
BREMEN
JOIN THE FUTURE.

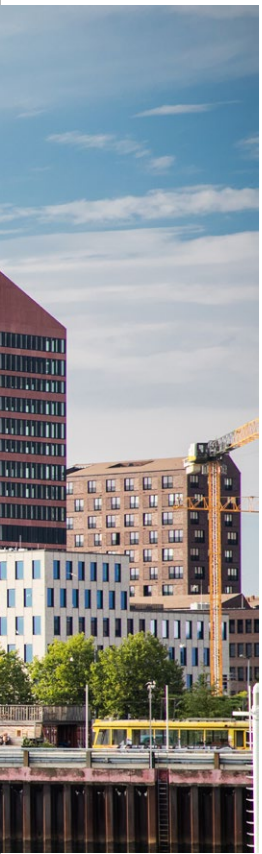
# PROPERTY MARKET REPORT – BREMEN 2024

## OFFICES | LOGISTICS | RETAIL HOUSING | INVESTMENT

Bremen invest



LEFT: TABAKQUARTIER
RIGHT: BASIC-FIT, SPURWERK



JOHN & WILL SILO-HOTEL AND REISHALLE, ÜBERSEEINSEL

# BREMEN INSPIRES CONFIDENCE

Germany has changed. At first glance, this is not unusual but rather a normal part of life. The biggest challenge is the unprecedented speed. What seemed certain yesterday, may become questionable tomorrow. This is discouraging risk-taking and investment throughout the country – including on Bremen's property market.

However, the figures and trends in this report is showing reason for optimism. Bremen is not waiting for better times; it is creating them. This is particularly successful in the office space market. Space turnover is relatively stable at plus / minus 100,000 m². There continues to be a trend towards very high-quality space in prime locations such as the city centre. The multiple crises have left their mark on predominantly small and medium-sized businesses.

Bremen continues to be one of the prime logistics centres in Europe – with over 3.3 million m² of logistics warehouse space. In contrast to locations on the periphery, Bremen's logistics cluster can significantly shorten transport routes, bundle more supply chains and make them more sustainable.

Bremen is responding to the many shop closures in German city centres with a willingness to change, innovative projects and combined strength. New settlements, high-profile events and urban development projects will ensure that the city continues to be attractive in the future. The recent increase in passenger frequencies confirms the success of the measures taken so far.

As expected, there has been a strong reluctance in buying residential property. On the other hand, rental prices are rising considerably. The ECB's future decisions about base interest rates will have a significant impact on developments. The same applies to the investment market. We are monitoring the first signs of a recovery following the downturn in 2022 – with very good opportunities for investors.

You may read about all the details on the following pages – giving you maximum transparency, more potential and new confidence. We look forward to speaking with you in person!


Photo: Jens Lehmkühler

Andreas Heyer
CEO of Bremeninvest

TOP: BG AMBULANZ REHABILITATION CENTRE BREMEN, AIRPORT CITY
CENTRE: THE FORMER BREMER LANDESBANK (BLB) AM DOMSHOF,
RELOCATING A FACULTY OF THE UNIVERSITY OF BREMEN
BOTTOM: RESTAURANT BAR RIQUE WINEHOUSE, EUROPAHAFEN


# CONTENTS



Sources: * bulwiengesa AG, ** LSA Logistik Service Agentur GmbH

TAKE-UP | CONSTRUCTION | PRICE LEVELS

# STABLE IN THE CRISIS

**Despite many difficult areas, the Bremen office market remains on course: Solid performance has stayed at just under 100,000 m². There is great interest in high quality, modern space in Bremen's prime locations.**

At 94,000 m², take-up in 2023 was roughly on par with the last year or just below the previous average. The office market, which continues to be vital, was able to rely on its good economic base in particular. The University of Bremen was responsible for the largest single take-up last year. The Faculty of Law will move into the former domicile of Bremer Landesbank in a prime city centre location. The public sector was also once again active on the rental market. It rented a new location for the BürgerServiceCenter (Citizens' Advice Bureau) on Martinistraße among other things.

The office market achieved take-up of just under 30,000 m² in the first half of 2024 – slightly less than in the same period for the previous year. The predominantly small-scale and, to date, very few large-scale lettings are striking. Demand continues to be characterised by high-quality standards and a central location for rental space. Against the backdrop of the current crises, we are cautiously forecasting a year-end result of between 90,000 and 100,000 m².

However, sales could also be higher if the overall trend is positive. A number of attractive projects are still in the planning stage. However, it is obvious that certain projects have hardly been pre-let are being re-examined and, in some cases, postponed.

## Small and medium-sized businesses dominate in 2023.

In 2023, 53 % of total take-up was accounted for by space between 1,000 and 5,000 m². In contrast, there was only one deal for large spaces over 5,000 m² – with a volume of 13,500 m². Small and medium-sized spaces of up to 1,000 m² were also particularly well represented, accounting for 32 % of take-up.

In the first half of 2024, demand was somewhat more restrained than in previous years. Companies are reconsidering their requirements for office space in light of current developments such as working from home, ESG compliance and sustainability. It is important for them to attract employees back to the office with attractive locations. The trend towards higher-quality rental units in central locations is therefore holding steadily.

