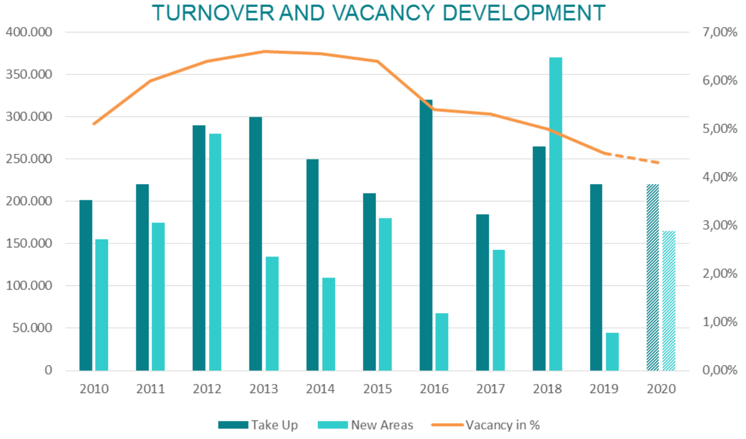
Autumn 2019

OFFICE MARKET VIENNA



Source: DPC Research

Take Up

The Viennese office space take-up recorded for the first half of 2019 with approx. 110,000 sqm was a slight decline, compared with the letting performance of the first half of 2018. This can be attributed to the current low supply of suitable office space, and not a decrease in demand.

The lack of new space leads to the revitalization of existing properties and offices in areas with good access to the city center. Examples include the main railway station to the south of the CBD and the sub market Northeast/ Donau City. Both sub markets are increasingly becoming more attractive as an alternative to inner city offices.

Larger office spaces will become increasingly difficult until around 2021, as no new office construction projects will be completed before then. Tenants in need of large office spaces must therefore start planning much earlier than previous, at least 12 months prior to the lease expiring, in order to have enough time.

Vacancy

As expected, the vacancy rate has fallen even more sharply due to the low supply of new space and increasing demand and is at around 4.5%. This trend shows that the office space completions of the previous years have all been well let.

For 2020, vacancy is expected to continue to decline. Although more new office supply, in comparison to 2019, will come onto the market again in 2020, many of the new projects are already pre-let.

Rent levels

The Prime rent is found still in the CBD, which is currently at € 25.50/ m². Average rents continue to rise; especially good and high-quality properties in sought-after locations achieve higher rents.

Supply

In 2020, new completions of around 165,000 sqm are expected, which represent a significant increase in the level for 2019 which was 45,000 sqm. However, much of the new space has already been pre-let.

Selected Lettings from Q1 – Q3 2019

Tenant	Space in sqm	Zip Code	Property
Austro Control + ASFINAG	22,400	1030	Austro Tower
Erste Group	18,000	1100	Bel & Main
Volksbank Wien	14,000	1030	Quartier Lände 3
Wiener Wohnen	11,800	1030	Erdbergstraße 200
Raiffeisen Bank Internat.	10,000	1090	Nordbergst.13
Spaces	9,000	1010	Haus am Schottentor
TPA	8,600	1100	THE ICON
Wirtschaftsuniversität Wien	4,300	1020	Prater Glacis
Daikin Airconditioning	2,900	1230	Silo Plus
Western Union*	2,600	1100	THE ICON
Austria Tabak	2,700	1030	ViE
GfK	2,300	1030	ViE

