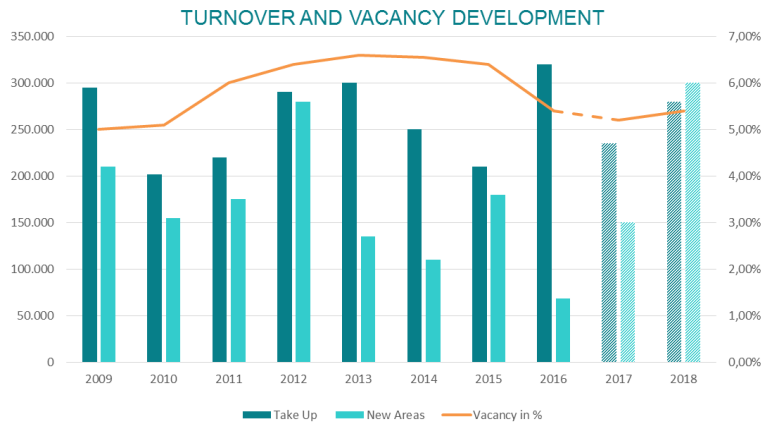


Spring 2018

## OFFICE MARKET VIENNA



### Take Up

Office space take-up in Vienna was 185,000 sqm in 2017, well below the record result of 2016 (315,000 sqm). Due to the ongoing large-scale applications and above all due to the new, modern office buildings coming onto the market, a tangible increase in take-up in 2018 is to be expected.

Overall, demand has remained stable, especially in the small-scale segment, and demand for modern space in a good location has been favorable.

### Vacancy

Vacancy has fallen slightly compared to previous years and stood at approx. 5.3% in Q4 2017. The trend towards conversions of older office buildings into apartments continued and, together with a relatively low completion rate, had a positive effect.

For 2018, the strong production of new space is forecasting an increase in the vacancy rate to approx. 5.6%.

### Rent levels

The prime rent is achieved in the CBD and remains stable at currently € 25.50 / sqm. Average rents are rising, especially in good and high-quality properties in sought-after locations.

### Selected Lettings from Q3/2017 - 2018

Tenant	Space in sqm	Zip Code	Object
TPA Steuerberatung GmbH	8,600	1100	The ICON
Borealis (extension)	7,000	1220	IZD Tower
Nestlé	3,800	1100	The ICON
Huawei	2,000	1220	IZD Tower
Puls Vario	1,090	1120	EURO PLAZA K

### Completions 2018

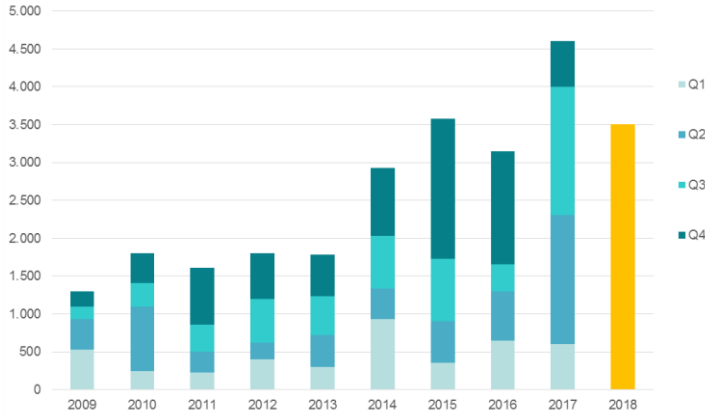
Objekt	Space in sqm	Zip Code
Austria Campus	200,000	1020
The Icon	74,200	1100
ViE	14,700	1030
InnoPlaza	13,900	1120
Silo Plus	11,000	1230
Rathausstraße 1	8,900	1010
HoHo	5,200	1220
Messecarree	4,600	1020

