



BREMEN
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PROPERTY MARKET REPORT – BREMEN 2023

OFFICES | LOGISTICS |
RETAIL HOUSING | INVESTMENT



Bremeninvest



LEFT: C3 - BLG, FREIGHT CENTRE | PHOTO: BLG LOGISTICS
RIGHT: C3 - BLG, ROOFTOP SOLAR PANELS, FREIGHT CENTRE





BREMEN: A BEACON OF HOPE IN HARD TIMES

Throughout its long and storied history, the Hanseatic city has repeatedly turned crises into an opportunity for the future. This is the secret that has allowed the industrial port city to blossom into a maritime metropolis that now attracts people from around the world every year. Bremen's resilience is clearly reflected in the facts and figures presented in this year's property market report.

The local office property market has proven to be particularly robust in times of crisis, showing its ability to adapt to the significantly increased demands on quality and sustainability with lots of modern and variable spaces. The ongoing success also shows that Bremen can continue to rely on its broad economic base.

The dynamic and growing market for logistics properties also remains a secure anchor. Warehouses with a total area of 3.3 million m² are currently in operation. The take-up of new and revitalised buildings has increased to 110,000 m² (previous year: 42,700 m²). There is currently no end in sight for this development.

In contrast, high-street retailers throughout Germany are struggling in the battle against their powerful online competitors. However, the wave of shop closures anticipated as a result of the pandemic and inflation has not materialised in Bremen. A wide range of appealing development projects will keep the city centre moving in the future and provide fresh impetus to trade.

When the ECB announced a turnaround in interest rates at the start of 2022, this generated a great deal of

turbulence. The investment market collapsed, dashing many people's hopes of finding an affordable home. However, the initial shock seems to have subsided. Bremen's markets are adapting to the changes.

This report contains a clear overview of all the essential details and the opportunities you will find in the current market environment. If you want to make the most of a location with a bright future – especially in times like these – please do not hesitate to get in touch.



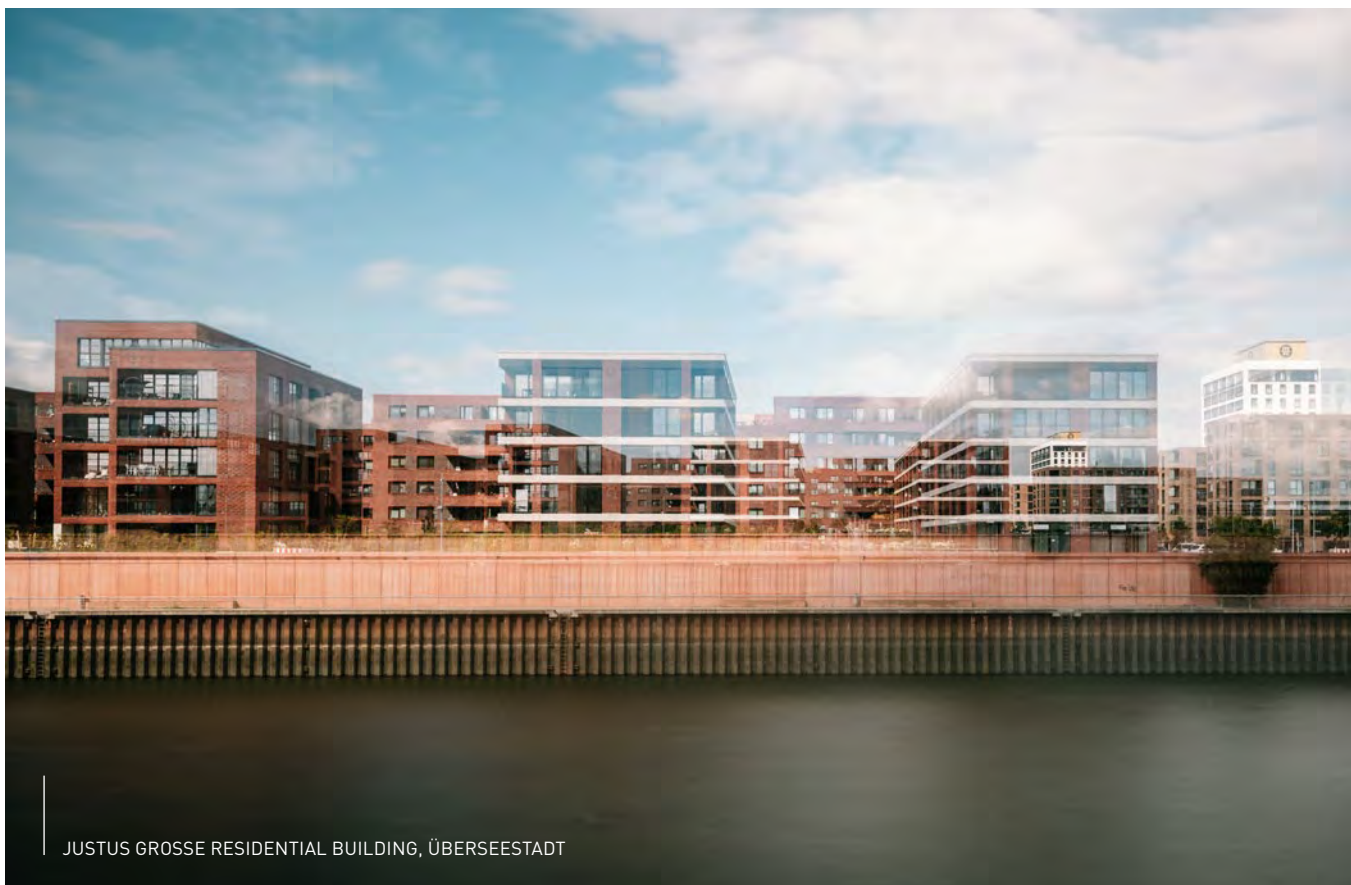
Photo: Jens Lehmkuhler

Andreas Heyer
CEO of Bremeninvest





LEFT: KLIMAQUARTIER ELLENER HOF
BELOW: NEOS, DIGITAL HUB INDUSTRY, TECHNOLOGY PARK



JUSTUS GROSSE RESIDENTIAL BUILDING, ÜBERSEESTADT



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VIBRANT MARKET IN TIMES OF CRISIS





Bremen's office property market continues to withstand a number of crises. 95,000 m² of rental space ensured another solid performance in 2022. There is no sign of a collapse in demand. There is still a particular interest in high-quality and modern spaces in prime locations.

