

# OFFICE MARKET REPORT VIENNA

Spring | 2023

YOUR SPECIALISTS FOR  
COMMERCIAL REAL ESTATE

Austria | Slovakia



MODESTA REAL ESTATE  
provides support in all matters relating  
to commercial real estate - both on a  
national and international level.

The focus is clear:  
customer-oriented solutions that  
lead to profit in a targeted and  
integrated manner.

## FOCUS ON CUSTOMER-ORIENTED SOLUTIONS

**Modesta Real Estate** is the specialist when searching for investment properties, office, logistics, industrial or commercial real estate 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 conception of highly efficient marketing strategies for existing properties. With their know-how, they help clients to make the right decisions in real estate-specific matters. Modesta Real Estate's network extends from its offices in Vienna and Bratislava throughout Austria to the entire CEE region and includes European and American investment companies and investors. 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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THE OVERALL ECONOMIC SITUATION IN AUSTRIA



Like many European countries, Austria's economic situation is characterized by a stubbornly high inflation rate, massively rising energy prices, and the risks posed by the Ukraine war. Nevertheless, a gradual upward trend is forecast for the second half of 2023.

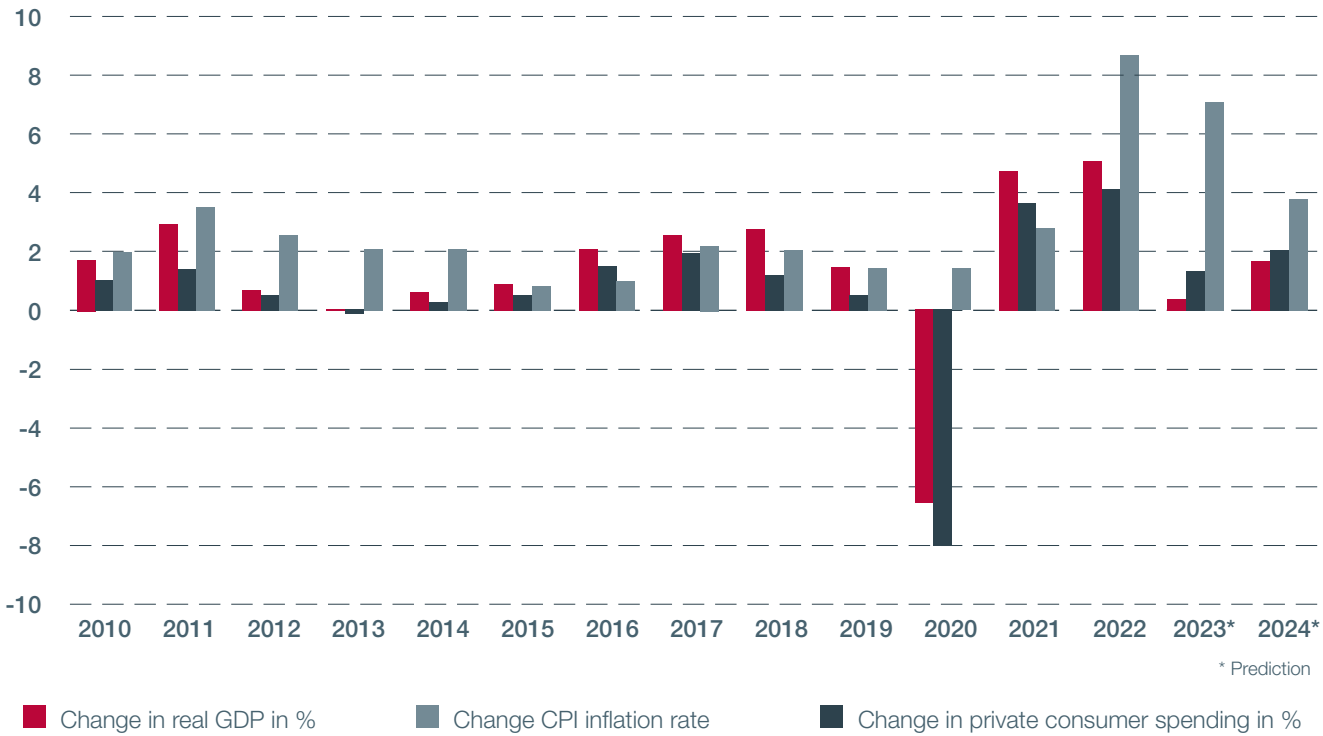
High inflation, weak global demand performance, and higher interest rates are slowing down the economy, which is why only weak growth in Austria's economic output of +0.3% (WIFO) and +0.5 (IHS) is forecast for 2023. Stubborn inflation is the biggest brake, with forecasts for 2023 is +7.1% (WIFO) and +7.5% (IHS). Both institutes have revised their inflation forecast for 2023 upwards since the end of last year. For 2024 they expect a plus of 3.5% - 3.8%.

