

OFFICE MARKET REPORT VIENNA
WINTER | SPRING

2019/2020

YOUR SPECIALISTS FOR OFFICE
AND COMMERCIAL REAL ESTATE

YOUR
SUCCESS
IS OUR
GOAL

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.

Focus on customer-oriented solutions

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.

OFFICE MARKET | OVERVIEW

Rental Prices

| | | |
|------------------------|-------------------|---|
| Rents in prime areas | 25.50 € | → |
| Rents in good areas | 13.50 € – 18.00 € | ↑ |
| Rents in average areas | 10.00 € - 13.50 € | ↑ |

Office Space Rentals

| | | |
|----------------|-------------|---|
| 2019 | 220,000 sqm | → |
| Prognosis 2020 | 180,000 sqm | |

Vacancy

ca. 4.4 % (VRF)



Office Space Available

| | | |
|-----------------------|--------------------|---|
| Current portfolio | 6.02 Mio sqm (VRF) | ↓ |
| New space development | | ↓ |
| 2019 | 45,000 sqm | |
| 2020 | 160,000 sqm | |

Investment

| | | |
|----------------------------|-------------|---|
| Investment volume 2019 | 3.5 bn. EUR | ↑ |
| Prime yields | 3.25 % | → |
| Yields in B locations | 4.5 % | → |
| Yields for logistics space | 5.1 % | ↓ |

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OVERALL ECONOMIC SITUATION

The Austrian national economy is in a phase of moderate growth due to the slowing international economy, after a high dynamic of previous years. While Austria's **economic growth** recorded a plus of 2.4% in 2018, the annual average will slow to about +1.7% in 2019 and settle at about +1.4% in 2020. Although Austria's domestic economic force remains intact, the underlying trend is cautious. A downturn in the industry due to subdued export performance has a dampening effect on economic growth. Exports are developing in line with the slowdown in the international economy.

(WIFO - Austrian Institute for Economic Research)

Meanwhile, private household consumption continues to increase, supported by sustained employment and wage growth. Although the decline in **unemployment** will continue due to the declining economy, it will stall in 2019.

The national unemployment rate (in % of employed persons) will fall to only 7.4 % by the end of 2019 and remain at this level in the following year.

(WIFO - Austrian Institute for Economic Research)

In 2019 the **inflation rate** will be 1.6 % and is expected to rise by 0.1 percentage points to 1.7 % in 2020.

Price increases in the areas of housing, water, energy, restaurants and hotels continue to dominate the inflation dynamics and contribute most to the rise in consumer prices.

The **general government budget** will also show a surplus in 2019. This development is primarily due to the lucrative tax environment and a further decline in public interest expenditure. The **debt ratio** will decline steadily until 2021 and will roughly reach the level of 2007. The forecasts indicate a general government debt ratio of 69.9 % by the end of 2019 and 67.2 % in 2020.

(WK - Austrian Federal Economic Chamber, BMF - Austrian Federal Ministry of Finance, Statistics)

CURRENT TRENDS

FLEXIBLE OFFICE MODELS AND EMPLOYEES IN FOCUS

The structural change in the working world presents the real estate industry with new challenges. Workplaces should be flexible, employees need to feel at home, and location and infrastructure are becoming decisive factors in employee loyalty and satisfaction.

The trend towards co-working will continue in 2019 / 2020. Co-working spaces offer economic advantages for start-ups and small businesses, especially in large cities such as Vienna, where rents in the middle and lower segments are rising slightly. But it is not only the economic idea that attracts tenants to the flexible spaces. The cross-industry exchange of ideas that can take place within such concepts also offers opportunities for further development. Even outside the co-working areas, the business world is becoming more flexible and thus places additional demands on the location of companies and the design of workplaces. Flexible walls, variable work cubicles and versatile common rooms are increasingly replacing the idea of fixed workplaces. The challenge for real estate development lies in intelligent and forward-looking space planning in order to be able to adapt to the most diverse market and workplace requirements.

Office equipment, workplace design and location are increasingly becoming the trademarks of companies, and at the same time the needs of employees are increasingly gaining significance. Excellent transport connections and infrastructure combined with the highest possible service character make a company location attractive for employees and customers. These requirements are also reflected in the new developments in the Vienna office market. Projects such as the Quatier Belvedere at the Central Station and the myhive locations on Wienerberg and Ungargasse rely on flexible space design, optimal infrastructure and an office concept with a high-service nature in order to increase the well-being of employees.



