PART E. AUSTRIA

Vienna



Ringstrasse tram at Rathausplatz, Vienna. Illustration adapted from a photograph by Paul Korecky, Wikimedia Commons · CC BY-SA 2.0

This part reproduces the Vienna edition. As a single-metro edition, it has no comparison section and no city sub-parts; Section E3 sets out the metropolitan growth analysis, including the drivers of growth (Section E3.4).

Data vintage. Metropolitan employment and real GDP run to 2024, population to 2025 and pay to 2023. Office market figures run to Q1 to Q3 2026.

E1. Executive summary and recommendations

Recommendations. Prioritise rental housing for underwriting, in well-connected locations and subject to entry price; underwrite core prime offices in the central business district selectively, subject to entry price; underwrite refurbishment of older offices to Grade A selectively, near the main transport hubs. Vienna's population is growing about twice as fast as Austria's, new housing supply is shrinking and rents are rising, which gives rental housing the clearest demand case. The office market is tight, with vacancy below 4% and few completions due, but growth has been driven by more workers rather than higher real pay, investment volumes have collapsed and the energy shock has pushed interest rates up. These are market-level judgements by the authors from the evidence in this edition, not findings of the sources and not asset-level investment approvals: each strategy still needs underwriting with net cash flows, capex, incentives, financing and exit assumptions against the investor's required return.

One metro, the same method. This edition applies the Observatory's method to Vienna: summary growth indicators and forecasts, growth and pay by sector, location quotients and shift-share against Austria, and the forces behind growth, followed by the office market, housing and capital markets and illustrative strategies.

The case rests on seven findings:

1. **Population is growing fast, driven by migration.** Vienna's population rose 18.1% between 2012 and 2025, to 2.03 million, against 9.4% for Austria, and its share of the national population rose from 20.4% to 22.1%. Net migration accounted for about 90% of growth in 2024. The City of Vienna projects 2.11 million residents by 2030.
2. **Jobs have outgrown Austria since 2019.** Workplace jobs rose 7.7% between 2019 and 2024, against 4.9% nationally, and Vienna gained about 15.6 thousand jobs above what its sector mix implied. Before 2019 jobs grew only slightly faster than in Austria (9.9% against 9.0%), helped by a favourable sector mix.
3. **Growth has come mainly through more workers.** Real compensation per employee job rose 1.4% in 2012 to 2019, against 3.9% for Austria, and fell 4.9% in 2019 to 2023. The earlier pattern is consistent with demand expansion accommodated by elastic labour supply; migration and participation may also contribute independently. The later pay decline does not distinguish supply-induced growth from inflation and compositional effects. Broad purchasing-power evidence supports mid-market volume demand more clearly than premium pricing.
4. **Vienna is specialised in technology, business services and finance.** Location quotients in 2024 are 2.12 in information and communication, 1.50 in professional and administrative services, 1.49 in finance and 1.39 in real estate. Technology jobs rose 42% between 2012 and 2024, but slightly more slowly than the sector nationally.
5. **The office market is tight, and little new space is coming.** Vacancy was 3.9% in Q3 2026 and the prime rent EUR 29.00 per m² per month (CBRE); EHL reports 3.8% and EUR 29.50 for Q1 2026. Completions are forecast at only 65,800 to 86,300 m² in 2026, against take-up of about 200,000 m².

6. **Population drives growth; labour is plentiful.** Vienna accounted for nearly two-thirds of Austria's population growth in 2025, and 37% of its residents are foreign nationals. Unemployment was 11.5% in September 2026, against 7.1% for Austria, so labour supply is elastic and job growth has not raised real pay. City budget cuts and a pause in family reunification are now slowing both drivers (Section E3.4).
7. **Capital is scarce and rates are rising.** Office investment was EUR 201 million in the first nine months of 2026 (CBRE), and residential investment fell about 80% in the first half. The ECB raised rates in June and September 2026 and held its deposit rate at 2.50% on 29 October. IHS expects Austrian GDP to grow 0.8% in 2026, with inflation of 3.1%, after the energy shock caused by the Iran war.

The assumptions this advice is most sensitive to: the path of energy prices and ECB rates, which drive yields; whether population growth continues at the projected pace; and whether real pay recovers, which governs rental affordability.

E2. Introduction: purpose, method and area

This edition assesses whether, and how, an institutional investor should commit capital to real estate in Vienna. It begins with metropolitan growth, because real estate demand is generated at the metropolitan level and only then allocated to submarkets and buildings.

Why metropolitan analysis matters. Section 2 explains why the analysis is metropolitan: buildings last for decades, properties of the same type compete mainly within one metropolitan labour and housing market, and the type of growth decides which space is needed, with employment-led growth favouring volume demand and income-led growth favouring premium space.

Area covered. The area analysed is Vienna, which is both a city and a federal state and matches the EU's NUTS 2 region AT13 (2.03 million residents on 1 January 2025). Vienna's wider functional economy extends into Lower Austria, whose commuters fill many Viennese jobs; the wider metropolitan area has not been constructed here. Austria is the reference economy throughout. Office sections use the brokers' own market definitions.

Method and data. The data come from a workbook compiled for this edition from Statistics Austria's regional accounts (September 2025 revision) and Eurostat. Employment is workplace jobs, including the self-employed, in 17 sector groups from 2012 to 2024; professional and administrative services (M and N) and arts, other services and households (R to T) are published together. Pay is compensation per employee job: gross wages plus employer social contributions divided by employee jobs, available to 2023. It is an employer cost, not take-home pay, and includes part-time jobs. Real values use Austria's consumer price index. GDP growth is in real terms. Growth is compared over two periods, 2012 to 2019 and 2019 to 2024. Pay levels are not compared with other editions, whose pay statistics are defined differently. 'Technology' is used as shorthand for NACE section J, information and communication. Growth types. Following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020) and DiPasquale and Wheaton (1996), we distinguish observed growth from its inferred mechanism. Demand-induced growth begins with stronger demand for local goods or services: elastic labour supply favours job growth with modest wage gains, while a less elastic response favours larger wage gains. Supply-induced growth begins with an independent expansion of labour supply and, in the model, raises jobs while reducing real wages. Migration can initiate a supply shift or respond to job demand; its presence does not distinguish the two. Employment and pay movements are diagnostic clues, not causal identification or estimates of elasticity. Inflation, hours, worker composition and measurement coverage can alter the pay signal. Labels are therefore indicative and are assessed alongside sector demand, migration, participation and recruitment evidence; see Section 2 and Table 4b.

