



BREMEN
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REAL ESTATE MARKET REPORT – BREMEN 2021

OFFICE | LOGISTICS | RETAIL
HOUSING | INVESTMENT



Bremeninvest

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Sources:

* bulwiengesa AG

** LSA Logistik Service Agentur GmbH



FOREWORD

→ Bremen's property market is an almost immovable force. Despite the economic challenges posed by the coronavirus pandemic, it proved to be highly robust in several areas in 2020. It has also made a good start to 2021 – office space take-up and investment volumes could even hit record levels by the end of the year. However, it is currently impossible to predict the extent to which a fourth wave of the pandemic would slow down the developments.

There was a precision landing on the office property market in 2020, as exactly 100,000 m² of office space was rented. There was also a significant growth in available properties, as 65,000 m² of new office space was completed. The outlook for 2021 is equally promising, as 61,000 m² have already been taken up in the first half of the year.

The logistics property market has broken records in the midst of the crisis. The available warehouse space has increased to 3.2 million m² in 2021. There has been a significant rise in take-up and the vacancy rate has returned to the more customary level of 3.83%. The rental prices are still much lower than in Germany's big 5 metropolitan areas.

The coronavirus pandemic has put enormous pressure on retail stores. However, vacant spaces have now been re-occupied at prime locations, including a furniture store in the city centre. Large construction projects and fresh concepts will create interesting ideas for the future and encourage new target markets to flock to the city centre.

The housing construction boom is still in full swing. The average purchase price for newly built flats rose by 3.8% in 2020, while rental prices only increased slightly by 0.7%. There is a particularly high demand for housing on the waterfront and in the new districts of Woltmershausen, Hulsberg and Werdersee.

The investment market came close to the figures recorded in the previous year with a volume of 530 million euros. In the first half of 2021, properties changed hands in transactions totalling 325 million euros. A new record annual turnover of around 600 million euros could be achieved in 2021.

This report will provide you with interesting and up-to-date information on Bremen's property market. It will also highlight potential areas to be exploited in 2021. It may be difficult to forecast future developments in the current situation, but our city's property market clearly offers plenty of opportunities. We look forward to having a personal conversation with you!



Foto: WFB/Jens Lehmkuhler

Andreas Heyer
CEO of Bremeninvest



PROPERTY MARKET BREMEN 2021



Office properties → 14

Around 110,000 m² of office space is predicted to be taken up in 2021



Bremer Aufbau-Bank,
Domshof



School
Überseestadt

Investment market → 25

Investment volume set to break records with 550 to 600 million euros!

