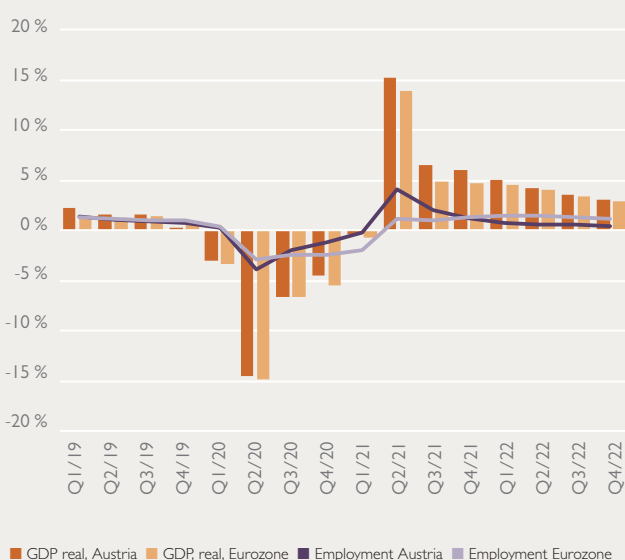


Market Tracker Residential Austria 2020

Economic outlook - strong fiscal policy supports the recovery

After a record GDP fall of 12.1% in the second quarter, the economic activity is bouncing back strongly, but rising infection rates threaten the recovery in the short term. The government's quick reaction with a large emergency fund of €38 bn (equal to about 10% of GDP) is cushioning the negative effects of the crisis, while salary compensation prevents massive lay-offs. About 29% of the workforce was on short-time working at the end of April. Improving business and consumer confidence confirm the current recovery, although the high value-added share of tourism and hospitality in the country increases the negative impacts of new containment measures.

FIG. 1: ECONOMIC FORECAST



Source: Catella Research, Oxford Economics

Residential market appears to be crisis-resistant

The residential market in Austria is nearly completely unaffected by the pandemic. According to OeNB, the general upward trend in residential property prices remains strong, with an increase of 5.2% in the second (COVID) quarter. In the third quarter, price dynamics accelerated further and confirmed with a plus of 9.5% the ongoing high demand for residential assets. At 13.8%, the growth rate for single-family homes is strongest compared to the previous year, partly due to the pandemic. The volume of housing loans slowed down in the first half of the year. The ongoing expansionary monetary policy puts pressure on long-term interest levels and ensures sufficient liquidity in the market. Overall, no decline in housing demand can be observed.

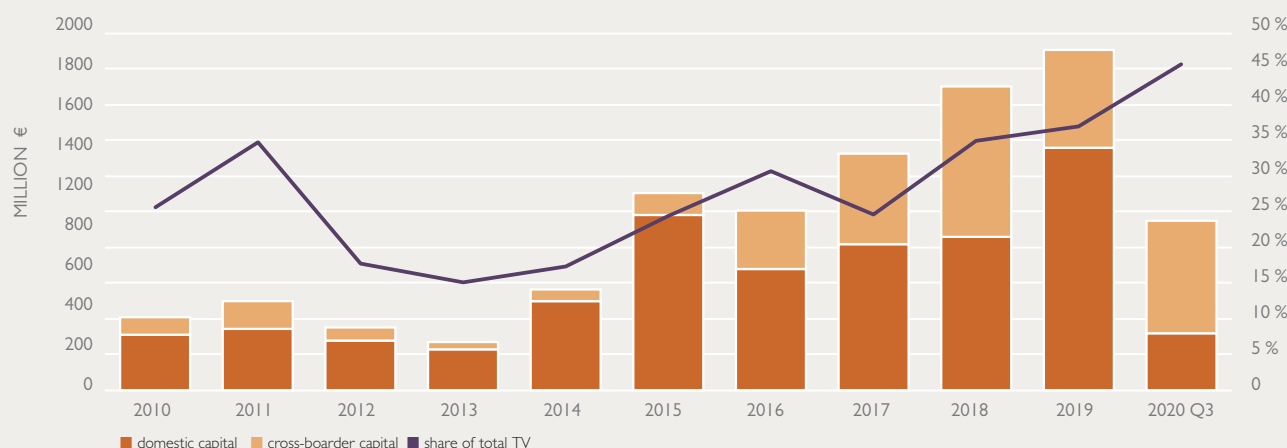
Residential investment market shows high investment pressure and declining yields

Compared with the first three quarters 2019, the residential transaction volume fell by 13% in 2020, which is relatively moderate in view of the pandemic and the record result of the previous year. Therefore, the COVID pandemic had only a very weak impact on the residential market, while investment volumes of the remaining asset classes dropped nearly by 50%. International investors market share (approx. three quarters from Germany) of residential investment volume increased to 45% and underlines Austria a preferred "safe haven" investment location.

Yield compression in the multi-family housing sector has persisted across all cities. Due to the COVID crisis, we expect that the demand of (residential) real estate investments will remain high, supported by low interest rates and high investment pressure combined to the lack of alternative investment opportunities. A possible spread of remote working by companies could further stimulate the overall demand.