The investment cases. The report tests three illustrative strategies:

Table E1. The strategies tested

Strategy	Asset	Location	Risk style
A	Stabilised, fully let prime office building	Central business district (Inner City)	Core
B	Older office building, refurbished to Grade A	Near a main transport hub (for example Main Railway Station or Lassallestrasse)	Value-add
C	Rental housing, newly built and privately financed	Well-connected districts	Core-plus

Structure. Section E3 analyses metropolitan growth, Section E4 its implications by asset class, Section E5 the office market, Section E6 housing and capital markets and Section E7 the strategies. Section E8 sets out risks and monitoring, and Section E9 lists sources.

E3. Metropolitan growth patterns

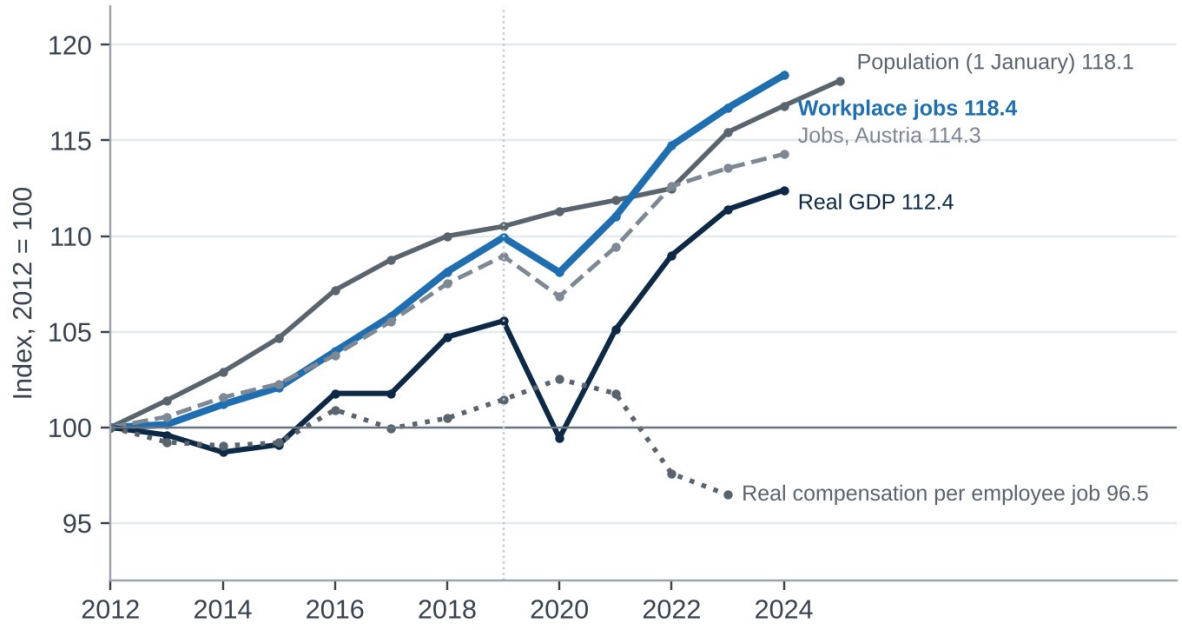
Metropolitan growth is analysed in five steps: summary indicators, population and forecasts (3.1), growth and pay by sector (3.2), specialisation and competitiveness against Austria (3.3), the demand- and supply-side drivers of growth (3.4) and the forces behind growth (3.5).

E3.1 Summary growth indicators

Vienna grew strongly in population and jobs, more slowly in output, and its real pay per job is now below its 2012 level.

Figure E1. Population and jobs grew by about 18%; real pay per job fell after 2020

Summary growth indicators, Vienna, 2012 to 2024 (index, 2012 = 100)



Sources: Statistics Austria, regional accounts (workplace jobs, real GDP growth, compensation of employees and employee jobs); Eurostat, population on 1 January (to 2025); Austria CPI (OECD, via FRED); as compiled in the Vienna data workbook; authors' calculations.

Population. Vienna's population rose from 1.72 million on 1 January 2012 to 2.03 million on 1 January 2025 (+18.1%), or 1.4% a year to 2019 and 1.1% a year from 2019 to 2025, about twice Austria's rates of 0.8% and 0.6%. Growth peaked in 2015, at about 43,000, and in 2022, at about 50,000; the authors take these to be consistent with refugee arrivals in those years, but the data do not identify the migrants.

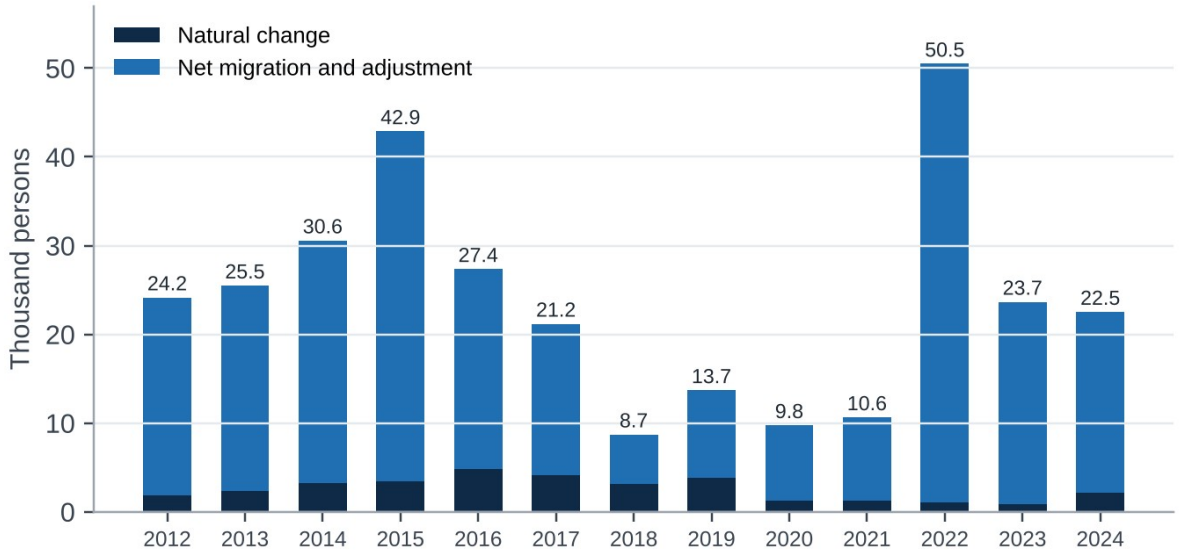
Employment. Workplace jobs rose from 1.01 million in 2012 to 1.19 million in 2024 (+18.4%). They grew 9.9% to 2019, against 9.0% for Austria, fell 1.7% in 2020 and then grew 7.7% between 2019 and 2024, against 4.9% nationally.

