Investment property

Report 2024 | Vienna

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Preface

Continuity and the committed pursuit of goals are the key words for the long-term investment strategy of successful real estate investors, even when the market briefly deviates from the desired direction. No market can always trend upward, and temporary price declines are normal as seen from the long-term perspective. The decisive factor is the development over several property cycles.

Not only the investment property market but developers and investors are currently experiencing the first time in ages without a continuous increase in prices. The normal market cycle has been intensified by a weak economy, uncertainty concerning the possible negative effects of the energy transformation, a substantial rise in interest rates and the endless manoeuvring of political parties over the indexing of benchmark rents, and these factors have been responsible – depending on location and quality – for a decline in square metre prices.

This situation is undoubtedly challenging for many market participants, but is no reason for a fundamental re-evaluation of the investment property market. Rising interest rates have had a negative effect on all real estate investments but, with a view across cycles, the same arguments in favour of investment properties are still valid: demography – because Vienna is growing, quality – because these properties offer exceptionally high living conditions, and centrality – because the locations of historical buildings are seen as particularly urban given Vienna's continuing expansion.

As seen over the long run, there is reason to believe that the current market development is only a "temporary dip". There are signs that the current price declines can be recovered in the next property cycle, even when it will take some time to overcome the current challenging situation.

Yours,

Michael Ehlmaier

The EHL Investment Property Specialists: Commitment and Expertise

The know-how of one of the leading real estate service providers in market research, property appraisal, development, consulting and apartment rentals gives you the perfect support for your investment property.

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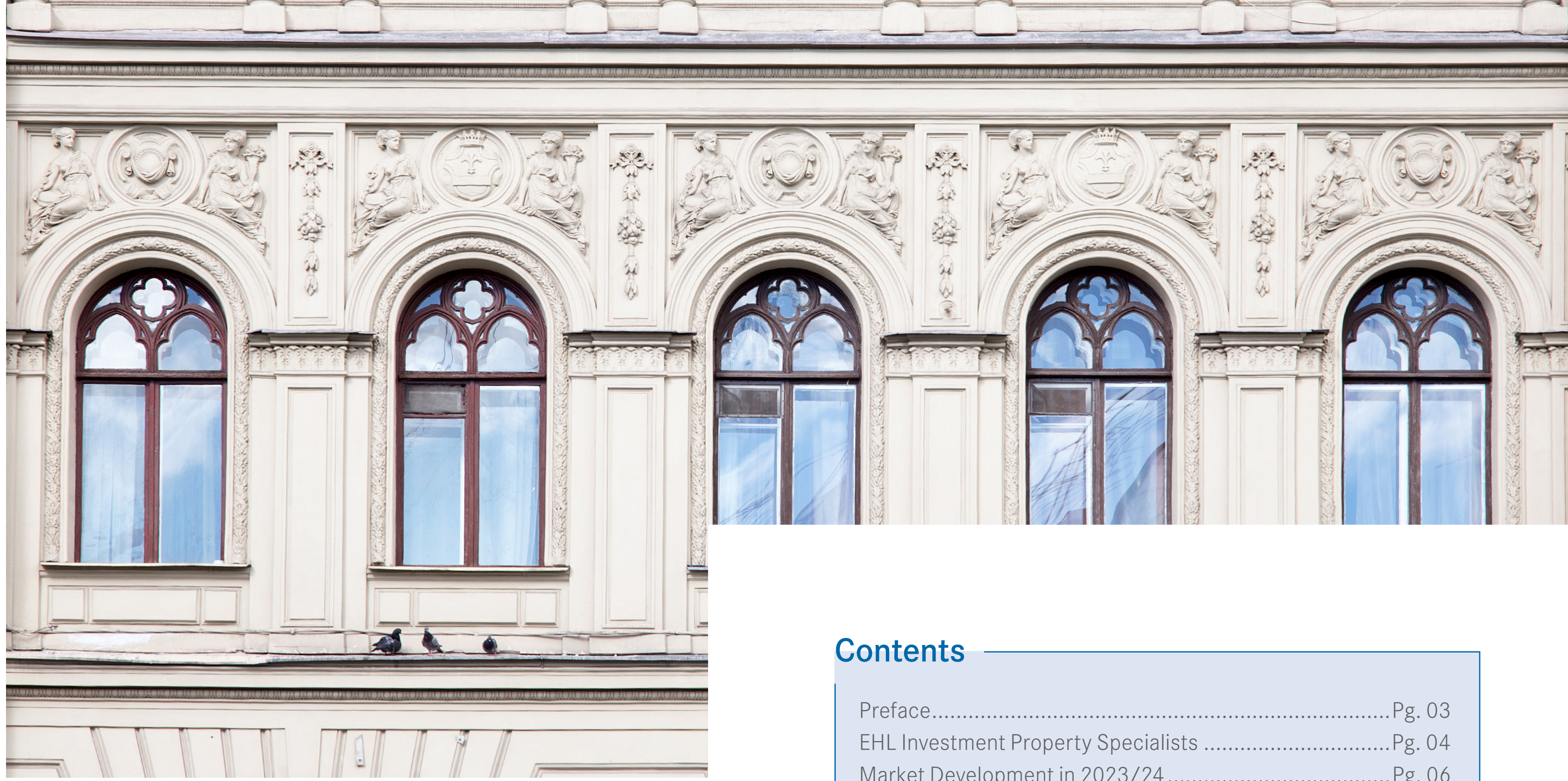

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Overview of Vienna's Districts

Stagnating turnover and pressure on prices

Persistently high interest rates have had a significant negative impact on the investment property market. Transaction volumes dropped by roughly 57 per cent year-on-year in 2023, and investments in loft expansions have also fallen substantially.

Price declines have been considerably more moderate but normally with a minus of five to 35 per cent versus previous highs, depending on the location and property. Only prime properties have remained stable since they are generally acquired under extremely long-term perspectives and their prices are less influenced by the current market situation.

The underlying environment has not deteriorated significantly in comparison to 2022 but the realisation that high interest rates, high inflation and economic weakness will not disappear in the near term has sustainably clouded the market sentiment. An increasing number of market participants are coming under liquidity pressure as the current situation continues. However, the expected, particularly favourable emergency sales hoped for by potential buyers have hardly materialised to date.

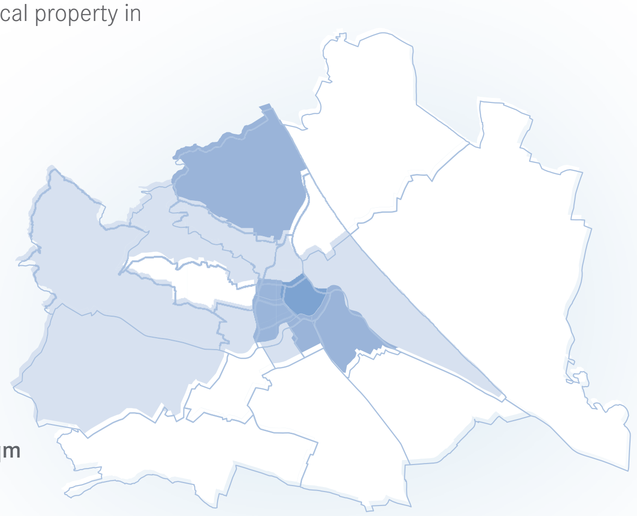
A detailed analysis shows that the transaction volume is attributable to several major transactions. Included here, in particular, are the sale of the "Adlerhof" by S IMMO to Thalhof Immobilien and the sale of the Apple House (Kärntner Strasse 11) and Meinl House (Am Graben 19) by the SIGNA Group. The number of transactions with smaller properties up to roughly six million Euros has increased, but these investment property prices have tended to decline stronger than prices in the larger segment.

An increasing number of market participants are coming under liquidity pressure as the current situation continues.

One notable transaction was the sale of the Apple House for EUR 31,000/sqm, which is the highest square metre price ever registered for a historical property in Vienna.

This successful sale in May shortly before the interest rate summit set a positive signal for the investment property market in 2023 and underscores the general stability, at least of the top segment.

Certain relief, despite substantial resistance, resulted from the indexing of benchmark rents which are relevant primarily for the investment property segment. The 8.6 per cent increase in April 2023 helped to substantially strengthen earnings and improve the debt coverage capacity of investment property owners. In view of the liquidity that will be required in the coming years, the mitigation of the Austrian Renewable Heat Act can be seen as a positive factor as it no longer calls for the mandatory replacement of fossil heating systems, especially gas.



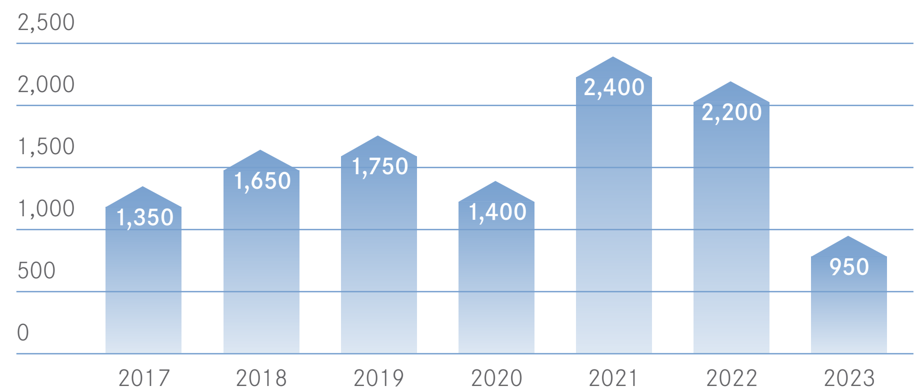
Purchase prices in EUR/sqm
- 6,800–12,000
- 2,800–7,400
- 1,700–6,500
- 1,200–3,900

Purchase prices in EUR/sqm

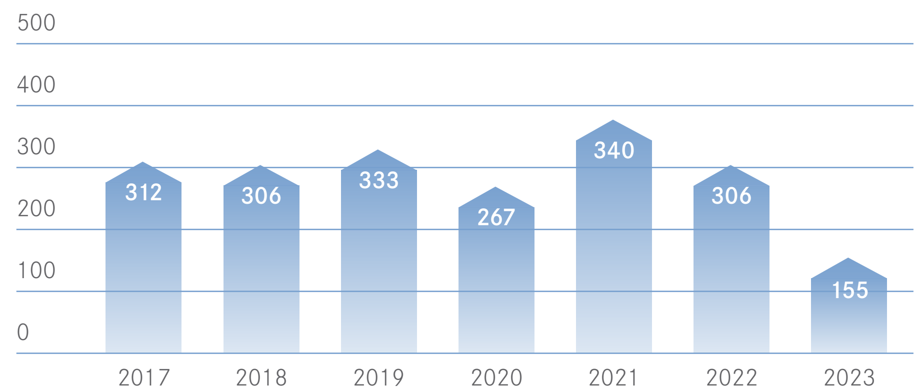
Source: EHL Market Research | Q2 2024

Transaction volume in EUR million

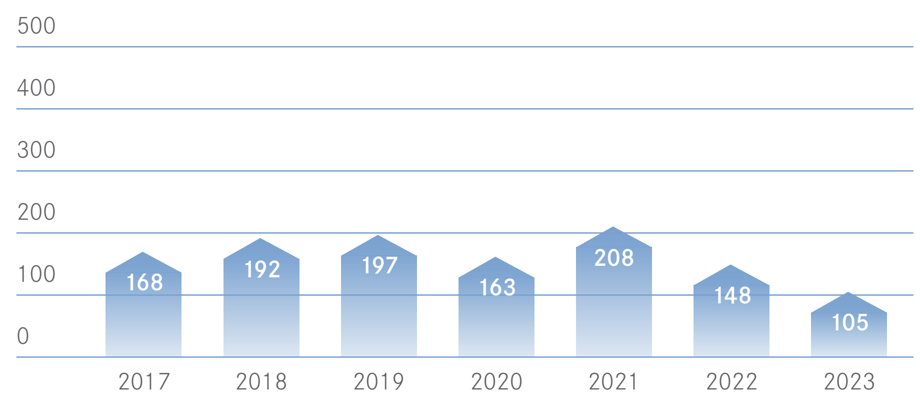
Investment properties + investment property shares



Number of transactions in investment properties



Number of transactions in investment property shares



The included data are based on transactions recorded in the real estate register up to 2023 (asset deals/share deals). Differences to previous years can result from subsequent registrations.

It all depends on interest rates

Franz Pöltl FRICS

Managing Partner
EHL Investment Consulting GmbH

The performance of investment properties has been characterised by high value appreciation and low cash flow for over ten years. With the rapid rise in interest rates which began in mid-2022, financing costs became the dominant topic on the investment property market because the income generated by these properties was often no longer able to cover the interest and principal payments. The increase in key interest rates from zero per cent at the beginning of 2022 to 4.5 per cent in autumn 2023 led to soaring costs for owners and developers with variable financing. The impact on investors with long-term loans has been less dramatic due to the clearly inverse interest curves, but new investments are now only conceivable with an above-average equity component.

The fate of the investment property market is, as a result, highly dependent on the development of interest rates in the Eurozone. Stabilising prices and the return of investors on a significant scale can only be expected when the hoped-for interest rate reversal materialises.

Recent information, among others supported by corresponding statements from ECB Council members, points toward mid-2024 as the most probable point in time for a first reduction in interest rates. If the ECB fails to meet these expectations, the situation will remain tense with fewer transactions and challenges for debt service.

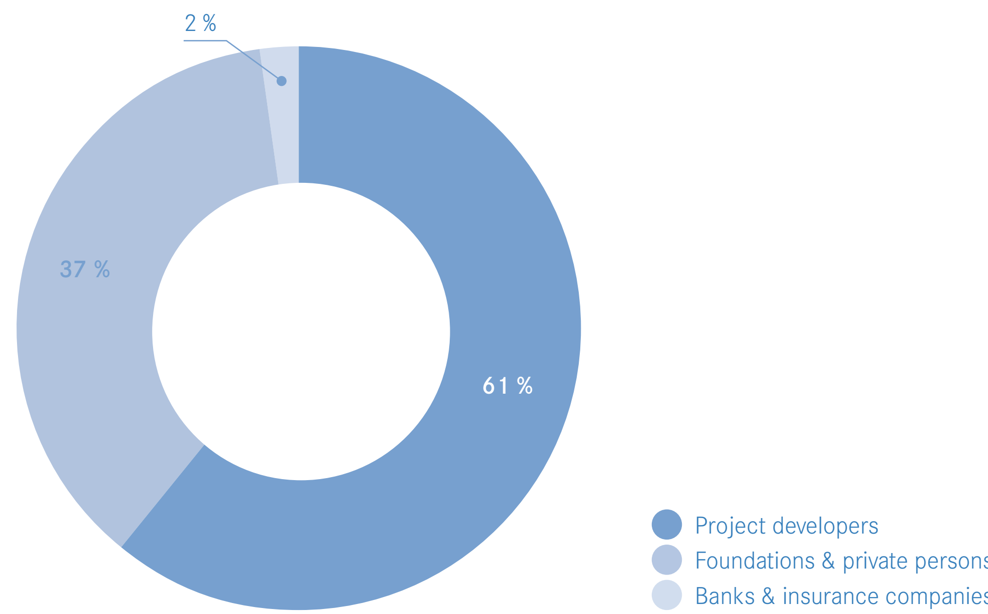
Stabilising prices and the return of investors on a significant scale can only be expected when the hoped-for interest rate reversal materialises.

On a positive note, the banks have been flexible in dealing with current financing and are prepared to search for solutions together with their customers to help them manage potential stress situations. This has, undoubtedly, played an important role in nearly eliminating the need for emergency sales and allowing the market to remain generally stable in spite of the difficult climate with its very low turnover.

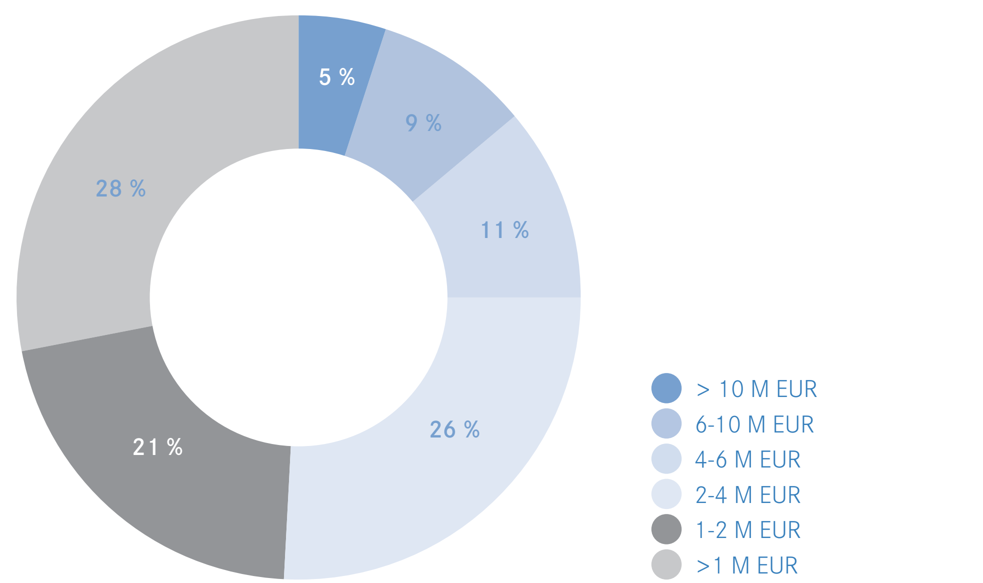
New financing, in contrast, is connected with substantial hesitation: On the one hand, rents have increased notably due to the high inflation and related indexing and, on the other hand, purchase prices are in some cases 25 per cent below the former highs. The resulting higher yields are still not sufficient to make debt financing possible at the previous standard level of 75 per cent and more. The required equity component now normally lies above the 50 per cent mark.

An analysis of the various market segments shows that – as is typical in challenging market situations – the lowest price declines have been recorded in the top segment at the best locations. Impressive proof is provided by two major sales from the portfolio of the bankrupt SIGNA Group, the Apple House on Kärntner Strasse and the Meinl House on the Graben (both in the 1st District). These transactions reflect the strategy of high net worth investors, who are using the crisis to purchase properties that are unlikely to come on the market in "normal" times.

Investment property market by buyer



Investment property market by transaction volume per property



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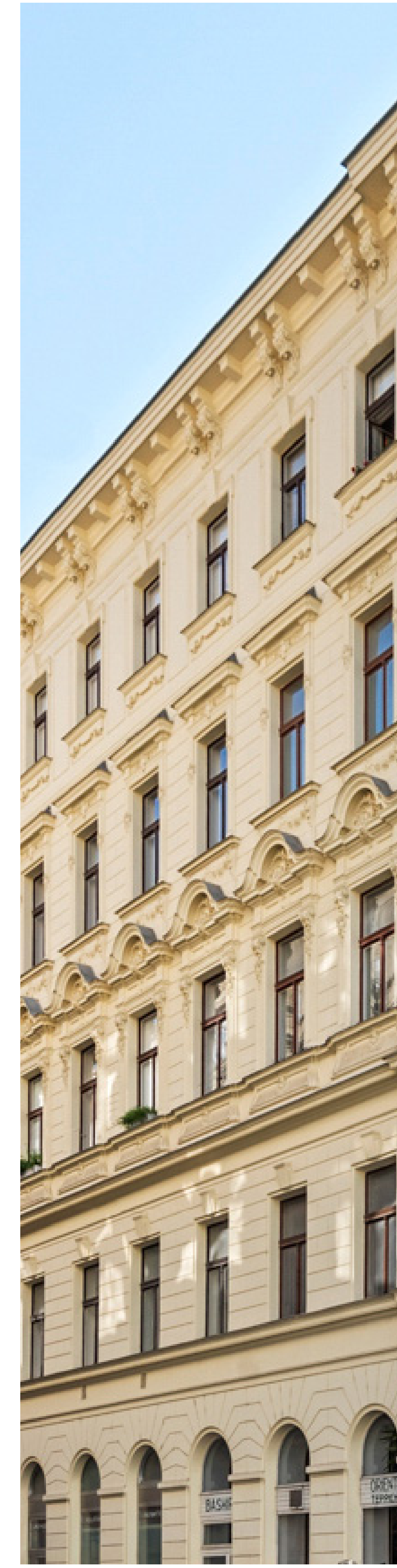


Green streets as an investment opportunity

Herwig M. Peham MRICS

Head of Investment
EHL Investment Consulting GmbH

"Bordering on green and recreational areas" is a classic location criterion. Above all in the densely built residential areas where the supply of Vienna's investment properties is concentrated, the types of opportunities are often few and far between. Consequently, small green oases in the surrounding area are even more important for the quality of life in a neighbourhood and for the medium-term and long-term investment perspectives of a location.