VIENNA OFFICE LOCATIONS

Inner City and surrounding areas (CBD)

Vienna's historic city center remains the No. 1 office location and is one of the most representative addresses in Austria.

The majority of office space can be found in high-quality renovated old buildings, which are mostly used as office, residential and commercial space. The high rate of listed buildings in the inner city hardly permits new buildings, so that existing buildings are modernized at the highest level and equipped to a high standard.

| Office Property | Available space | Description |
|--|-----------------|---|
| Alte Post | 10,000 sqm | <ul style="list-style-type: none"> • Flexible usage possibilities • Offices with all-inclusive service • Innovative design • Excellent infrastructure |
| Goldenes Quartier Office | 21,000 sqm | <ul style="list-style-type: none"> • Prominent location • Modern and high-quality office equipment • Excellent infrastructure and ideal connections (U1, U3) |
| Kärntnerringhof | 10,300 sqm | <ul style="list-style-type: none"> • Directly on the Ringstraße • Ringstraßen Galerien • In-house parking |
| Operngasse 6 | 2,000 sqm | <ul style="list-style-type: none"> • Flexible space distribution • High-quality extension standards • Central location near the State Opera |
| Postsparkasse Georg-Coch-Platz 2 | 28,000 sqm | <ul style="list-style-type: none"> • Art Deco building • Excellent inner city location • Potential for development • Ideally connected |
| BUWOG Zentrale Rathausplatz 1 | 9,000 sqm | <ul style="list-style-type: none"> • Representative office and store building • Directly next to the town hall • In-house underground car park |
| Schreyvogelgasse 2 | 3,400 sqm | <ul style="list-style-type: none"> • Location in the heart of Vienna • Generally refurbished • High-image factor |
| Walfischgasse 13 | 2,700 sqm | <ul style="list-style-type: none"> • Built in the Neo-Renaissance • Generally refurbished • Gallery level • Location in the heart of Vienna |

Inner Districts

The inner districts of Vienna (2nd to 9th districts) extend from the Ring around the inner city to the Gürtel and are not to be regarded as a directly-connected office space market. Nevertheless, the office buildings continue to serve as an important office location, especially for smaller companies and start-ups. myhive in Ungargasse is expected to be one of the next major completions for this submarket in 2020.

| Office Property | Available space | Description |
|-----------------------------|-----------------|--|
| MyHive Ungargasse | 7,000 sqm | <ul style="list-style-type: none">• Flexible office design• First-class transportation connections• Versatile location• Co-working Spaces |

Central Station / Quartier Belvedere

The heart of the area is the triangle: Wiedner Gürtel - Arsenalstraße – Central Station. With "The Icon" and "G5", the total office space at the location was additionally expanded last year. With the Quartier Belvedere Centrale (QBC), new office space of around 35,000 sqm is currently being created around the Central Station.

| Office Property | Available space | Description |
|------------------------|-----------------|--|
| QBC 1 + 2 | 34,000 sqm | <ul style="list-style-type: none">• High-quality equipment• Flexible room partitioning• Directly in the Quartier Belvedere |
| The ICON Vienna | 74,000 sqm | <ul style="list-style-type: none">• Flexible space distribution• Directly at the Central Station• Ideal transportation connections |
| Bel & Main | 17,000 sqm | <ul style="list-style-type: none">• Multi-use building complex• Between Belvedere and Central Station• Extensive green spaces |

North-East (Donau City/ Praterstern/ Lassallestraße/ Dresdner Straße)

The submarket North-East extends from Praterstern via Lassallestraße and Messe Wien to Donau City and Dresdner Spange. Due to the optimal underground connections and its proximity to the city center, the submarket North-East has grown in recent years to become one of the most important office locations outside the Inner Districts. Above all, the redesign of the Praterstern and the train station has upgraded the district.

| Office Property | Available space | Description |
|-----------------------------------|-----------------|--|
| Austria Campus | 200,000 sqm | <ul style="list-style-type: none"> • Optimal traffic connections • Proximity to the city center • Extensive green areas |
| Lassallestraße 1 | 22,000 sqm | <ul style="list-style-type: none"> • Prominent location • Close to city center • Excellent transportation links |
| Lassallestraße 5 | 60,000 sqm | <ul style="list-style-type: none"> • Prominent location • Close to city center • Excellent transportation links |
| Prater Glacis Bauteil C | 4,000 sqm | <ul style="list-style-type: none"> • Modern urban development project • Practically energy self-sufficient office building • Planned completion: mid 2020 |

