PROPERTY MARKET REPORT 2019

BUSINESS PROMOTION

Region Hannover

PROPERTY SUBMARKETS AT A GLANCE

OFFICE

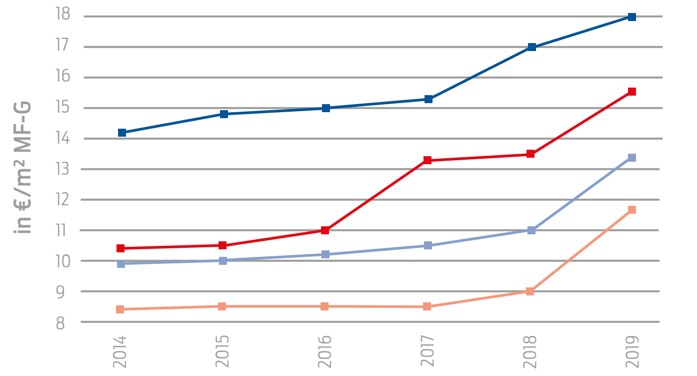
The number of office workers in Hannover will rise to around 153,000 in 2019. This means that the number of office jobs has increased by around 15,000 people or 11 % over the last five years. The increasing demand for office space is clearly noticeable in the office property market. In 2019, the office space turnover amounted to some 198,000 m². While office space turnover in the city of Hannover was almost the same as in 2018, in the surrounding area it rose significantly to 40,000 m². This means that a new record has been set for the office market in Hannover in 2019.

Office	
Office space 2019 in m² MF-G	**5.04 m**
Hannover city	4.56 m
Surrounding towns of Garbsen, Laatzen and Langenhagen	0.48 m
Office space turnover 2019 in m² MF-G	**198,000**
Hannover city	158,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	40,000
Vacancy rate 2019 in m² MF-G	**150,000**
Hannover city	125,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	25,000
Vacancy rate 2019	**3.0 %**
Hannover city	2.8 %
Surrounding towns of Garbsen, Laatzen and Langenhagen	5.2 %
Prime rent 2019 in €/m² MF-G	
City	18.00
City periphery	15.50
Average rent 2019 in €/m² MF-G	
City	13.30
City periphery	9.50
Net initial yield in prime city locations 2019	**3.8 %**

Source: bulwiengesa AG; Surveys of the Hannover Region; information for the whole of 2019 provided by market players; area portfolio is an extrapolation of the 2016 survey; data as of mid-2019

Cover picture: The area of the former main goods station is centrally located on the Weiden-damm between the centre and the northern part of the city. In recent years, Aurelis Real Estate Service GmbH has extensively rebuilt the goods railway yard and the surrounding area on a plot of around 34,000 square metres and has repositioned the property through a mix of sports, gastronomy, hotel, logistics and service companies. The project was acquired by BEOS AG in 2019 for its Corporate Real Estate Fund Germany III (CREFG III).

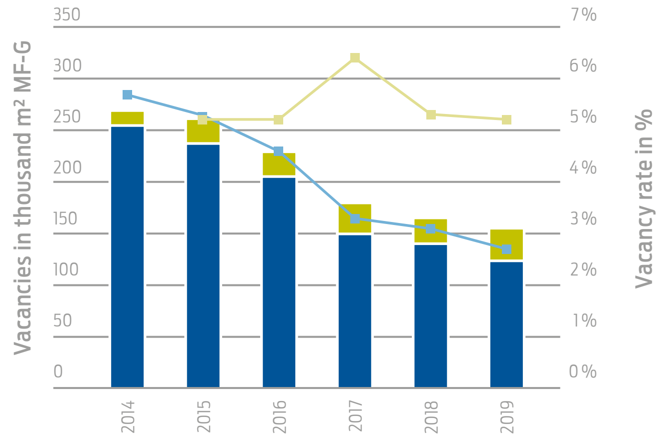
Office rents in Hannover 2014 to 2019



Prime rent, city — Prime rent, city periphery
Average rent, city — Average rent, city periphery

Source: bulwiengesa AG, Hannover Region surveys, data provided by market players

Office vacancy rate 2014 to 2019



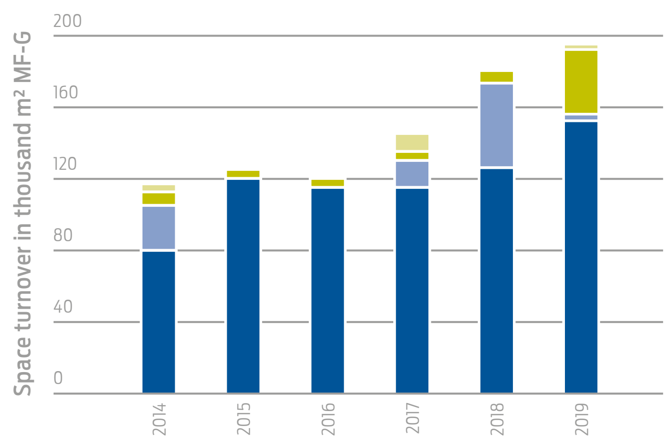
Vacancies, Hannover — Vacancy rate, Hannover
Vacancies, Region* — Vacancy rate, Region

