



Bremen is always exciting – and not just on the football pitch. The real estate market also made a cautious start to 2018 before undergoing even more dynamic development in 2018. There was an almost last-minute take-up of office properties that surpassed all the forecasts and set the target for the current year 2019: to crack 100,000 m² of commercial rental space. And the prospects are good. On the one hand, considerably more office space is being completed again. And on the other hand, the Zech Group has announced plans to take up 18,500 m² of commercial rental space in the Überseestadt district.

The greatest expectations have been met by the market for logistics properties. While the amount of logistical warehouse space has risen by 1% across Germany, Bremen has recorded a growth of 3%. There is currently over 2.9 million m^2 of logistical warehouse space – and only 3.01% of it is unoccupied. Take-up has also risen by 57% with two thirds being generated by the Bremen Cargo Distribution Centre (GVZ).

As a retail location, Bremen is currently undergoing a transition like many other German shopping cities. The online trade is boosting sales in the logistics sector but creating problems for store-based companies. But Bremen is well prepared. With attractive project developments like the City Gallery, the Ansgari House and the Balge Quarter, the city centre is creating new perspectives for shopping experiences that can't be found online.

Similarly, there is no rest on Bremen's housing market, but it's still not enough to meet the excess demand. Purchase prices have risen significantly more than rental prices over the past five years.

The Bremen investment market also remains lucrative. This consistent level of investor interest is likely to yield a total volume in excess of 500 million euros this year.



o: Caspar Se

This report on the real estate market not only provides you with all the information and details on the current developments; it also serves as yet another reminder of the dynamic stability that makes Bremen such a special location. Make the most of it! We look forward to our personal conversation with you.

Andreas Heyer

CE0

WFB Wirtschaftsförderung Bremen GmbH (Bremeninvest)

ductor lun









Hafenpassage, Überseestadt



Weserhöfe (Mondelez), Neustadt

MARKET FOR OFFICE PROPERTY 2019*

TAKE-UP | CONSTRUCTION ACTIVITY | PRICE LEVELS

6 – 11

MARKET FOR LOGISTICS PROPERTY 2019 **

TAKE-UP | COMMERCIAL ESTATES | PRICE LEVELS

12 – 17

BREMEN AS RETAIL LOCATION 2019*

STRUCTURE | LOCATIONS | PRICE LEVELS

18 - 23

HOUSING MARKET 2019*

DEMOGRAPHICS | PRICE LEVELS | FORECASTS

24 - 25

INVESTMENT MARKET REPORT 2019*

TRANSACTIONS | YIELDS | PRICE LEVELS

26 - 27

MARKET FOR **OFFICE PROPERTY 2019** TAKE-UP ONSTRUCTION ACTIVITY DIGITAL HUB Industry I GMD Architekten, Technology Park





BREMEN IS HEADING FOR 100,000

In 2018, 93,000 m² of office space was taken up in Bremen, of which 60% was either sold or rented out in the second half of the year. The strong forecasts were surpassed thanks to major lettings, including 3,250 m² to Basler Versicherung in the Airport City. Despite a slight decrease compared to 2017, the total take-up was almost $4,000 \, \text{m}^2$ above the average from the previous five years $(89,300 \, \text{m}^2)$. The largest contribution was made by the newly constructed Sparkasse branch at the Technology Park – with $12,500 \, \text{m}^2$ provided for the bank's private use.

The take-up rate in the first half of 2019 is $50,400\,\mathrm{m}^2$, which is higher than during the same period last year. This is mainly due to the Zech Group's plans to move its new company headquarters and 6–7 group companies into its own "Europahafenkopf" building in the Überseestadt. This use of around $18,500\,\mathrm{m}^2$ essentially ensured a solid start to 2019. The largest area so far has been leased by the public sector: a $4,000\,\mathrm{m}^2$ police station in a peripheral location.

Small-scale lettings are expected to increase in the second half of the year as office buildings are completed. According to reports, another major deal for $5,000\,\text{m}^2$ is also planned at the Technology Park. All this seems to suggest that the take-up rate will have exceeded the magic threshold of $100,000\,\text{m}^2$ again by the end of the year.

Small-scale deals dominate

 $54\,\%$ of the total area that was sold or rented out in 2018 was no greater than $1,000\,\mathrm{m}^2$. Only a few deals were recorded for over $5,000\,\mathrm{m}^2$, including the area provided to Sparkasse Bremen for private use. This adds up to a total volume of $18,300\,\mathrm{m}^2$ in this size category. Nevertheless, more revenue was generated through the letting of medium-sized office spaces between $1,000\,\mathrm{and}\,5,000\,\mathrm{m}^2$.

