

# 2015

## BREMEN PROPERTY MARKET REPORT

OFFICE | LOGISTICS | RETAIL | RESIDENTIAL | INVESTMENT



**Bremen**invest

## Foreword



Good value for money, project development with a sense of proportion, and stability – these have been the characterising features of the Bremen property market for many years, and the basis for Bremen's popularity among investors. In comparison with other German cities of similar size, our Hanseatic city scores top marks in almost every segment, be it the market for logistics or office properties, the retail sector, or in residential properties.



Photo: Björn Behrens

The situation is healthy this year, too, for example on the market for logistics properties. The amount of indoor logistics space has increased this year to more than 2.5 million m<sup>2</sup>. The take-up level is high, at 217,800 m<sup>2</sup>. Bremen remains very stable in this respect, with a low vacancy rate of just 1.91%. New areas are currently being created, above all in the 'Hansalinie' industrial estate and the Bremen Freight Village (GVZ). In 2015, the latter was once again awarded the accolade of Germany's best freight village, and at European level it also holds a top rank.

There are also good news from the office property market, where the low vacancy rate has been reduced even further to a mere 3.2%, which is significantly less than the 6% average rate in comparable cities.

Bremen also has a dynamic investment market. In the first half of this year alone, properties to the value of just under 330 million Euro changed hands. A volume of approx. 400 million Euro is expected for the year as a whole.

On the following pages you will find some detailed information on the Bremen property market that we have compiled for you. We hope that the Report will awaken your interest and we look forward to getting together with you to talk things over.

Andreas Heyer  
CEO  
WFB Wirtschaftsförderung Bremen GmbH (Bremeninvest)

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## 2015 Investment Market Report\*

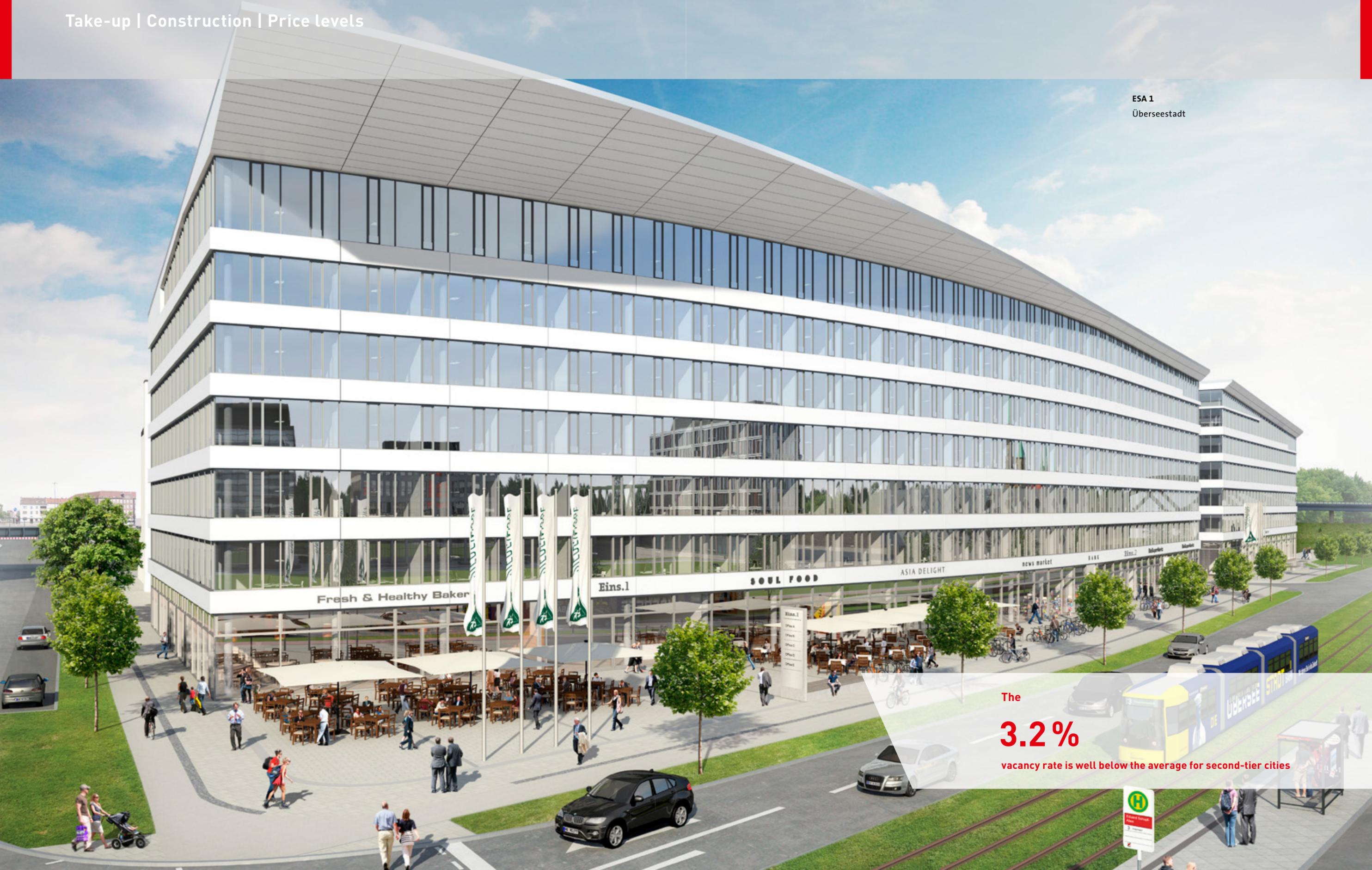
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# The office market in 2015