Output and pay. Real GDP grew 0.8% a year between 2012 and 2019, half Austria's 1.5%, but 1.3% a year between 2019 and 2024, against 0.4% nationally. Vienna produced 25.3% of Austria's GDP in 2024, and its GDP per resident was 15% above the national level, down from 24% in 2012. Compensation per employee job was EUR 61,258 in 2023, 11% above Austria; after inflation it rose 1.4% between 2012 and 2019 and fell 4.9% between 2019 and 2023. Disposable household income per resident was EUR 28,200 in 2024, below Austria's EUR 30,400, because income is measured where people live and many higher earners in Vienna's jobs live outside the city.

Where population growth comes from. Population change is the sum of natural change and net migration. Births have exceeded deaths in every year since 2012, but by small margins, so migration accounts for most of Vienna's growth (Figure E2 and Table E2).

Figure E2. Migration drives Vienna's population growth

Components of population change, Vienna, 2012 to 2024 (thousand persons)



Source: Eurostat, demographic balance (demo_r_gind3, AT130), as compiled in the Vienna data workbook. Net migration includes statistical adjustment.

Table E2. Components of population change, Vienna, 2024

Births	Deaths	Natural change	Net migration and adjustment	Population change
19,070	16,917	+2,153	+20,376	+22,529

Source: Eurostat, demographic balance (demo_r_gind3, AT130), as compiled in the Vienna data workbook. The components reconcile with the change in population on 1 January. The data do not split migration into international and domestic flows, and the authors lack data on migrants' skills.

Jobs per resident. Vienna had 0.59 jobs per resident in 2024, against 0.55 for Austria, reflecting in-commuting from Lower Austria and elsewhere. Between 2012 and 2019 the ratio was flat (-0.2%), while Austria's rose 3.4%: jobs grew only as fast as population. Between 2019 and 2024 it rose 1.7%, slightly more than Austria's 1.5%. A rising ratio can reflect falling unemployment, higher participation or more commuting, which these data cannot separate.

Synthesis by period. Table E3 summarises growth in each period and the type of growth it indicates.

Table E3. Synthesis of growth patterns by period (average annual % change)

Area	Period	Population	Jobs	Real pay	Real output	Indicative mechanism	Main forces
Vienna	2012-19	+1.4	+1.4	+0.2	+0.8	Consistent with demand-induced; elastic labour supply	Migration; technology, business services and education; national recovery
Vienna	2019-24	+1.1	+1.5	-1.2	+1.3	Jobs and output growth with falling real pay	Migration, including in 2022; education, health and business services; 2022 to 2023 inflation
Austria	2012-19	+0.8	+1.2	+0.5	+1.5	National reference	
Austria	2019-24	+0.6	+1.0	-1.0	+0.4	National reference	

Sources: Eurostat, population on 1 January (2012 to 2019 and 2019 to 2025); Statistics Austria, regional accounts: workplace jobs, real GDP growth, and compensation per employee job (2012 to 2019 and 2019 to 2023) deflated by Austria's CPI; authors' calculations. Falling real pay after 2019 may reflect inflation, hours and worker composition as well as labour-supply shifts. Its cause is not identified; the same rule is applied across metros in Table 4b. Growth types follow the framework in Section E2 and are indicative.

Forecasts. WIFO's June 2026 forecast had Vienna's real gross value added growing 1.1% in 2026, against 0.9% for Austria, with employment up 0.9% against 0.5%. IHS's October 2026 forecast for Austria is real GDP growth of 0.8% in 2026 and 1.0% in 2027, consumer price inflation of 3.1% and 2.8%, and real wage losses of 1.4% in 2026 and 0.3% in 2027; it says the Iran war has interrupted the recovery. The City of Vienna projects population growth to 2.11 million by 2030 and 2.22 million by 2040, almost all of it from migration.

Table E4. Historical and forecast growth, Vienna

Indicator	History	Forecast	Forecast source
Population	+18.1%, 2012 to 2025	2.11 million in 2030; 2.22 million in 2040	City of Vienna, December 2025
Jobs	+18.4%, 2012 to 2024	+0.9% in 2026 (Austria +0.5%)	WIFO, June 2026
Real output	+12.4%, 2012 to 2024	Gross value added +1.1% in 2026 (Austria +0.9%); Austria GDP +0.8% (2026), +1.0% (2027)	WIFO, June 2026; IHS, October 2026
Real pay	-3.5%, 2012 to 2023	Austria real wages -1.4% (2026), -0.3% (2027)	IHS, October 2026
Inflation	Austria CPI +8.5% (2022), +7.8% (2023)	+3.1% (2026), +2.8% (2027)	IHS, October 2026

Sources: history as Figure E1; City of Vienna, population projection 2025 to 2055 (updated 18 December 2025); WIFO forecast for Vienna, as reported by the City of Vienna, 3 July 2026; IHS, Economic Forecast, October 2026.

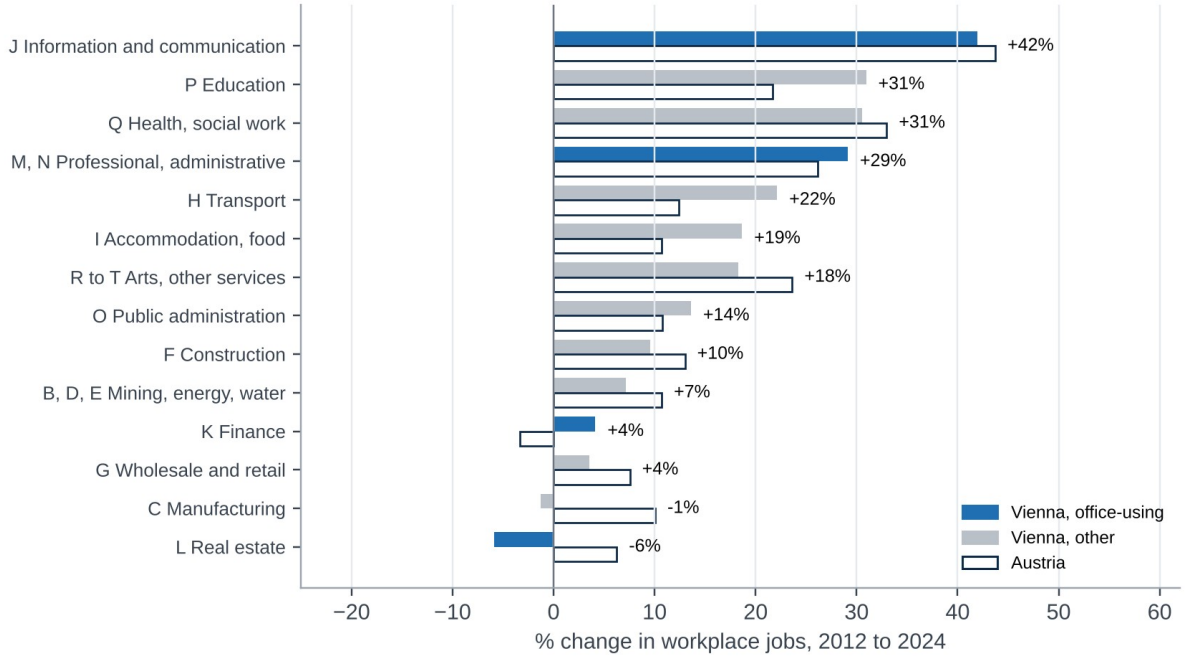
Reading for the investor. Vienna's growth is volume-led: more residents and more jobs, with real pay per job lower than in 2012. That supports demand for housing and mid-market space more than premium space. Since 2019 Vienna has outperformed Austria in jobs and output, but the near-term outlook is weak and real wages are forecast to fall again in 2026.