materialise

Office properties → 14

Prime rent for individual properties around € 20 / m²

↑
Materialise,
Technology Park

↗
Zech Group,
Überseestadt

→→
Stroeve Schellack Bremen,
Überseestadt

Office properties → 14

65,000 m² of new office space
completed in 2020





Available warehouse space rises
to 3.2 million m²

Logistics properties → 17



Record turnover for logistics properties
despite coronavirus pandemic

Logistics properties → 17

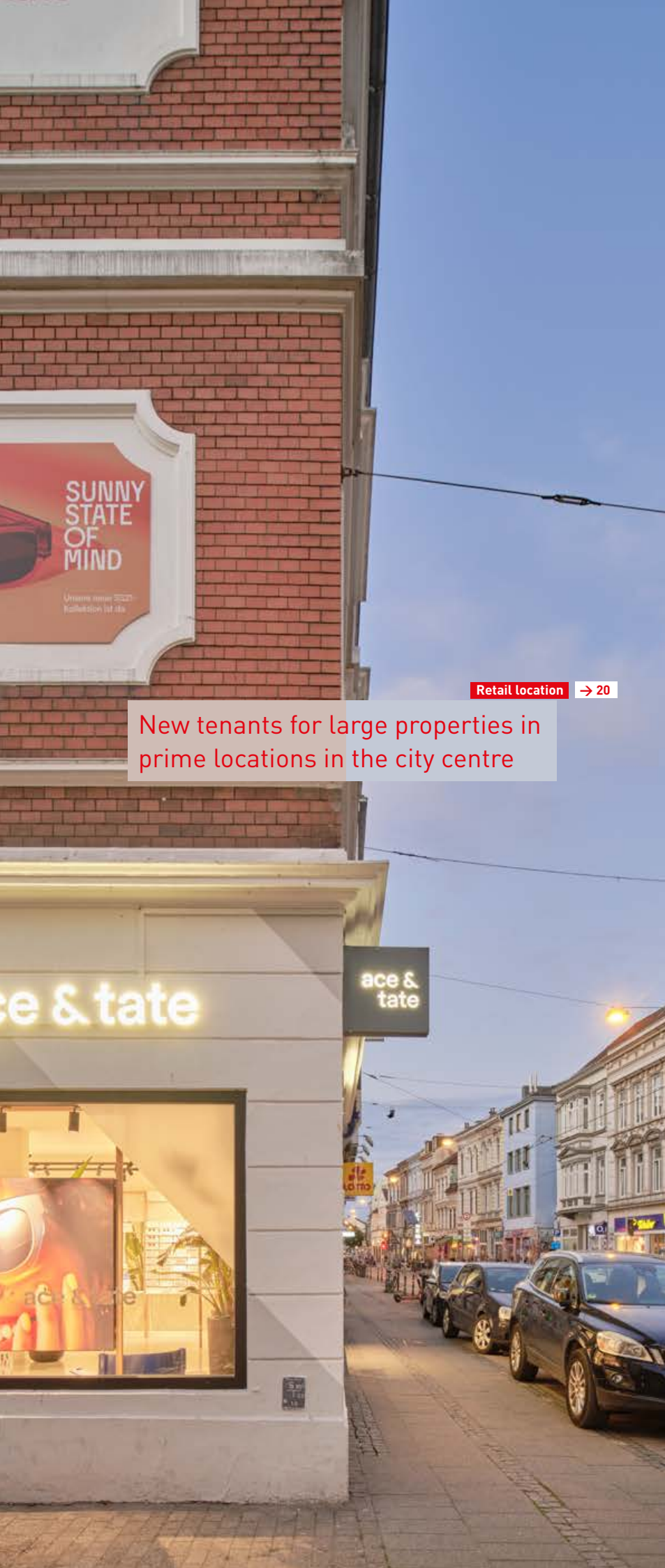
Stroeer Schellack Bremen,
Überseestadt



Logistics properties → 17

Rental prices still lower than in the big 5 metropolitan areas

Sun International Trading,
Hansalinie industrial estate



Retail location → 20

New tenants for large properties in prime locations in the city centre



Retail location → 20

New urban character and trend-setting ideas
for the city



Retail location → 20

Footfall at 90% of level recorded before
the coronavirus pandemic

↖
ekofair,
City centre

←←
ace & tate,
Ostertorviertel

Kinkerlitz,
Viertel



Housing → 23

Purchase prices for new builds on the rise –
rental prices less dynamic



Investors placing great trust in
Bremen's investment market

Investment market → 25

TAKE-UP CONSTRUCTION PRICE LEVELS

OVER 100,000 M² DESPITE PANDEMIC

The take-up of office space has remained stable despite the pandemic as more properties have been completed

Exactly 100,000 m² of office space was re-let in 2020. The strong medium-sized industry reflects the basis for the large number of single lettings. Around 65,000 m² of new properties were completed in 2020. The outlook for 2021 is equally promising, as 61,000 m² have already been taken up in the first half of the year as part of a major letting. A record 130,000 m² could even be rented out by the end of the year!

→ In 2020, 100,000 m² of office space was taken up for the third time in five years. The second half of the year was particularly strong, accounting for 60% of the total take-up. This did not include any major lettings of over 5,000 m²; in fact, the take-up was spread over a very large number of individual transactions. This reflects the strong medium-sized

companies that allowed good business with office properties even under the economic challenges of a year marked by the Corona pandemic.

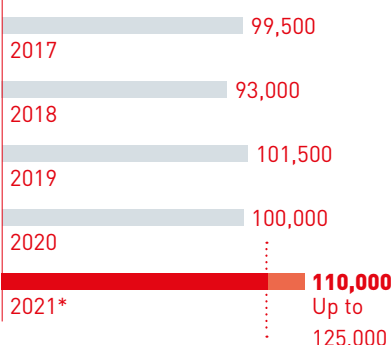
Around 61,000 m² of office space has already been taken up in Bremen during the first half of 2021. Higher take-up levels on the office property market were only recorded in 2010 (74,000 m²) and 2013

(66,000 m²). Almost one quarter of the current take-up can be attributed to an area of almost 15,000 m² which the estate agent Justus Grosse has rented out to Deutsches Milchkontor in Airport City.

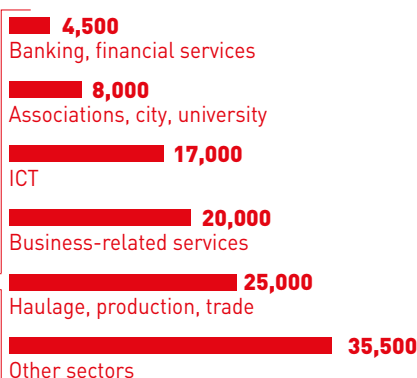
The outlook for the second half of the year is equally promising, as numerous projects are under construction or in the final planning phase and will create even more appealing space in the city. However, it is currently impossible to predict the extent to which a fourth wave of the pandemic would affect the market by forcing employees to work from home.

As in 2020, the range of possible results for 2021 is broader than usual. We estimate that a total of 110,000 m² will

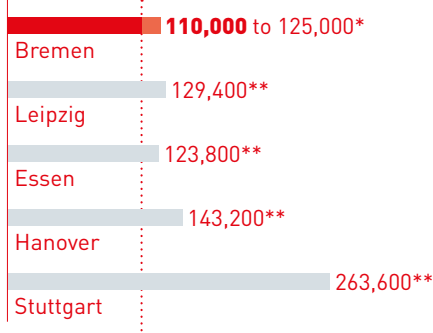
Leased office space
in Bremen from 2017 to 2021, (in m²)



Sectoral structure
of rented office space in Bremen
in 2021* (in m²)



2021 city distribution
of rental take-up* (in m²)



* Forecast

** Forecast average from the past five years



be taken up – unless another big deal comes along like in the first half of the year. If everything goes well, however, up to 130,000 m² of space could be taken up by the end of the year. That would be the highest take-up since records began in 1994 – quite an achievement in the midst of the coronavirus crisis.

TAKE-UP

Mostly small areas rented out

As in previous years, small areas of up to 1,000 m² accounted for just over half of the total space taken up in 2020. By contrast, there were no large deals for over 5,000 m². Around 45% of the rented space measured between 1,001 and 5,000 m². Similar figures had been recorded in 2015.



New vocational college for wholesale, foreign trade and transport in Überseestadt

© Berufsschule GAV / Goldbeck Public Partner GmbH / Dohle + Lohse Architekten

A different picture has emerged in the first half of 2021. The property rented by Deutsches Milchkontor, measuring over 5,000 m², accounts for approx. 24% of the total take-up. Only around 37% of the rented space measures up to 1,000 m². However, we expect this figure to increase again over the course of the year. Around 40% of the rented space measures between 1,001 and 5,000 m².

New headquarters for the DMK Group © Justus Grosse



Lots of movement between locations

The trend recorded in 2019 continued into 2020, as peripheral areas became even more important, accounting for 37% of the total take-up. One location alone accounted for over 20% of the total take-up: Überseestadt (20.5%).