In contrast, the first half of 2019 was much less characterised by small-scale deals than previous years. Smaller areas are still leading the way with 42% of total sales, but this time closely followed by large areas with almost 37%. This development can only be explained by the Zech Group's large-scale letting for private use. Further deals for the lease of $5,000\,\mathrm{m}^2$ are scheduled for the second half of 2019.

Office lettings in Bremen 2015 to 2019 (in m²)

2015	83,200
2016	101,800
2017	99,500
2018	93,000
2019*	101,500
* Forecast	

Lettings in city comparison 2019 (in m²) *

BREMEN	101,500
LEIPZIG	109,120
ESSEN	113,120
HANOVER	124,920
STUTTGART	303,560

^{*} Forecast average from the past five years

Sector structure of office lettings 2019 (in m²)*

OTHER SECTORS	33,600
FORWARDING, PRODUCTION, TRADE	10,500
BANKING, FINANCIAL SERVICES	2,900
ASSOCIATIONS, MUNICIPALITY, UNIVERSITY	18,200
INFORMATION AND COMMUNICATION TECHNOLOGY	19,300
BUSINESS-RELATED SERVICES	7,900

^{*} Forecast

^{*} All data for office space in $m^2 = m^2$ of commercial rental space





City Gate, Bahnhofsvorstadt District



Vulkan Administration Building, Vegesack



Long-distance coach Terminal, Bahnhofsvorstadt District

City overtakes Überseestadt - but only briefly

Unlike in the previous two years, the city centre had the highest take-up rate in 2018 with $28,500\,\text{m}^2$. The Technology Park/University came in second place with $20,000\,\text{m}^2$; the main source of growth in this area was the new Sparkasse building. The Überseestadt district dropped to third place, as only a few office spaces were completed there in 2018. The fewest sales were made in the outskirts of the city $(5,000\,\text{m}^2)$.

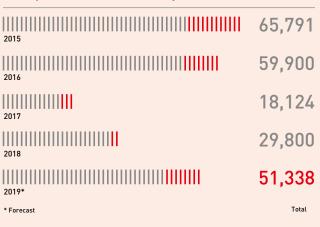
As mentioned above, 2019 has so far been dominated by the Zech Group's privately used area in the Überseestadt. The 24,000 m² site accounts for almost 50 % of the total sales made in the first half of the year, which is also due to the weaker rental market. This is followed by the city centre area, where 8,000 m² have been taken up thanks to the greater rental rate. The market in the Airport City is rather subdued. Bremeninvest may have opened its ECOMAT building there at the start of the year, but 80% of the space was already pre-let and therefore only made a small contribution to sales in 2019. Basler Versicherung also rented its premises shortly before the end of 2018. As such, the total sales made in the Airport City are still well below the levels recorded in previous years. An increase is expected in the medium-term, however, when the fourth section of the Europa Centre is completed in the second half of 2020.

Zech Group dominates the market

The space taken up in 2018 was distributed rather evenly amongst the various sectors; no single industry achieved

over 20% of the total sales. This pattern has been fundamentally changed by the Zech Group's private letting in 2019. Due to the activities of the project development group, almost 43% of the market falls into the category of "other services". The public sector is in second place but far behind at 17%. The only other industry to account for at least 10% of the market in the first half of 2019 was "information and communication technology" (10.1%). Although the sector distribution is expected to normalise over the course of the year (e.g. through a major letting deal scheduled at the Technology Park in the second half of 2019), there will be a more uneven distribution in 2019 compared to 2018.

Development of construction activity 2015 to 2019 (in m²)



Of which no longer available Of

Of which available (vacancies)

Further significant increase in new office space

Almost 30,000 m² of new office space was built in 2018 significantly more than in the previous year. The largest construction was the Office Centre Überseestadt (10,500 m²) on Konsul-Smidt-Straße. Further buildings measuring over 5,000 m² - the "24'7 twentyfourseven" building and the commercial and office complex of Aldi Nord - were opened at the Technology Park.

Properties with 18,000 m² of office space have already been completed in the first half of 2019, including the newly built City Gate and ECOMAT (Airport City) and the renovated Bremer Carrée/Ansgari House. More major projects are set to follow in the second half of the year, such as the Überseetower/Bömers Spitze and Überseegärten (Überseestadt) and the new headquarters of Kühne & Nagel (city centre). If everything goes to plan, there will be 50,000 m² of new office space on the market at the turn of the year. An even greater volume is expected for 2020, as a further $90,000 \, \text{m}^2$ of office space could be completed.

