



Office Market Report Vienna

Autumn 2021



FOREWORD

Despite positive developments, the pace of lettings on the Vienna office property market has slowed somewhat following the pandemic shock of the previous year; there were hardly any large-scale new lettings in the first three quarters of 2021.

Since the lockdowns, companies are examining their actual space requirements more closely, hybrid solutions are increasingly finding their way into the working world and digitalisation is also advancing fast.

TAKE UP

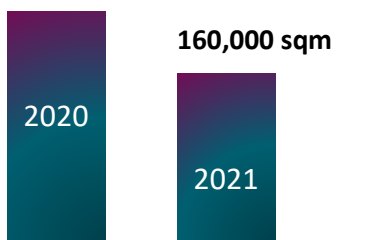
The Vienna office market was consistently positive in the 1st half of 2021 with a letting performance of around 69,000 sqm. The increase of around 15% compared to the previous 2020 year's figure (60,000 sqm) as well as the positive Q3 2021 with a letting performance of around 30,000 sqm suggest that activity on the market will continue to increase. A take up of approx. 160,000 sqm is forecast by the end of the year.

The overall result for 2021 would thus be about a quarter lower than the overall result for the previous year. However, the figure for 2020 was positively distorted by 2 major lettings in the 3rd quarter.

There is still a great demand for modern office space and for offices in prime locations on the Vienna office market.

OFFICE TAKE UP

210,000 sqm



VACANCY IN 3RD QUARTER

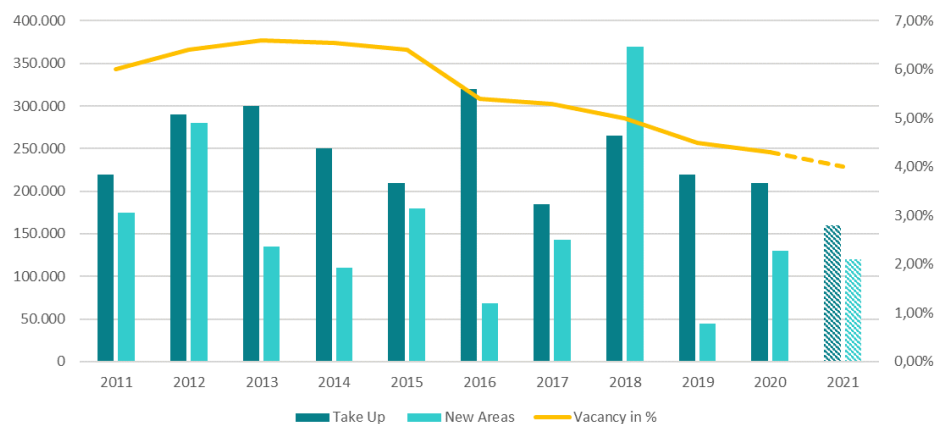
Q3 2020

4.5%

Q3 2021

4.0 %

TURNOVER AND VACANCY DEVELOPMENT



Source: DPC Research

VACANCY & RENT LEVELS

Rental levels stable to rising, vacancy rate remains low.

Due to the low completion or new construction of office space, the vacancy rate remains low at approx. 4.0%. Rental levels remain stable, with top rents (approx. €26.00/m²) still being achieved in the CBD submarket. Top rents are even expected to rise slightly. Demand for attractive space in prime locations remains high and exceeds the current supply.

SELECTED LETTINGS Q1 – Q3 2021

Tenant	Space sqm	Zip Code	Property
AUVA	9,100	1100	myhive am Wienerberg
Swietelsky	6,600	1130	Hietzinger Kai 133
Arbeitsmarktservice	5,500	1100	Favoritenstraße 73
Red Bull Media House GmbH	5,240	1020	Tribüne 3
Lukoil	3,800	1040	Schwarzenbergplatz 13
Infoscore Austria GmbH	2,300	1100	QBC 1+2
Weidinger & Partner Wirtschaftstrainings- und Organisationsentwicklungs GmbH	2,200	1030	Franzosengraben 1
Amazon	700	1110	Verteilzentrum Simmering
ARGE U2xU5	600	1010	Auerspergstraße 4
Coinpanion	500	1050	ECO 5

Source: DPC Research

RENT LEVELS AT A GLANCE



TOP RENTALS with net. € 17.50 - € 26.00/ sqm and month are being achieved in the CBD and the trend is rising.