* Value for region (Garbsen, Laatzen, Langenhagen)

The vacancy figures are based on office space occupancy surveys in 2008, 2012 and 2015 for the Hannover market area and extrapolated for the following years. For the surrounding towns, the data is based on a specific vacancy survey carried out as of 2015.

Source: bulwiengesa AG, Hannover Region surveys: details provided by market players

Office space turnover 2014 to 2019



Rental, region — Owner-occupied, region
Rental, Hannover — Owner-occupied, Hannover

Source: Hannover Region surveys, details provided by market players

PROPERTY SUBMARKETS AT A GLANCE

RETAIL

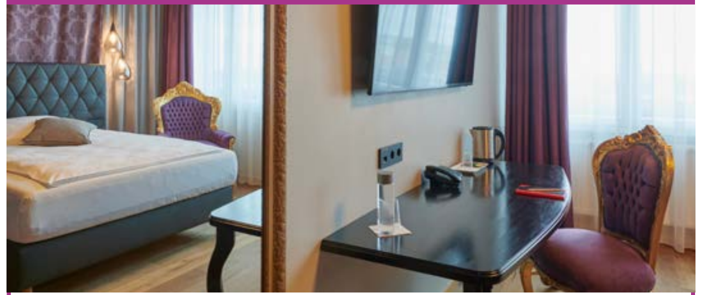
The Hannover Region is one of the highest-selling retail locations in Germany. In 2019, it is estimated that sales in the retail sector will be around €7.9 billion. Hannover's city centre, with its prime locations in the Georgstraße and the Bahnhofstraße, is complemented by retail warehouse centres, shopping centres, district centres and attractive inner cities in the region.

Retail	
Sales area Hannover Region in m²	**2.1 million**
Surrounding area	1.2 m
Hannover city	0.9 m
of which inner city Hannover (Hannover Mitte)	285,000
Retail centrality index 2019 (Germany = 100)	
Hannover city	121.9
Surrounding area	107
Purchasing power 2019 in €	**8.43 billion**
Hannover city	3.90 b
Surrounding area	4.53 b
Retail sales 2019 in €	**7.90 b**
Hannover city	4.16 b
Surrounding area	3.74 b
Rent 2019	
Prime rent high street location in €/m²*	185
Average rent high street location in €/m²*	145
Yields 2019	
Net initial yield in prime locations*	3.6 %
Net initial yield in retail warehouse centres	5.1 %

* Bahnhofstrasse, Große Packhofstrasse, Georgstrasse

Source: Retail portfolio surveys commissioned by the Hannover Region (data as at the end of 2016); MB Research 2019; estimates by market players on developments for the whole of 2019.

HOTEL



Hannover's tourism is growing – the number of overnight stays in 2018 was again more than 4 million in the city and region. Nine hotel projects with around 1,350 rooms are currently in completion or under construction. A further twelve hotels with at least 1,700 rooms are already planned from 2020.

Hotel	
Number of accommodation establishments 2018	**351**
Hannover city	111
Surrounding area	240
Hotels 2018	**164**
Hannover city	45
Surrounding area	119
Number of beds (all accommodation types) 2018	**30,478**
Hannover city	13,770
Surrounding area	16,708
Beds in hotels 2018	**14,889**
Hannover city	9,118
Surrounding area	5,771
Overnight stays (all accommodation types) 2018	**4.05 m**
Hannover city	2.25 m
Surrounding area	1.80 m
Overnight stays in hotels 2018	**2.29 m**
Hannover city	1.46 m
Surrounding area	0.83 m
Arrivals (all accommodation types) 2018	**2.22 m**
Hannover city	1.35 m
Surrounding area	0.87 m
Average length of stay in days (all accommodation types) 2018	
Hannover city	1.7
Surrounding area	1.8
Key figures hotel chains Hannover (Fairmas) 2018	
Occupancy rate, average 2018	63.6 %
Room price, average 2018 in €	104.50
RevPAR (revenue per available room), average 2018 in €	66.40
Net initial yield hotel in 2018	4.5 %

Values represent the annual average for the year 2018; more recent values for developments in 2019 as a whole were not fully available at the beginning of 2020.

