



BREMEN
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PROPERTY MARKET REPORT – BREMEN 2022

OFFICE | LOGISTICS | RETAIL
HOUSING | INVESTMENT



Bremeninvest

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Sources:

* bulwiengesa AG

** LSA Logistik Service Agentur GmbH

FOREWORD

→ Whilst record levels were reported in 2021, the first months of the current year have been characterised by restraint: This review of Bremen's property market paints a highly inconsistent picture. The coronavirus pandemic was no real match for local businesses, but increasing material shortages, the consequences of the war in Ukraine, inflation and rising interest rates are causing uncertainty in all areas.

Around 145,000 m² of office space was re-let in 2021 – the highest take-up in recent years – and lettings with an extraordinarily large volume accounted for a significant amount of this space. In contrast, only 32,600 m² of new or refurbished office space was completed, partly due to construction delays caused by shortages of building materials and skilled workers.

Nowadays, logistics companies are having to react to global fluctuations at increasingly short notice – and that's where logistics properties are a valuable asset. This is clearly reflected by the figures: The amount of warehouse space in Bremen has risen to over 3.2 million m². This is backed up by only a small amount of free space and a vacancy rate of 1.54 %.

Visitors are returning to Bremen city centre. The retail location is generating fresh ideas with new and exciting quarters such as the BALGEQUARTIER and renovation projects such as Lebendiges Haus. A furniture store has now moved into the former Galeria Kaufhof building in a prime location.

Rising construction costs and population growth are putting increasing pressure on the local housing market. There is still a high demand for condominium units. The average purchase price has risen by 7.1 %. An appealing quarter is currently under development at the Europahafen marina, where around 500 residential units are being built on the waterfront.

The investment volume for 2021 (€ 576 million) almost

mirrored the record levels achieved in 2017. The most popular asset classes were office, logistics and production properties. However, a trend reversal is expected in 2022 – investors have made a quarter fewer transactions in the first six months of the year.

Our property market report will give you a comprehensive overview of the latest developments in Bremen. The local market may be affected by global economic challenges, but Bremen has excellent prospects with regard to logistics properties, investment opportunities and new quarters. I look forward to discussing the latest developments and opportunities with you!



Photo: Bremeninvest / Jens Lehmkuhler

Andreas Heyer
CEO of Bremeninvest



PROPERTY MARKET BREMEN 2022



↖
Vegan cuisine at
Plantenköök,
Wache 6 City Centre

↑
Cecilientor,
Überseestadt

Office properties → 14

Take-up of office space hits new record in 2021: 145,000 m²



CUBE Überseestadt



Digital Hub Industry,
Technology Park



BS GAV: Vocational College for
Wholesale, Foreign Trade and
Transport, Überseestadt



Office properties → 14

Forecast for rental take-up
in 2022: 90,000 m²



Office properties → 14

Construction and renovation projects halted by
material shortages – despite full order books

Digital Hub Industry,
Technology Park

High-rise coach terminal,
Central station

Office properties → 14

Growing trend: new office quarters
in peripheral areas



Fraunhofer MEVIS,
Technology Park

Europahafen marina: urban living
with 500 units on the waterfront

Housing → 23



High demand – vacancy
rate drops to 1.54 %

Logistics properties → 17

Logistics properties → 17

Available warehouse space rises
slightly to 3.2 million m²

Logistics properties → 17

Average rent much lower than in other
metropolitan areas: € 3.38 per m²



Retail location → 20

Footfall almost at
pre-pandemic levels

Retail location → 20

Fresh ideas: district developments in the city centre



↑
Stadtwaage,
City Centre

→
DEPOT,
City Centre

←
Johann Jacobs Haus,
City Centre



↑
Opti-Wohnwelt,
City Centre

Higher than all forecasts – investment volume hits € 576 million in 2021



↑
Schuppen 3,
Überseestadt

→
Grünes Haus,
Neustadt

Possible trend revers
fewer investments in





Housing → 23

7.1 % rise in housing prices



al in 2022: one quarter
the first six months

↑
Gartenstadt Werdersee,
Huckelriede

TAKE-UP CONSTRUCTION PRICE LEVELS

HIGH TAKE-UP

145.000 m² of office space was let in 2021 – a new record

2021 was a record year for Bremen, as around 145,000 m² of office space was re-let. A key percentage can be attributed to individual major lettings, such as the 15,000 m² of space leased to Deutsches Milchkontor in Airport City. In contrast, only 32,600 m² of new or refurbished office space was completed, partly due to construction delays caused by shortages of building materials and skilled workers. There is a growing demand for office space away from classic locations, including the newly developed Tabakquartier.

→ The office rental market hit a new record in 2021 – with a take-up of around 145,000 m². This clearly surpassed the levels from the previous two years, when just over 100,000 m² of space had been taken up. The developments on the market were shaped by a number of high-volume leases. Around 10% of the total take-up alone can be attributed to the office space leased to Deutsches Milch-

kontor in Airport City. In 2020, it was mainly the broad economic basis that kept take-up levels high and secured the market in the face of the ongoing crisis.