Take-up | Construction | Price levels

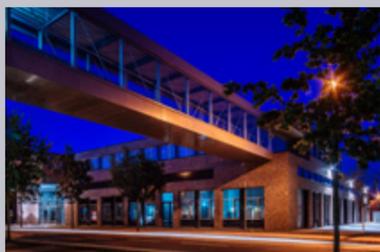
ESA 1  
Überseestadt



The

**3.2%**

vacancy rate is well below the average for second-tier cities



IFAM  
Technology Park



Hansa Tresor  
Überseestadt



Albright  
Überseestadt

Weinkontor  
Überseestadt



Office inventory is growing to

**3.59 million m<sup>2</sup>**

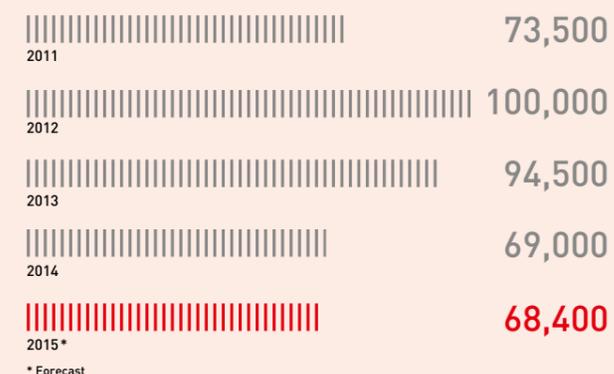
## Stable market with good forecasts

Take-up on the market for office space\* in Bremen was at about the same level in 2015 as the prior year. Office take-up in the first half of the year came in once again at just under 40,000 m<sup>2</sup> and is projected to reach around 70,000 m<sup>2</sup> by the end of the year. This means that annual take-up on the Bremen market will once again fall short of the five-year average of around 83,000 m<sup>2</sup>. The current trend is a result of the normal market cycle – after two years of relatively strong take-up in 2012 and 2013, much demand has been satisfied for the time being. However, demand will increase again in the near future. New construction by owner-occupiers, in particular, will provide a substantial boost. In 2015, in contrast, owner-occupiers accounted for only 5,000 m<sup>2</sup>, whereas most take-up was on the rental market. Strong demand from external users bears witness to the stability and strength of the Bremen market. There is therefore a continuing trend that was already discernible last year, also in other markets.

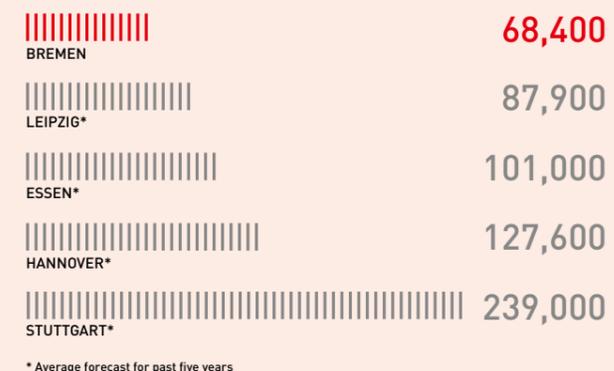
### Growth in take-up in peripheral locations

This year, take-up is characterised above all by a large number of transactions involving small areas of office space below the 500 m<sup>2</sup> mark. No major transactions involving more than 5,000 m<sup>2</sup> were concluded in the first half of 2015. In that respect also, market action resembles that of the previous year, when the ADAC contract for 5,000 m<sup>2</sup> was the only major event. As in 2014, more than half of total take-up in the first six months of 2015 was for office rentals in the 1,000 to 5,000 m<sup>2</sup> range. Demand was strongest for office properties in peripheral locations, ahead of Überseestadt and the city centre. This trend is unabated in 2015. In Überseestadt specifically, but also in the city centre, take-up is relatively low, due to the current shortage of large, contiguous office premises ready for use in those areas. When the take-up figures are broken down into share per industry, the transport/production/trade sector was well in the lead in 2014. It accounts for around 19,000 m<sup>2</sup>, or a good 27% share of take-up, overtaking the otherwise strong demand for rental space from the public sector, which only reached 15,000 m<sup>2</sup> or 22% of the total. So far in 2015, little has changed in that regard:

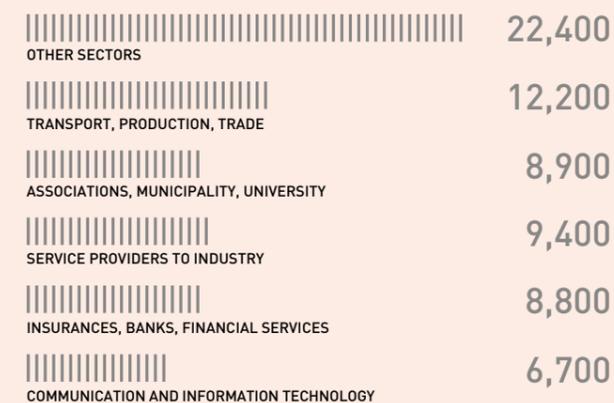
### Rented office space in Bremen, 2011 – 2015, in m<sup>2</sup>



### Total rented area in various large cities, 2015, in m<sup>2</sup>



### Sectoral structure of rented office space in 2015, in m<sup>2</sup>



\* All figures in m<sup>2</sup> for office space are m<sup>2</sup> total rented area

Lofthaus 3  
Überseestadt



With a 23 % share, transport / production / trade sector is still the group with the strongest demand. This is unsurprising given that the economic prospects are encouraging for this sector in Bremen, Germany's fifth-largest industrial centre.