Vacancies still low

The vacancy rate had been falling noticeably due to the comparatively low amount of completions in previous years. However, no significant decline was recorded in 2018; around 110,000 m² were unoccupied at the end of the year. This is expected to increase slightly to 113,000 m² by the end of the year; there will only be a marginal rise in the vacancy rate despite the higher completion volume. The projected rate of 3.1% will remain just above the structural vacancy level.

The lowest vacancy rates are still recorded in the Überseestadt district; even the available space in the upcoming properties should be rented out quickly. Nevertheless, the total unoccupied area will rise to 5,000 m² in this district. Meanwhile, the vacancy situation is very stable in the city centre, Airport City and Technology Park/University. The highest vacancy rate is still found in the city centre (39,500 m²), where many unmarketable spaces will continue to prevent a noteworthy reduction in 2019. The vacancy rate is likely to increase slightly on the outskirts of the city.

Slightly rising prime rent in top locations

It's currently becoming apparent that the prime rent of 13.80 EUR/m² that was recorded in the Überseestadt district in 2018 will increase to 14.00 EUR/m². The average rent of the ultra-modern properties in the Überseestadt will also rise to 11.80 EUR/m². A more moderate increase is being recorded in the city centre: The average rent is stagnating at 8.70 EUR/m², and the prime rent has risen to $13.10 \, EUR/m^2$ – only 10 cents more than last year.

The Überseestadt is set to consolidate its importance as a top location with the completion of attractive new spaces. The rent paid here for certain small and well-equipped office units is still well above the prime level. By contrast, a stagnation in rent prices can be expected on the outskirts of the city, where demand remains low. The same applies to the periphery, but only because the scheduled construction projects are yet to be carried out. However, a slight increase in rent prices is also expected here in the longer term.

Vacancies Bremen city in national comparison 2019 (in m²)*

BREMEN	113,000
HANOVER	149,600 (3.3 %)
ESSEN	124,600
STUTTGART	166,700
LEIPZIG	221,300 (7.9 %)
* Forecast	

Distribution of vacancies at Bremen office locations 2019 (in m2)*

ÜBERSEESTADT	5,000
TECHNOLOGY PARK / UNIVERSITY	9,500
AIRPORT CITY	12,500
CITY OUTSKIRTS	21,000
PERIPHERY	25,500
CITY CENTRE	39,500

Size categories of letting 2019 (in m2)*

UP TO 500 m ²	30,500
UP TO 1,000 m ²	20,500
UP TO 5,000 m ²	18,500
OVER 5,000 m ²	32,000

^{*} Forecast

* Prognosewerte







BREMEN DEVELOPS ITS LEADING POSITION

The logistics sector ranks behind the automotive industry and commerce as the third largest industry in Germany with around 3 million employees - it's even greater than the electronics and mechanical engineering sectors.

The logistics sector is also important in the metropolitan region of Bremen-Oldenburg, where around 115,000 people are employed. Bremen is a real hotspot. Huge quantities of goods arrive every day at the container terminals in Bremerhaven, and the majority of these are picked and packed or processed in the City of Bremen. Furthermore, a considerable amount of goods from the ports in Hamburg and Wilhelmshaven increasingly pass through Bremen on the way to their national and international destinations.

This key infrastructural position in the middle of Europe offers project developers, investors and companies from around the world the chance to create added value. The constant development of Bremen as a logistics location is absolutely essential to exploit this potential. Solutions are needed to keep up with the rate of globalisation and the growing demand for mobility, including the further development of transport routes and innovative logistical concepts. Anything that helps to optimise logistical processes and value chains will consolidate Bremen's leading position in Europe.

One important driving force behind the demand for needs-based logistics space has always been the rapidly expanding e-commerce market. Growing consignment volumes often create demands for new space to ensure the efficient handling of the associated logistical pro-CESSES

2.9 million m² of hall space

Last year, the annual construction of new logistics space dropped across Germany for the first time since 2015. But not in Bremen: There was a significant rise in new construction projects.

The local logistics property market grew by 3% - three times more than the German market as a whole. Despite the dismantling of many older logistics properties, the space available in the City of Bremen rose to 2.92 mil-

lion m² in 2019. Around half of this space has been created by investors and project developers or re-leased since 2005. This proves how Bremen's market has established itself in the field of logistics real estate.