South-East (Erdberg-Gasometer)

In the Neu Marx, Erdberg and Gasometer areas, along the underground line U3, an attractive office location has developed in recent years. Especially the new buildings with modern equipment and efficiently designed floor plans attract companies. The south-east location also offers an optimal connection to the traffic network and thus, the South-East motorway A23 or the airport motorway A4 can be reached within a few minutes.

| Office Property | Available space | Description |
|---------------------|-----------------|--|
| Austro Tower | 32,000 sqm | <ul style="list-style-type: none"> • 135 meters high, 38 floors • Completion: 2021 • Conference center |
| Triiple | 12,000 sqm | <ul style="list-style-type: none"> • Directly on the Danube Canal • Completion: 2021 • Comprehensive infrastructure |
| VIE | 12,300 sqm | <ul style="list-style-type: none"> • Directly on the Danube Canal • Distinctive architecture • Five roof terraces |

South (Wienerberg)

Since the beginning of the 1990s, the submarket South, in the area around the Wienerberg, has developed into an important office location. In addition to office towers, a shopping and entertainment center as well as numerous residential projects have been built here.

| Office Property | Available space | Description |
|--------------------------------|-----------------|---|
| Euro Plaza | 230,420 sqm | <ul style="list-style-type: none"> • Flexible office design • Rentable conference rooms • Good infrastructure and proximity to the South-East motorway A23 |
| Campus 21 | 40,000 sqm | <ul style="list-style-type: none"> • Generous green areas • Close to the SCS • Located directly on the Vienna outer ring motorway |
| Inno Plaza | 10,990 sqm | <ul style="list-style-type: none"> • Innovative, sustainable architecture and technology • Directly at the Meidling/ Euro Plaza railway station axis |
| myHive am Wienerberg | 10,000 sqm | <ul style="list-style-type: none"> • Comprehensive infrastructure • Excellent traffic connections (A1, A2) |
| The Brick | 18,000 sqm | <ul style="list-style-type: none"> • Ecological, innovative, multi-use building complex |
| Silo Next | 9,000 sqm | <ul style="list-style-type: none"> • Sustainable office space design • Geothermal energy and photovoltaics • Flexible floor plans • Open Space |
| Silo Plus | 11,000 sqm | <ul style="list-style-type: none"> • Sustainable office space design • Geothermal energy and photovoltaics • Flexible floor plans • Open Space |



Region West (Schönbrunn)

The office locations in the north of Vienna are gaining in importance due to their proximity to the city center and good infrastructure. Many of the office properties in this submarket are characterized above all by their striking architecture and high-quality facilities.

| Office Property | Available space | Description |
|-------------------------|-----------------|--|
| Forum Schönbrunn | 15,400 sqm | <ul style="list-style-type: none"> • Flexible floor plans • Modern equipment • Intersection South/West axis |
| Arcade Meidling | 13,600 sqm | <ul style="list-style-type: none"> • Directly at Meidling station • Modern equipment • Ample parking facilities |

Region North (Heiligenstadt)

Over the past ten years, the VIENNA DC has developed into a lively urban center with highly- functional architectural standards and the best quality of living. Directly in the Donau-City there is a wide range of gastronomy offerings as well as a comprehensive infrastructure. The location is truly exceptional, being directly beside Europe's largest outdoor inner-city recreation area, the "Donauinsel." According to international experts, Donau-City is "currently one of the most interesting urban development areas in Europe" due to its unique location directly on the waterfront and the adjacent recreational areas of the "Donauinsel," the "Donaupark" and the "Alte Donau."

| Office Property | Available space | Description |
|------------------------|-----------------|---|
| Millenium Tower | 38,500 sqm | <ul style="list-style-type: none"> • Modern equipment • Offices available in many sizes • In-house underground car park |
| Optimum | 18,000 sqm | <ul style="list-style-type: none"> • In-house underground car park • Rooftop terrace • Immediate proximity to the city center |
| Square 1 | 10,750 sqm | <ul style="list-style-type: none"> • Modern architecture • High-quality office equipment |
| Rivergate | 50,000 sqm | <ul style="list-style-type: none"> • Near traffic junction Handelskai • Spacious design • Latest standards of building ecology |