## High-quality locations and spaces in demand

Demand also influenced the distribution of take-up in 2023. The city centre was the most popular sub-location, accounting for around half of all take-up. However, the periphery also remained strong. It achieved a 24 % share of take-up thanks to a number of development projects (including in Tabakquartier). In contrast, Überseestadt's share decreased to 14 %. This is primarily due to the significant decline in new building completions in this sub-location.

DMK DEUTSCHES MILCHKONTOR,
AIRPORT CITY


# 94,000 m²

TAKE-UP

### LET OFFICE SPACE

in Bremen from 2020 to 2024 (in m²)

| | |
|---|---|
| 2020 | 100,000 |
| 2021 | 145,000 |
| 2022 | 95,000 |
| 2023 | 94,300 |
| 2024* | **90,000** to 100,000 |

### SECTORAL DISTRIBUTION

of let office space in Bremen in 2024* (in m²)

| | |
|---|---|
| Banking, financial services | 5,000 |
| ICT | 6,000 |
| Haulage, production, trade | 7,500 |
| Business-related services | 15,000 |
| Associations, city, university | 17,000 |
| Other sectors | 20,000 |

### CROSS-CITY COMPARISON

of rental take-up in 2024* (in m²)

| | |
|---|---|
| Bremen | **90,000** to 100,000 |
| Essen | 112,000 |
| Leipzig | 122,000 |
| Hanover | 127,800 |
| Stuttgart | 208,600 |

* Forecast


HEIZWERK, TABAKQUARTIER

The university related area accounted for a further 11 % of take-up. The outskirts and Airport City were at the bottom of the table with only 2 % each. It is particularly difficult to attract new tenants to the likely outdated existing structures on the outskirts of the city centre.

In the future, Überseestadt in particular can be expected to generate larger and market-defining take-up. Work is already underway on various development projects to offer space that is both high-quality and flexible – and therefore in tune with the zeitgeist in terms of rental demands. City centre locations will also continue to gain in importance in the future.

## Education sector and public sector shape the market

Unlike in previous years, take-up in 2023 was more clearly distributed across the individual sectors. The education sector and the public sector were particularly important, together accounting for 41 % of the total take-up. This was followed by the logistics and retail sector with 20 % and business-related services with 15 %.

## Hardly any speculative construction work has started as projects fall under scrutiny

Offices with a total area of 47,300 m² were completed in 2023; although this fell significantly below the previous year's level, it was still above the average for the past five years (41,400 m² per annum). The Tabakquartier accounted for 70 % of completions – including the completion of the Alter Tabakspeicher II (16,700 m²), the Forum (9,000 m²) and the Atelierhäuser (6,900 m²).

A similar volume is expected in the current year 2024. The largest contribution to this will come from the completion of the new DMK headquarters in Airport City totalling 14,500 m². The other new buildings are predominantly small-scale.

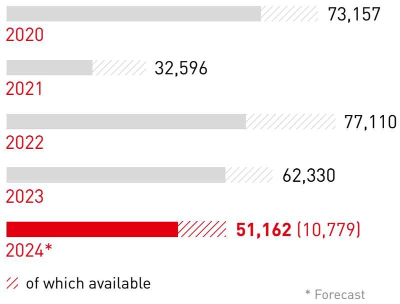
Significantly fewer project developments are expected from 2026. Speculative project developments in particular are being reconsidered given the current situation.

## Increasing number of vacancies

The number of vacancies in 2022 increased further in 2023. This was due not least to the high number of completions. 174,000 m² were available in Bremen at the end of the year, which corresponds to a vacancy rate of 4.5 %. This increase was observed in almost all sub-locations. Vacancies were only reduced in the city centre thanks to its high proportion of take-up.

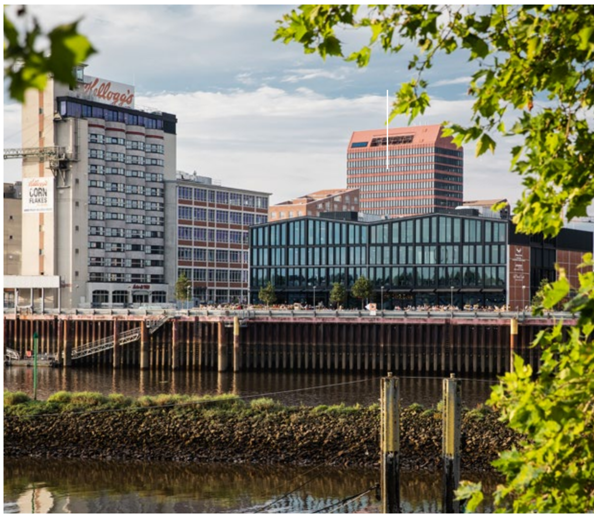
## CONSTRUCTION IN BREMEN

Development from 2020 to 2024 (in m²)





RIGHT: SPACE, ÜBERSEESTADT
BOTTOM: BRUKER DALTONICS GMBH & CO. KG



Older office space in less attractive locations is losing out in particular. More and more occupiers are moving out because these buildings no longer meet modern quality standards. Existing stock urgently needs to be updated to meet increasing requirements to remain competitive on the market.

Vacancy rates are therefore likely to rise to 5.4% by the end of 2024. If the overall economic situation worsens, the rate could be even higher.