**New construction activity similar to 2014 – less redevelopment**

New construction in 2014, at 23,500 m<sup>2</sup>, was close to the average for the last five years, namely 24,000 m<sup>2</sup> of completed office space. At around 25,700 m<sup>2</sup>, new construction activity in 2015 is at the same level as previous years. In 2014, after extensive redevelopment, almost 32,000 m<sup>2</sup> in additional office space was made available again to the market. No less than 20,000 m<sup>2</sup> of that total relate to the former Bremer Bank building at Domshof 8–12. Another major development last year was the revitalisation of the Weinkontor in Überseestadt, where around 12,000 m<sup>2</sup> were redeveloped. In total, therefore, 55,000 m<sup>2</sup> of new or redeveloped office space was placed on the market in 2014. In 2015, in contrast, only a good 5,000 m<sup>2</sup> in office is being redeveloped. The total amount of office space scheduled for completion in 2015, for all types of construction work, is around 30,000 m<sup>2</sup>. This is another indication that demand for office space on the part of owner-occupiers would appear to be met for the time being. The pre-leasing rate in 2015 is 63%. By the end of this year, a total office inventory of around 3.59 million m<sup>2</sup> is expected, due to construction work completed in 2014 and 2015.

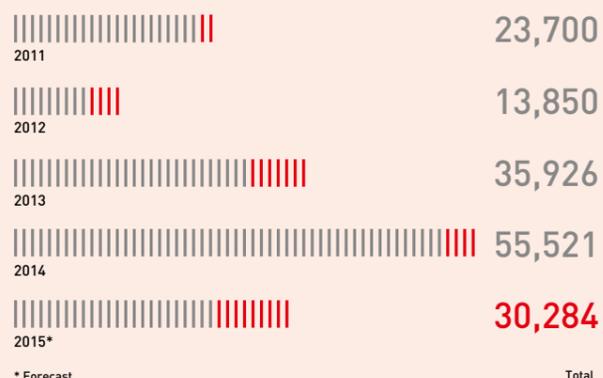
As in previous years, new construction activity is primarily focused on Überseestadt, which is where most new proj-

ects are still being planned and implemented. More than 70 % of new construction, or more than 16,000 m<sup>2</sup> of new office space, were in this specific market. In 2015, only 28 % of new office space is located in Überseestadt. A good 34 %, in contrast, have been built in locations at the city's periphery, away from typical office locations. Peripheral locations are enjoying considerable popularity at present, compared to the past. For many users, they offer good alternatives to what are sometimes old-fashioned premises in the city centre, and to the relatively high level of rents that are charged in Überseestadt.

**Vacancy levels continue to decline**

Despite the increases in office inventory in 2014 and 2015, the vacancy level in Bremen has continued to fall. This is

Development of construction activity, 2011 – 2015, in m<sup>2</sup>



\* Forecast  
Total  
Of which no longer available (grey)  
Of which available (vacant) (red)

due, on the one hand, to stable take-up levels on the The office market in 2015 rental market. On the other hand, the high preletting rates for ongoing construction projects are also helping to reduce vacancy rates. Very little of the new office space placed on the market is unlet. At around 119,500 m<sup>2</sup> of free office space, the vacancy rate for 2014 was a mere 3.4%. This placed the Hanseatic city well below the national average: the average vacancy rate in comparable second-tier cities was 6%. Although projections for 2015 indicate that preletting will not quite reach the 2014 level, the amount of vacant space is expected to decline further to around 115,000 m<sup>2</sup> in a context of stable take-up and scheduled completions. This equates to a vacancy rate of 3.2% in 2015.

The city centre still accounts for the largest proportion of vacant space, at just under 43,000 m<sup>2</sup>. Offices there often fail to meet the present-day needs and expectations of tenants, as far as furnishings, fittings and layouts are concerned. Contemporary prestigious premises, especially in the range above 500 m<sup>2</sup>, are only rarely to be found in the city centre area. Potential users of such office space are compelled to look elsewhere, for example in Überseestadt or other areas. Überseestadt has the least amount of vacant space, a mere 5,000 m<sup>2</sup>, due to the modern and attractive properties that are found there.

**Peak rents – Überseestadt overtakes the city centre**

The stable take-up rate, combined with a moderate level of construction activity and high preletting rates have positive impacts not only on vacancy rates, but also on rents. This trend is particularly noticeable in areas where demand is strong, like Überseestadt. Since 2012, rents in Überseestadt have increased by around 2.25 Euro / m<sup>2</sup>, or by 17%. Peak rents of 13.00 Euro / m<sup>2</sup> for new office space are forecast in 2015. Average rents in Überseestadt are also trending upwards. Since 2012, they have risen by a good 1.75 Euro / m<sup>2</sup>, or around 15%.

**Rents in the city centre under pressure**

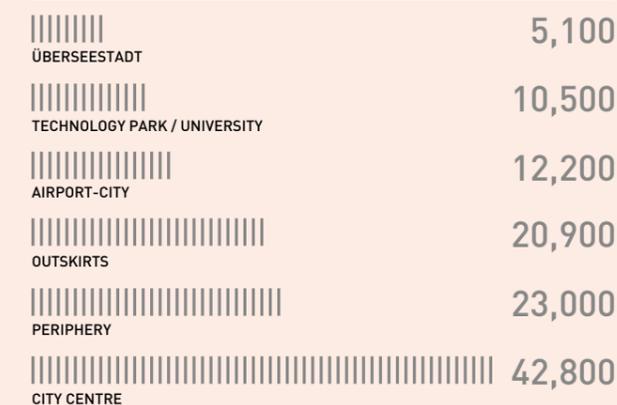
City centre office rents show a different trend. Until 2013, peak rents there rose moderately to a level of 12.85 Euro / m<sup>2</sup>. However, due to a lack of high-quality office space, that price fell slightly in 2014 to 12.50 Euro / m<sup>2</sup>. Further decreases are not expected in 2015, however. The same holds true for the city centre periphery and for office locations at the airport and the university, where no noteworthy changes are expected, with stable rents the result.

