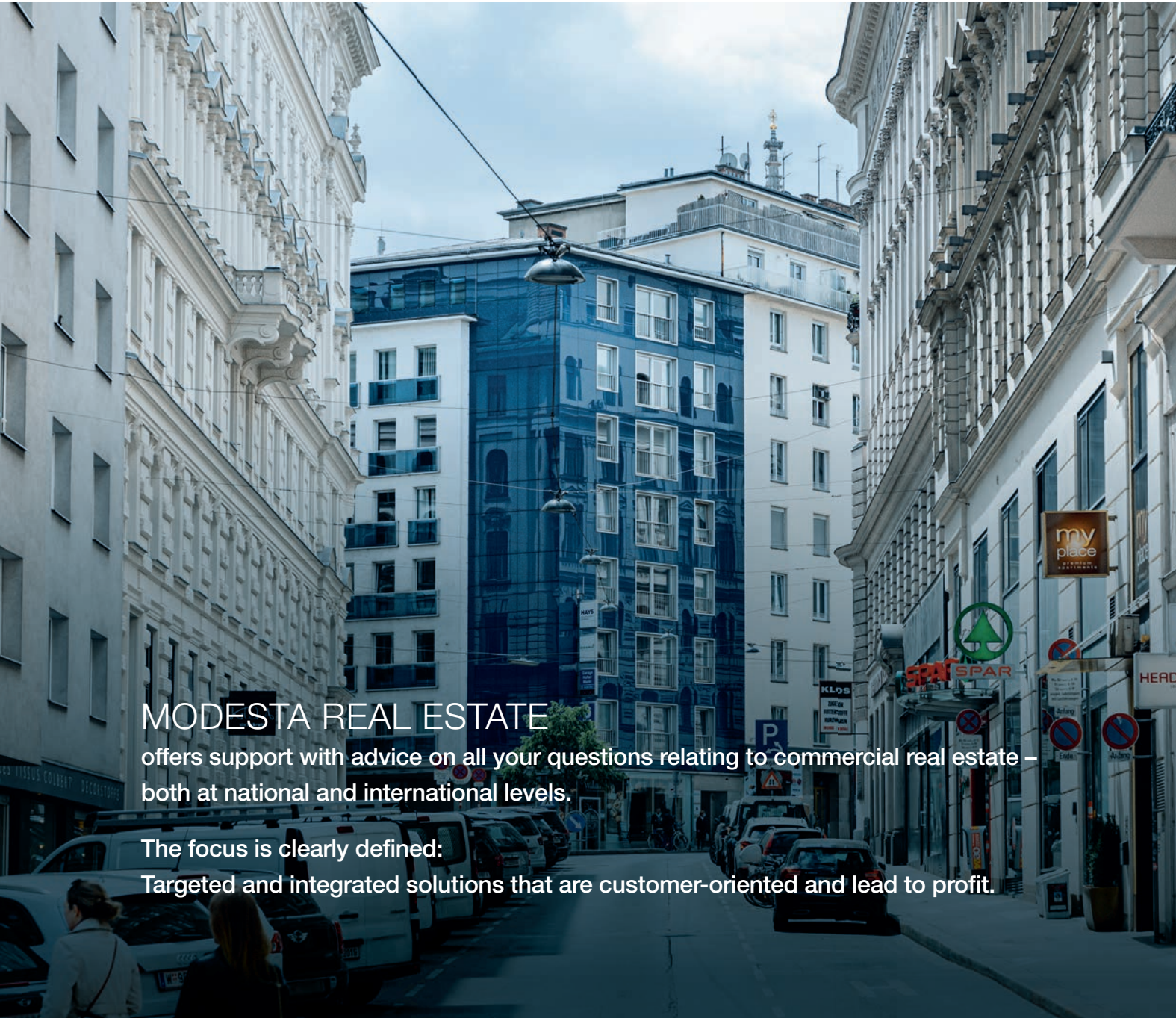


OFFICE MARKET REPORT VIENNA 2022

Spring
Summer

YOUR SPECIALISTS FOR
COMMERCIAL REAL ESTATE

Austria | Slovakia



MODESTA REAL ESTATE
offers support with advice on all your questions relating to commercial real estate –
both at 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.

