



Office Market Report Vienna

Spring 2022



FOREWORD

The ongoing ups and downs in the wake of the pandemic are driving flexible working solutions and digitalisation processes in Vienna's office market. Home office and distance working are now part of everyday life in many companies, community spaces are becoming more important in offices and fixed workplaces are becoming fewer.

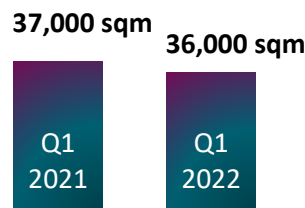
Attractive locations, modern premises and flexible working environments are decisive factors for existing and future employees.

TAKE UP

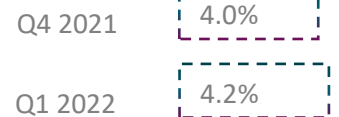
In 2021, the Vienna office market recorded take-up of around 160,000 sqm, 15% below the previous year's figure (cf. 2020: approx. 210,000 sqm). Thus, take-up fell below 200,000 sqm for the first time since 2017, which is due to the lack of space as well as the low supply of new space.

In Q1 2022, new lettings of 36,000 sqm are at a comparable level to Q1 2021 (approx. 37,000 sqm). For the year as a whole, we expect an office take up of approx. 150,000 sqm.

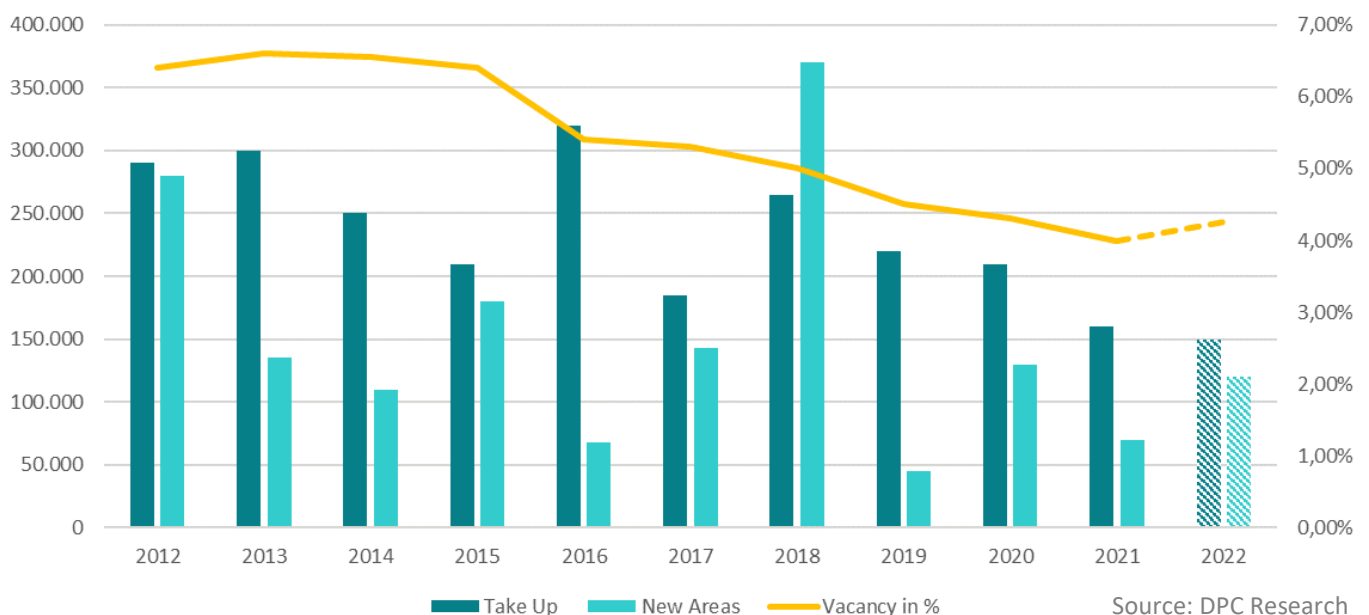
OFFICE TAKE UP



VACANCY



TURNOVER AND VACANCY DEVELOPMENT



Source: DPC Research

RENT LEVELS & VACANCY

Rent level stable to rising, vacancy value remains around 4%.