Green cityscapes are currently under development, above all in street areas. As part of the programme "escape from asphalt", 100 million Euros is being invested in the greening of streets during the current legislative period. This investment volume supports individual pilot projects as well as larger remodelling that significantly changes the character of micro-locations. Current examples include the redesign of main roads like the Praterstrasse (2nd District) and Wiedner Hauptstrasse (4th District) as well as the traffic hub at Julius-Tandler-Platz (9th District) where re-naturalisation and the planting of 40 additional trees has already started. Work on the Äussere Mariahilfer Strasse (15th District) and Christian-Broda-Platz (7th District) near the Western Railway Station is scheduled to start in summer 2024 and will be accompanied by numerous streets of local importance like the Argentinierstrasse (3rd District) and Bernardgasse (7th District).

These measures create new opportunities for the real estate market. A glimpse of green, the reduction of noise through trees and the cooling effects of planting are undisputed and increase the value of apartments and investment properties at inner city locations.

The announcement of plans for extensive street greening near a location opens a range of attractive possibilities for investors and developers.

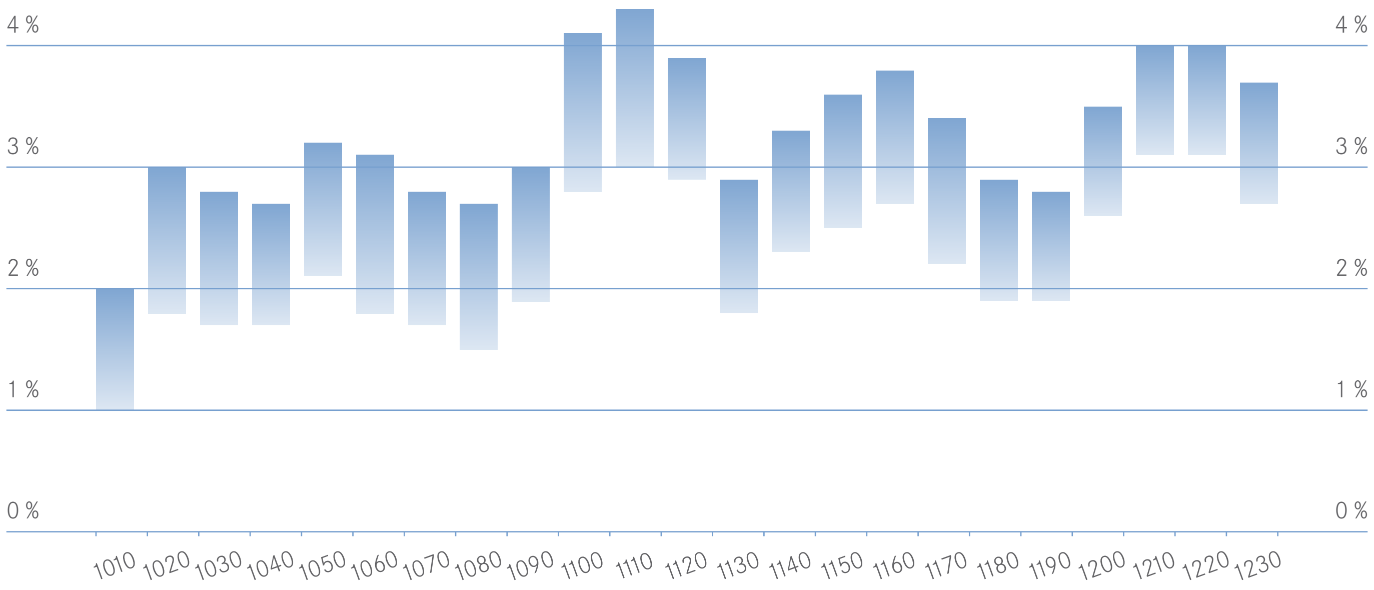
The announcement of plans for extensive street greening near a location (usually also connected with traffic reduction and more space for pedestrians and cyclists) opens a range of attractive possibilities for investors and developers.

A rule of thumb for investors links an increase in the positive effects of greening and traffic calming with a reduction in the attractiveness of a residential location. These locations have recently come under growing price pressure which, consequently, also creates particularly interesting entry opportunities.

There is no master plan for greening programmes, and the city often refers to the involvement of the districts. Investors who want to utilise this potential should turn to various information sources to learn where have citizens' initiatives started, what requests the districts have communicated to the city government, where are bicycle boulevards planned etc.

The wide-ranging know-how of a professional real estate advisor can pay off, especially through an information advantage, and eliminate the need for time-consuming research.

Investment property market yields in the Vienna districts



Source: EHL Market Research | Q2 2024

Weak new construction and opportunities for older buildings

Karina Schunker MRICS

Managing Director
EHL Wohnen GmbH

New apartment construction has already declined significantly, and a further even more severe contraction is expected in 2025 and 2026. This creates new opportunities for the owners and sellers of existing apartments – particularly through rental and, in the coming months, also through sales.

The economic downturn, rapid increase in interest rates and high construction prices have created a virtually toxic environment for the real estate sector. New construction, in particular, has come under serious pressure. The number of project starts has collapsed and led to a substantial decline in completions. Roughly 13,390 apartments are scheduled for completion in 2024, whereby the number of especially popular, freely financed rental apartments has dropped by more than half to 2,840. That represents the lowest level in seven years.

Rents have increased substantially, vacancies are on the decline and the marketing periods in practically all locations are shorter than in previous years.

This downward trend is, however, not yet over and developments over the medium-term promise to be even more difficult. The number of building permits for new residential projects fell to roughly half the 2021 volume at only 10,545 in 2023.

The decline in building permits also means fewer construction starts and will have an impact on completions, above all in 2026 and 2027.

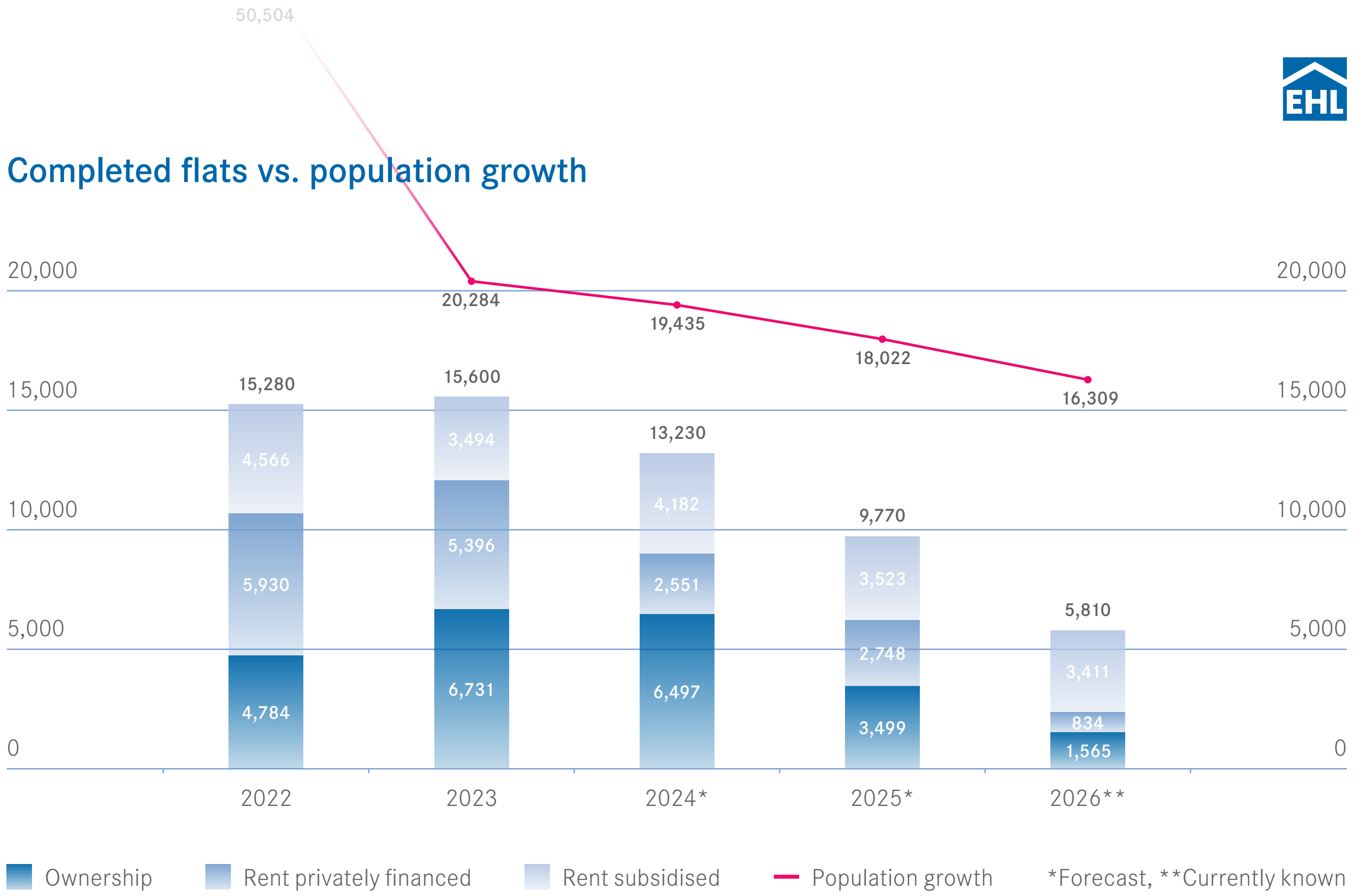
Numerous developers have already postponed or suspended planned projects for an indefinite period. The number of completed units is, as a result, expected to fall even below the minimal number of building permits. Apartment production in the coming years will be substantially lower than the structural demand for new space, which has been intensified by the general standstill in older building loft extensions.

This development may appear problematic from an overall economic perspective but is good news for property owners. Rents have increased substantially, vacancies are on the decline and the marketing periods in practically all locations are shorter than in previous years.

On the investment property market with its regulated rents (Austrian Tenancy Act, "Mietrechtsgesetz"), the benefits are found primarily where location-based surcharges are possible and support pricing in line with the market – here, among others, central locations and areas with excellent infrastructure.

The location-based surcharge, in part 16 Euros, across large sections of the inner city allows for attractive rents.

Completed flats vs. population growth



Source: EHL/Exploreal, 02 2024 | City of Vienna, 11 2023

Net rents substantially over 14 Euros in near-centre locations like the Josefstadt (8th District) or Wieden (4th District) are also very close to unregulated levels. The generation of added income at locations with a low or no surcharge is limited by strong demand, but the rental risk continues to decline and there are practically no market-based vacancies.

The sale of condominiums is a very attractive strategy for investment property owners, even though demand is currently slowed by the high interest rates. A trend reversal – which appears realistic at the end of this year – could bring new life to apartments in older buildings with substantial benefits due to the lack of new construction.

The product "apartments in older buildings" is still part of the trend for potential condominium buyers.

The residential construction package and investment properties

The residential construction package passed by the Austrian Parliament in March 2024 is designed primarily to increase new construction but also brings advantages for existing buildings. The most important measures for investment properties include the favourable tax treatment of energetic renovation and the replacement of heating systems – the creation of housing through loft extensions is supported by increased depreciation over a period of three years.

The sale of apartments will also be facilitated by the elimination of ancillary purchase costs like land register and lien rights filing for most apartment buyers.

Location surcharge and a plus for equipment features – how to optimise rents in older buildings

The limits on rents created by benchmark regulations is moderated to a significant degree by the optional use of location surcharges.

However, these location-based surcharges are not the only way to generate additional rental income – special equipment features in the apartment and the entire building are reflected in higher admissible rents.

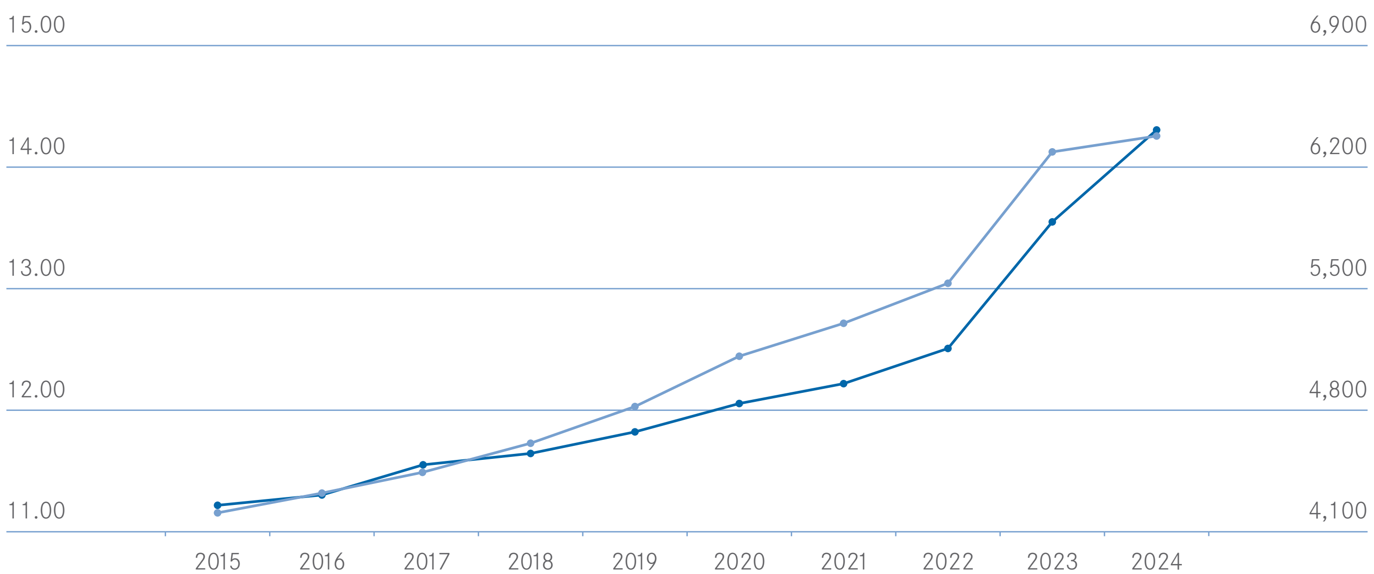
Examples are:
- A second toilette
- Washing machine connections
- Open areas (balcony)
- Central heating system
- Telecommunications connections

The upper limit on rent can, as a rule, be positively influenced by targeted investments. However, correct and legally safe implementation requires expertise or specialised advising.

Parallel to the weakness in new construction, the creation of additional housing in existing buildings has declined considerably.

Loft extensions are only profitable in the current market situation at very good locations and the refurbishment of existing apartments has become few and far between due to changes in legal regulations, for example the adjustment of benchmark rents.

Price development rent vs. ownership, first occupancy 2015-2024



Rent Ownership *Excluding 1010 Vienna Source: First Vienna Residential Market Report| 02 2024

Accelerated structural change

Mario Schwaiger

Head of Retail Properties
EHL Gewerbeimmobilien GmbH

The retail trade and gastronomy have been unable to disengage from the effects of a weak economy and consumers reluctance to spend. These trends are reflected in increasing tenant turnover and rising pressure on rental prices for ground floor space in apartment buildings at prime locations. In less attractive locations, the search for alternative uses is becoming more and more urgent.

Offside the large, high frequency shopping streets, commercially used ground floor space currently poses a challenge. The continuing economic weakness and the downward trend in consumer spending have intensified this situation over the past two years and accelerated the structural transformation and the steady decline in retail space.

The consequences for investment property owners are different: The absolute top locations in the inner city – for example the Golden U, Kärntner Strasse – Graben – Kohlmarkt – have lost none of their attractiveness. In other well established shopping streets like the Mariahilfer Strasse (6th/7th District) or Landstrasse (3rd District), tenant turnover has become more frequent but there are a few examples of new rentals or contract extensions at satisfactory conditions.

The absolute top locations in the inner city have lost none of their attractiveness.

Generally speaking, the interest in good locations in the districts outside the beltway is satisfactory – in Favoriten (10th District) near the main railway station and in the western beltway districts from 1160 to 1190. In the other districts, the market acceptance has also become difficult for good locations.

This situation is particularly challenging for secondary locations and quarters with little relevance for retail trade and gastronomy. A candid market analysis will frequently reveal the advantages of looking for other uses as a better alternative to charming conventional retailers or gastronomy operators with low rents or investment subsidies.

Ground floor space can be successfully transformed into offices if the environment is right. Young entrepreneurs and firms in the creative industries, in particular, are open to such concepts.

Short-term lodgings are another story that is usually addressed under the keyword Airbnb. If this is legally permitted at a location and the technical requirements (primarily sanitary facilities, modern heating) are in place, these types of locations – especially when they are near subway stations and/or touristic hotspots – can generate very satisfactory income. If none of these possibilities appears realistic, alternatives should be considered to make the ground floor areas usable at least for the tenants in the investment property apartments. Ground floor storage space and storerooms for residents generate only limited rental income but require minimal investments and can increase the value of the apartments.

Valuation in an erratic market environment

Astrid Grantner-Fuchs MRICS

Managing Director
EHL Immobilien Bewertung GmbH

Comparative values form the basis for every real estate appraisal. Starting with the price realised for A, including any common factors and differences, and then establishing the value of B is the work of expert appraisers. When, as is currently the case, there are neither rational nor hardly explainable price differences, this inevitably leads to uncertainty.

For countless years, and even decades, we lived in a market of steadily rising prices for investment properties. Many of the younger market participants, of course also including appraisers, had never experienced any other situation up to roughly two years ago. A self-igniting price development – expectations that prices would, in any event, be higher tomorrow created an upward spiral, independent of indicators like the rental yield – and the low interest climate apparently made it unnecessary for many years to address the possibility of price and value corrections.

These times have definitely passed. However, the turbulent phase of price increases was not followed by calm but rather general uncertainty that has also created major challenges for appraisal.

Ultimately, the central task for real estate appraisers is to give potential buyers and sellers the best possible information on the “true value”, meaning the market price, of an investment property.

For properties that are comparable based on location, quality, current income and earnings potential, the prices paid are in part so different that they defy rational explanation.

The reason this is currently so difficult can be explained by the transaction data for the Vienna investment property market: For properties that are comparable based on location, quality, current income and earnings potential, the prices paid are in part so different that they defy rational explanation. The purchase prices for comparable properties in the same street varied by up to 50 per cent between 2023 and 2024.

The underlying reasons for the apparently erratic market situation are the completely different approaches followed by the various buyers on the investment property market. On the one hand, high-wealth investors like family offices still rely on the concept of “concrete gold” and square metre prices that are mostly lower than the square metre prices for the individual apartments in the building.

Additionally, index-adjusted rents – as far there is no intervention from the political sphere – are seen as secure protection against inflation. On the other hand, we are also witnessing the comeback of yields. Investors who depend to a significant degree on debt financing must focus their attention on properties with sufficiently high cash flow to service their loans – and that is only possible when prices are substantially lower than some high-wealth buyers are prepared to pay. The potential for expansion is also priced differently by the market, but the trend is clearly pointing towards no or little added value for these additions.

In other words, the expectations of sellers and the readiness of buyers to accept these conditions are by no means synchronised.

Subjective criteria must, consequently, be responsible for these massive price differences if the objective criteria like location, the condition of the building and earnings are comparable.

The expectations of sellers and the readiness of buyers to accept these conditions are by no means synchronised.

On the seller’s side, the most important “subjective” criterion is the time horizon within which a sale should or must be completed. A focus on the “concrete gold concept”, meaning the (higher) long-term value, is definitely allowed in the absence of time constraints. The pressure to make a sale generally results in the (lower) earnings value.