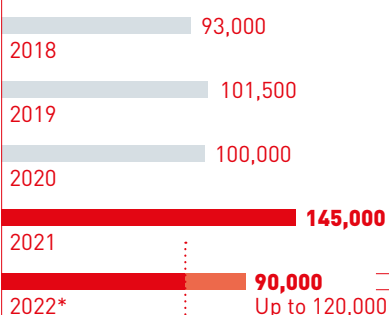
The coronavirus pandemic had led to many employees working from home and had caused a considerable amount of uncertainty on the office property market. And just as this situation began to subside at the start of 2022, the war in Ukraine has

since dampened the market with an air of restraint. Just under 40,000 m² of space has been taken up in the first half of the year, mainly thanks to small-scale lettings. Bremen is yet to register any major lettings in this area.

It remains to be seen how the ongoing geopolitical developments, changes in interest rates and financing policies and rising construction costs will continue to affect the office property market over the course of 2022. As a result, there is a wide range of possibilities with regard to the take-up of commercial space this year. If our cautious estimates prove accurate, around 90,000 m² could be taken up by the end of the year. And if things go well, the 100,000 m² mark could even be exceeded again.

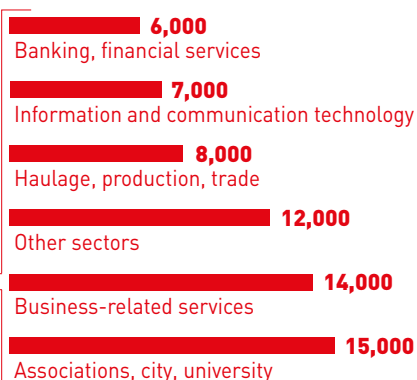
Leased office space

in Bremen from 2018 to 2022 (in m²)



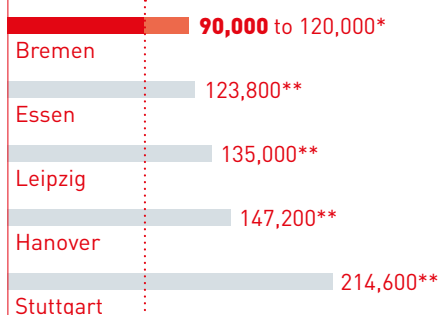
Sectoral distribution

of rented office space in Bremen in 2022* (in m²)



2022 city comparison

of rental take-up* (in m²)



* Forecast

** Forecast average from the past five years

The order books are still full of interesting projects. However, our expectations for new investment volumes are now dampened by rising construction costs and material shortages. Thus project developments with a low pre-letting rate are now being re-examined in particular.

TAKE-UP

2021 dominated by major lettings

After no major deals had been registered two years ago, large-scale lettings returned to the fore in 2021, helping to ensure the best ever results since records began in 1994. The largest individual lease was generated by Justus Grosse, letting around 15,000 m² to Deutsches Milchkontor in Airport City. This was an exceptionally large rental transaction on Bremen's office property market. Dataport, a public IT ser-

vice provider, rented around 9,900 m² in the Tabakquartier.

Around 20 % of the total take-up can be attributed to lettings of over 5,000 m². The medium-sized segment of 1,001 to 5,000 m² accounted for a large portion of the total lettings (43 %).

By contrast, the start of 2022 has mainly been shaped by small-scale lettings. There is a particularly high demand for modern spaces that meet the current requirements for flexible design. There are currently no signs of major lettings on the horizon.

Top: Speicher XI A at the University of the Arts, Überseestadt
Bottom: Z1 at Zollpfad, Überseestadt



Periphery on the rise

Over the past three years, there has been a growing trend towards areas outside of the classic office locations. 40 % of the office space taken up in Bremen is located in peripheral areas, highlighting the periphery's dominance over other parts of the city. The rental market in these areas is mainly shaped by individual projects, major deals and district developments such as the Tabakquartier, which is a popular, new office location.

The second strongest locality is Bremen city centre (approx. 20 %), followed by the office centres in Airport City (17.7 %) and Überseestadt (14.3 %). Although there has been a high demand for office space in the city centre, there is a lack of available, high-quality options.

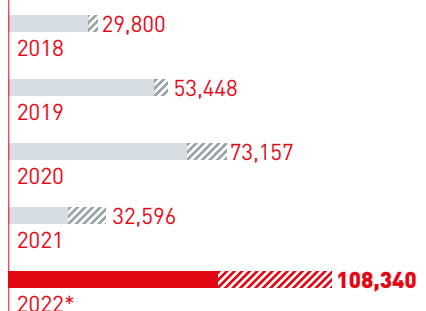
There is reason for optimism in Überseestadt, where numerous high-quality and flexible buildings are being constructed in relative proximity to the city centre.

Broad sectoral distribution among tenants

Bremen's sectoral distribution is broadly diversified. In 2021, however, the major letting in Airport City ensured a dominant market share of around 22 % for the haulage / production / trade sector. The public sector was another important customer, accounting for around 17 % of the total take-up. Around 15 % of the total office space was leased by customers offering other services and business-related services. However, the local property market

Construction in Bremen

Development from 2018 to 2022 (in m²)



of which available * Forecast



↑ GOLDBECK Nord
office interior,
Oberneuland

remains broadly diversified, emphasising just how robust it is when it comes to balancing out market fluctuations.

CONSTRUCTION

Completions delayed by material shortages

Only around 32,600 m² of new and refurbished space was completed in 2021. This was not due to a reduction in project orders, but construction delays caused by a shortage of building materials and skilled workers. Construction projects accounted for only around 12,300 m² of completions. The only completed office project with an area of over 5,000 m² was the "üeins" in Überseestadt.

