Priorities are designating new residential development zones and increasing housing density

The population of Hamburg grew at an average annual rate of some 20,000 people between 2012 and 2017. The city’s housing policy therefore faces the challenge of providing new housing for this ever-growing demand. As regards building permits, the total of 13,411 new units in 2017 once again exceeded the total of the previous year (12,471). For 2018, it is expected that the city’s published target of building permits for 10,000 new apartments (of which 2,000 belong to SAGA GWG, the municipal housing company) will be achieved. As far as completions are concerned, the target was missed yet again. Overall, almost 6,800 new apartments were completed in 2017. By contrast, with the approval of a total of 3,165 subsidised housing units, the City of Hamburg once again exceeded its target. Due to the increasing shortage of available residential building land, the construction of new housing is becoming ever more challenging. Against this background, the zoning of new residential development land and increasing housing density in existing estates in core housing areas have priority. These areas already have the highest numbers of newly-approved apartments – 2,260 in Wandsbek, 1,818 in City North and 1,407 in Altona. Residential projects in HafenCity, Hamburg’s newest district, can be added to this total. There, further residential and commercial buildings are either under construction or at the planning stage. Some 7,000 new apartments and 45,000 new jobs are planned by the time the area is completed; this is expected to be at the end of 2020. Finally, there has been a change of direction in the city’s housing policy. Where previously municipal building land was sold outright to investors, in future this will be done more frequently by granting leaseholds.

### Selected developments under constructions

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Residential units</th>
<th>Completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Several residential projects Quartier Vogelkamp-Neugraben</td>
<td>Neugraben-Fischbek</td>
<td>approx. 1,500</td>
<td>2019</td>
</tr>
<tr>
<td>Pergolenviertel</td>
<td>Winterhude</td>
<td>approx. 1,400</td>
<td>2020</td>
</tr>
<tr>
<td>Othmarscher Höfe</td>
<td>Othmarschen</td>
<td>approx. 1,000</td>
<td>2019</td>
</tr>
<tr>
<td>Tarpenbeker Ufer</td>
<td>Lokstedt</td>
<td>approx. 950</td>
<td>2021</td>
</tr>
<tr>
<td>Unter den Linden – Wohnquartier im OxPark</td>
<td>Langenhorn</td>
<td>approx. 450</td>
<td>2019</td>
</tr>
</tbody>
</table>

Source: JLL; Status: Januar 2019
Renewed strong rises in asking rents

After some years with relatively moderate rental growth, median rents have again risen strongly. Following an average growth of 7.8% over the previous year, median rents in H2 2018 stood at €12.50/sqm/month. The price increases in the median price category can also be seen in the distribution of apartments offered for rent. In price categories below the median, these fell compared to H2 2017. The highest average rent levels can be found in the districts around the Alster, in HafenCity and in the western districts of the city. However, the strongest rises can be observed in peripheral districts. In parts of Altona and City North, rents have risen by some 25% in the last two years. In parts of Wandsbek, Bergedorf and Harburg, the rise in average rents was about 20%. The reasons can largely be found in the high levels of new construction in these districts.
Asking rental prices Hamburg

Rent Level
Average in €/sqm/month on postcode level

- < 10.00
- 10.00 < 12.00
- 12.00 < 14.00
- 14.00 < 16.00
- >= 16.00

Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH
Significant geographical variances in purchase price development

With an average purchase price of €4,450/sqm in H2 2018, prices for residential properties offered for sale have risen by around 5% since the same period last year. This represents a continuation of a relatively moderate growth rate in purchase prices when compared to the other major cities in Germany. However, one can see major local variances in price increases. The strongest rises can be observed in previously cheaper locations in peripheral districts like Rahlstedt, Alsterdorf or Lokstedt in the North of Hamburg. These areas have seen price increases of over 30% in the last two years. In prime locations, for example around the Alster, prices have stagnated by comparison. The transaction market for condominiums is therefore principally characterised by regional adjustments within an overall moderate trend. As in the rental segment, the share of offers for sale in the lower-priced segments has reduced significantly. Generally, the distribution of offers for sale across price segments is noticeably more even when compared to offers to rent.

Source: IDN immodaten, JLL; Status: January 2019
Asking condominium prices Hamburg

Condominium price level
Average in €/sqm on postcode level

- < 3,000
- 3,000 < 4,000
- 4,000 < 5,000
- 5,000 < 6,000
- >= 6,000

Water Area
Industrial or Traffic Area
Green Area
Other Area

Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH