As of January 2019

PROPERTY MARKET REPORT 2018

BUSINESS PROMOTION

Region Hannover

PROPERTY SUBMARKETS AT A GLANCE

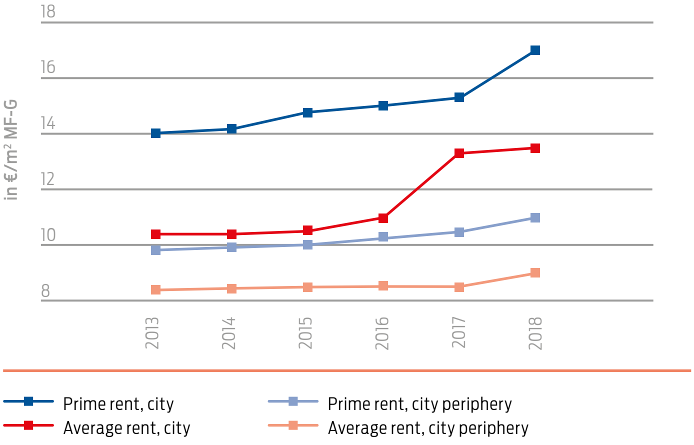
OFFICE

The number of office employees in the city of Hannover rose in 2018 to some 150,000. As a result, over the last five years the number of office jobs has risen by around 15,000, a plus of 11 %. The growing demand for office space is very visible in the office property market. In 2018, turnover of office space amounted to around 180,000 m².

Office[1]	
Office space portfolio 2018 in m² MF-G	**5.01 m**
Of which Hannover city	4.53 m
Of which surrounding towns of Garbsen, Laatzen and Langenhagen	0.48 m
Office space turnover 2018 in m² MF-G	**180,000**
City of Hannover	173,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	7,000
Vacancy rate 2018 in m² MF-G	**165,000**
City of Hannover	140,000
Surrounding towns of Garbsen, Laatzen and Langenhagen	25,000
Vacancy rate 2018 in %	**3.3 %**
City of Hannover	3.1 %
Surrounding towns of Garbsen, Laatzen and Langenhagen	5.3 %
Prime office rent 2018 in €/m² MF-G	
City centre	17.00
City centre periphery	13.50
Average rent 2018 in €/m² MF-G	
City centre	11.00
City centre periphery	9.00
Net initial yield in prime locations, city centre 2018	**4.3 %**

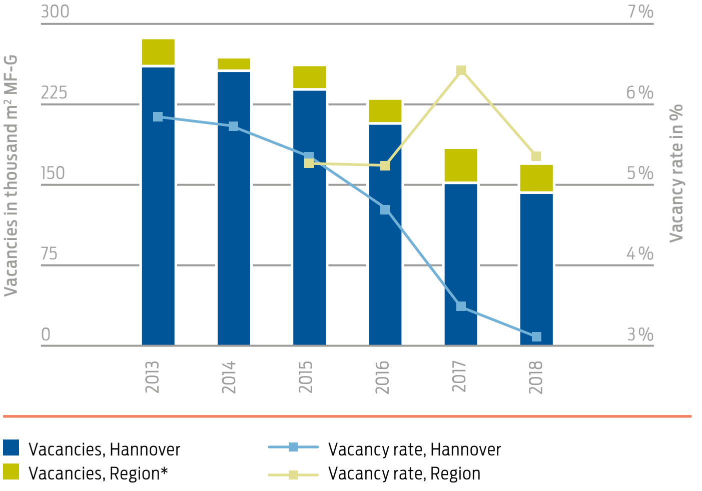
[1] Source: bulwiengesa AG, Hannover Region surveys; details provided by market players

Office rents in Hannover 2013 to 2018



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

Office vacancy rate 2013 to 2018

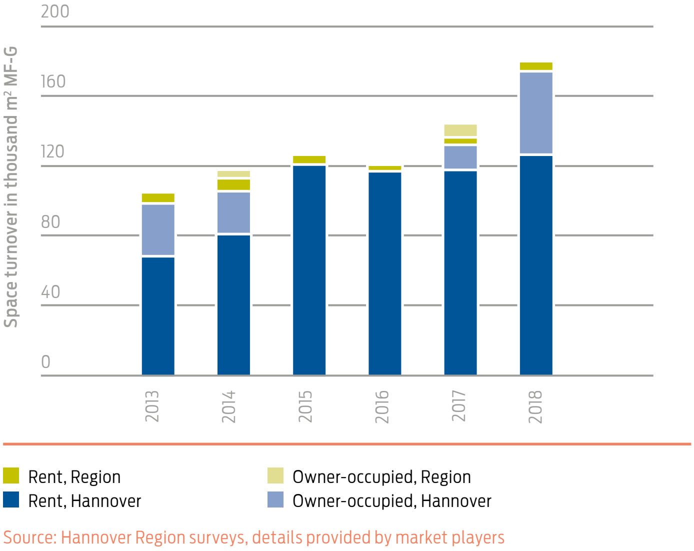


* Value for Region (Garbsen, Laatzen, Langenhagen)

The vacancy figures are 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 for 2015.