This increase in properties is particularly impressive, as the figures only account for areas within the City of Bremen. This makes it stand out considerably from other regions like the "Big 5 Metropolitan Regions". The Ruhr region, for example, includes all towns and districts in the surrounding area, such as Duisburg, Wesel, Hamm and Hagen.

Furthermore, the figures for Bremen don't include logistics facilities located on the premises of industrial and commercial companies, such as ABInBev, Mercedes-Benz and ArcelorMittal. Such halls are only included if they are available to the market and operated by an external logistics service provider. If we also consider that $50\,\%$ of the hall space in the entire metropolitan region of Bremen-Oldenburg is located in Bremen, we can fully appreciate the huge dimension and substance of the logistics market in the Hanseatic city.

Warehouse space in national comparison 2019 (in million m²)*

RUHR REGION	5.20
FRANKFURT AM MAIN AREA	4.80
HAMBURG AREA	4.70
BERLIN AREA	3.80
CITY OF BREMEN (INCL. GVZ)	2.92
MUNICH AREA	2.10
DUSSELDORF AREA	1.80
GVZ BREMEN (ALONE)	1.50

* Forecast



Lethe, North Bremen

Huge rise in take-up

A considerable rise in take-up has also been recorded in 2019 – from 186,890 m² last year to 293,600 m². New user agreements have been concluded for 19 properties (previous year: 25); 10 of these have been concluded for areas measuring at least 10,000 m² (previous year: 7). Around 20% of the properties can be used for manufacturing, and some are equipped with overhead cranes for heavy mechanical engineering and plant construction.

Vacancy rate still within the national average

The vacancy rate for logistics properties has dropped to 3.01% in 2019 (previous year: 4.83%). 87,900 m² of hall space is available for immediate use. However, the supply also extends to older existing properties and specialist real estate.

While the vacancy rate has constantly been at its lowest level since 2005, it has now reached the standard market rate of 3–5% for the second year in succession. This offers more opportunities to react to market fluctuations. The figures only include vacant properties that are available for sale or rent on the real estate market.

Slight rise in price levels

The average monthly rent has risen to $3.29~EUR/m^2-5$ cents more than last year. An increasing amount of new properties are drawing a basic rent (excluding heating bills) of $4.00~EUR/m^2$ or more. Around half of the existing real estate is priced at around $2.00~to~3.50~EUR/m^2$. By way of comparison, the prime rent in metropolitan areas like Munich or Frankfurt ranges from 6.00~to

7.10 EUR/ m^2 . The comparatively low rentals in Bremen are still due to the extremely moderate land prices, which come to an average of 45.00 EUR/ m^2 (City of Bremen).

Five high-performing logistics centres

The flexible structuring of value chains plays a crucial role in the planning of logistical processes. Global networks are sometimes expanded as quickly as they are dismantled. The industry is being driven by constantly growing demands and technological innovations. Bremen's five logistical centres have established themselves within this dynamic: GVZ, Hansalinie, Bremer Kreuz, Überseehafen and Industrial Ports. These act as bridges within the network of regional centres in Münster/Osnabrück, Hanover and Hamburg. Bremen's sophisticated infrastructure makes it one of the strongest port and logistics locations in the world.

Top turnover at the GVZ

The core activities carried out at GVZ Bremen revolve around distribution logistics, which have a direct impact on the commercial success of consumer goods. The aim is to create a tight-knit logistical network of trading companies and logistics service providers – from warehousing to all stages in the distribution channels and the needsbased supply of goods to the population. The quality of the process chains is reflected by the take-up of space: Two thirds of the total revenue were generated at the GVZ. The vacancy rate is just above 1% and warehousing space has exceeded the 1.5 million m² mark.



Valeo, Hansalinie Industrial Estate

Great momentum in the south of Bremen

The industrial areas of Hemelingen Port, Hansalinie and Bremer Kreuz are the centre of local production logistics and form a link between procurement and distribution. Their dynamics are characterised by the activities of automotive companies and their suppliers, including extensive construction projects in procurement logistics and the shipment of over 2 million vehicles a year from the seaport of Bremerhaven. The Hansalinie industrial estate is particularly important for Bremen's development as an automotive location. Over 70,000 m² of hall space has been built here in 2019. There's a high demand for the current phase of construction, which is creating even more potential for growth.

Outlook for 2020: Volatile conditions may affect rapid growth

Last year's forecasts have come true: The current vacancy rate - and the many construction and development measures - have led to lively developments in the markets for all goods and services. This has favoured decisions to invest and set up business in Bremen. Further growth can be clearly noted as a result of bustling construction activities. Future success will depend on the development of efficient transport links, competing utilisation concepts and the quick availability of commercial space.