2015 vacancy levels in the city of Bremen compared to other German cities, in m<sup>2</sup>

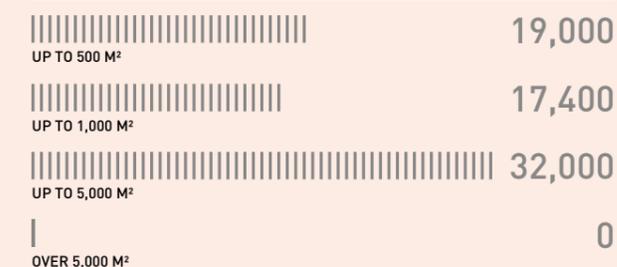


\* Average forecast for past five years

Distribution of vacant properties among Bremen's office locations, 2015, in m<sup>2</sup>



Size structure of take-up, 2015, in m<sup>2</sup>



# The logistics market in 2015

Take-up | Industrial estates | Price levels

BLG Logistics Group  
Bremen Freight Village (GVZ)



**217,800 m<sup>2</sup>**

take-up of logistics space in 2015



**Loewe Logistics Centre**  
Bremer Kreuz industrial estate



**Kieserling**  
Bremen Freight Village



**Panattoni Europe**  
Bremen Freight Village

**C.F. Protec GmbH**  
Hansalinie industrial estate



More than  
**2.5 million m<sup>2</sup>**  
of indoor logistics space

## High standards, on sound foundations

### Optimum conditions for logistics activities

Bremen is a crucial hub in the global exchange of goods. Enormous amounts of freight arrive at the port terminals in Bremerhaven and are subsequently processed in the municipality of Bremen's highly efficient logistics centres. Infrastructural advantages engender a wide variety of value-creation opportunities, protect the value of enterprises and offer an excellent platform for companies in industry, trade and services.

The logistics industry currently comprises more than 1,000 companies and around 35,000 employees. Another 70,000 people work in logistics-related fields. There are also many global players with a local presence here, including such big names as Metro / MGL, Fiege, Dachser, DHL, Hellmann, Kühne + Nagel, or Schenker Deutschland AG. Röhlig and the BLG Logistics Group have their head offices in Bremen. Major trading companies such as Metro, Bauhaus, AB InBev, Kellogg and Tchibo operate their logistics centres here. Other powerful drivers for Bremen's development as a logistics centre are production companies like the Mercedes-Benz Bremen plant, the Airbus Group, Melitta, OHB, Saturn Petcare or Kaefer. The universities, universities of applied sciences, research institutes, consultancies and seaport operations also provide exceptional potential for innovation.

As a location, Bremen also has an enormously high networking density. The five logistics centres in Bremen (GVZ Freight Village, Hansalinie industrial estate, Bremer-Kreuz, Überseestadt and Industriebahnhöfen) form a superb infrastructural network for companies in services, commerce and production.

### More than 2.5 million m<sup>2</sup> in indoor logistics space

Bremen's enormous strength as a centre for logistics operations is mirrored in the inventory figures. The municipality of Bremen currently has 1,468 ha of land for logistics activities. The inventory of indoor logistics space has increased to 2,539,750 m<sup>2</sup> in 2015. This is all the more impressive when one considers that many older properties have

been demolished since 2005, or otherwise removed from the inventory to serve other purposes.

The fact that around a quarter of the total inventory in Bremen is no older than ten years further underpins the high level of locational quality. The sites of interest to potential investors amount to just under 1.5 million m<sup>2</sup>, meaning they are at least 8,000 m<sup>2</sup> in area, have a clear height of at least 6.5 m and were built after 1985.

At least 50%, or more than 2.5 million m<sup>2</sup> of the indoor logistics space in the entire metropolitan region of Northwest Germany, can be found in the municipality of Bremen. As a comparison, the entire Ruhr district has a logistics inventory of approx. 3.8 million m<sup>2</sup>.

Another noteworthy aspect here is that all the figures obtained in Bremen are for the city alone. This approach is fundamentally different from those of competitor cities.

### Indoor space compared to other German cities, 2015, in millions of m<sup>2</sup>



Wittrock & Uhlenwinkel  
'Hansalinie' industrial estate



Similar locations, such as Hamburg, Frankfurt, Berlin, Düsseldorf or Munich, also count the areas available in surrounding regions as part of their own. Nor do the Bremen figures include the logistics properties on the sites of industrial and commercial companies such as AB InBev, Mercedes-Benz and ArcelorMittal, as long as these are used by the respective plant and are not available to the property market on account of their specialised functions in some cases. Such properties are only included in statistics when they are operated by logistics service providers as a result of outsourcing.

**Shares in take-up, user contracts and vacancy rates**

At 217,800 m<sup>2</sup>, the take-up level in 2015 is at a stable, high level. New user contracts have been concluded for ten properties in total (2014: 16) – eight of the ten having an area of 20,000 m<sup>2</sup> or more (2014: 4). One striking aspect as far as type of use is concerned is that production processes are being increasingly transplanted to logistics properties.

In addition to online commerce, the 'light industrial production' segment has become an essential component of local market development in Bremen.

The vacancy rate has risen minimally to 1.91% (2014: 1.57%), but remains low. At present, 48,000 of space for logistics activities is available (2014: 39,000 m<sup>2</sup>).

**Further slight increase in prices due to sustained use**

Suitable properties are available not only for processes with high value-added, but also for products requiring large storage volume. Rental prices have risen slightly to an average of 3.17 Euro / m<sup>2</sup> (2014: 3.14 Euro / m<sup>2</sup>). This trend points to a very variable mixture of properties in the city. Peak monthly rents are around 4 Euro / m<sup>2</sup>, or more (excluding utility costs). Prices of 2–3 Euro / m<sup>2</sup> are achieved for around 60% of existing properties. Very moderate land prices are still the main reason for the relatively low

rents found in Bremen. At 45 Euro / m<sup>2</sup> on average, they are about 50% lower than the equivalent figures in Hamburg.

**No. 1 in Germany, No. 2 in Europe:  
the Bremen Freight Village (GVZ)**

The GVZ Bremen Freight Village is a real success story. This is well documented by the current 'LoGe 2015' study conducted by Logivest GmbH in cooperation with the Fraunhofer Workgroup for Supply Chain Services. The Bremen Freight Village (GVZ), winner of many top rankings, is a multimodal cluster located between the airport and the seaport.

