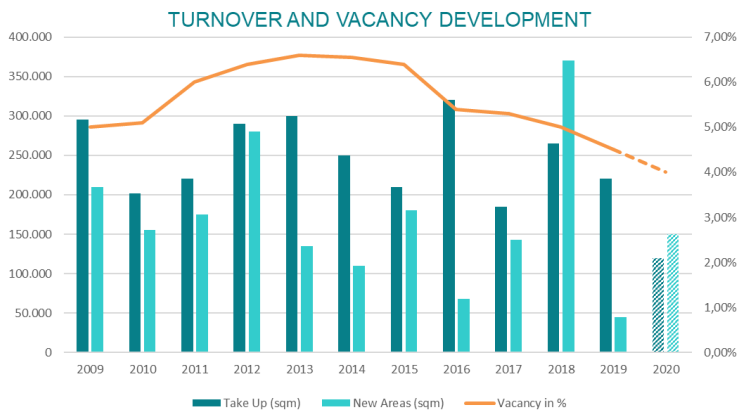


Spring 2020

OFFICE MARKET VIENNA



Selected Lettings from Q3 2019 – Q1 2020

Tenant	Space in sqm	Zip Code	Property
Spaces	8,700	1010	Haus am Schottentor
New Work	5,500	1010	Haus am Schottentor
Stadt Wien	4,500	1220	Twentytwo
BR Internat. Consulting Services	1,200	1300	Office Park 4
Toyota	1,100	1100	MyHive Wienerberg
Refinitiv	400	1100	ICON Vienna
SS&C Technologies Austria*	368	1020	Austria Campus

Source: DPC Research
*DPC Project

Planned Completions 2020

Property	Space in sqm	Zip Code
QBC 1+2	38,000	1100
Haus am Schottentor	24,500	1010
Office Park 4	22,000	1300
BUWOG Zentrale, Rathausstraße 1	11,000	1010
MyHive Wienerbergstraße	10,000	1100
THE BRICK	9,000	1100
MyHive Ungargasse 37	7,000	1030
Prater Glacis component C	4,000	1020

Source: DPC Research

Take Up

In 2019, office space take-up in Vienna was around 200,000 sqm, which is significantly lower than the rental performance in 2018 (around 265,000 sqm). This is largely due to the record low in office space production.

Although the volume of new buildings will increase significantly again this year at around 150,000 sqm, approx. 60% of this is already pre-let. The increase mainly results from the completion of components 1 + 2 of the Quartier Belvedere (QBC) and Haus am Schottentor.

The high level of pre-letting as well as the effects / delays due to Covid-19 contribute to a further decline in office space take-up. Figures from the first quarter of 2020 – the letting performance here was only around 13,000 sqm – confirm this (source: Vienna Research Forum).

Vacancy

According to the forecasts, the vacancy rate has decreased further compared to Q3 2019 and is around 4.0%.

A stable development of the vacancy rate is expected for 2020. The concern that current projects – especially for international customers – will be canceled completely is gradually easing. Projects are continuing and there is also an increase in demand. It can therefore be expected that a large part of the new space will be let by the end of 2020. This contrasts with the increase in vacancies due to relocations as well as restructuring and downsizing / space optimization as an effect of Covid-19.

Rent levels

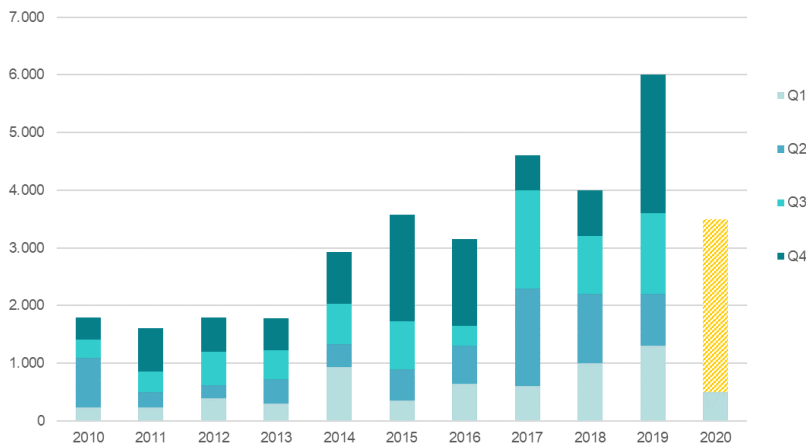
The rent level is stable. The top rents of around € 26/ sqm continue to be achieved in the CBD. Average rents have also remained constant, especially good and high-quality properties in sought-after locations have higher rental prices.

