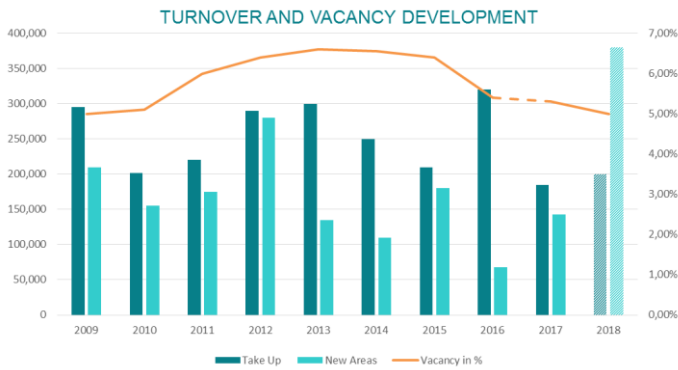


## Autumn 2018

### OFFICE MARKET VIENNA



#### Take Up

In the first half of 2018 office space take-up in Vienna was 115,000 sqm and 30.000 sqm higher than in the first half of 2017 (85,000 sqm). By the end of the year, a take up of approximately 200,000 sqm is forecasted, which would be 15.000 sqm above the weak letting performance of the year 2017 (185,000 sqm).

Due to the continued strong economic growth and modern office buildings coming onto the market, a confirmation of this year's take up of space is to be expected for 2019. Overall, demand is stable, especially in the small-size segment. Demand for modern space in a good location remains strong.

#### Selected Lettings from Q1 – Q3 2018

Tenant	Space in sqm	Zip Code	Object
Price Waterhouse Coopers	17,000	1100	DC Tower
Talent Garden	5,000	1090	Liechtenstein-str. 111-115
Spaces	5,000	1100	ICON
REWE	4,200	1120	Europlaza 4
Spaces	4,000	1030	ORBI
GfK	2,300	1030	ViE
Daikin	2,300	1230	Silo Plus
Procter & Gamble	1,700	1100	The Icon
DHL	1,200	1120	Europlaza 4

#### Vacancy

Vacancy has fallen slightly compared with the first half of 2017 and stood at approx. 5.0% in Q3 2018. This is a very positive development, when taking into account the large supply of new space which came on the market. The trend towards conversions from older office buildings to apartments continued, which also had a positive effect on the vacancy rate.

For 2019, a slight increase in the vacancy rate is expected due to the remaining space from current developments coming on to the market in 2018.

#### Rent levels

The prime rent was achieved in the CBD and is stable at currently € 26.00/ sqm. Average rents are rising, especially in good and high-quality properties in sought-after locations.

#### Disclosures H2 2018/ Completions 2019

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

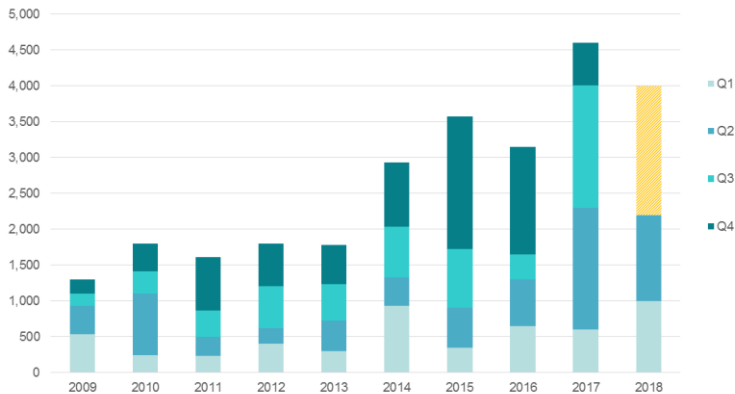
\* Disclosure 2018

#### Supply

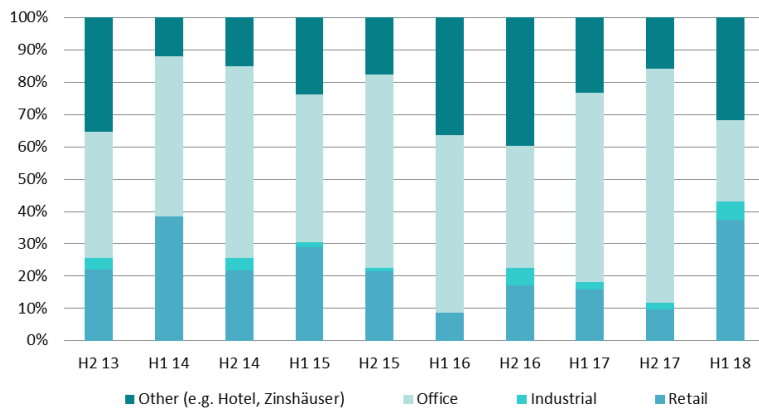
In the Vienna overall market, 45,000 sqm of new office space is expected to hit the market in 2019, which is expected to be a significant reduction compared to the space production in 2018.

## INVESTMENT MARKET

TOTAL INVESTMENT VOLUME AUSTRIA



INVESTMENT VOLUME BY TYPE OF PROPERTY (in %)



### Selected Deals 2018

Object	Use	Space in sqm	Seller	Buyer
Kika/ Leiner Group	Retail	100 Properties	Steinhoff Europe	SIGNA
Lassallestraße 5	Office	89.200	Unicredit	IMFARR
Mariahilfer Straße 18	Retail	31.000	Steinhoff	SIGNA
FMZ Stadlau	Retail	26.000	Tristan	BVK
Bahnhofscity Westbahnhof	Mixed	25.000	Acron	Bayrische PK
Adler & Ameise	Office	24.000	WealthCap	TH Real Estate
Arena Mattersburg	Retail	17.500	Hermes Immobilien	Semper Constantia
Linz, Nestlé Produktion	Prod.	17.200	Nestlé	F&S (Spitz)
Graz, Styria Center	Retail	15.000	Private	UNION
Inno Plaza	Office	12.500	S+B, List	BNP Paribas REIM
Siemensgründe	Mixed	63.000 Ground space	Siemens	Bondi

### Strong first half

In the first half of 2018, total sales of just under € 2.2 billion were achieved, which is slightly below the result of the first half of 2017. At the end of the year, the total volume in 2017 was € 4.8 billion.

One of the reasons for confirming the strong result was the takeover of Kika/ Leiner Group properties by SIGNA, which added a total of € 490 million. Apart from that, fewer transactions with a volume of more than € 100 million were observed.

The share of the office segment in the total volume has lost significance and amounted to approx. 25%, whereas retail recorded a strong half year with approx. 40%.

### Vienna is Austria's most important location

The Viennese investment market accounts regularly for most of the investment activity. In the first half of 2018, it was able to further expand its position as main investment location with more than ¾ of the total Austrian volume. Demand is strong especially for core investments with low vacancy.

The existing equity for real estate investments was above average in Austria. Considerably more volume was implemented by national investors, while the most important foreign investor group still comes from Germany.

### Yield

Office prime yields have fallen from 3.90% to currently around 3.85% compared to Q4 2017. We expect yields to remain constant for the remainder of the year.

The interest in well-rented office properties in B-locations is increasing due to the low supply of prime products, where the yield fell from 4.75% in Q2 2017 to 4.5% in Q2 2018, depending on location, age and quality / rental structure of the property.

In the industrial / logistics sector, prime yields are now at 5.30%, which is a significant decline of 0.5% compared to the first half of 2017.

### Forecast 2019

The shortage of investment products in Austria and Vienna will continue to increase. The demand for good product remains unbroken. In early 2019, a slight 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