The inventory of properties in the GVZ now amounts to 1,376,100 m<sup>2</sup>. In combination with a highly efficient link to the European overland transport network (rail and truck), the site offers ideal conditions for logistics-related companies.

Visible site development work for additional logistics space, or development of sites within the short term are clear evidence of future perspectives and planned growth. Local logistics companies are the main drivers of this growth. Vacancy rates are close to zero.

**Concentrated logistics power:**

**Hemelinger Hafen, Hansalinie and Bremer Kreuz**

Around 350,000 m<sup>2</sup> of all logistics properties in Bremen are currently operated or will soon be operated in the 'Hemelinger Hafen', 'Hansalinie' and 'Bremer Kreuz' industrial estates along the A1 motorway. The 'Hansalinie' industrial estate is characterised by its proximity to the Bremer Kreuz (A27) and Dreieck Stuhr (A28) motorway intersections and can be well reached from the entire north European economic zone. The production logistics companies with a strong local presence and specialised in automotive logistics also profit from the direct link to the A1 via the motorway intersection and from the proximity of the Mercedes-Benz plant in Bremen. These industrial estates are characterised by investments in new buildings, in existing properties and in the revitalisation of older facilities.

**Perspectives: > 2.6 million m<sup>2</sup> of indoor logistics space in 2016 and 3.0 million m<sup>2</sup> by 2020**

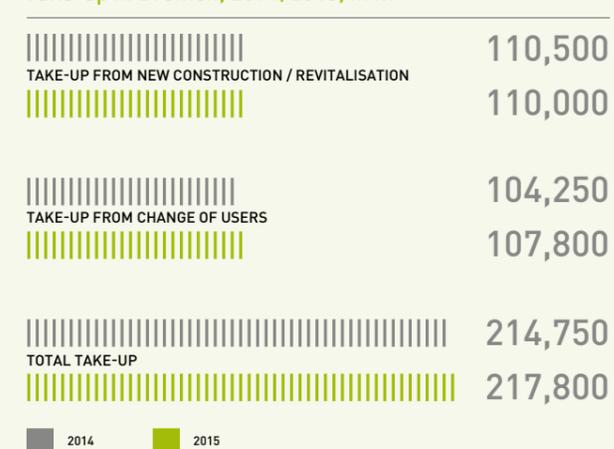
The basis for Bremen's strength as a centre for logistics operations is the robust domestic market, the brisk level of construction activity and the high level of involvement by institutional investors. Further potential is still provided by the GVZ Freight Village and the Hansalinie industrial estate, where work to develop new areas has already begun.

There are also some large-scale properties near the harbours, where revitalisation could be a financially attractive proposition due to their advantageous location. Current forecasts for maritime transport are based on the assumption that the ports will experience highly dynamic growth. Logistics properties in their immediate vicinity and with a suitable range of value-added services will perform an immensely important role here. The only requirement is that the hinterland transport infrastructure be rapidly expanded. Away from the industrial estates well known for their affinity to logistics, the Bremen Industry Park (BIP) is fast becoming another logistics location with a promising future. With its diversity and abundance of properties, Bremen is and will remain well equipped to compete with other locations for national and international enterprises.

Distribution of indoor space, 2015, in m<sup>2</sup>



Take-up in Bremen, 2014/2015, in m<sup>2</sup>



# Bremen as a centre for retail trade in 2015

Structure | Locations | Price levels

# GERRY WEBER

Gerry Weber  
Bremen's city centre

SAL  
zusätzlich  
**20%**  
auf reduzierte Artikel

A retail centrality index of

**119.6**

stands for a high inflow of purchasing power



**Windsor**  
Bremen's city centre



**Bremer Kaffeegesellschaft**  
Bremen's city centre



**Marc O'Polo**  
Bremen's city centre



**Böttcherstraße**  
Bremen's city centre

A peak pedestrian frequency of

**4,280 per hour**

is ample proof of the city centre's attractiveness

## Diversity everywhere

### Bremen – the Hanseatic city with a history of trading

The Hanseatic city of Bremen is steeped in tradition as a busy and successful trading centre. Its more than 550,000 inhabitants, as well as visitors from the surrounding areas, appreciate the ease of access and the broad range of shops and stores. About a million people in total go shopping in Bremen regularly. Additional demand is generated by tourism, as reflected in a constantly increasing number of overnight stays. The city centre, especially, attracts guests from the rest of Germany and from foreign countries – with lots of atmosphere and world-famous attractions like the statue of the Bremen Town Musicians, or the marketplace with the Town Hall and the Roland statue, part of the UNESCO World Heritage List.

As is typical for major cities nowadays, the retail trade is not confined to the city centre alone, of course. Various districts within the city, such as the 'Quarter', offer many opportunities for shopping and strolling in a relaxed atmosphere. Shopping centres, specialised stores and large shopping malls also provide the city of Bremen with everything an attractive retailing centre needs.

### Atmosphere and variety – shopping in the city centre

The city centre has around 140,000 m<sup>2</sup> of space where a wide range of retailers can present their wares. Every shopping destination is quickly reached by locals, commuters, tourists and people from the surrounding region – be it on foot from the main station, with local public transport or in their own cars.

The city centre is a mixture of large stores, some of them international, with smaller, owner-managed shops with longer traditions. Brand stores like Anson's and H&M, Saturn and Zara alternate with Hachez, the Bremen chocolate maker, the Stiesing fashion store, or the 'Privatvergnügen' studio for tailor-made fashions. Diversity is the hallmark of Bremen's city

centre. It provides that special appeal and enjoys an excellent image among all the different groups of customers. The wide range of cafés and restaurants, be they in side streets or on the marketplace, add another dimension to the shopping experience. In summer, especially, they invite all-comers to stay a while and feel good. Free WLAN access, as provided in the Ansgari quarter, the Lloyd Passage or the Kontorhaus am Markt, allow people to spend even longer in town.