The rise in interest rates is having an impact on investment activities, especially in the construction industry. WIFO expects value added in the construction sector to decline in the next two years (2023: -1.0%, 2024: - 1.5%). Gross value added for the industry is also expected to fall by 1.9 percentage points in 2023 but recover to the 2022 level in 2024.

After investment momentum was severely curbed by the massive price increases, private consumption is picking up again this year (WIFO: +1.3%). The foreign trade sector is also benefiting from the return of travel and consumer spending, a trend that is expected to continue and intensify in 2024. The labour market also remains robust and is a key pillar of the economy. The unemployment rate remains low by long-term standards and has stabilized after the Covid-induced increase in 2020 and 2021.

Source: wko.at (as of 30 March 2023)

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





## CURRENT MARKET TRENDS

### NEW WORK - THE NEW WAY OF WORKING

**Flexibility - employee orientation - efficiency.** The New Work concept combines all these and much more, and it concerns the working world as well as the office property market.

At the latest since the Corona pandemic and the current market recovery from its effects, the focus in the world of work has been on change. With New Work, companies are moving away from strict, hierarchical organizations, processes, and team structures and towards more flexibility, innovation, and fluid grouping. The focus is always on the employees and their individual needs. With remote work offers, job rotation strategies, etc., not only the corporate structure is changing, but also the design of office space.

#### Do we still need offices?

*"Yes! But we have to think of it differently!" Modesta Real Estate Managing Partner Andreas Polak- Evans is certain. "Owners, landlords, and managers have to adapt not only to space reductions but also to redesigns in the course of the New Work movement in order to meet the industry zeitgeist. "*

Precisely because working from one's own four walls or on the road will continue, it is even more important to design the office as a communicative meeting zone with room for development. At the same time, there must be areas for concentrated and focused work in an undisturbed environment. Offices based on the New Work concept combine all this and offer departments, project teams, and individual managers an environment tailored to their particular needs.