A market value assessment is therefore particularly important to find a price acceptable to both sides despite the broad spread currently paid on the market. The involvement of a competent and neutral appraiser is, just now, an immense advantage and absolutely recommended. It can limit the range of a possible price and support negotiations on the basis of objective criteria.

Return to more comparable transactions

Even if the current climate is clouded by uncertainty, the fog is slowly beginning to lift. The number of transactions is increasing and will provide appraisers with the necessary benchmarks for valuation, despite the need for particularly critical review.

Cancelled deals were often used out of necessity in the past to set conditional limits on the market value of an investment property. This, at least, is no longer necessary.

The in part exaggerated pessimism on the part of market participants that has prevailed since mid-2022 is gradually giving way to a critical realism which will facilitate the preparation of well founded, evidence-based valuations with a more limited price range.

The times are tough, but there are growing signs of an upturn in the near future

The crisis is undoubtedly not over, but is apparently nearing the low point of the cycle – that is the undivided opinion of the experts at the EHL roundtable on Vienna's investment property market. Progress is, however, in sight and the first signs of recovery should consolidate into a modest upturn beginning in 2025. Here, the European Central Bank is responsible for firing the starting shot, which should be heard loud and clear.

© Roland Rudolph

Any discussions over the investment property market in spring 2024, must – whether we like it or not – first address financing, interest rates and equity ratios. My question to the bankers in the round – does anyone want money from you to finance investment properties?

Gerhard Humer, Head of Real Estate Project Financing at Raiffeisenlandesbank Oberösterreich: Financing is still in demand. But requests have declined because borrowing has become much more expensive, and we must also require higher equity ratios. A project where we previously needed 20 per cent equity, for example, must now provide at least 40 per cent. That is also logical because the same rental income must now only finance a smaller debt component.

Gerhard Tüchler, Managing Director of the Tecto Real Estate Group: That sounds harmless at first but, in practice, the calculation shows that operating costs of up to 1.90 Euros per square metre must first be deducted from annual rental income – and then, we are looking at an equity ratio of 60 to 70 per cent. Honestly speaking, a real estate company often loses any interest in a new investment under circumstances like these.

Franz Pöltl, Managing Partner of EHL Investment Consulting: Without a doubt, we have reached a turning point. Investors who operated with very low equity only a few years ago have completely disappeared in the current market situation. Trading in investment properties to exploit the steady rise in prices – in other words, acquire, immediately start looking for a new buyer and then exit at a profit several months later – came to a complete standstill as a business model with the increase in interest rates. We are, however, seeing a growing number of high-wealth, long-term oriented investors for properties in good and very good locations. As potential buyers, they don't need to worry about financing but see the transaction as an opportunity to acquire prime properties that are rarely on the market. And that at clearly more favourable conditions than two or three years ago.

Michael Schmidt, Managing Partner of the 3SI Real Estate Group: The decline in obvious but there are buyers who still believe in investment properties as a product. Their objective is to build up excellent portfolios, and they don't really focus on initial yields. That's a good sign and shows that we have passed the low point of the cycle. And it is also a good opportunity to acquire good real estate. Another point: We, as 3SI, can also still buy investment properties with 90 per cent debt. Most banks will continue to finance our investment properties, also with high debt ratios, because the ratio of rental income to financing costs is definitely not the only criteria. You also need to look at the inherent value of the property which, given today's purchase prices, is often lower than the construction cost. In the high-quality buildings we purchase, rental income was usually unable to cover the borrowing costs – even in the best low-interest times.

Our approach normally involves refurbishing, the separation of individual units and ownership, and sale – and, in the end, what counts is that we actually paid a solid and very favourable price per square metre for the acquisition. The market hasn't turned "bad", we just need a different business model. The quick and easy resale of investment property no longer works – you need to invest a lot of time and money and, as we do, recover the financing through the development of the building and sale of the individual apartments.

The market hasn't turned "bad", we just need a different business model. The quick and easy resale of investment property no longer works.
- Michael Schmidt

Humer: That is, of course, true. When a potential borrower presents a profitable, realistic exit scenario, then we naturally look beyond the rental yield. But especially then, other criteria like the investor's track record, know-how and credit standing are particularly important.

That sounds a bit too relaxed. Have we really survived the crisis?

Pöltl: No, I don't think so. When you speak about the market crossing the low point, as Michael said, that may be true for the very good and absolute prime areas where 3SI is active. It in no way applies to average and weaker locations. I expect we will see bankruptcy filings during the second half of this year from a number of investment property owners who are unable to cover their financing costs.

A range of investors who bought at the market peak will be forced to sell, independent of the current price level, and, in some cases, these sales will be managed by the liquidator. Prices in these segments will, in any event, continue to decline.

Tüchler: I agree completely. In Austria, the banks have remained remarkably calm. And reacted quite differently than in Germany: They were more uncompromising in calling loans, the price declines were much stronger and, as a result, we have recently increased our activities on that market.
I think we will soon see this development here in Austria. In the end, you can only conclude that it's not the buyer and seller, but the banks and the ECB who will define the market. The duration and extent of this weak phase depends on the ECB's interest rate policy and on the readiness of the banks to take risks – which, when you look at it, is part of the banking business.

A range of investors who bought at the market peak will be forced to sell, independent of the current price level.
- Franz Pöltl

Schmidt: That's exactly why stronger differentiation by the banks is so important. There are investors whose business is impossible to save. Also not by the upcoming interest rate reversal. In these cases, it's understandable when the banks pull the plug. But there are also many good real estate companies and investors with solid business models who have temporary problems caused by the rapid increase in interest rates and delayed sales resulting from the new residential property financing rules. These companies are fit for the future and should be supported – but when they receive a rating downgrade for every late payment and are punished with higher interest costs, many of them will simply not make it.

Humer: The banks are very much in the position and prepared to differentiate, and we also work to develop solutions in partnership with our customers. But, on the one hand, some of these banks are smaller institutions with heavy commitments in apartment buildings up to 2022 and were urgently advised to reduce their loan portfolios in this segment, often independent of any isolated cases. On the other hand, all banks must comply with legal and supervisory regulations. We are not completely free in deciding how to rate our customers, when to classify a loan as non-performing and how we should deal with all this. I admit this doesn't always reflect economic reality, and I would be very happy to see the supervisory authorities critically review their regulations.

A short while ago, we mentioned the attractive Delta between apartment and investment property prices. The supply of available apartments is declining steadily, but the demand for additional housing is there and it is high. Actually, a perfect situation for existing properties?

Tüchler: That is, simply speaking, a cost issue: Construction and maintenance, renovation and improvements have hardly become less expensive, personnel costs have increased, and financing costs have multiplied. And that can't be offset by the decline in the purchase prices for investment properties.

It is virtually impossible for a developer to start construction today given the current cost situation. Most projects are already negative when the developer makes an initial calculation, and even if an investment is economically feasible, the developer can't arrange for financing in most cases.

Schmidt: As has already been said, I am very optimistic and see the housing market further along on a recovery course. I have numerous offers for apartments in our buildings, which makes me very confident. We also recently evaluated the buyers' financing situation for a property and identified a significant decline in the number of mortgages.

In other words, buyers are relying more on equity. There are plenty of people who want to buy and can do this independent of bank financing. This customer base also includes investment property buyers, for example private foundations. But somehow the impulse is missing to buy NOW, despite the fact that now is probably the best time to locate good properties. When everyone starts buying again, it will be too late.

It is virtually impossible for a developer to start construction today given the current cost situation.
- Gerhard Tüchler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In conclusion, let's take a look at the crystal ball: Where will the investment property market be in three years? Exactly where we are today, in a serious decline or back to its old strength?

Tüchler: The investment property as an asset class definitely has a secure future, and prices will be higher in three years. But as I have already said: Everything depends on the ECB and the banks. When short-term interest rates also decline and the banks resume financing for investments and development projects, then we will see an upturn.

Schmidt: I share your opinion and believe the first ECB interest rate cut will have a far greater psychological effect than 0.25 or 0.5 percentage points of real savings in financing costs. It will mark the starting point, and investors who are currently shopping around will actually start to buy. I think the Euribor will stand at roughly 2.5 per cent in 2025, the prices for investment property will be significantly higher than now, and there will be many more transactions. However, we will not experience a boom like in 2021/22 für a very long time, and that would also not be normal.

Humer: When you look at the fundamentals, you can actually be optimistic. The demand for apartments is there, and real income has recently increased substantially in nearly all branches. That will make higher rents and condominiums more easily affordable again – and will also have a positive influence on the investment property market

> **When you look at the fundamentals, you can actually be optimistic.**
> *- Gerhard Humer*

Pöltl: I am very cautious with forecasts beyond a period of two or three years. The real estate market is and will remain strongly cyclical. I would rather predict that the next cyclical high – in roughly ten years – will bring a market where we wonder how inexpensive everything was only a few years ago. There will be a much greater interest in properties and everybody believing in another upturn – in other words, the same scenario we had in 2021 and 2022.

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People in conversation

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Franz Pöltl

Managing Partner of EHL Investment Consulting

Gerhard Tüchler

Managing Director of Tecto Real Estate Group

Brokered Investment Properties

Kärntner Strasse 12, 1010 Vienna

Built in 1875, this corner apartment building scores not only for its splendid appearance, but also for its exclusive city centre location.

Rentable space approx. 3,550 sqm

Schubertring 9–11, 1010 Vienna

The Christinenhof on the Ringstrasse, built in 1863-65 by Ludwig Zettl, is a detached, early historical residential courtyard with an architecturally designed inner courtyard.

Rentable space approx. 9,445 sqm

Schreyvogelgasse 2, 1010 Vienna

The imposing corner apartment building, built in 1894, is located in the heart of Vienna and, with its prominent location, is part of Vienna‘s city history.

Rentable space approx. 3,424 sqm

Franz-Josefs-Kai 27, 1010 Vienna

Built in 1899 and located directly on Franz-Josefs-Kai, this apartment building is in one of the most sought-after locations in Vienna‘s 1st district.

Rentable space approx. 3,508 sqm

Favoritenstrasse 39, 1040 Vienna

Built in 1890 by the architect Carl Holzmann, this corner apartment building is largely oriented towards the concepts of strict historicism.

Rentable space approx. 2,582 sqm

Mariahilfer Strasse 3, 1060 Vienna

Nine-storey apartment building from the late Wilhelminian period, located directly on Austria‘s longest shopping street and in the immediate vicinity of Vienna‘s city centre.

Rentable space approx. 2,772 sqm

Bürgerspitalgasse 29, 1060 Vienna

Unique three-front apartment building in a prime inner-city location between Westbahnhof and Innerer Mariahilfer Strasse.

Rentable space approx. 3,561 sqm

Burggasse 51, 1070 Vienna

The Adlerhof was built in 1874 and is characterised by its extremely attractive residential location in Vienna‘s 7th district of Mariahilf.

Rentable space approx. 11,410 sqm

Lerchengasse 36, 1080 Vienna

The vacant corner apartment building in a prominent location on Josefstädter Strasse has potential for expansion in the existing flats and in the attic.

Rentable space approx. 856 sqm

Schönbrunner Strasse 249, 1120 Vienna

The representative semi-detached house impresses with its attractive, articulated façade and is located in a very well connected residential and office area.

Rentable space approx. 4,223 sqm

Koppstrasse 62, 1160 Vienna

The Wilhelminian style house was built between 1848 and 1918 and captivates with its structured façade as well as its exposed location as a corner apartment building.

Rentable space approx. 1,448 sqm

Hofstattgasse 20, 1180 Vienna

This apartment building in a quiet residential area in the 18th district offers not only the best quality of living but also the potential for conversion in the attic.

Rentable space approx. 1,281 sqm

1., Inner City

Vienna's inner city has generally withstood the market turbulence in satisfactory condition up to now. Buyers who are willing and able to pay high prices can always be found for prime properties, even under difficult conditions

The extremely challenging real estate market saw one exceptional transaction in 2023: The "Apple House" on the Kärntner Strasse changed hands for a surprising 31,000 Euros per square metre. This sale of this building at a high frequency location for nearly 100 million Euros and an impressive square metre price can, however, not be seen as a typical investment property transaction due to the high share of retail space. Then again, other deals like the sale of the Meinl House on the Graben, which also brought top prices, underscore the strong condition of the market in Vienna's inner city.

This surprising market resilience is due, on the one hand, to the availability of typical "trophy assets" and, on the other hand, to the long waits by high-wealth investors to acquire prime properties at prime inner city locations. Short-term yield expectations play a less important role here just the same as costs or the availability of bank financing.

On the (potential) buyer side, the action is dominated by highly liquid Austrian private investors and/or foundations. Their interest is directed primarily to top locations near St. Stephan's Square or prestigious addresses like the Freyung or Am Hof. Yields ranging up to more than three per cent are possible in properties with a high share of commercial tenants, while yields of 1.0 to 2.0 per cent can be realised on properties with a majority of residential space.

Their interest is directed primarily to top locations near St. Stephan's Square or prestigious addresses.

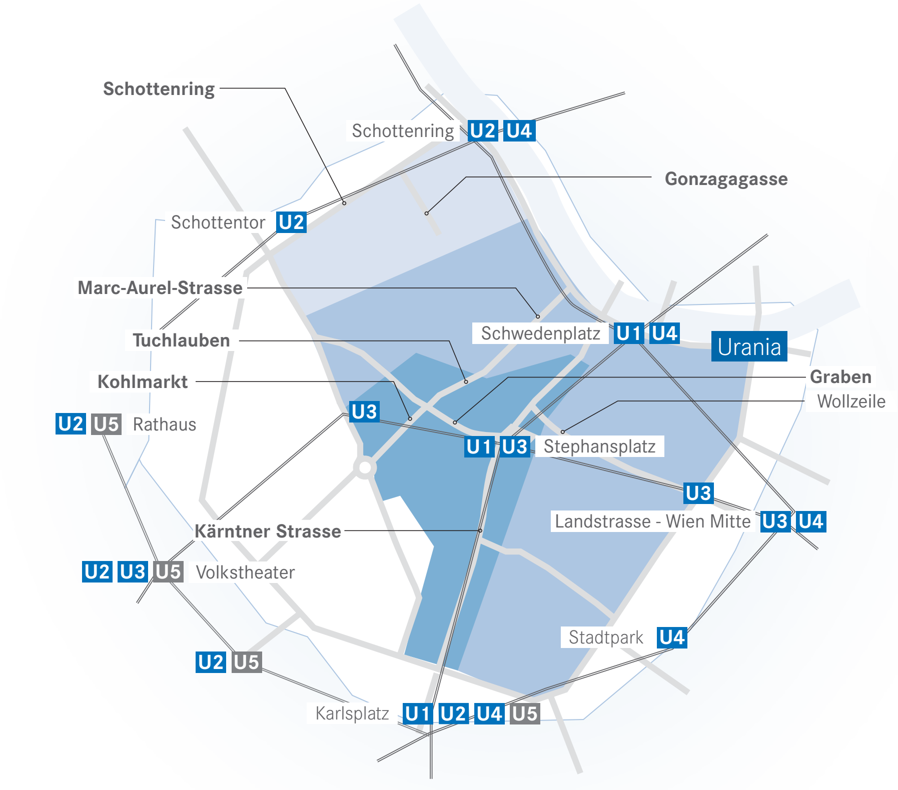
The higher retail component in the investment properties along the Golden U (Apple) and the high level of rents support higher yields, but this is only possible at particular high street locations.

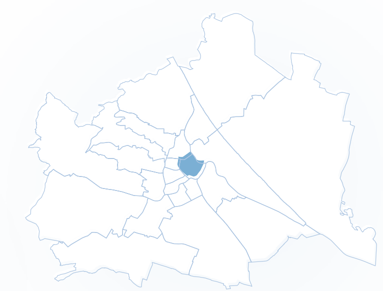
The strong interest on the part of investors will hold prices at a level comparable to the previous highs in 2021 and 2022. The search is currently concentrated on completely developed properties with stable tenants.

Private investors and institutional buyers with a long-term focus currently dominate the market, while developers and investment property traders will only play a limited role in the near future.

Inner City

Investment prop. prices	6,800 to 12,000 EUR/sqm
Yields	1.0 to 2.0 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø n. a.
Offices	15.00 to 28.50
Retail space A locations	120 to 650
Retail space B locations	15 to 85





Demographic development

2023	16,620	
2043	13,761	-17.2 %

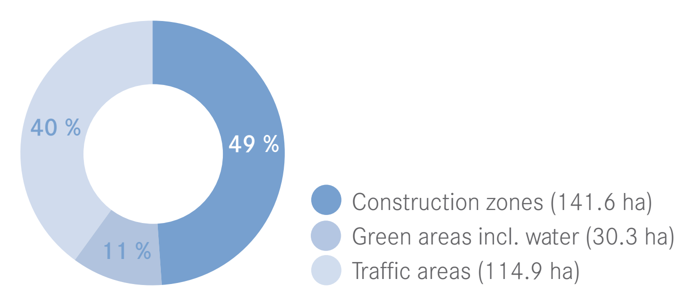
Average net income

Ø Vienna	€ 24,992.-	
1010	€ 37,250.-	+49.0 %

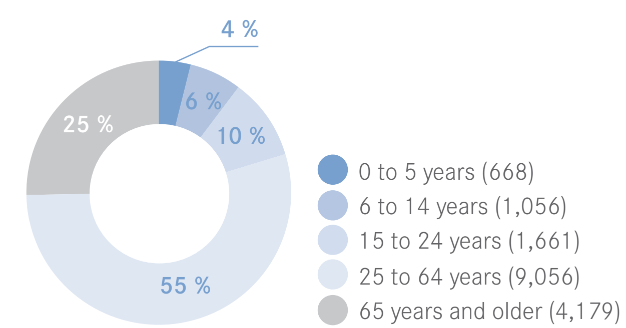
Share of non-Austrian citizens

Ø Vienna	34.2 %	
1010	31.3 %	-2.9 %

Area distribution



Age groups



2., Leopoldstadt
20., Brigittenau

The "island" between the Danube Canal and the Danube River, which successfully outperformed the market for many years, is now confronted with a decline in demand and prices similar to other centrally located districts.

The investment property market in Leopoldstadt and, to a certain extent, also in neighbouring Brigittenau was characterised by faster growth than other districts for many years. This trend was supported by close proximity to the inner city, good transport connections with the subway and rapid transit railway, numerous green and recreational areas, and large urban development projects and new construction. The Leopoldstadt and Brigittenau are, however, currently faced with a stronger decline in demand, even though the above benefits still remain. There were very few transactions in 2023, and investments in modernisation and expansion have dropped dramatically.

A combination of factors is responsible for this decline: The two districts have few "trophy assets" that are largely crisis resistant and interesting for investors, independent of the currently more difficult financing situation. A second factor is the clientele, which is particularly interested in investments in the Leopoldstadt but hardly active at the present time. A third point is that the major urban development projects in these districts have come to a halt and, to a certain extent, weakened the previously created decisive impulses for the investment property market. The environmental impact assessment for the massive Northwest Railway Station grounds has been completed, but the original schedule will be difficult to meet. The development of the Waterfront zur Donau, which was successfully started together with BUWOG's Marina Tower, was hit hard by the cancellation of the contract between the city and the original operating consortium for the long-distance bus terminal and the planned upper level housing units.

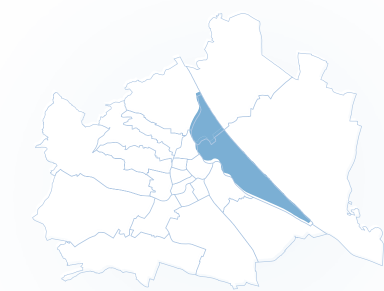
The Leopoldstadt has numerous location benefits to offer, which will again receive justified attention when the market recovers. They could form the basis for a noticeable trend reversal in turnover and prices, also because of the numerous investors who are committed to the 2nd District for emotional reasons. The start of construction on the urban development quarter at the Northwest Railway Station is now scheduled for 2026, at the earliest, and will create added value for the surrounding area and the entire district.