### 1A sites with a profile

The main shopping areas in the city centre are in the 1A locations on Sögestraße, Obernstraße, or on Hutfilterstraße, the Katharinen and Domshof arcades, and in the Lloyd Passage shopping arcade, which is celebrating its 25th anniversary in 2015. Sögestraße and Obernstraße have been enriched recently with the opening of some attractive new stores, including Jack & Jones, Zara and Snipes fashion stores, and a Rituals Cosmetics outlet.



### Large retail stores in Bremen's city centre

1/2	Galeria Kaufhof / Saturn
3	C&A
4	H&M
5	Anson's
6	Zara
7	Thalia
8	Peek & Cloppenburg
9	Karstadt
10	Karstadt Sports

### Key figures for Bremen's retail trade, 2015

Purchasing power index (retail-relevant), 2015	98.0
Sales index, 2015	117.2
Retail centrality index, 2015	119.6
Retail-relevant purchasing power 2015 (in € m)	3,496
Sales, 2015 (in € m)	3,732

H&M, the Swedish fashion chain, is currently extending and modernising its store in the 'Bremer Carrée' on Obernstraße. When the building work is completed, customers can look forward not only to the large range of clothing, but also to the 'H&M Home' range of home furnishings. That makes Bremen the first city in northern Germany where the Swedish company is also offering its home accessories in a retail outlet.

The Katharinen and Domshof arcades provide a retail mix for the more discerning customer, including brand-name clothing boutiques such as Van Laack, René Lezard or Lacoste. Stiesing, a fashion store from Bremen, is currently upgrading its city-centre premises. By extensively modernising its two outlets in the arcade and on Sögestraße, this long-standing, owner-managed store can successfully extend its century-old tradition well into the future.

**Adjoining areas benefit**

In recent years, the encouraging development of A-category sites has also brought benefits to adjoining areas. Knochenhauerstraße and Schüsselkorb, for example, are reporting vacancy rates near zero. The BoConcept furniture store, the L'Uomo fashion store, or the May lingerie store are all examples of very attractive retail outlets to be found in those locations. There are also cafés, snack bars and restaurants,

such as Vapiano, that act as magnets for more and more customers. Am Wall, a top location long known to sophisticated shoppers for brands like Ligne Roset, Windsor or Bang&Olufsen, suffered a major loss this year. Harms am Wall, a distinguished clothing and textiles store with a long tradition in Bremen, was burnt down in a large fire. The Bremen government launched an emergency action pro-

gramme to stabilise the neighbouring retail trade. At the same time, the closure of Am Wall to traffic was taken as an opportunity to reflect on new perspectives for enhancing and upgrading the street – particularly since its location provides the potential for such improvement.

**Pedestrian frequencies stable on the whole**

Higher pedestrian frequencies in the city centre indicate a positive trend in some parts. The figures for the Obernstraße, in particular, has noticeably improved year-on-year and when compared to the average over the past five years. There are many reasons for this increase: the successful location of Zara on Obernstraße, and also of Marc O'Polo, Tamaris, L'Occitane and Gerry Weber, have all helped to enhance the attractiveness of this particular street and hence of Bremen's city centre as a whole. The surveys also show that online commerce and the growing number of malls and shopping centres on the periphery of the city do not necessarily result in decreasing pedestrian frequencies, as long as the atmosphere in the city centre is right.

Stable to upwardly trending frequencies, combined with a low vacancy rate, are further indicators underscoring the interest shown in Bremen's city centre. However, the consequence is that there is currently insufficient retail area available to meet demand. That was the reason, for example, why Pull & Bear, the Inditex clothing label, decided to open its Bremen outlet in the Weserpark mall instead of in the city centre. At the same time, this most recent trend is evidence of Bremen's attractiveness as a centre for retail trade on the German market.

**Retail trade beyond the 1A sites**

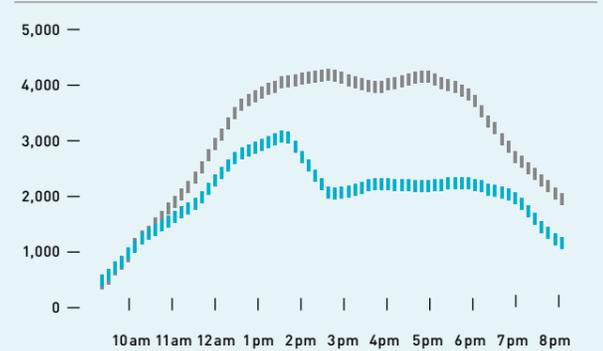
Bremen has another inner-city shopping district, the 'Quarter', that is well-known and popular far beyond the city limits. Along Ostertorsteinweg and Vor dem Steintor one finds a variety of shops that can only be found in similar diversity in the trendy districts of Berlin, Hamburg or Munich. The unique charm of the Quarter can also be discovered in its many different cafés and restaurants. A very different but equally unique atmosphere can be found in Bremen's oldest and car-free district – the famous 'Schnoor' quarter. In its picturesque alleyways, every shopping spree turns into a special experience.

But it is not just the city centre and the areas immediately adjoining it that give Bremen's retail landscape its particular character. A wide range of peripheral locations are proof of the fact. The best known of them, and well-known in regions further afield, are the upgraded and enlarged Weserpark mall, and the Waterfront mall.