#### What can New Work look like?

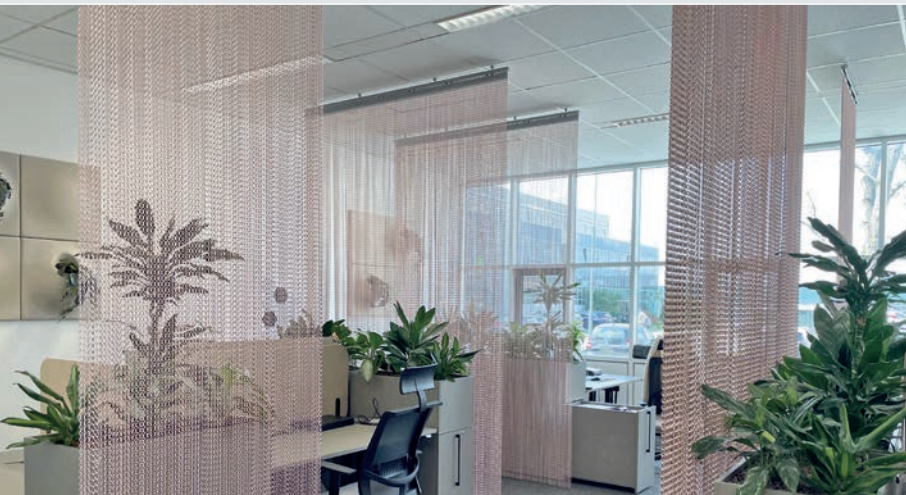
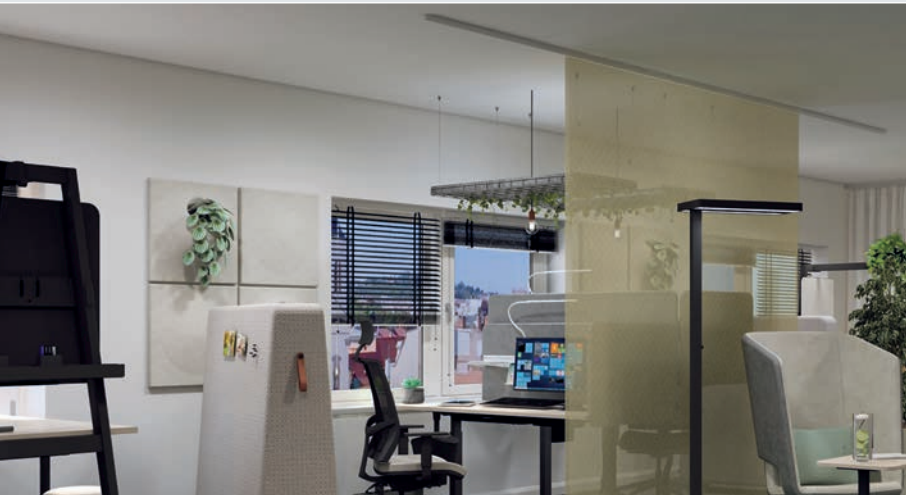
*"New Work is always what a company needs. Creativity and communication can be just as important as productivity and efficiency - it depends entirely on the needs of the teams and departments," explains Andreas Polak-Evans.*

One example of implementing a New Work-oriented office development is the Flex Units in the Innovation Hub of the TwentyOne quarter by Bondi Consult. The work areas vary from individual offices and so-called PhoneBoxes, collaboration spaces to project and conference rooms. All workstations are equipped with the latest technology and ergonomic office furniture.

Furthermore, the current trend is not only for new developments, because existing buildings are also gradually being adapted to the requirements of the new working world. It is entirely possible to update existing office spaces to modern requirements through spatial adaptations and the right equipment.

Marcus Haas from B.complete knows what is important here:

*"With New Work, it's all about the complete package. Whether it's furnishings or technology, both are important for living New Work. To remain relevant in today's labor market, it's essential for employers to recognize the current zeitgeist and adapt. That's why flexibility and a holistic approach are so important to us at B.Complete. We make New Work affordable even for small companies and support them in the transition to the new way of working."*