Vienna Donau City – Surrounding Area

Over the past ten years, the VIENNA DC has developed into a lively urban center with highly- functional architectural standards and the best quality of living. Directly in the Donau-City there is a wide range of gastronomy offerings as well as a comprehensive infrastructure. The location is truly exceptional, being directly beside Europe's largest outdoor inner-city recreation area, the "Donauinsel." According to international experts, Donau-City is "currently one of the most interesting urban development areas in Europe" due to its unique location directly on the waterfront and the adjacent recreational areas of the "Donauinsel," the "Donaupark" and the "Alte Donau."

| Office Property | Available space | Description |
|-------------------------|-----------------|---|
| Ares Tower | 40,000 sqm | <ul style="list-style-type: none"> • Sky lobby, cafeteria, underground car park • View of Vienna's historic center • U1 in the immediate vicinity |
| Saturn Tower | 33,000 sqm | <ul style="list-style-type: none"> • Generous glassed-in areas • Variable sizes and possible uses • Near Danube Island and Danube Park |
| DC Tower | 66,000 sqm | <ul style="list-style-type: none"> • Fully-equipped office areas • 250 meters high • Directly on the Danube Island |
| Florida Tower | 36,000 sqm | <ul style="list-style-type: none"> • Green area • Co-Working Spaces • Panoramic view |
| Tech Gate Vienna | 26,000 sqm | <ul style="list-style-type: none"> • Central location • Ideal traffic connections • Hourly shuttle bus • Directly adjacent to Austria's largest congress center |

Seestadt Aspern

The business location Seestadt has already convinced numerous operations. Whether one-person enterprises from the creative sector, start-ups from the tech scene or international industrial companies - Seestadt offers top conditions for the most diverse needs.

| Office Property | Available space | Description |
|--------------------------------------|-----------------|--|
| HoHo + HoHo Next | 7,700 sqm | <ul style="list-style-type: none"> • Directly on the waterfront • In-house underground parking • Beside U2 Station Seestadt |
| Technologiezentrum Aspern BT2 | 6,800 sqm | <ul style="list-style-type: none"> • Produces more energy than is needed • Multi-functional spaces |

RENTALS



At **€ 25.50 per sqm net per month, top rents** in Vienna's city center remain at their high level.



In **good office locations**, rents in 2019 range from **€ 13.50 to 18.00 per sqm net per month** and have thus risen slightly compared to 2018.



The rents in average locations are currently **€ 10.00 to 13.50 per sqm net per month**.

OFFICE SPECE RENALS



Around 110,000 sqm of new office space was leased in the first half of 2019. This corresponds roughly to the average of recent years. The letting performance for 2019 as a whole was around 220,000 sqm, a slight decline compared with 2018. For the year 2020 we forecast an approximate letting performance of 180,000 sqm.

Strong demand for office space can be expected especially in the Inner District (CBD), Wienerberg and Prater/Lassallestraße submarkets.

VACANCY



The vacancy rate at the end of the third quarter of 2019 was 4.3% (VRF). By the end of the year, the vacancy rate will have settled at around 4.4 % (VRF).

RENTALS 2019

| Region | Objekt | Tenant | Size |
|-----------------------|-----------------------------|--|------------|
| Inner City CBD | 1010, Haus am Schottentor | Spaces | 8,500 sqm |
| | 1010, Haus am Schottentor | XING | 5,700 sqm |
| | 1010, Alte Post | Boston Consulting Group | 2,700 sqm |
| | 1010, Haus am Schottentor | McFit | 2,000 sqm |
| Inner Districts | 1020, Obere Donaustraße | Itworks Personalservice | 5,100 sqm |
| | 1020, Prater Glacis | Wirtschaftsuniversität Wien | 4,300 sqm |
| | 1020, Aspernbrückenstraße 2 | Uniqua | 3,800 sqm |
| | 1020, Galaxy Tower | World Bank Group | 3,000 sqm |
| | 1020, Austria Campus | Dimension Data | 2,800 sqm |
| | 1020, Austria Campus | Porsche Holding | 2,650 sqm |
| | 1020, Austria Campus | Rexel | 2,400 sqm |
| | 1090, Wasagasse 2 | BM für Bildung, Wissenschaft & Forschung | 3,900 sqm |
| Central Station | 1100 QBC 1+2 | Grant Thornton Austria | 4,000 sqm |
| | 1100, The Icon | L'Oréal | 2,800 sqm |
| | 1100, The Icon Vienna | Wester Union | 2,500 sqm |
| South-East | 1030, Erdbergstraße 200 | Wiener Wohnen | 6,600 sqm |
| | 1030, Erdbergstraße 200 | Fonds Soziales Wien | 6,000 sqm |
| | 1030, ViE | Austria Tabak GmbH (JTI) | 2,700 sqm |
| | 1030, ViE | | 8,500 sqm |
| | 1030, Fabiani Haus | Plandata Datenverarbeitungs GmbH | 1,300 sqm |
| | 1100, Bel & Main | Erste Group | 17,000 sqm |
| South | 1120, Inno-Plaza | AMS & MA | 13,100 sqm |
| North | 1190, Square Plus | Regus | 7,900 sqm |
| Vienna DC Surrounding | 1220, Ares Tower | DBConcepts GmbH | 1,400 sqm |