As the residential sector, along with logistics, is considered to be a beneficiary of the crisis, it can be assumed that more capital from other real estate classes (hotel, retail, office) but also from other sectors will be shifted towards residential properties.

FIG. 2: RESIDENTIAL TRANSACTION VOLUME*



Source: Catella Research, RCA

* Residential and student housing properties with minimum 10 units, > €10 million

Residential Market Austria – New/Existing Buildings - Asking Prices (Median) Q3 2020

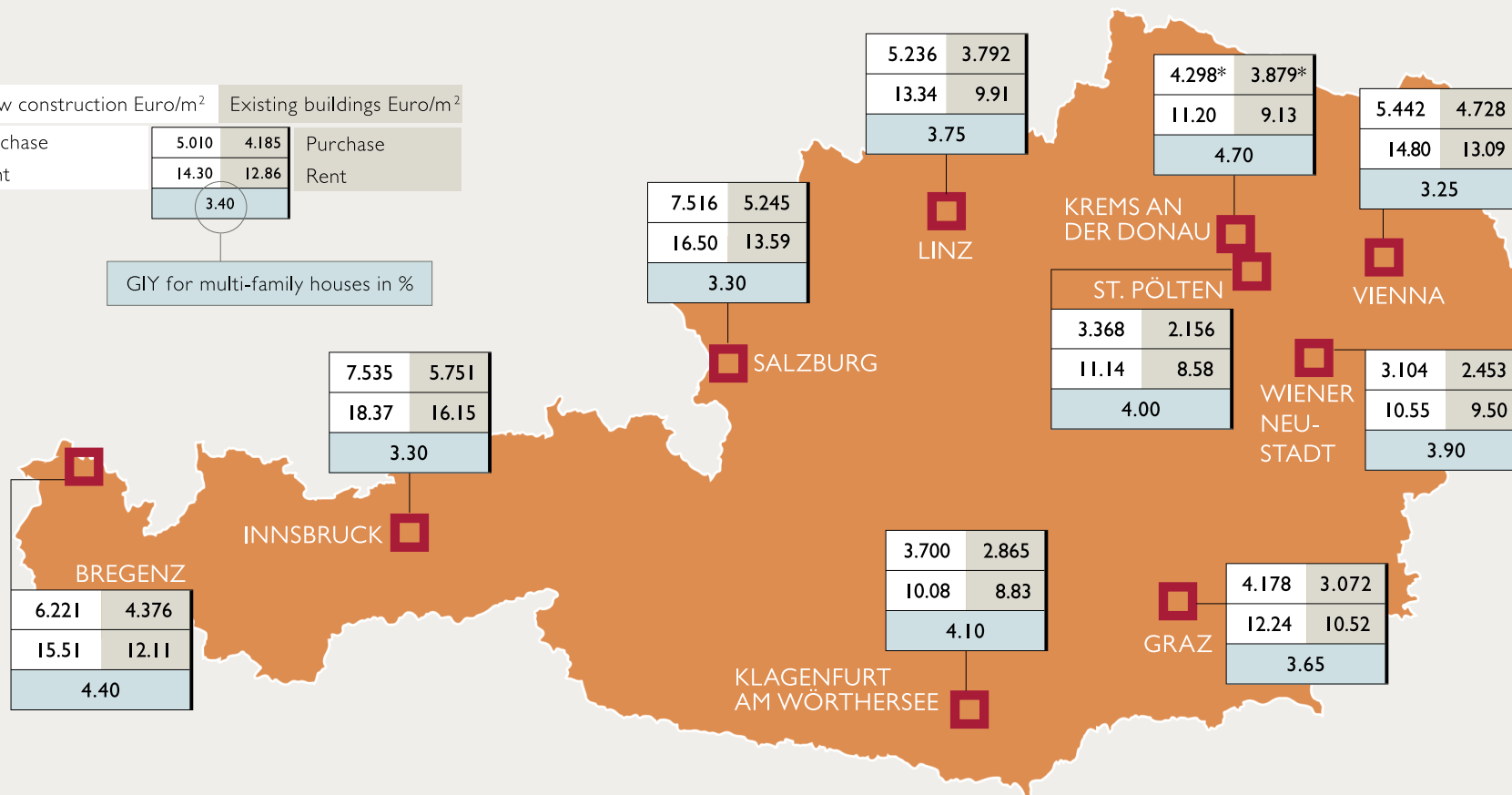
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* purchase price corresponds to arithmetic mean

	New construction Euro/m ²	Existing buildings Euro/m ²	
Purchase	5.010	4.185	Purchase
Rent	14.30	12.86	Rent

GIY for multi-family houses in %



About Catella

Catella is a leading specialist in property investments and fund management, with operations in 14 countries. The group has assets under management of approximately EUR 14 billion. Catella is listed on Nasdaq Stockholm in the Mid Cap segment.

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