Rents in **GOOD LOCATIONS** range between € 13.50 and € 17.00 per sqm per month.



The rents in **AVERAGE LOCATIONS** are between € 10.50 - € 13.50 per sqm per month.

AREA DEVELOPMENT & OUTLOOK

Unfortunately, 2021 did not bring much change in terms of new office supply and much of the new supply was already pre-let. Even the amount of sublease space did not remain on the market for long due to high demand and low supply. The amount of sublease space increased dramatically during the past 12 months, as many companies reacted to the changed working conditions due to more home offices which resulted in an optimisation of their space requirements.

The pipeline of new office space will remain stable in 2022/ 2023 at approx. 185,000 m², although a large part of the space has already been pre-let. The rising trend towards refurbishments promises hope for more new space.

OPENINGS 2021*/ PLANNED COMPLETIONS 2022

Property	Space sqm	Zip Code	Submarket
Quartier Lassalle 1&2	82,000	1020	Prater/ Handelskai
Austro Tower*	28,000	1030	Southeast
Tower Canettistraße*	17,000	1100	Hauptbahnhof
Trillple*	8,500	1030	Southeast
Technologiezentrum Aspern BT 3	6,800	1220	East/ Donaacity
Doppio Due*	5,930	1090	Inner Districts
Tribüne Viertel Zwei*	5,200	1020	Prater/ Handelskai

Source: DPC Research



THE INVESTMENT MARKET IN TIMES OF THE PANDEMIC

The first half of 2021 showed restrained investment activity. Compared to the first half of 2020, there was a slight decline. In the same first 6 months of the year prior to the COVID 19 crisis, investment activity was more than twice as high as the first 6 months of 2021. The main reason for the slow start in 2021, is the lack of suitable investment product. Very strong demand and a correspondingly positive overall economic mood provide for optimism and we assume that the full-year investment volume in 2021 will, despite the slow start, be above the result of 2020.

Quick-check

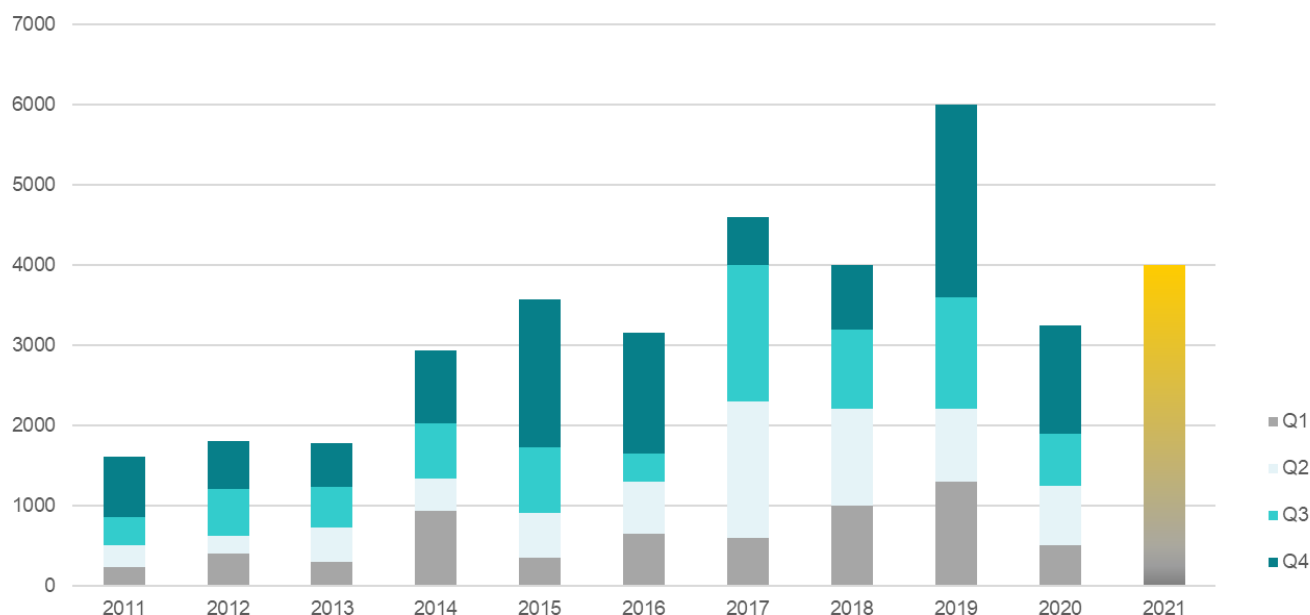
Investment market restrained in the first half of the year, strong demand provides optimism