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OVERALL ECONOMIC SITUATION IN AUSTRIA

Like many other European countries, Austria's economic situation is affected by the Russia-Ukraine conflict. Rising prices (especially in the energy sector), supply chain problems and material shortages are negatively impacting the domestic economic situation and causing inflation to escalate. While inflation was already expected to rise by 3% last year, this forecast was significantly exceeded at the beginning of 2022. According to current forecasts, an **inflation rate** of 5.5% (WIFO) to 5.8% (IHS) is expected.

The massive price increases and supply difficulties in many sectors are also slowing down investment dynamics.

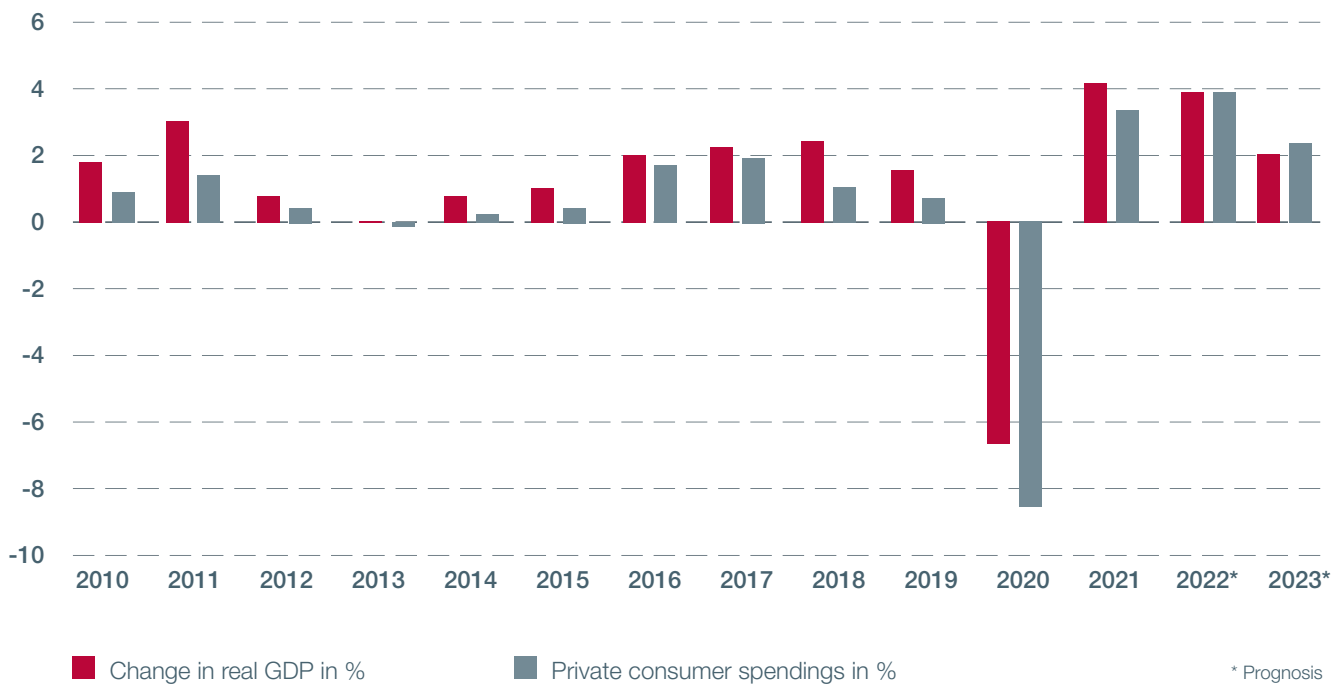
Private consumption is growing despite the weakening economy, with a plus of 3.9% (WIFO) to 4.7% (IHS) expected for 2022. This is also due to the relatively stable labour market, which has recovered after the downturns caused by the Corona pandemic. In 2022, the **unemployment rate** is at 4.9% and, after the Corona-related increase in 2020 and 2021, has settled back to the level of 2019.