The low level of new office construction in recent years, the lower demand compared to the previous year and the high level of pre-letting of completed space mean that the vacancy rate continues to hover at a very low level of between 4.2 % and 4.3 %.

Vienna's offices are recording a stable, slightly rising rent level; the top rent achieved in the CBD submarket around the inner districts rose slightly and is currently € 27.00/ sqm.

SELECTED LETTINGS Q4 2021 – Q1 2022

Tenant	Space sqm	Zip Code	Property
ISS Facility Services GmbH	6,230	1020	Quartier Lassalle 1
Zürich Versicherung	6,200	1190	Square One
ATOS Österreich	5,230	1220	IZD Tower
Hookipa Pharma	4,500	1220	Technologiezentrum Seestadt
LeitnerLeitner	4,300	1040	Ensemble Schwarzenbergplatz
Nuance Communications Austria GmbH	1,780	1120	Euro Plaza
LexisNexis Verlag ARD Orac*	1,040	1020	Denk Drei
Sanofi	800	1100	myhive am Wienerberg
Lenovo*	400	1100	myhive am Wienerberg

*DPC Project; Source: DPC Research

RENT LEVELS AT A GLANCE



The **TOP RENTS** are still being achieved at a net **€ 17.50 - € 27.00** per sqm per month in the CBD, with a slight upward trend.



Rents in **GOOD LOCATIONS** range between **€ 13.50 and € 18.00** per square meters.



Rents in **AVERAGE LOCATIONS** were between **€ 10.50 and € 13.50** per square meters.

AREA DEVELOPMENT & OUTLOOK ON THE OFFICE MARKET

In 2021, only around 70,000 sqm of new space was completed, but with a high level of pre-letting. Subletting increased significantly last year because many companies reduced their space due to the pandemic. It can be assumed that space optimisation will continue to be a relevant topic for many companies, which will lead to the changed demand for space.

New office supply remains low in 2022. There are few planned completions of office buildings. In addition, there are delays due to resource scarcity and price increases as a result of the pandemic and the political situation in Europe. In addition, the high level of pre-letting of space continues. There is some hope for new space due to the increasing trend towards refurbishments of existing properties. Approximately 185,000 sqm of new space can be expected for 2022/ 2023.

PLANNED COMPLETIONS 2022

Property	Space sqm	Zip Code	Submarket
Quartier Lassalle 2*	54,000	1020	Prater/ Handelskai
Quartier Lassalle 1*	24,000	1020	Prater/ Handelskai
Twenty One Innovation Hub (BT A)	14,500	1210	North
Lebendiges Haus*	8,600	1010	CBD
VIENNA TWENTYTWO (BT 1)	8,000	1220	East/ Donau City
Doppio Due*	6,000	1090	Inner Districts
f80*	5,000	1150	West

*General renovation; Source: DPC Research



Twenty One Innovation Hub © HNP ARCHITECTS

THE INVESTMENT MARKET IN INSECURE TIMES

The investment market has recovered in 2021 and the effects of the COVID pandemic seem to be easing significantly. Last year and the first quarter of 2022 were quite positive. If one crisis seems to have been overcome, new storm clouds have been gathering for some months: The Russian invasion of Ukraine is once again raising uncertainties. At this point in time, it is still open how long the war will last, what dimensions it will take on and what impact it will have on the investment market. Added to this are rising energy and construction costs, as well as expected interest rate increases. In times of crisis, investors focus on safe havens; risky and opportunistic purchases are avoided. As stated, there are still many uncertainties here and developments in the coming months will have to be watched closely.

But first a retrospect: The Austrian investment market achieved a significantly better result in 2021 compared to the previous year 2020. With a total investment volume of approx. 4.00 billion euros, this represented an increase of approx. 25% compared to the previous year 2020, which was significantly more negatively influenced by the COVID pandemic.