Significantly more completions are planned for 2022 – with just over 80,000 m² of newly built space and 25,000 m² of refurbished space. That would be a record year, although these prospects could be frustrated by a shortage of building materials due to ongoing supply bottlenecks. Even though that could result in further delays, there are plenty of construction projects scheduled for the coming years.

Slightly higher vacancy rate

The vacancy rate continued to rise in 2021, but not as much as expected. Around 125,000 m² of space was vacant at the end of the year, equating to a vacancy rate of 3.3%. As numerous projects are scheduled for completion in 2022, the vacancy rate is expected to rise to 3.5% in the short to medium term.

PRICE LEVELS

Significant rise in rent

Rent levels have increased significantly in all parts of Bremen. Following a brief decline in 2020, the prime rent in Überseestadt has climbed back to its pre-pandemic level of € 14 per m². Due to the high demand, the average rent has also increased by 30 cents to € 11.50 per m². Überseestadt still fetches the highest office prices in Bremen due to its modern and high-quality facilities.

Rent has also increased in the city centre, peaking at € 13.80 per m². In some cases, small-scale and very well-equipped units manage to generate top rents that are even higher than the prime level – especially in Überseestadt, but also in the city centre. This trend will only get stronger in the coming years, because rising construction costs and expensive ESG standards will have to be shouldered by tenants.

Rent levels are also increasing on the outskirts of the city due to the numerous renovated or newly built areas – the prime rent has climbed to € 9.60 per m².

2022 vacancy rate in Bremen city centre

by national comparison (in m²)

Bremen	3.5%	130,850
Leipzig	5.1%	144,500
Essen	7.3%	234,400
Hanover	5.2%	245,700
Stuttgart	3.6%	294,600

2022 vacancy distribution

among Bremen's office locations*
(in m²)

Technology Park / University	10,500
Airport City	15,350
Überseestadt	16,000
Outskirts	22,000
Periphery	33,000
City Centre	34,000

Size distribution

of 2022 letting rate*

Up to 500 m ²	23,000
Up to 1,000 m ²	25,000
Up to 5,000 m ²	27,000
Over 5,000 m ²	15,000

* Forecast

TAKE-UP PRICE LEVELS INDUSTRIAL ESTATES

HIGH DEMAND

Logistics properties are becoming increasingly important for stabilising supply chains in the current crisis

Logistics companies are having to react more and more quickly to economic fluctuations and other changes brought about by the ongoing crisis. Logistics properties provide the space needed for supply chains to flourish. This is clearly reflected by the figures for Bremen, where the amount of warehouse space has risen to over 3.2 million m². At the same time, the vacancy rate has remained very low (1.54 %). The large warehouses at Bremen Freight Centre (GVZ) are still a popular choice.

→ Bremen occupies a key position in international logistics. Huge quantities of goods arrive every day at the container terminals in Bremerhaven, most of which are picked, packed and processed in the city of Bremen. A considerable amount of goods from the ports in Hamburg and Wilhelmshaven also pass through Bremen on their way to international destinations due to the city's proximity to the North Sea,

its central location among Germany's three major ports in the middle of Europe and its excellent infrastructure.

The ports connect the German economy with global markets and process around three quarters of the country's foreign trade in terms of value. Stable supply chains are crucial 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 the companies' infrastructure.

As this report collects data on the current situation at the same time every year, this is the third consecutive report to be influenced by the coronavirus pandemic – and now the war in Ukraine has added a whole new dimension. In spite of the current situation, the take-up figures and vacancy rates for logistics properties remain healthy. This reflects the important role played by Bremen's property market in safeguarding supply chains and ensuring the security of supply. At the same time, the requirements are increasing due to the growing scarcity of industrial space.

→ BLG LOGISTICS is planning a new site for industrial logistics at Freight Centre (GVZ)

© GoldbeckInternational



TAKE-UP

Over 3.2 million m² in the portfolio

The local warehouse space has increased slightly to 3,238 million m², comprising around 250 logistics properties. Bremen is special in that many of these properties can even be reached by bike from the city centre, making it a well-connected location for carbon-neutral supply chains.

While the available space reported by other cities includes areas from the entire surrounding region, the figures contained in this report refer exclusively to logistics areas in the city of Bremen. Properties located within the factories of industrial manufacturers and trading companies (e.g. ABInBev, Mercedes-Benz and ArcelorMittal) are also included if they are made available to the market through outsourcing. More than 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 figure of over 3.2 million m² of warehouse logistics space all the more remarkable.

More space is needed

While the take-up of space – measured at 218,100 m² in 2022 (previous year: 366,000 m²) – falls within the same range as the figures recorded in 2020, the extremely low vacancy rate reflects a higher demand. Irrespective of this, visible or planned construction activities in various industrial areas are only recorded when

they have been launched. In the period currently under review, new leases have been signed for 20 properties (previous year: 21), including 9 properties with an area of 10,000 m² or more (previous year: 12).

Vacancy rate under the national average

The vacancy rate has dropped to 1.54 % (previous year: 3.83 %). This means that 49,900 m² are currently available for logistics (previous year: 122,687 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 brown-field developments.

The vacancy rate has returned to pre-2018 levels, when it was well below the level of 3 to 5 % that is customary in Germany.

PRICE LEVELS

Nice mix of properties

The average rent for logistics properties has risen slightly to € 3.38 per m² (previous year: € 3.36 per m²). When properties are as good as new, the basic rent can be up to € 5 per m². The basic rent for 45 % of existing properties is between € 2 and € 4 per m². By way of comparison, the average rent in Germany's big 5 metropolitan areas (Berlin, Hamburg, Frankfurt am Main, Munich and Düsseldorf) is between € 6.30 and € 8.50 per m².