OFFICE SPACE AVAILABLE



Current portfolio 2019

6.02 MIO sqm (VRF)



New space development 2019

42,000 sqm



Prognosis for 2020

Following the high number of completions in 2018, only around 42,000 sqm of new office space will come onto the market in 2019. New, modern office space on the Vienna office market is expected to reach 160,000 sqm by 2020.

(PLANNED) COMPLETIONS 2019 / 2020

| Objekt | Submarkt | Size | Completion |
|----------------------------------|------------------------|------------|----------------|
| The ICON Vienna | Central Station | 74,000 sqm | 2019 |
| Silo Plus | Wienerberg (South) | 11,000 sqm | 2019 |
| The Brick | Wienerberg (South) | 18,000 sqm | 2019 / 2020 |
| Inno-Plaza | Wienerberg (South) | 10,900 sqm | 2019 |
| HoHo + HoHo Next | Seestadt Aspern | 7,700 sqm | 2019 |
| Technologiezentrum Seestadt, BT2 | Seestadt Aspern | 6,800 sqm | 2019 |
| 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 |
| 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 | 22,000 sqm | Planned (2021) |
| Lassallestraße 5 | Prater/ Lassallestraße | 60,000 sqm | Planned (2021) |
| Triiiple | Erdberg-Gasometer | 8,500 sqm | Planned (2021) |
| Austro Control Tower | Erdberg-Gasometer | 28,000 sqm | Planned (2021) |
| Silo Next | Wienerberg (South) | 9,000 sqm | Planned (2021) |
| Campus Ost | DC Surrounding | 7,500 sqm | Planned (2021) |
| Technologiezentrum Seestadt, BT2 | Seestadt Aspern | 6,800 sqm | Planned (2021) |

*General overhaul

INVESTMENT MARKET



Transaction volume: Euro 3.5 billion → 2019

Despite the shortage of supply, national and international investors continue to show great interest in the domestic real estate market. For 2020 / 2021, we also expect brisk investment activity due to the higher volume of completions.