E3.2 Growth and pay by sector

Growth was led by technology, education, health and professional services, while real estate, manufacturing and retail stagnated or shrank.

Figure E3. Technology, education, health and professional services led job growth

Workplace jobs by sector, Vienna and Austria, % change 2012 to 2024. Office-using sectors in blue.



Source: Statistics Austria, regional accounts, workplace jobs, as compiled in the Vienna data workbook; authors' calculations.

Table E5. Workplace jobs by sector, Vienna

Sector	Jobs 2012 (000)	Jobs 2024 (000)	Jobs growth	Austria jobs growth	LQ 2024
J Information and communication	57.7	81.9	+41.9%	+43.7%	2.12
P Education	82.1	107.5	+30.9%	+21.7%	1.26
Q Health and social work	104.5	136.4	+30.5%	+33.0%	1.03
M, N Professional, scientific and administrative	175.8	227.0	+29.1%	+26.1%	1.50
H Transport and storage	46.1	56.3	+22.1%	+12.4%	1.00
I Accommodation and food	61.1	72.5	+18.7%	+10.7%	0.96
R to T Arts, other services, households	61.2	72.4	+18.3%	+23.6%	1.24
O Public administration	69.1	78.5	+13.6%	+10.7%	1.16
F Construction	53.3	58.4	+9.6%	+13.0%	0.75
B, D, E Mining, energy, water	11.2	12.0	+7.1%	+10.7%	0.80
K Finance and insurance	45.9	47.8	+4.1%	-3.3%	1.49
G Wholesale and retail	143.8	148.9	+3.5%	+7.6%	0.87
C Manufacturing	61.0	60.2	-1.3%	+10.1%	0.37
L Real estate	30.7	28.9	-5.9%	+6.3%	1.39
A Agriculture	1.6	1.5	-6.2%	-20.2%	0.03
All sectors	1,005.2	1,190.2	+18.4%	+14.3%	1.00

Source: Statistics Austria, regional accounts (workplace jobs including self-employed, rounded to hundreds), Vienna and Austria, as compiled in the Vienna data workbook; authors' calculations.

Table E6. Employee jobs and real compensation by sector, Vienna

Sector	Employee jobs growth 2012 to 2023	Compensation per employee job 2023 (EUR)	Index, Austria = 100	Real 2012 to 2019	Real 2019 to 2023	Real 2012 to 2023	Austria real 2012 to 2023
K Finance and insurance	-0.5%	104,577	117	-1.8%	-3.3%	-5.0%	-0.5%
B, D, E Mining, energy, water	-2.7%	101,495	131	+7.7%	-5.4%	+1.9%	-5.5%
J Information and communication	+44.7%	87,216	109	+1.9%	-5.2%	-3.4%	-1.5%
C Manufacturing	-2.2%	76,319	114	-0.7%	-7.3%	-7.9%	+0.2%
O Public administration	+11.7%	71,658	118	+2.0%	-5.4%	-3.5%	-2.6%
H Transport and storage	+16.7%	58,970	105	-3.0%	-4.2%	-7.1%	-5.1%
F Construction	+13.9%	58,885	101	+5.7%	-4.2%	+1.3%	+9.3%
M, N Professional, scientific and administrative	+33.8%	57,594	110	+3.8%	-5.5%	-1.8%	+4.0%
G Wholesale and retail	+3.5%	55,251	120	+2.3%	-6.3%	-4.2%	-0.2%
Q Health and social work	+28.5%	55,074	110	+5.0%	-5.0%	-0.2%	-0.7%
P Education	+27.5%	53,717	98	-2.9%	-7.1%	-9.7%	-9.8%
R to T Arts, other services, households	+7.0%	49,066	117	+1.3%	-3.9%	-2.7%	+2.3%
L Real estate	-5.5%	48,967	116	+10.3%	+0.8%	+11.2%	+12.8%
I Accommodation and food	+17.3%	35,497	95	+10.6%	-2.9%	+7.4%	+10.2%
All sectors	+16.9%	61,258	111	+1.4%	-4.9%	-3.5%	-0.2%

Source: Statistics Austria, regional accounts (compensation of employees, including employer social contributions, divided by employee jobs), Vienna and Austria, as compiled in the Vienna data workbook; Austria CPI (OECD, via FRED); authors' calculations. Compensation is an employer cost, not take-home pay, includes part-time jobs and is affected by changes in the mix of jobs. Agriculture is omitted because of its very small size.

Growth types by sector. No large sector combined fast job growth with rising real pay over 2012 to 2023, so in the framework of Section E2 none supplies clear aggregate evidence of a strong wage-related wealth effect. Professional and administrative services and health gained real pay before 2019, while adding jobs quickly, and lost it after, as did almost all sectors in the inflation of 2022 and 2023. Technology pays 9% above the sector nationally and finance 17% above, the highest pay of any large sector in Vienna at EUR 104,600 per employee job, but real pay in both fell between 2012 and 2023. For offices, the strongest occupier demand is in technology and professional services, plus public administration and education, which have grown steadily.

E3.3 Specialisation and competitiveness

Vienna is Austria's centre for technology, business services, finance, real estate and public administration, but its lead in technology and real estate has narrowed since 2012.

