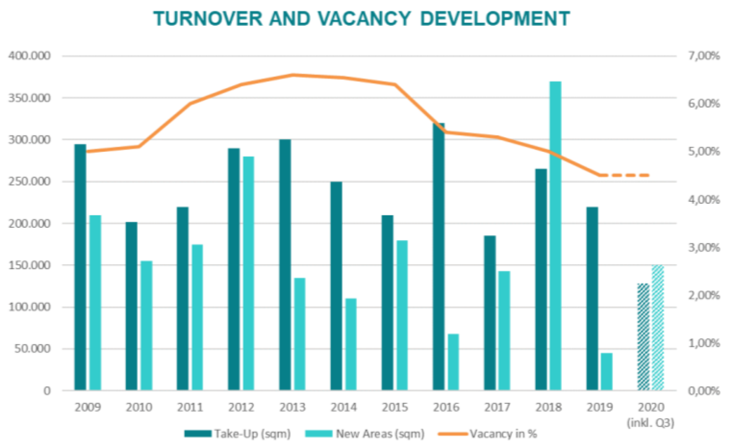
Autumn 2020

OFFICE MARKET VIENNA



Source: DPC Research

Selected Lettings from Q1 2020 – Q3 2020

Tenant	Space in sqm	Zip Code	Property
ÖBB	55,000	1020	Quartier Lassalle 2
KAV	10,300	1020	Quartier Lassalle 1
Swietelsky	4,800	1130	Kai West
Stadt Wien	4,500	1220	Twentytwo
Fond Soziales Wien	2,000	1030	Guglgasse 7-9
Jumio	1,900	1120	Euro Plaza BT B
MSD	1,800	1100	The Icon
SS&C Technologies*	368	1020	Austria Campus

Source: DPC Research
*DPC Project

Disclosures 2020*/ Completions 2021

Property	Space in sqm	Zip Code
Quartier Lassalle 2	53,160	1020
QBC 1+2*	44,000	1100
Quartier Lassalle 1	28,925	1020
Haus am Schottentor*	24,500	1010
Office Park 4*	20,000	1300
Bel & Main/ ERSTE Tower	17,000	1100
BUWOG Zentrale, Rathausstr. 1*	11,000	1010
Silo next	9,674	1230
Technologiezentrum Aspern BT 3	6,800	1220

Source: DPC Research

Take Up

In the first half of 2020, office take up was around 60,000 m² (source: DPC Research) and is thus significantly below the comparable period of the previous year (see 1st half of 2019: 110,000 m²). If one compares the two quarters, the take up in the 2nd quarter was higher than in the 1st quarter of 2020.

The significant decrease in the first half of 2020 is mainly due to the effects of COVID-19, but not only. A lower volume of new building supply and the high level of pre-letting also led to the reduced take up. The COVID-19 crisis remains the main reason, however, as many companies, and especially international customers, have been increasingly during the summer analysing their space requirements more intensely which has resulted in a stop for new offices or putting their search on hold until they have more clarity.

The 3rd quarter of 2020 does show however a significant increase in take up, but this does not reflect the general trend, as the increase was mainly due to two large leases in the Quartier Lassalle. As a result, the take-up incl. Q3 was good with a figure of 128,000 m².

Vacancy

Despite the economic downturn, the vacancy rate remains very low and is around 4.5%. From the current perspective, it is difficult to say whether it will remain this low, as it is still uncertain how quickly the economy will recover. There are some office tenants who are struggling with lost sales and will probably not survive unscathed.

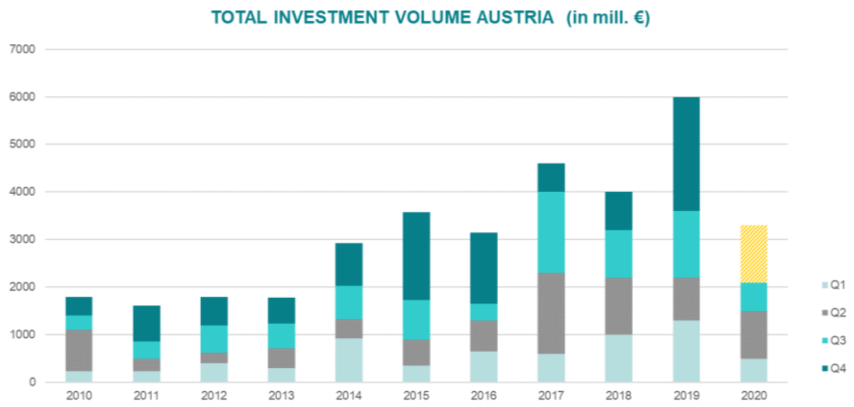
Rent levels

The rent level remains stable even in these turbulent times. The top rents are approx. € 25.50 and are achieved in the CBD submarket. It is to be expected that prime rents will remain stable. Landlords try to keep the investment value stable by keeping the headline rents stable, and offering generous incentives. Pressure on rents to decrease in office buildings in secondary locations will however increase.