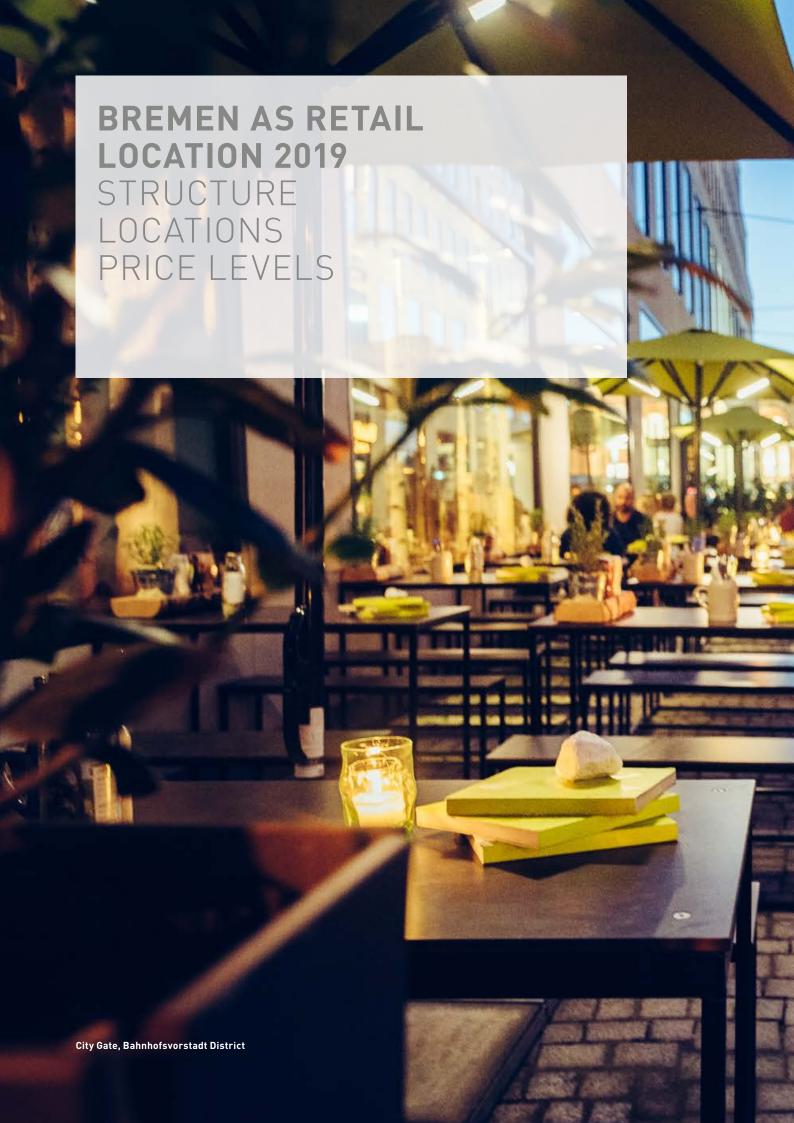
Distribution of warehouse space 2019 (in m²)*

OTHER LOCATIONS (16,000 m²)	100,000
ÜBERSEESTADT (12,500 m²)	140,800
BREMER KREUZ (4,500 m²)	183,750
HANSALINIE / HEMELINGEN PORT (21,600 m²)	515,200
INDUSTRIAL PORT (17,200 m²)	482,000
GVZ (16,100 m²)	1,502,200
Space let Vacant	* Forecast

Floor space turnover at the Bremen location 2018/2019 (in m²)

	27,500
	108,600
TAKE-UP THROUGH CHANGE OF USER	159,390
	185,000
	186,890
TOTAL TAKE-UP	293,600

2019 (Forecast)







NEW PERSPECTIVES IN BREMEN

Bremen has always been a popular shopping destination thanks to its nice city centre, optimal transport links and wide range of retailers. This is impressively reflected by the statistics: Over 1.1 million tourists and business travellers visited the city in 2018 - 4.8% more than the year before (source: WFB). These were joined by around 40 million day visitors. And the number of residents is constantly on the rise - most recently measured at 570,000 (31 December 2017). Moreover, the entire north-west of Germany can benefit from Bremen's wide range of goods and services.

Prime locations from Wall to Weser

The main shopping area is situated between the ramparts in the north of the city centre, the Weser promenade in the south, the cathedral and town hall in the east, and Bürgermeister-Smidt-Straße in the west. The backbone of the retail trade is Sögestraße and Obernstraße/Hutfilterstraße, and various other arcades can be found along these streets.

