

OFFICE MARKET REPORT VIENNA
WINTER | SPRING

2020 / 2021

YOUR SPECIALISTS FOR
COMMERCIAL REAL ESTATE

YOUR SUCCESS
IS OUR GOAL



FOCUS ON CUSTOMER- ORIENTED SOLUTIONS

Modesta Real Estate offers support with advice on all your questions relating to commercial real estate – both at the national and international levels.

The focus is clearly defined:
Targeted and integrated solutions that are customer-oriented and lead to profit.

Modesta Real Estate is the specialist when searching for investment properties, office, logistics, industrial or commercial properties in Austria and the CEE region, as well as for the subsequent location analyses and contract negotiations. Modesta Real Estate also offers professional consulting and valuations, corporate real estate services and the design of highly-efficient marketing strategies for existing properties. With our know-how we help our clients to make the right decisions concerning property-specific questions.

Modesta Real Estate's network extends from locations in Vienna and Bratislava throughout Austria to the entire CEE region and includes European and American investment companies and capital providers.

A young, dynamic team is specially trained in the commercial real estate sector and thus guarantees professional real estate consulting at the highest level.

Your contact partners



Andreas Polak-Evans, SIOR
Managing Partner
Offices & CRES
Ph.: + 43 (1) 513 29 39 - 20
evans@modesta.at



Ing. Chiara Mai, M.A.
Director
Offices, Industrial & Logistics
Ph.: +43 (1) 513 29 39 - 28
mai@modesta.at



Bianca Isak, B.A.
Marketing and Research
Ph.: +43 (1) 513 29 39 - 12
isak@modesta.at

