

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 – September 2018

LOCATION	DKR	€	US\$	GROWTH %	
	SQ.M YR	SQ.M	SQ.FT YR	1YR	5YR CAGR
Copenhagen (Harbour Area)	1,900	255	27.6	2.7	1.1
Copenhagen (City)	1,850	248	26.9	2.8	2.3
Copenhagen (Ørestaden)	1,450	194	21.1	3.6	3.9
Aarhus	1,350	181	19.6	1.9	2.4
Odense	1,000	134	14.5	0.0	2.7

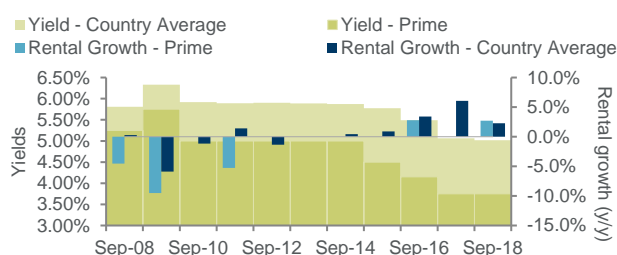
Prime Office yields – September 2018

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

Despite an overall stagnation in transaction volume on Danish CRE, the office segment continues to attract investors, thus comparing H1 2018 with the same period last year, transaction volume is up by 8%. So far, 90% of the office volume have been transacted in the Copenhagen area.

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 as rent prices are rising.

Moreover, we have seen an increase in the popularity of shared workspace. This demand have caused investors and owners to focus on accommodating smaller and shared office areas.

Investment focus

The preliminary figures for the investment volume in Q3 2018 suggest that the office investment volume reached approx. DKK 5.2 bn. Danish investors were the most active in the recent quarter with 68% being bought by Danish investors. Overall, real estate companies and institutional investors were the most active, contributing with around 85% of the recent transactions.

Significant transactions are Jeudans investment in PwC's domicile in the popular harbour area in northern Copenhagen for DKK 1.6 bn, and Pensams purchase of Tietgens Have, a 42,000 sq.m. office space currently let to multiple tenants, mostly public institution.

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

Third 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)	11,922,100	834,547	7.00	288,940	288,940	403,300
Copenhagen (Centre)	5,835,200	332,606	5.70	33,040	33,040	0
Copenhagen (Overall)	17,757,300	1,167,153	7.00	321,980	196,570	403,300

Source: Cushman & Wakefield

Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Havneholmen 2-16	Copenhagen W	SAS Institute	5,113	New lease
Frederiksgade 17	CBD	Tech company	1,014	New lease
Vognmagergade 7	CBD	Moodagent A/S	707	New lease
Rosenborggade 15-17	CBD	Vice Aps	675	New lease
St. Kongensgade 84	Copenhagen E	Lendo	217	New lease

Source: Cushman & Wakefield

Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
PwC's new domicile	Copenhagen E	PwC/Jeudan	N/A	213
Tietgens Have	Copenhagen E	NIAM/Pensam	N/A	Est. 130
Frederikskaj 8	Copenhagen SW	User/JØP&DIP	N/A	Est. 30
Øster Allé 33	Copenhagen E	Private investor/Embassy of the United Arab Emirates	N/A	11.5
Kløvern portfolio	Copenhagen	Kløvern/NIAM	N/A	Est. 64

Source: Cushman & Wakefield, Real Capital Analytics

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