Obernstraße/Hutfilterstraße attract the most visitors. as the tram also runs along these streets. The location is characterised by large shops that make a significant contribution to the city centre's appeal. AppelrathCüpper is set to upgrade the Bremen fashion scene in the Ansgari House (previously Bremer Carée), adding to the list of established brands like Peek & Cloppenburg, Anson's, H&M and ZARA.

Sögestraße may be smaller in size, but it's no less attractive. Its building structure has been developed over the years to create a pearl necklace of small shops, featuring high fashion from COS and Wormland, jewellery from Wempe and premium goods from other retailers. Its architecture and restaurants create a relaxed atmosphere and sophisticated amenities.

Retail KPIs for Bremen 2019	
Purchasing power index (retail-relevant)	96.6
Turnover ratio	113.8
Centrality rating	117.8
Retail-relevant purchasing power (in Mio. Euro)	3,889
Turnover (in Mio. Euro)	4,009

One particular feature of Bremen's retail scene are its roofed arcades in prime locations. The most visited is the Lloyd Passage, which runs parallel to Obernstraße. Many visitors are attracted by the department stores at GALERIA Kaufhof Karstadt.

Unlike the Lloyd Passage, the Katharinen-Passage and Domshof-Passage are divided into smaller shops. High-quality brands and specialist shops combine with services and restaurants to create a varied and sophisticated atmosphere.

Retail revolution

Online business has continued to grow at the expense of store-based retail, leading to numerous restructuring measures and cost optimisation processes - especially in Germany's clothing industry. But significantly lower rental prices and shorter contract terms can often only be achieved by major companies. As companies fail to



City Cer	ary Location htre		
Major stores in Bremen city centre			
112	GALERIA Kaufhof Karstadt/ Saturn		
3	C&A		
4	H&M		
5	Anson's		
6	ZARA		
7	Thalia		
8	Peek & Cloppenburg		
9	GALERIA Kaufhof Karstadt		
10	Karstadt Sports		







Aldi, Technology Park

Viu Brillen, City Centre

Lloyd Shoes, City Centre

agree on contractual adjustments, an increasing amount of leases are being cancelled in prime locations throughout Germany, some of which belong to renowned retailers.

As in many other German city centres, this has led to a noticeable consolidation process in Bremen. Retailers are bemoaning the ever-widening gap between the demands of their landlords and their own sales expectations. Last year, a number of well-known brands left Bremen city centre as a result of the structural market situation, including Esprit, Mango, Tally Weijl, Runners Point, Roland Fashion, Brax and Timberland. Such vacancy rates in prime locations used to be incredibly rare.

On the other hand, some new lettings show how attractive the City of Bremen still is. For example, the Ansgari House welcomes the fashion brand AppelrathCüpper and the co-working provider Spaces in 2019, and the multi-purpose City Gate opened in close proximity to the central station in May. The anchor tenants REWE, dm and Woolworth complete the periodic range of shops in the city centre.

There are also positive signs outside the city centre, as Decathlon will open its doors in Bremen for the first time at the Waterfront shopping centre towards the end of the year. Meanwhile, the revitalisation of the Haven Höövt shopping centre is pressing ahead in Bremen-Vegesack, where Kaufland is set to open its second store in Bremen.

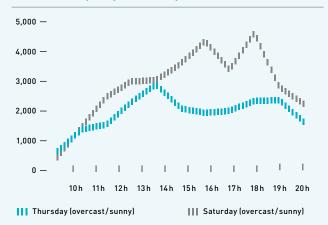
Pedestrian frequency (Thursday, 27 June 2019)

HANSEATENHOF			6,986
SÖGESTRASSE		II	15,818
UNTERE SÖGESTRASSE	11111111111111		13,374
HUTFILTERSTRASSE	111111111111111111111111111111111111111		18,882
OBERNSTRASSE			19,092
9-10 h	12-13 h	15-16 h	18-19 h
10-11 h	13-14h	16-17 h	19-20 h
11-12 h	14-15 h	17-18 h	

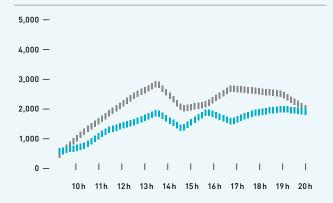
Promising project developments

This upheaval in the retail sector is creating a historic opportunity to redesign Bremen city centre and make sustainable improvements through the addition of required space. A number of projects are currently being planned or already under construction, highlighting the attraction of the city centre with its City Gallery, Ansgari House and Balge Quarter.