**Prime rents continue to rise, putting existing stock under pressure**

TOP: TABAKQUARTIER
BOTTOM: HEIZWERK | EVENT LOCATION, TABAKQUARTIER

The positive trend in rental on the office market has continued despite all this uncertainty. The peak level rose from € 14.30 per m² and month in 2022 to € 15.00 in 2023. The average rent also rose, to € 12.00 per m². The Überseestadt, with its modern space, reached record levels. As did the City. While the average monthly rent here rose to € 10.10 per m², the prime rent level climbed to € 14.80 per m².

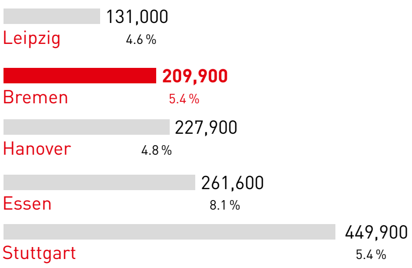
Modern and sustainable office space can also achieve significantly higher rents. This applies in particular to high-quality space in the prime locations of Überseestadt and the city centre. This trend will gather momentum in the coming years. As the demands on space increase, tenants are also more willing to pay higher prices for high quality.

This development is also affecting peripheral locations. Extensive refurbishments and new builds have recently significantly improved the quality of the buildings there. Demand and willingness to pay have increased accordingly. Prime rent in peripheral locations rose to € 10.50 per m² in 2023 and is expected to rise further in the coming years.

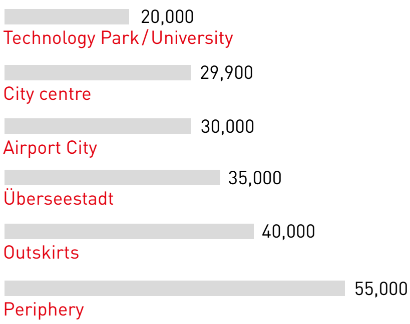
* All data for office space in m² = m² of commercial rental space

LEFT: REISHALLE, ÜBERSEEINSEL
CENTRE: TABAKQUARTIER
RIGHT: BG AMBULANZ REHABILITATION CENTRE BREMEN, AIRPORT CITY

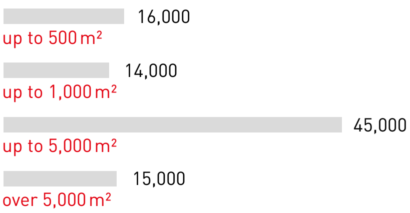
**VACANCY RATE IN CITY CENTRES**
by national comparison in 2024 (in million m²)




**VACANCY DISTRIBUTION** amongst
Bremen's office locations in 2024* (in m²)




**SIZE STRUCTURE**
of rental take-up in 2024*

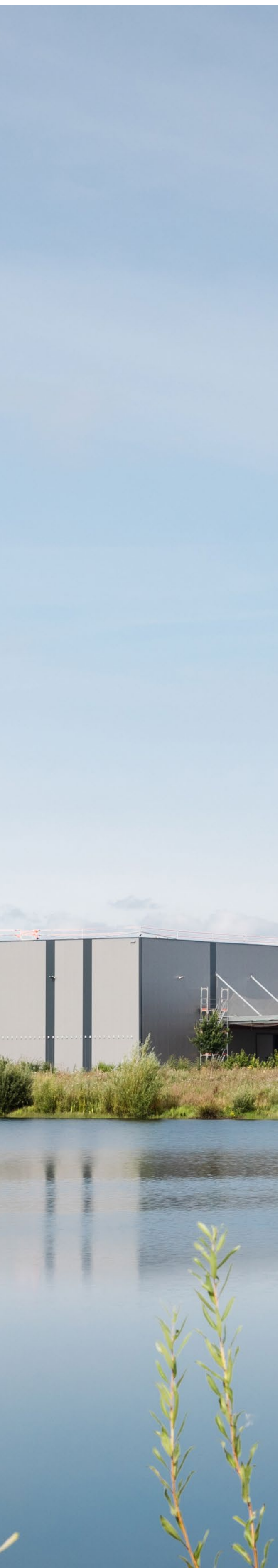



* Forecast

TAKE-UP | CONSTRUCTION | INDUSTRIAL ESTATES

# AT HOME OR ABROAD – THOSE WHO DARE WIN LOGISTICS LOCATIONS ON THE PERIPHERY OR A PRIME LOCATION IN BREMEN?

ONEBOX, HANSALINIE INDUSTRIAL ESTATE



This logistics report does not just aim to provide figures, data and facts for take-up, growth in stock or vacancy rates. It is mainly to provide potential developers and companies looking for a business location with a blueprint for designing customised plans and strategies for sustainable logistics and supply chains, allowing them to make decisions on promising areas and locations – especially when commercial space is rare and new areas need to be created in a climate-sensitive manner.

The figures provided in the Bremen Logistics Report allow these stakeholders to make individual and location-based evaluations. For example, they demonstrate that there are logistics properties with warehouse space totalling 3,357,400 m² within a radius of around ten kilometres from Bremen's city centre. The vacancy rate increased from 4.03 % to 5.15 % and the dynamics on the logistics property market have increased accordingly – which in turn is also reflected in the high take-up figures (265,960 m²) for changes of occupier/the investment segment.