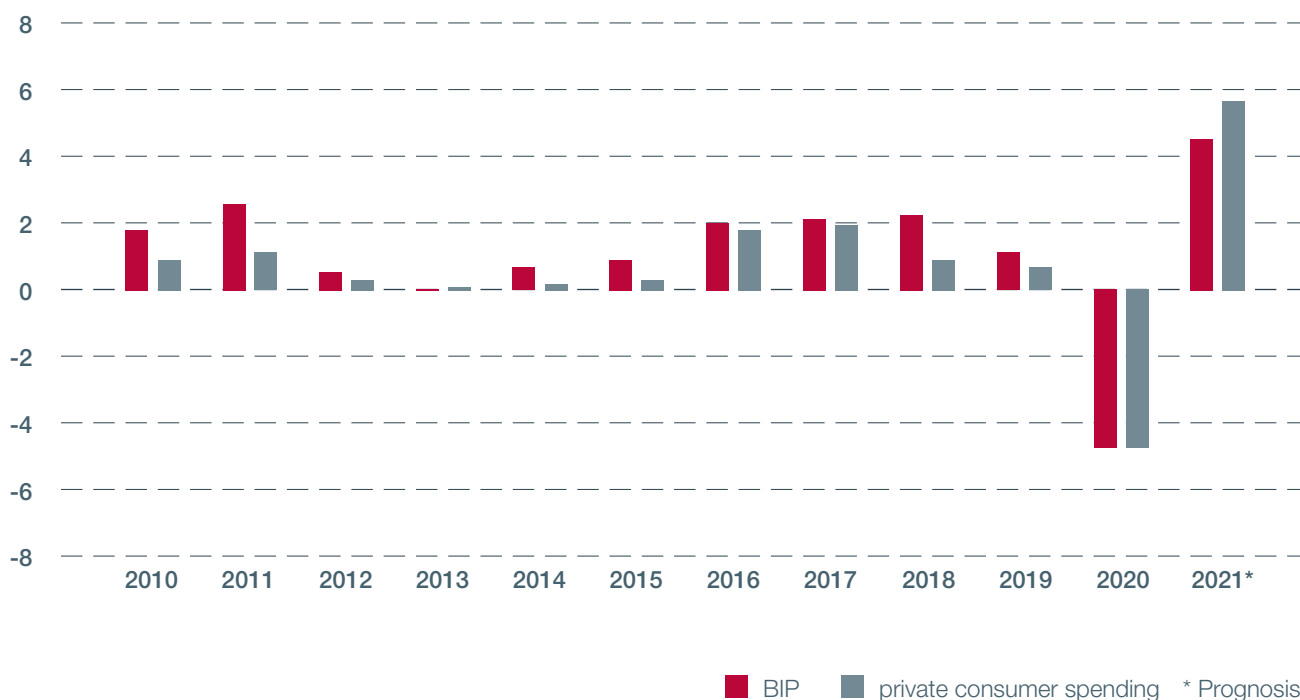
OVERALL ECONOMIC SITUATION IN AUSTRIA

The measures taken because of the COVID-19 pandemic have led to a recession in Austria, which is having an impact on all key economic indicators. The development of the pandemic has had a significant consequence on the country's economic outlook in just a few weeks. **Economic output** has fallen about 6.8%, compared to the previous year 2019.

Household consumption expenditure fell by 6.8 percentage points compared to 2019 (change in real GDP), and is expected to rise again by about 5.5% in 2021. While the national **unemployment rate** was reduced to 7.4% (non-self-employed) in 2019, it is expected to increase to 9.8% in 2020, due to the coronavirus pandemic. A drop in the rate by 2021 is expected, but it will take several years before it returns to the 2019 level. Along with the rising unemployment rate, the volume of work is also falling. This decline is partly due to the reduction in working hours per capita as a result of the utilization of COVID-19-Kurzarbeit (government subsidized short-time work scheme).

In 2020, the current **inflation rate** is 1.8% and is expected to level off again at 1.6% by 2021. According to WIFO, the state budget is running a large deficit, falling by -8.1% of GDP compared to last year, due to multi-billion Corona stimulus packages and huge revenue shortfalls. The second lockdown in November 2020, similar to the first one in spring, will have a drastic impact on Austria's economic performance. The tourism industry in particular, but also trade, will suffer considerable losses.

Economic Development Austria 2010 – 2021



CURRENT TRENDS

CORONA CRISIS CHANGES THE OFFICE REAL ESTATE MARKET

The coronavirus pandemic is not leaving the Vienna office property market untouched and will, presumably, have a long-term impact on the real estate industry and the world of work.

At the beginning of 2020, strong demand could still be recorded on the Vienna office real estate market. With the first lockdown in March 2020, many companies were forced to postpone or cancel their search for a new corporate location. The result was a sharp decline in demand by which only a few crisis-resistant sectors were not affected. Companies from the e-commerce, IT, pharmaceutical, healthcare and food industry sectors are seen as winners of the crisis.

The partial switch in many companies to home offices will have long-term consequences for the office real estate market but also for our working world. Many employers currently recognize the potential of home office models and can imagine offering home office options to their employees even after the crisis. This shift will lead to new office models with more flexibility options becoming the focus of demand in the future. Co-working areas as well as spaces for social and personal exchange will gain in importance when looking for offices in the future. Representative spaces in central locations in particular will become the focus of search profiles, while demand for spaces on the outskirts or in rural areas will decline.



OFFICE MARKET VIENNA 2020 | OVERVIEW

Rental prices (per sqm, net)

Top rentals	€ 25.50	↔
Rentals in good locations	€ 14.50 – 19.00	↑
Rentals in average locations	€ 10.00 – 14.00	↑

Office Space Rentals

Q1 2020	ca. 13,000 sqm (VRF)	↓
Q2 2020	ca. 30,600 sqm (VRF)	↓
Q3 2020	ca. 87,500 sqm (VRF)	↑
Q4 2020	ca. 50,000 sqm (Prognose)	↑
Full-year forecast	ca. 180,000 sqm	↓

