

Vienna office market: Cautious start in 1st Quarter of 2017

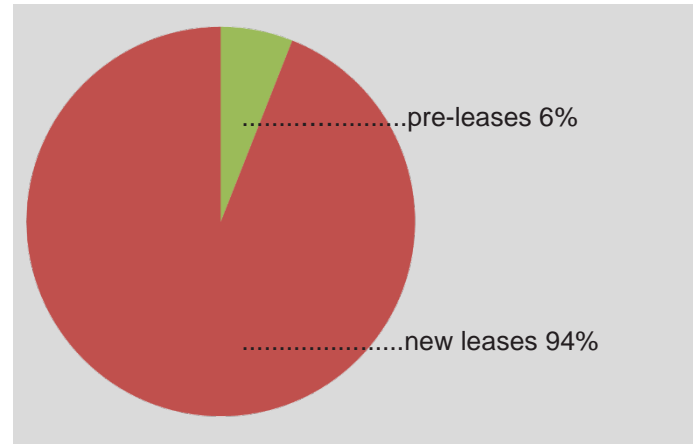
- 1st quarter letting performance was approximately 26,000 m²
- Largest letting submarket responsible for almost 17% of all new and pre-leases
- For the first time, VRF is able to evaluate yearly comparisons on a quarterly basis

The letting performance on the Vienna office market in the 1st quarter of 2017 was 26,274 m², falling 57% from the volume in the 1st quarter of 2016.

The Vienna Research Forum (VRF) arrived at this result after evaluating the results of the Vienna office market for the 1st quarter of 2017 based on current parameters. VRF only takes account of modern office space that has been built or renovated since 1990 and meets certain criteria such as air-conditioning, lift or IT standards.

The largest letting performance, amounting to 4,565 m², occurred in the submarket for the Erdberg - St. Marx (East) office district. It corresponds to approximately 17% of the total letting performance of the Vienna office market in the 1st quarter. Further large letting submarkets were Prater/Lassallestraße and CBD – Inner Districts with respective volumes of 3,000 m² and 1,797 m². A total of 46 leases were signed, which is about 43% fewer than in the same period of the previous year.

Looking at the letting performance in terms of lease types, 94% of the newly let space involves new leases and only 6% pre-leases.*



Vacancy rate in the 1st quarter remained 5.5%

At the end of the first quarter of 2017, the vacancy rate in the VRF portfolio of modern office buildings in Vienna was 5.5%, which is the same as in the 4th quarter of 2016. The lowest vacancy rate was registered in CBD – Inner Districts at 2.9% (compared to 3.1% in the 4th quarter of 2016), and the highest was 9.8% in the Wienerberg-South submarket. However, the vacancy rate also declined in this area in comparison with the 4th quarter of 2016 (10.6%).

Submarket Analysis for Q1 2017, incl. the vacancy rate and new lease volume:

Submarket name	Total usable building floor area in m ²	Total class A usable building floor area in m ²	Total class B usable building floor area in m ²	Vacancy rate in %	Total new lease volume Q1 2017
CBD	2,201,623	942,979	1,258,644	2.9%	10,732
Donaucity	513,436	263,334	250,102	5.9%	2,791
Prater/Lassallestraße	592,603	491,215	101,388	6.4%	3,115
Erdberg	643,992	528,373	115,619	9.6%	5,389
Main train station	427,489	284,188	143,301	4.9%	1,435
Wienerberg	542,629	268,848	273,781	9.8%	2,456
North	416,758	199,733	217,025	4.7%	356
West	255,989	140,693	115,296	8.1%	0
Total	5,594,519	3,119,363	2,475,156	5.5%	26,274

For the first time in Vienna, VRF also increased the total stock of modern office space and upgraded it as at the end of the 1st quarter. It therefore comprises approximately 5,594,519 m^{2**}, of which 56% is class A according to the VRF property standard and 44% class B. No new property was completed in the 1st quarter of 2017.

About the Vienna Research Forum

The initiator of the Vienna Research Forum is the Verein zur Förderung der Qualität in der Immobilienwirtschaft (immQu), in association with market-leading Vienna commercial property agencies bareal Immobilienreuehand GmbH, CBRE GmbH, Colliers

International, Immobilienmakler GmbH, EHL Immobilien GmbH, ÖRAG – Immobilienvermittlungsges.m.b.H., OTTO Immobilien GmbH and Spiegelfeld International GmbH. Anonymously and independently of each other, these organisations input the most important parameters in the VRF database, such as letting performance, vacancy rate and building construction. This data is then published quarterly for the sake of comparison and as support for investors and companies.

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* The VRF registers only new lease and pre-leases as letting performance, and no lease renewals.

**Inventory may change from quarter to quarter due to regular adaptation of unclassified buildings, redevelopments and completions.