The report is compiled every year in the same period based on a snapshot taken on location, allowing readers to clearly follow changes in the market. It should be noted that all figures relate exclusively to logistics space in the City of Bremen, while many cities also include properties located in the surroundings regions. Please note that logistics properties that are run by industrial and commercial companies such as AB InBev, the Mercedes-Benz plant or ArcelorMittal are not included here.

Developers and occupiers are increasingly moving to peripheral locations due to a lack of suitable space in prime locations. The shortage of space in popular logistics clusters has led to a rethink in the search for locations, writes the German Property Federation (ZIA).

A compact logistics cluster, such as found in the city of Bremen, can shorten transport distances and prevent empty runs. Transshipment can be reached much more quickly over short distances. Nationwide, the proportion of empty runs in road freight transport is just under 38 %. 6.5 billion kilometres are travelled by trucks with nothing on board. On average, a lorry travels 43.7 kilometres without any cargo until its next laden journey. This is just ten kilometres in Bremen. This location factor promotes sustainable profitability in companies, logistics and supply chains.

LOGISTICS PROPERTIES ON THE PERIPHERY ALWAYS NEED PRIME LOCATIONS SUCH AS BREMEN THAT OFFER A HIGH LEVEL OF CONNECTIVITY.

Peripheral locations, on the other hand, result in an increase of transport costs. It is often necessary calling at several loading points so as to prevent lorries from driving to the collection point half empty or carrying just one pallet. Delivery is also decoupled in terms of time. This is because the accessibility of logistics networks is primarily determined by order processing times, storage times in the warehouse, the times for the physical delivery of goods and the pick-up times of shipments by service companies.

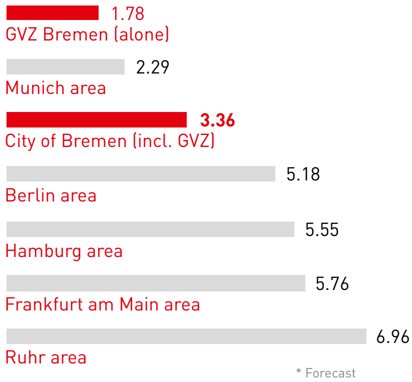
The latter requires a smooth connection to motorways and nearby feed-in options into the networks of CEP and logistics companies as well as automation and robotics at distribution and transshipment centres in the services sector. That is why four stock-free cross-docking facilities (transshipment points without warehouses) totalling an area of 37,500 m² have been built at Bremen's Cargo Distribution Centre within a short period of time, where shipments are transshipped directly between incoming and outgoing lorries without storage.

Many supply chains are bundled in the Bremen logistics cluster. Networks are of a very high quality, both at the ports and across heavy-goods transport services and general cargo networks. Every major German city is served by lorries overnight. This makes the City of Bremen an important hub in terms of transporting goods across Europe and further afield.

The high-quality of the network is crucial for companies to remain competitive. It is the starting point for assessing the suitability of business locations. It can very quickly determine which target markets and groups can be reached and attracted into.

## WAREHOUSE SPACE

by national comparison in 2024*
(in million m²)




L.I.T. AG, CARGO DISTRIBUTION CENTRE BREMEN (GVZ)

LOUIS-KRAGES LOGISTIKPARK | MILEWAY


VACANCIES BOOST TAKE-UP AND ENSURE THAT EVEN MORE SUPPLY CHAINS ARE BUNDLED IN BREMEN.

CTPARK BREMEN

At 324,960 m² (previous year: 184,593 m²), take-up was significantly higher than in 2023. The supply of available logistics warehouse space is increasing at the same time. Vacant space increased to 173,023 m² (previous year: 133,760 m²). The vacancy rate is at 5.15 % (previous year: 4.03 %).

New contracts were concluded for eleven properties in the current reporting period (previous year: 9), eight of which had an area of between 20,000 and 30,000 m² or more.

Changes in usage and ownership are generally recorded in the logistics report. This does not include business contacts that are formed with customers. Vacant properties are only recorded if they are available for sale or re-let on the property market in their entirety. This does not include any temporary vacancies on the part of occupiers who market their properties themselves.

**Rent increases have slowed down temporarily in Bremen.**

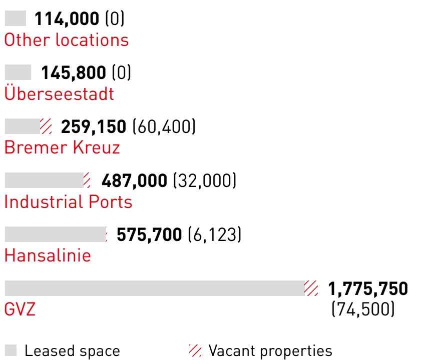
Further increases in rents for new builds are expected throughout Germany over the course of the year. The shortage of space is also affecting existing properties. As a result, rents are also rising in older existing properties with follow-up or new contracts. Although forecasts are currently subject to considerable uncertainty, it can be assumed that rents in the top markets will rise by at least another euro on average by the end of 2027.

In Bremen, somewhat more moderate increases are likely for the time being. New logistics space will come on the market, whereas other vacant space is currently being marketed. Thanks to the good mix in properties, the price range in the city is currently between € 3.50 and € 6.00 per m² per month.