Table E7. Location quotients by sector, Vienna (Austria = 1.0)

Sector	LQ 2012	LQ 2019	LQ 2024	Share of jobs 2024	Reading
J Information and communication	2.23	2.20	2.12	6.9%	Highly specialised, easing
K Finance and insurance	1.43	1.49	1.49	4.0%	Specialised, stable
L Real estate	1.63	1.50	1.39	2.4%	Specialised, falling
M, N Professional, scientific and administrative	1.52	1.49	1.50	19.1%	Specialised, stable
O Public administration	1.17	1.18	1.16	6.6%	Specialised (capital functions)
P Education	1.21	1.24	1.26	9.0%	Specialised, rising
Q Health and social work	1.09	1.05	1.03	11.5%	Average
G Wholesale and retail	0.94	0.90	0.87	12.5%	Below average, falling
H Transport and storage	0.96	0.97	1.00	4.7%	Average, rising
I Accommodation and food	0.93	0.96	0.96	6.1%	Average
R to T Arts, other services, households	1.34	1.29	1.24	6.1%	Specialised, easing
C Manufacturing	0.42	0.37	0.37	5.1%	Low
F Construction	0.80	0.80	0.75	4.9%	Below average
B, D, E Mining, energy, water	0.85	0.74	0.80	1.0%	Below average
A Agriculture	0.03	0.04	0.03	0.1%	Negligible

Table E8. Shift-share decomposition, Vienna, 2012 to 2019 and 2019 to 2024 (thousands of jobs)

Sector	Change 2012-19	National	Mix	Local	Change 2019-24	National	Mix	Local
M, N Professional, scientific and administrative	+29.7	+15.7	+15.4	-1.4	+21.5	+10.1	+4.7	+6.8
Q Health and social work	+15.5	+9.4	+9.8	-3.6	+16.4	+5.9	+9.0	+1.5
P Education	+12.6	+7.3	+2.4	+2.9	+12.8	+4.6	+3.7	+4.5
J Information and communication	+12.6	+5.2	+7.5	-0.1	+11.6	+3.4	+9.1	-0.9
I Accommodation and food	+10.8	+5.5	+2.1	+3.2	+0.6	+3.5	-4.6	+1.7
R to T Arts, other services, households	+9.2	+5.5	+5.8	-2.0	+2.0	+3.4	-0.3	-1.1
H Transport and storage	+4.2	+4.1	-0.9	+1.0	+6.0	+2.5	+0.1	+3.5
O Public administration	+4.3	+6.2	-2.9	+1.0	+5.1	+3.6	+0.6	+0.9
G Wholesale and retail	+1.1	+12.9	-6.2	-5.6	+4.0	+7.1	-3.1	-0.0
F Construction	+5.2	+4.8	-0.0	+0.4	-0.1	+2.9	-0.7	-2.3
K Finance and insurance	-0.5	+4.1	-6.7	+2.1	+2.4	+2.2	-1.1	+1.3
B, D, E Mining, energy, water	-1.0	+1.0	-0.8	-1.2	+1.8	+0.5	+0.4	+0.9
A Agriculture	+0.1	+0.1	-0.4	+0.3	-0.2	+0.1	-0.2	-0.1
C Manufacturing	-2.8	+5.5	-1.1	-7.2	+2.0	+2.8	-1.3	+0.4
L Real estate	-0.9	+2.7	-1.4	-2.3	-0.9	+1.5	-0.9	-1.4
Total	+100.1	+90.0	+22.7	-12.6	+85.0	+54.1	+15.3	+15.6

Source for Tables E7 and E8: Statistics Austria, regional accounts, workplace jobs, Vienna and Austria, as compiled in the Vienna data workbook; authors' calculations, which reconcile to the workbook's own decomposition for 2019 to 2024. National, Mix and Local are the national effect, industry-mix effect and regional (local) shift. The regional shift is an accounting residual, not a causal estimate of competitiveness. Rows may not sum to totals because of rounding.

Quotients and shares. A quotient shows concentration, not size. Technology's quotient of 2.12 applies to 6.9% of Vienna's jobs and finance's 1.49 to 4.0%, while professional and administrative services (19.1%), wholesale and retail (12.5%) and health (11.5%) are the largest employers.

What the decomposition shows. Before 2019 national growth explained most of Vienna's 100,100 new jobs (90.0 thousand), and its favourable mix of fast-growing sectors added 22.7 thousand, but the regional shift was negative (-12.6 thousand), mainly in manufacturing and retail. After 2019 the regional shift turned positive (+15.6 thousand of 85,000 new jobs), led by professional and administrative services (+6.8 thousand), education (+4.5 thousand) and transport (+3.5 thousand). Technology's growth came almost entirely from the national boom in the sector: its regional shift was slightly negative in both periods, so Vienna's share of Austrian technology jobs has edged down.

E3.4 Drivers of growth: demand side and supply side

Following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020), the drivers of metropolitan growth are divided into those that raise demand for an area's output and those that raise its supply of labour. Demand drivers raise jobs and real pay together; supply drivers raise jobs but hold real pay down. Tables E8a and E8b rate each driver for Vienna. The ratings are the authors' judgement from the evidence shown.

Table E8a. Demand-side drivers of growth, Vienna

Driver	Rating	Evidence
National economic influences	Weak, but the services mix lets Vienna outgrow Austria	IHS expects Austrian GDP to grow 0.8% in 2026; WIFO expects Vienna's real value added to grow 1.1% in 2026 (Austria 0.9%) and employment 0.9% (Austria 0.5%); Vienna gained about 15,600 jobs above its sector mix in 2019 to 2024 (Table E8)
Amenities, infrastructure and tax	Strong	Vienna ranks 2nd in the EIU Global Liveability Index 2026, after Copenhagen; the airport handled a record 32.6 million passengers in 2025 (+2.6%) but expects about 30 million in 2026 after low-cost airline cuts; taxes are largely national
Clusters and innovation	Strong	R&D spending is 3.95% of Vienna's GDP (Austria 3.26%), about 31% of Austria's R&D; 224 international companies settled in Vienna in 2025, 60 of them in IT, with EUR 525 million of investment and 1,682 jobs
Population growth	Strong	Population rose 18.1% between 2012 and 2025, against 9.4% for Austria; in 2025 Vienna grew by 13,747, nearly two-thirds of Austria's growth; the City of Vienna projects 2.22 million residents by 2040
Visitor spending	Moderate to strong	A record 20.07 million overnight stays in 2025 (+6%), with 83% of guests from abroad
Government spending	Moderate and weakening	Capital functions; the City of Vienna's 2026 draft budget showed a deficit of EUR 2.63 billion, met with fee increases and spending cuts; the U2/U5 metro opening was delayed to 2030 for budget reasons

Sources: IHS, Economic Forecast, October 2026; WIFO, Konjunktur- und Arbeitsmarktprognose für Wien, June 2026; EIU Global Liveability Index 2026, as reported by The Star, 21 July 2026; Flughafen Wien, 20 January 2026; WKO, from Statistik Austria, R&D by federal state 2023; Vienna Business Agency, as reported by vienna.at, 3 April 2026; Statistik Austria, population on 1 January 2026; City of Vienna, population projection 2025 to 2055; vienna.at, 28 January 2026, 12 November 2025 and 20 November 2025; authors' calculations (shift-share).