Residential and logistics real estate continue to profit from the crisis

Investment volume in 2021 expected to be above the previous year's level

Further recovery and stronger increase in volume expected for 2022

INVESTMENT VOLUME IN AUSTRIA (IN MILL. EURO)



Source: DPC Research

DEVELOPMENT OF THE ASSET CLASSES

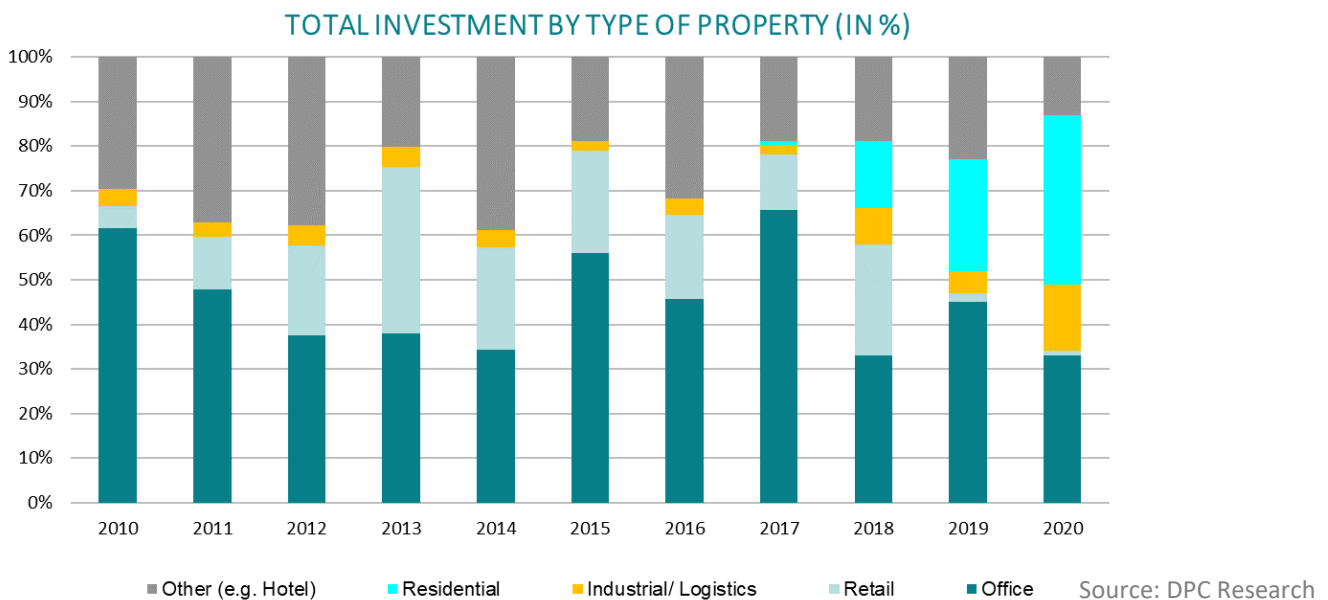
Residential, office and industrial/logistics were the most important or strongest asset classes for investors in the last 1 ½ years. This trend will continue in the second half of the year and in 2022. The focus remains on long-term leased properties. For office properties, the prime yield is stable at 3.4%. By the end of 2021, a development towards 3.25% can even be expected due to the high investment pressure and the low supply. For older properties with higher vacancy rates, the current uncertainty will also be reflected in risk premiums and thus in an increase in yields.

Logistics real estate has an exciting time behind it, but equally ahead of it. During the Corona crisis, this asset class was described as a "winner". Rightly so, at least if you look at the price development over the last 18 months. Interest in logistics real estate had already risen significantly before 2020,

but this trend was accelerated enormously by the e-commerce boom. Yields have now fallen by more than 100 basis points since the beginning of 2020 due to the low supply, and the prime logistics yield is expected to be around 4.00% by the end of 2021. Demand remains very high, so we see enormous pressure on yields for 2022 as well.