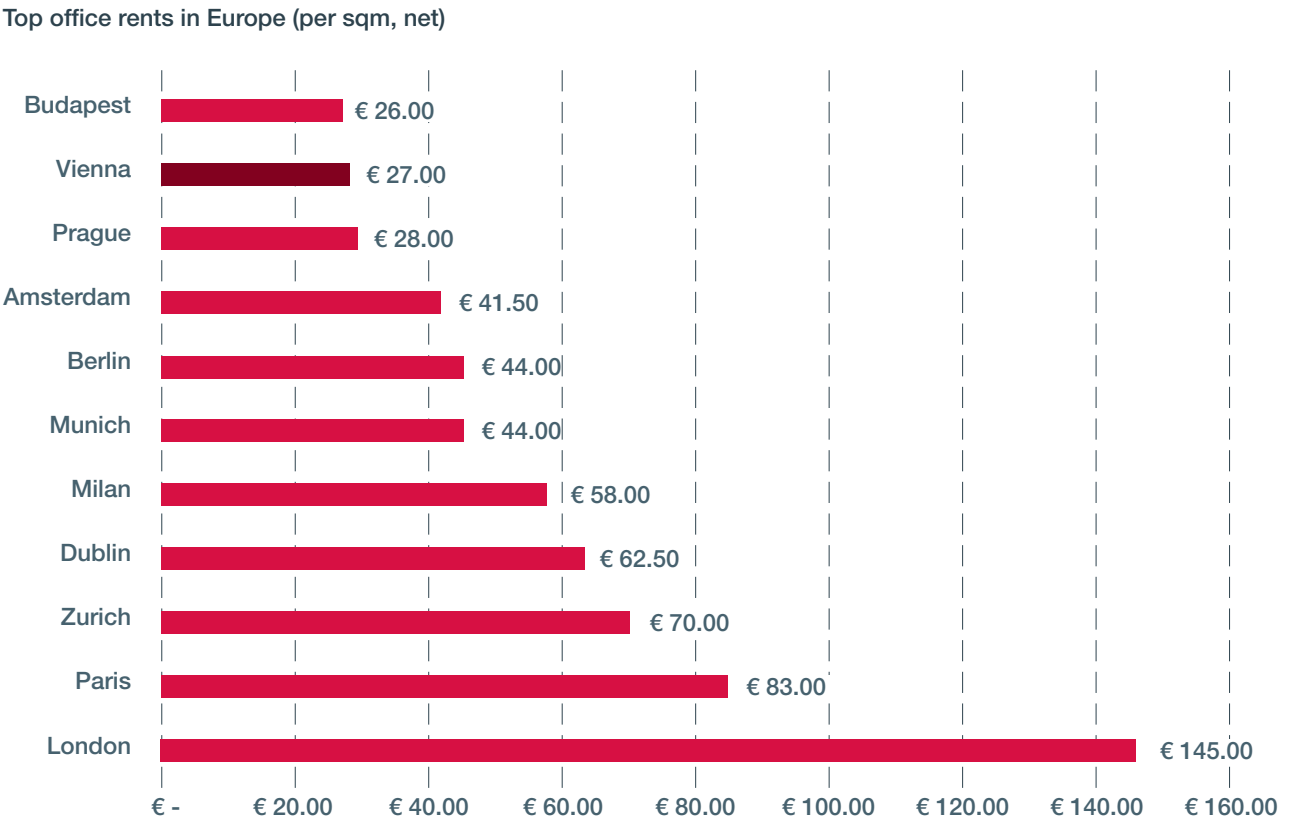




OFFICE MARKET VIENNA SPRING/ SUMMER 2023 | OVERVIEW



Rental prices (per sqm, net)		
Prime rents	€ 27.00	↑
Rents in good locations	€ 14.50 – 19.00	→
Rents in average locations	€ 12.00 – 14.00	↑
Office space rental		
2022 Total	ca. 103,000 sqm (VRF)	
Q1 2023	ca. 39,152 sqm (VRF)	
Forecast 2023	160,000 sqm (VRF)	↑
Vacancy		
	3.8 % (VRF)	↓
Office space on offer		
Stock	5.99 Mio sqm (VRF)	↑
New area production 2023*	ca. 46,000 sqm	↓
*Prediction		





RENTAL PRICE OVERVIEW

Rental prices: € 11.50 - 18.50

NORTH

- Properties:**
- Square One (1190)
  - Millennium Tower (1200)
  - Optimum (1200)
  - Rivergate (1200)
  - TwentyOne (1210)
  - Plus Energy Quartier 21 (1210)
  - Grand Central (1210)
  - Peak Vienna (1210)



Rental prices: € 10.00 - 18.00

WEST

- Properties:**
- Forum Schönbrunn (1120)
  - Linke Wienzeile 234 (1120)
  - Arcade Meidling (1120)
  - U4-Center (1120)
  - VIO Plaza (Projekt, 1120)



Rental prices: € 11.50 - 22.00

INNER DISTRICTS  
(CBD)