Table E8b. Supply-side drivers of growth, Vienna

Driver	Rating	Evidence
Immigration for non-wage reasons	Strong, but slowing	Net migration and adjustment provided about 90% of growth in 2024 (Table E2); 37.0% of residents are foreign nationals, against 20.5% for Austria; population growth slowed from 22,529 in 2024 to 13,747 in 2025
Labour force participation	Strong (a large reserve)	Unemployment was 11.5% in September 2026, against 7.1% for Austria, and foreign nationals were 49.7% of the registered unemployed; 31.0% of Austria's employed work part time (women 49.8%)
Public policy programmes	Restrictive	Family reunification for relatives of people granted asylum or subsidiary protection was paused from 3 July 2025 and extended in December 2025, at the latest to 30 September 2026; the Red-White-Red Card for skilled workers has about 12,600 holders

Sources: Eurostat demographic balance, as compiled in the Vienna data workbook; Statistik Austria, population on 1 January 2026 and Arbeitsmarkt 2025; AMS Wien, Arbeitsmarktreport September 2026; 5min.at, 17 December 2025; Der Standard, Red-White-Red Card.

How the drivers explain the growth pattern. Vienna combines demand from services, R&D and capital functions with population growth and labour-supply expansion. Migration adds workers and local demand; the evidence does not isolate wage-driven arrivals from independent supply shifts. Job growth with modest real-pay gains before 2019 is consistent with demand expansion accommodated by elastic labour supply, while unemployment and part-time reserves suggest scope for a labour response. After 2019, falling real pay is not diagnostic of an initiating supply shift because inflation and composition can produce the same pattern. A mixed mechanism remains possible.

What could change the balance. The City of Vienna's consolidation and the pause in family reunification could slow both demand and labour supply growth, and the projected population growth may not materialise if migration stays lower. If Vienna's unemployed were absorbed, its labour supply would become less elastic and real pay could rise, in the authors' reading.

E3.5 Forces behind growth and the five-year outlook

Preliminary conclusion: Vienna's growth has been driven by migration and by its role as Austria's capital and services centre, which have added residents and jobs, rather than by rising real pay.

1. **Migration-led population growth.** Net migration accounted for about 90% of population growth in 2024 and is projected to dominate it to 2040.
2. **Capital and services functions.** Technology, business services, finance, public administration and education are concentrated in Vienna; business services and education gained share after 2019.
3. **Falling real pay.** Real compensation per employee job fell after 2019, and real disposable income per resident was lower in 2019 than in 2012.
4. **Outperformance since 2019.** Jobs and output have grown faster than in Austria since 2019, while manufacturing-heavy regions were hit by the industrial downturn.

Will these forces persist? Population growth is projected to continue, and WIFO expects Vienna to keep growing slightly faster than Austria in 2026. The constraints are the energy shock and higher interest rates, a weak national economy, and real wages that IHS expects to fall again in 2026, limiting household spending power and rental affordability.

E4. Growth prospects and real estate markets

Over the next five to ten years, Vienna's migration-led growth most clearly supports rental housing and well-located offices; it supports hotels and logistics, while retail depends on household incomes.

Table E9. Asset classes and Vienna's growth pattern, five to ten years

Asset class	Evidence	Demand evidence	What benefits most	Key caveat
Rental housing	Strong	Population +18% since 2012; projected 2.11 million by 2030; shrinking new supply	Privately financed rental near public transport	Falling real pay; rent regulation of older stock
Offices	Moderate, polarised	Technology, business services and public sector concentrated and growing	Grade A in the CBD and near main hubs	Demand driven by headcount, not rising pay
Hotels	Moderate	Foreign overnight stays +3.5% in January to August 2026 (IHS)	Central hotels	Cyclical; energy costs
Logistics	Moderate	Transport jobs +22% since 2012	Urban and last-mile distribution	Low industrial base
Retail	Weak	Retail jobs +4%; falling real pay	Prime high street	Household spending power

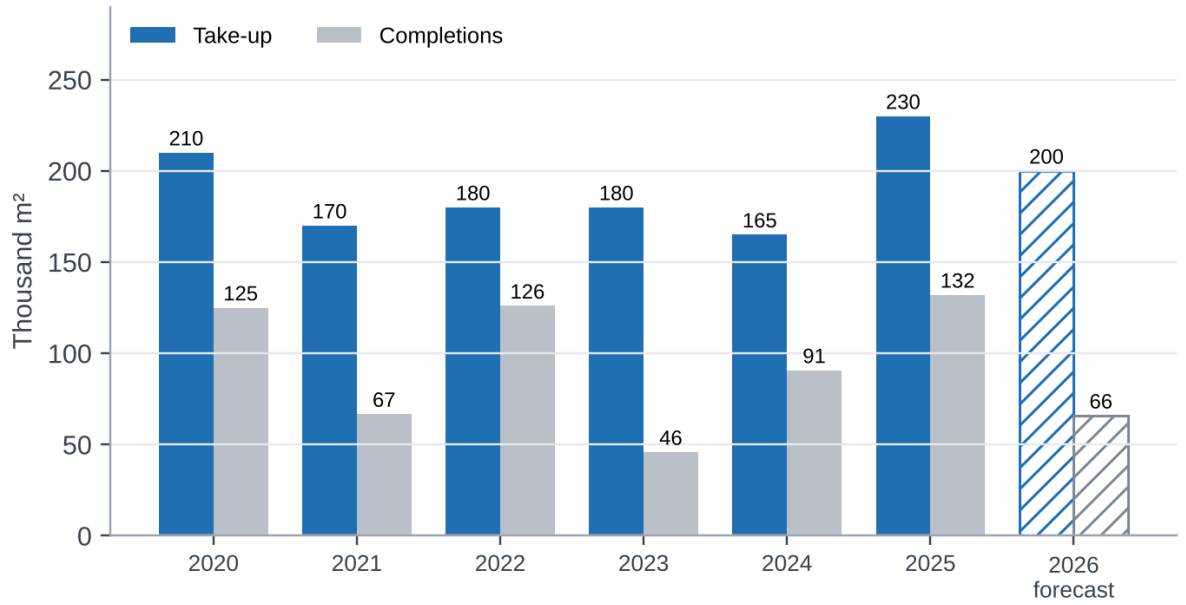
What the growth evidence does not support. Premium-priced housing or office space that relies on rising real incomes, and secondary offices without a refurbishment plan. Industrial space for manufacturing is also not supported, as manufacturing's share of jobs is low and falling.

E5. The office market

Vienna's office market is one of the tightest in Europe on vacancy, and with completions falling sharply, prime rents are edging up.

Figure E4. Take-up has exceeded completions every year since 2020

Office take-up and completions, Vienna, 2020 to 2026 (thousand m²; 2026 forecast)



Sources: EHL, office market reports, autumn 2024 and 2025 and spring 2026, as compiled in the Vienna data workbook. EHL total office market; 2026 figures are EHL forecasts made in Q1 2026.

