

YoY Chg 12-Mo. Forecast

6,070,827 sq m ▲

Modern Office Stock Q2 2024

51,364 sq m ▼

Take-up Q2 2024

EUR 28.00 ▲

Prime rent, sq m / month

3.53% ▼

Vacancy rate

5.00% ▲

Prime office yields Q2 2024

ECONOMIC INDICATORS

YoY Chg 12-Mo. Forecast

-0.0% ▲

GDP growth rate estimation
Q2 2024 est

3.3% ▼

HICP, inflation in %
May 2024

5.5% ▲

Unemployment rate in %
Q1 2024

Sources: Österreichisches Institut für Wirtschaftsforschung, Statistia, Vienna Research Forum (VRF)

ECONOMY

According to WIFO's most recent Flash Estimate, Austria's GDP stagnated in real terms during Q2 2024, which marks the eighth consecutive quarter of weak performance or decline in the country's economy.

The industrial and construction sectors again experienced a decline – the value added of the industrial sector fell by -0.6% in Q2 (Q1: -1.5 percent), in the construction industry it fell by -0.8% (Q1: -0.0 percent). Some sectors such as trade, transport, accommodation and food service activities mostly stagnated, while certain service sectors, such as information and communication, financial and insurance activities and real estate activities saw growth in comparison to Q1 2024.

The latest estimations point out the lowest inflation rate since September 2021, as it further dropped to 3.3% in May 2024, down from 3.5% in April 2024. This indicates that Austria's inflation rate is still decreasing, although not as rapidly as the average in the Eurozone, as Austria has the fifth-highest inflation rate out of the 20 Eurozone countries, which marked an average of 2.6%.

OFFICE SUPPLY

During the second quarter of 2024, there have been no completions in Vienna, which kept the modern office stock at the level of approx. 6,100,000 sq m (VRF). The modern office supply is dominated by Class A office buildings with a share of 64%, while Class B office supply counts for 36%. Vienna's total office stock, which includes buildings of all classes, amounts to approx. 11,650,000 sq m.

Looking at the pipeline projects, the next months will be more dynamic, as around 100,000 sq m of high-quality office space will be delivered to the market in H2 2024 or early 2025. The refurbishment project *Francis* with approx. 47,000 sq m is the largest project to be finished 2024, while new modern and sustainable office developments like *Leopold Quartier Offices* with approx. 22,000 sq m are currently on the way.

OFFICE DEMAND

Following the low results in Q1 2024, the second quarter noted a stronger letting performance of 51,364 sq m – totaling a year-to-year increase of 54.2%. These lettings were split into 48 deals. Location-wise, the Inner Districts – CBD submarket continues to be the most favored and dynamic, accounting for 56% of the overall leasing activity. After W2 the total take up of 2024 reached nearly 85,000 sq m (VRF).

VACANCY

In the second quarter of 2024, the vacancy rate for modern office buildings in Vienna's office stock amounted to 3.53 %, reflecting a 0.06 % increase from the previous quarter. Nevertheless, a further decline in the vacancy rate is expected.

The lowest vacancy rates are recorded in Central Station at 1.73 % and CBD standing at 2.56 % - remaining the two submarkets to be the most tough-after.

PRIME YIELDS & RENTS

Prime yields for modern office buildings in top locations currently stand at **5,00%**.

Prime Rents remained on the same level - ranging between:

- EUR 18.00-28.00/sq m in prime locations
- EUR 14.00-19.00/sq m in good locations
- EUR 12.00-15.00/sq m in average locations

However, Prime rents are expected to further grow, as first, smaller office developments show rents up to EUR 30,00 / sqm. The actual lettings will be closely monitored.



LEOPOLD QUARTIER OFFICES - © SQUAREBYTES

MARKET STATISTICS Q2 2024

Submarket Name	Active Properties Total Area in sq m	Active Properties Total Area in sq m Class A	Active Properties Total Area in sq m Class B	Vacancy Rate in %	Total Rental Performance Q2 2024
Inner Districts- CBD	2,187,123	991,133	1,195,990	2.56%	28,862
Donaucity	537,736	287,634	250,102	3.12%	5710
Prater	754,083	668,495	85,588	5.69%	1,287
Erdberg - St. Marx (East)	722,170	616,867	105,303	3.26%	569
Hauptbahnhof (Central St.)	548,461	446,892	101,569	1.73%	1,365
Wienerberg (South)	495,981	342,945	153,036	6.28%	4,774
North	441,092	275,917	165,175	3.09%	4,947
West	281,117	169,733	111,384	3.33%	2,290
AirportCity Vienna	103,064	68,228	34,836	11.34%	1,560
Total	6,070,827	3,867,844	2,202,983	3.53%	51,364

Source: Vienna Research Forum (VRF)

VIENNA OFFICE SUBMARKETS



Nikolaus Klaritsch LL.B. MBA

Head of Commercial Leasing
 CBS International GmbH, part of Cushman & Wakefield Group
 Schreyvogelgasse 2, 1010 Vienna, Austria
 M: +43 676 401 63 45
 nikolaus.klaritsch@cw-cbs.at
cw-cbs.at / cushmanwakefield.com

CBS INTERNATIONAL / CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities of CWK or any other company based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.