Source: DPC Research
*DPC Project

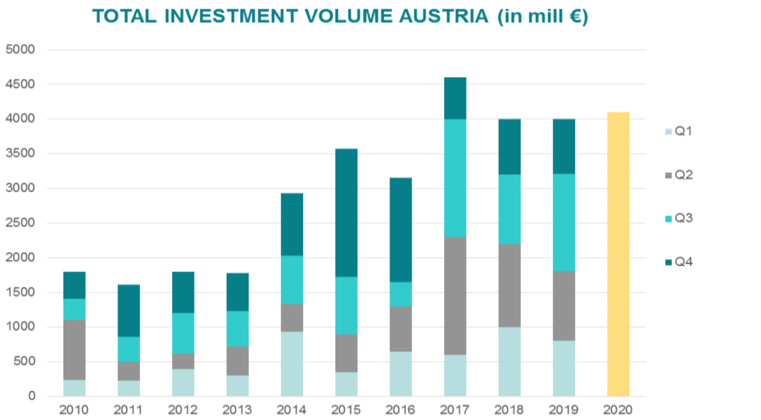
Disclosures H2 2019*/ Completions 2020

Property	Space in sqm	Zip Code
Inno Plaza*	16,500	1120
Silo Plus*	11,000	1230
HoHo*	7,500	1220
QBC 1+2	36,000	1100
Haus am Schottentor	24,500	1010
Office Park 4	20,000	1300
Buwog Zentrale, Rathausstraße 1	8,900	1010
MyHive Ungargasse 37	4,000	1030

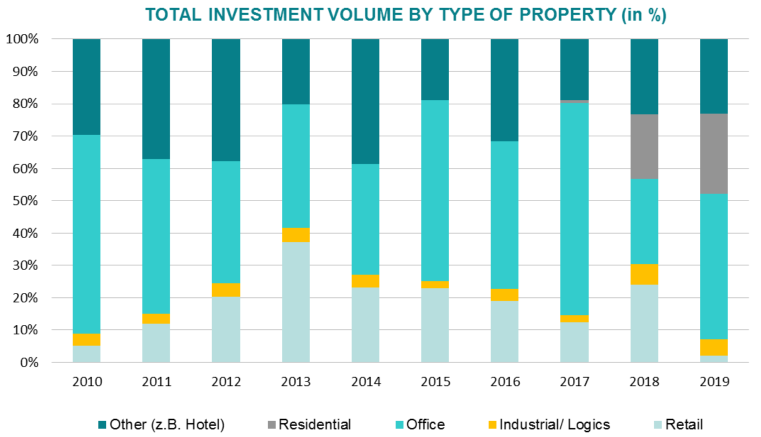
Source: DPC Research

IMMOBILIEN

INVESTMENT MARKET



Source: DPC Research



Source: DPC Research

Selected Deals 2019

Property	Use	Space in sqm	Seller	Buyer
T-Center	Office	120,000	Doric Group	Hana Group
Hilton Vienna	Hotel	50,000	Invester United Benefits	Hana, NH & Meritz
20 investment properties	Residential	48,000	JP Immobilien	Wlaschek Stiftung/ AMISOLA
QBC 1&2	Office	38,000	UBM, S Immo	EPH Eastern Property Holdings
Bel & Main	Mixed	17,000	Signa	Private Investor
OPTIMUM	Office	17,000	Commerz Real	Conren Land
Austria Campus BT2	Office	16,500	Signa	Bayerische Versorgungskammer
Hainburger Straße 33	Office	15,300	KGAL KETA	Phekda GmbH & Co KG
Bel & Main	Residential	12,000	Signa	Tishman Speyer, BVK
Kölblgasse 8-10	Office	7,600	KGAL KETA	Immowert

Source: DPC Research

2019 continues strong

Following the strong year of 2018, with an investment volume for Austria of € 4 billion, 2019 looks likely to reach almost the same level again. After a strong start, with a volume at the second quarter of €1,8 billion, it appears that the investment volume till year end will reach just over € 4 billion again.

Whilst offices still is the main asset class for investors, attributing to 45 %, followed by hotels with 23 %, residential has continued to increase, accounting for over 25 % of transactions. Retail and industrial transactions have declined substantially but due mainly to no product being available. Retail only accounts for approx.. 2 %, and industrial only accounts for around 5 %.
Demand has continued to increase, mainly from Germany, but also increasing from Asia. For example, the Hilton hotel in the CBD, and the T-Center were both sold to Korean investors. Reason for the strong demand is mainly driven by the historically low interest rates, which are showing no sign of increasing. Furthermore, Austria is attractive due to its strong economy, stable and low risk property market.

Vienna still most important location

Vienna has and continues to be the main location for investors. The main focus is still on core institutional well let office buildings. However, due to the lack of suitable product, other asset classes such as residential and hotels are becoming increasingly popular. Also other towns in Austria such as Graz, Linz and Salzburg are seeing increasing investor interest, particularly in the segments residential and hotels.