After a few major lettings had resulted in record take-up figures in 2021, the market was able to fall back on its broad economic base again in 2022. The largest individual letting could be attributed to the Senate Department of Finance, which signed a lease for 8,300 m² of space in the Alter Tabakspeicher (Tabakquartier). In addition, the Helmut-Schmidt School signed a lease for 5,000 m² in Überseestadt.

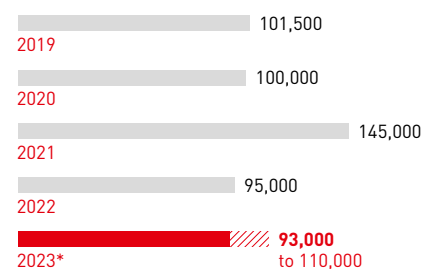
The dynamic market activities continued into the first half of 2023, significantly influenced by a large-scale lease with the University of Bremen. As the Faculty of Law is relocating to the city centre, it has signed a lease for 18,000 m² in the former Bremer Landesbank building. The Tabakquartier has also gained another major tenant in Siemens. The deals concluded in the first half of 2023 have generated a total take-up of 46,000 m². In spite of all the crises that are currently rocking the global economy, it is not unlikely that the total take-up will exceed the 100,000 m² mark by the end of the year.

Broad-based stability

In 2022, the market was once again marked by lettings of over 5,000 m², accounting for around 24% of the total take-up. However, medium-sized spaces of 1,001 to 5,000 m² made an even greater contribution to the overall figures (approx. 38%). This indicates that Bremen's office market has a broad economic base.

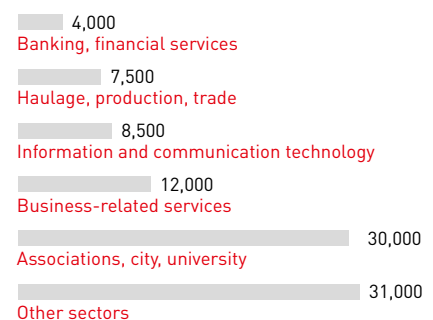
LEASED OFFICE SPACE

in Bremen from 2019 to 2023 (in m²)



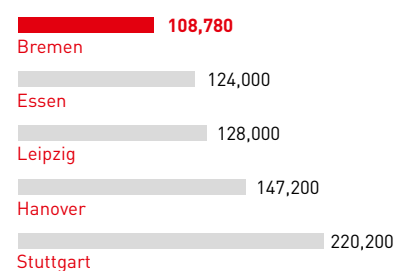
SECTORAL DISTRIBUTION

of leased office space in Bremen in 2023* (in m²)



CROSS-CITY COMPARISON

of rental take-up in 2023* (in m²)



* Forecast



The major lettings recorded in the first six months of 2023 account for half of this year's take-up figures. There is a particularly high demand for spaces that meet modern requirements for creative freedom and sustainable work.

After all, the move towards more remote work, ESG compliance and sustainability is prompting companies to rethink their office needs. As companies are increasingly faced with staff shortages, it is also important for them to attract and keep hold of their employees with an appealing office location. As a result of all these factors, offices now have to meet significantly higher standards.

Demand focused on quality

In recent years, a number of peripheral locations away from traditional office environments have steadily been making their presence felt on the market. In line with a greater national trend, the demand for office properties in Bremen was centred around high-quality locations and spaces in 2022. Überseestadt and Bremen city centre together generated around half of all take-up. Überseestadt finished in first place with a share of over 30%. Nevertheless, the periphery remained an important cog in the machine, accounting for 28% of total take-up thanks to a few individual development projects and major transactions (e.g. in the Tabakquartier).

Airport City, the university area and the outskirts, on the other hand, only achieved a share of between 5 and 7%. However, these percentages could have been higher if it hadn't been for the distinct lack of high-quality space available

in those areas. Many prospective tenants were forced to move to other locations.

A number of construction projects in Überseestadt are currently garnering a great deal of interest. The plans suggest an appealing portfolio of high-quality and flexible office space.

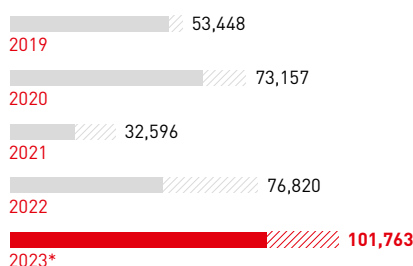
Public sector on the up

Bremen's economy has traditionally been shaped by a diverse range of economic sectors – and none of them accounted for over 20% of rental take-up in 2022. This diversity reflects the broad, heterogeneous demand and shows how robust Bremen's office market is to market fluctuations – even in times of crisis.

Nevertheless, it was the public sector that stood out from the other branches of the local economy in 2022, expanding its take-up share to 20%. The second most important sector was "business-related services", accounting for 15% of the total take-up, followed by the collective category of other sectors.