The range of rental prices reflects the variety of properties in Bremen. There are buildings suitable 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.

INDUSTRIAL ESTATES

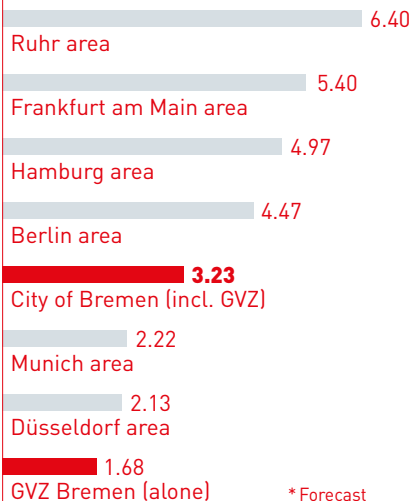
Freight centre: the home of "big boxes"

Unlike in other cities, there is no sign of restraint on Bremen's logistics property market. The amount invested in Bremen Freight Centre (GVZ) reflects the interest in large warehouse space. The largest "box" on site, which is currently under construction, will provide 90,000 m² of storage space. Another property of almost the same size has been launched just next door as a distribution centre. Altogether, the GVZ houses 107 warehouses with a total area of almost 1.7 million m².

The properties are part of the combined freight transport and contract logistics network. The people who work there help to boost sales in the local retail sector and keep businesses running smoothly in the local area. The close relationship between customers and logistics service providers has an effect on all levels of the supply chain – right until the goods are supplied to the population to meet the local demand.

Warehouse space

by national comparison in 2022*
(in million m²)





Sustainable supply chains and smart last-mile solutions

Procurement, production and distribution have to be connected like pearls on a chain. Industrial estates are becoming increasingly important for the success of production logistics. As we march into the digital age, sustainable supply chains and smart mobility solutions for the last mile are required for modern factory buildings to receive the parts they need.

These developments are best reflected by the Hansalinie industrial estate, which was opened 25 years ago and continues to expand its presence on the local market. The secret to its success is perseverance combined with smart innovations. There are currently 49 logistics properties there spread over 570,000 m² of space. The facilities are mainly used by the au-

tomotive industry, creating secure jobs for 16,000 people around the Mercedes-Benz AG plant. Together with the Hemelinger Hafen and Bremer Kreuz industrial estates, the Hansalinie forms a production logistics cluster with over 800,000 m² of space.

Outlook for 2023: Supply chain needs logistics properties

In the recent past, supply chains have been seriously disrupted by numerous major events such as the coronavirus pandemic, the war in Ukraine and the stranding of the "Ever Given" in the Suez Canal, resulting in economic fluctuations that are difficult to predict. When it comes to negotiating these situations and keeping the supply chain moving, port operators and

logistics companies are the most important cogs in the machine. They have to analyse the unknown factors affecting markets, supply chains and competitors.

The bullwhip effect adds a whole new dimension to supply chain management, as logistics locations have to react to fluctuations in demand within multi-stage supply chains at increasingly short notice. Campaign-like logistics – with the interim storage required for specific means of transport – is no longer the hallmark of project logistics or campaigns run by major discounters; it has become part of everyday logistics processes.

This situation is further amplified by the turnaround in energy and transport policy. Many projects have been launched by policy-makers with the aim of expanding offshore wind energy in Europe by up to 25 times the current capacity. LNG and hydrogen also form the basis for future value creation in trade, production and services – with prices that will become increasingly competitive in the future. But until then, turbines and wind farms have to be installed. This creates the need for sophisticated project logistics, which is characterised by individual lot sizes, variety and decentralisation.

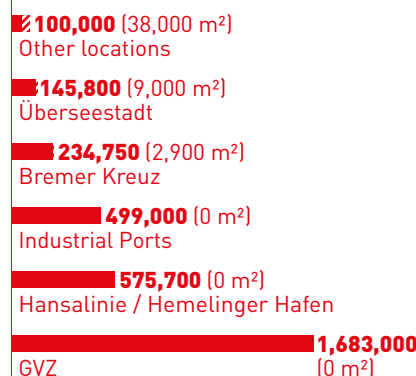
Bremen continues to form a logistical hub between Wilhelmshaven, Bremerhaven and Hamburg that supplies German factories and households with goods from Germany and abroad. Logistics properties are becoming increasingly indispensable for the stability of supply chains.



A modern area for trade, crafts and urban manufactories is emerging on the 90,000 m² site of the former freight yard in Bremen-Neustadt

© Peper & Söhne Projekt GmbH

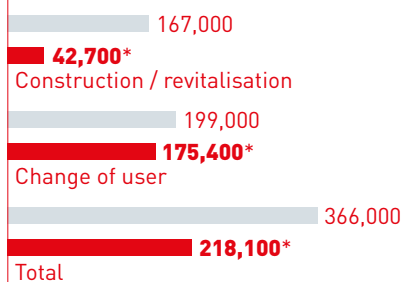
Distribution of warehouse space in 2022* (in m²)



■ Leased space ▨ of which vacant

Take-up

in Bremen, 2021/2022 (in m²)



■ 2021 ■ 2022

*Forecast

LOCATIONS POTENTIAL STRUCTURE

FRESH INNER-CITY CONCEPTS

Former department stores put to new use as shoppers return to the city centre

As footfall continues to pick up in Bremen city centre, shoppers can now explore a new furniture store housed in the former Galeria Kaufhof building. The development of the city centre is being driven by fresh ideas such as the **BALGEQUARTIER** and **Lebendiges Haus**. In addition, a range of innovative concepts in the areas of retail, culture and cuisine are breathing new life into the city centre and the surrounding districts.