However, this trend has not continued in the first half of 2021. The peripheral locations still account for a relatively high percentage of the total take-up (around 27%), but a significant amount of the total take-up can be attributed to the Airport City (over 43%), which has been fairly weak in recent years. This development is mainly due to the major letting to Deutsches Milchkontor (approx. 15,000 m²) and the new space occupied by Techniker Krankenkasse (2,700 m²).

The outskirts have recently become much weaker – especially considering the fact that Brunel GmbH registered the largest single letting there in 2020 (4,500 m² in the Jacobs-Tower on Langemarckstraße). There has been no major rental on the outskirts this year.

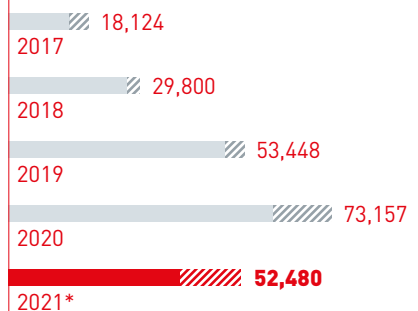
There is generally a high level of volatility in the distribution. Individual development projects and lettings have a significant impact on each location's percentage of the take-up.

Sectoral distribution dominated by single letting

Thanks to the major letting in the Airport-City, around 30% of the total space taken

Construction in Bremen

Development from 2017 to 2021 (in m²)



▨ of which available * Forecast

up in the first half of the year can be attributed to the haulage, production and trade industry. This sector is followed at some distance by business-related services (16%) and information and communication technology (13%). These percentages are expected to shift over the course of the year.

CONSTRUCTION

65,000 m² of new office space

Two large-scale projects were completed in 2020: the construction of the new Sparkasse headquarters (around 12,500 m²) and the Alter Tabakspeicher (just under 19,000 m²). When added to the other buildings completed last year, some of which offer more than 5,000 m² of office space, a total of almost 65,000 m² of new offices were created in 2020, as well as 8,500 m² of redeveloped space.

A lower number of completed projects is expected in 2021. The current estimate is 40,000 m² and 10,000 m² in redevelopments. By contrast, our current forecasts suggest that 2022 could be a record-breaking year (83,000 m² plus 10,000 m² in renovations). However, experience shows that delays can also occur and supply bottlenecks for building materials are currently making it difficult to keep to the schedules. All in all, however, Bremen's office property market has plenty of orders.

Vacancy rate on the rise

The high number of completed projects in 2020 led to a slight rise in vacancies – and this figure is expected to increase again slightly to 125,000 m² in 2021. However, this still equates to a low vacancy rate of 3.3%.

PRICE LEVELS

Flagship projects with prime rent levels

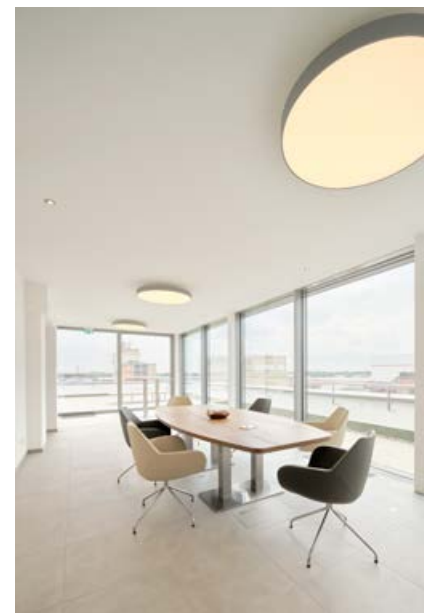
The coronavirus pandemic is yet to have a negative impact on the prime rent levels for office space. They have remained stable on the outskirts and in peripheral areas, while they have fallen slightly in Überseestadt and risen slightly in the city centre.

The prime rent level has fallen slightly to around € 13.80 / m² in Überseestadt, where the average rent has also dropped slightly to € 11.20 / m² as a result of the somewhat restrained demand during the coronavirus pandemic. However, rent levels are expected to rise again.

The prime rent levels have increased slightly to € 13.30 / m² in the city centre, where the average rent has remained unchanged at € 9.00 / m². The fact that Bremen's prime rent levels are not found in the city centre is one of the region's peculiarities. This is due to the way in which the data is collected. This report uses a different definition of "prime rent" compared to

many estate agents who require properties to have been let a certain number of times. In recent years, a relatively small amount of new office space has been created in Bremen city centre, and this is reflected in the present report.

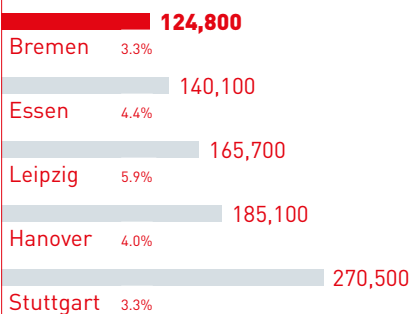
However, flagship projects with good facilities can also generate rental prices of over € 20 / m² in Bremen city centre. In some cases, small and very well equipped units in Überseestadt and the city centre can realise prime rent levels that are noticeably higher than the figures presented in this market report.