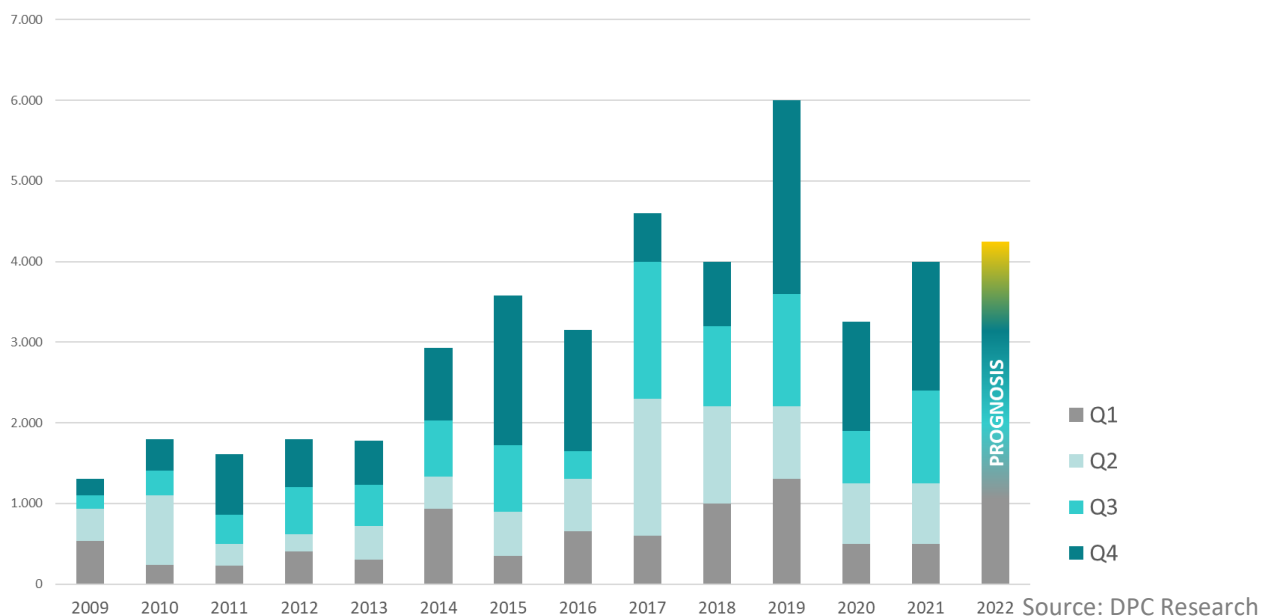
Quick-check

Total volume of investments in 2021 at 4.00 billion € – 25% higher compared to 2020

Residential, Office and Logistics are still the dominant Asset classes

Investment volume in 2022 expected to be above the previous year's level

INVESTMENT VOLUME PER YEAR AUSTRIA (IN MILL. EURO)



DEVELOPMENT OF THE ASSET CLASSES

Above all, it was the residential, office and logistics asset classes that characterised 2021. This was seen on the transaction side and enquiries in these areas were also significantly stronger than in previous years and continue to be so. Similar to 2020, residential properties were also a significant proportion of the total investment volume in the previous year.