Leopoldstadt

Investment prop. prices	2,300 to 5,600 EUR/sqm
Yields	1.8 to 3.0 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 13.35
Offices	11.00 to 22.50
Retail space A locations	13 to 26
Retail space B locations	5 to 11

Brigittenau

Investment prop. prices	2,000 to 3,800 EUR/sqm
Yields	2.6 to 3.5 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.65
Offices	10.50 to 21.50
Retail space A locations	10 to 20
Retail space B locations	5 to 9



Above-average price locations
Average price locations
Below-average price locations
Underground

Demographic development

1020 | 2023	108,269	
1020 | 2043	119,096	+10.0 %
1200 | 2023	85,690	
1200 | 2043	93,231	+8.8 %

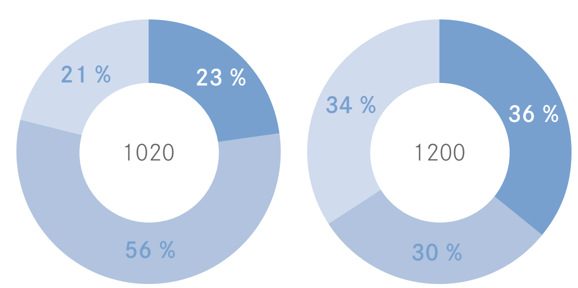
Average net income

Ø Vienna	€ 24,992.–	
1020	€ 24,930.–	-0.2 %
1200	€ 21,201.–	-15.2 %

Share of non-Austrian citizens

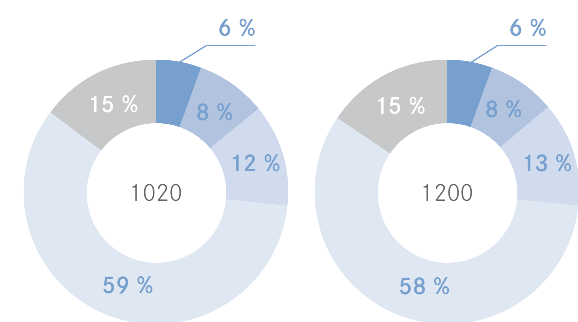
Ø Vienna	34.2 %	
1020	37.2 %	+3.0 %
1200	42.4 %	+8.2 %

Area distribution



Construction zones (434.4 ha | 204.9 ha)
Green areas incl. bodies of water (1,075.1 ha | 170.0 ha)
Traffic areas (414.7 ha | 196.2 ha)

Age groups



0 to 5 years (6,266 | 4,824)
6 to 14 years (9,138 | 7,105)
15 to 24 years (13,503 | 11,119)
25 to 64 years (63,439 | 49,417)
65 years and older (15,923 | 13,225)

3., Landstrasse

The Landstrasse is definitely one of the Vienna districts that can correctly be described as "bourgeois". This attribute has proven to be an advantage in the current difficult environment. Property prices, especially at the best locations, have generally remained stable.

The challenging market conditions have led to a significant decline in the transaction volume in the 3rd District. Prices, in contrast, have been more stable than in most of the other centrally located districts. These developments can be explained by the specific positioning as a traditional middle-class district: The ownership structure is extremely stable, and many investment property owners feel no pressure to sell, even in difficult times.

The ownership structure is extremely stable, and many investment property owners feel no pressure to sell, even in difficult times.

As a consequence, the limited supply of properties is contrasted by a large number of potential buyers who view the current market as an opportunity to acquire real estate at first-class locations.

The sale of an investment property on the Landstrasse for 10 million Euros and more than 4,200 Euros per squarer metre by an institutional investor to a project developer is a good example of how pricing is based more on long-term perspectives than on short-term problems.

This applies in particular to the embassy quarter near the Rennweg. Genuine "collector's prices" can always be found here – the price level is lower but generally similar to the inner city. These prices in no way reflect the current yield, but rather the long-term value of the investment.

The situation is quite different in the outlying areas of the district. Up to 2022, ambitious development projects like the Triiiple or The Marks and the nearby Central Railway Station in the Fasan Quarter generated added benefits for individual locations. These impulses are currently absent and, consequently, have led to declining interest in these areas.

The Landstrasse and the surrounding area with its superior stock of buildings will also remain a particularly stable part of the investment property market in the future.

Impulses can be expected from the realisation of further high-quality new construction projects. The current expansion of the rapid transit railway home line with hubs at Wien Mitte and Rennweg represents another plus point.

Landstrasse

Investment prop. prices	3,100 to 5,200 EUR/sqm
Yields	1.7 to 2.8 %

Monthly rents (net) in EUR/sqm

Apartments	Ø 14.00
Offices	11.00 to 21.00
Retail space A locations	20 to 50
Retail space B locations	7 to 15

Above-average price locations
Average price locations
Below-average price locations
Underground

Demographic development

2023 96,756
2043 101,497 +4.9 %

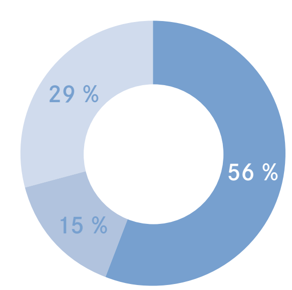
Average net income

Ø Vienna € 24,992.-
1030 € 27,450.- +9.8 %

Share of non-Austrian citizens

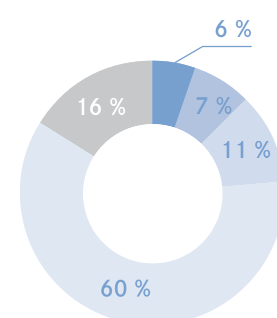
Ø Vienna 34.2 %
1030 36.4 % +2.2 %

Area distribution



Construction zones (416.1 ha)
Green areas incl. water (109.3 ha)
Traffic areas (214.4 ha)

Age groups



0 to 5 years (5,183)
6 to 14 years (6,894)
15 to 24 years (10,973)
25 to 64 years (58,145)
65 years and older (15,561)

4., Wieden

The location between the inner city and the booming office and residential quarter at the Central Railway Station makes Wieden one of the city's most popular and interesting residential areas. Transaction activity on this high-priced submarket is traditionally restrained, but peak prices have also declined in comparison with other locations in Vienna.

Wieden is one of the smallest, centrally located districts based on area and on the number of residents. It is, however, important for the entire market due to the high share of 19th Century buildings. The reconstruction of the Central Railway Station and the Sonnwend Quarter generated increased investor interest for several years, above all in the areas near the beltway, but the focus has shifted again to centrally located zones near the inner city. The largest transaction in 2023 was the sale of a property in the Schäffergasse, which was purchased by a private investor from an Austrian real estate fund for nearly 14 million Euros.

The Freihaus Quarter between the Vienna University of Technology and the Naschmarkt (an open-air market) has become the site of a booming gastronomy scene with profitable opportunities for ground floor space. However, the highest prices in the district are found to the east behind St. Charles's Church and on the side streets off Prinz Eugen Strasse. Numerous embassies are located here, which leads to frequent demand for high-quality apartments for the diplomatic personnel. The prestige of this micro-location is underscored by the embassies' readiness to also accept top rental prices.

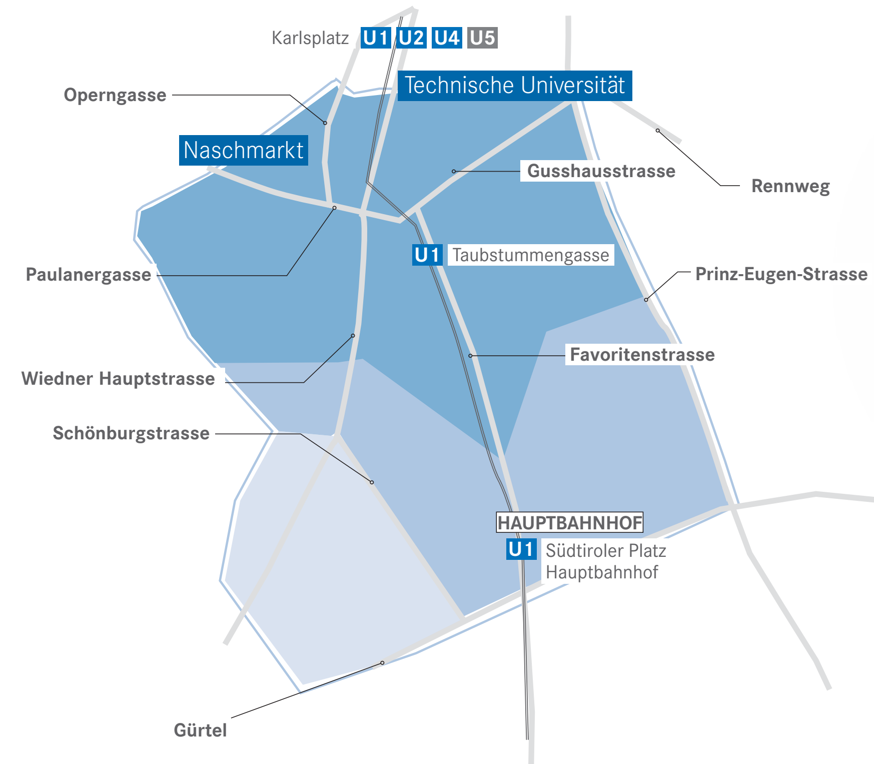
The Argentinierstrasse, another highly desirable residential locations in Wieden, is currently undergoing a remarkable transformation. It will be converted into a bicycle boulevard and, with spacious areas for pedestrians and extensive greening, become an attractive community area with dynamic "street life". For the neighbouring locations, this project can also bring a substantial increase in image and value. Uncertainty is, however, still connected with the future use of the legendary broadcasting studio in the Argentinierstrasse: Premium apartments were planned for the building but realisation is well behind the initial schedule.

The high urbane quality of life in Wieden will also support the steady and strong demand for housing in the future. There are virtually no possibilities to create additional space which means solid development and optimal prospects, for example through the sale of condominiums, can be expected over the medium and long term.

The high urbane quality of life in Wieden will also support the steady and strong demand for housing in the future.

Wieden

Investment prop. prices	3,600 to 5,900 EUR/sqm
Yields	1.7 to 2.7 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.55
Offices	11.00 to 21.00
Retail space A locations	15 to 30
Retail space B locations	5 to 12



Demographic development

2023 33,633
2043 34,003 +1.1 %

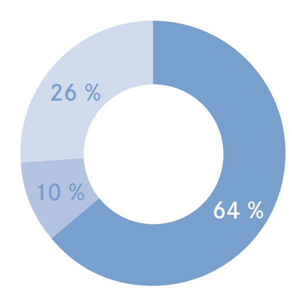
Average net income

Ø Vienna € 24,992.-
1040 € 29,010.- +16.1 %

Share of non-Austrian citizens

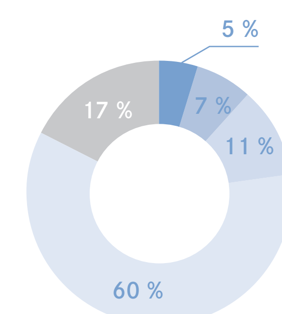
Ø Vienna 34.2 %
1040 35.8 % +1.6 %

Area distribution



Construction zones (114.2 ha)
Green areas incl. water (17.9 ha)
Traffic areas (45.4 ha)

Age groups



0 to 5 years (1,618)
6 to 14 years (2,326)
15 to 24 years (3,800)
25 to 64 years (20,059)
65 years and older (5,830)

5., Margareten

The only district within the beltway without a direct border to the inner city was once one of Vienna's most dynamic submarkets, but the catch-up process has steadily lost momentum since mid-2022. Above-average performance is, however, expected to return over the medium term, also because the long-awaited extension of the U2 subway line will be accessible to the entire district in 2028.

Margareten remains the district with the lowest entry prices for investment properties within the beltway, even after a significant upturn in the years up to 2022. This standing principally reflects the considerable distance to the inner city. An important role is also played by the social structure, which differs substantially from the other central districts.

From the viewpoint of investors, the discount in the lower price segment also represents an opportunity. It shows that the 5th District still has a certain upward potential, which is hardly visible under the current difficult conditions but beyond doubt in the long run. The difference between the square metre prices for entire buildings and the square metre prices for condominiums is above average and creates an attractive scenario for the sale of individual units.

Additional impulses can be expected over the coming years through the improvement in connections to the public transportation network: The extension of the U2 subway line to Matzleinsdorfer Platz will be completed in 2028 and give the district two additional subway stations (Matzleinsdorfer Platz and Reinprechtsdorferstrasse). The Pilgramgasse station will also become an important subway hub. These three stations will lead to strong demand for apartments and a rising price level in the surrounding areas.

The three stations will lead to strong demand for apartments and a rising price level in the surrounding areas.

The modernisation of the rapid transit home line to accommodate higher frequencies will be another bonus for the Matzleinsdorfer Platz, although it is less important than the subway.

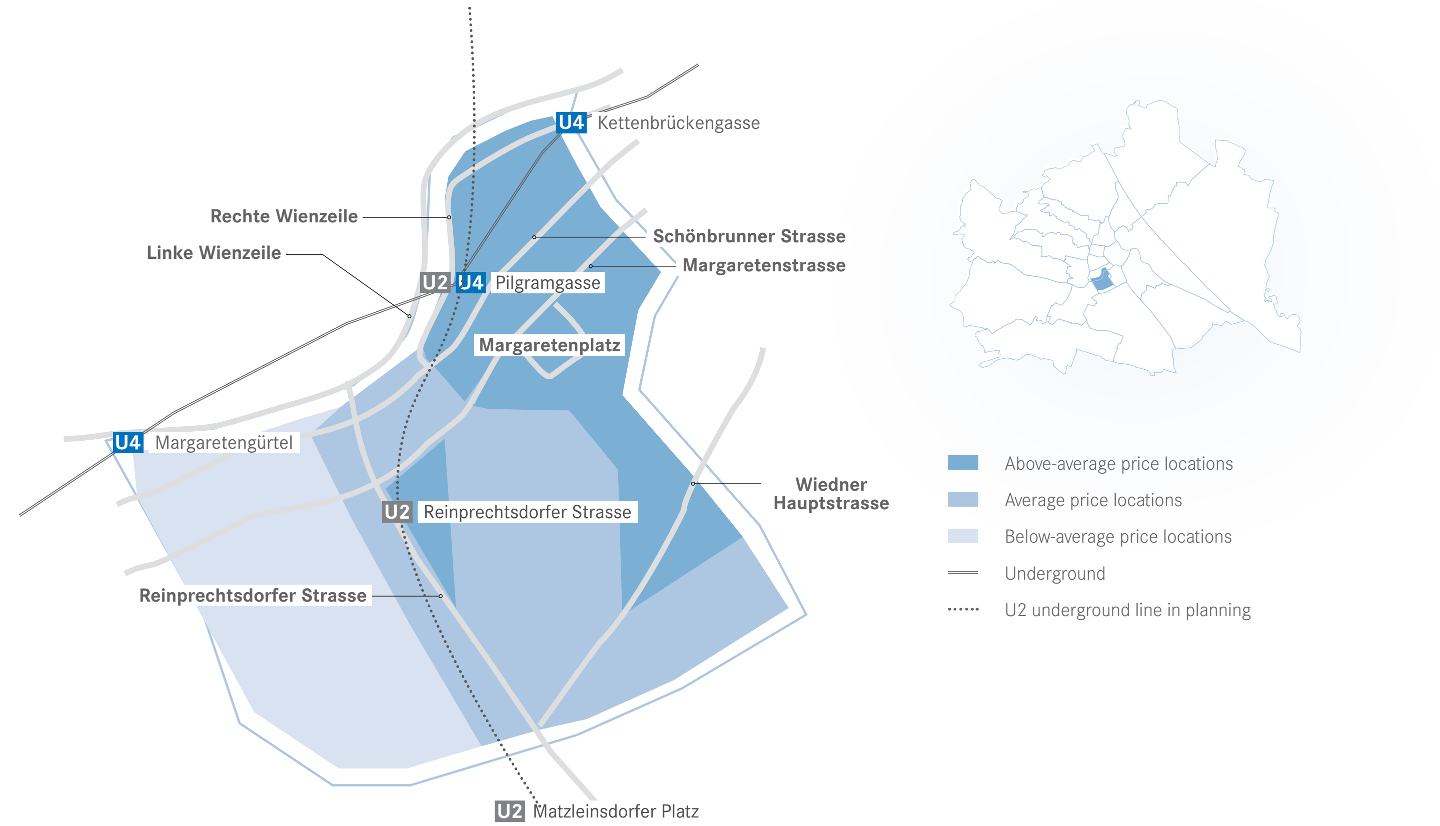
The most attractive future prospects are found in the areas around the three future U2 subway stations and Margaretenplatz with its extremely popular gastronomy zone in the Schlossquadrat. This quarter has developed a unique locational quality and is comparable to other central districts. The major upward trends are expected here when the investment property market recovers.

Margareten

Investment prop. prices	2,100 to 5,800 EUR/sqm
Yields	2.1 to 3.2 %

Monthly rents (net) in EUR/sqm

Apartments	Ø 13.10
Offices	10.50 to 17.00
Retail space A locations	12 to 25
Retail space B locations	6 to 10



Demographic development

2023	55,018	
2043	53,588	-2.6 %

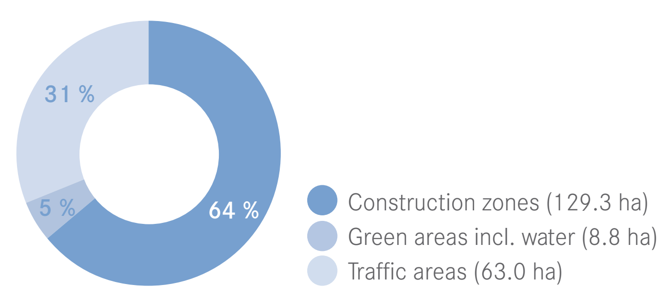
Average net income

Ø Vienna	€ 24,992.-	
1050	€ 23,096.-	-7.6 %

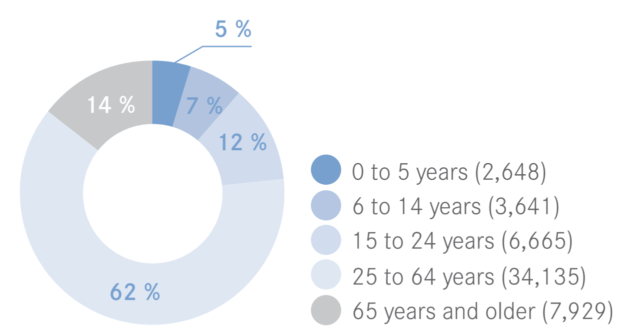
Share of non-Austrian citizens

Ø Vienna	34.2 %	
1050	41.6 %	+7.3 %

Area distribution



Age groups



6., Mariahilf

The increasing pressure on the retail trade had led to rising vacancies, more frequent tenant turnover and a general downward trend in rents along the Mariahilfer Strasse. Offside the Mariahilfer Strasse, the other district quarters have done better and are more stable than the market as a whole.

The investment property market in Mariahilf is highly dependent on the development of the Mariahilfer Strasse. Its conversion into an “encounter zone“ generated positive impulses for several years, but the situation surrounding the Lamarr shopping centre project and the challenges faced by retailers and the shopping mile have become a negative factor for the investment property market along the entire street and into the surrounding areas.

Vacancies have recently increased, and contract extensions are now often linked to discounts or incentives for tenants. That has a negative effect on current income and has also led to higher yield expectations of five per cent or more on the part of investors. The problems surrounding the Lamarr shopping centre project, where construction was halted at the beginning of 2024, have also become a liability for the entire street.

A number of owners are planning to exit given the challenging situation, and sales opportunities for several prominent properties are currently under evaluation. As a rule, a longer marketing period can be expected due to the size of the individual investments and the general reservation of potential buyers for properties with a high retail component.

Other areas in the district are much less affected by the difficult market situation. Locations near the city centre and up to the Neubaugasse are especially sought after, while there is room for improvement at locations close to the beltway and the Gumpendorfer Strasse subway station.