Area development

The rest of the year brings a lot of uncertainty, many companies are faced with changing working conditions. The transition to more frequent work from home office will result in the optimization of space requirements. Concepts such as open-plan offices have to be reconsidered.

INVESTMENT MARKET

TOTAL INVESTMENT VOLUME AUSTRIA (in mill. €)



Source: DPC Research

TOTAL INVESTMENT VOLUME BY TYPE OF PROPERTY (in %)



Source: DPC Research

Selected Deals Q3 2019 – Q1 2020

Property	Use	Space in sqm	Seller	Buyer
MGC Office Park	Office	69,000	MGC Mode- und Textilgroßhandels center	Hallmann Holding
QBC 1+2	Office	38,000	UBM, S Immo	EPH
Austria Campus/ component 3	Mix	38,000	SIGNA	BVK
Hoch zehn	Residential	25,800	6B47	S+B
The Metropolitan Hauptbahnhof	Residential	24,700	STC Swiss Town Consult	Art Invest
Semmelweis-Areal, 1180	Education	23,297	F.R.F.-HPM Beteiligungen	Vermeht
Brehmstraße 14	Office	13,830	Warburg HIH	Blue Colibri Capital
Komet-Gründe	Mix	12,000	HPD Holding	Real Treuhand
Kai 100	Mix	30,300	Premium	Art Invest
Zentrum Rennweg	Office	16,736	Patrizia AG	Swiss Life AM

Source: DPC Research

Solid reluctance in the Covid-Crisis

2019 significantly exceeded 2018 with a total investment volume of approx. € 6 billion and was a record year. In Q1 2020, there was a noticeable slowing on the market, but – at least initially – not influenced by the Covid-Crisis. Since then, there has been a wait and see on the buyer and seller side, only very advanced transactions have been completed during the Corona period.

There are different developments between the asset classes: offices are and will remain the most important asset class for investors; The focus remains on long-term leased properties, with hardly any or only minimal price reductions to be expected here. For properties with a larger vacancy rate, the current uncertainty will also be reflected in an increase in the yield. The importance of residential property has increased significantly in recent years and this asset class is also proving to be very crisis-resistant.

Logistics properties could emerge as “winners” of the Corona crisis. We do not see any major changes in the prime yield here and do not expect any price reductions in the months ahead for well-let properties in correspondingly good locations. The retail sector has been hit most clearly in the last few months by rent losses, losses due to sales, rental agreements and insolvency of the tenants. As rental levels have dropped considerably, investor interest is expected to decrease and prices will be negatively impacted.

Regardless of the asset class, but especially in the retail sector, investors will pay attention to the creditworthiness and crisis resistance and default risks of the tenants. In the case of vacancies or loss of rent, high risk premiums can be expected.

Vienna Nr. 1, other cities catch up

Vienna was the main location for investments in 2019; this will remain unchanged for the office asset classes. Investor interest is also increasing in other Austrian cities such as Graz, Linz and Salzburg, especially in the residential segment.

Forecast 2020 and 2021

The investment market will take a breather in terms of transaction volume this year due to the Covid-19 crisis. We also expect a shift in the volume shares away from the asset classes retail and hotel in to logistics, residential and offices. The proportion of logistics investments will be significantly higher than in previous years.

TERMINOLOGY

CBD	<i>Central Business District</i> , includes the 1 st 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 ² net in defined areas.
Yield	Gross yield (in %), indicates the ratio of the annual rental income to the net purchase price.
Yield Compression	Decline in returns.

VIENNESE SUBMARKETS