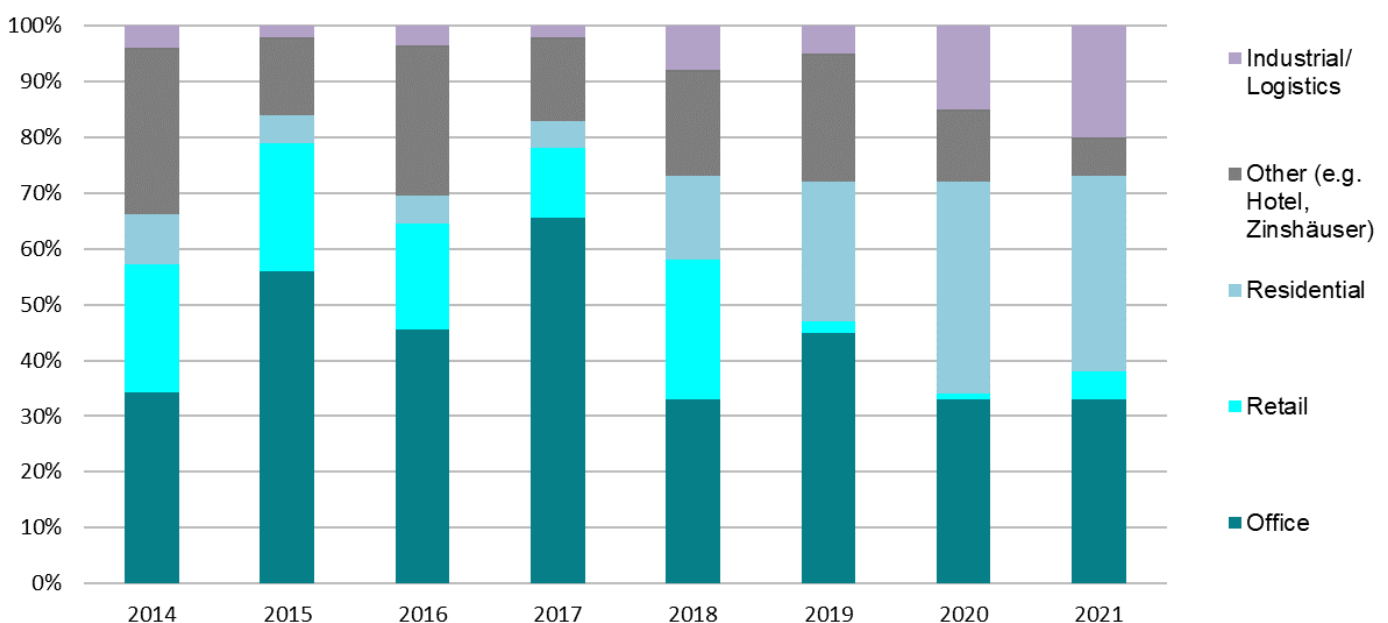
Demand for logistic properties remains high, although the share of this asset class in the total investment volume is somewhat lower - this is mainly due to the low supply of available logistics investments. Office properties continue to be in good demand, but the retail and hotel asset classes have also recovered somewhat in 2021.

Yields declined further

Prime yields have continued to fall slightly over the course of 2021 and also at the beginning of 2022. For office properties, the prime yield Q1 2022 is 3.15 %. In spring 2021, we recorded a peak of 3.40 % in this asset class. The situation is similar for logistics properties: while the prime yield for logistics was around 4.0% a year ago and around 3.90% at the end of the year, we are currently recording a prime yield for logistics of around 3.75%.

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.

TOTAL INVESTMENT VOLUME BY TYPE OF PROPERTY (IN %)



Source: DPC Research

Quick-check

Office and Residential record the largest investment volume in 2021

Share of logistics investments slightly lower due to low supply

Prime yields continue to fall slightly - to 3.15% for office properties in Q1 2022

Slight recovery of retail and hotel asset classes perceptible in 2021

SELECTED INVESTMENT DEALS Q4 2021 – Q1 2022

Property	Use	Space sqm	Seller	Buyer
Building Land Laxenburg	Land	120,000	Anonymous	VGP
Partial area BETA / „Industrial Campus Vienna East“	Logistics	40,000	DLH	Deka Immobilien
Wolfganggasse 58-60	Office	20,300	CA Immo	Anonymous
Wiegelestraße 12	Industrial	13,000	6B47	STC Swiss Town Consulting
Allianz Center	Office	12,000	Raiffeisen Property Holding International	Swiss Life Asset Management
Art & garden	Mixed	10,600	Aucon Real Estate Group	GalCap Europe
"Solaris"	Office	10,200	Amundi	GalCap Europe
Grabenhof	Mixed	10,000	ÖBV	Ärztchammer Wien
"Kay" (1200 Wien)	Residential	9,900	Value One	Signa
Schottenring 1	Office	7,300	Ergo Versicherung	AVV Real Estate
Wagramer Straße 149	Land	7,000	S.A.K. Privatstiftung	Buwog