Vacancy

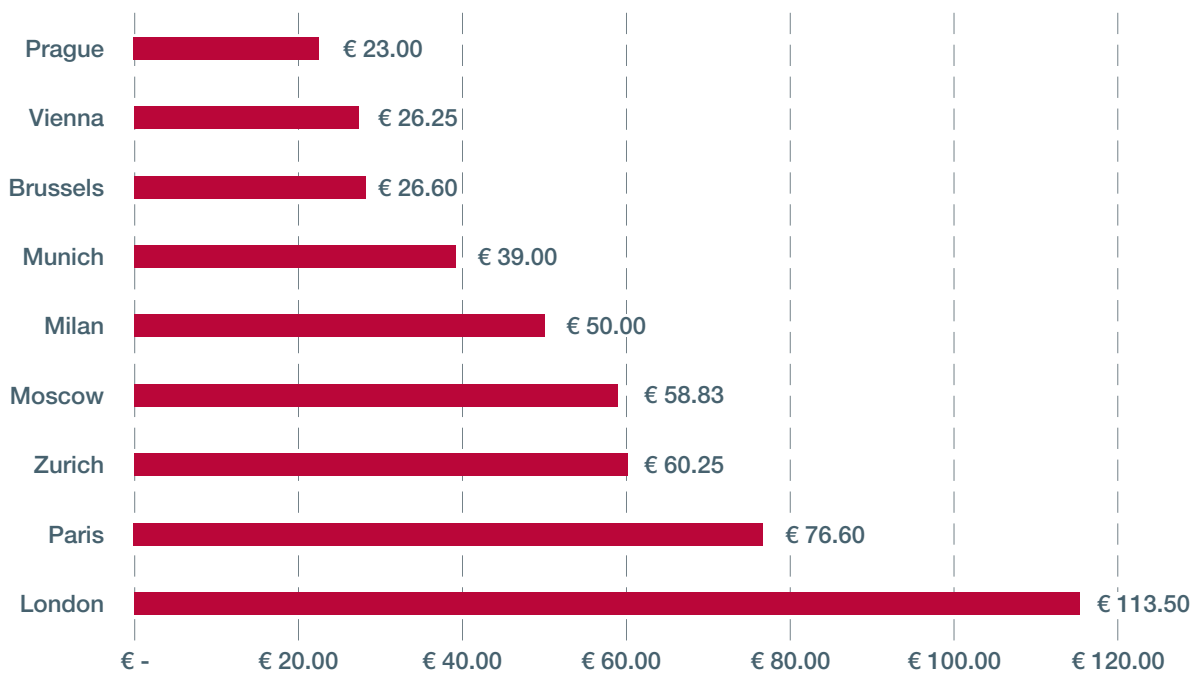
	ca. 4.4 % (VRF)	↑
--	-----------------	---

Available Office Space

Current portfolio	5.9 Mio sqm(VRF)	↓
New space development	ca. 160,000 m ²	↑



Office Top Rentals in Europe (per sqm, net)



