

# Vienna Research Forum

Head: Alexander Bosak MRICS

Riemergasse 8  
1010 Wien

Press conference

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## **New evaluation standards for office space in Vienna A signal for international investors and enterprises**

**Vienna - A new evaluation standard and a current analysis of modern office space has been presented by Alexander Bosak, lecturer for real estate marketing at the Technical University in Vienna and Universities of Applied Studies FH Wien, WKW and Wiener Neustadt, as well as head of the Vienna Research Forum (VRF), at a press conference on September 13, 2016 in Vienna. The "Statistik Austria" data used in the past was based on counting the number of work stations and was updated last in 1991. The new VRF standard identifies office space based on certain quality criteria, which would enable Vienna better to be assessed in international comparison. Alexander Bosak: " With this standard we are sending a signal to investors and enterprises looking for new locations." The current office space vacancy in Vienna, assessed with the VRF standard, is 7 per cent.**

The Vienna Research Forum only counts office space built since 1990 or renovated. Also, some minimal criteria have to be met to be considered for further analysis. Certified quality criteria are for example indoor climate, elevators or IT standards. For buildings used as office and living space, the office space must be predominant. There are also minimal requirements about the buildings itself, the offices, the location and sustainability to be included in the database. "The old database counting work stations was no longer sufficient for the real estate sector. It often included office space in schools, factories or very small office spaces. It was just counting work places instead of evaluating the office space market", Bosak said. "This data was updated regularly since 1991, but without structural standards investors need for orientation", he continued.

### **Professionalization and positive signals to investors**

"A professional real estate sector needs transparent and internationally comparable data, which is being continuously checked and harmonized by leading real estate companies", Bosak explained. "With the future office space ascertainment based on the Vienna Research Forum's standard, Vienna will improve its standing as an important business hub. A transparent market bears less risk and is therefore more interesting for investors", he added. Warsaw,

Previously:

Old database

Counting work stations since 1991

New: Defined and

structured

Quality criteria

Prague and Budapest adopted this standard back in 2000 and have ascertained their office space and market reports accordingly.

**Office space assessment by the Vienna Research Forum (VRF)**

The Vienna Research Forum began in 2013 with setting up its database based on a modern, international classification. It was initiated by the Association for quality promotion in the real estate sector (immQu) under its board chairman Alexander Bosak. Leading Viennese real estate agencies like BAR, CBRE, Colliers, EHL, ÖRAG, OTTO or Spiegelfeld are members of the VRF\*. These industry experts are contributing independently contracts, rents, vacancies and planned constructions of new office space in Vienna into the VRF database. The VRF will publish quarterly updates of this data.

Market  
leaders initiate  
new  
standards

**Location Vienna: Definition of submarkets leads to quality and transparency**

The Viennese office space market is divided with its most significant office centers into eight exactly defined submarkets or regions and thus standardized: CBD (inner districts), Donaucity, Prater/Lassallestrasse, Erdberg – St. Marx (east), Hauptbahnhof (central train station), Wienerberg (south), North and West. "Investors ask specifically for certain districts and regions when looking for locations", Bosak explained. The data gathered fiduciary by VRF members will be evaluated quarterly by the Vienna Research Forum, which will produce an office space market report as basis for reports and projections by the VRF members. The previously used operating figures were not always comparable and comprehensible within the international context, explained Bosak. "With the Vienna Research Forum Office Market Report we have now a standardized representation of Vienna's real estate market", Bosak continued.

CHART 1

Definition  
submarkets  
Vienna

**First interim results – total market with 5.534.438 square meters according to VRF classification**

Vienna has a total of some 10.850.000 square meters of office space, but only 51 per cent – 5.534.438 square meters – conform at present with modern and internationally comparable office standards. These were examined according to VRF classifications and assigned into categories A and B as well as submarkets. This means that indoor climate, elevators and IT are technically up-to-date. "70 per cent of all rental services deal with locations meeting VRF standards", said Bosak.

CHART 2

Analysis total  
market vs.  
submarkets

**769.602 square meters have potential for improvement**

7,1 per cent of all office space (769.602 square meters) was not included, since certain minimal, respectively quality criteria were not met. However, these spaces have potential for improvement according to VRF standards.

**2.250.000 square meters used by small enterprises**

Also not included were roughly 20 per cent of office spaces (2.250.000 square meters) in multi-use buildings, in which office spaces make up under 50 per cent or with surface areas under 1.000 square meters. Bosak explained: "About 20 per cent of all office spaces were offices mostly under 250 square meters and used by enterprises with up to 10 employees, start-up enterprises, shared office spaces and one-person enterprises. You'll find these spaces mostly in apartment buildings."

**Some 2.296.000 square meters remaining spaces with planned conversions**

Another 21,2 per cent of office space (2.296.000 square meters) are not up to VRF standards. Bosak: "About a fifth of the overall office market are small office spaces in production facilities or municipal buildings like schools or universities, as well as facilities erected before 1990 and not conforming to modern standards. A part of this remaining space is planned for conversion. These spaces are still based to a good part on the old work station census and don't play a significant role for the modern office market", he explained.

**Current vacancies 7 per cent**

The analysis of the second quarter 2016 shows the percentage of modern office space vacancies according to VFR standard at 7 per cent. "The market needs a vacancy rate in the range of 5 to 7 per cent to remain flexible, so this is totally desirable", said Bosak. If the rate were lower, it would indicate a low construction activity and less confidence in the market of the country. After all, it takes five to ten years for a construction project from the planning stage to completion.

CHART 3  
Analysis  
vacancies  
total market  
vs.  
VRF standard  
market

**Submarket analysis**

Of the total 5.534.438 square meters of office space according to VRF standards, almost 40 per cent are located in the submarket CBD – Inner Districts, with a vacancy of 4 per cent. The smallest modern office space region in Vienna is the West with a share of 5 per cent (255.989 square meters) and 8 per cent vacancies. The highest vacancy rate to date has the region Wienerberg (South) with 13 per cent, followed by the regions Donaucity and Erdberg/St. Marx (East) with around 10 per cent. The Prater/Lasallestraße region holds at 7 per cent, Hauptbahnhof over 6 per cent and the North with 5,5 per cent.

CHART 4  
Analysis  
submarkets  
Vienna



**Alexander Bosak**, Head of the Vienna Research Forum (VRF)

## Pictures and Charts

### Picture Gallery

**More information:** [www.viennaresearchforum.at](http://www.viennaresearchforum.at)

The Vienna Research Forum initiator is the Association for quality promotion in the real estate sector (immQu) with the leading Vienna office space market agencies Barreal Immobilientreuhand GmbH, CBRE GmbH, Colliers International, Immobilienmakler GmbH, EHL Immobilien GmbH, ÖRAG – Immobilienvermittlungsges.m.b.H., OTTO Immobilien GmbH, Spiegelfeld International GmbH.

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