→ Bremen has always been a popular shopping destination thanks to its historic city centre, its numerous attractions and its wide range of retailers. The variety of shops are not only enjoyed by around 563,000 locals, but also guests from all over north-west Germany, the Netherlands and far beyond. And tourism is also picking up again – the Statistical Office of Bremen recorded 881,465 over-

night stays in Bremen from January to June 2022. However, the pre-pandemic levels are yet to be reached.

The partially roofed arcades dotted throughout various districts ensure a care-free shopping experience at over 700 stores. The historic Schnoor district and Böttcherstraße are just waiting to be explored. More than 200 restaurants offer a rich variety of culinary experiences for every palate.

When the weather is good, people flock to the outdoor bars and restaurants along the Schlachte promenade that looks directly onto the River Weser.

All destinations in the city centre can be reached quickly thanks to solid transport links. You can walk from the central station, and there are various multi-storey car parks near the city centre – and you can even hop on a tram straight to the central shopping area on Obernstraße.

LOCATIONS

Prime locations from Wall to Weser

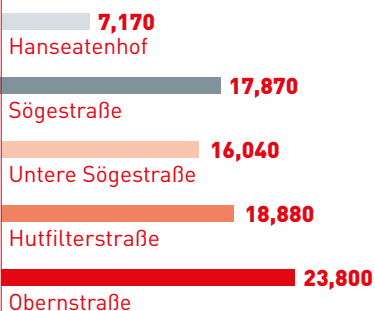
The main shopping area is nestled between the park-like ramparts in the north, the Weser promenade Schlachte in the south,

Bremen retail figures in 2022

Purchasing power index (retail)	96.2
Revenue index	109.7
Centrality index	114.1
Retail purchasing power (in millions of euros)	3,988.2
Revenue (in millions of euros)	3,731.6

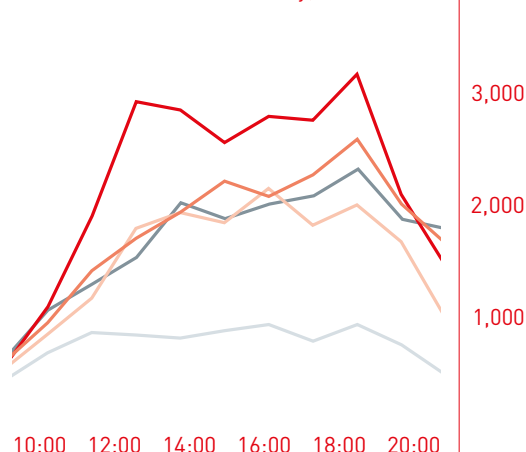
Footfall

Thursday, 23 June 2022



Footfall

Thursday, 23 June 2022



the marketplace with cathedral and city hall in the east and Bürgermeister-Smidt-Straße in the 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/Hutfilterstraße, where the tram stops are the ideal starting points for a trip to the city centre and the large shops attract visitors from all over Germany. In addition to established fashion brands (e.g. Peek & Cloppenburg, Anson's, H&M, AppelrathCüpper) and the Galeria Karstadt Kaufhof department store, the first Opti-Wohnwelt furniture store opened here in March 2022. After moving into the former Galeria Kaufhof building, the Bavarian furniture retailer is exploring new avenues in a prime inner-city location. The idea of breathing new life into an inner-city department

store has aroused quite some interest in other cities.

The smaller, more traditional Sögestraße is lined with premium brands such as COS, Wormland, Wempe and popular chain stores. Shoppers can round off their stay at one of the cafés in the pedestrian zone.

Other prime locations include the city's shopping arcades. The most popular is the LLOYD PASSAGE, which runs parallel to Obernstraße and connects the large department stores: the Opti-Wohnwelt furniture store, the historic Galeria Karstadt Kaufhof department store and the Karstadt Sport building, which has been taken over by SportScheck.

A remarkable opening

As national and international chain stores continue to set their sights on "A cities", the effects of this development are being

felt in "B cities" such as Bremen. The relatively large number of notable openings in recent years has been matched by the number of closures, some of which have been triggered by the merger of Galeria Kaufhof and Karstadt. When the Opti-Wohnwelt furniture store opened on Papenstraße in March 2022, Bremen welcomed a remarkable new addition to its retail landscape.

The key players currently seem to be observing the market developments. In Bremen city centre, major project developments are either about to start or are already under way and could lead to further investments in the future.

POTENTIAL

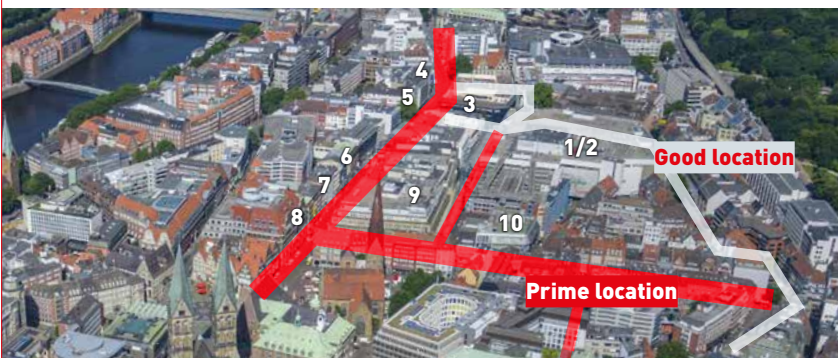
Projects for the future

One of the most promising urban development projects can be found at Ansgarkirchhof, where the former Lloydhof area is being completely overhauled and revitalised as a vibrant complex known as "Lebendiges Haus". In addition to offices, flats and apartments, the retailers on the ground floor will breathe new life into the surrounding area.