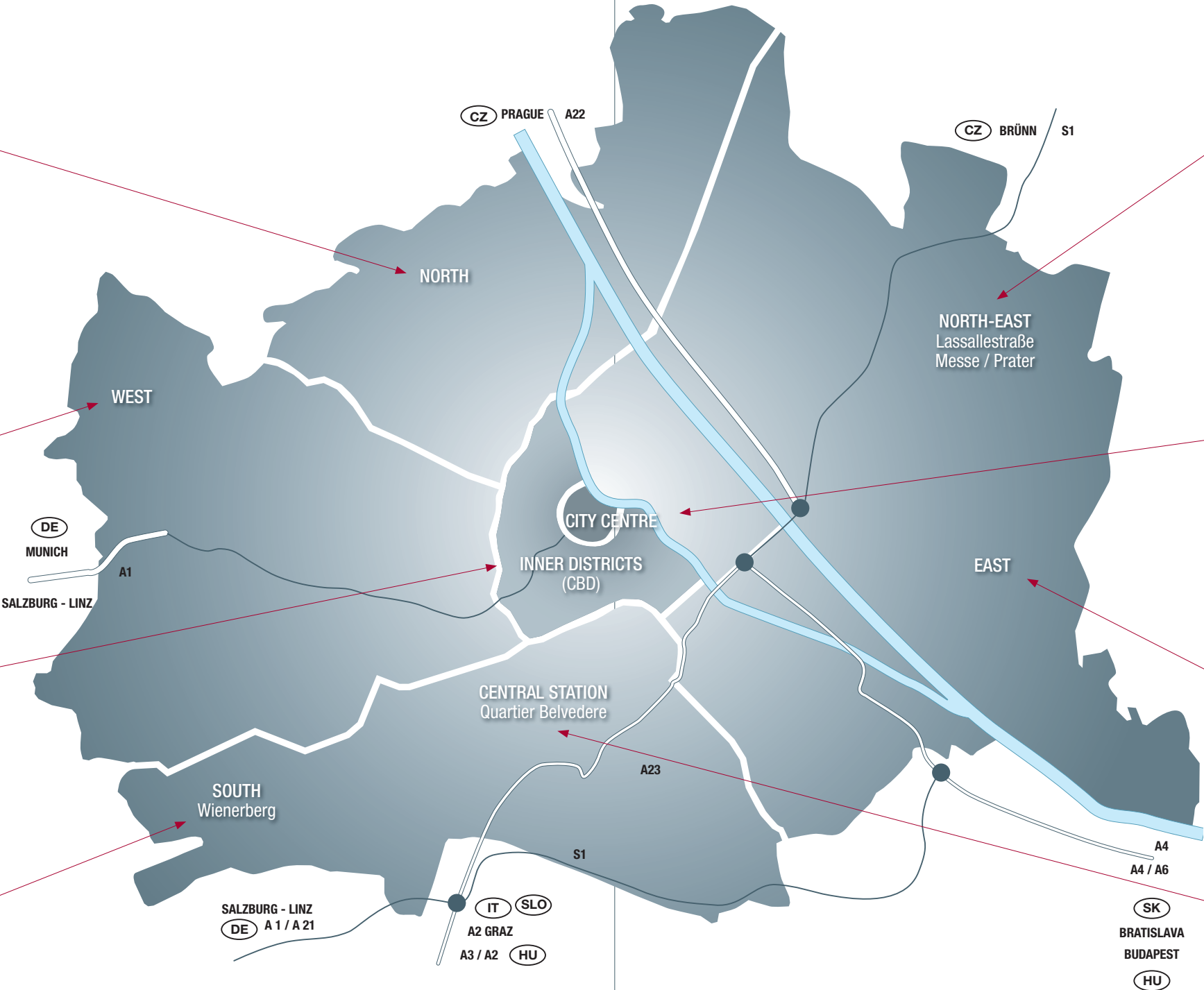
- Rental prices:**
- LeopoldQuartier (1020)
  - Francis (1090)
  - myHive Ungargasse (1030)
  - Doppio Due (1090)



Rental prices: € 12.00 - 18.50

SOUTH  
Wienerberg

- Properties:**
- Myhive am Wienerberg (1100)
  - The Brick (1100)
  - Euro Plaza (1120)
  - Inno Plaza (1120)
  - Silo Next (Projekt, 1230)
  - Silo Plus (1230)
  - Campus 21 (2345)