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

Office space turnover 2013 to 2018



Source: Hannover Region surveys, details provided by market players

PROPERTY SUBMARKETS AT A GLANCE

RETAIL

Hannover Region stands out as one of Germany's highest turnover retail locations. Estimates for 2018 see retail turnover reaching some €7.85 billion. Hannover's city centre, with its prime locations in the Georgstraße and the Bahnhofstraße, is complemented by retail market centres, shopping centres, district centres and attractive inner cities in the Region.

Retail [2]	
Sales floor Hannover Region in m²	**2.1 m**
Surrounding area	1.15 m
Hannover city	0.84 m
Of which Hannover city centre (Mitte)	285,000
Retail centrality index 2018 (Germany = 100)	
Hannover city	122
Region	107.1
Purchasing power 2018 in €	**8.29 bn**
Hannover city	3.84 bn
Region	4.45 bn
Retail turnover 2018 in €	**7.85 bn**
Hannover city	4.14 bn
Region (including Hannover city)	3.71 bn
Rents 2018	
Prime rent city, prime location in €/m²*	185
Average rent city prime location in €/m²*	150
Returns 2018	
Net initial yield in prime locations	4 %
Net initial yield, specialist retail centres	5.8 %

* Bahnhofstraße, Große Packhofstraße, Georgstraße,

[2] Source: retail portfolio surveys on behalf of Hannover Region (data status end 2016); MB research 2018: detail estimates provided by market players.

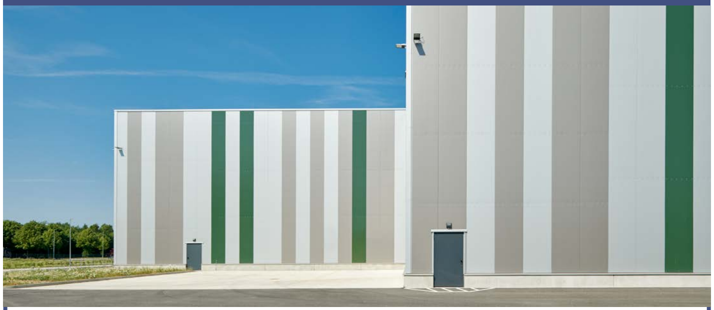
HOTEL

Tourism is growing in Hannover. The number of overnight stays climbed in 2017 to more than 4 million in the city and the Region. In addition to business and fair guests, the number of city tourists visiting tourist attractions such as the Adventure Zoo and the international fireworks competition in the Royal Gardens of Herrenhausen is also up. This dynamism is reflected in hotel property projects. Today's figures indicate that by 2021 the ten hotels currently being planned and under construction will inject an additional 1,800 new rooms to the market. Another five hotel projects are in the planning phase.

Hotel [3]	
Number of accommodation establishments 2017	**341**
Hannover	103
Region	238
Hotels 2017	**158**
Hannover	43
Region	115
Number of beds (all accommodation types) 2017	**30,871**
Hannover	13,755
Region	17,116
Beds in hotels 2017	**14,533**
Hannover	8,806
Region	5,727
Arrivals 2017	**2.20 m**
Hannover	1.36 m
Region	0.84 m
Overnights in hotels 2017	**2.27 m**
Hannover	1.47 m
Region	0.8 m
Average duration in days (all types)	**1.7**
Key indexes, chain hotels Hannover (Fairmas)	
Occupancy rate, average 2017	64.8 %
Room price, average 2017 in €	102.10
RevPAR (revenue per room) average 2017 in €	66.20
Average initial yield, hotels in 2017	4.80 %

[3] Values are annual average
Source: Lower Saxony state statistical office.

LOGISTICS

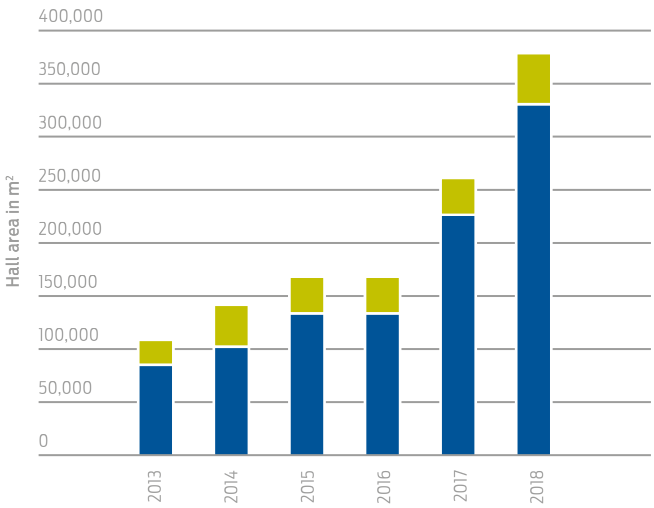


Hannover Region is a European logistics hub and a vital, expandable seaport hinterland hub for North German seaports. The regional logistics economy is dominated above all by the demand from trading and industrial enterprises. Recent years have seen many contract logistics providers move to the location, providing logistics services to other companies and demonstrating high levels of in-house added value. Hall space turnover rose significantly during 2018, to around 375,000 m².