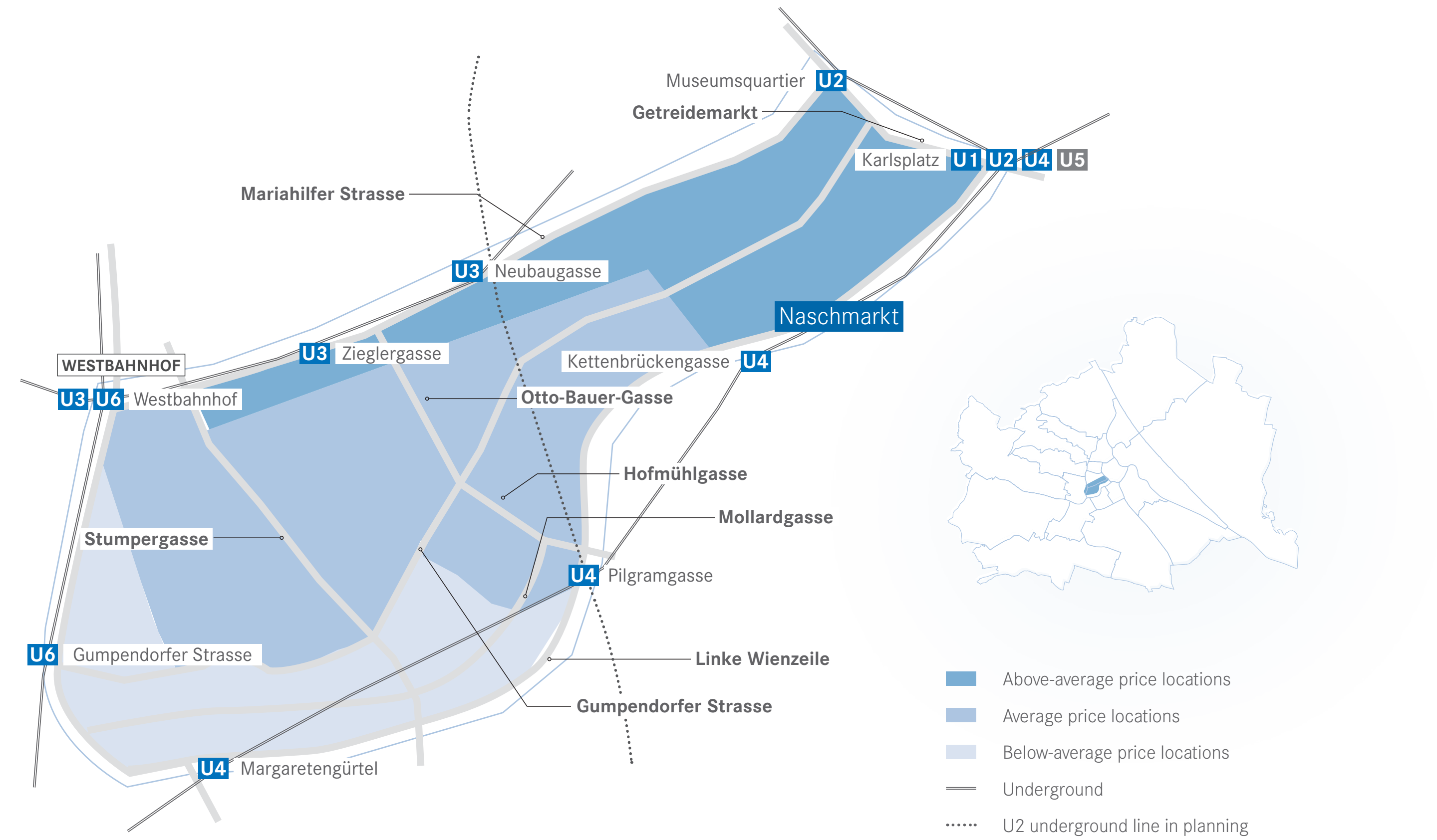
Locations near the city centre and up to the Neubaugasse are especially sought after.

In the Mariahilfer Strasse, the further development of the retail trade and value-creating concepts for the conversion of retail space above the ground floor zones will be decisive.

The pace of development can be expected to accelerate over the coming years at good locations near the inner city after construction is completed at the future Pilgramgasse subway hub and the expansion of the Naschmarkt (market hall and green areas).

Mariahilf

Investment prop. prices	2,800 to 5,900 EUR/sqm
Yields	1.8 to 3.1 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.35
Offices	12.00 to 20.00
Retail space A locations	30 to 150
Retail space B locations	6 to 25



Demographic development

2023 31,423

2043 31,392 -0.1 %

Average net income

Ø Vienna € 24,992.–

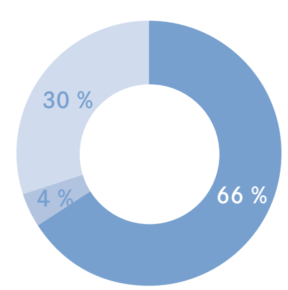
1060 € 26,528.– +6.1 %

Share of non-Austrian citizens

Ø Vienna 34.2 %

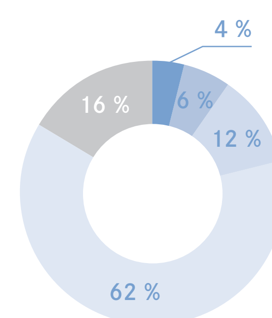
1060 33.6 % -0.6 %

Area distribution



- Construction zones (96.5 ha)
- Green areas incl. water (5.4 ha)
- Traffic areas (43.6 ha)

Age groups



- 0 to 5 years (1,291)
- 6 to 14 years (1,776)
- 15 to 24 years (3,603)
- 25 to 64 years (19,607)
- 65 years and older (5,146)

7., Neubau

The construction standstill and uncertain future of the Lamarr shopping centre project have intensified the problematic situation in parts of the 7th District since the beginning of 2024. In contrast, development in the traditional residential areas is generally stable and also includes the closing of larger transactions.

The path from Austria’s most prominent retail project to Austria‘s best known building ruin was short and painful, and the turbulence surrounding the Lamarr in the Mariahilfer Strasse has also had an impact on the local investment property market. The high-priced locations in the central section of the Mariahilfer Strasse have been particularly hard hit.

The problem is less the construction standstill, which prolongs the inconvenience connected with a major building site for the entire Mariahilfer Strasse, but rather the uncertain future of this ambitious project.

The hoped-for upgrading and transformation into a second luxury location adjacent to the inner city has, at least, become questionable and is now dependent on the concept realised by a future owner.

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The ”fantasy” for the surrounding locations – which provided hope for many owners and tenants in neighbouring properties – has disappeared. Five-digit square metre prices appear to be rather illusory for the foreseeable future.

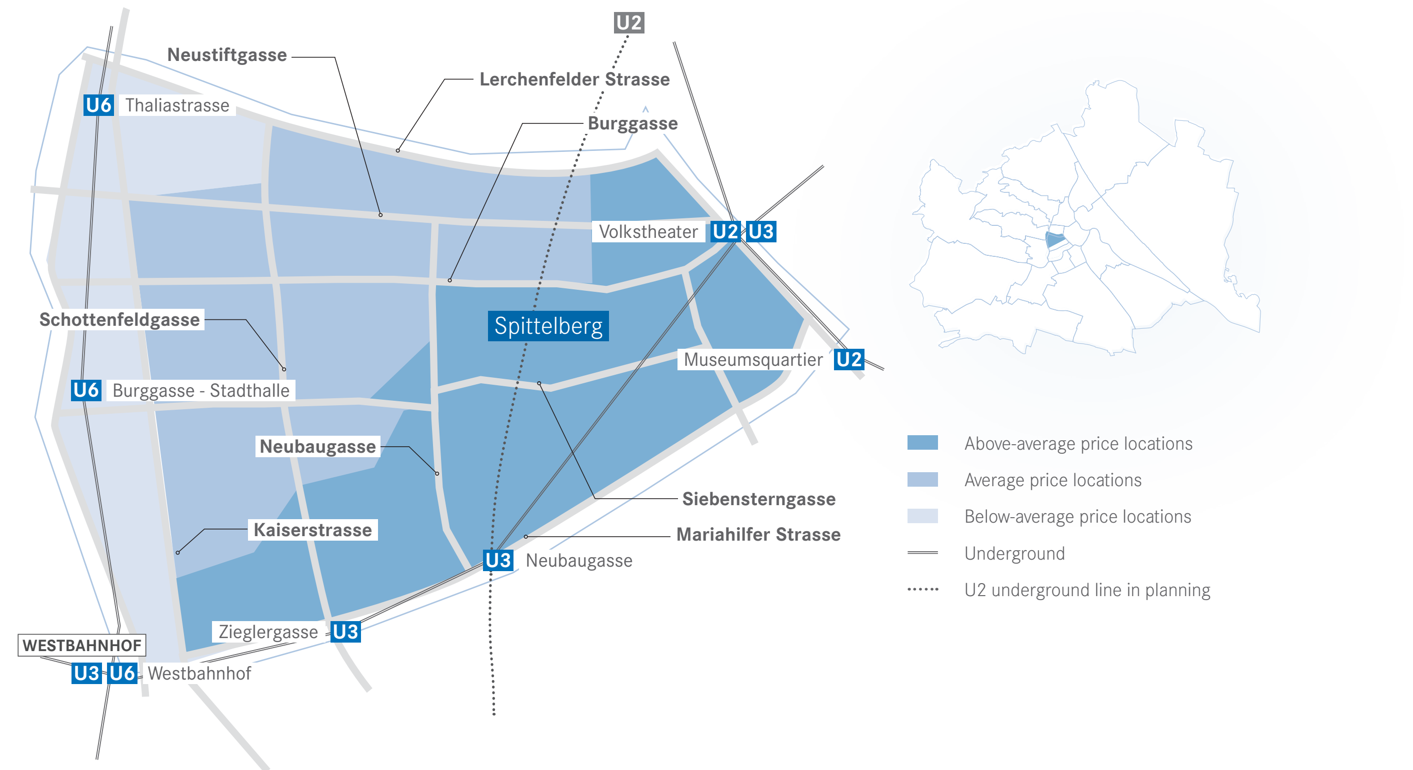
In contrast to the retail-based locations on and near the Mariahilfer Strasse, the classical residential areas in the district have remained stable and tend to perform slightly better than the Vienna investment property market as a whole. The largest transaction in 2023 was the sale of the Adlerhof in the Burgasse, an investment property primarily used for residential purposes.

The follow-up project to the Lamarr will play a key role for the retail locations on the Mariahilfer Strasse.

The completion of the U2 subway line extension to Matzleinsdorfer Platz, which is scheduled for 2028, will have a strong positive influence on the area surrounding the future U2/U3 hub in the Neubaugasse. Its image as an urbane district with an alternative atmosphere will support Neubau’s popularity as a residential location with a distinctive gastronomy and shopping scene.

Neubau

Investment prop. prices	3,900 to 7,400 EUR/sqm
Yields	1.7 to 2.8 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.55
Offices	12.00 to 20.00
Retail space A locations	30 to 120
Retail space B locations	8 to 25



Demographic development

2023	31,581	
2043	30,823	-2.4 %

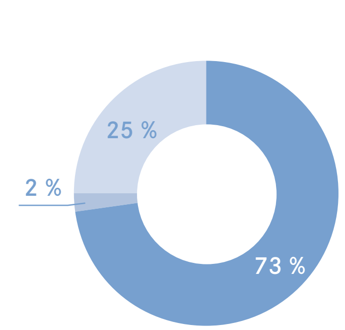
Average net income

Ø Vienna	€ 24,992.-	
1070	€ 27,866.-	+11.5 %

Share of non-Austrian citizens

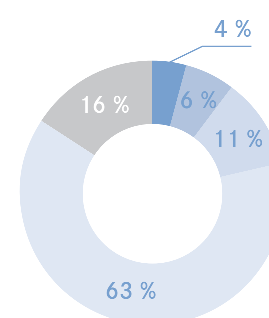
Ø Vienna	34.2 %	
1070	32.4 %	-1.8 %

Area distribution



- Construction zones (116.8 ha)
- Green areas incl. water (3.6 ha)
- Traffic areas (40.4 ha)

Age groups



- 0 to 5 years (1,346)
- 6 to 14 years (1,907)
- 15 to 24 years (3,507)
- 25 to 64 years (19,892)
- 65 years and older (4,929)

8., Josefstadt

Vienna's smallest district has proven to be particularly crisis resistant: The stock of investment properties is first-rate and the price level surprising stable. The district has virtually no weak locations, and the interest of local private investors in investment opportunities remains sound.

The investment property market in the Josefstadt, as seen from a long-term perspective, is characterised by great stability: Ownership changes are few and far between, many properties have been held by the same family for generations, and the transaction volume is manageable. With regard to price stability, this conclusion was again confirmed in 2023.

A stable price level and generally moderate transaction volume are two sides of the same coin: The unexciting 8th District had become more attractive to potential buyers than other submarkets under the current difficult conditions and raised considerable interest, especially on the part of conservative investors who are looking more towards value conservation than to short-term yields.

2023 was an exception with an unexpectedly high transaction volume. This is illustrated by a transaction at a top location in the Josefstadt, where a private Austrian buyer paid 4,000 Euros per square metre, largely with equity, for a property near the Laudongasse.

By no means would the current yield alone justify the price. The most important pricing factor for the Austrian private investor was more the excellent building substance, the prospects for long-term value appreciation, and the aesthetic quality of the building. In addition to pure economic aspects, the emotional component also plays an important role in the district's traditional, bourgeois residential areas.

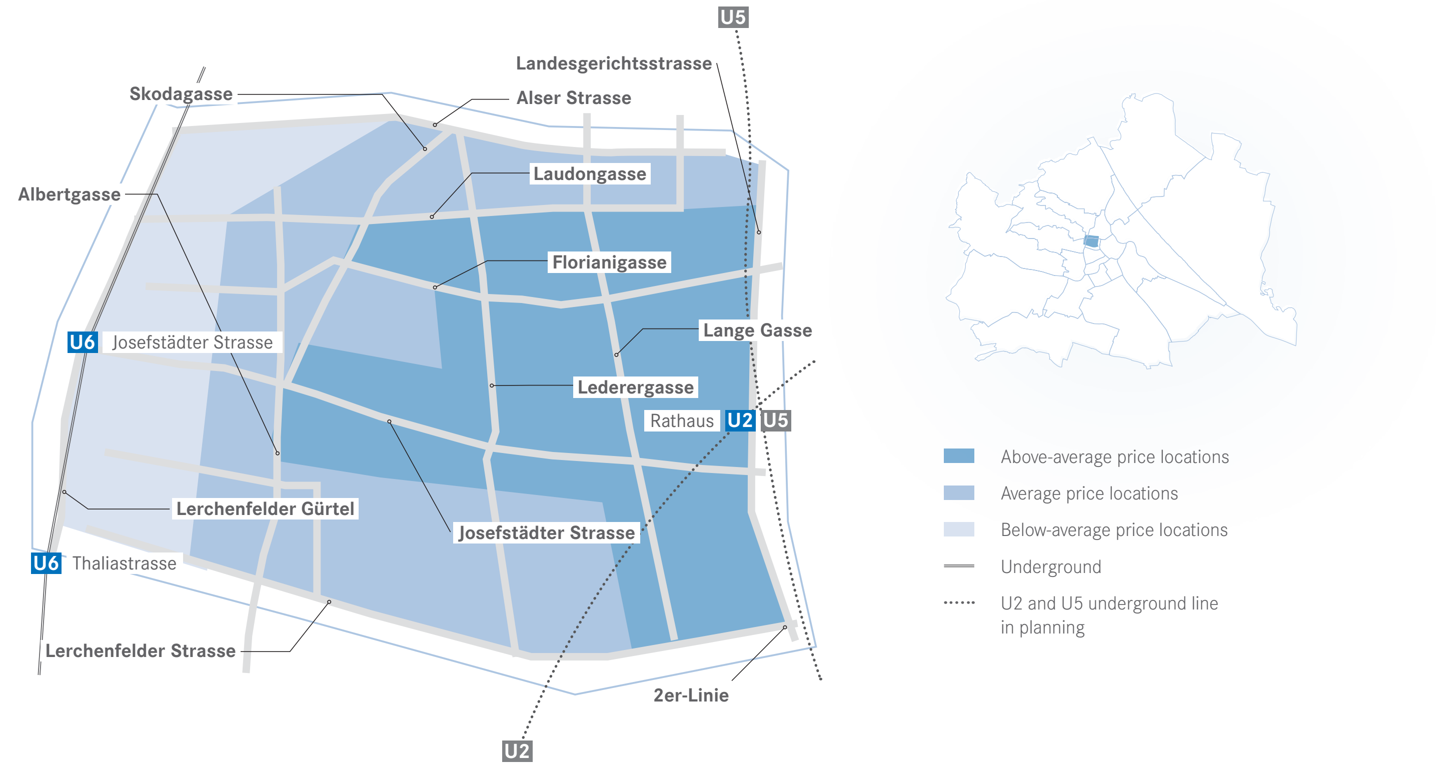
The high transaction volume in 2023 can only be seen as an exception, and a return to the moderate level of previous years is to be expected.

The high transaction volume in 2023 can only be seen as an exception, and a return to the moderate level of previous years is to be expected. Prices should remain clearly above the market average in the near term, but a renewed upturn would lead to under-average performance.

The completion of the U2/U5 expansion with the central station at Vienna's city hall will create a certain, but not particularly strong impulse for the central locations.

Josefstadt

Investment prop. prices	3,000 to 6,900 EUR/sqm
Yields	1.5 to 2.7 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.75
Offices	11.50 to 20.00
Retail space A locations	10 to 25
Retail space B locations	6 to 11



Demographic development

2023 24,674

2043 22,947 -7.0 %

Average net income

Ø Vienna € 24,992.-

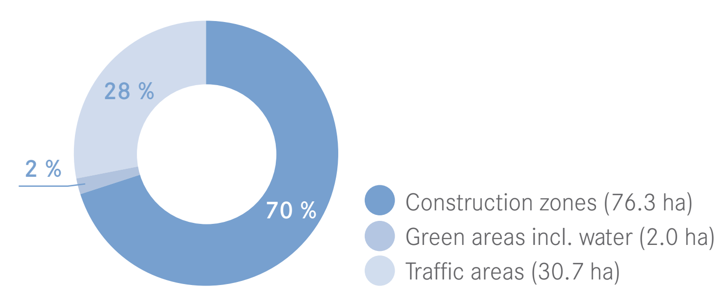
1080 € 28,488.- +14.0 %

Share of non-Austrian citizens

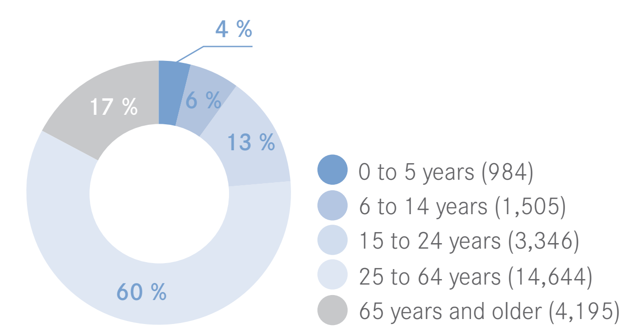
Ø Vienna 34.2 %

1080 33.1 % -1.1 %

Area distribution



Age groups



9., Alsergrund

The 9th District is traditionally among the leaders based on the number of transactions. The volume has, however, also declined dramatically here and had an influence on peak prices. The opening of the first U5 subway station and completion of the Althan Quarter should provide the necessary impulses for an upturn when the market recovers.

Alsergrund has the largest stock of 19th Century buildings among the centrally located districts. As a result, it traditionally ranks high based on the transaction volume. This standing did not change substantially, even in the difficult times during 2022 and 2023 when market activity was generally weaker.

The most expensive locations in the district can be found in close proximity to the 1st District near the Schottenring, where very large properties repeatedly appear on the market. Little movement was, however, visible in 2023.

Two urban development projects are important for this local investment property market: The U5 subway line will connect to Frankhplatz starting in 2026 and two additional stations – Arne-Karlsson-Park and the Michelbeuern hub – will be added one year later and further improve traffic connections for parts of the 9th District.

The gradual completion of the Althan Quarter with the overbuilding of Franz Josef Railway Station will also stimulate the adjoining residential areas.