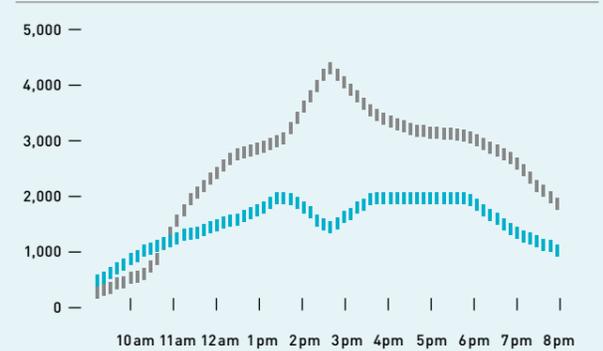
Pedestrian frequencies (Saturday, 20.6.2015)



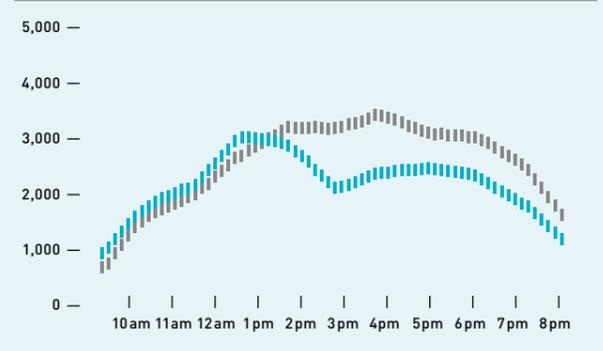
Pedestrian frequency in Bremen's city centre: Obernstraße



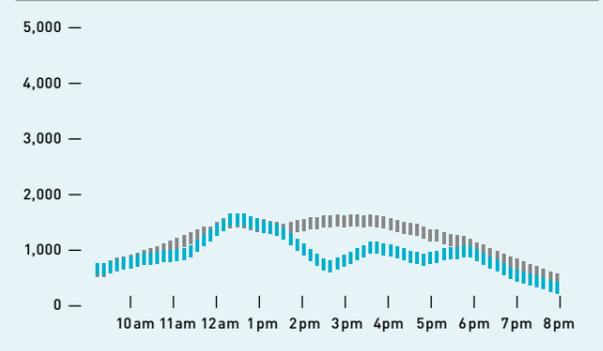
Pedestrian frequency in Bremen's city centre: Sögestraße



Pedestrian frequency in Bremen's city centre: Hutfilterstraße



Pedestrian frequency in Bremen's city centre: Hanseatenhof

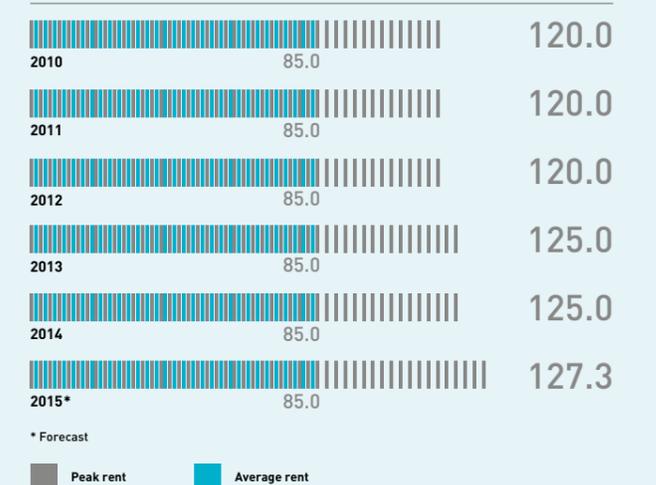


Thursday Saturday

**Outlook 2016**

The retail trade in Bremen has seen encouraging growth in recent years. Special reference must be made to the upswing experienced in second locations in the city centre, and the associated reduction in vacancy rates. Property owners, too, are living up to their responsibilities. Besides the establishment of various BIDs, mention should be made of numerous redevelopment and modernisation schemes in the city centre that are helping to enhance its attractiveness. When building work on the 'Bremer Carrée' is completed, the new small-scale shop units will revive the Obernstraße even more. This will result in rising pedestrian frequencies – as experience with the opening of new stores for Zara and for other strong brands has shown.

Trends in retail rents in the city centre, in € per m²



Trends in retail rents in the local districts, in € per m²



# The residential market in 2015

Population trends | Price levels | Forecasts

Hafenkante  
Überseestadt



The average rent for newly-built apartments is

**€ 9.80 per m<sup>2</sup>**

## In line with national trends

Large cities in Germany are subject to a trend towards metropolitanisation and smaller households. The demand for living space in urban agglomerations is increasing accordingly and putting pressure on the market. The current policy of low interest rates, and worldwide pressure to invest are additional factors behind the current price rises that can be observed on the German residential market. However, these rises are due less to speculation, but are primarily driven by owner-occupiers instead. As one of the ten largest cities in Germany, Bremen is no exception to this trend.

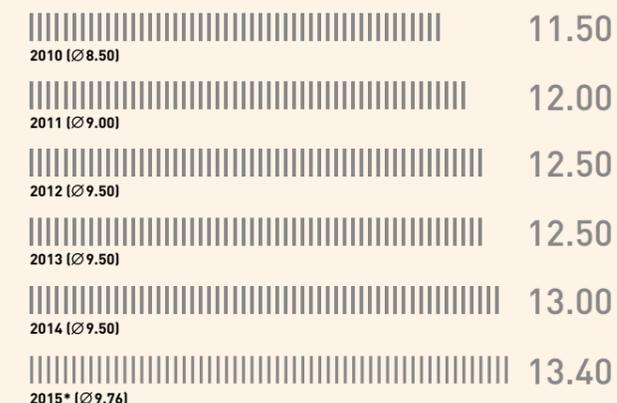
### Further increases in buying prices and rents

More specifically, prices are on the rise for high-quality housing in popular residential areas. In sought-after quarters like Horn-Lehe, Schwachhausen or at waterside and riverside locations generally, new building projects can command prices of more than 4,000 Euro / m<sup>2</sup>. Further increases to just under the 4,200 Euro / m<sup>2</sup> mark are realistic in 2015. This equates to a good 28% rise in peak prices since 2010. The most expensive projects placed on the market in 2014 were the Aqua Viva in Überseestadt (3,800 Euro / m<sup>2</sup>), the villas at Rhododendronpark in Horn-Lehe (4,000 Euro / m<sup>2</sup>) and the Missler Park project in Schwachhausen (4,100 Euro / m<sup>2</sup>).