A new and exciting district known as the "BALGEQUARTIER" is being built around the Johann Jacobs Haus together with the neighbouring Essighaus, Kontorhaus and Stadtwaage buildings. The entrepreneur behind the project, Dr Johann Christian Jacobs, wants to reinvigorate the area with shops and restaurants, effectively creating a "handrail to the Weser". The plans are completed. The demolition and

Retail locations in Bremen city centre

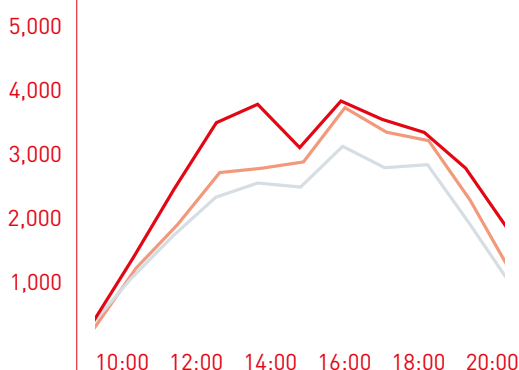
Large retail outlets in Bremen city centre



- | | | |
|-----------------------------------|------------------------|-----------------------------------|
| 1/2 Opti-Wohnwelt / SATURN | 5 C&A | 8 Peek & Cloppenburg |
| 3 H&M | 6 Thalia | 9 Galeria Karstadt Kaufhof |
| 4 Anson's | 7 BALGEQUARTIER | 10 SportScheck |

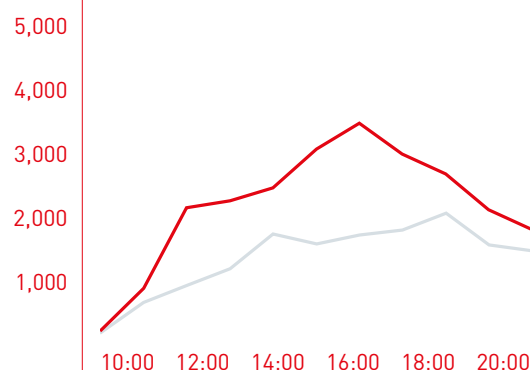
Footfall

Obernstraße



Footfall

Sögestraße



Thursday, 23 June 2022 Saturday, 25 June 2022
Saturday, 19 June 2021

Thursday, 23 June 2022 Saturday, 25 June 2022

building work is currently getting under way for the new Essighaus. The district is scheduled for completion by 2024. The city is also looking to attract visitors to the Kontorhaus am Markt, where a new Town Musician and Literature House is currently being built on a plot of land measuring 1,000 m².

However, the “City Gallery” project planned by the ZECH Group, which would have been important for the city centre and local retail sector, is sadly stalling. After purchasing the Mitte multi-storey car park, the ZECH Group, as the owner of the Karstadt building, was planning a project development around the LLOYD PASSAGE arcade. The project development also included the Galeria Kaufhof building, which is closely linked to the Mitte multi-storey car park in terms of its location and structure. Now that the DIC Group has leased several floors of the former Galeria Kaufhof building to Opti-Wohnwelt as part of a major five-year lease, however, the original overall plans can no longer be implemented as envisaged, and so alternative development scenarios are currently being examined.

Developments in districts and quarters

A rich variety of individual shops can be found in the Schnoor district on the outskirts of the city, which is a popular tourist destination. In the neighbouring areas of Ostertor / Steintor, the bustling Viertel district is brimming with independent bou-

tiques, cultural attractions and restaurants with an urban flair.

A whole new feel is emerging in the district of Hemelingen, where a world of beer, coffee and fine dining is being concocted in the Wilkens silverware factory from 1810 – the oldest established silver brand in the world. UNION Brauerei will be opening a restaurant, event rooms and a large beer garden there by the end of 2023. The premises will also house a new and expanded location for the baristas of UNION Rösterei.

In other parts of the city, shoppers will find a wide variety of retail outlets tailored to their needs, including extensive shopping centres such as the Waterfront and Weserpark, as well as specialist shops like the Duckwitz retail park. The shops are easy to reach from other parts of the city and the surrounding area.

Unlike in the city centre and shopping centres, the rent for retail space in the city districts remain stable.

STRUCTURE

Steadier footfall

On two days a year, the number of passers-by is recorded at prime locations in Bremen. The number of people in the city centre has stabilised again over the past year.