Yield

The prime office yield has fallen from its level in 2018 of 3,85 % to a record low of 3,5 % in 2019. Prime residential yields are at 3,3 % and for industrial stable at 5,15 %,

Forecast 2020

With no sign of an interest rate increase in the next few years, we expect investor demand to remain very strong, with a further light yield consolidation. Demand will remain strong for offices, residential and also increasingly for industrial.

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.

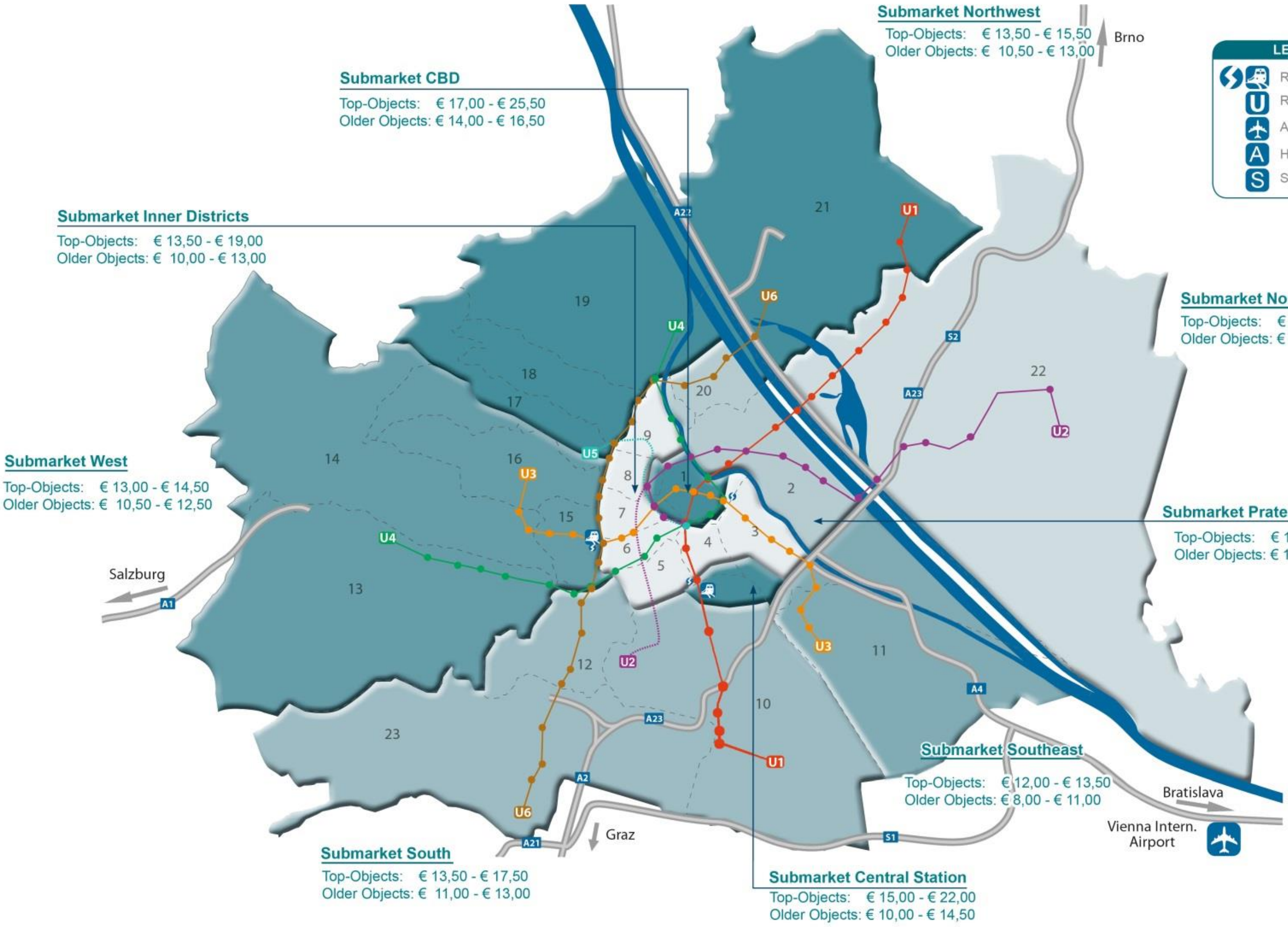
Vacancy Indicates unused or un-rented buildings or areas.

Rental level The amount of minimum and maximum rents per m² 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



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