Average prices for new buildings have also risen significantly since 2010, but the increase, at 20%, was slightly less. The average price level in 2014 was 2,800 Euro / m<sup>2</sup>, with further increases to as much as 2,900 Euro / m<sup>2</sup> being expected in 2015.

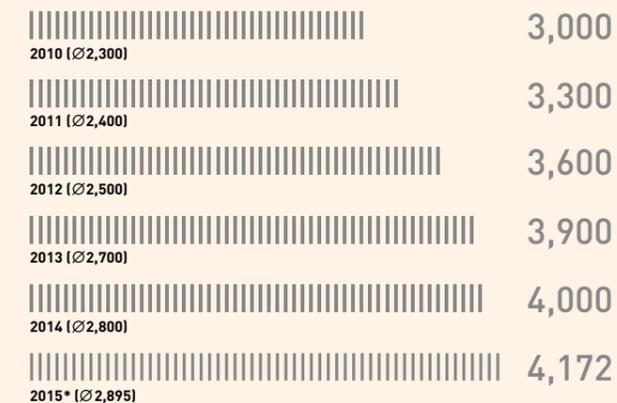
The situation is similar with rents in new buildings within the city. Peak rents have risen by a good 16.5% since 2010, to approx. 13.40 Euro / m<sup>2</sup> in 2015. Similarly to average buying prices, average rents have increased somewhat more moderately, namely by around 15% since 2010. This puts the average rent for newly-built apartments at around 9.80 Euro / m<sup>2</sup> at present. In 2014, the highest rent levels for new buildings were recorded for the 'Stadtterrassen' in the old Neustadt district, and for the 'Bootshäuser' in Überseestadt. Both these projects achieved peak rents of 14.50 Euro / m<sup>2</sup>.

Trends in peak rents in Bremen (new buildings), in € per m<sup>2</sup>



\* Forecast

Trends in peak purchase prices in Bremen (new buildings), in € per m<sup>2</sup>



\* Forecast

# 2015 Investment market report

Transactions | ROIs | Price levels

Investment project  
Bremen's city centre



With

## € 400 million

in transactions, the investment market is growing substantially

## Peak investment fuelled by strong demand

2014 had already seen around 285 million Euro being invested in commercial properties in Bremen. Retail properties were the strongest asset class, accounting for a good 150 million Euro or around 53% of the total. That large share was primarily due to the sale of the Karstadt property on Obernstraße to Art-Invest. Office properties followed with a share of almost 22%, then logistics properties with an 18% share.

In 2014, around 37% of investment volume in the city centre was attributable to the Karstadt transaction, followed by peripheral locations, which accounted in total for around 34% of investment volume. This relatively high level of investment in the periphery resulted, above all, from the growing interest in logistics properties. On the investor side, closed funds were the strongest buyer group, with a share of around 46%, even ahead of asset managers, at almost 39%.

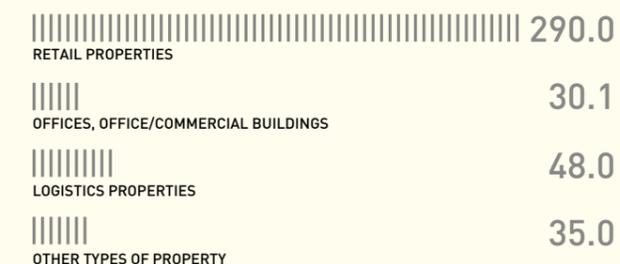
The investment market has been very dynamic so far in 2015. In the first half of the year, properties to the value of just under 330 million Euro changed hands. This already exceeds the total annual figure in the years 2012 to 2014. The retail market was once again the dominant segment. The Waterfront shopping centre, for example, was sold for around 250 million Euro to a Luxembourg subsidiary of ECE. This meant that the peripheral locations were the strongest segment, with a share of almost 72%, and that asset managers were the strongest investor group, at almost 77%.

The second half of 2015 will be moderate by comparison. The total investment volume for the year will probably amount to approx. 400 million Euro.

### ROIs still under pressure

Buying prices continue to rise, due to pressure to invest and a simultaneous shortage on the supply side. This is causing returns on investment to shrink further. In 2014, office properties in central locations achieved peak ROIs of 5.9% – or 40 basis points less than 2013. A moderate decline of around 10 basis points to 5.8% is projected for 2015. In non-central locations, ROIs in 2014 were ten basis points lower year-on-year, at 7.4%. A further decrease of ten basis points to 7.3% is likewise projected here for 2015.

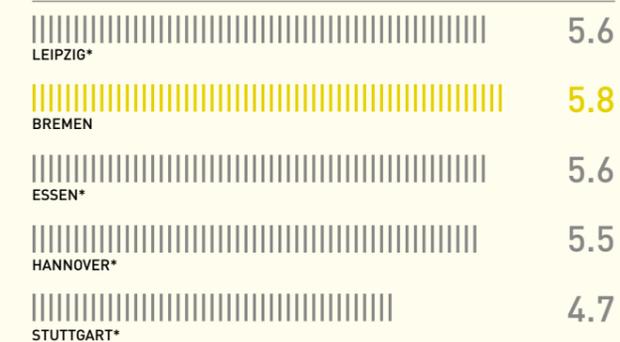
### Transaction volumes by type of property, 2015, in € million



### Transaction volumes by location, 2015, in € million



### Initial net ROIs for office properties in a national comparison, 2015, in %



\* Forecast

# 2015



Date: 09/2015 - Design: Büro visuelle Kommunikation, Bremen - Photos: Jonas Gijter - Text: Guido Strotkötter

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