Table E10. Vienna office market indicators

Indicator	Value	Period	Source
Office stock	11.78 million m² (total market)	Q1 2026	EHL
Vacancy	3.9% (Grade A and B: 4.5%)	Q3 2026	CBRE
Vacancy	3.8% (modern stock: 4.4%)	Q1 2026	EHL
Prime rent	EUR 29.00 per m² per month	Q3 2026	CBRE (EHL EUR 29.50, Q1 2026)
Average rent	EUR 17.50 per m² per month	Q3 2026	CBRE
Take-up	109,660 m², January to September	2026	CBRE
Take-up	230,000 m² (2025); 200,000 m² forecast (2026)	2025 to 2026	EHL
Completions	65,800 to 86,300 m² forecast	2026	EHL; CBRE
Prime yield	4.75% gross (EHL and BNP Paribas RE 5.0%)	Q3 2026	CBRE; EHL
Office investment	EUR 201 million, January to September	2026	CBRE

Sources: CBRE, Vienna Office Figures Q3 2026, 16 October 2026; EHL, Office Market Report spring 2026; as compiled in the Vienna data workbook. Providers' definitions differ: EHL's total stock and the Vienna Research Forum's modern stock are separate universes, and CBRE's gross prime yield is not directly comparable with EHL's.

Demand and supply. Take-up has exceeded completions in every year since 2020 (EHL), and vacancy has fallen from about 5% in 2018 to under 4%. Completions are forecast to fall to 65,800 m² in 2026 (EHL), with a few large schemes such as DC2 in Danube City and Vienna Twentytwo. EHL expects vacancy to rise briefly as recent completions are absorbed, then fall again. Demand is described as stable, with occupiers using space more efficiently through desk sharing and hybrid work.

Rents. The prime rent rose from EUR 25.50 per m² per month in 2018 and 2019 to EUR 29.00 to EUR 29.50 in 2026 (EHL; CBRE), about 14% to 16%, less than consumer prices, which rose about 25% between 2019 and 2024. Rents range from EUR 18.00 to EUR 35.00 in the Inner City, against EUR 12.00 to EUR 18.00 in the South Region (EHL). EHL attributes the rise to excess demand at prime locations and high construction and financing costs.

E6. Housing and capital markets

Housing. Demand for rental housing is strong and new supply is falling. Average net rents for new lettings of investment apartments rose 8.6% in 2025, to EUR 16.20 per m², and EHL expects rents to keep rising to at least the end of 2027, with very low vacancy and declining building permits. CBRE puts the prime residential rent at EUR 19.90 per m² per month in Q2 2026 and expects it to rise at least 2.7% this year. Completions were about 1,800 apartments in Q2 2026 (CBRE). Austrian house prices rose 3.9% in the first half of 2026 (Statistics Austria), and apartments in Vienna averaged EUR 5,212 per m² in 2025. Much of Vienna's older rental stock is subject to statutory rent limits under the Tenancy Act, so the evidence here applies to newly built, privately financed housing.

Demand, supply and affordability. On the authors' calculation, 2024 population growth implies about 12,300 new households (the microcensus shows about 13,500), against 11,194 completions in new residential buildings, a ratio of 0.91; over 2022 to 2024, the only period with household counts in the authors' data, it was 0.84. At the median apartment transaction price, an 80 m² home cost 8.7 years of household income in 2021 and 6.9 in 2024. Asking rents including operating charges equal about 32% of mean household income (January to October 2024); no renter-specific burden for Vienna was found (Section 3.4).

Capital markets. About EUR 1 billion of property was traded in Austria in the first half of 2026, with international investors accounting for 53% (CBRE); residential investment fell about 80%, which CBRE attributes to a gap between buyers' and sellers' price expectations. The ECB raised its deposit rate in June and September 2026 and held it at 2.50% on 29 October, citing the continued rise in energy prices.

Table E11. Vienna pricing indicators, 2026

Indicator	Value	Period	Source
Prime office yield	4.75% gross (EHL 5.0%)	Q3 2026	CBRE; EHL
Prime residential yield	4.10% (+10 bp)	Q2 2026	CBRE
Prime logistics yield	5.15%	Q2 2026	CBRE
Prime high-street retail yield	4.75%	Q2 2026	CBRE
Investment apartment price, average	EUR 7,000 per m²	2025	EHL
ECB deposit rate	2.50%	29 October 2026	ECB, as reported

Sources: CBRE, Vienna Office Figures Q3 2026, as compiled in the workbook, and Austria investment figures Q2 2026, as reported by news.at; CBRE, Wohnen Figures Q2 2026; EHL, Office Market Report spring 2026 and Investment Apartments spring 2026; ECB decision of 29 October 2026, as reported by Trend.az; euribor-rates.info.

Reading for the investor. Vienna's quoted prime office yield of 4.75% to 5.0% differs by 225 to 250 basis points from the ECB deposit rate of 2.50% effective from 16 September. Milan's earlier H1 yield gives a 150 basis point difference against that same later rate. The observation dates differ, so these are arithmetic benchmarks rather than contemporaneous pricing comparisons. Prime residential yields have risen 10 basis points to 4.10%; rising rents and falling new supply support testing housing income growth, while the weak transaction market may offer entry opportunities.

E7. Strategy appraisal

Strategy C has the strongest demand case and its main risk is affordability; Strategy A offers secure income in a tight market, and its main risk is the price paid as rates rise; Strategy B targets the shortage of new space but carries construction cost and letting risk. All figures are illustrative.

Table E12. Value sensitivity to yield, Vienna prime office and residential (% change in value from the central case)

Case	Central yield	-50 bp	-25 bp	+25 bp	+50 bp
A: prime office, CBD	4.75%	+11.8%	+5.6%	-5.0%	-9.5%
C: prime residential	4.10%	+13.9%	+6.5%	-5.7%	-10.9%

Source: authors' calculations on the gross prime office yield of 4.75% reported by CBRE (Q3 2026) and the prime residential yield of 4.10% reported by CBRE (Q2 2026).

A 25 basis point move changes value by about 5% to 6.5%, and a 50 basis point move by about 9.5% to 14%; the effect is larger for housing because its yield is lower. Because value is income divided by yield, a fall in the yield raises value slightly more than an equal rise reduces it. Absolute capital values are not shown. Prime yields are quoted on net or gross income depending on the provider, so capitalising a headline rent at a prime yield does not give a usable value; an underwriting value needs the asset's net income after non-recoverable costs, vacancy and incentives, and must deduct capex, leasing and purchase costs. The percentage changes do not depend on the income level.