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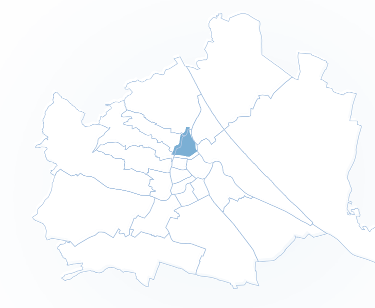
Alsergrund is one of the most popular residential locations in Vienna. It benefits from the dynamic development of the medical cluster surrounding Vienna General Hospital, the neighbouring university, and the many new jobs that will be created in the Althan Quartier. The U5 subway connections will also make the south-western section of the district more interesting, above all for developers.

Alsergrund

Investment prop. prices	2,500 to 5,200 EUR/sqm
Yields	1.9 to 3.0 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.55
Offices	11.50 to 24.00
Retail space A locations	11 to 28
Retail space B locations	6 to 12



Above-average price locations
Average price locations
Below-average price locations
Underground
U5 underground line in planning

Demographic development

2023	42,206	
2043	42,628	+1.0 %

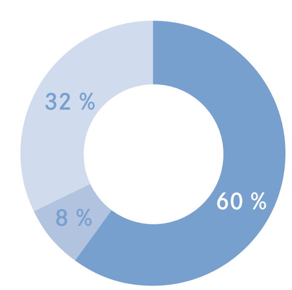
Average net income

Ø Vienna	€ 24,992.–	
1090	€ 27,518.–	+10.1 %

Share of non-Austrian citizens

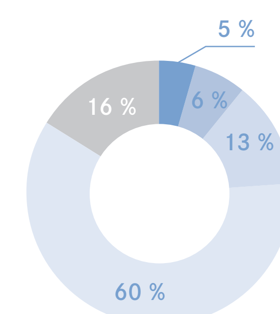
Ø Vienna	34.2 %	
1090	35.4 %	+1.2 %

Area distribution



Construction zones (179.4 ha)
Green areas incl. water (22.5 ha)
Traffic areas (94.9 ha)

Age groups



0 to 5 years (1,894)
6 to 14 years (2,689)
15 to 24 years (5,562)
25 to 64 years (25,354)
65 years and older (6,707)

10., Favoriten
11., Simmering

The prices for investment properties in Favoriten, Vienna‘s most populous district, and in the neighbouring Simmering have declined substantially since 2022 together with a general weakening of investor interest. The area surrounding the new Central Railway Station represents an exception with its comparatively good development.

The investment property market in Favoriten with its impressive building stock initially shifted into the focal point of investors during the boom phase that characterised the years shortly before 2020. This situation has changed fundamentally in the current difficult market environment, and the 10th District no longer plays a role in evaluations by potential buyers. Prices have declined much stronger than the Vienna average and are now not only lower than the peak values from the beginning of 2022 but also clearly below the 2020 and 2021 levels.

The few transactions which closed in 2023 support these findings. One property each in the Senefeldergasse and Schröttergasse, both near the Favoritenstrasse and relatively far outside the city centre, were sold for square metre prices of almost 1,950 Euros and 1,575 Euros, respectively. In Simmering, a property in the Hauffgasse sold for less than 2,000 Euros per square metre despite its close proximity to the subway and rapid transit railway. The absence of buyers is notable, even under these conditions. The market in these districts can be expected to recover later than in other, less peripheral districts. This is explained by the business model – demolish/rebuild – which currently prevails in Favoriten. It is reflected in a general lack of interest, while investors and developers who are still active can find sufficient opportunities in other areas of the city.

The major exception from the difficult overall situation in these two districts is the area surrounding the Central Railway Station and the Sonnwend Quarter. Prices here are significantly higher and reflect inner city levels, but only in the immediate surrounding area. The positive influence of the booming Central Railway Station quarter disappears only a few hundred metres away.

Commitments in Favoriten und Simmering require a much longer time horizon. These two districts are definitely interesting for the long term because they are much closer to the city centre than Floridsdorf or Donaustadt. In addition, new construction projects in Favoriten can frequently be realised on previously sealed ground at comparatively favourable land prices.

Favoriten

Investment prop. prices	1,200 to 3,900 EUR/sqm
Yields	2.8 to 4.1 %

Monthly rents (net) in EUR/sqm

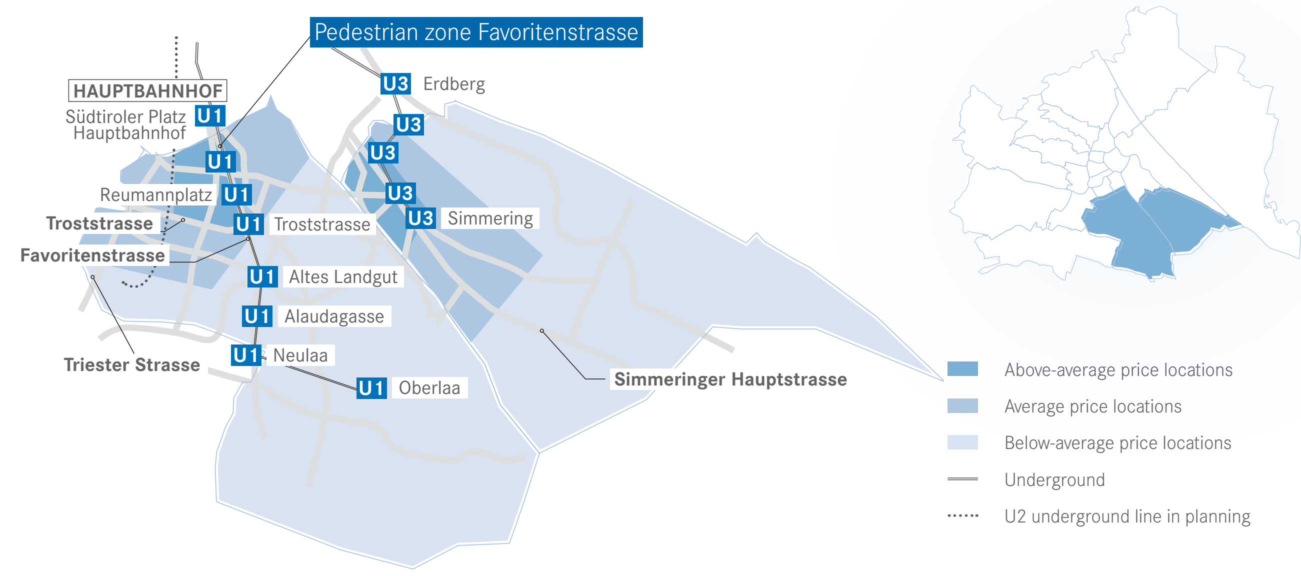
Apartments	Ø 12.75
Offices	10.50 to 23.00
Retail space A locations	15 to 55
Retail space B locations	5 to 12

Simmering

Investment prop. prices	1,500 to 2,200 EUR/sqm
Yields	3.0 to 4.3 %

Monthly rents (net) in EUR/sqm

Apartments	Ø 11.90
Offices	10.00 to 15.00
Retail space A locations	11 to 25
Retail space B locations	5 to 9



Demographic development

1100 | 2023	218,415	
1100 | 2043	263,190	+20.5 %
1110 | 2023	109,038	
1110 | 2043	129,319	+18.6 %

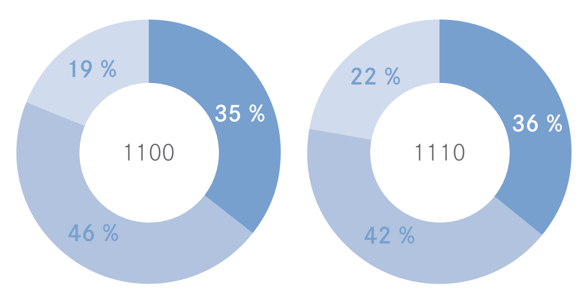
Average net income

Ø Vienna	€ 24,992.–	
1100	€ 21,487.–	-14.0 %
1110	€ 22,629.–	-9.5 %

Share of non-Austrian citizens

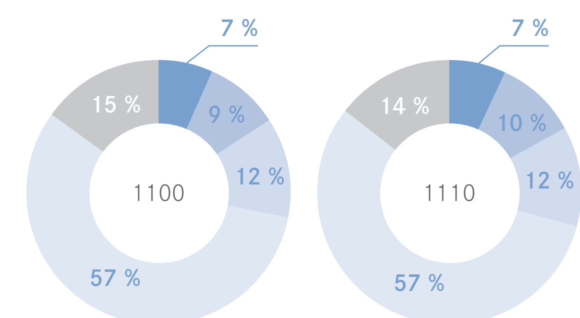
Ø Vienna	34.2 %	
1100	42.3 %	+8.1 %
1110	35.0 %	+0.8 %

Area distribution



- Construction zones (1,119.1 ha | 850.5 ha)
- Green areas incl. bodies of water (1,469.5 ha | 972.7 ha)
- Traffic areas (594.2 ha | 502.5 ha)

Age groups



- 0 to 5 years (14,739 | 7,633)
- 6 to 14 years (20,285 | 11,064)
- 15 to 24 years (26,393 | 13,154)
- 25 to 64 years (124,273 | 61,678)
- 65 years and older (32,725 | 15,509)

12., Meidling

Meidling has been relatively successful compared with the other beltway districts. Good transport connections, close proximity to Schönbrunn Palace, the increasing importance of Meidling Railway Station and the growing attractiveness of lively urban quarters have been the key to steady and strong demand and lead to expectations of a faster market recovery than in other outlying districts.

The 12th District recorded particularly dynamic growth during the boom years on the Vienna investment property market and, similar to other beltway districts, is now under greater pressure in the current weak phase. Hopes for improvement in the future are supported by numerous factors that sustainably strengthen the district and lead to brighter prospects for the medium and long term.

First on the list of these factors are the excellent transport connections. With the U4 and U6 subway lines and rapid transit railway, Meidling can offer several high-quality connections to the public transportation network. Long-distance rail traffic is also booming and strengthens the importance of Meidling as the "Second Central Railway Station".

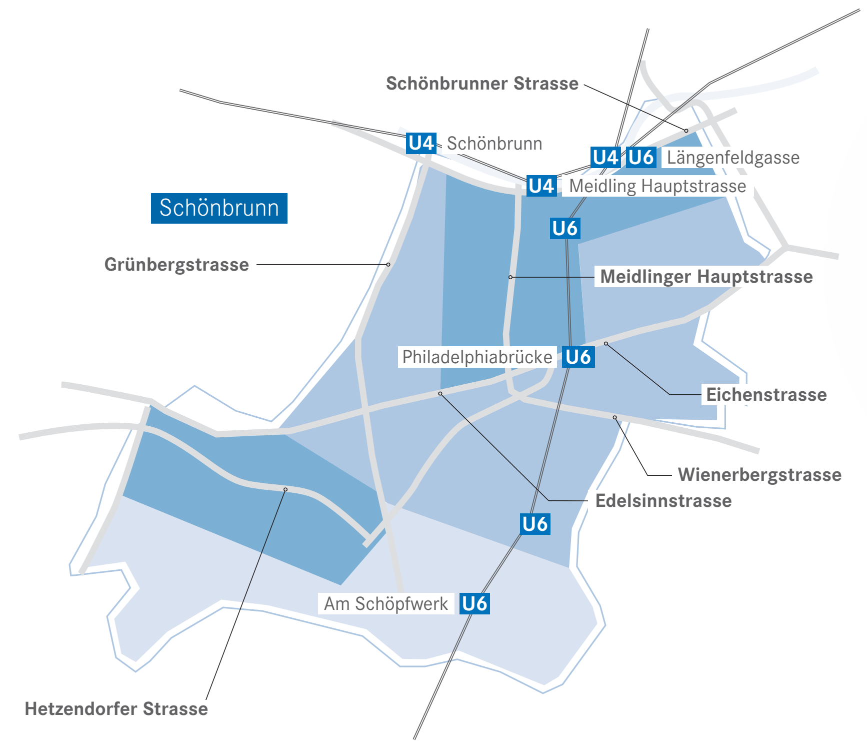
The list of supporting factors continues with several major, recently completed construction projects. The "Vio Plaza" adjacent to the Meidling U4 underground station includes 22,000 square metres of offices, a 10,000 square metre shopping arcade and roughly 170 apartments. Plans for the urban development area along the Eichenstrasse include high-quality residential projects as well as the new headquarters of the Central European University (CEU). The planned CEU has led to the realisation of creative gastronomy concepts like the Gleisgarten, a huge "food hall" with a diverse culinary offering. Close proximity to the green areas at Schönbrunn Palace is another plus point for the district's western areas.

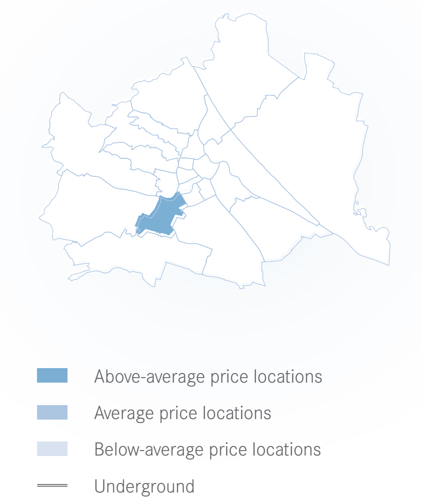
The largest transaction in 2023 was recorded on the Tichtelgasse between the beltway and Längenfeldgasse. At 3,100 Euros per square metre, it was an impressive price paid for a location outside the beltway. The trendy areas with their high-quality local shops and diverse urbane life, for example near the Meidling Market, are especially popular with apartment seekers and potential investment property owners. These neighbourhoods offer good perspectives for value appreciation, in particular through the sale of condominiums in connection with a future general market recovery.

The trendy areas with their high-quality local shops and diverse urbane life, for example near the Meidling Market, are especially popular with apartment seekers and potential investment property owners.

Meidling

Investment prop. prices	1,500 to 3,300 EUR/sqm
Yields	2.9 to 3.9 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.50
Offices	10.50 to 19.50
Retail space A locations	12 to 30
Retail space B locations	5 to 10





Demographic development

2023 100,281

2043 109,707 +9.4 %

Average net income

Ø Vienna € 24,992.-

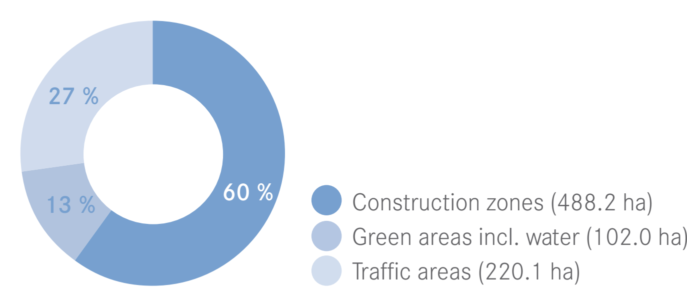
1120 € 22,485.- -10.0 %

Share of non-Austrian citizens

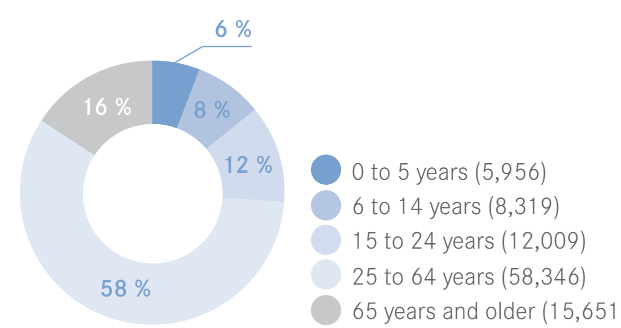
Ø Vienna 34.2 %

1120 38.8 % +4.6 %

Area distribution



Age groups



13., Hietzing 23., Liesing

The small investment property market in Hietzing and Liesing is currently registering even fewer transactions than in earlier years. In contrast, the interest in historical villas at top locations remains unbroken, even though it is nearly impossible to realise the in part excessive asking prices.

The high-priced green district Hietzing has traditionally played a subsidiary role on the Vienna investment property market, but has become even less important than the long-term average. The few transactions completed in 2023 were located along the central traffic axes on Hietzinger Hauptstrasse, Lainzer Strasse and Maxingstrasse. There were practically no closings at secondary locations. Square metre prices were impressive at slightly above or slightly below 4,000 Euros. Given the low number of transactions, these prices in no way reflect the actual market level.

There is much greater interest in historical villas, which are found primarily at top locations in the Hietzinger Cottage and near the Gloriettegasse. These properties generally have a maximum of eight to twelve units and larger garden areas. Here, asking prices can approach 5,000 Euros per square metre, also because "collector's premiums" are accepted. The price level is reasonable from an economic standpoint, above all when apartments are vacant and can be sold – in these cases, the square metre prices can substantially exceed 7,000 Euros.

The Mauer and Rodaun areas in Liesing have a lower price level but also a functioning market for historical villas, mostly with local buyers and sellers. There were no notable transactions in 2023 on the less liquid investment property market in the Liesing and Atzgersdorf areas of the district.

The continuing, and generally growing, popularity of Hietzing as a residential district ultimately creates a solid basis for historical villas and investment properties. High-quality, refurbished 19th Century properties, in particular, can produce attractive margins – in other words, the difference between the price for the entire building and the condominiums – through the separation and sale of individual units.

Hietzing

Investment prop. prices	3,500 to 5,100 EUR/sqm
Renditen	1.8 to 2.9 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 14.20
Offices	10.50 to 16.50
Retail space A locations	15 to 30
Retail space B locations	5 to 11

Liesing

Investment prop. prices	2,000 to 3,300 EUR/sqm
Yields	2.7 to 3.7 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.65
Offices	10.50 to 15.50
Retail space A locations	10 to 18
Retail space B locations	5 to 10

Demographic development

1130 | 2023	55,568	
1130 | 2043	56,068	+0.9 %
1230 | 2023	117,882	
1230 | 2043	132,617	+12.5 %

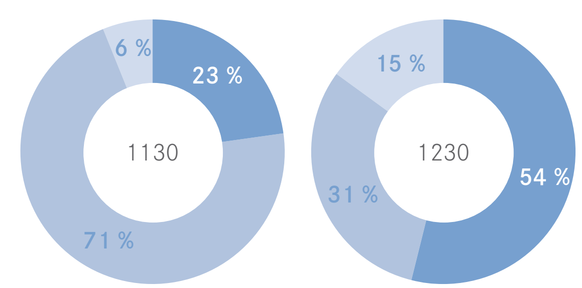
Average net income

Ø Vienna	€ 24,992.–	
1130	€ 31,719.–	+26.9 %
1230	€ 27,268.–	+9.1 %

Share of non-Austrian citizens

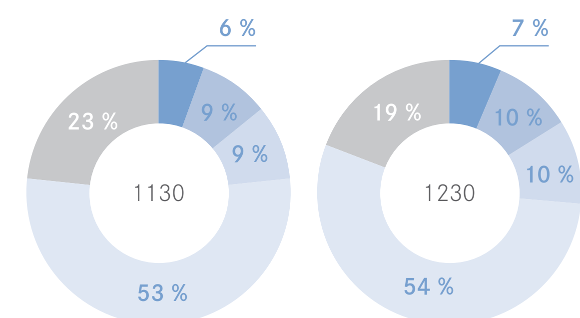
Ø Vienna	34.2 %	
1130	23.6 %	-10.6 %
1230	24.8 %	-9.4 %

Area distribution



- Construction zones (882.0 ha | 1,727.2 ha)
- Green areas incl. bodies of water (2,665.5 ha | 995.5 ha)
- Traffic areas (223.9 ha | 483.5 ha)

Age groups



- 0 to 5 years (3,098 | 7,826)
- 6 to 14 years (4,850 | 11,403)
- 15 to 24 years (5,156 | 11,888)
- 25 to 64 years (29,641 | 64,371)
- 65 years and older (12,823 | 22,394)

14., Penzing

The real estate market in the 14th District benefited from developers' interest in locations for new construction projects in the years immediately preceding the sharp rise in interest rates. The resulting collapse of development activity has also affected the investment property market, which has been confronted with a decline in volumes and prices.

Penzing is undoubtedly the hotspot for new residential construction among the western beltway districts. A few exciting examples of large-scale projects include the partial development of the Körner military barracks, BUWOG's Kennedy Garden on the former Siemens plant grounds, and the "Paul&Ina" at the former Salesiner headquarters on the Linzer Strasse which will be completed this year. A variety of smaller new construction projects followed in 2022 at sites where older buildings were demolished.