Despite some war-related setbacks, Austria's economic performance is stable. The WKO forecasts **real GDP growth** of +3.9% for 2022. The mainstay of this development is the catch-up potential of tourism, while the industry is stagnating due to supply problems. Slight increases are recorded in the construction sector, as order backlogs remain high despite rising prices. By 2023, a more moderate growth rate of about 2% is expected.

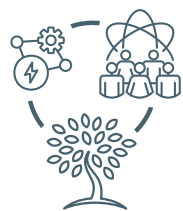
Source: wko.at (as of June 2022)



Economic development in Austria 2010 – 2023
(each compared to the previous year)



CURRENT MARKET TRENDS



ESG AND SUSTAINABILITY IN OFFICE REAL ESTATE

ESG - three letters that influence the entire real estate industry, particularly the asset class of office properties. The acronym stands for three corporate responsibility areas (Environmental, Social & Governance) that apply to all processes, structures and asset classes within the industry.

Time for change

"The trend towards taking economic, ecological and social responsibility has intensified due to the Corona pandemic and made companies more sensitive to social and environmental crises. Especially in the real estate industry, purposeful implementation of ESG standards is essential," says Modesta Real Estate Managing Partner Andreas Polak-Evans, SIOR.

Stefanie Behrendt, B.A. (Senior Director Modesta Real Estate and founder of wegozero) explains the importance of these change processes using striking facts: "50% of all raw materials are used for the construction of real estate. At the same time, real estate is the largest asset class worldwide and causes 40% of all CO2 emissions. Investors, developers and other industry representatives, therefore, can no longer avoid including ESG criteria in their valuations."

In order to prevent ESG from being used as a buzzword without proper definition, a Sustainable Finance Disclosures Regulation (SFDR) of the European Union came into force in March 2021. This regulation commits funds, such as real estate funds, to disclose their ESG criteria and is intended to make it easier for consumers to evaluate the sustainability of financial products. In addition, the EU Taxonomy Regulation was established in June 2021. It provides a classification system for sustainable economic activities that assess investments against six different environmental objectives. According to the EU Taxonomy, economic activity is classified as sustainable if it contributes to at least one of these objectives without affecting other goals.

* 1. climate protection; 2. climate change adaptation; 3. the sustainable use and protection of water and ocean resources; 4. the transition to a circular economy; 5. pollution prevention and control; 6. the protection and restoration of biodiversity and ecosystems

THE MEANING BEHIND THE CONCEPT



THE E – Economical

The real estate industry has an ecological responsibility that takes effect, for example, through the use of sustainable raw materials and construction methods, the establishment of efficient energy and heat supply systems, intelligent water and cycle management and the sensible use of green space shares.

In the office property sector, the term "green buildings" is used in this context. For example, Viertel Zwei, located directly at the Prater in Vienna, is considered a holistically implemented green building project. The greening of the facades and intermediate surfaces reduces the temperature and the amount of CO², while at the same time, the plants provide a cooling effect. The same effect is achieved by the widely laid-out water areas. Furthermore, the entire Viertel Zwei area is car-free and connected to the Krieau power station, which is considered a flagship project in the field of sustainable energy use and storage. The urban district has also been awarded the ÖGNI Platinum Certificate, which assesses buildings according to the European DGNB quality certificate.



THE S – Social

Social responsibility is supported not only by companies, but also by (office) buildings in which the company headquarters are located. Well-thought-out building concepts relate not only to the building substance and the raw materials used, but also to the design of space concepts that support the well-being of the community. As an example of an important factor in this regard is accessibility as well as the integration of a building into the communal development structures of a city. Furthermore, the building safety, the user-friendliness of the furnishings and a design of the spaces that meet people's needs and encourage communication also play a role. In addition, the relationship with all stakeholders is a focus of the considerations. Trust between owners, tenants, neighbours, employees and investors are key variables for the real estate industry.