OFFICE MARKET VIENNA | OVERVIEW

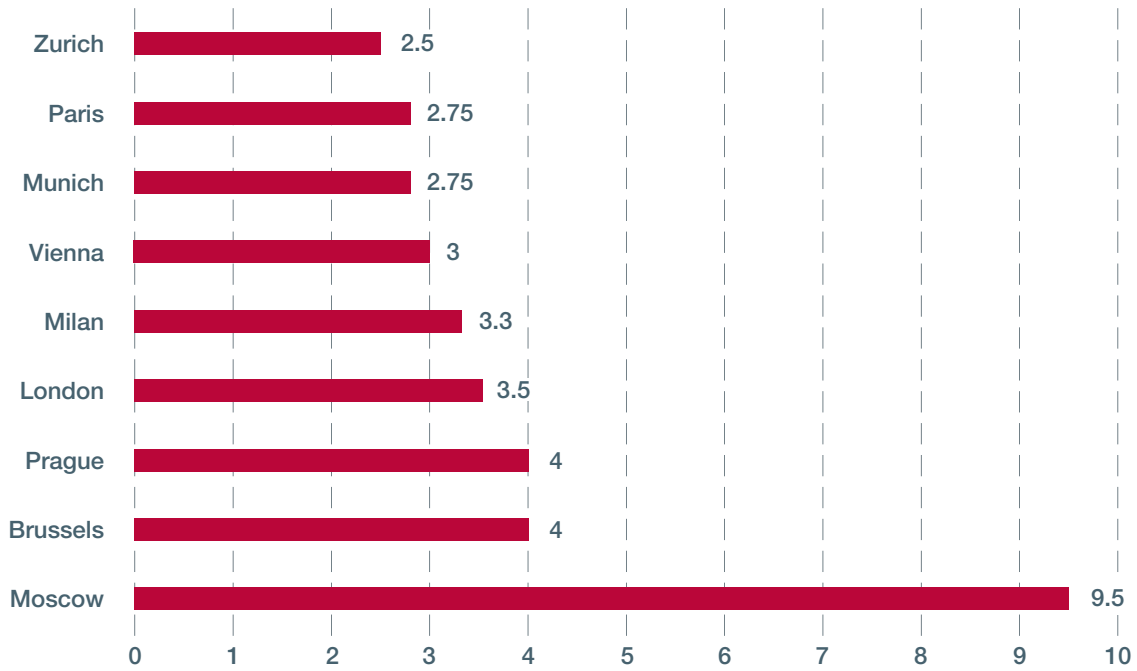
Investment

Investment volume 2020*	€ 1 Mrd.	↓
Prime yields	3 %	↓
Yields in B locations	4 % - 4.5 %	→
Top yields for logistics areas	4.75 %	↓

* Prognosis



Prime Yields in Europe



RENTAL PRICE OVERVIEW

Inner City



Rent: € 15.00 - 26.00

Properties:

- Goldenes Quartier (1010)
- Haus am Schottentor (1010)
- Operngasse 6 (1010)

Inner Districts (CBD)



Rent: € 11.50 - 21.00

Properties:

- myHive Ungargasse (1030)
- Francis (Projekt, 1090)

North-East



Rent: € 12.00 - 18.00

Properties:

- Austria Campus (1020)
- Quartier Lassalle (Projekt, 1020)
- Prater Glacis (1020)
- Viertel Zwei (Projekt, 1020)

East



Rent: € 11.50 - 19.50

Properties:

- Austro Tower (Projekt, 1030)
- Solaris (1030)
- ViE (1030)

West



Rent: € 10.00 - 14.50

Properties:

- Forum Schönbrunn (1120)
- Arcade Meidling (1120)
- U4-Center (1120)
- VIO Plaza (Projekt, 1120)