↑
Office interior
Stroeve Schellack Bremen,
Überseestadt

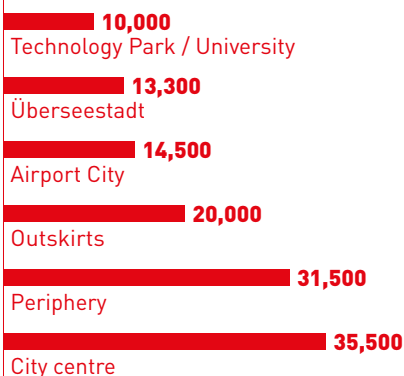
2021 vacancy rate in Bremen city centre

by national comparison (in m²)



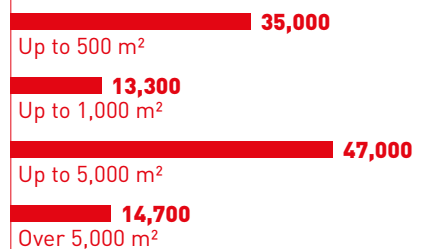
2021 vacancy structure

amongst Bremen's office locations* (in m²)



Size structure

of 2021 letting rate*



* Forecast

TAKE-UP PRICE LEVELS INDUSTRIAL ESTATES

RECORD TAKE-UP DESPITE CRISIS

A stable logistics property market is ensured by more warehouse space, a slightly higher vacancy rate and affordable rental prices

The logistics property market has broken records in the midst of the ongoing pandemic. The available warehouse space has increased to 3.2 million m². There has been a significant rise in take-up and the vacancy rate has returned to the more customary level of 3.83%. There has only been a moderate rise in rent – the levels are still much lower than in Germany's big 5 metropolitan areas.

cial when it comes to ensuring the competitiveness of German exporters, 97.1% of which are small and medium-sized companies. The city's port and logistics properties are an essential part of their infrastructure.

TAKE-UP

Warehouse space rises to over 3.2 million m²

The local warehouse space has increased to 3.2 million m² (previous year: 3 million m²). Just under 250 logistics properties are now listed. Bremen is special in that many of these properties can be reached by bike from the city centre and other areas, making it a well-connected

→ The state of Bremen is a hotspot for the international movement of goods. Huge quantities are transhipped every day via the container terminals in Bremerhaven. A large amount is then picked, packed and processed in the Free Hanseatic City of Bremen. In addition, goods from the ports of Hamburg and Wilhelmshaven are shipped all over the world

via Bremen due to its central location amongst Germany's three major ports, its proximity to the North Sea and its excellent infrastructure.

The seaports connect the German economy with global markets and process around three quarters of the country's foreign trade (as measured by the value of the goods). Stable supply chains are cru-

↓ New warehouse and offices built for Stroever Schellack Bremen, Überseestadt



location for carbon-neutral supply chains.

While reports in other cities include logistics areas from the entire surrounding region, Bremen only records areas within the city itself. Even areas within the factories of industrial manufacturers and trading companies (e.g. AB InBev, Mercedes-Benz and ArcelorMittal) are included if they are made available to the market through outsourcing. In addition, over 50% of the warehouse space in the entire Bremen / Oldenburg metropolitan region is located in Bremen. This underlines the sheer size of the local market and makes the increase in space remarkable.

Record take-up

The take-up of logistics space has also increased significantly to 366,000 m² (previous year: 238,800 m²). There is a lot of movement on Bremen's logistics market, as reflected by the construction activities on various industrial estates and the sale of existing properties. New contracts have been concluded for 21 properties (previous year: 20), of which 12 have been concluded for areas measuring at least 10,000 m² (previous year: 9).

Vacancy rate in line with national average

The vacancy rate has risen to 3.83%. 122,687 m² of space is now immediately

available for logistics companies looking to settle in the area (previous year: 63,170 m²). The portfolio mainly comprises properties that are over 15 years old and special-purpose facilities, including numerous areas that have been converted within Bremen's ports which harbour potential for brownfield developments.

This puts Bremen's logistics vacancy rates back at the levels recorded in 2018 and 2019 (i.e. in line with the national average of 3 to 5%). An excessively low vacancy rate reduces the ability to react to market fluctuations, while a slightly higher rate gives the market more flexibility.

PRICE LEVELS

Rent remains affordable

The average rent is rising steadily, but moderately, by 5 cents to € 3.36 / m² / month. When properties are as good as new, the basic rent can be € 4 / m² or even more (without heating charges). 45% of the existing properties generate 2 to 3 euros / m² in rent. By way of comparison, the rent levels in Germany's big 5 metropolitan areas (Berlin, Hamburg, Frankfurt am Main, Munich and Düsseldorf) are between 5.25 and 7.10 euros per m².

The range of rental prices reflects the variety of properties in Bremen. There are suitable buildings not only for mechanical and plant engineering, but also for sales campaigns that require high storage volumes at short notice. The real

estate portfolio ranges from simple warehouses to buildings that are optimally suited to food distribution.

No fear of big boxes at the freight centre

While many other locations in Germany are on a "logistics property diet", the investments in Bremen's freight centre (GVZ) show the city isn't scared of big boxes. The largest warehouse (around 60,000 m²) went into operation earlier this year – and another slightly smaller property has been opened nearby as part of the logistics distribution network. The warehouses opened within the GVZ have a total area of almost 117,000 m².

The properties are part of the combined freight transport and contract logistics network. The people who work there help to ensure the commercial success of the local traders and their customers. The close relationship between customers and logistics service providers helps to streamline all levels of the distribution channel – right until the goods are supplied to the population to meet the local demand.

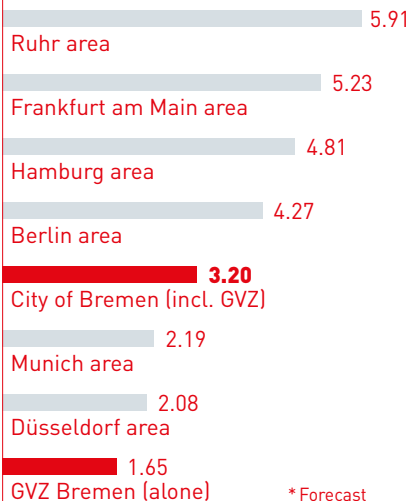
INDUSTRIAL ESTATES

Smart innovations in Bremen

Production logistics is a combination of procurement and distribution logistics, es-

Warehouse space

by national comparison in 2021*,
(in million m²)



pecially in Bremen's automotive sector, where smooth supply chains provide manufacturers with the parts they need in their factories. The local automotive sector is producing smart innovations for modern mobility.