CONSTRUCTION IN BREMEN

Development from 2019 to 2023 (in m²)

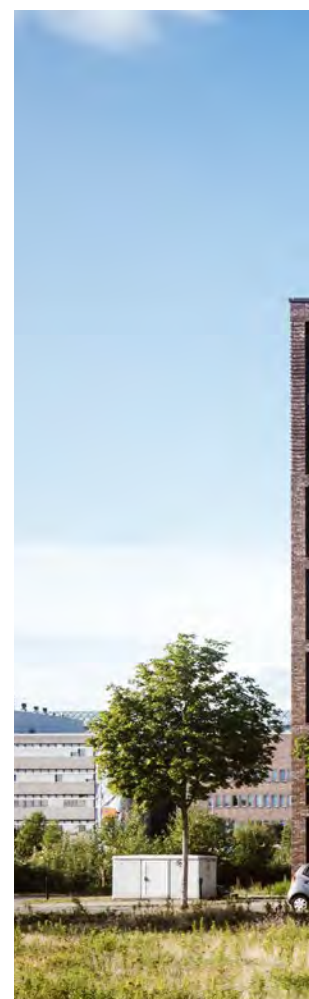


of which available

* Forecast

BREMENINVEST,
LLOYDHOF

NEOS, DIGITAL HUB INDUSTRY,
TECHNOLOGY PARK



Further project delays possible

2022 brought another significant increase in construction activity with 62,000 m² of newly constructed space, far exceeding the average of 37,100 m² that had been added over the previous five years. This high volume was mainly due to some construction delays in the previous year (e.g. Europahafenkopf). One of the most significant completions was the “Neos” building in the Technology Park, adding 16,000 m² of space to the office market.

The catch-up effect resulting from the backlog of delayed construction projects can still be seen, as 91,000 m² are expected to be completed in 2023 – a new record. If renovated buildings are added to this figure, 100,000 m² of high-quality office space will be added to the

market by the end of the year. However, these forecasts are subject to change. The current crises, fluctuating financing conditions and prevailing prices in the construction industry could lead to further delays and modifications – especially if there are not enough pre-lettings in place. There are already signs of a significant decline in construction activity from 2024, with speculative project developments in particular being put on hold due to various uncertainties.

NEW COMPLETION RECORD IN SIGHT: OVER

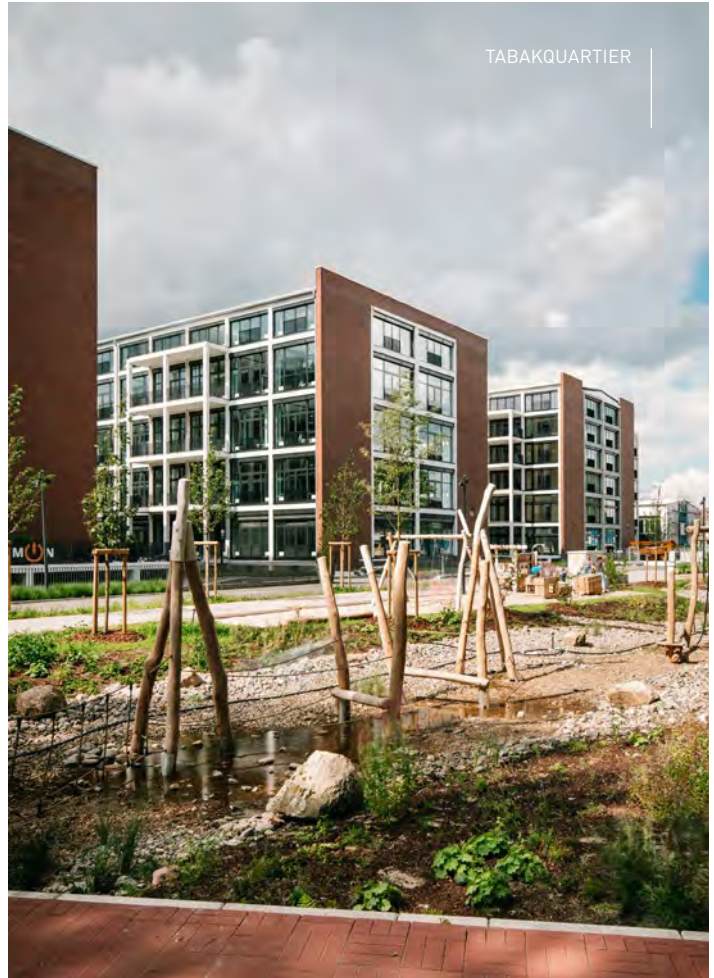
91,000 m²



DMK, AIRPORT CITY



TABAKQUARTIER



SPURWERK,
NEUSTADT FREIGHT YARD



HTI OFFICE BUILDING, ÜBERSEESTADT

More vacancies due to completions

The vacancy rate continued to rise moderately in 2022, not least due to the large number of completions. A total of 142,000 m² of office space went without a tenant, which is still a very reasonable vacancy rate of 3.7%. Most of the vacant spaces could be found in existing office properties with limited quality in terms of their location and building. In contrast, new tenants were found for buildings where investments had been made in greater energy efficiency and sustainability.

The increased supply of new office buildings will cause the number of vacancies to rise again in the short and medium term. Needless to say, the tense macroeconomic situation may also lead to further vacancies. As the local market has proven to be highly stable over a number of decades, however, the vacancy rate should remain at a reasonable level.

Higher quality = higher rent

In 2022, a prime rent of € 14.30/m² was achieved in Überseestadt – and this looks set to increase by another 40 cents in the current year. The average rent for the district's ultra-modern properties will also rise to € 11.80/m².

Modern and sustainable office properties in good to very good locations are clear favourites when it comes to generating top prices – sometimes even well above the prime level – such as the high-quality, customised spaces in the city centre and the Überseestadt district. In view of expensive ESG standards and heightened demands from tenants, this trend will become even more relevant in the future – prospective tenants are willing to pay more for high quality.

As rent levels continue to rise in central locations, this development is also sneaking into some peripheral areas, where a high volume of construction and renovation work has led to a visible improvement in building quality in recent years. An increasing number of properties for which tenants are willing to pay a little more can now be found away from the city's prime locations. Given the fact that Bremen is relatively small, the distance to the city centre and other top locations has little effect on the price. As a result, prime rents in peripheral locations have already climbed to € 9.80/m² – and look set to hit the 10 euro mark in the near future.