In comparison, monthly rents in Berlin are between € 7.90 per m² at their peak and € 7.00 per m² on average, between € 8.25 and € 6.70 in Hamburg, between € 8.00 and € 6.40 in Frankfurt am Main, between € 9.30 per m² and € 8.40 in Munich, and between € 7.90 and € 8.40 per m² in Duesseldorf.

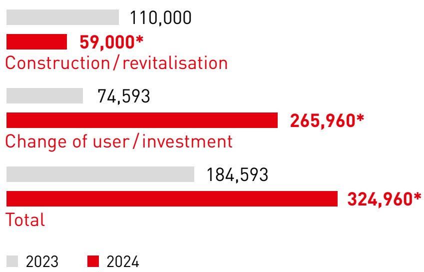
## DISTRIBUTION OF WAREHOUSE SPACE

in 2024* (in m²)




## TAKE-UP

in Bremen from 2023 to 2024 (in m²)




* Forecast

L.I.T. AG, CARGO DISTRIBUTION CENTRE BREMEN (GVZ)

## Outlook. Industry follows energy.

The energy transition provides a vast range of opportunities for industrial locations such as Bremen to cooperate more closely with companies in the medium-sized maritime industry, shipping and ports, in shipbuilding and -yards, in offshore wind and hydrogen, fisheries and aquaculture, in maritime service companies and suppliers. The focus here is on the long-term and sustainable expansion of photovoltaics, on- and offshore wind energy and their combination with 'green' hydrogen, which will lead to new logistics and supply chains.

The German government intends to significantly accelerate the expansion of wind energy on land and at sea. 90 % of the capacity required for the energy transition by 2045 still needs to be realised. The aim is also to import up to 70 % of the hydrogen for further decarbonisation and defossilisation ($CO_2$ avoidance) and make it usable for the economy and consumers. To this end, industrial capacities and production network systems need to be realised.

Industry follows cities and municipalities that promote a sustainable and forward-thinking economy. Future business locations generate value-added and green energy over short distances. They avoid transport and traffic, as up to 70 % of the costs in companies' supply chains are caused by logistics. The high quality of the network for logistics and economic cycles reduces emissions such as $CO_2$. In this sense, location profiles tend to be products or services that shorten or accelerate supply chains for companies.

TAKE-UP IS SIGNIFICANTLY HIGHER THAN IN THE PREVIOUS YEAR:

# 324,960 m²

BASIC-FIT, SPURWERK

STRUCTURE | LOCATIONS | PRICE LEVELS

# LOOKING FORWARD

Bremen is one of the oldest and most historically important cities in Germany with a population of just under 570,000. Its reputation is characterised by a rich cultural heritage and a dynamic and diverse retail landscape. Numerous innovative projects and settlements ensure that the city centre continues to be a sought-after retail centre in the future.

MARKET SQUARE


Photo: WFB / Jonas Ginter

# NUMEROUS INNOVATIVE PROJECTS AND SETTLEMENTS

With more than 700 shops and over 200 restaurants, the City of Bremen welcomes millions of people each year – from home, the surrounding areas and further afield. The transport links are excellent and the ambience is an experience – from the prestigious market square to the picturesque Böttcherstraße and the medieval Schnoorviertel.

## A prime location for shopping and relaxing

Together with Sögestraße, Obernstraße forms the bustling backbone of the area. The pedestrianised streets are lined with a variety of well-known retail chains and fashion houses. Brands like Rituals, Wellensteyn and Swarovski rub shoulders with local boutiques and specialist stores. The pavements are wide, there is plenty of seating and the relaxed atmosphere invites you to linger.
The Obernstraße/Hutfilterstraße axis has the highest footfall. This is where the tram stops are located and where most visits to the city centre begin. The immediate surroundings are characterised by popular large-scale retail outlets. These include established fashion stores such as Peek & Cloppenburg, Anson's, H & M, AppelrathCüpper and the Galeria department stores.

Sögestraße is much more compartmentalised. The historic buildings have created a 'string of pearls' of smaller retail spaces with many premium offerings. The restaurants here ensure a high quality of stay. A number of relocations have recently taken place here as a result of optimisation measures – such as Juwelier Meyer, Tchibo, TeeGschwendner and Calida. At the same time, Søstrene Grene, an internationally renowned retail store for interior design, has settled here, emphasising the mix of sectors on Sögestraße.