THE G – Governance

The implementation of sustainable business practices in corporate management and the realisation of transparent and ethical management processes, in turn, have an impact on the economic operations in a company's environment. Equal opportunities, targeted risk management, anti-corruption measures and transparent and independent supervisory structures round off future-oriented business within the real estate industry.



OFFICE MARKET VIENNA SPRING/SUMMER 2022 | OVERVIEW

Rental prices (per sqm, net)		
Top rentals	€ 26.00	↑
Rentals in good locations	€ 14.50 – 19.00	→
Rentals in average locations	€ 10.00 – 14.00	→
Office Space rentals		
Q3 2021	ca. 29,200 sqm (VRF)	→
Q4 2021	ca. 54,900 sqm (VRF)	↑
Q1 2022	ca. 36,000 sqm (VRF)	↓
2022 Totals	ca. 150,000 sqm (Prognose)	
Vacancy	ca. 4.2 % (VRF)	↓
Available Office Space		
Current Portfolio	5.93 Mio sqm (VRF)	→
New space development 2022*	ca. 125,000 sqm	↑

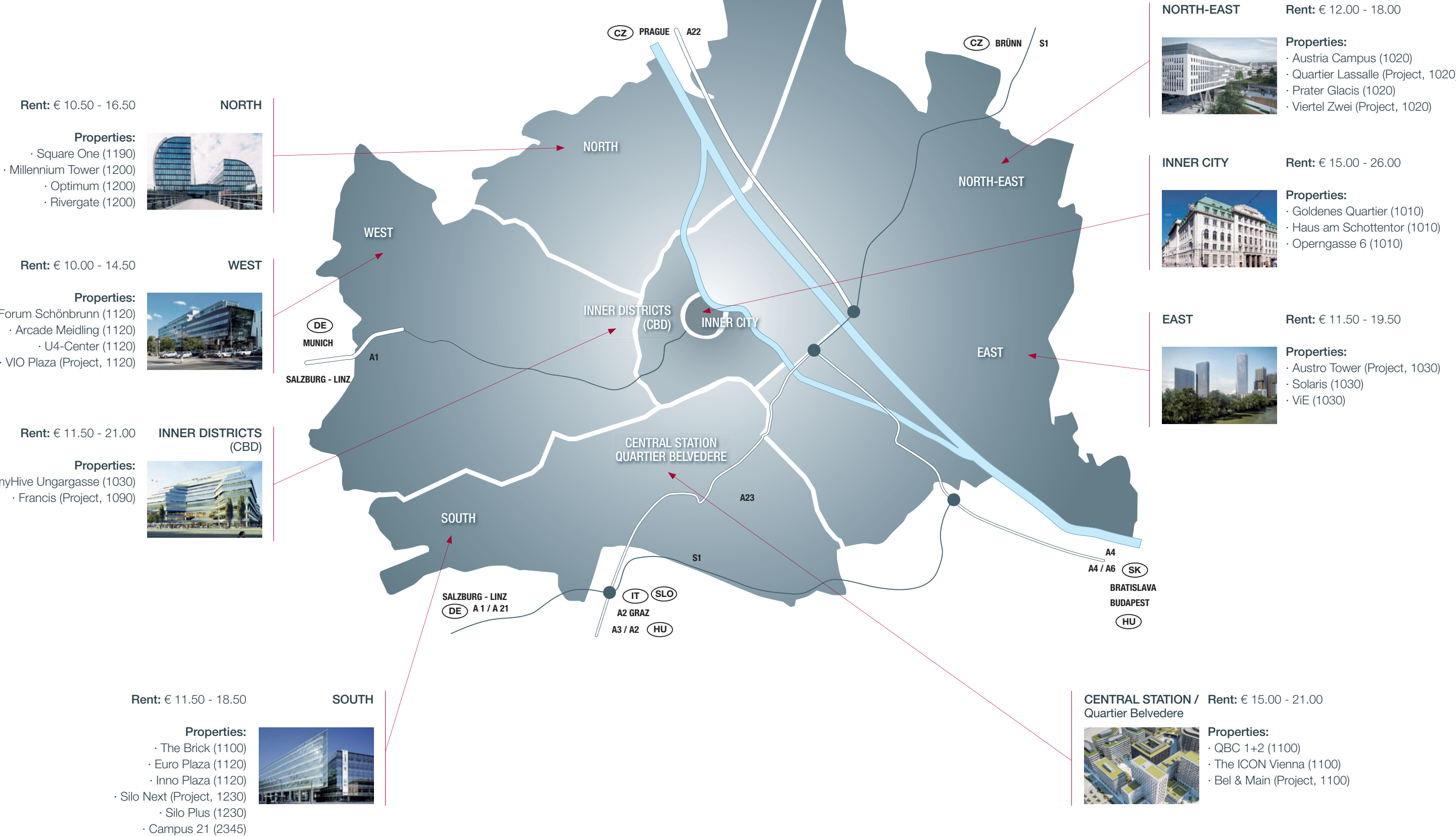
*Prognosis



Office Top Rentals in Europe (per sqm, net)