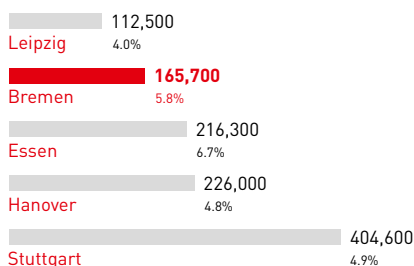
* All data for office space in m² = m² of commercial rental space

EUROPA-CENTER, AIRPORT CITY



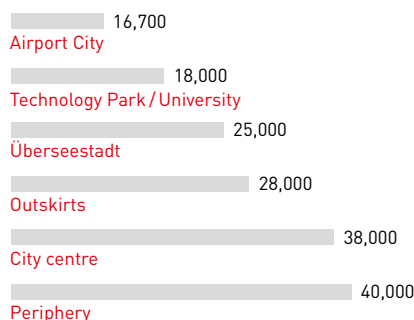
VACANCY RATE IN CITY CENTRES

by national comparison in 2023* (in m²)



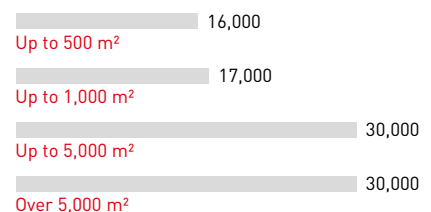
VACANCY DISTRIBUTION

amongst Bremen's office locations in 2023* (in m²)



SIZE STRUCTURE

of rental take-up in 2023*



* Forecast

IMPORTANT DRIVER OF DEVELOPMENT

Bremen is one of the largest and most important port and logistics locations in Europe. Countless supply chains converge in the city's ports, where goods are imported and/or exported to the rest of the world. The fundamental infrastructure is built around logistics properties. With the right property, companies can control the movement of goods, optimise value creation and reduce their emissions in the long term.

Bremen's logistics property market has grown enormously in recent years, developing into a perfectly networked hub in the heart of Europe. The advent of e-commerce has led to increased demand for storage and distribution space. According to forecasts, 5.4 billion shipments will be sent across Germany by post, parcel or freight forwarder in 2025. This figure stood at four billion in 2021. In order to keep up with this constant growth, many companies are now investing in modern and efficient logistics properties.

This is where the city of Bremen comes in with its excellent infrastructure, active support in the search for properties and close cooperation with business and administration, logistics associations and institutions. This market report creates the necessary transparency. The facts and figures presented this year show once again that Bremen's logistics property market

is driving dynamic economic development – not only in the city, but also in the entire region and far beyond.

**Over 3.3 million m²
of warehouse space in
a compact network**

Warehouses with a total area of 3,321,400 m² are currently in operation. Take-up of newly built and revitalised properties has more than doubled over the past year – from 42,700 m² in 2022 to 110,000 m² in 2023. As always, older logistics facilities are being dismantled at the same time. The figures show that more logistics space can still be created in Bremen – and not just by demolishing older properties and carrying out subsequent brownfield developments.

With regard to the nationwide comparison, it is worth noting that all figures relate exclusively to the city of Bremen, while the figures for many other

cities also include properties located in the surrounding regions. Furthermore, the figures for Bremen do not include any logistics properties located within the factories of industrial and trading companies such as ABInBev, Mercedes-Benz and ArcelorMittal. Any such properties are only included if they are operated by a logistics company (e.g. on the basis of an outsourcing agreement) and are therefore available to the entire market. The sheer size and substance of the market is highlighted further by the fact that more than two thirds of the logistics space available in the north-west of Germany is located in the city of Bremen.

SKETCH OF ENERGIEHAUS,
BREMENINVEST / VALERIE HOBERG



TAKE-UP OF NEWLY BUILT AND
REVITALISED PROPERTIES DOUBLED TO

110,000 m²

SPURWERK, NEUSTADTGÜTERBAHNHOF





C3 – BLG, FREIGHT CENTRE

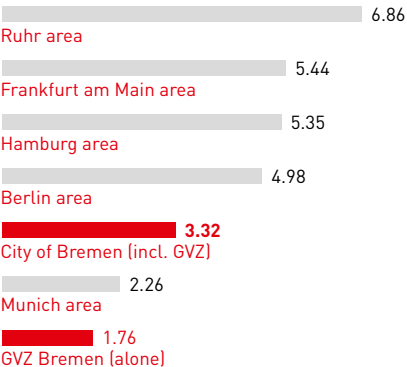
**Huge shifts in take-up
and vacancies**

The take-up figures for 2023 (184,593 m²) are still way behind the levels recorded in the previous year (218,100 m²). With the vacancy rate now at 4.03%, however, the supply is also increasing. There are currently 133,760 m² of free logistics space available (previous year: 49,900 m²), including two new buildings that were essentially constructed speculatively. In contrast, the new C3 building constructed for BLG is the largest logistics property to be put into operation this year (90,000 m²). During the reporting period, leases were signed for a total of nine properties (previous year: 20), five of which had an area of 10,000 m² or more (previous year: 7).

**Pricing in line with
national trend**

Due to the healthy mixture of properties in Bremen, prices now range from € 3 to € 7/m² (absolute maximum price). By way of comparison, the following monthly price ranges can be found in Germany's top five metropolitan areas: € 6.50 to € 7.80/m² in Berlin; € 6.20 to € 7.80/m² in Hamburg; € 5.80 to € 7.30/m² in Frankfurt am Main, € 7.00 to € 9.00/m² in Munich; and € 5.85 to € 7.20/m² in Düsseldorf. In Bremen, many properties can be used not only for contract logistics or the consumer goods industry, but also for the automotive or timber industries. This results in a wide range of logistical features and pricing structures. This mixture of property types and uses gives the location a truly unique selling point.