NORTH-EAST  
Lassallestraße /  
Messe / Prater

Rental prices: € 13.00 - 20.00

- Properties:**
- Austria Campus (1020)
  - 2nd Central (1020)
  - E-Zone (1020)
  - Quartier Lassalle (1020)
  - Prater Glacis (1020)
  - Viertel Zwei (Projekt, 1020)
  - Galaxy Tower (1020)
  - Nordbahnstraße 50 (1020)



CITY CENTRE

Rental prices: € 15.00 - 27.00

- Properties:**
- Goldenes Quartier (1010)
  - Haus am Schottentor (1010)



EAST

Rental prices: € 11.50 - 19.50

- Properties:**
- Austro Tower (Projekt, 1030)
  - Solaris (1030)
  - ORBI Tower (1030)
  - ViE (1030)
  - Tricore (1030)



CENTRAL STATION  
Quartier Belvedere

Rental prices: € 15.00 - 21.00

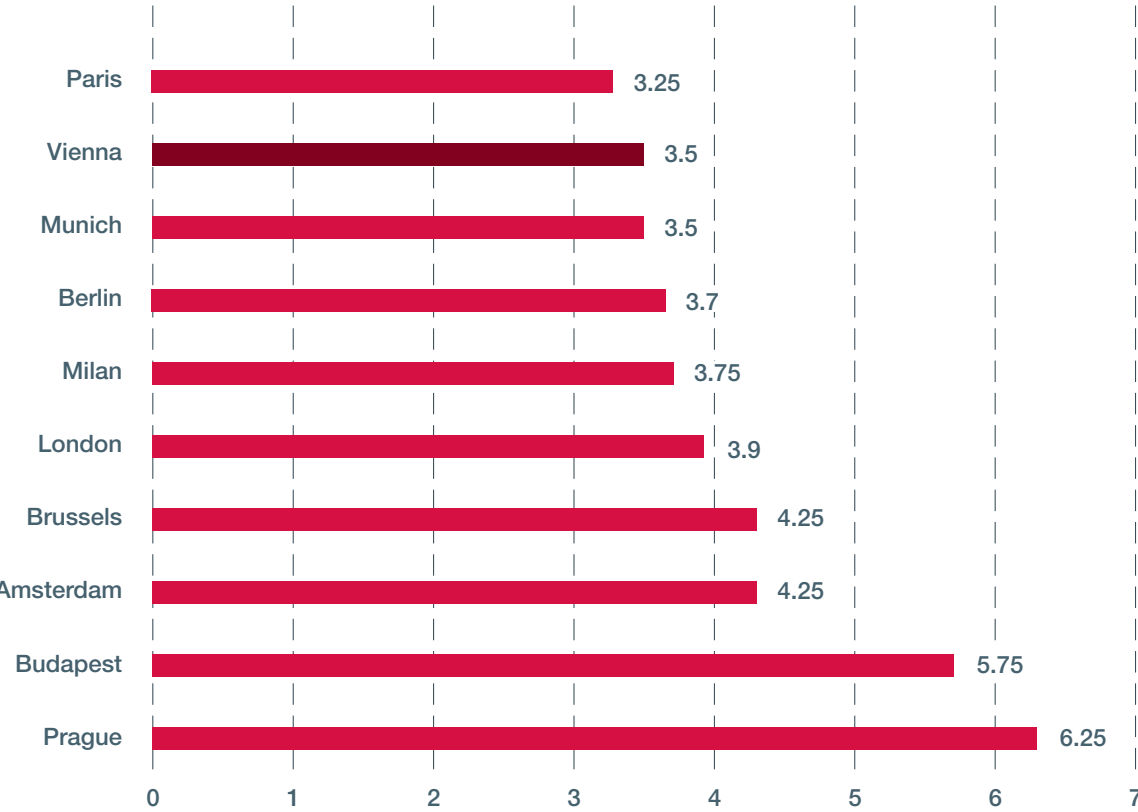
- Properties:**
- QBC 1+2 (1100)
  - The ICON Vienna (1100)
  - Bel & Main (1100)



OFFICE MARKET VIENNA SPRING/ SUMMER 2023 | OVERVIEW

Investment		
Investment volume 2023 (forecast)	approx. 1 bn €	↓
Prime yield	3.5 %	↑
Yield in B locations	4 % – 6 %	↑