The setback in new construction has, as a result, had a particularly severe impact on the investment property market in the 14th District. A number of notable transactions closed in 2023, including the purchase of an investment property on the Linzer Strasse for 4,600 Euros per square metre or in the Goldschlagstrasse for a comparatively low-cost of 2,900 Euros per square metre. Nevertheless, the market volume and prices are definitely trending downward.

A market-acceptable yield of 3.5 per cent is currently only possible at entry prices of 2,000 to 2,500 Euros per square metre, but there are essentially no sellers in that range. The market will only return to earlier highs when the development business rebounds – and that will only be the case when there is an increasing demand for condominiums.

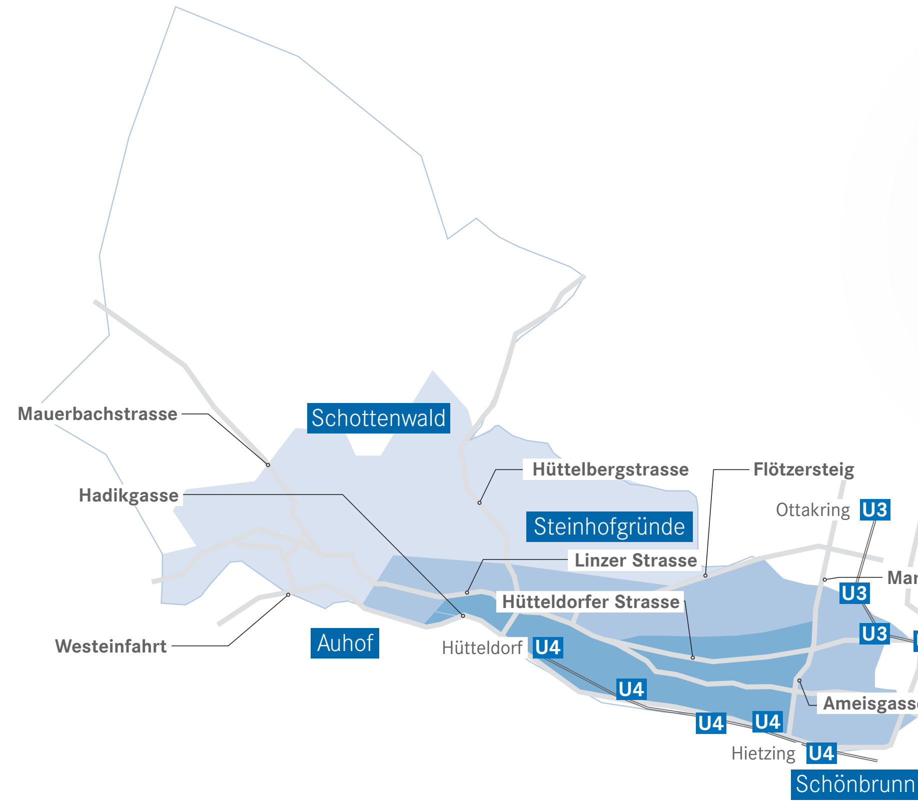
In areas with a good middle class social structure, the sale of apartments, in particular, can generate very good earnings and yields.

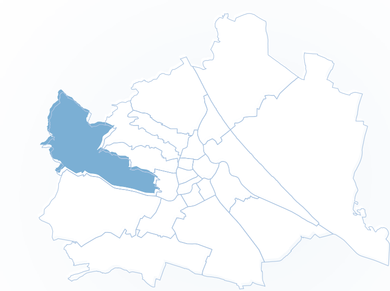
Penzing has numerous medium and long term location advantages – two subway lines, two rapid transit lines, the regional and long-distance railway station in Hütteldorf, close proximity to the autobahn and the recreational area in the Vienna Woods – which combine to create excellent perspectives for value appreciation.

In areas with a good middle class social structure like Altpenzing or with slight discounts like Baumgarten, the sale of apartments, in particular, can generate very good earnings and yields.

Penzing

Investment prop. prices	2,400 to 4,600 EUR/sqm
Yields	2.3 to 3.3 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 13.40
Offices	10.50 to 15.50
Retail space A locations	10 to 23
Retail space B locations	5 to 8





Demographic development

2023	96,828	
2043	100,120	+3.4 %

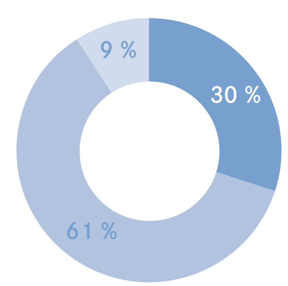
Average net income

Ø Vienna	€ 24,992.–	
1140	€ 26,571.–	+6.3 %

Share of non-Austrian citizens

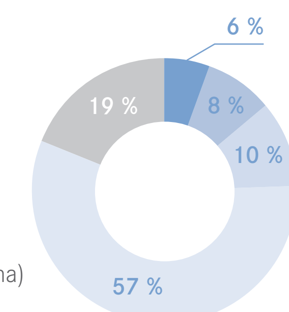
Ø Vienna	34.2 %	
1140	29.4 %	-4.8 %

Area distribution



- Construction zones (994.9 ha)
- Green areas incl. water (2,070.1 ha)
- Traffic areas (311.3 ha)

Age groups



- 0 to 5 years (5,467)
- 6 to 14 years (8,161)
- 15 to 24 years (10,157)
- 25 to 64 years (54,886)
- 65 years and older (18,157)

15., Rudolfsheim-Fünfhaus

The current weak phase on the investment property market is particularly pronounced in the 15th District, and the absence of prospective buyers has recently been reflected in substantial price discounts. However, close proximity to the city centre, the redesign of the West Railway Station grounds, and planned traffic calming along the Outer Mariahilfer Strasse should have a positive influence over the longer term.

Rudolfsheim-Fünfhaus was a hidden gem on the investment property market in Vienna for many years due to the benefits provided by its steady transformation from a social flashpoint into a district with increasingly attractive residential areas. This upward trend has, however, stopped and been followed by a particularly strong decline in transaction volumes and prices.

Prices ranging from 2,900 to 4,900 Euros per square metre were possible up to 2022, but a property in the Flachgasse sold for less than 1,700 Euros in 2023. A transaction at the traffic intersection on the Sechshauser Strasse brought roughly 2,050 Euros per square meter, and even at good locations, five minutes from the U3 subway station at the Schweglergasse and even closer to the recreational area on the Schmelz, only about 2,400 Euros per square metre were realised.

In addition to the general market trend, the reasons for this downturn are to be found in the district itself. Expectations that the IKEA store at the West Railway Station would trigger the start of an upturn in the Outer Mariahilfer Strasse have not been met to date. The closing of the neighbouring Sports Direct (formerly Sports Eybl) is an indication of the substantial challenges currently facing the stationary retail trade. The implementation of new functions for the massive West Railway Station grounds, which will fundamentally change the district, will apparently take longer than planned. Two positive factors are the acceptance of the many hotels and hostels which have appeared near the West Railway Station and the additional projects currently under development.

The basically excellent future prospects remain intact despite the current weak phase: The district is very close to the city centre and the subway and rapid transit railway guarantee optimal connections to the public transportation network.

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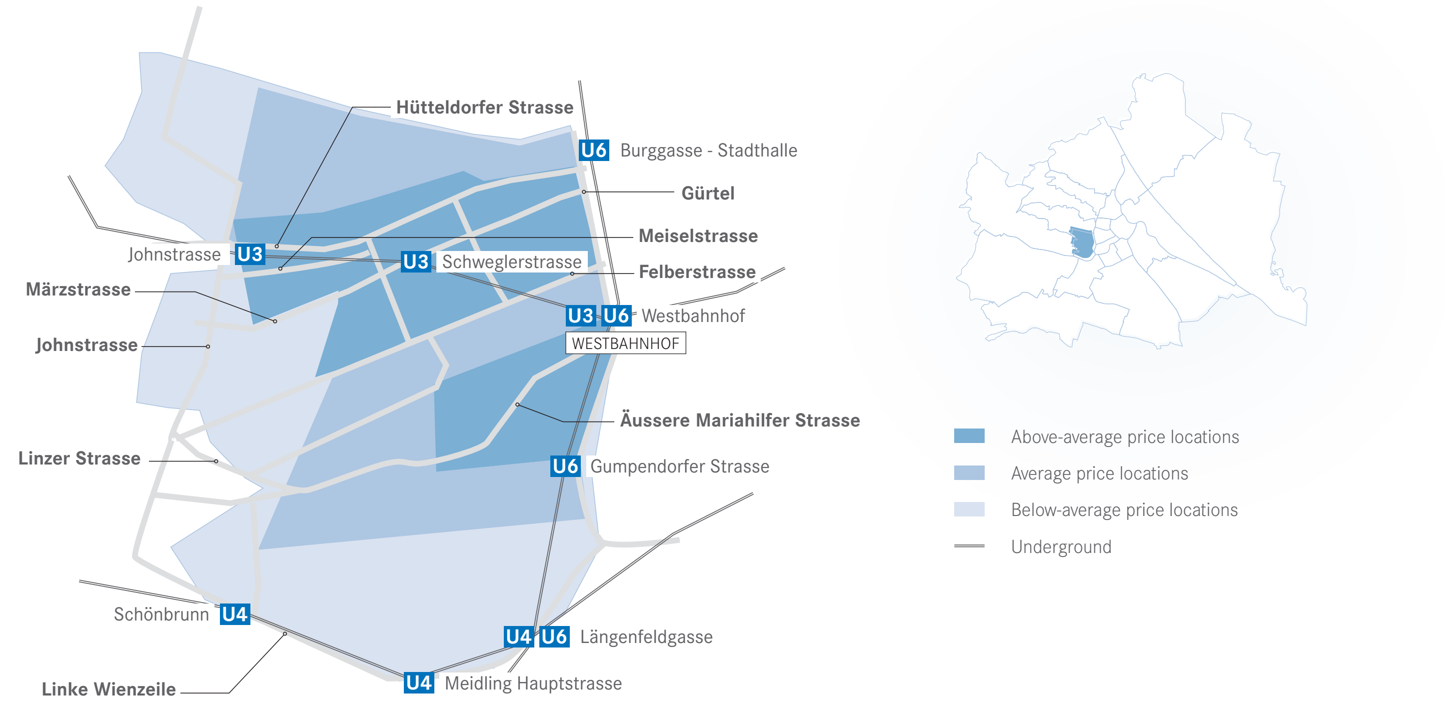
Construction started this year on the planned transformation of the Outer Mariahilfer Strasse (greening, bicycle lane, broad sidewalks etc.). The re-design of the West Railway Station grounds may take longer than hoped but, in the end, will be completed and upgrade practically the entire district as a residential area and investment target.

Rudolfsheim-Fünfhaus

Investment prop. prices	1,700 to 4,400 EUR/sqm
Yields	2.5 to 3.6 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.45
Offices	10.50 to 14.50
Retail space A locations	10 to 25
Retail space B locations	5 to 9



Demographic development

2023	76,109	
2043	77,479	+1.8 %

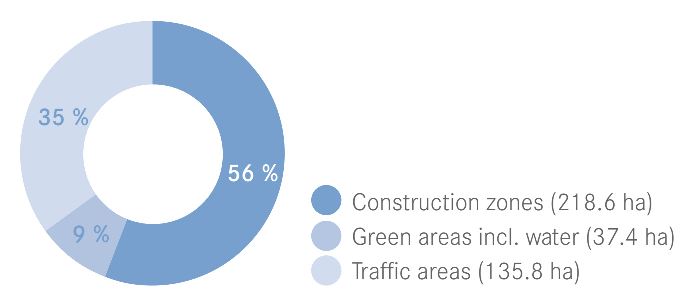
Average net income

Ø Vienna	€ 24,992.-	
1150	€ 20,866.-	-16.5 %

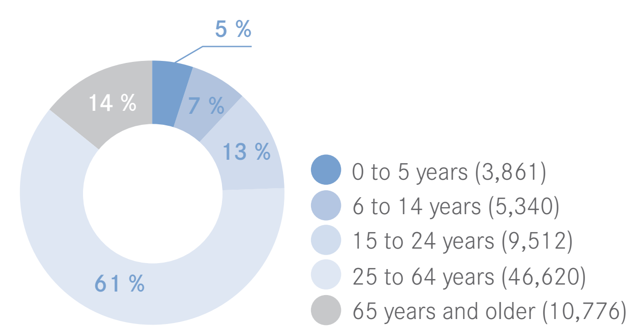
Share of non-Austrian citizens

Ø Vienna	34.2 %	
1150	44.5 %	+10.3 %

Area distribution



Age groups



16., Ottakring

Transaction activity has also slowed considerably in Ottakring, the district with the largest stock of 19th Century investment properties in Vienna. The strong demand for properties with development potential, especially up to 2022, has been followed by a phase with few potential buyers. The interest is greater for smaller investment properties and historical villas near the Wilhelminenberg.

The investment property market in the 16th District was characterised for more than a decade by the development of 19th Century buildings in need of renovation and with a potential for expansion. There were also numerous demolition/new construction projects. Both business models are currently under heavy pressure. This has led in part to substantial price declines, in some cases to the 2020 level, and to very weak transaction activity. There are few investors on the market at the present time – but they expect yields of roughly 3.5 per cent, which leads to further pressure on prices.

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The limited number of investment property transactions in 2023 were located in the core zones of the Ottakringer Market: In or directly near the Thaliastrasse, properties in the Klausgasse and Kirchstetterngasse each sold for 2,300 Euros per square metre, while a smaller house close to the Ottakring subway and rapid transit railway station changed hands for a substantially higher price (which is not at all representative of the market). Two further deals were concluded near the popular Yppenplatz/Brunnenmarkt residential areas at slightly higher square metre prices.

The smaller secondary market for historical villas in the green areas bordering the Vienna Woods (Gallitzinstrasse/Wilhelminenberg) has proven to be more stable. Here, developers have recently refurbished properties in line with high-quality green building standards.

Positive impulses for Vienna's most populous beltway district are not to be expected over the short term.

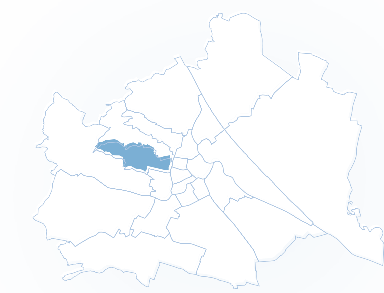
A sustainable market recovery can only be expected when there is an increase in demand on the investment market and developers begin to search for locations to realise their new construction projects.

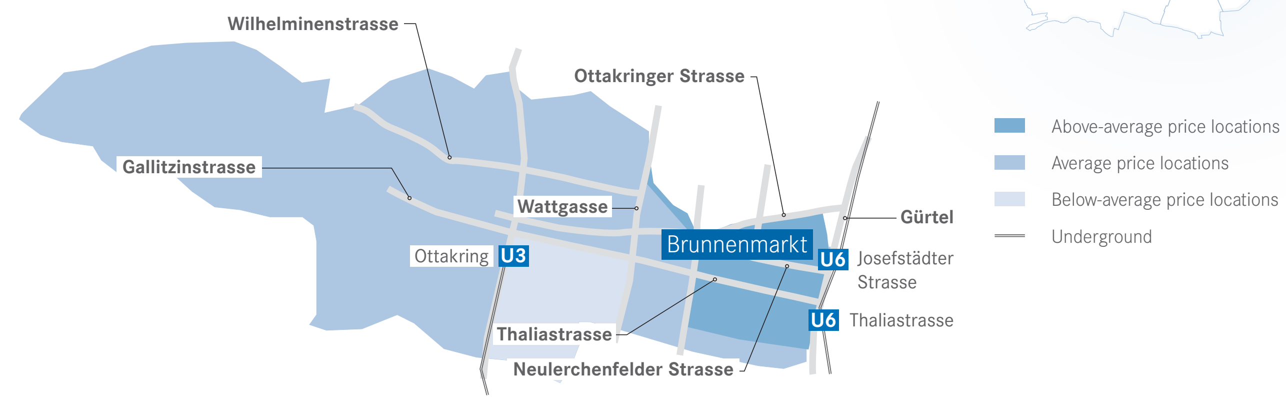
Ottakring

Investment prop. prices	1,400 to 3,800 EUR/sqm
Yields	2.7 to 3.8 %

Monthly rents (net) in EUR/sqm

Apartments	Ø 12.85
Offices	10.50 to 16.50
Retail space A locations	10 to 20
Retail space B locations	5 to 9





Demographic development

1160 | 2023	102,444	
1160 | 2043	104,595	+2.1 %

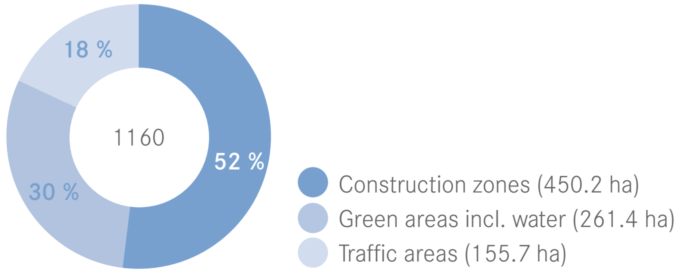
Average net income

Ø Vienna	€ 24,992.–	
1160	€ 22,345.–	-10.6 %

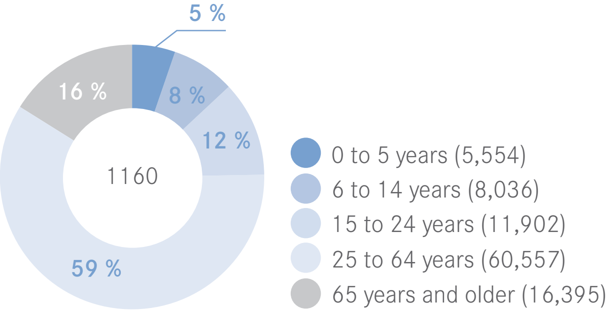
Share of non-Austrian citizens

Ø Vienna	34.2 %	
1160	39.6 %	+5.4 %

Area distribution



Age groups



17., Hernals

The investment property market in Hernals can be considered the smaller twin of the neighbouring, larger Ottakring. The 17th District has, however developed better, also but not only due to the future subway connections created by the U5 line.

Based on population, Hernals is one of the smaller outlying districts but it does have a relatively large stock of investment properties. The transaction volume is, in general, slightly lower than the larger districts. Hernals was unable to disengage from the downward market trend that took hold in 2022, but the decline in transaction volume and prices was less severe.

The current price level for standard properties with a normal market tenant structure was marginally lower than the previous year and normally ranged from 2,000 to 2,500 Euros per square metre in the first quarter of 2024.

The current price level for standard properties with a normal market tenant structure was marginally lower than the previous year and normally ranged from 2,000 to 2,500 Euros per square metre in the first quarter of 2024. Prices of slightly below 2,700 Euros per square metre were realised in 2023 on sales in the Nattergasse and Veronikagasse, while a very impressive 3,340 Euros per square metre was paid for a 19th Century property in the Bergsteiggasse.

