

DENMARK

Office Market Snapshot

Second Quarter | 2018



MARKET INDICATORS

Market Outlook

- Prime Rents: Minor increases expected in the CBD area. ▶
- Prime Yields: Yields are expected to remain at the current low levels for prime assets in the CBD. ▶
- Supply: Lack of available space in the CBD areas are currently affecting sales in other parts of Denmark. ▶
- Demand: Demand anticipated to continue momentum as competition for spaces remains fierce. ▶

Prime Office rents – June 2018

LOCATION	DKR	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Copenhagen (Harbour Area)	1,900	255	27.8	2.7	1.1
Copenhagen (City)	1,850	249	27.0	5.7	2.3
Copenhagen (Ørestaden)	1,450	195	21.2	7.4	3.9
Aarhus	1,350	181	19.7	1.9	2.4
Odense	1,000	134	14.6	0.0	2.7

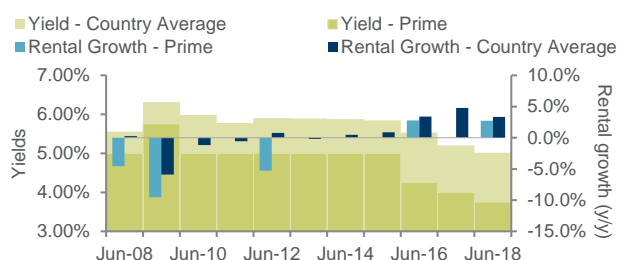
Prime Office yields – June 2018

LOCATION (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Copenhagen (Harbour Area)	3.75	3.75	4.00	5.75	3.75
Copenhagen (City)	3.75	3.75	4.00	6.00	3.75
Copenhagen (Ørestaden*)	5.50	5.50	5.50	6.75	5.50
Aarhus	4.50	4.50	4.75	6.25	4.50
Odense	6.50	6.50	6.50	6.75	6.25

NOTE: * 8 yr record

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Overview

Investor demand continues to be high. We are observing an increasing interest from occupiers in shared offices properties, where flexibility is an important factor. Investments outside of Copenhagen are increasing due to low supply of offices in CBD.

Occupier focus

The occupier market continues to benefit from high demand, especially in CBD, which are forcing many occupiers towards the outer parts of Copenhagen.

We have seen an increase in the popularity of shared workspace and serviced offices. It has resulted in an expansion on the market, both in terms of existing operators expanding their facilities as well as new entrants. Even though it is hard to assess the actual demand on this market, due to non-disclosed information, the fact that there has been such a significant increase in supply, could indicate a similar high demand.

Investment focus

The preliminary figures for the investment volume in Q2 2018 suggest that the office investment volume reached approx. DKK 6.4 bn. in Denmark. Danish investors were the most active in the recent quarter with 85% being bought by Danish investors. Overall, real estate companies and institutional investors were the most active, contributing with around 60% of the recent transactions. Significant transactions are Bankinvest's acquisition of 10% of PFA Ejendomme's portfolio for DKK 2 bn and PFA Ejendomme's purchase of BRF Kredit's headquarter in Lyngby for 640 m consisting of 20,000 sqm office space.

Aforementioned in earlier reports, we currently see an interest in investments outside of Copenhagen Area. This is once again confirmed, as only around 50% of transactions were in the Copenhagen Area.

Outlook

The total amount of office space in the CBD is static, hence competition for CBD space is expected to remain fierce, which can result in a continued increase in rent levels. Moreover, we expect to see continuing interest for areas outside of the Copenhagen area.

DENMARK Office Market Snapshot

Second Quarter | 2018



LOCATION	BUILT STOCK (SQ.M)	AVAILABILITY (SQ.M)	VACANCY RATE (%)	TAKE-UP (SQ.M)	TAKE-UP YTD (SQ.M)	UNDER CONSTRUCTION (SQ.M)
Copenhagen (Greater Copenhagen incl. centre)	12,034,500	914,622	7.60	196,570	196,570	387,200
Copenhagen (Centre)	5,946,000	338,922	5.70	90,130	90,130	0
Copenhagen (Overall)	11,719,900	914,622	7.60	196,570	196,570	387,200

Source: Cushman & Wakefield

Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Niels Juels Gade 9-13	CBD	3Shape A/S	6,514	New lease
Dampfærgevej 8-12	Copenhagen E	Sirius Advokater (Law firm)	2,400	New lease
Emdrupvej 115A	Copenhagen NW	Edulab	1,232	New lease
Folke Bernadottes Allé 5	Copenhagen E	Coffice	548	New lease
Middelfartgade1	Copenhagen E	Basen	544	New lease

Source: Cushman & Wakefield

Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
Finsensvej 15	Frederiksberg	Private investor/Vision Properties	N/A	17
PFA Portfolio (10%)	Copenhagen	PFA/Bankinvest	N/A	268
Klampenborgvej 205	Lyngby	Jyske Bank/PFA	N/A	86
PwC's new headquarters	Copenhagen	PwC/Jeudan	N/A	215
Jyske Bank Portfolio	Copenhagen	Jyske Bank/Blackstone	N/A	81

Source: Cushman & Wakefield, Real Capital Analytics

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2018 Cushman & Wakefield LLP. All rights reserved.

Lior Koren
Partner, Chief Analyst
Amaliegade 3, 5. sal, Copenhagen, 1256,
Denmark
Tel: +45 33 13 13 99
lk@red.dk
[cushmanwakefield.com / red.dk](http://cushmanwakefield.com/red.dk)