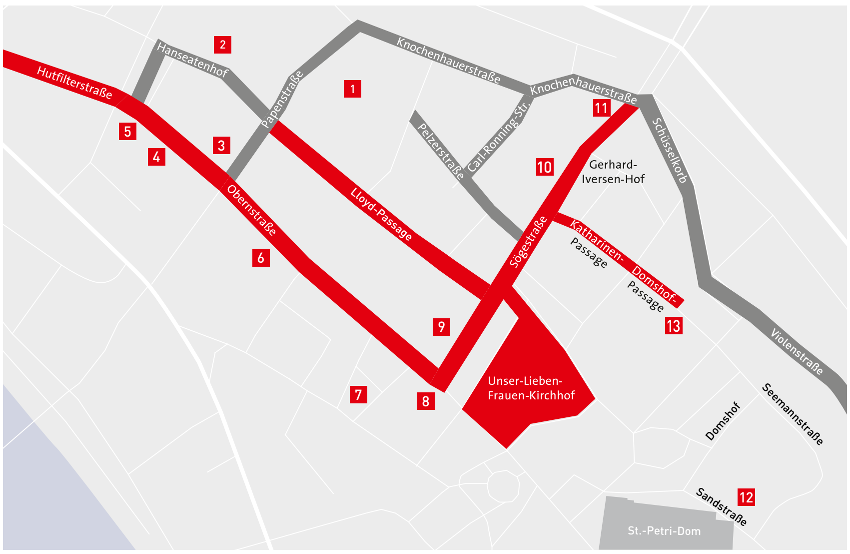
The shopping centres typical of Bremen's city centre are also among the prime locations. The most frequented is the Lloyd Passage, a covered pedestrian shopping area which runs parallel to Obernstraße. This is also the starting point for the multi-storey car park, Parkhaus Mitte, whose planned conversion has changed the condition of rental units in the Lloyd Passage. As a result, there are a number of vacant spaces that can be made available for temporary use.

## Together against the wave of bankruptcies

As is the case in many large cities, shops in Bremen have also left the city centre due to insolvency, among other things. Sögestraße is currently affected. Following COS last year, SportScheck and men's outfitter Wormland also closed this summer. In both cases, however, the owners of the buildings report that they are in promising talks for new lettings. This speaks in favour of the continued attractiveness of Sögestraße as a location.

### RETAIL LOCATIONS IN BREMEN CITY CENTRE

Large retail outlets in Bremen city centre




1 Saturn
2 AppelrathCüpper
3 H&M
4 C&A
5 Anson's
6 Thalia
7 Balgequartier
8 P&C
9 GALERIA
10 Søstrene Grene
11 Juwelier Meyer
12 Manufactum
13 BoConcept

■ Prime location
■ Prime location (side streets)

The phenomenon of the current wave of insolvencies in the retail sector and caused problems are facing for all German city centres. Bremen is coping with additional challenges due to competition from shopping centres in the city and its surrounding areas. The combined strenght of the private sector and the city are needed to ensure that city centres remain attractive. Many projects which aim to strengthen the city have been and are being implemented.

- → Settlement: Identifying and approaching potential national and international companies. City-UpTrade as start-up financing for newly established companies. Success: five subsidised settlements since the start of 2024.
- → (Con)temporay Crafts Studio: Promoting a creative location with urban production by providing a temporary space for start-ups and new groups of occupiers.
- → Urban Sports: '2b Active' project to boost sports activities and events for a young city centre. First implemented in 2023 on Hutfilterstraße (former Depot area).
- → Property Industrial Dialogue: regular events in a confidential setting since 2020, providing active support to property owners
- → City centre events: e.g. 'Open Space Domshof' or 'HOEG CitySommerFest' – with live music, dancing, delicacies, games, workshops, etc.

## More life in the city centre

There is great potential for further developing both urban structures and retail outlets in Bremen's city centre. The Berlin-based firm 'HD Projektentwicklung', for example, hopes that a new residential and commercial building at Obernstraße 45–47 will generate momentum. They plan to build hostel accommodation with up to 136 long-stay and co-living flats on this site. Retail stores and restaurants are planned for the ground floor.

The municipal companies Brepark and Brebau are pursuing similar goals. By demolishing Parkhaus-Mitte, they are creating space for a multifunctional shopping mall that can combine retail spaces and services with living and working. The greater integration of residential units in particular signals a positive sign for revitalising the city centre. Nothing will stand in the way of demolition and new construction once the tendering process is finalised this year.

Students from the University of Bremen will also bring the city centre to life. The Faculty of Law will move to Domshof at the end of 2024 – occupying 18,000 m² of space inside the former premises of Bremer Landesbank. The new workspace of Clockwise, which opened its first German location in the city centre in April 2024, will also provide new impetus.

Meanwhile, the Balgequartier, which is being built around the Johann-Jacobs-Haus together with the Essighaus, Kontorhaus and Stadtwaage, will serve as a 'handrail to the Weser River'. Entrepreneur Dr Christian Jacobs' plans suggest that retail stores and restaurants are improving the location. Construction work is in full swing. The first construction phase, the Essighaus, is expected to be completed in 2025.

APPELRATH-CÜPPER, CITY CENTRE

NEW COMBINATION: FASHION STORES, RESTAURANTS AND MORE QUALITY OF STAY ONCE APPELRATH-CÜPPER ON OBERNSTRASSE HAS BEEN EXPANDED AND REFURBISHED