The development began 25 years ago with the Hansalinie industrial estate in the east of Bremen. The local industry is reaping the rewards of its perseverance, innovative products and continuous development of the location, which now features fully operational logistics properties with a surface area of over 570,000 m². This creates secure jobs for 16,000 people around the Daimler AG plant. In combination with the Hemelinger Hafen and Bremer Kreuz industrial estates, the Hansalinie forms a production logistics cluster with over 800,000 m² of logistics space.



Outlook for 2022: logistics properties will be affected by structural change at ports

As structural change is becoming increasingly visible at the city's ports, shipping companies such as Hapag Lloyd, Maersk Terminals and Cosco Ports are rethinking their port strategies and investments. Hamburg and Bremen are continuing their port plans.

At this year's National Maritime Conference, the German government announced that it would be working with in-

dustry and the federal states to develop a new strategy for national port policy. The German Association for Small and Medium-Sized Businesses (BVMW) has developed a road map that will form the basis for new strategies built around the interaction of supply chains, locations and innovations. This not only takes into account the employees at the ports themselves, but also the 5.6 million employees for whom

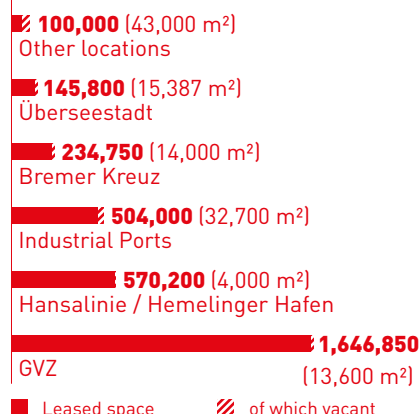
Germany's ports and the port-related industries secure jobs.

Bremen is a logistical hub between Wilhelmshaven, Bremerhaven and Hamburg that supplies German households with goods from Germany and abroad. The logistics properties are an essential part of the supply chain and have to be proactively developed.



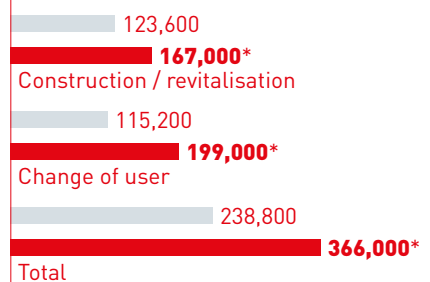
New facilities built for CHA do
Teehandels GmbH
on Eduard-Suling-Straße in
Überseestadt

Structure of warehouse space in 2021* (in m²)



Take-up

in Bremen, 2020/2021 (in m²)



Reutilisation of space by
Velo Lab on the Überseinsel

■ Leased space

▨ of which vacant

■ 2020

■ Forecast for 2021

*Forecast

LOCATIONS PRICE LEVELS STRUCTURE

FRESH IDEAS FOR THE CITY

Bremen is generating more footfall in the city centre again with exciting new retail concepts

The coronavirus pandemic has put enormous pressure on retail stores. However, large vacant spaces have now been reoccupied in prime downtown locations, including a new furniture store. Large construction projects are continuously helping to develop modern, sustainable urban structures. Fresh concepts are inspiring new target markets and guiding the real estate sector through its process of change.

→ Bremen's city centre is packed with tourist highlights and special shopping experiences thanks to its attractive location on the River Weser, its historic areas with numerous attractions and its wide range of retail stores dotted along shopping streets and arcades. The enormous range of offers in Bremen city centre are not only enjoyed by around 567,000 locals (as of 31 December 2020), but also

visitors from Germany and the rest of the world.

With charming historic districts such as Schnoor and quirky old streets such as Böttcherstraße, Bremen city centre is the perfect place for a stroll. The roofed arcades always ensure a carefree shopping experience at over 700 stores – even in the notoriously bad weather in this part of the world! And when the sun is shining,

there are plenty of outdoor restaurants in nice spots, such as those dotted along the Schlachte promenade.

All destinations in the city centre can be reached quickly thanks to the good transport links. You can walk from the central station or multi-storey car park – and you can even hop on a tram straight to the shops on Obernstraße.

LOCATIONS

Bremen city centre: great offers in a prime location

The main shopping area in the city centre is situated between the park-like ramparts in the north, the Weser promenade in the south, the cathedral and city hall in the east and Bürgermeister-Smidt-Straße in the

Bremen retail figures in 2021

Purchasing power index (retail)	95.6
Revenue index	111.1
Centrality index	116.2
Retail purchasing power (in millions of euros)	3,686.2
Revenue (in millions of euros)	3,546.7

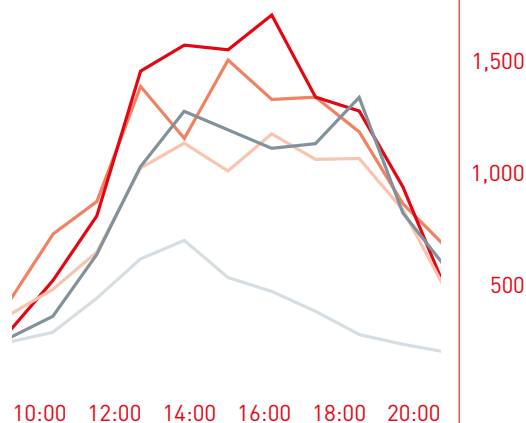
Footfall

Thursday, 17 June 2021

Hanseatenhof	4,294
Sögestraße	9,474
Untere Sögestraße	9,008
Hutfilterstraße	11,594
Obernstraße	11,138

Footfall

Thursday, 17 June 2021



west. The city's major retail hubs are located along Sögestraße and Obernstraße / Hutfilterstraße, where the streets are lined with various shopping arcades.