The hotel and retail asset classes are slowly recovering from the Corona effects and investor interest is also increasing. Retail space in good locations is being revitalised by new concepts.

Regardless of the asset class, it can be stated that investors are paying more attention than ever to the creditworthiness and crisis resistance or default risks of tenants. In the event of vacancies or rent defaults, corresponding risk premiums are considered.



Offices and residential record the largest investment volume in 2021

Prime office and logistics yields fall by the end of the year

Logistics experiences largest price increase compared to previous years

**Quick-
check**

Retail asset class remains under strong pressure

SELECTED INVESTMENT DEALS Q1 – Q3 2021

Property	Use	Space sqm	Seller	Buyer
Square One	Office	31,450	Strabag Real Estate	Warburg HIH
Euro Plaza 1	Office	27,000	DWS	ARE
Industriepark Weikersdorf	Logistics + Office	21,400	Granite REIT	Westcore Europe
Project "Laaer Wald"	Residential	16,700	Vermehrt Gruppe	Castella Residential
Nordbahnstraße 50	Office	16,000	REInvest	Family Office
Brünner Straße 62	Land	14,300	EQT Exeter	ARE
DHL Distribution centre Hagenbrunn	Logistics	12,000	kara Group	AEW
VBC 4 St. Marx	Serviced apartments	10,300	S+B Gruppe + i Live Group	Commerz Real Kapitalverwaltungsges.
Danubeflats BT 2	Residential	10,000	Soravia, S+B Gruppe	Auris Immo Solutions
Senior Citizens' centre Hoffmannpark	Residential	9,800	IMMAC GmbH	Auris Immo Solutions
Building land St.Marx	Land	9,200	Porsche und Beyschlag	S+B Gruppe
Triester Straße 215	Residential + Office	8,500	Rainer Gruppe	Eyemaxxx
Grundstück 22	Residential	5,960	BUWOG	BVK
Hotel MOOONS	Hotel	5,460	Bridge Group und Moser Architects	Real I.S.
Ghegastraße 3	Office	5,318	Immofinanz	Privatinvestor
Logistics hall Seyring, Gerasdorf	Logistics	4,400	LLB Immo Kapitalgesellschaft	Privatinvestor
Volksgartenstraße 1/ Hansenstraße 3-5	Office	3,843	Stiftung/ Nemat Farokhnia	Vienna Insurance Group

Source: DPC Research

CITY RANKING AMONG INVESTORS – STATE CAPITALS POPULAR

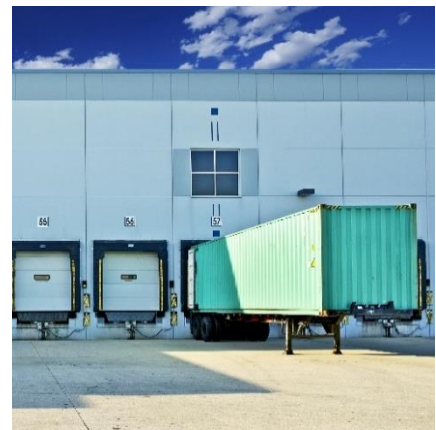
In the office asset class, the main investment activity continues to take place in the capital Vienna. However, the other - larger - provincial capitals such as Graz, Linz and Salzburg are increasingly becoming the focus of investors, especially in the residential segment. In the logistics asset class, the submarkets of Graz and Linz/Wels are particularly relevant for institutional investors in addition to Vienna.