Prime office yields in Europe



LETTINGS H1 2023

Region	Property	Tenant	Area
Inner Districts (CBD)	1010, Am Hof 13	Valmedica Althan GmbH	1,000 sqm
	1090, FRANCIS	Medizinische Dienste	3,500 sqm
	1090, FRANCIS	Valmedica Althan GmbH	1,300 sqm
Prater / Lasallestraße	1190, Mooslackengasse	Plus Training OG	2,300 sqm
	1020, Lassallestraße	Medizinische Dienste	1,900 sqm
	1200, Big Biz	City of Vienna	1,400 sqm
West	1120, Vio Plaza	aws Austria Wirtschaftsservice	5,000 sqm
	1120, Vio Plaza	Brandl Talos Rechtsanwälte GmbH	2,400 sqm
	1120, Vio Plaza	AstraZeneca Österreich GmbH	1,500 sqm
North	1190, Muthgasse	Woom GmbH	3,300 sqm
	1210, Grand Central	Medizinische Dienste	2,000 sqm
East	1030, Dietrichgasse	NTB Solutions GmbH	1,400 sqm
South	1230, Oberlaaer Street	SPIE CEMA	1,100 sqm
	1120, Europ Plaza	SKG network technology	1,000 sqm
Seestadt	1220, HOHO Vienna	cbs Management Consulting Austria GmbH	1,000 sqm