The most popular places are Obernstraße and Hutfilterstraße. The three tram stops are the ideal starting points for a trip to the city centre. This main shopping location is shaped by large shops, which reflects Bremen's quality as an attractive retail location. The city's range of premium fashion is highlighted by established brands such as Peek & Cloppenburg, Anson's and H&M, as well as newer stores like AppelrathCüpper.

Sögestraße is lined with smaller buildings whose beautiful architecture has been developed over the years to create a varied ensemble of premium shops such as COS, Wormland and Wempe, as well as various other chain stores. Shoppers can round off their stay at one of the cafés in the pedestrian zone.

Bremen's prime locations are characterised by their roofed arcades. The most popular is the LLOYD PASSAGE, which runs parallel to Obernstraße. The areas that have traditionally been occupied by major department stores are currently getting a new look. Karstadt Sport has made way for SportScheck, and Galeria Kaufhof will soon be used by the Opti-Wohnwelt furniture store.

PRICE LEVELS

Furniture store in a prime downtown location

As online stores continue to exert even more pressure on high-street shops during the coronavirus pandemic, fashion retailers are particularly keen to restructure their business and optimise costs. It is becoming increasingly difficult to reutilise large retail spaces in city centres. Many retailers have been struggling to make enough sales to pay the rent – and not just

since the coronavirus pandemic. This has led to a consolidation process in many German city centres – and Bremen is no exception. In recent years, a branch of Galeria Karstadt Kaufhof has been closed and various chain stores have moved away from Bremen city centre. However, downtown Bremen is still an appealing location for businesses, as indicated by new tenants such as AppelrathCüpper and Spaces (a co-working space provider).

The buildings previously used by Galeria Karstadt Kaufhof have also been quickly re-let: Opti-Wohnwelt is expected to move into the entire vacant area in the city centre in autumn 2021; the furniture store in a prime downtown location will certainly turn heads in several German cities.

STRUCTURE

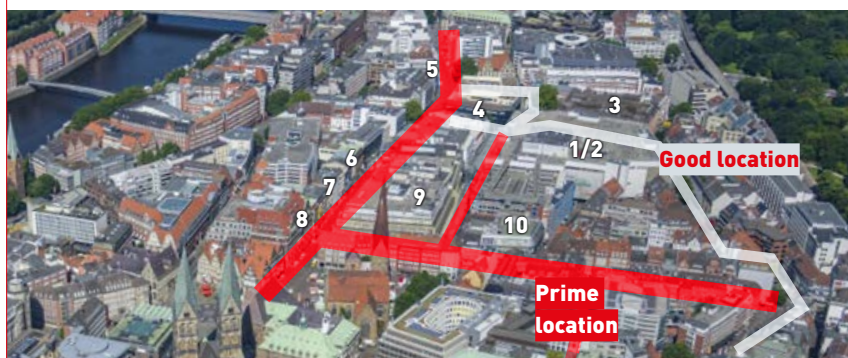
Projects create new urban character

There is an historically unique opportunity to develop modern urban structures in Bremen city centre, including retail projects that are currently being planned or already under construction.

The co-owner of the Karstadt building, Zech Bau, has purchased a multi-storey car park in the city centre and is planning a project around the Lloyd Passage with the working title "City Gallery". This will not only include the Karstadt building, but also the Opti-Wohnwelt / SATURN building. The owners of the Kaufhof building are currently in talks with the city council to discuss how to implement these plans in the medium term.

Retail locations in Bremen city centre

Large retail stores in Bremen city centre



1/2 Opti-Wohnwelt/SATURN

3 C&A

4 H&M

5 Anson's

6 Thalia

7 Balgequartier

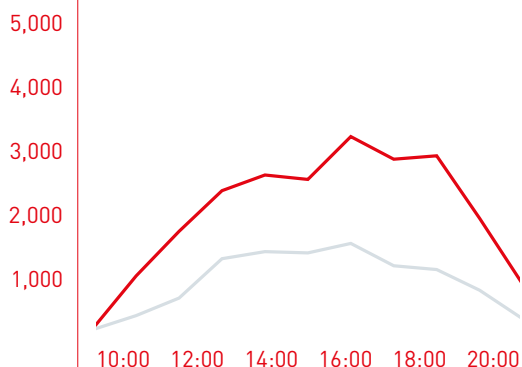
8 Peek & Cloppenburg

9 Galeria Karstadt Kaufhof

10 SportScheck

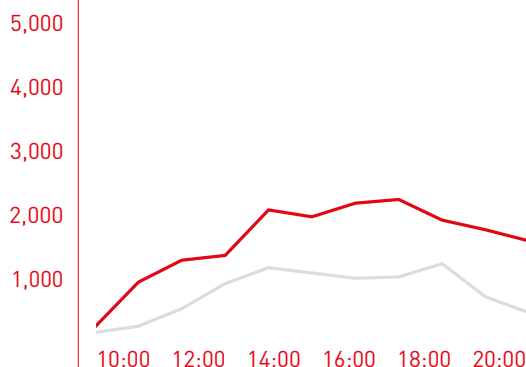
Footfall

Obernstraße



Footfall

Sögestraße



Thursday, 17 June 2021 Saturday, 19 June 2021

Thursday, 17 June 2021 Saturday, 19 June 2021



↑ FAEX concept store (top) on Sögestraße, m:pura concept store (middle) on Knochenhauerstraße and Hello Good Buy (bottom) on Obernstraße

A comprehensive relaunch is planned for the former Lloydhof by Ansgarikirchhof. The construction of the "LEBENDIGES HAUS" got under way in 2020. The retailers on the ground floor will revitalise the surrounding area. The upper floors will house a mixture of offices (including a new branch of Bremeninvest), as well as flats, apartments and a hotel. The hotel operator, Cosi, was recently revealed to the public.

A new quarter is emerging around the Johann Jacobs Haus; it is known as the BALGEQUARTIER and also includes the Essighaus, Kontorhaus and Stadtwaage. According to plans drafted by the entrepreneur Dr Johann Christian Jacobs, restaurants and retailers will breathe new life into the location, pay tribute to the Town Musicians of Bremen and create a "handrail to the Weser". The demolition and building work for the new Essighaus is scheduled for 2022.

Quaint little shops and large shopping centres

A rich variety of shops can be found in the Schnoor district on the outskirts of the city, which is a popular tourist destination, and the bustling Viertel district in the neighbouring areas of Ostertor / Steintor, where independent retailers rub shoulders with cultural institutions and a selection of restaurants that create a charming and urban atmosphere.

Other parts of the city are home to XL shopping experiences in accessible and roofed shopping centres such as the Waferfront and Weserpark, as well as spe-

cialist retail stores such as the Duckwitz shopping park.

Footfall is recovering

On two days a year, the number of passers-by are counted at prime locations in Bremen. The average footfall in the city centre has now recovered to 90% of the level recorded before the outbreak of the coronavirus pandemic.

On Thursday, 17 June 2021, the footfall was around 21% above the level recorded in the previous year. On Saturday, 19 June 2021, this figure was around 12% below the previous year's results. As the weather had been very nice during the entire week in the run-up to the recording day, people might not have chosen Saturday as their main shopping day.

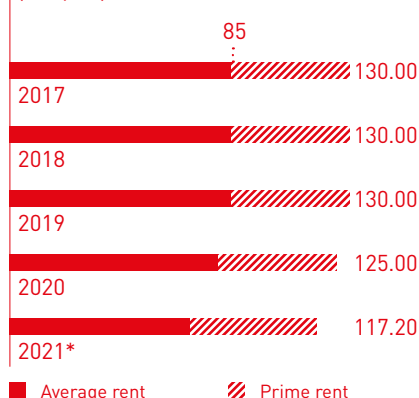
However, this year's footfall can generally be regarded as a very pleasing result. It remains to be seen how the number of visitors will develop in the future. The numbers could swing either way depending on the weather.

Retail location in 2022: new thoughts and ideas

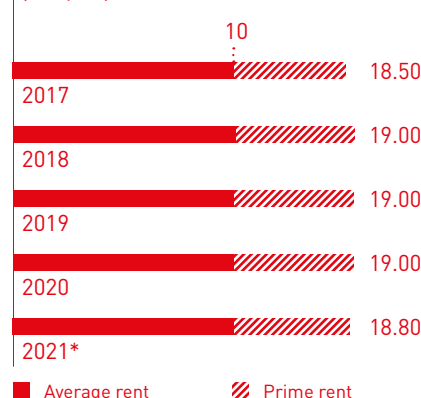
Bremen city centre can look ahead to promising developments in the retail sector. There are also exciting and ambitious plans to establish a large university campus with up to 10,000 students there. The development of the city centre is also being driven by local economic giants such as the Jacobs family and the building contractor Kurt Zech.

At the same time, Bremen is soliciting thoughts and ideas for a new concept store and several pop-up stores in the city centre. It wants to establish fresh concepts to inspire new target markets and guide the real estate sector through the process of change. The council is also pursuing this objective by offering more cultural activities and adding more green areas and facilities to the city centre, which will hopefully make the city more appealing to young people.

Development of retail rental prices in the city centre from 2017 to 2021
(in €/m²)



Development of retail rental prices in city districts from 2017 to 2021
(in €/m²)



* Forecast

POPULATION DEVELOPMENT FORECASTS PRICE LEVELS

HOUSING IN NEW DISTRICTS

There is still a high demand for housing ownership and 73% of all completed projects are apartments

As the number of households in Bremen continues to grow, there is a rising demand for housing in the city's new districts and on the waterfront. As a result, the average purchase price for newly built flats rose by 3.8% in 2020. By contrast, rental prices hovered around the levels recorded in the previous year.



POPULATION DEVELOPMENT

With over half a million inhabitants, Bremen is the largest city in north-west Germany. The number of inhabitants has

been growing steadily since 2014, as people are attracted by the city's maritime flair and high quality of life. Immigration levels are exceeding the natural rate of demo-

graphic decline. The number of households in Bremen is growing even faster due to the trend towards individualisation and the higher proportion of single-person households. By contrast, the number of large households with three or more people is below the national average. As the population and number of households continue to grow, the demand will continue to outweigh the supply on

Stephanitor forecourts on the Überseeinsel © Philipp Obkircher for ROBERTNEUN



the local housing market – even despite the rise in construction projects.

FORECASTS

The building boom is likely to continue. Since there is growing demand from owner-occupiers and capital investors, the supply is becoming scarce; this has been pushing up the purchase prices and rent levels in recent years.

Trend towards new districts

There is a lot of construction work happening in Bremen. In 2020, apartment buildings (with at least three apartments) accounted for 81% of residential planning permission and 73% of completed residential projects. The economic situation is expected to improve after the coronavirus pandemic, which will have a positive effect on Bremen's housing market.

Last year, construction projects turned their attention to the local level. The advantages of city districts have been re-discovered throughout Germany. Bremen was quick to pick up on this trend as a city with numerous districts. In addition to the traditionally high demand in the residential areas of Schwachhausen, Horn-Lehe and Oberneuland, the new quarters are also becoming increasingly popular.