WAREHOUSE SPACE by national
comparison in 2023 (in million m²)



CURRENTLY
133,760 m²
OF FREE WAREHOUSE SPACE AVAILABLE





FIRMENQUARTIER,
HANSALINIE INDUSTRIAL ESTATE

Logistics hotspots

Bremen Freight Centre (GVZ) – together with the port infrastructure at Neustädter Hafen – is the largest logistical centre for freight transport in northern Germany and beyond. Established in 1985, the GVZ is located in the immediate vicinity of Neustädter Hafen and Bremen Airport. It is an important hub for multi-modal transport (air, road, rail and sea). The GVZ houses almost 1.76 million m² of logistics space, divided into warehouses with an average area of 16,296 m².

As the Hansalinie industrial estate is located just off the A1 motorway, an important north-south connection in Central Europe, it offers companies a strategic location for freight transport. A large amount of the storage and logistics space there is geared towards the automotive industry.

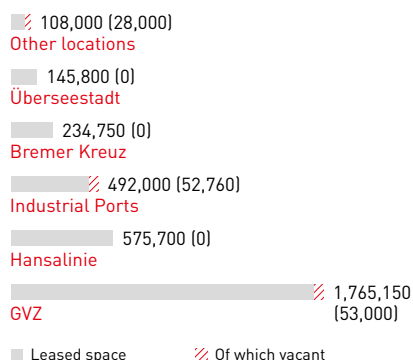
Bremer Kreuz is another conveniently located industrial estate at the intersection of the A1 and A27 motorways. The companies based there operate across a total logistics area of 234,700 m² – and this figure is rising towards 270,000 m². The average warehouse size is currently 9,400 m².

Bremen Industrial Park in the northwest of the city is the latest addition to the local industrial estate portfolio. Located in the immediate vicinity of the industrial port area and closest to the Bremerhaven container terminal, Bremen Industrial Park provides companies from various sectors with a kind of extended workbench for storage, production and logistics. Once the Weser Tunnel has been fully constructed, the logistical activities in the local area will be linked to those of the GVZ.

Bremen's industrial port area is one of the largest wet docks in Germany. To-

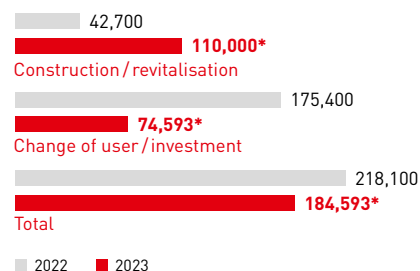
gether with the Überseestadt district, the industrial ports use nine terminals to handle bulk goods and general cargo. The ports are tremendously important for both maritime trade and domestic transport. Almost 20% of the surrounding properties (including Bremen Industrial Park) are operated by logistics service providers, port handling companies and trading companies – across a total of 637,800 m². Bremen's largest revitalisation project with 127,000 m² of warehouse space is currently being implemented here.

DISTRIBUTION OF WAREHOUSE SPACE in 2023* (in m²)



TAKE-UP

in Bremen in 2022/23 (in m²)



* Forecast

Outlook: more added value in less space

Throughout the country, political and public debates about logistics properties are increasingly linked to issues such as the shortage of new space. There seems to be a focus on the revitalisation of logistical and industrial properties as part of the circular economy, and there is increasing competition between the housing, transport and logistics sectors.

The densification of industrial estates and the use of vacant lots near the city could improve the quality of supply. As intralogistics processes are becoming increasingly automated, it is now

possible to halve the amount of space needed for logistics properties in relation to classic warehouses while doubling productivity and added value. With this in mind, a growing number of disused smaller properties and industrial areas near the city can be earmarked for logistical operations. The circular economy, in which new logistics proper-

ties are developed and constructed at the same time as older ones are demolished, can remain limited to brownfield developments as part of compensatory measures. When it comes to reducing land usage, it is therefore essential to ensure the simplest possible construction, use and repurposing of logistics properties.

GVZ BREMEN: LOGISTICS BUILDINGS WITH A TOTAL AREA OF

1.76 MILLION m²



RETAIL REVOLUTION

Bremen has always offered a special shopping experience. Visitors from all over the north-west of Germany are drawn into the magical charm of the city centre and attracted by the variety of goods on offer. The influx of tourists from Germany and abroad is creating additional demand. The Hanseatic city is pulling out all the stops to make sure it stay this way.

More than 700 shops and 200 restaurants help create an inviting shopping experience in Bremen – whether in the historic surroundings of the Schnoor district and Böttcherstraße, in the maritime atmosphere of the Schlachte and Weser promenades or under the rain-proof roofs of the shopping arcades. Bremen is a small city – you can easily walk from one shopping area to the next – and is perfectly connected to road and rail networks.

Shopping and strolling in prime locations

Sögestraße and Obernstraße/Hutfilterstraße are widely regarded as the city's high streets. They branch off into different directions and are lined with shopping arcades. This area is often chosen as the starting point for a shopping trip through the city. That's why footfall is highest in this location.

The range of shops on Obernstraße and Hutfilterstraße is dominated by appealing large-scale fashion stores (e.g.

Peek & Cloppenburg, Anson's, H&M, AppelrathCüpper) and the remaining "Galeria Karstadt Kaufhof" department store. A little more variety was created in March 2022 when "Opti-Wohnwelt", a successful Bavarian furniture store, opened its first branch in the city centre.

In contrast to Obernstraße and Hutfilterstraße, the shops on Sögestraße are slightly smaller. The street is lined with historical buildings that house premium brands and chain stores, including Wormland (men's fashion), Wempe (jewellery) and Depot (interior design/furniture), which recently moved here from Hutfilterstraße. The current footfall shows that this mixture of shops is becoming increasingly popular, especially since Sögestraße also has a range of restaurants to create a more varied and enjoyable shopping experience.

Galeria closure averted

However, it is also true that the vacancy rate has increased significantly in all

prime locations. This is particularly noticeable on Obernstraße/Hutfilterstraße and in the shopping arcades that are so typical of Bremen. Nevertheless, none of the developments with regard to retailers moving into or out of premises in 2022 had a significant impact on the character of the city centre – neither positively nor negatively.