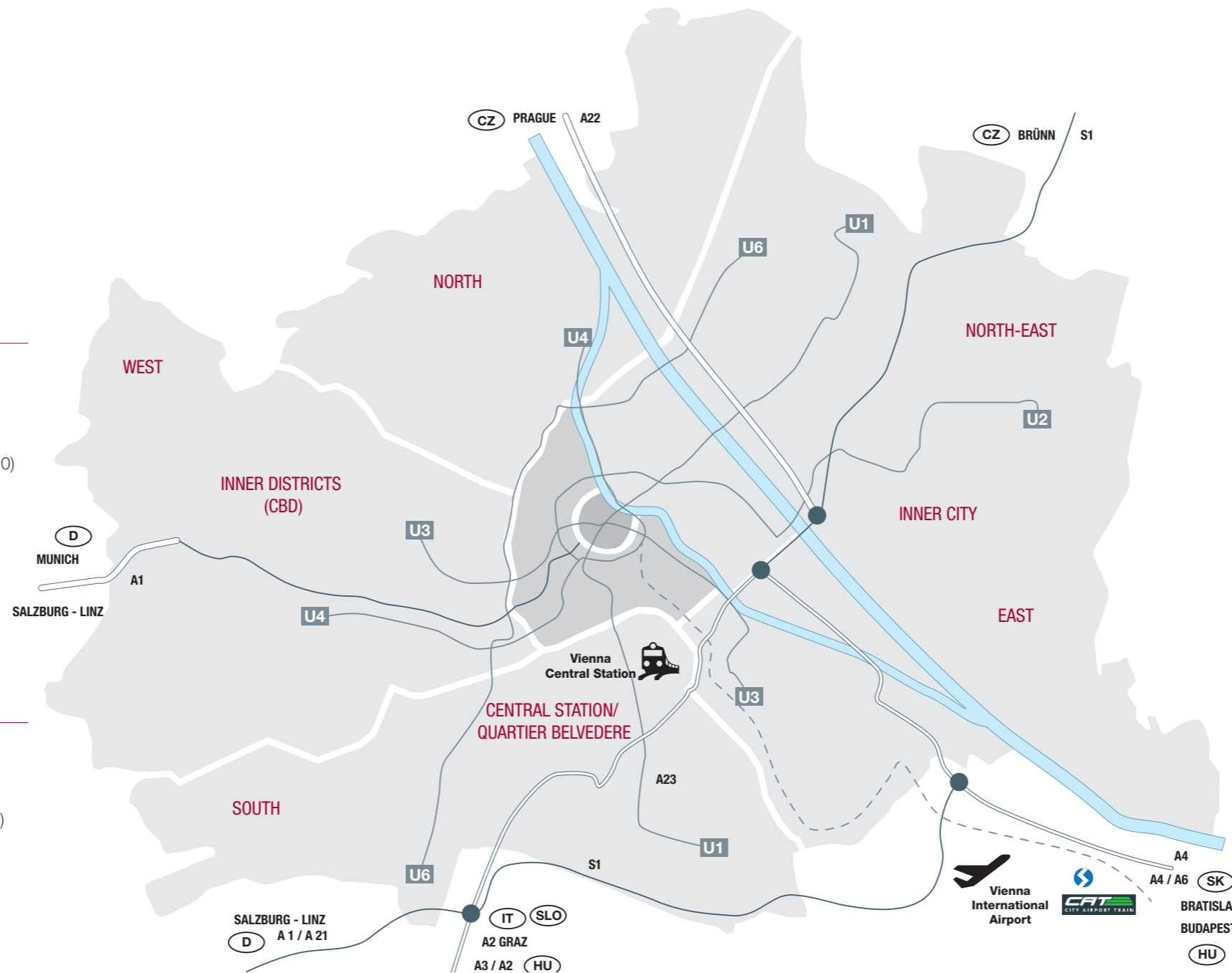
North



Rent: € 10.50 - 16.50

Properties:

- Square One (1190)
- Millenium Tower (1200)
- Optimum (1200)
- Rivergate (1200)



Central Station / Quartier Belvedere

Rent: € 15.00 - 21.00

Properties:

- QBC 1+2 (1100)
- The ICON Vienna (1100)
- Bel & Main (Projekt, 1100)



South

Office buildings: € 11.50 - 18.50

Properties:

- The Brick (1100)
- Euro Plaza (1120)
- Inno Plaza (1120)
- Silo Next (Projekt, 1230)
- Silo Plus (1230)
- Campus 21 (2345)





← MELA
↑ 80
↑ 57
← SPUSU

HELLO SUNSHINE, IT'S SUMMER TIME!

OFFICES

RENTALS 2020

Region	Property	Tenant	Area
Inner City (CBD)	1010, Hansenstraße 3	Republic of Austria	3,500 sqm
	1030, Guglgasse 7-9	Fonds Soziales Wien	2,000 sqm
Inner Districts	1020, Austria Campus	Refurbed GmbH	1,800 sqm
	1020, Viertel Zwei	Bitpanda	6,000 sqm
Central Station	1100, QBC 1+2	Worldline	3,000 sqm
	1100, The Icon Vienna	MSD Ges.m.b.H	1,800 sqm
	1100, The Icon Vienna	Dynatrace Austria GmbH	1,700 sqm
	1100, QBC 1+2	Portikus	1,000 sqm
East	1030, ViE	Delta Hodling GmbH	1,800 sqm
	1030, Barichgasse	Mjam	1,000 sqm
	1030, Town Town	Wr. Städtische	700 sqm
South	1120, Euro Plaza	Jumio	1,900 sqm
	1120, Euro Plaza	Manstein Verlag	1,200 sqm
	1120, Euro Plaza	REWE	900 sqm
North	1020, Quartier Lassalle 2	ÖBB	54,000 sqm
	1020, Quartier Lassalle 1	KAV	10,300 sqm
	1190, Square One	AOP Orphan Pharmaceuticals AG	4,800 sqm
	1220, Rivergate	PSA	2.,700 sqm
	1020, Carré Lassalle	BBU	2,000 sqm
West	1130, Kai West	Swietelsky AG	4,900 sqm
Vienna DC	1220, TwentyTwo	City of Vienna	4,500 sqm
	1220, Ares Tower	Eppendorf GmbH	1,400 sqm