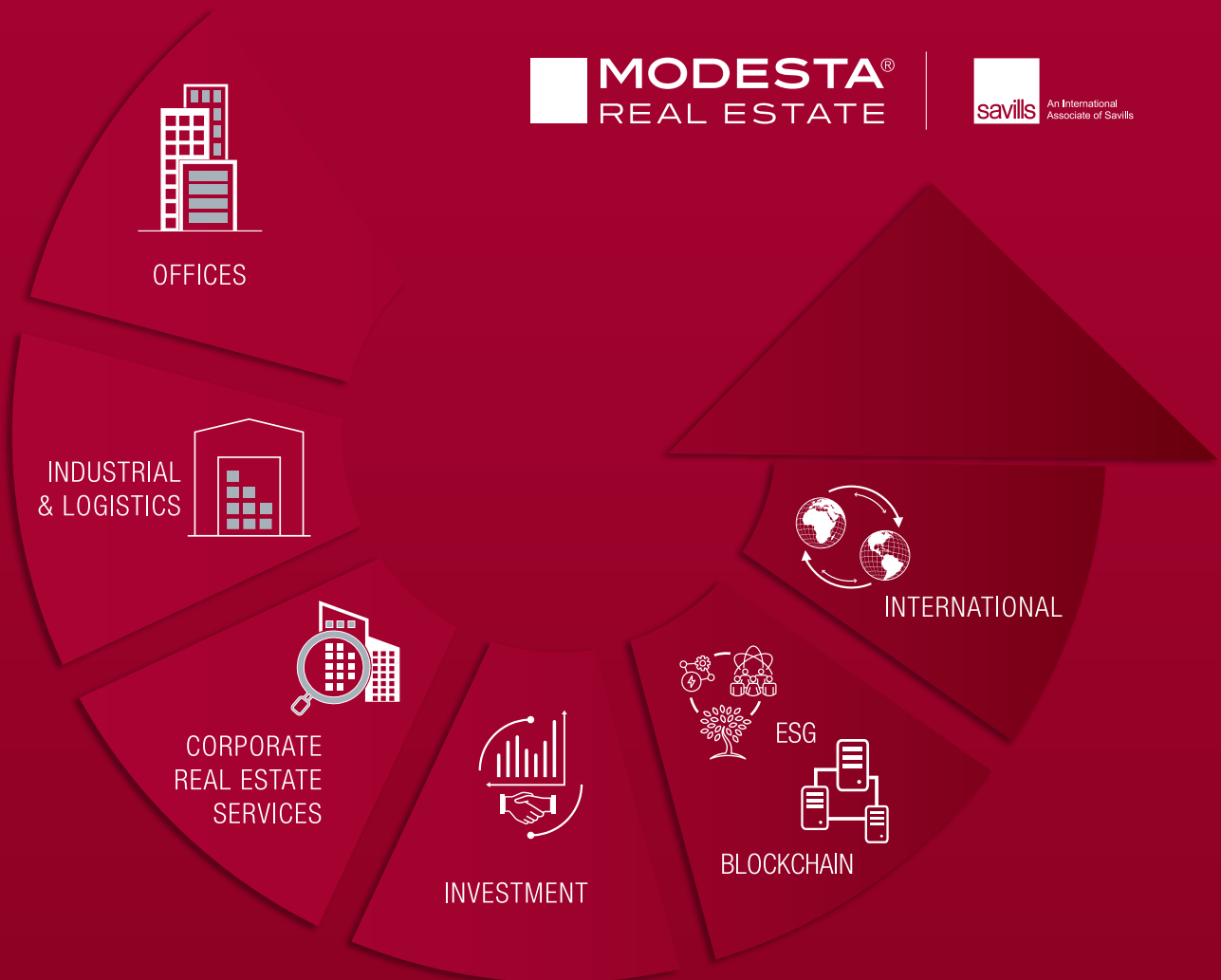
(PLANNED) COMPLETIONS 2023 - 2024

Property	Submarket	Area	Completion
Myhive am Wienerberg / Urban Garden	Wienerberg (South)	15,000 sqm	2023*
Muthgasse 109a	North	3,500 sqm	2023
Göserhalle	Central Station	4,700 sqm	2023
Vio Plaza	West	22,600 sqm	2023
Robin	Donau City surroundings	10,000 sqm	2023
Francis Vienna	Inner Districts (CBD)	38,000 sqm	2024*
TwentyOne Central Hub (D)	North	22,500 sqm	2024
Plus Energy Quartier 21	North	11,000 sqm	2024
Parking 6	Inner Districts (CBD)	2,000 sqm	2024*
Grand Central	North	12,500 sqm	2024
LeopoldQuartier Office	Inner Districts (CBD)	22,400 sqm	2024
CKV Headquarters	North	5,500 sqm	2024
*Overall refurbishment			

THE MAIN INSTITUTIONAL TRANSACTIONS H2 2022/ H1 2023

Property	Usage	Area	Seller	Buyer	Period
Hotel Savoyen*	Hotel	30,776 sqm	CA Immo	Investor	H1 2023
CA Immo HQ*	Office	6,560 sqm	CA Immo	Investor	H1 2023
Erdberger Lände 40-48	Office	18,200 sqm	KGAL	Art Invest	H1 2023
Silo Plus	Office	10,400 sqm	Strabag Real Estate (SRE)/ Erste Immorent	Erste Immo KAG	H1 2023
Büro am Belvedere	Office	9,000 sqm	Immofinanz	Real Treuhand Immobilien	H1 2023
AMS Wagramer Straße	Office	3,770 sqm	Pine Asia Asset Management	Next Generation Invest	H1 2023
U6 Center	Office	24,800 sqm	Westcore Europe	Andromeda Exklusiv Immobilien	H2 2022
Donau Business Center	Office	23,000 sqm	CA Immo	Investors	H2 2022
Dresdner Street 90	Commercial housing	21,000 sqm	S+B Group	Greystar	H2 2022
Green Worx	Office	17,000 sqm	Union Investment	ARE Austrian Real Estate	H2 2022
Inno Plaza	Office	14,300 sqm	BNP Paribas	ARE	H2 2023
MGC Office Center	Office	24,140 sqm	KGAL	Akron Group	H2 2022
Simmeringer Hauptstrasse 47-49	Office	12,800 sqm	HIH Invest Real Estate	Vivoreal GmbH	H2 2022
Sonnwendcenter	Office	9,200 sqm	Generali Holding	ARE	H2 2022
Stolberggasse 26	Office	6,100 sqm	UBM	Family Office	H2 2022
Lassallestraße 7	Office	6,000 sqm	Zurich Insurance Ltd	Bank Austria Real Invest	H2 2022
*Portfolio					





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