Pedestrian frequency Bremen city centre Obernstraße



Pedestrian frequency Bremen city centre Sögestraße



- → After purchasing a multi-storey car park in the city centre, Zech Bau GmbH (co-owner of the Karstadt building) is planning a project development around the Lloyd Passage under the working title "City Gallery". In addition to the Karstadt building, the project may also involve the GALERIA Kaufhof property. Concrete plans are yet to be announced.
- → A large-scale refurbishment project is scheduled at Lloydhof by Ansgarikirchhof. The construction of the "lebendiges Haus" ("vibrant house") is expected to get under way in 2019. The retailers and restaurants on the ground floor will revitalise the surrounding area, while the remaining floors will house offices, apartments and innovative restaurants.
- → As mentioned above, the fashion brand Appelrath-Cüpper and the service provider Spaces will give the Ansgari House a whole new flair. Following extensive refurbishment work, the grand openings are scheduled for the end of 2019.
- → The Johann-Jacobs-Haus (former headquarters of Jacobs Coffee) stands alongside the Essighaus, Kontorhaus and Stadtwaage as a bastion of the Balge Quarter. According to plans drafted by the entrepreneur Dr Christian Jacobs, restaurants and retailers will give new life to the quarter and create a "Handrail to the Weser" with new amenities and routes.

Districts for every taste

The shops found in the city centre are supplemented by various retailers in the city districts. On the one hand, easily accessible and large stores offer shoppers attractive experiences in all weather conditions – not only in shopping centres like the Waterfront and Weserpark, but also at the Duckwitz shopping park. On the other hand, visitors can enjoy a unique and plentiful selection of culture and gastronomy in a relaxed urban atmosphere, such as the vibrant "Viertel" by Ostertor and Steintor which is considered part of the city centre and boasts a unique range of shops.

Slightly higher pedestrian frequencies

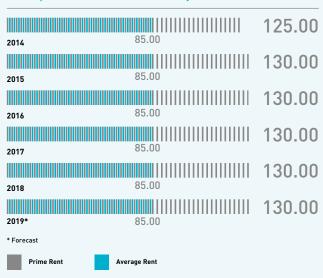
Pedestrian frequencies in prime locations was measured this year on Thursday, 27 June and Saturday, 29 June. A significant increase on last year's figures was measured on both days at Hanseatenhof. This is mainly due to the completion of the construction work at the Ansgari House and the highly successful placement of the local BIDs. The combination of an attractive range of shops, sophisticated

amenities and good weather has resulted in a slight rise in pedestrian frequency this year, which represents a positive development against the national trend.

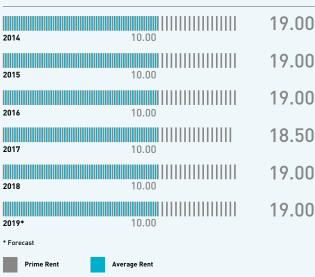
Outlook for 2020

Extensive and promising changes are scheduled in Bremen city centre, creating new opportunities for future developments with a modern supply structure. This may also help to minimise last year's structural vacancies. Successfully implemented project developments will counteract the cautiousness of landlords and retailers. The forecast for the coming years is positive!

Development of retail rents in the city centre (in €/m²)



Development of retail rents in the city districts (in €/m²)



HOUSING MARKET 2019 DEMOGRAPHICS PRICE LEVELS FORECASTS THE AVERAGE RENT FOR NEW-BUILD APARTMENTS IS € 11.63/m² "Gartenstadt Werdersee" Development Area, Habenhausen

THE DEMAND CONTINUES TO RISE IN BREMEN

Bremen has been growing steadily since 2011 - and rapidly since 2015. Its population will continue to rise slightly until 2030 - not least due to an influx of people from other areas. There will be an even more significant rise in the number of households. Larger households with three or more persons are already under-represented in national comparison.

An increasing amount of housing has been built since 2009 especially in new multi-storey buildings, which account for 72% of approvals and 65% of completions. Nevertheless, the housing market in Bremen is still facing pricing pressure. As in other major cities, the growing demand has resulted in continuously rising purchase and rental prices over the past ten years. Urban residential areas are becoming increasingly attractive, such as on the waterfront, in the Überseestadt district and on the Stadtwerder peninsula.

The market is also being livened up by a range of ongoing housing projects, such as the Mühlenviertel in Horn-Lehe, Ellener Hof in Osterholz and Schuppen Drei in the Überseestadt. These areas will be joined by the new Hulsberg district and Gartenstadt Werdersee, where the construction of 600 housing units has just got under way. There are also plans for the construction of a further 1,200 homes on the former Brinkmann site in Woltmershausen.