LEFT: ROOKS & ROCKS BESPOKE TAILORS, CITY CENTRE
RIGHT: STADTMUSIKANTENHAUS, CITY CENTRE


## PASSENGER FREQUENCIES

Saturday, 15 June 2024

7,760 Hanseatenhof

17,440 Hutfilterstraße

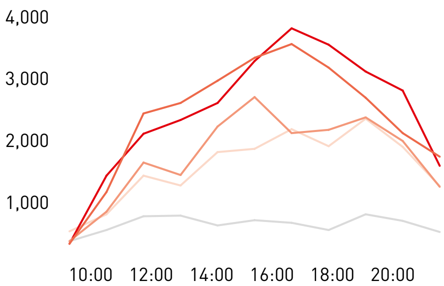
19,160 Lower Sögestraße

25,760 Sögestraße

26,550 Obernstraße

## PASSENGER FREQUENCIES

Saturday, 15 June 2024





SMASHBURGER, OSTERTORVIERTEL

## RETAIL INDEX FIGURES

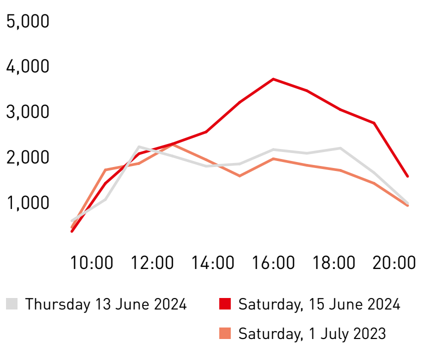
for Bremen in 2024

| | |
|---|---|
| Purchasing power index (retail) | 95.9 |
| Revenue index | 110.5 |
| Centrality index | 115.2 |
| Retail purchasing power (in € million) | 4,161.0 |
| Revenue (in € million) | 4,179.0 |

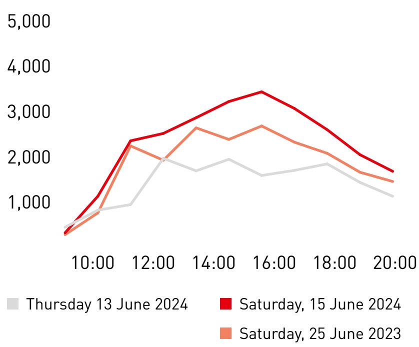


TOP: FRÖLICHS, CITY CENTRE
BOTTOM: MANUFACTUM, CITY CENTRE

**PASSENGER FREQUENCIES**
Obernstraße




**PASSENGER FREQUENCIES**
Sögestraße



## Diversity in the city's district locations

The retail sector in the city's district locations – such as the picturesque Schnoor district or the trendy Ostertor/Steintor district – is diverse in its range and highly individual in its demands. In contrast, shopping centres such as Waterfront and Weserpark or retail parks such as 'Einkaufspark Duckwitz' impress with their high density of shops.

## An increase in passenger frequencies

The 2024 survey once again showed how much influence the weather has on passenger frequencies in the city centre. This time it was extremely rainy on Thursday 13 June. There was also no summer festival at Hanseatenhof, which had driven up the figures in the previous year. Accordingly, passenger frequencies in prime locations on this year's survey day was 10.4 % lower overall than in 2023.

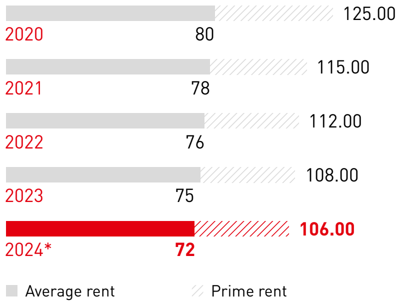
The situation was completely different on the following Saturday, which is more important for the retail sector. With the exception of the Hanseatenhof, all reporting points recorded significantly higher passenger frequencies than in the previous year. Overall, the increase was 15.3 %, and even 48 % on Obernstraße – although the bad weather on Saturday last year must also be taken into account here.

This year, data from the permanently installed counters was used again to conduct an extended analysis of the passenger frequencies. They also showed a significant increase on both survey days compared to the previous year: +38 % on Thursday and just under +24 % on Saturday.

It should be noted that a lot is happening in Bremen. The high number of new businesses and relocations are proof that the city centre is highly attractive and well supported by the city and its companies.

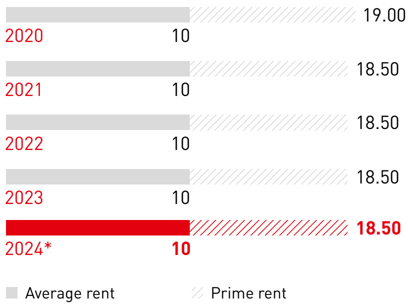
## DEVELOPMENT OF RETAIL RENTAL PRICES IN THE CITY CENTRE

from 2020 to 2024 (in €/m²)




## DEVELOPMENT OF RETAIL RENTAL PRICES IN CITY DISTRICTS

from 2020 to 2024 (in €/m²)




* Forecast

CINNAMOOD, CITY CENTRE

TOP: TABAKQUARTIER
BOTTOM:
RESIDENTIAL BUILDING,
HULSBERG-VIERTEL

# BUY OR RENT: AN ARITHMETIC QUESTION

**Many can barely afford the purchase price of properties despite an initial cut in the base interest rate, resulting in a strong reluctance to buy in Bremen – both last year and this year. Nevertheless, the demand for housing remains high.**

On the one hand, the City of Bremen's population is growing. Compared to 2017, the figures have recently risen by +0.2 %, and even by +1.1 % compared to 2023 – to a current population of 569,400. On the other hand, there is increased demand, particularly for modern, compact forms of housing as a result of the ongoing trend towards individualisation and the large number of single households.

Bremen is meeting these demands with a high level of new construction projects. From 2017 to 2022, an average of 1,147 residential units were completed and 1,135 approved each year. The focus is on building multi-storey residential flats, which currently accounts for 84 %. However, high interest and construction costs are crippling development: The backlog of approvals from previous years has been reduced, and some new construction projects have been postponed or not even started.