Table E13. Summary assessment of the Vienna strategies

Factor	A: core prime office	B: refurbishment to Grade A	C: rental housing
Market tightness	Vacancy 3.9%; few completions	Grade A and B vacancy 4.5%	Very low vacancy; falling new supply
Demand base	Technology, business services, public sector	Same, seeking modern space	Population +1.1% a year since 2019
Pricing	Yield 4.75% to 5.0%; rent EUR 29	Depends on location and quality achieved	Prime yield 4.10%; rents rising
Main risk	Paying a full price as rates rise	Construction cost and lease-up	Affordability; falling real pay; regulation
Verdict	Underwrite selectively, subject to entry price	Underwrite selectively, near main hubs	Prioritise for underwriting, subject to entry price

From growth to space. Table E13a traces each material source of Vienna's growth to the space it requires, the stock available to meet it, and the evidence on whether that demand can be met by absorbing existing space, adapting it or building new (Section 2). The judgements in the last column are the authors'; where this edition has no evidence, the table says so.

Table E13a. From growth to space: Vienna

Source of growth	Space it requires	Stock available to meet it	Absorption, adaptation or construction (authors' judgement)
Households	Privately financed rental near public transport	Completions covered 0.91 of new households in 2024 and 0.84 over 2022 to 2024; the Vienna Chamber of Commerce expects completions to fall from 11,404 in 2025 to 9,651 in 2027	**Construction.** Population rose 18.1% in 2012 to 2025 and is projected to reach 2.11 million by 2030, mostly from migration; asking rents equal about 32% of mean household income, and real pay is falling.
Technology, business services and public sector jobs	Grade A offices in the CBD and near the main hubs	Vacancy 3.9%; completions forecast at 65,800 to 86,300 m² in 2026, against take-up of about 200,000 m²	**Construction or adaptation near the hubs.** There is little vacant space to absorb growth, so demand needs new or refurbished buildings; EHL expects vacancy to rise briefly as recent completions are absorbed.
Income	Better space	As above	**Little additional demand.** Real compensation per employee job rose 1.4% in 2012 to 2019 and fell 4.9% in 2019 to 2023, so growth adds volume, not quality.
Visitors	Central hotels	Not measured	**Not assessed.** Foreign overnight stays rose 3.5% in January to August 2026.
Transport jobs	Urban and last-mile distribution	Not measured	**Not assessed.** Transport jobs rose 22% since 2012.

Sources: Sections E3 to E7 and 3.4, Tables 7 and 8, and the sources cited there. Judgements are the authors'.

Reading. Vienna needs new space in both housing and offices: it is adding people faster than homes, and its office market has too little vacancy to absorb even headcount-driven growth.

Recent evidence and what it supports testing. CBRE recorded 27,640 m² of take-up in Q3 2026, well below the 89,280 m² of Q3 2025, and completions of about 25,400 m² in the first three quarters; vacancy in modern Grade A and B space was 4.5%, and about 60,900 m², including DC Tower 2, was scheduled for completion in Q4 (CBRE, Vienna Office Figures Q3 2026). The Vienna Chamber of Commerce expects housing completions to fall from 11,404 in 2025 to 10,336 in 2026 and 9,651 in 2027, with commercially developed rental homes falling from 2,505 to 494; the national chamber puts Vienna's 2026 completions higher, at about 12,100, and the two figures have not been reconciled. In the authors' judgement, this supports testing rental housing by district, unit size and competing tenure; for offices, the pre-let share of upcoming deliveries should be checked before relying on low current vacancy.

E8. Risks, monitoring and review triggers

Table E14. Risks, indicators and suggested review triggers

Risk	Indicator to monitor	Suggested review trigger
Energy shock and rates	Oil and gas prices; ECB deposit rate	Further ECB rate rises
Weak economy	IHS and WIFO forecasts; unemployment	Austrian GDP growth forecast below 0.5%
Real incomes	Real wages; rent-to-income ratios	Real wages falling for a second year
Office demand	Take-up; vacancy	Vacancy above 5%
Housing regulation	Changes to rent law	New limits on privately financed rents
Population growth	Net migration	Net migration well below the projection

Source: authors' assessment. Triggers are illustrative and should be set by the investor.

Monitoring. The figures in this edition should be refreshed quarterly. A local partner with transaction, leasing and yield evidence would be needed before any investment.

E9. Sources

Official statistics and data workbook. Vienna city and economic data workbook, compiled for this edition from Statistics Austria regional accounts (gross regional product, gross value added, total employment, employees, compensation of employees, hours worked and disposable income, NUTS 2, September 2025 revision) and Eurostat population and demographic balance (demo_r_d2jan, demo_r_gind3), retrieved 29 October 2026; Statistics Austria, house price index, 23 September 2026; Austria consumer price index (OECD, via FRED, series CPALTT01ATA659N); City of Vienna, population projection 2025 to 2055.

Housing demand, supply and affordability. Authors' calculations in the metro data workbook, available from the authors, from: Statistik Austria, completions in new residential buildings, microcensus households, average real estate prices (apartment transactions) and regional household disposable income; ImmobilienScout24 Austria, asking rents, January to October 2024.

Drivers of growth (Section E3.4). WIFO, Konjunktur- und Arbeitsmarktprognose für Wien, June 2026; AMS Wien, Arbeitsmarktreport September 2026; Statistik Austria, population on 1 January 2026 (9 February 2026) and Arbeitsmarkt 2025 (12 March 2026); WKO, R&D and patents by federal state, from Statistik Austria; Vienna Business Agency, as reported by vienna.at (3 April 2026); EIU Global Liveability Index 2026, as reported by The Star (21 July 2026); Flughafen Wien, traffic results 2025 (20 January 2026); vienna.at, Vienna tourism 2025 (28 January 2026), U2/U5 delay (12 November 2025) and Vienna's 2026 budget (20 November 2025); 5min.at, family reunification pause (17 December 2025); Der Standard, Red-White-Red Card.

Forecasts and policy. IHS, Economic Forecast, October 2026; WIFO forecast for Vienna, as reported by the City of Vienna, 3 July 2026; ECB monetary policy decision of 29 October 2026, as reported by Trend.az; euribor-rates.info.

Market sources. CBRE, Vienna Office Figures Q3 2026 (16 October 2026), Wohnen Figures Q2 2026 and Austria investment figures Q2 2026 (as reported by news.at and vienna.at, July 2026); EHL, Office Market Reports autumn 2018, 2024 and 2025 and spring 2026, and Investment Apartments spring 2026; ORF, residential prices, 24 September 2026.

Recent market evidence (note after Table E13a). CBRE, Vienna Office Figures Q3 2026: cbre.com; Wirtschaftskammer Wien, Neubaubericht quarterly update, as reported by vienna.at (October 2026): vienna.at; WKÖ, national new-build report release: wko.at.

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- Sivitanides, P. and Mourouzi-Sivitanidou, R. (2020) *Market Analysis for Real Estate*. Abingdon: Routledge.