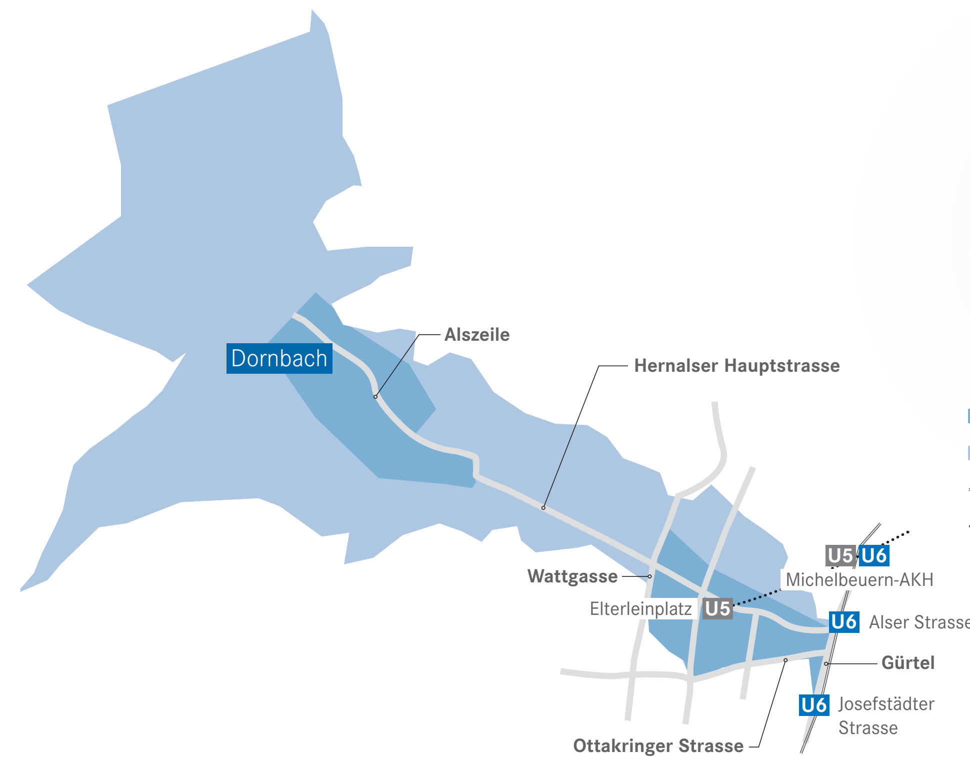
The 4,100 Euros per square metre paid for a property on Leopold-Kunschak-Platz, near the noble Dornbach suburb, must be seen as an exception. It shows, however, that higher prices will be accepted in very attractive residential areas. Individual properties can also bring a certain "collector's bonus". This applies to properties in the green, more expensive residential areas like Dornbach, Schafberg and Predigtstuhl as well as the area near the Kutschker Market, the most popular neighbourhood in the 17th District.

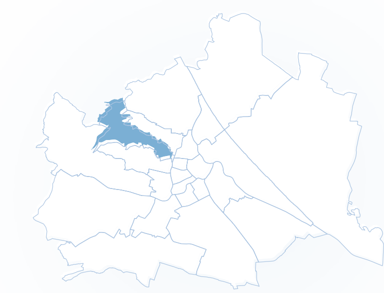
The Postsportplatz new construction project has been halted, at least temporarily. It would create up to 1,000 apartments and generate valuable impulses for the local investment property market. There has recently been little activity in the area surrounding the U5 subway station at Elterleinplatz. This will, however, change dramatically when the market recovers and developers will be able to calculate with substantially higher prices than at other Hernals locations.

The U5 subway line will significantly improve transport connections for the entire district, and the positive influence on the real estate market and prices will increase as the start of operations nears.

Hernals

Investment prop. prices	1,900 to 5,100 EUR/sqm
Yields	2.2 to 3.4 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.90
Offices	10.50 to 15.00
Retail space A locations	10 to 15
Retail space B locations	5 to 9





Demographic development

1170 | 2023	56,033	
1170 | 2043	56,537	+0.9 %

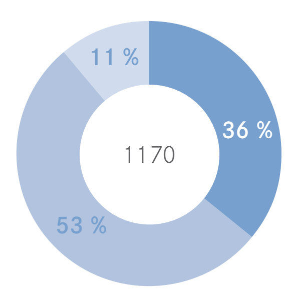
Average net income

Ø Vienna	€ 24,992.–	
1170	€ 23,891.–	-4.4 %

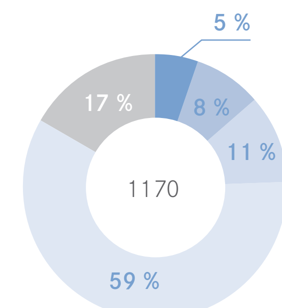
Share of non-Austrian citizens

Ø Vienna	34.2 %	
1170	36.2 %	+2.0 %

Area distribution



Age groups



18., Währing
19., Döbling

The transaction volume in these two high-priced districts has declined substantially, but the price level has remained relatively stable. Döbling, in particular, was the site of several transactions at remarkable prices in 2023, and the market for historical villas has remained surprisingly crisis resistant.

Although the investment property locations in the 18th and 19th District are as densely developed as other beltway districts, they benefit significantly from the prestige and social structure of these two traditional green areas and, consequently, have a significantly higher price level.

The price differential to the neighbouring districts has recently increased because a significant part of the building stock has been under family ownership (and largely unencumbered) for a long time. Properties that come on the market are normally purchased by local parties who are prepared to accept prices that would make little sense under pure economic aspects, at least over the short term.

The 18th District on the Währinger Strasse and the 19th District in the Pyrkergasse were each the location for a property sale at roughly 5,300 Euros per square metre in 2023.

The absolute top value was recorded by a larger property in Döbling at the Haitzingergasse at slightly over 6,500 Euros per square metre. An investment property in the Obkirchergasse also brought an excellent price of 5,170 Euros per square metre

The Döbling and Währing suburbs like Gersthof, Pötzleinsdorf and the Cottage with its historical villas has proved to be even more crisis resistant. Practically no owners are under pressure to sell, and transactions are cancelled before significant price declines compared with the 2021 highs are accepted.

Large sections of Döbling and Währing are among the most popular residential areas in Vienna. That will safeguard the high price level on the investment property market over the long term, and prices will tend to increase earlier here than on the market as a whole.

Währing

Investment prop. prices	2,400 to 6,500 EUR/sqm
Yields	1.9 to 2.9 %

Monthly rents (net) in EUR/sqm

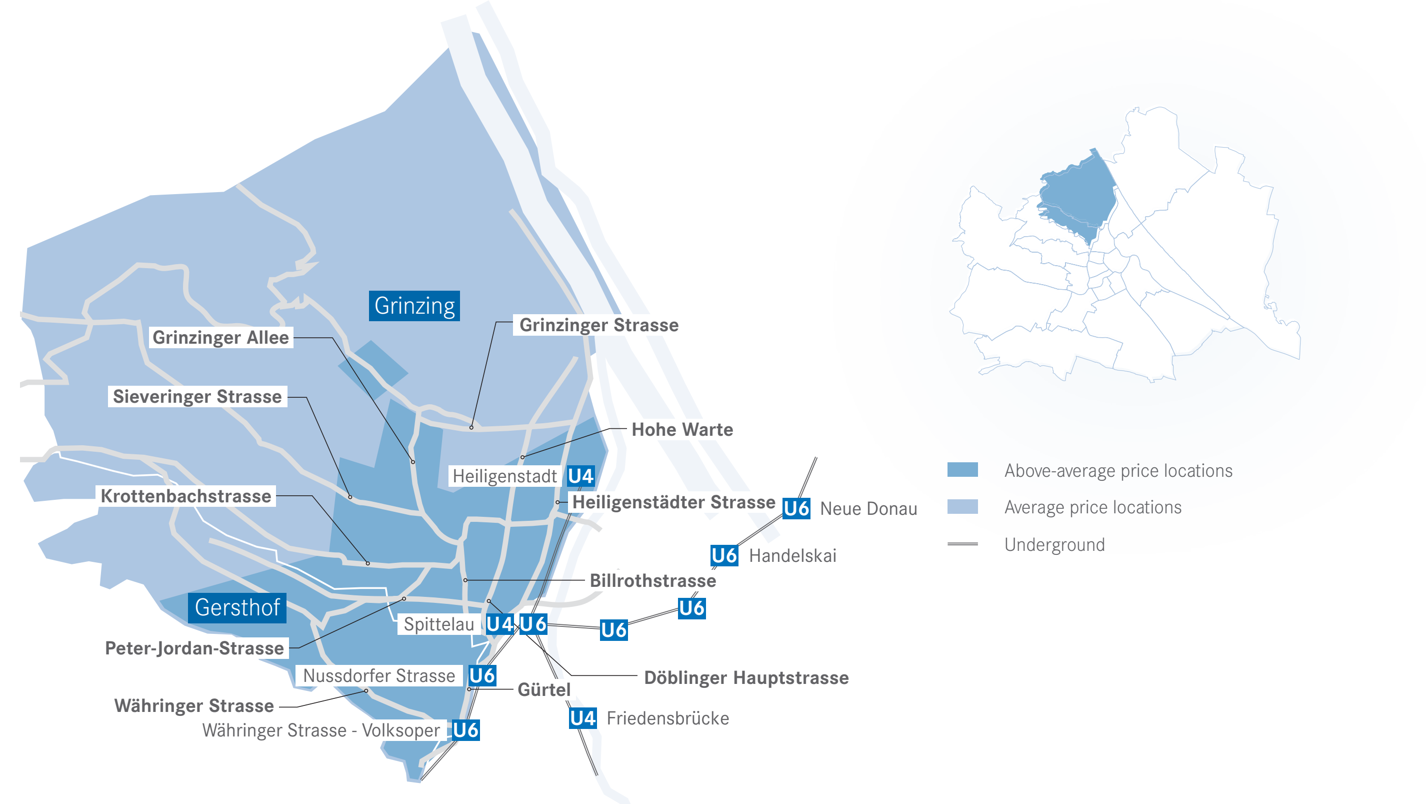
Apartments	Ø 14.35
Offices	10.50 to 15.50
Retail space A locations	15 to 35
Retail space B locations	5 to 10

Döbling

Investment prop. prices	3,200 to 6,500 EUR/sqm
Yields	1.9 to 2.8 %

Monthly rents (net) in EUR/sqm

Apartments	Ø 14.65
Offices	10.50 to 20.50
Retail space A locations	15 to 30
Retail space B locations	6 to 11



Demographic development

1180 | 2023	51,559	
1180 | 2043	51,714	+0.3 %
1190 | 2023	75,517	
1190 | 2043	78,915	+4.5 %

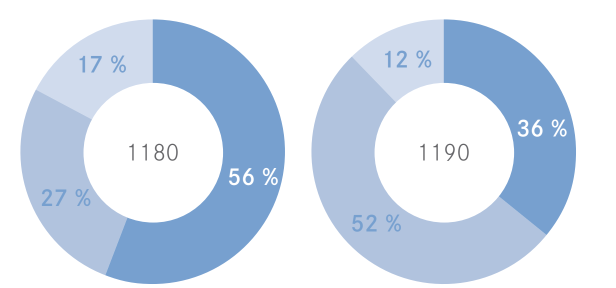
Average net income

Ø Vienna	€ 24,992.–	
1180	€ 28,751.–	+15.0 %
1190	€ 29,903.–	+19.7 %

Share of non-Austrian citizens

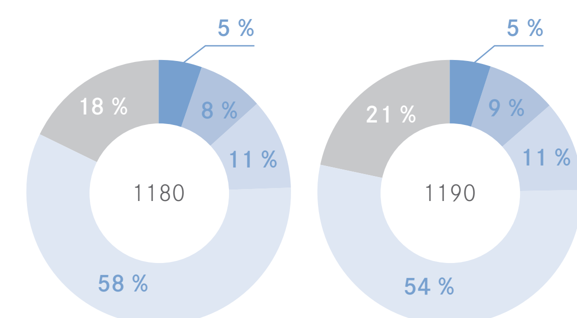
Ø Vienna	34.2 %	
1180	29.9 %	-4.3 %
1190	29.4 %	-4.8 %

Area distribution



- Construction zones (356.3 ha | 906.3 ha)
- Green areas incl. bodies of water (171.3 ha | 1,301.0 ha)
- Traffic areas (107.1 ha | 287.1 ha)

Age groups



- 0 to 5 years (2,851 | 3,941)
- 6 to 14 years (4,178 | 6,533)
- 15 to 24 years (5,668 | 8,299)
- 25 to 64 years (29,788 | 40,517)
- 65 years and older (9,074 | 16,227)

21., Floridsdorf
22., Donaustadt

The residential property market in the districts east of the Danube River is heavily influenced by large-scale new construction. Investment properties are purchased, above all for demolition/new construction or for integration in larger development projects. The weakness on the new construction market has also brought transactions in investment properties to a standstill here.

East of the Danube, there is only one relatively small investment property market. The limited number of properties are spread over several locations in the Floridsdorf and Donaustadt districts, and the quality of the building stock is rather average. These two districts have therefore always played a secondary role on the investment property market in Vienna.

The gap to the traditional investment property locations on the other side of the Danube River continued to increase in 2023. New residential construction – which serves as the most important market driver through the demolish/rebuild strategy – has faltered considerably. Consequently, there have essentially been no transactions.

The upper price limit for standard investment property sales currently lies at roughly 2,000 Euros per square metre, which represents an above-average reduction compared with the previous highs. No investment property sales were recorded in the 22nd District (Donaustadt) during 2023, and the only notable transactions in the 21st District (Floridsdorf) were two properties close to the Floridsdorfer Spitz. In the Angerer Strasse, 2,071 Euros per square metre were realised, in the Immengasse 1,824 Euros per square metre. This also reflects previous experience, where buyers' interest was concentrated primarily on locations close to major intersections in the public transportation network. In addition to the Floridsdorfer Spitz, this applies to the Brünner and Prager Strasse in the 21st District and to locations surrounding the Kagraner Platz in the 22nd District. Close proximity to the Alte Donau recreational area is a further incentive for potential investors.

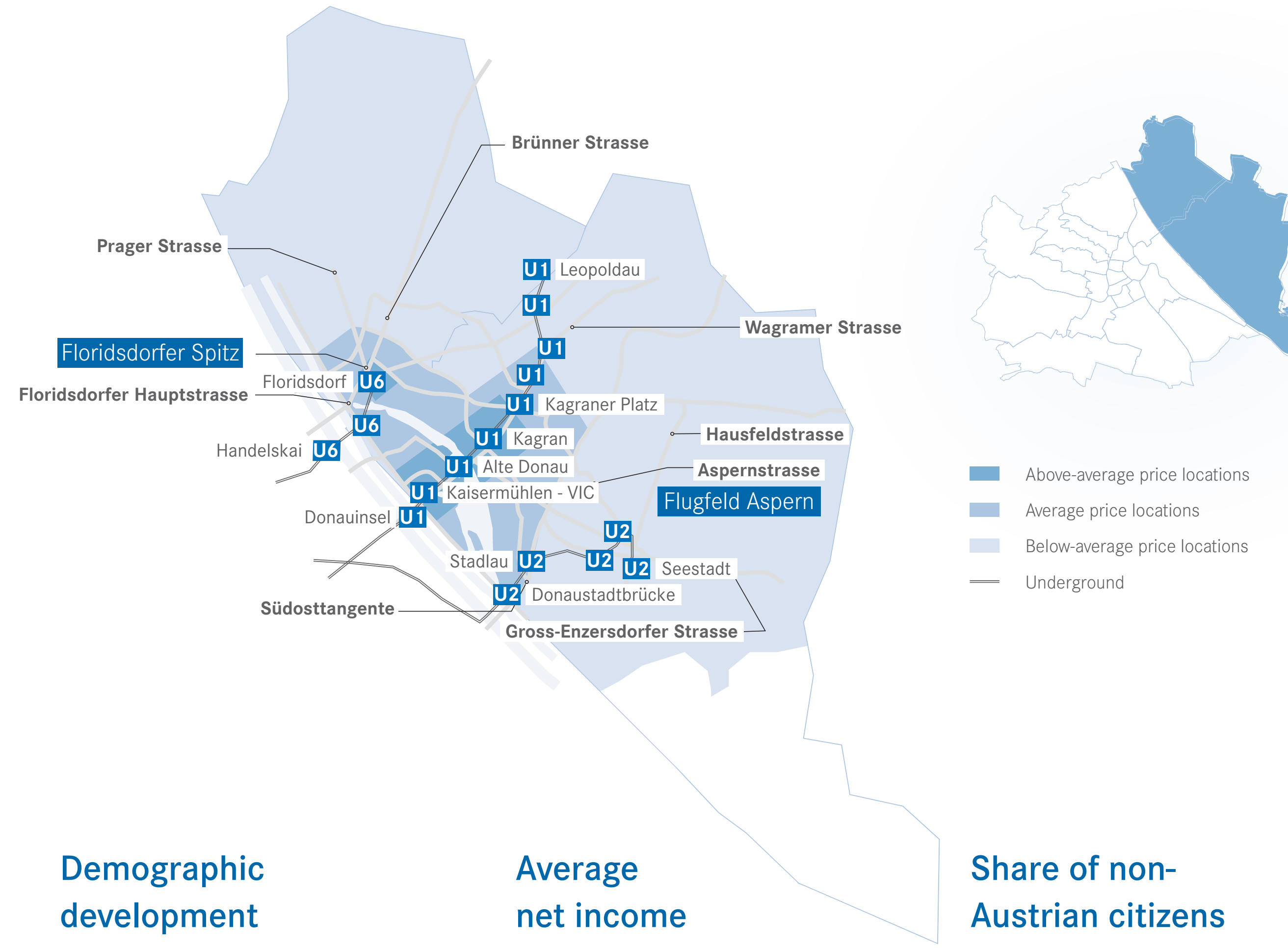
The investment property market in Floridsdorf and Donaustadt will also be driven by new construction in the future because the demolish/rebuild strategy normally offers the better economic perspectives. The growing resistance to the sealing of undeveloped areas could make the use of former commercial properties more attractive for new construction projects.

Floridsdorf

Investment prop. prices	1,800 to 2,400 EUR/sqm
Yields	3.1 to 4.0 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.25
Offices	10.50 to 17.50
Geschäftslokale A-Lagen	10 to 20
Retail space B locations	5 to 10

Donaustadt

Investment prop. prices	1,700 to 2,600 EUR/sqm
Yields	3.1 to 4.0 %
Monthly rents (net) in EUR/sqm	
Apartments	Ø 12.10
Offices	10.50 to 22.00
Retail space A locations	10 to 25
Retail space B locations	6 to 9



Demographic development

1210 | 2023	183,895	
1210 | 2043	214,973	+16.9 %
1220 | 2023	212,658	
1220 | 2043	311,331	+46.4 %

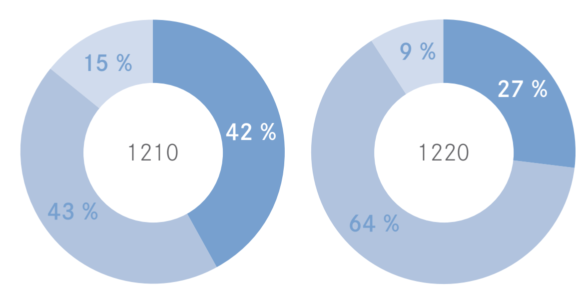
Average net income

Ø Vienna	€ 24,992.–	
1210	€ 24,381.–	-2.4 %
1220	€ 26,722.–	+6.9 %

Share of non-Austrian citizens

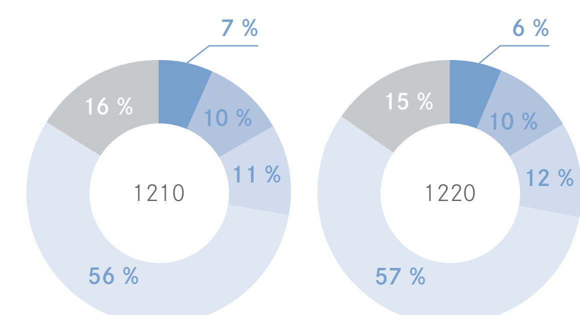
Ø Vienna	34.2 %	
1210	29.8 %	-4.4 %
1220	26.1 %	-8.1 %

Area distribution



- Construction zones (1,885.7 ha | 2,755.4 ha)
- Green areas incl. bodies of water (1,913.5 ha | 6,503.1 ha)
- Traffic areas (645.2 ha | 971.5 ha)

Age groups



- 0 to 5 years (12,680 | 13,657)
- 6 to 14 years (18,159 | 21,586)
- 15 to 24 years (20,453 | 24,359)
- 25 to 64 years (103,047 | 121,004)
- 65 years and older (29,556 | 32,052)

Data sources

The data for this EHL Investment Property Market Report was compiled by the EHL Research Department, in part with the use of basic data from IMMOunited, unless indicated otherwise. The average apartment rent by district was based on the data for new rentals in 2021 (first-time occupancy and rental of existing space) which are subject to the partial application of the Austrian Tenancy Act ("Mietrechtsgesetz") for properties built after 1945.

Other important data (demographic data, distribution of space in the districts, income, population forecasts) were supplied by Municipal Department 23 (Economics, Labour and Statistics) of the City of Vienna or drawn from the Statistical Yearbook of the City of Vienna, Issue 2023.

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