westphalia.
- Sales floor in Hannover Region is approx. 2.14 million m² in area, of which some 285,000 m² are located in Hannover's city centre.
- Within the Region there are strong shopping centres of supra-regional importance as well as retail market centres (Laatzen, Langenhagen, Isernhagen-Altwarmbüchen, Garbsen) and a number of smaller inner cities and district centres which customers also find attractive.
- In 2016, turnover in retail properties in the Region amounted to € 134 million.

2 According to GfK, centrality metric is 125.3 (city) and 109.8 (region) in 2017 (D = 100)

Sales floor Hannover Region 2016/2017 in m²	**2.14 m**
Hannover Region (without Hannover city)	1.25 m
Hannover city	885,000
Hannover city centre	285,000
Retail centrality index 2017 (Germany = 100, GfK)	
Hannover city	125.3
Region (including Hannover city)	109.8
Purchasing power 2017 (in € per resident, GfK)	
Hannover city	22,667
Region (including Hannover city)	23,006
Retail turnover 2017 (in € per resident, GfK)	
Hannover city	6,567
Region (including Hannover city)	5,802
Prime rent city prime location 2017 in €/m²*	**195**
Average rent city prime location 2017 in €/m²*	**145**
Net initial yield in prime locations 2017*	**4.15 %**
Net initial yield specialist retail centres 2017	**5.95 %**

* Bahnhofstraße, Große Packhofstraße, Georgstraße

Source: Retail portfolio surveys on behalf of Hannover Region (data status 2016): GfK 2017; details provided by market players

HOTELS[3]

- The city of Hannover boasts 40 hotels offering 8,357 beds, within a total of 103 accommodation establishments with a total of approx. 13,400 beds.[4]
- Over half of the hotels are located in Hannover's city centre and in the immediate vicinity of the international trade fair grounds.
- The number of overnight stays has climbed from 2010 to 2016 by around 16.4 % to a total of 2.24 million overnight stays.[5]
- The rise in overnights has been significantly more dynamic since 2010 than the equivalent figure for beds (plus 0.8 %).
- Based on current planning, by 2022 nine new hotel projects will have joined the hotel market with an additional 1,800 rooms.
- In 2016, Hannover hotels had a transaction volume worth around € 51 million.

3 No updated information for the "Hotel" submarket are available in January 2018 for the whole of 2017.
4 Lower Saxony state statistical office, 2017 (monthly surveys in tourism, table K7360412)
5 Lower Saxony state statistical office, 2017 (monthly surveys in tourism, table K7360151)

Number of accommodation establishments 2016	**103**
of which hotels	40
Number of beds (all accommodation types) 2016	**13,394**
of which beds in hotels	8,357
Arrivals 2016	**1.33 m**
Overnights 2016	**2.24 m**
of which in hotels	**1.43 m**
Average duration in days	**1.7**
Occupation rate average 2016	**63.8 %**
Room price average 2016 in €	**98.70**
RevPar average in 2016 in €	**63.00**
Net initial yield hotels in 2016	**5.4 %**

All values with respect to State Capital Hannover

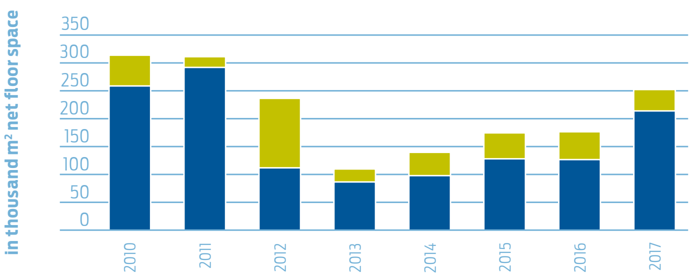
Source: Lower Saxony state statistical office, Fairmas (Sample hotel chain)

LOGISTICS

- Hannover Region is a key logistics and seaport hinterland hub.
- Hannover is second only to Hamburg as the most important logistics location in North Germany.
- Hannover Region boasted around 2.6 million m^2 of hall space in 2016, comprising approx. 275 properties suitable for logistics, of which alone 1.9 million m^2 – some 135 buildings – were erected after 2000.[6]
- In 2016, turnover in logistics properties in the Region achieved a total value of around € 96 million.