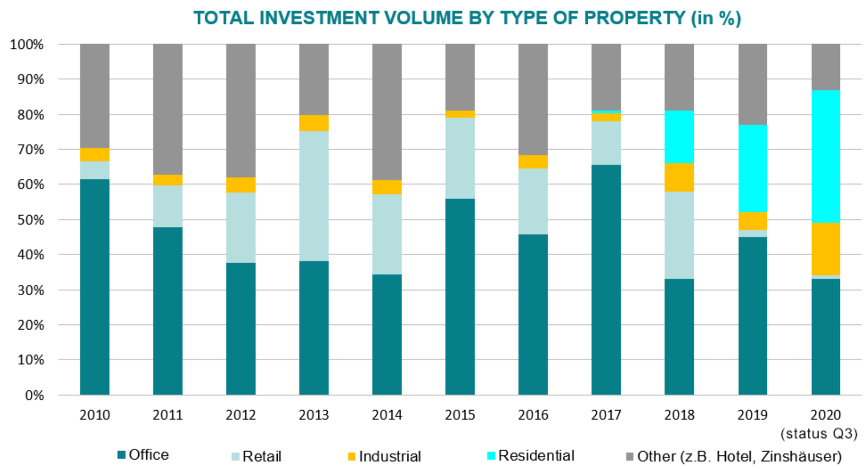
Area development and Outlook 2021

The supply of new office space will remain stable in 2021 with a large part of the space having already been pre-let. It is to be expected that more subletting space will come onto the market in the next few months which will counterbalance the low supply.
Many companies are confronted with changed working conditions and are now starting to optimize their space requirements. Concepts such as open-space offices have to be rethought, the trend is back to small or group offices in the medium to long term. This contrasts with the creation of more or larger communal areas so that the office does justice to the future "meeting place".

INVESTMENT MARKET



Source: DPC Research



Source: DPC Research

Selected Deals 2020

Property	Use	Space in sqm	Seller	Buyer
MGC Office Park	Office	69,000	MGC Mode- und Textil GHC	Hallmann Holding
Sevice Hub/ TwentyOne	Mix	60,000	Bondi Consult	Interxion
Rechenzentrum Geiselbergstraße	Office	34,000	Erste Group	ARE
Lassallestraße 1	Office	29,000	Ramses	EPH
Hoch zehn	Wohnen	25,800	6B47	S+B
The Metropolitan	Wohnen	24,700	STC Swiss Town Consult	Art Invest
Semmelweis-Areal, 1180	Bildung	23,297	F.R.F.-HPM Beteiligungen	Vermehrt
Segro/City Park	Logistik	20,000	Segro	Nuveen Real Estate
Brehmstraße 14	Office	13,830	Warburg HIH	Blue Colibri Capital
Komet-Gründe	Mix	12,000	HPD Holding	Real Treuhand

Source: DPC Research

The investment market, shaped by the COVID-Crisis

2019 clearly exceeded 2018 with total investment volume of approx. € 6 billion and became a record year. Due to the COVID-19 crisis, 2020 can hardly be compared to previous years. In the first half of the year, there was a noticeable reduction in investment activity, which was at least initially not influenced by Corona. Well advanced transactions were completed but since the middle of the summer, there has been a waiting game on both buyers´ and sellers' sides. We expect investment volume for 2020 to reach around € 2,7 billion.

The asset classes are developing differently: offices are and will remain the most important asset class for investors; the focus remains on long-term rented properties, no price reductions or an increase in prime yields are expected here, with prime yields remaining at 3,5 %. In the case of older properties with larger vacancies, the current uncertainty will also make itself felt in an increase in yield.

The “winners” of the Corona crisis are the residential and logistics asset classes. Interest in residential real estate has increased significantly in recent years, and this trend has intensified in recent months. Yields here have fallen by around 20 to 25 basis points since the beginning of the year. Logistics real estate is also seeing very strong demand. The low supply increases the pressure on prices, and the yield has fallen by around 20 basis points in the last few months. Prime yield logistics are currently around 4.70%.

The losers in the current situation are the hotel and retail asset classes. The increasing share of online trading put the retail sector under pressure even before the Corona. In addition, there are now absent tourists, which are causing major problems, especially in the high street retail and hotel sectors. Loss of rent, losses due to sales-based rental agreements and tenant bankruptcies are the effects; investor interest declines accordingly and yields rise.

In all asset classes, investors will pay attention to the tenants' creditworthiness and resistance to crises or default risks; appropriate risk premiums are considered in the case of vacancies or rent defaults.