This should definitely be seen as a success in the current times of crisis, especially considering the precarious situation involving the "Galeria" department store, which has long been a landmark building on Obernstraße. In mid-2023, however, the Gustav-Zech Foundation and the Signa Group finally agreed to fully renovate the property. The plan is to reduce Galeria's size by around 30%. The remaining space will be further developed by the Gustav-Zech Foundation as part of a mixed-use concept intended to breathe new life into the location.

All in all, the consumer restraint brought on by inflation has not yet led to a mass exodus of retailers from Bremen. Like many other places in Germany, the city centre is simply undergoing structural change. That's why the city of Bremen is constantly working on new concepts that will allow high-street retailers to continue to exist alongside online stores and peripheral shopping centres in the future.

CITY CENTRE IS UNDERGOING STRUCTURAL CHANGE

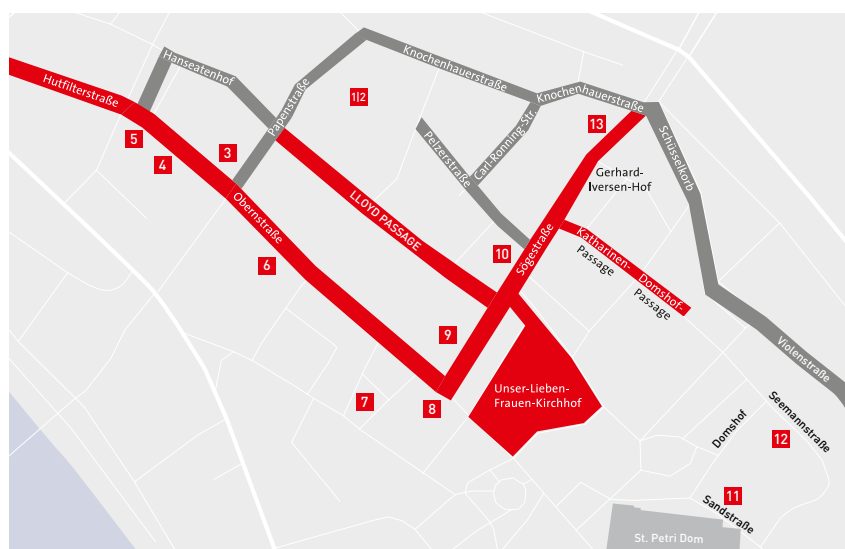
NORD/LB: NEW LOCATION FOR THE FACULTY OF LAW AT
THE UNIVERSITY OF BREMEN (CITY CENTRE)



Photo: Bremeninvest / Jonas Ginter

RETAIL LOCATIONS IN BREMEN CITY CENTRE

Large retail outlets in Bremen city centre



- 112** Opti-Wohnwelt | Saturn
- 3** H&M
- 4** C&A
- 5** Anson's
- 6** Thalia
- 7** Balgequartier
- 8** P&C
- 9** Galeria Karstadt Kaufhof
- 10** SportScheck
- 11** Manufactum
- 12** Made in Bremen
- 13** Juwelier Meyer

■ Prime location
■ Secondary location

No lack of ideas

At the start of the coronavirus pandemic, a large number of projects were implemented in the city centre to minimise the vacancy rate, support the existing portfolio of retailers and create a unique shopping experience. Some examples include competitions for pop-up stores and existing retailers, events like the HOEG summer festival and special initiatives for retail spaces to target new and young target markets, including the "2b-Active Base" and the "(Con) Temporary Craft Studio". In addition, a start-up financing project was launched in June 2023 for companies looking to relocate to the city centre.

The strategy paper presented by the Bremen Senate in 2021/22 goes one step further. Over the next ten years, for example, the city wants to reduce car traffic, build bridges on the ramparts, in-

stall bicycle parking facilities and create swimming areas along the River Weser. The expansion of traffic-free zones is also being discussed – all with the aim of making the city centre more appealing and strengthening the retail sector.

Projects to revitalise the city centre

The construction of the "Balgequartier" is already in full swing. The new and exciting district is being built around the Johann Jacobs Haus and the neighbouring Essighaus, Kontorhaus and Stadtwaage buildings. The entrepreneur behind the project, Dr Christian Jacobs, wants to reinvigorate the area with restaurants and retail outlets, effectively forming a "handrail to the Weser" and creating a new meeting place for the local community. The current construction phase, the Essighaus, should be ready for occupancy at the turn of the year 2024/25.

The integration of living space is also being actively promoted to revitalise the location. For example, project developers from the HD Group are planning a new combined residential and commercial building at Obernstraße 45-47. There will only be space for retailers and restaurateurs on the ground floor.

Further building work in the city centre is expected to get under way in 2026. The municipal companies Brepark and Brebau have agreed to demolish the existing multi-storey car park and construct a multi-functional building with space for retail, services, housing and offices.

As the city centre strides confidently into the future, part of the University of Bremen will be relocating to Domshof by the end of 2024. The Faculty of Law has signed a lease for 18,000m² of space in the former NORD/LB building. The university is already looking for more inner-city locations for other departments.