In 2018, the purchase price for new housing rose by 8.6% compared to the previous year. The average price was $3,800 \text{ EUR/m}^2$ and the top level was $4,900 \text{ EUR/m}^2$ – but some housing was considerably more expensive. Once again, purchase prices rose more than rental prices. This separation was caused by the persistent low-interest policy that is putting liquidity pressure on the real estate market.

At the end of 2018, the prime rent in new buildings was 14.00 EUR/m², which was roughly the same as the previous year's level. The average rent was 11.20 EUR/m² -1.8% higher than in 2017. In a five-year comparison, this meant that rental prices had risen by an average of 17.9 % and by 12.0% in the top segment.

During the same period, purchase prices rose by 25.6% at the top level and by 40.7% on average. The prices for existing housing and re-lettings underwent even more dynamic change. From 2013 to 2018, purchase costs increased on average to $2,300 EUR/m^2 (+53.3\%)$, and at the top level to around 4,100 EUR/m² (+49.1%). In 2018, re-lettings drew an average of 9.00 EUR/m² (+25%) and a top level of up to $12.30 EUR/m^2 (+20.6\%)$.

Development of top rental prices (new build) in Bremen (in €/m²)

	13.00
2015 (Ø 10.00)	13.50
	13.80
	14.00
2018 (Ø 11.20)	14.00
2019* [Ø11.63]	14.61
* Forecast	

Development of top purchase prices (new build) in Bremen (in €/m²)

	4,000
	4,200
	4,450
	4,900
2018 (Ø3,800)	4,900
2019* [Ø4,047]	5,210



BREMEN REMAINS INTERESTING FOR INVESTORS

The total investment volume of 453 million euros surpassed all expectations thanks to a strong second half of the year.

Increasing importance of small to medium-sized transactions

As early as 2017, it was remarkable that over 60% of transactions had a small to medium value of up to 25 million euros. This figure even rose to 70% in 2018. Once again, only a few transactions were observed with a volume of over 50 million euros. The largest was the sale of the Berliner Freizeit retail and office complex in Bremen-Vahr for an estimated 70 million euros at the end of the year.

In 2018, there was a special demand for office assets with a volume of around 175 million euros and a market share of 38.5%. Around 33% of the market share was taken up by the category "other". This was followed by the asset classes of "retail" and "logistics real estate" – each with around 14% – whereby transactions for retail properties narrowly led the way thanks to the sale of the Berliner Freizeit complex.

It's worth noting that logistics real estate had recorded the largest investment volume in 2017, emphasising the volatility of Bremen's investment market. Large individual investments have a significant impact on the overall distribution of asset classes. The same applies to the distribution of real estate locations, which was very evenly balanced in 2018 – with the exception of the outskirts of the city with an 8.5% share of the total volume. The most popular office locations (Überseestadt, Airport City, Technology Park/University) recorded an investment volume of 142.1 million euros. The peripheral areas attracted 136 million euros – around 6 million euros less and a difference of 1.4%.

Sale of Duckwitz shopping park marks the start of the year

A transaction volume of over 280 million euros has already been recorded in the first half of 2019 following the sale of the Duckwitz shopping park in Bremen-Neustadt for an estimated 75 million euros. Experience shows that slightly more transactions will be concluded in the second half of the year. With this in mind, it would be quite realistic to expect a final result of over 500 million euros in 2019.



Tabakquartier, Woltmershausen

Transaction volumes per type of property* (in million €)

RETAIL PROPERTIES	104.0
LOGISTICS PROPERTIES	77.0
OTHER TYPES OF PROPERTY	139.0
OFFICE BUILDINGS AND BUSINESS PREMISES	195.0
* Forecast	

Transaction volumes per location 2019* (in million €)

	25.5
PERIPHERY	215.0
CITY	84.5
OFFICE LOCATIONS	190.0

* Forecast

Net starting yields for office properties in nat. comparison 2019* (in %)

Net starting yields for office properties in flat. Comparison 20	717 (111 70)
BREMEN	4.6
ESSEN	4.3
HANOVER	4.2
	4.2
STUTTGART	3.2

* Forecast



Kontorhaus am Markt Langenstraße 2-4 (Entrance Stintbrücke 1) 28195 Bremen Phone: +49 (0) 421 96 00 - 10

Fax: +49 (0) 421 96 00 - 810 www.wfb-bremen.de