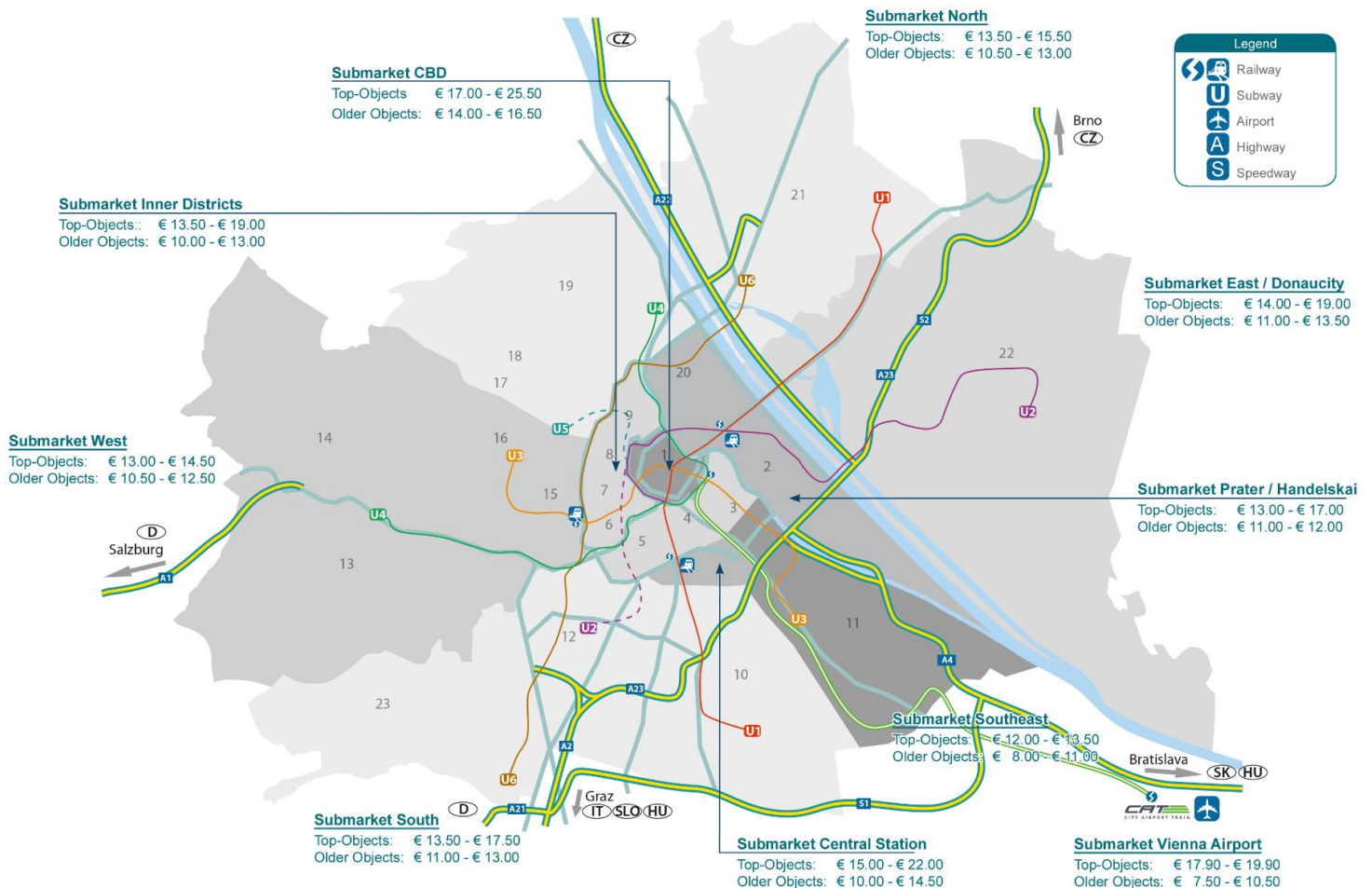
The main players on the Austrian investment market were again domestic and German investors in the second half of the year. Prior to 2020, the investors were clearly international. However, since 2020 approx. 90% of the investment volume has been split between Austrian and German investors - this trend can certainly be interpreted as an effect of the Corona pandemic.

INVESTMENT – FORECAST FOR 2022

Activities on the investment market were still somewhat restrained in the first half of 2021 due to the pandemic-related framework conditions - keyword lockdowns, but also due to lack of suitable product. In the second half of the year and thus for 2021 as a whole, the investment market is expected to pick up speed. We expect a slight increase in total investment volume in 2021 compared to 2020 due to the unabated high demand and the improved overall economic sentiment. Another significant increase is forecast for 2022. The share of asset classes will be dominated by the office and residential sectors this year, similar to 2020, but also by logistics investments.



SUBMARKETS VIENNA



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