Vienna Nr. 1, other cities catch up

Vienna is and will remain the main arena for investments; this will not change for the office asset class. But investor interest is also increasing in other Austrian cities such as Graz, Linz and Salzburg, especially in the residential segment.

Above all, domestic and German investors are currently shaping the Austrian investment market due to limited travel activities.

Investment - Forecast 2021

The investment market will take a breather this year due to the Corona crisis in terms of transaction volume. We also expect a shift in the shares in volume from the retail and hotel asset classes to logistics. The share of logistics investment will be significantly higher than in previous years.

TERMINOLOGY

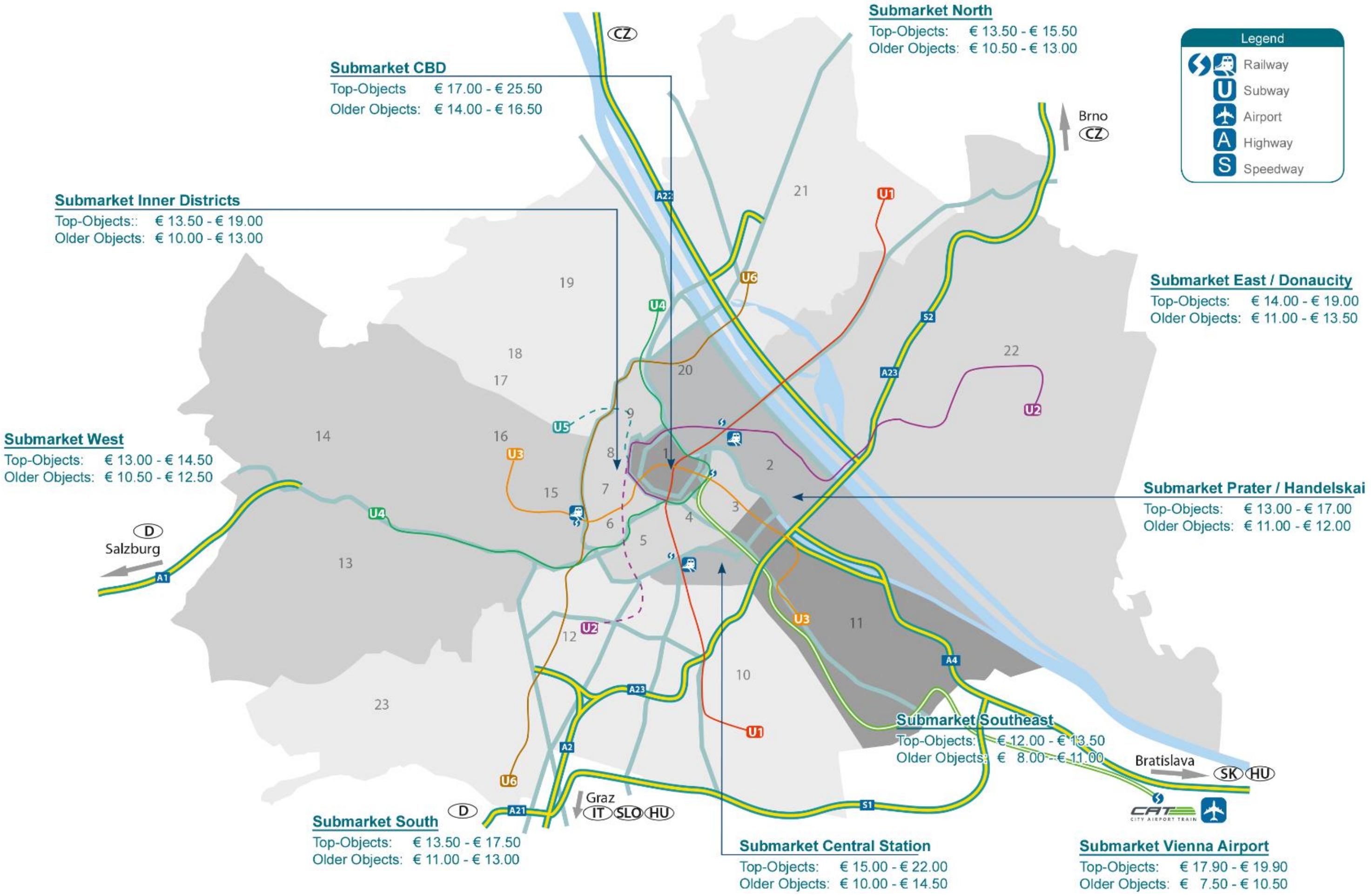
CBD — *Central Business District*; in Vienna the 1st district and Wien Mitte and the Schwarzenbergplatz.

Vacancy — Indicates unused or un-rented buildings or areas.

Rental level — The amount of minimum and maximum rents per m² net in defined areas.

Yield — Gross yield (in %), indicates the ratio of the annual rental income to the net purchase price.

VIENNESE SUBMARKETS



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