The footfall recorded on Thursday, 23 June 2022 was similar to the figures from the previous year, increasing by only 0.9%. However, there was a clear shift in terms of visiting times, with a clear increase measured especially in the off-peak windows in the mornings and evenings. This suggests



↑ Pflanzenköök, City Centre

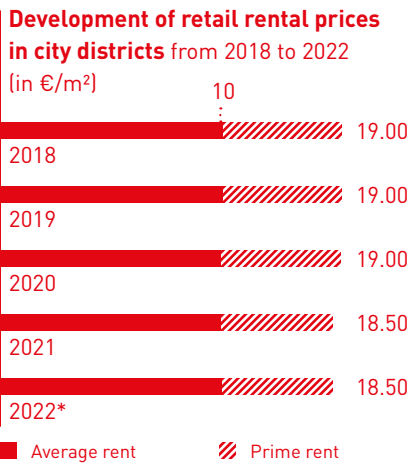
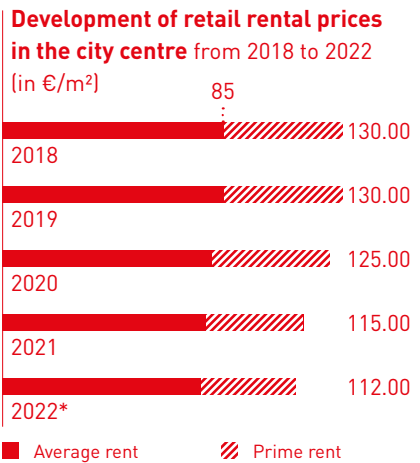
that more people have returned to their offices and can access restaurants again without restrictions.

On Saturday, 25 June 2022, the weather was just as nice as on the recording day in the previous year. The footfall in prime locations increased significantly by 11.6%. On this day, too, more people came at off-peak times, highlighting the importance of local bars and restaurants. The footfall almost returned to pre-pandemic levels.

Outlook for 2023: Momentum for new ideas

Over the next few years, promising projects such as the BALGEQUARTIER and Lebendiges Haus will bring fresh ideas into the city centre. The city of Bremen will actively ensure further development in the “City Gallery” area around the LLOYD PASSAGE. The idea of housing university departments in prominent buildings in the city centre is another exciting prospect.

The aim is to reinvigorate the city centre and create sustainable structures that are fit for the future. For this purpose, projects for new retail concepts will continue to be advertised and areas will be made available for new uses. Bremen is turning heads throughout the country with a whole range of novel public events featuring tasty food and vibrant culture, such as on the open-air stage at Domshof. All stakeholders in local politics, administration and business now have to show courage and commitment in creating the conditions needed for new developments. Bremen is breaking new ground as a role model for other cities to follow.



* Forecast

POPULATION DEVELOPMENT FORECASTS PRICE LEVELS

LIVING ON THE WATERFRONT WITH A TOUCH OF INDUSTRIAL CHIC

As the demand for living space remains high, new districts offer a high quality of life in appealing locations

The recent surge in construction costs, the continuous influx of people into the city and the growing number of households are putting pressure on the housing market. The purchase prices for condominium units have risen by 7.1%. Most of the new builds are apartment blocks, accounting for 84% of all newly completed buildings. Around 10,000 new residential units are scheduled for construction in Bremen's urban area by the end of 2025.

ber of inhabitants has increased by 1.6% due to migration gains. The number of households is also constantly increasing. As a result, the demand for living space remains high and prices are rising.

FORECASTS

More building work on the horizon

The high demand for living space will be partially absorbed by a number of construction projects. As in previous years,

→ **POPULATION DEVELOPMENT**
Current developments, such as the immense increase in construction costs and the arrival of Ukrainian refugees in

Bremen, are putting pressure on the local housing market. All metropolitan areas in Germany are similarly affected by the current situation. Since 2015, the num-



The SPECHT Group and STEFESpro are revitalising an industrial wasteland in Neustadt as part of an ambitious project

© Architekten FSB

most of the construction activities in 2021 revolved around apartment buildings (those with at least three apartments), accounting for around 83 % of all planning permission and 84 % of all completions.

Due to the slight backlog of apartment buildings with planning permission that are yet to be built, more construction work can be expected in the coming months. Around 10,000 new residential units are scheduled for construction in Bremen's urban area by the end of 2025. However, these projects could be frustrated by a lack of raw materials and rising construction costs.

High quality of life in appealing locations

Some of the most popular new residential areas are those on the waterfront. The ZECH Group and Gewoba are currently cooperating on the EuropaQuartier project with around 500 residential units on Konsul-Smidt-Straße at the Europahafen marina. The building work is scheduled for completion by the end of this year. Additional living space is being created in new districts such as Hulsberg (approx. 1,000 apartments), the Tabakquartier (approx. 2,500 apartments), Gartenstadt Werdersee (approx. 600 apartments), and the KöCo site in Hemelingen (approx. 1,300 apartments).

An unusual project is being carried out by the SPECHT Group and STEFESpro in Neustadt, where a new residential quarter with 120 units is being built around an

ensemble of listed buildings on the site of the former Koch & Bergfeld silverware factory. In addition to open spaces, sports facilities and restaurants, there will also be creative lofts, apartments for the elderly and a daycare centre.

PRICE LEVELS

Housing prices on the rise

Despite the coronavirus pandemic, there was no slowing down purchase prices in 2021, when modern, newly built condominiums peaked at € 5,500 / m² and fetched an average price of € 4,500 / m². The average purchase price was 7.1 % higher than in the previous year – and some prices were significantly higher in integrated waterfront areas and city districts. As in previous years, the purchase price level rose more strongly than the rent level. The current interest rate developments are expected to bring about the stabilisation of purchase prices in the coming years.