(PLANNED) COMPLETIONS 2020-2023

Property	Submarket	Area	Completion
Haus am Schottentor*	Inner City	14,500 sqm	2020
BUWOG Zentrale	Inner Districts (CBD)	9,000 sqm	2020
Myhive Ungargasse*	Inner Districts (CBD)	7,000 sqm	2020
Walfischgasse 13*	Inner Districts (CBD)	2,700 sqm	2020
Operngasse 6*	Inner Districts (CBD)	2,000 sqm	2020
The Brick	Wienerberg (South)	18,000 sqm	2020
Myhive am Wienerberg*	Wienerberg (South)	10,000 sqm	2020
QBC 1 + 2	Central Station	34,000 sqm	2020
Bel & Main	Central Station	17,000 sqm	2020
Office Park 4	Airport	26,000 sqm	2020
Prater Glacis Bauteil C	Prater/ Lassallestraße	4,300 sqm	2020
Lassallestraße 1	Prater Lassallestraße	23,000 sqm	2021
Lassallestraße 5	Prater/ Lassallestraße	45,500 sqm	2021
Triiiple	Erdberg	8,500 sqm	2021
Austro Control Tower	Erdberg	28,000 sqm	2021
Silo Next	Wienerberg (South)	9,000 sqm	2021
Campus Ost	Donaucity Surrounding	7,500 sqm	2021
Eightytwo	Wienerberg (South)	12,400 sqm	2022
Vienna TwentyTwo BT1	Donaucity Surrounding	8,000 sqm	2022
TwentyOne Innovation Hub	North	12,000 sqm	2022
TwentyOne Central Hub	North	30,000 sqm	2023
Herzig	Wienerberg (South)	10,900 sqm	2023
Triiiple	Erdberg	8,500 sqm	2023
Viertel 2 Tower	Prater/ Lassallestraße	22,000 sqm	2023
Vienna TwentyTwo BT2	Donaucity Surrounding	10,000 sqm	2023
DC Tower 2	Donaucity Surrounding	26,000 sqm	2023

*General overhaul

MOST IMPORTANT INSTITUTIONAL TRANSACTIONS 2020

Property	Usage	Area	Seller	Buyer
MGC Office Park	Office	69,000 sqm	MGC Mode und Textil GHC	Hallmann Holding
TwentyOne Service Hub	Mixed use	60,000 sqm	Bondi Consult	Interxion
Palmers HQ	Office	36,000 sqm	Palmers	Lenzing AG
Rechenzentrum Geiselberg	Office	34,000 sqm	Erste Group Immorent	ARE Austrian Real Estate
Austro Tower	Office	32,000 sqm	SORAVIA	DEKA
Quartier Lassalle	Office	29,000 sqm	Imfarr	EPH Eastern Property Holding
Brehmstrasse 14	Office	13,800 sqm	Warburg-HIH Invest Austria	Blue Colibri Capital



WE WILL FIND
YOUR LOCATION FOR
THE FUTURE

INTERNATIONAL

INVESTMENT

OFFICE
PROPERTIES

INDUSTRY
&
LOGISTICS

CORPORATE REAL
ESTATE SERVICES



MODESTA REAL ESTATE – Austria

MG Real Estate GmbH

1010 Vienna, Dr. Karl-Lueger-Platz 5

Ph.: +43/1/513 29 39-0, office@modesta.at

www.modesta.at

MODESTA REAL ESTATE – Slovakia

MRE Management, k.s.

81102 Bratislava, Hviezdoslavovo námestie 7

Ph.: +421/2/3240 8888, office@modestagroup.com

www.modestagroup.com