### Supply

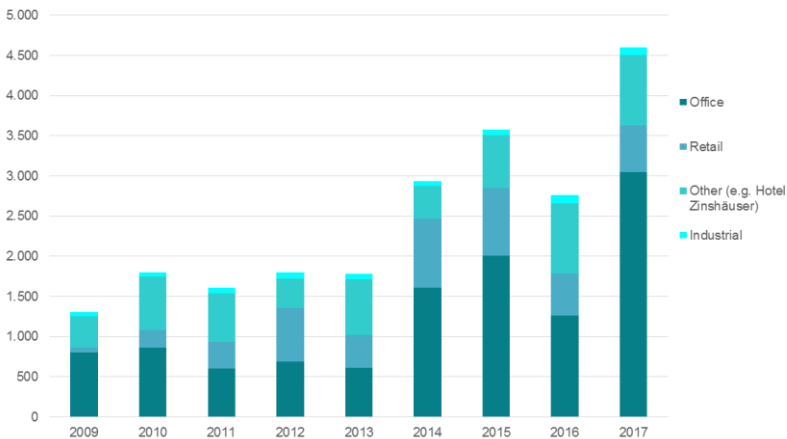
In the overall market of Vienna, 380,000 sqm of new office space is expected to hit the market in 2018, which represents a quantum leap to space production in 2017 (143,000 sqm).

## INVESTMENT MARKET

TOTAL INVESTMENT VOLUME AUSTRIA



TOTAL INVESTMENT VOLUME BY TYPE OF PROPERTY



### 2017 is a new record year

In 2017, the record from 2015 (approximately € 3.6 billion) was exceeded already after Q3. At the end of the year, the total volume was € 4.6 billion.

The significant increase in sales is due not least to the very brisk market in the segment of more than € 100 million. THE ICON, the DC TOWER 1, as well as the Austria Campus rank among the largest deals in volume this year.

The office segment makes a significant contribution to the record result, with approx.  $\frac{2}{3}$  of the volume of transactions in Vienna remaining the most important asset class.

### Vienna is Austrias most important location

The Viennese investment market plays an important role in Austria and can regularly absorb most of the result. In 2017, it once again focused on investor interest with more than  $\frac{2}{3}$  of the total Austrian volume. There is strong demand especially for core investments with low availability.

The existing equity for real estate investments was above average in Austria, investors have greater flexibility thanks to the current financing conditions.

The most important foreign investors come by far from Germany, followed by investors from Russia, the Middle East and Asia.

## Selected Deals 2017

Object	Space in sqm	Seller	Buyer
Austria Campus	200,000	Signa	PGIM Real Estate
THE ICON VIENNA	81,500	Signa	Allianz
DC TOWER 1	74,500	BAI	Deka
OMV HQ (Hoch Zwei   Plus Zwei)	43,000	S Immo AG	Deka
Millenium Tower	40,000	CC Real	ART Invest
Obere Donaustraße 23-27 & 29	40,000	Deka	Reitenburg GmbH
Forstinger HQ	24,680	Immofinanz	XXXLutz
ORBI TOWER	23,500	IWS TownTown AG	Bank Austria Real Invest
Objekt Schemmerlstraße	23,300	Wolseley Group	Private Investor
q_bik	17,790	Savills Investment Management	Bank Austria Real Invest

### Yield

The prime office yields have fallen from 4.30% at the beginning of 2016 to currently approx. 3.90%, and this trend should translate into a sideways movement in 2018. The interest in well-leased office properties in B-locations is increasing due to the low supply of prime products, where the yield fell from 5.2% in Q2 2017 to 4.75% depending on the location, age and quality/ rental structure of the property.

In the industrial/ logistics sector, prime yields are now 5.80%.

### Forecast 2018

The shortage of investment products in Austria and Vienna will continue to increase. The demand for good properties remains unbroken; the share of international buyers will rise due to their investment pressure. By the end of 2018, light yield compression is expected, with subsequent stabilization.

## TERMINOLOGY

- CBD** Central Business District; includes the 1st district of Vienna and the area directly adjoining Wien Mitte and the Schwarzenbergplatz.
- Core Investment** Forms the focus of an investment strategy and should guarantee a basic yield with sufficient certainty. In the real estate sector, properties in a good location and full letting are core investments.
- Vacancy** Indicates unused or un-rented buildings or areas.
- Rental level** The amount of minimum and maximum rents per m<sup>2</sup> in defined areas.
- Yield** Usually expressed as a percentage, the yield is the total annual return on investments or securities. Used as a benchmark for assessing the profitability of a property.
- Yield Compression** Decline in returns.

## VIENNESE SUBMARKETS