SPITZENRENDITE – BÜROIMMOBILIEN



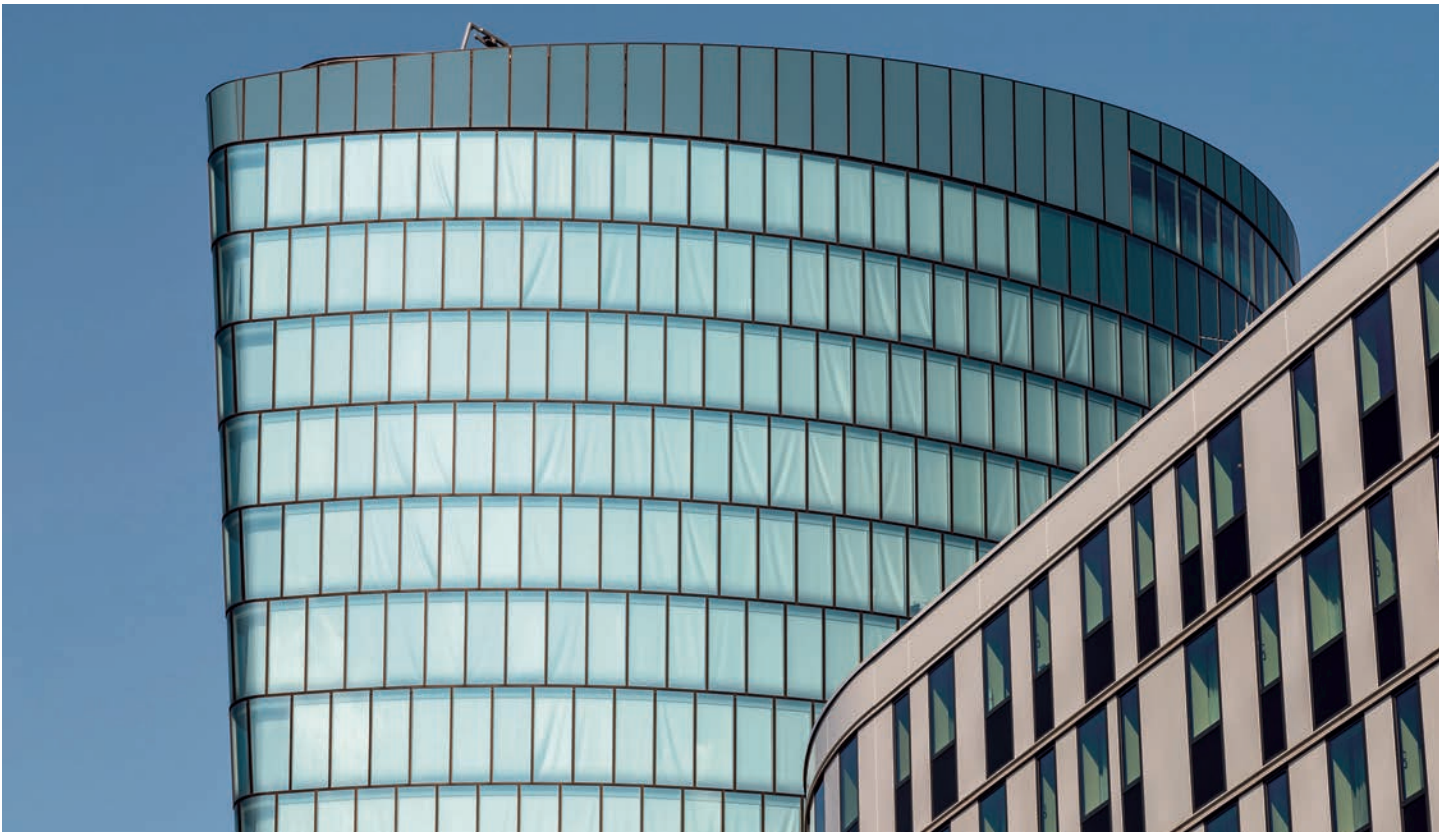
Prime yields 3.5 %



Yields in B locations 4.5 %



Prime yields logistics 5.1 %

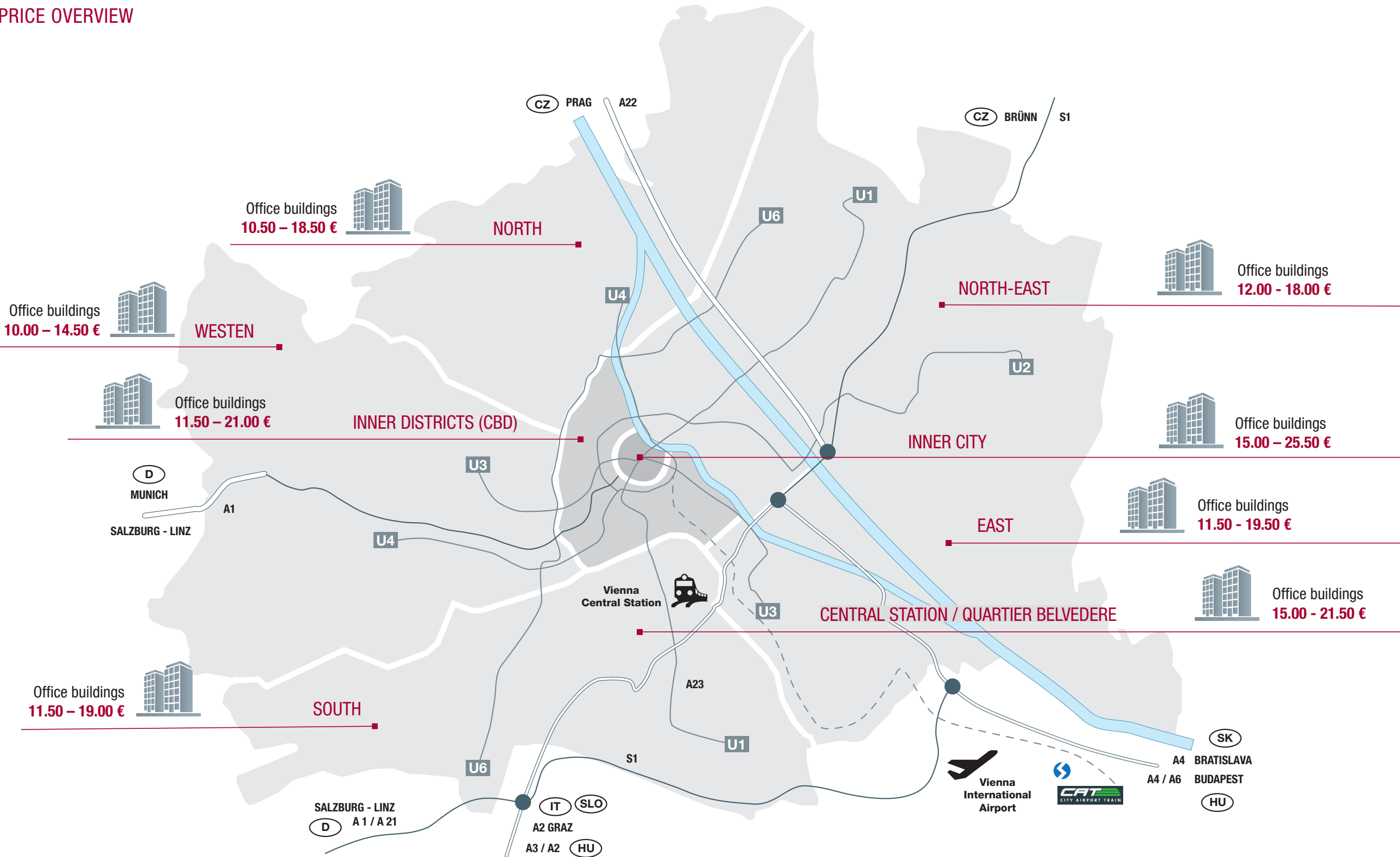




MOST IMPORTANT INSTITUTIONAL TRANSACTIONS 2019

| Objekt | Usage | Size | Seller | Buyer |
|-----------------------------|----------------|-------------|--|------------------------------------|
| T-Center | Office | 100,000 sqm | Doric Group | Hana Group |
| QBC 1 +2 | Office | 38,000 sqm | UBM/ s immo | EPH Eastern Property Holding |
| Austria Campus BT 39.2 | Office | 22,000 sqm | Signa | Bayrische Versicherungskammer |
| Geiselbergstraße 15-19 | Office | 20,300 sqm | IMMOFINANZ AG | Privatinvestor |
| QBC 4 | Office | 17,360 sqm | BDO | EPH Eastern Property Holding |
| OPTIMUM | Office | 17,000 sqm | Commerz Real | Conren Land |
| Hainburger Straße 33 | Office | 15,300 sqm | KETA Liegenschaftsverwaltung | Phekda GmbH & Co KG |
| Silo 1 | Office | 13,000 sqm | Erste Bank Immorent und Strabag Real Estate | Erste Immobilien KAG |
| Gudrunstraße 179 | Office | 7,600 sqm | HGA Capital | Oberösterreichische Versicherungen |
| Kölblgasse 8-10 | Office | 7,600 sqm | KGAL | Immowert |
| Liechtensteinstraße 111-115 | Office | 4,880 sqm | Hallmann Holding | Mazda Rainer |
| G5 Hauptbahnhof | Office | 4,200 sqm | Rhomberg | Warburg HIH |
| Bel & Main | Office / Hotel | 15,000 sqm | Signa | Privatinvestor |
| Passage Linz | Retail | 25,000 sqm | Raiffeisen-Landesbank OÖ | Cone Capital AG |
| Retailportfolio Vösendorf | Retail | 24,300 sqm | Privatinvestoren | LeasInvest |
| Welas Park | Retail | 15,000 sqm | Rutter Immobilien Gruppe | Union Investment |
| KARO Bischofshofen | Retail | 8,900 sqm | Real IS AG | Slbg. Projektpartner Management |

RENTAL PRICE OVERVIEW



INTERNATIONAL

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