

	YoY Chg	12-Mo. Forecast
6,070,827 sq m Modern Office Stock Q4 2023	▲	▲
39,224 sq m Take-up Q4 2023	▲	■
EUR 28.00 Prime rent, sq m / month	▲	▲
3.61% Vacancy rate	▼	▼
5.00% Prime office yields Q4 2023	▲	■

Source: Vienna Research Forum

ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
-1.7% GDP Growth rate Q4 2023 YoY Change vs Q4 2022	▼	▲
7.7% HICP, year-on-year inflation in % 2023	▼	▼
5.1% Unemployment rate in % (According to international definition (ILO) 2023	▲	▼

Sources: OESTERREICHISCHE NATIONALBANK, Statistics Austria; Vienna Research Forum (VRF)

ECONOMY

The Austrian economy recorded a slight decline of -0.8% in real terms in 2023. A strong start into 2023 with real GDP growth of 2.1% was followed by three quarters of negative growth rates (Q2: -1.6%, Q3: -2.0%, Q4: -1.7%). The economic recovery is expected to be gradual. Its growth will increase slightly in 2024 and picking up more strongly in 2025. According to the OeNB's new Interim Economic Outlook, the Austrian economy is forecast to grow by 0.5% in 2024 and 1.8% in 2025.

Private consumption is assumed to be the main growth driver in 2024, supported by stable levels of employment and strong real wage increases following recent collective wage agreements. In 2023 private consumption suffered from the loss of purchasing power among households due to high inflation.

Austria's inflation rate of 7.7% was above the European Union's average of 5.5%. According to the present inflation forecast, HICP will gradually decline to 3.6% in 2024 and 2.7% in 2025. The slowdown in 2024 will be driven by a stabilization of energy prices at lower levels.

In addition, the tightening of financing conditions (KIM-regulation) curbed investment, particularly in the construction sector.

OFFICE SUPPLY

The Viennese modern office stock currently stands at 6,070,827 sq m (according to the *Vienna Research Forum*) dividing into 59% Class A and 41% Class B office space (total Viennese office stock of all classes levels at approx. 11,650,000 sq m). The year 2023 witnessed low completions of 48,500 sq m of office space, with *Vio Plaza* being the largest single property totalling 22,000 sq m of office space.

In 2024 approx. 100.000 sq m of high-quality office buildings will be completed to meet the demand for flexible and sustainable office premises, with the largest development being *Francis* with approx. 47,000 sq m. The proportion of office property refurbishments was in 2023 with 46% at a high level and remains high in 2024.

OFFICE DEMAND

The Viennese modern office market recorded in 2023 a letting performance of 144,690 sq m (new lettings and pre-lettings). Despite the small pipeline this is only slightly below the 5-year-average of 160,000 sq m and still higher than the 2 years before. The total letting performance in the market amount to approx. 180,000 sq m. This is a similar result slightly below the 5-year-average of 190,000 sq m. The CBD submarket remains the most popular and active submarket with 28% share of the total take-up.

VACANCY

The steady higher take-up than completions within the last 5 years drove the vacancy rate down to a historic low at the rate of 3.61%. This trend is estimated to keep on for 2024. The submarket with the lowest vacancy rate was Central Station with 1.02%, according to VRF.

RENTAL LEVELS & YIELDS

In 2023, rental levels marked a moderate upward trend due to the high demand in prime locations as well as high inflation. Still prime rents in Vienna are low by European standards but are expected to keep a slight upward trend: Prime rents range between

- EUR 18.00-28.00/sqm in **prime** locations
- EUR 14.00-19.00/sqm in **good** locations
- EUR 12.00-15.00/sqm in **average** locations

Prime yields for modern office buildings picked up and stand at the level of 5.00%.



Vio Plaza

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MARKETBEAT VIENNA

Office Q4 2023



MARKET STATISTICS Q4 2023

SUBMARKETS	MODERN OFFICE STOCK (SQ M)	CLASS A (SQ M GLA)	CLASS B (SQ M GLA)	VACANCY RATE (%)	TOTAL NEW LEASE VOLUME (SQ M, Q4 2023)
Inner Districts- CBD	2,187,123	991,133	1,195,990	2.67%	10,082
Donaucity	537,736	287,634	250,102	3.26%	1,071
Prater/Lassallestrasse	754,083	668,495	85,588	5.69%	7,772
Erdberg -St.Marx (East)	722,170	616,867	105,303	3.18%	6,068
Central Station	548,461	446,892	101,569	10.20%	0
Wienerberg (South)	495,981	342,945	153,036	7.67%	8,656
North	441,092	275,917	165,175	2.49%	1,366
West	281,117	169,733	111,384	3.52%	1,740
Airportcity Vienna	103,064	68,228	34,836	12.06%	2,519
Vienna Total	6,070,827	3,867,844	2,202,983	3.61%	39,224

Source: Vienna Research Forum

VIENNA OFFICE SUBMARKETS



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