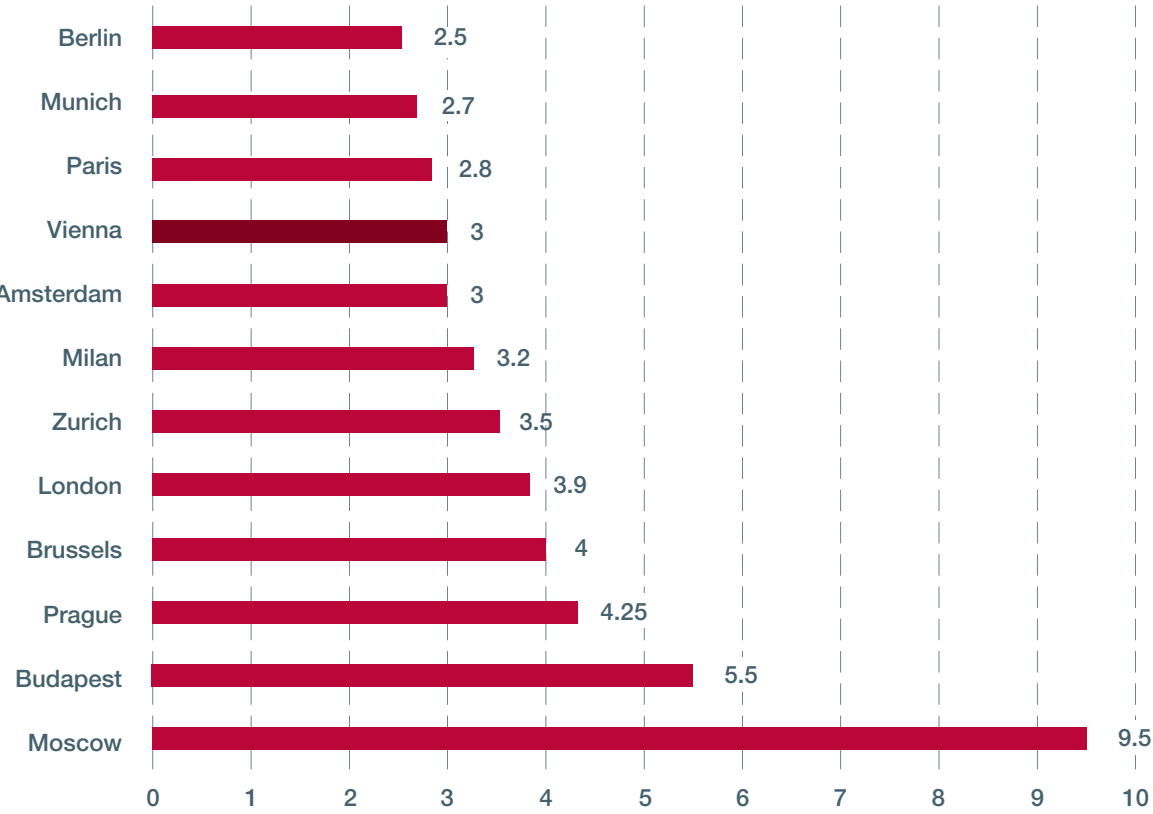
RENTAL PRICE OVERVIEW



OFFICE MARKET VIENNA SPRING/SUMMER 2022 | OVERVIEW

Investment		
Investment Volume 2022 (Prognosis)	ca. 1 Bn. €	↓
Prime Yields	3 %	→
Yields in B locations	4 – 4.5 %	→

Prime Yields (%) in Europe



RENTALS H1 2022

Region	Property	Tenant	Area
Inner City (CBD)	1010, Schottengasse 17	Schönherr Rechtsanwälte	1,000 sqm
	1040, Schwarzenbergplatz 14	LeitnerLeitner	4,200 sqm
South	1120, Euro Plaza 1	Nuance Communications	1,780 sqm
	1190, Square One	Zürich Versicherung	6,200 sqm
	1020, Lassallestraße 1	ISS	6,230 sqm
North	1020, Lassallestraße 9b	Öffentlicher Mieter	2,200 sqm
	1020, Leopold Moses Gasse 4	Öffentlicher Mieter	1,900 sqm
	1020, Denk Dreif	LexisNexis	1,040 sqm
	1220, IZD Tower	ATOS	5,250 sqm
	1220, Technologiezentrum Seestadt	HOOKIPA	4,500 sqm