CAFÉ MINKENS, CITY CENTRE

THE FACULTY OF LAW AT THE
UNIVERSITY OF BREMEN IS
MOVING TO THE CITY CENTRE:
18,000 m²
AT DOMSHOF

TOP: ULLA POPKEN, CITY CENTRE
BOTTOM: GRETA'S, CITY CENTRE

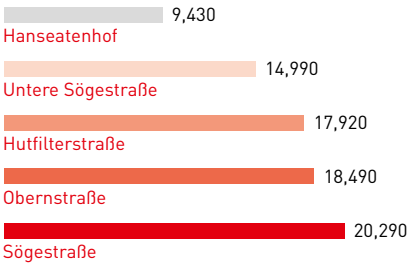


RETAIL INDEX FIGURES
for Bremen in 2023

Purchasing power index (retail)	96.0
Revenue index	110.2
Centrality index	114.8
Retail purchasing power (in € million)	4,076.1
Revenue (in € million)	3,944.6

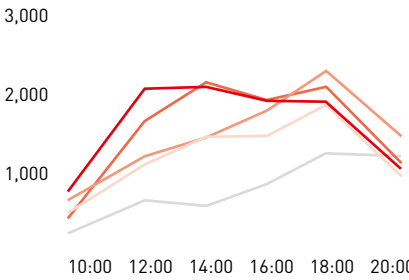
FOOTFALL

Thursday, 29 June 2023



FOOTFALL

Thursday, 29 June 2023





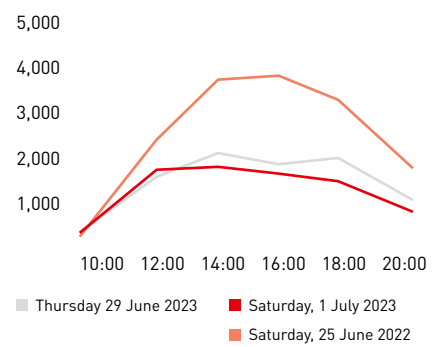
MADE IN BREMEN, CITY CENTRE

INTERIOR: MADE IN BREMEN, CITY CENTRE



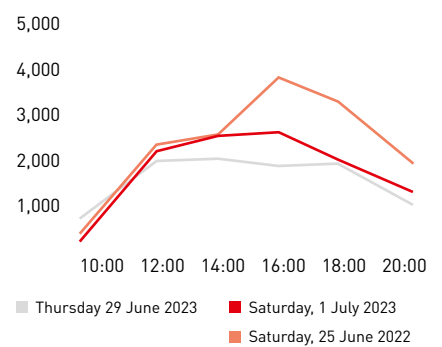
FOOTFALL

Obernstraße



FOOTFALL

Sögestraße



Diversity in and outside the city centre

As in any major city, the range of shops in Bremen city centre is complemented by further retail outlets and restaurants in various districts. On the one hand, Bremen has large shopping centres such as the Waterfront, the Weserpark and the Duckwitz retail park. On the other hand, the picturesque Schnoor district and the trendy Ostertor and Steintor districts are bustling with urban vibes and exciting culture. In contrast to the city centre and shopping centres, the rent levels for retail space in district locations are largely stable.

Footfall is stagnating

This year, footfall in the city centre was measured on Thursday, 29 June and Saturday, 1 July. However, this year's results do not allow such a fair comparison because the weather on both days of the survey was much worse than in previous years. Furthermore, the results were somewhat distorted by the fact that the survey coincided with the HOEG summer festival, which led to significantly greater footfall, especially around Hanseatenhof.

All in all, this meant that the footfall measured in Bremen's prime locations on 29 June was only 2.3% less than in the previous year. The difference would probably have been higher if the sum-

mer festival hadn't been taking place. Once again, the survey team observed that footfall continued to increase at off-peak times.

A similar picture emerged on 1 July. Due to the bad weather, footfall decreased by a good 20% compared to the previous year – and by as much as 40% on Obernstraße. Once again, however, the summer festival prevented an even greater decline in footfall, especially around Hanseatenhof.

This year's survey was special in that the footfall figures measured by traditional means were compared for the first time with the results of the laser counters permanently installed at other measuring points along the streets in question. They collected significantly different results on 1 July. According to the laser count, the annual decline in footfall was only 5.03% on Sögestraße and 12.33% on Obernstraße.

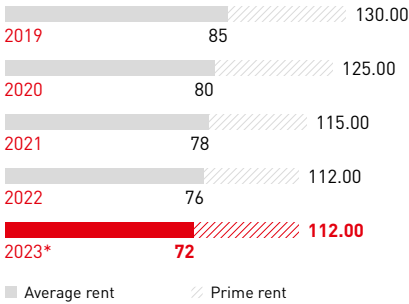
Bottom line: Variety is key

Everything seems to suggest that the real estate projects in Bremen city centre are moving in the right direction. This development should have a positive impact on the local retail landscape. The initiatives may have the potential to counteract loss of purchasing power, insolvency, store network concentrations and other crises in the long term. By focusing on inner-city properties that can also be used for housing, leisure and

even student life, Bremen is providing the infrastructure needed to create an appealing and vibrant city centre.

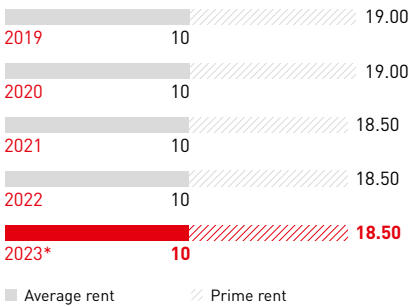
DEVELOPMENT OF RETAIL RENTAL PRICES IN THE CITY CENTRE

from 2019 to 2022 (in €/m²)



DEVELOPMENT OF RETAIL RENTAL PRICES IN CITY DISTRICTS

from 2019 to 2023 (in €/m²)



* Forecast



URBAN SPORTS, 2B° ACTIVE BASE, CITY CENTRE

NEW INTEREST RATES DRIVE NEW TRENDS

The recent rises in interest rates have made it almost impossible for families and individuals to afford their own homes. While the property markets in 2023 are shaped by consumer restraint, there is still a significant demand for housing in the city of Bremen.

From 2014 to 2018, the local population rose to almost 570,000. The slight declines that followed were completely offset by the growth recorded last year (+ 1.08% compared to 2021). And the current shift towards small and single households is exacerbating the situation. Above all, there is a distinct lack of modern, compact forms of living.

In view of these demands, there was a high level of construction activity from 2013 to 2022. An average of 1,350 housing units were completed each year. The most recent focus was on multi-storey residential buildings with at least three apartments, accounting for 84% of all completions. At the end of 2022, there was a slight backlog of planning permission for 220 housing units in this segment, as well as a backlog of planning permission for 57 single-family homes and two-family homes. Due to the increase in costs mentioned above, however, many planned construction projects are now being postponed or scrapped.