Logistics [4]	
Logistics area portfolio 2018 in m²	**3.0 m**
Of which built after 2009	0.97 m
Logistics space turnover 2018 in m²	**375,000**
Prime rent 2018	
Prime rent in €/m²	5.00
Average rent in €/m²	3.80
Net initial yield logistics centres in prime sites 2018	**5 %**

[4] All values with respect to Hannover Region, area portfolio is an extrapolation of the survey of 2016, data as of mid-2018. Source: bulwiengesa AG; Details from market players

Logistics property turnover in the Hannover Region 2013 to 2018



Rental
Owner-occupied

Source: Surveys and calculations by Hannover Region

RESIDENTIAL

The residential property market is dominated by regional providers and the demand for private homes. The population growth in the State Capital Hannover and its neighbouring communities is generating high demand for residential properties. Over the last five years (since 2013 to end 2018) the population of Hannover has climbed by approx. 17,300 (plus 3.3 %) to around 541,800. In the same period only some 3,855 new apartments were completed in Hannover such that at the present time there is and will continue to be a considerable demand for new homes. Working together with the housing industry, Hannover city plans to create building rights for 500 to 700 new apartments.

Residential [5]	
Rents 2018	
Newbuilds, prime rent in €/m²	15.50
Newbuilds, average rent in €/m²	12.20
Re-let property, prime rent in €/m²	12.90
Re-let property, average rent in €/m²	9.00
Home buying 2018	
Owner-occupied apartments, newbuilds, prime group in €/m²	5,650
Owner-occupied apartments, newbuilds, average in €/m²	3,950
Multipliers 2018	
Apartment blocks/investment properties, newbuilds, prime group 2018	26.5
Apartment blocks/investment properties, newbuilds, average 2018	22.5
Apartment blocks/investment properties, stock, prime group 2018	23.5
Apartment blocks/investment properties, stock, average 2018	18.0

[5] All values refer to State Capital Hannover. Source: bulwiengesa AG; Details from market players

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

ANGERMANN
Aurelis Real Estate Service GmbH
BAUM Unternehmensgruppe
bauwo Grundstücksgesellschaft mbH
DELTA DOMIZIL
Deutsche Reihenhaus AG
ENGEL & VÖLKERS HANNOVER COMMERCIAL
FIH Fürst Immobilien Hannover GmbH
GlaserProjektInvest GmbH
Gundlach Bau und Immobilien GmbH & Co. KG
hanova
HE Hannover Estate GmbH
Henschel Immobilien
HOCHTIEF Infrastructure GmbH Building Hannover
INTERHOMES AG
Jones Lang LaSalle SE
KSG Hannover GmbH
Landeshauptstadt Hannover, Fachbereich Wirtschaft
meravis Immobiliengruppe
Region Hannover, Fachbereich Wirtschafts- und Beschäftigungsförderung
S-GewerbeimmobilienVermittlung Hannover GmbH
STRABAG Real Estate GmbH – Bereich Hannover

In cooperation with bulwiengesa AG

Picture acknowledgements:

BAUM Unternehmensgruppe/studio Architec, Alexander Gawron: Hotel
Enercity/haas cook zemmrich Studio 2050: Offices
Gundlach GmbH & Co. KG Bauträger: Residential
Region Hannover/Olaf Mahlstedt: Cover, Retail, Logistics

This report is an updated version of the Hannover Property Report 2018 for the full 12 months of 2018. To read the full report please visit **www.immobilienmarktbericht-hannover.de**. The Property Report 2019 is scheduled for publication at the end of September 2019.

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 2018 a total of 22 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.

Region Hannover

Landeshauptstadt Hannover

REGION HANNOVER
Business and Employment Promotion

Haus der Wirtschaftsförderung
Vahrenwalder Straße 7
30165 Hannover

Hilmar Engel
Telephone: +49 (0) 511 61623-241
Telefax: +49 (0) 511 61623-453

wirtschaftsfoerderung@region-hannover.de
www.wirtschaftsfoerderung-hannover.de

STATE CAPITAL HANNOVER
Business Promotion

Haus der Wirtschaftsförderung
Vahrenwalder Straße 7
30165 Hannover

Telephone: +49 (0) 511 16831-313
Telefax: +49 (0) 511 16841-245

wirtschaftsfoerderung@hannover-stadt.de
www.wirtschaftsfoerderung-hannover.de

www.immobilienmarktbericht-hannover.de