Source: DPC Research

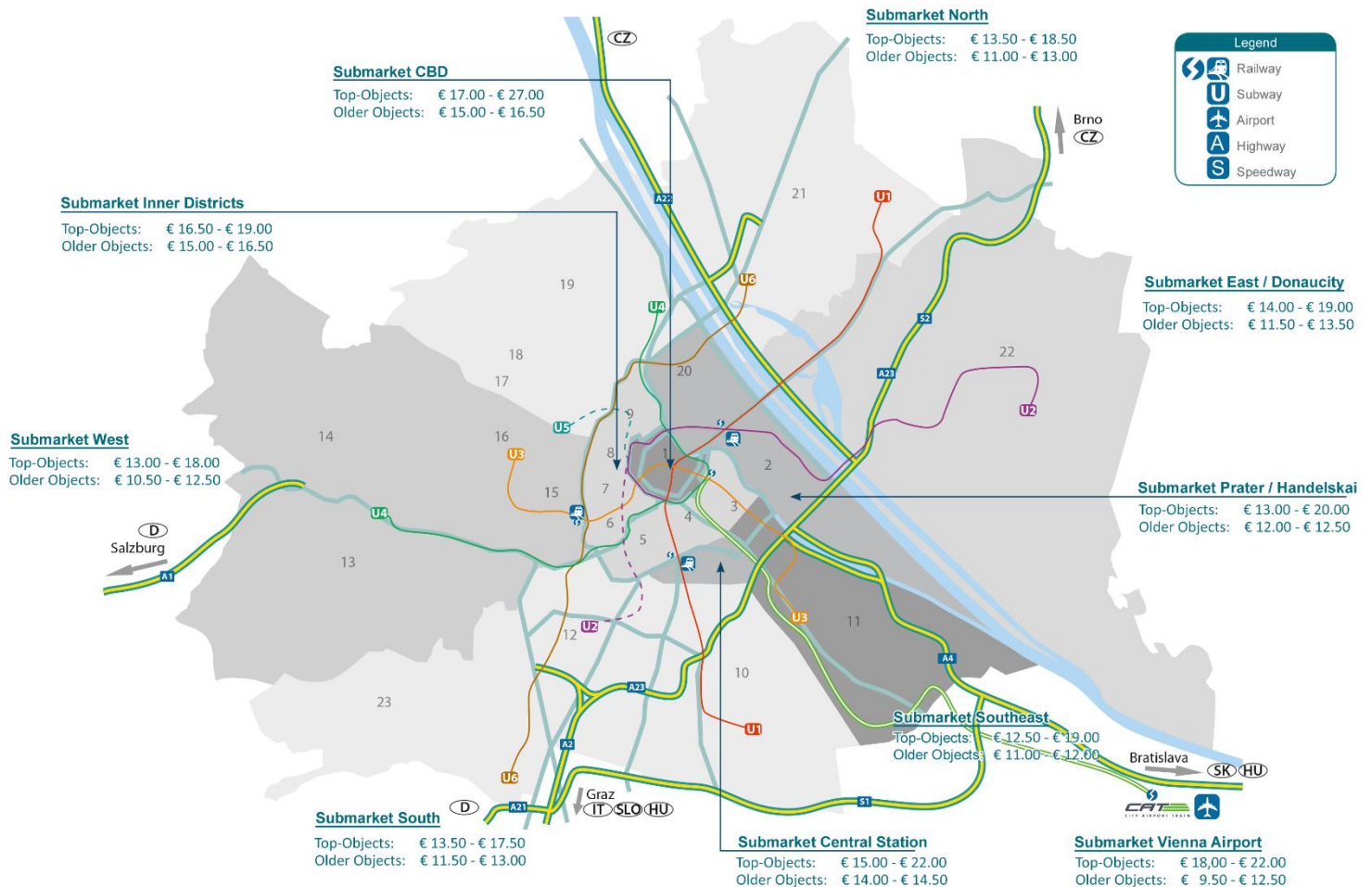
INVESTMENT – OUTLOOK 2022/ 2023

Although forecasts over longer periods are currently difficult due to the uncertainties already mentioned, we nevertheless expect a further increase in the transaction volume for 2022. The extent to which an increase is possible is difficult to predict at this point in time. Capital pressure among institutional investors remains high and even in the event of an interest rate increase we expect demand for top products to remain high. Especially equity-rich investors have corresponding advantages in this uncertain environment.

The further development of yields in the rest of 2022 is also difficult to predict. Expected interest rate increases and higher financing costs have not yet reached the real estate market. Economic developments will be decisive for price and value trends in all asset classes.



SUBMARKETS VIENNA



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