[6] Estimate based on hall area full survey at end of 2015/early 2016 by bulwiengesa. Only those properties greater than 1,000 m^2 utility space were considered. An estimate to represent smaller areas was not added. The office space share of the overall logistics space also represents an additional 5 % or 130,000 m^2.

Logistics property turnover in the Hannover Region 2010 to 2017



Owner-occupied   Rental

Source: Surveys and calculations by the Hannover Region

Logistics area portfolio 2017 in m^2	**2.6 m**
Logistics space turnover 2017 in m^2	**260,000**
Prime rent (new builds with excellent building services and optimal transport connections) 2017 in €/m^2	**4.60**
Average rent 2017 in €/m^2	**3.70**
Net initial yield logistics centres in prime sites 2017	**5.8 %**

All values refer to Hannover Region
Source: bulwiengesa AG; Surveys by Hannover Region; Data from market participants; forecast values and data as at January 2018

RESIDENTIAL

- Population growth in both the State Capital Hannover and several neighbouring communities is pushing up demand for residential properties.
- Over the last 10 years the population in the city of Hannover has climbed by approximately 32,700 people (plus 6.4 %) to around 540,700: at the end of 2017, 1.17 million people lived in the Region.
- In the same period, only some 6,080 new apartments were completed in Hannover such that there is and will continue to be a considerable demand for new homes.
- Over the last five years, around 800 new apartments had been completed annually on average.[7]
- In 2016, turnover in apartments and houses in the Hannover Region had a total value of around € 2.134 billion (plus 9.4 %).[8]

[7] A comparison of the years 2012 to 2016 (3,993 housing unit completions). Source: calculations of Hannover Region based on Lower Saxony state statistical office figures, 2017 (completion of new residential and non-residential buildings, not including residential homes, time series M8100116).

[8] With respect to the total property movements in the residential and partial ownership submarkets, detached, single and double-occupancy houses, terraced houses and semi-detached houses and apartment blocks (old and new buildings). Expert panel for property values Hameln-Hannover, 2017.

Residential rent, new builds 2017, prime rent in €/m^2	**15.00**
Residential rent, new builds 2017, average rent in €/m^2	**11.60**
Residential rent, re-let property 2017, prime rent in €/m^2	**11.80**
Residential rent, re-let property 2017, average rent in €/m^2	**8.20**
Purchase price for owner-occupied apartments, new builds, prime group 2017 in €/m^2	**5,500**
Purchase price for owner-occupied apartments, new builds, average 2017 in €/m^2	**3,800**
Multiplier for apartment blocks/investment properties, prime group 2017	**25.00**
Multiplier for apartment blocks/investment properties, average 2017	**22.00**
Multiplier for apartment blocks/investment properties, inventory, prime group 2017	**22.70**
Multiplier for apartment blocks/investment properties, inventory, average 2017	**17.60**

All values with respect to State Capital Hannover
Source: bulwiengesa AG; Surveys by Hannover Region; Data from market participants; forecast values and data as at January 2018

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This report is an updated version of the Hannover Property Report 2017 for the full 12 months of 2017. To read the full report please visit **www.immobilienmarktbericht-hannover.de**. The Property Report 2017 is scheduled for publication at the end of September 2018.

The Hannover Region business development and promotion organisation co-operates on a regular basis with key regional partners in the property industry to collate the overall review of the commercial property market. In 2017 a total of 21 partners were involved in preparing the property market report and the overall review.

Data surveys

Note: The market area for office properties covers the cities of Langenhagen, Garbsen, Laatzen and Hannover. Logistics properties include turnovers achieved in the Region as a whole. In terms of turnover statistics, the key date is not the time of completion or occupation of a new building but rather the time of signing of either rental and sale contracts or the start of building for owner-occupied properties. Hannover Region therefore complies with the same regulations of the Gesellschaft für immobilienwirtschaftliche Forschung e.V. (GiF - property industry research corporation) as are applied to all major German cities.

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