(PLANNED) COMPLETIONS 2022 – 2024

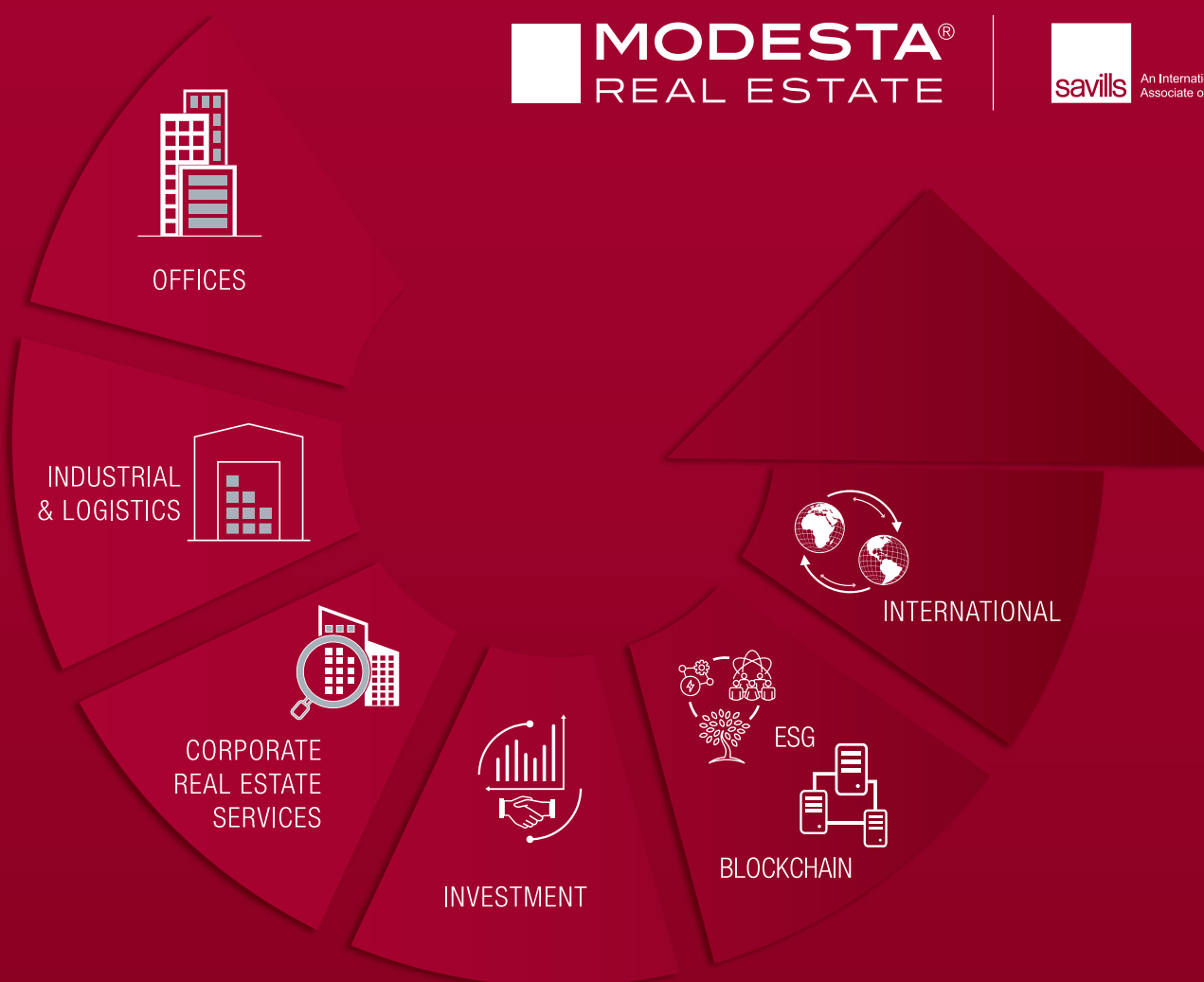
Property	Submarkt	Area	Area
Alte Post/ Das lebendige Haus	Inner City	8,500 sqm	2022*
Schreyvogelgasse 2	Inner City	2,500 sqm	2022*
Doppio Due	Inner Districts (CBD)	5,800 sqm	2022*
Lukoil Headquarter	Inner Districts (CBD)	3,800 sqm	2022*
Quartier Lassalle	Prater / Lassallestraße	70,000 sqm	2022*
Handelskai 100	Prater / Lassallestraße	3,000 sqm	2022
Doppio Due	Inner Districts (CBD)	5,800 sqm	2022*
TwentyOne Innovation Hub BT1	North	15,000 sqm	2022
Vienna TwentyTwo BT1	Donaucity Umgebung	8,000 sqm	2022
Campus Ost	Donaucity Umgebung	7,500 sqm	2022
Myhive am Wienerberg / Urban Garden	Wienerberg (south)	18,000 sqm	2023*
Robin	Donaucity Umgebung	10,000 sqm	2023
Gösserhalle	Central Station	4,700 sqm	2023
Vio Plaza	West	22,600 sqm	2023
Francis Vienna	Inner Districts (CBD)	38,000 sqm	2024*
Village im Dritten	Inner Districts (CBD)	8,500 sqm	2024
Plus Energy Quartier 21	North	11,000 sqm	2024

*General overhaul

MOST IMPORTANT INSTITUTIONAL TRANSACTIONS 2021 H2 2021/H1 2022

Property	Usage	Area	Seller	Buyer
Square One	Office	30,000 sqm	Strabag	Warburg-HIH
Europiazza 1	Office	28,000 sqm	DWS	ARE Austrian Real Estate
Donau Business Center	Office	23,000 sqm	CA Immo	Investor
Workstation Wien West	Office	17,900 sqm	Nuveen Global	Privatinvestor
Nordbahnstraße 50	Office	16,000 sqm	ReInvest	IMFARR
Allianz Tech Center	Office	12,000 sqm	RPHI	Swiss Life
Solaris	Office	10,000 sqm	Amundi	GalCap Europe
Grabenhof	Office	10,000 sqm	ÖBV	Ärztchammer Wien
Dresdner Straße 82	Office	4,600 sqm	Union Investment	Quadoro





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