Rent on the rise

In 2021, the prime rent for new buildings in Bremen was € 14.30 / m², equating to a 1.4 % increase on the previous year. The average rent for new buildings was around € 12 per m² (a 4.3 % increase). Between 2016 and 2021, the rent for new buildings rose by an average of 32.4 % and by 23.6 % at prime levels.

In 2021, the multiplier for new apartment buildings peaked at a factor of 26 and averaged 23. This is higher than the previous year's figures. In view of the

turnaround in interest rates, the current forecasts predict a fall in purchase prices from around 2024.

↓ Top: Construction work in Gartenstadt Werdersee;
Bottom: Cecilientor, Überseestadt



Development of prime rental prices

(new builds) in Bremen
(in € / m²)

	14.00
2017 (Ø 11.00)	
	14.00
2018 (Ø 11.20)	
	14.00
2019 (Ø 11.50)	
	14.10
2020 (Ø 11.50)	
	14.30
2021 (Ø 12.00)	
	14.79
2022* (Ø 12.40)	

Development of prime purchase

prices (new builds) in Bremen
(in € / m²)

	4,900
2017 (Ø 3,500)	
	4,900
2018 (Ø 3,800)	
	5,100
2019 (Ø 4,000)	
	5,250
2020 (Ø 4,200)	
	5,500
2021 (Ø 4,500)	
	5,725
2022* (Ø 4,686)	

* Forecast

TRANSACTIONS RETURNS PRICE LEVELS

RECORDS SET IN 2021, TREND REVERSED IN 2022

The war in Ukraine, changing interest rates and rising inflation have been reining in investors since the start of the year

The investment volume for 2021 (€ 576 million) almost mirrored the record levels achieved in 2017. The most popular asset classes were office, logistics and production properties. However, these prospects clouded over at the start of 2022. A quarter fewer transactions have been carried out in the first six months of this year compared to the same period last year. Investors are erring on the side of caution.

→ The investment volume for 2021 (€ 576 million) was well above the value estimated in the previous market report and even comes close to the record levels achieved in 2017 (€ 577 million). The strong performance was mainly due to a number of large transactions in the second half of the year.

↓ New ZECH Group building, Überseestadt

TRANSACTIONS

Market characterised by small and medium-sized investments

While there were some exceptionally large transactions on Bremen's investment market in 2021, the market was generally shaped by small and medium-sized transactions. Around half of all deals fell within the price segment of up to € 25 million.

Office properties were the most popular asset class for investments, generating a volume of around € 190 million with a 33% market share. This asset class was followed closely by logistics and production properties with a volume of around € 185 million and 32% share of sales. The result for this building category has almost doubled year-on-year. This highlights the typical volatility of Bremen's investment



market, where major investments in certain asset classes had a significant impact on the overall distribution in 2021.

The distribution by location paints a similar picture: Peripheral areas and office hubs together accounted for around 80 % of the transaction volume; the periphery generated an investment volume of € 230 million, while office locations (Überseestadt, Airport City, Technology Park / University) attracted € 250 million in investments. We can see that the difference between the two most popular locations was just € 20 million or 4 percentage points.

RETURNS

Possible trend reversal

The start of the 2022 investment year has been marked by great restraint. The outbreak of the war in Ukraine, changing interest rates on the capital markets and rising inflation have sown the seeds of uncertainty among market participants. This has had an impact on the transaction volume, as turnover has fallen to around € 185 million – a 25 % reduction on the figures recorded in the first half of 2021.

Investors are wading through this changed financing environment with an air

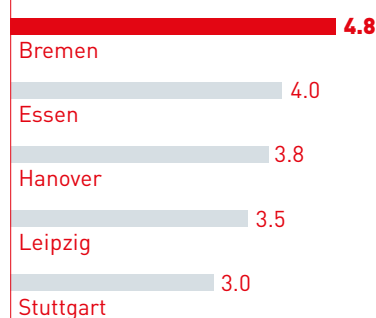
of caution, particularly by postponing large-scale transactions or examining them in greater detail. Buyers are no longer prepared to pay the high purchase prices from last year. Under these conditions, returns are set to rise again for the first time in years – around 30 basis points can be cautiously expected by the end of the year.

PRICE LEVELS

Much fewer transactions

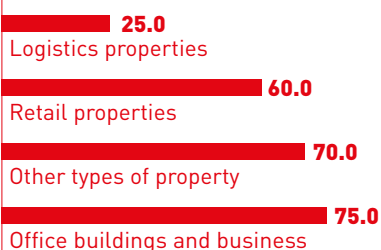
A significantly lower transaction volume is expected for the whole of 2022. The final volume will ultimately depend on how quickly buyers and sellers can agree on property prices that are acceptable for both parties given the current challenges and the lack of market evidence.

Net returns (central locations) on office properties by national comparison in 2022* (in %)

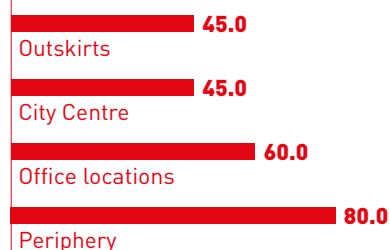


Transaction volumes by type of property

in 2022* (in millions of €)



Transaction volumes by location in 2022* (in millions of €)



premises

* Forecast



↑
Opti-Wohnwelt,
City Centre



↑
mes amis, City
Centre

↖
Evermade, City
Centre

←
BEADBAGS,
City Centre

←
Made in Bremen,
City Centre

↗
Digital Hub Industry,
Technology Park



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