Source: Lower Saxony State Statiscal Office; 2019 Fairmas

LOGISTICS

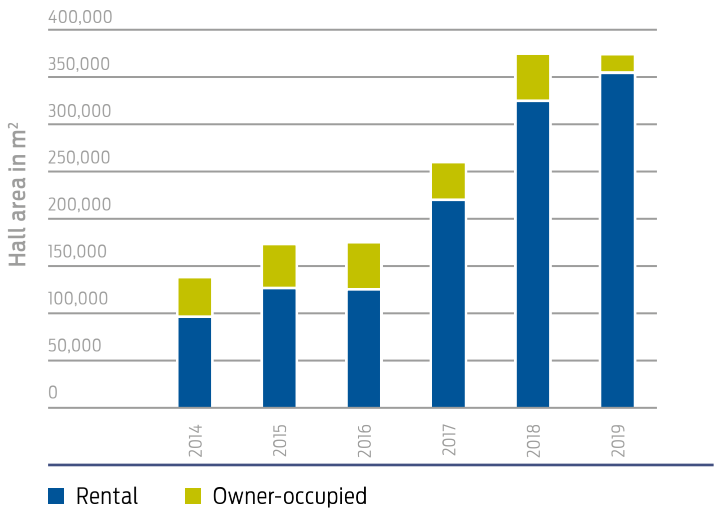
The Hannover Region is a European logistics hub and an important, expandable port hinterland location for the seaports in northern Germany. Commercial and industrial companies in particular are the customers of the regional logistics industry. In recent years, many contract logistics companies have established themselves at the location, carrying out logistics tasks for other companies and thus creating a high level of added value. Turnover of logistics space in 2019 has not decreased compared to the record year 2018, and was even slightly higher at the end of 2019 at 380,000 m².

Logistics	
Logistics area portfolio 2019 in m²	**3.13 m**
of which built after 2009	1.2 m
Logistics space turnover 2019 in m²	**380,000**
Rents top locations 2019	
Prime rent in €/ m²	5.10
Average rent in €/ m²	4.20
Net initial yield logistics centres in prime locations 2019	**4.5 %**

All values refer to the Hannover Region.

Source: bulwiengesa AG; surveys of the Hannover Region; the area portfoilo is an extrapolation of the 2016 survey of 2016; data as of mid-2019

Logistics property turnover in the Hannover Region 2014 to 2019



Source: Surveys and calculations by Hannover Region

Information from market players for the whole of 2019

RESIDENTIAL

The residential property market is dominated by regional providers and demand from private households. The population growth in the state capital and the neighbouring districts are generating an increasing demand for residential properties. In the last five years (beginning of 2014 to the end of 2018), the population of the city has grown by around 20,700 (up 3.9 %) to 545,100 inhabitants. The number of people who live in the entire region is 1.18 million (up 3.6 %). During the same period, only around 4,400 new housing units were completed in Hannover city and a further 7,800 housing units in the surrounding area, so that the current outlook indicates a considerable need for new housing. Between 2013 and 2018 Hannover city granted planning permission for around 9,030 new housing units. The Hannover Region reckons that some 20,500 new housing units need to be built throughout the region to meet demand.

Residential	
Rents 2019	
New building, prime rent in €/ m²	15.60
New building, average rent in €/ m²	13.20
Re-let, prime rent in €/ m²	13.20
Re-let, average rent in €/ m²	9.20
Purchase prices 2019	
Owner-occupied apartments, newbuilds, prime group in €/ m²	5,700
Owner-occupied apartments, newbuilds, average in €/ m²	4,400
Multipliers 2019	
Apartment blocks/investment properties, newbuilds, prime group 2019	28.4
Apartment blocks/investment properties, newbuilds, average 2019	25.4
Apartment blocks/investment properties, stock, prime group 2019	26.9
Apartment blocks/investment properties, stock average 2019	18.4

All values refer to the State Capital of Hannover.

Source: bulwiengesa AG; data from market players as of mid-2019; more recent values for developments in 2019 as a whole were not fully available at the beginning of 2020.

The content of the report was prepared by the Property Market Report project group

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This report is an updated version of the Hannover Property Report 2019 for the full 12 months of 2019. To read the full report please visit **www.immobilienmarktbericht-hannover.de**. The Property Report 2020 is scheduled for publication at the end of September 2020.

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 2019 a total of 26 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 – Society of property researchers) as are applied to all major German cities.

No guarantee is given for the correctness of the information - errors and omissions excepted.

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