Major district developments will be completed by the end of 2024, including the Hulsberg district with around 1,000 residential units, the Tabakquartier with around 220 residential units and Gartenstadt Werdersee with around 600 residen-

tial units. These urban quarters are being created as part of brownfield redevelopment and urban consolidation measures, creating various jobs and new living space for different social classes.

PRICE LEVELS

Purchase prices continue to rise

As in most metropolitan areas in Germany, Bremen's housing market is under price pressure. Both the maximum and average purchase price for newly built apartments rose again in 2020, peaking at € 5,250 / m² in the top segment and recording an average of € 4,150 / m². This constitutes a 3.8% increase in the average purchase price compared to the previous year.

The development in rental prices was much less dynamic. The difference in price developments is due to the persistently low interest rates that continue to exert liquidity pressure on the property market.

The average purchase prices for newly built properties in Bremen have risen by 33.8% over the past five years (an annual increase of 6.2%). They are expected to rise by a further 10% by 2025.

Rental prices are less dynamic

The prime rent levels in Bremen reached € 14.10 / m² in 2020, constituting a slight increase of 0.7%. However, significantly higher rents were sometimes paid for the first occupancy, especially in waterfront locations.

The average rent was € 11.50 / m², which is the same as in the previous year. The rental prices for new buildings rose by an average of around 15% between 2015 and 2020 (an average annual increase of 2.9%). Despite the economic impact of the coronavirus pandemic, the rental prices for new buildings are expected to develop dynamically with an increase of 12.3% by 2025.



Tabakquartier, Woltmershausen

Development of prime rental prices (new builds) in Bremen (in € / m²)

	13.80
2016 (Ø 10.70)	
	14.00
2017 (Ø 11.00)	
	14.00
2018 (Ø 11.20)	
	14.00
2019 (Ø 11.50)	
	14.10
2020 (Ø 11.50)	
	14.46
2021* (Ø 11.80)	

Development of prime purchase prices (new builds) in Bremen (in € / m²)

	4,450
2016 (Ø 3,400)	
	4,900
2017 (Ø 3,500)	
	4,900
2018 (Ø 3,800)	
	5,100
2019 (Ø 4,000)	
	5,250
2020 (Ø 4,150)	
	5,475
2021* (Ø 4,330)	

* Forecast

TRANSACTIONS PRICE LEVELS RETURNS

STRONG YEAR WITH RECORD IN SIGHT

Bremen's investment market has hardly been affected by the coronavirus pandemic – investment volume is still high

With an investment volume of almost 530 million euros, investment levels in 2020 just fell short of the last year's figures. Bremen's highly dynamic rate of development created a large number of real estate investment opportunities. The proportion of medium-volume investments rose to 37%. Record investment levels are expected in 2021.

→ The investment volume in 2020 was almost 530 million euros, just falling short of the very high levels recorded in 2019. The figures remained well above the long-term average despite the ongoing pandemic, which has made international investors unwilling to commit to new projects. Many investors seem to place a great deal of trust in Bremen's property market. At the same time, Bremen continued to

create a large number of real estate investment opportunities thanks to its dynamic development.

TRANSACTIONS

More medium-volume transactions

While small-volume transactions have dominated the market in recent years, more transactions with a volume of 25 to

50 million euros were recorded in 2020, accounting for 37% of the total volume.

The collective "miscellaneous" category was the most popular asset class in both 2019 and 2020 – office properties had come in first place in previous years. In 2021, however, office properties have reclaimed their familiar position as the most popular investment asset class. This highlights the typical volatility of Bre-

Construction boom in Überseestadt and on the Überseeinsel



men's investment market, where major investments in certain asset classes can have a significant impact on the overall distribution.

In 2020, the peripheral areas lost some of the importance they had gained in previous years and now only account for around 32% of the investment volume. The most significant growth was recorded in office locations, accounting for over half of the total investment volume (55%).

PRICE LEVELS

Record investments in sight

The first half of 2021 has been extremely encouraging, generating an investment volume of around 325 million euros – even though no major investments of over million euros have been made. However, the effects of a potential fourth wave of the coronavirus pandemic remain to be seen.

A cautious estimate of over 550 million euros in investments can be made for the entire year. And in an ideal scenario, if one or two major investments are made, the entire volume could even exceed 600 million euros. That would be a new record for Bremen since the figures were first recorded in this market report.

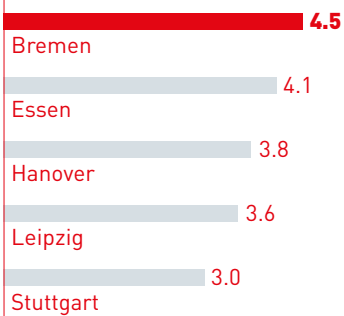
RETURNS

Funds are willing to invest

As a great deal of investments continue to come from special funds and real estate investment trusts (REITs), they accounted for a large percentage of transactions in the first half of 2021 and will probably maintain their position for the rest of the year.

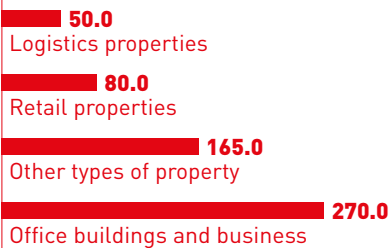
Net returns (central locations)

on office properties by national comparison in 2021* (in %)



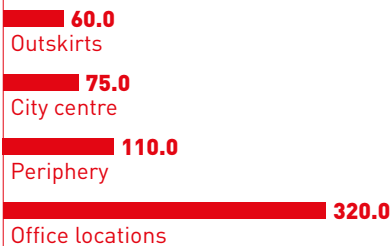
Transaction volumes by type of property

in 2021* (in millions of €)



Transaction volumes by location

in 2021* (in millions of €)



premises

* Forecast





The city centre is being upgraded with new ideas such as the Open Space on the Domshof



The city on the river: view of the Überseeinsel from the Weser



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