That said, any delays in construction are not stopping new urban districts from developing. 1,000 residential units are being built in the Hulsberg district as part of an integrated urban quarter. The first of these could be occupied as early as 2023. Tabakquartier and Gartenstadt Werdersee will also create new housing by the end of 2024 – with 220 and 600 residential units respectively.

## Rents are rising sharply.

Purchase prices stagnated at an average of € 4,600 per m² in 2022 and 2023 in response to changes in interest rates. The prime segment suffered a loss of –3.4 % to an average of € 5,600 per m². However, there are signs of a price recovery in the medium term.

This contrasts with the significant increase in rents. An average monthly rent of € 12.80 per m² was demanded for a newly built flat in a medium location (+14.3 % compared to 2018). Prime rents reached an average of € 15.60 per m² (+20.4 % compared to 2018). First occupancy rents were significantly higher in attractive locations, particularly on the waterfront. Rents for new builds are expected to increase by an average of +13.6 % by 2028.

There have been significant declines in multipliers driven by the market. Most recently, they were in the 15 to 22-fold range in Bremen (19-fold on average).

RESIDENTIAL BUILDING, HULSBERG-VIERTEL

HIGH LEVEL OF NEW CONSTRUCTION ACTIVITIES FROM 2017 TO 2022: AVERAGE

# 1,147

RESIDENTIAL UNITS IN BREMEN COMPLETED ANNUALLY

### DEVELOPMENT OF PRIME RENTAL PRICES
(new builds) in Bremen (in €/m²)

| | | |
|---|---|---|
| 2019 | 14.00 | Ø 11.50 |
| 2020 | 14.10 | Ø 11.50 |
| 2021 | 14.60 | Ø 12.00 |
| 2022 | 15.00 | Ø 12.50 |
| 2023 | 15.60 | Ø 12.80 |
| 2024* | **16.05** | Ø 13.09 |

### DEVELOPMENT OF PRIME PURCHASE PRICES
(new builds) in Bremen (in €/m²)

| | | |
|---|---|---|
| 2019 | 5,100 | Ø 4,000 |
| 2020 | 5,250 | Ø 4,200 |
| 2021 | 5,500 | Ø 4,500 |
| 2022 | 5,800 | Ø 4,600 |
| 2023 | 5,600 | Ø 4,600 |
| 2024* | **5,563** | Ø 4,562 |

* Forecast

TRANSACTIONS | RETURNS | PRICE LEVELS

# RECOVERY IN SIGHT

**The collapse of the investment market has not spared Bremen. The sharp and rapid rise in interest rates, combined with economic uncertainty, has meant that investors have continued to wait and see.**

The year 2023 ended on a historically weak note with a total transaction volume of just 241.6 million euros. As was the case following the 2009/10 financial crisis, this represents another macroeconomic development that has almost every property market in Germany in its grip.

## Smaller transactions dominate the market.

Many refrain from risk during times of crisis. Accordingly, the trend towards transactions under ten million euros solidified in 2023. As in 2022, those accounted for almost half of the total volume – while their share fluctuated between 25 % and 40 % from 2017 to 2021.

The share of the less established 'Other' asset class also rose to 45 %. This includes, for example, micro/student flats, residential complexes for the elderly and industrial estates, as well as infrastructure properties, data centres and healthcare centres. These properties are trending nationwide and often promise more attractive returns. In Bremen, this was followed by the office and retail property classes with shares of 25.2 % and 24.0 % respectively.

The office locations (Überseestadt, Airport City, Technology Park/University area) almost reached the 2022 result despite the crisis, with a volume of € 171.7 million. However, their share of 70 % is diminished by the fact that individual deals play a greater role in weaker years.

## Optimistic yet cautious forecasts

The investment volume of € 124.1 million in the first half of 2024 already significantly exceeds that of the previous half-year and heralds a slight recovery. The lower inflation rate and the more stable interest rate level are now providing a little more security when it comes to planning. Those with a lot of equity can take advantage of opportunities that have not existed for a long time.

The Bremen market is expected to pick up further by the end of 2024, but it is not expected to recover just yet. Cuts in interest rates could accelerate the development. However, in light of the rather low overall transaction volume, it should be noted once again that individual transactions may play a greater role in a reduced overall transaction volume, thereby making more significant deviations from the forecast possible.

### NET INITIAL RETURNS (CENTRAL LOCATIONS)

on office properties by national comparison in 2024* (in %)

| | |
|---|---|
| Stuttgart | 4.7 |
| Hanover | 5.0 |
| Leipzig | 5.0 |
| Essen | 5.2 |
| Bremen | **5.5** |

### TRANSACTION VOLUMES BY TYPE OF PROPERTY

in 2024* (in € million)

| | |
|---|---|
| Logistics properties | 32.3 |
| Retail properties | 59.7 |
| Other types of property | 68.3 |
| Office buildings / business premises | **137.5** |

### TRANSACTION VOLUMES BY LOCATION

in 2024* (in € million)

| | |
|---|---|
| Outskirts | 15.0 |
| City centre | 90.0 |
| Office locations | 92.5 |
| Periphery | **100.4** |

* Forecast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