On the other hand, the city is pushing ahead with its new urban districts, including around 1,000 housing units in the Hulsberg district, the first of which should be ready for occupancy in 2023.

By the end of next year, 220 new apartments will have been built in the Tabakquartier district and another 600 will have been created in Gartenstadt Werdersee.

Purchase prices under pressure, rent on the rise

The purchase prices for newly built condominiums continued to rise in 2022: up to € 5,800/m² in the top segment and € 4,600/m² on average. This was a 2.2% increase.* There has been a noticeable decrease in prices this year, while a more horizontal development is anticipated in the medium term.

In contrast, rental prices are more stable. Due to the high costs involved in financing property, renting currently seems to be a more appealing option than buying. At the end of 2022, the average rent for new builds was € 12.50/m² (+4.2%*). The prime rent hit the € 15.00/m² mark (+2.7%*) – with some top rents being significantly higher, especially in waterfront areas. According to forecasts, a steady rise of 11.1% is expected by 2027.

* Compared to 2021



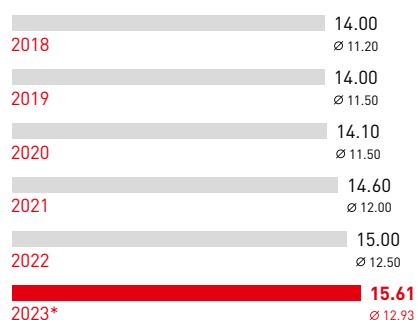
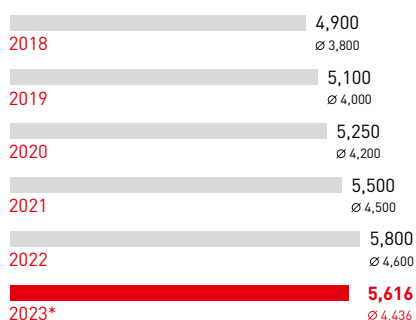
JUSTUS GROSSE RESIDENTIAL BUILDING, ÜBERSEESTADT



1,000

NEW HOUSING UNITS IN
THE HULSBURG DISTRICT

KLIMAQUARTIER ELLENER HOF

TOP: GARTENSTADT WERDERSEE
BOTTOM: BPO, HORN-LEHEDEVELOPMENT OF PRIME
RENTAL PRICES(new builds) in Bremen (in €/m²)DEVELOPMENT OF PRIME
PURCHASE PRICES(new builds) in Bremen (in €/m²)

* Forecast

SLIGHT RECOVERY AFTER DECLINE IN TURNOVER

The significant interest rate increases almost brought the commercial property markets to a standstill in 2022. This was also felt in Bremen. While sales were initially just as high as in the record-breaking year of 2021, revenue levels plummeted in the second half of the year – from € 245 million to € 69 million – and the overall result remained 45% behind the previous year's figures. The last time a lower volume had been recorded was in 2014.

Investors are playing it safe

In times of crisis, transactions tend to become smaller. Half of the transactions recorded in 2022 had a volume of less than € 5 million. The office asset class in particular was in high demand, generating a total volume of € 137 million and a market share of 44%. The logistics/production asset class, on the other hand, only achieved a volume of € 26.4 million and a market share of 8.4% (previous year: 32%).

In 2021, Bremen's investment market had been dominated by peripheral locations, primarily due to a number of district developments. In 2022, office locations

such as Überseestadt, Airport City, the Technology Park and the university area were the clear front-runners, accounting for 55% of the total revenue (€ 173.5 million). However, it should be noted that weaker annual results tend to bring individual deals into focus, which hardly allow any general conclusions to be drawn.

First signs of confidence

The investment volume of € 125.2 million generated in the first half of 2023 is actually quite encouraging. Although these are the weakest figures since 2016, the volume is almost twice as much as recorded in the previous half of

2022. The markets seem to have recovered from their initial shock.

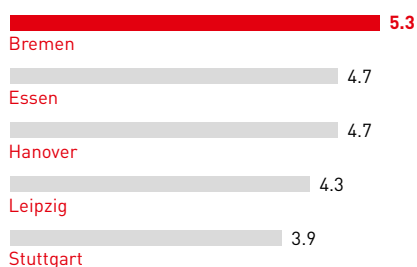
The ECB is still a long way off reducing the inflation rate to 2% as planned. While further increases in the base rate cannot be ruled out, they should be much more moderate. However, there will only be real planning security again when interest rates stagnate in the long term. As it stands, buyers and sellers still have very different expectations in terms of prices. It therefore seems most likely that the revenue generated in the second half of 2023 will be similar to the level recorded in the first – or perhaps slightly higher. As a low level of transactions are currently taking place, it is difficult to make a reliable forecast.



INTERIOR: ZECH BAU, ÜBERSEESTADT

NET INITIAL RETURNS(CENTRAL LOCATIONS)

on office properties by national comparison in 2023* (in %)



* Forecast

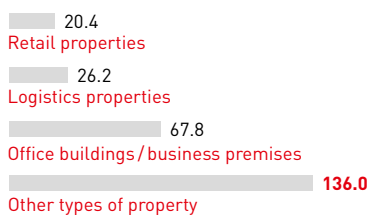
€ 125.2 MILLION

INVESTMENT VOLUME IN THE FIRST HALF OF THE YEAR



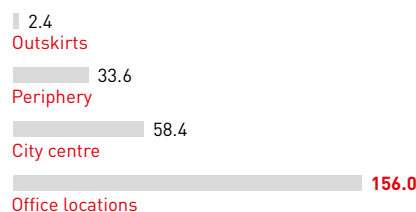
TRANSACTION VOLUMES BY TYPE OF PROPERTY

in 2023* (in € million)



TRANSACTION VOLUMES BY LOCATION

in 2023* (in € million)



ZECH BAU, ÜBERSEESTADT

* Forecast



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