

MARKET INDICATORS

Market Outlook

Prime Rents:	Expected to remain stable in the short term.	▶
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 not offset by development in the peripheral areas.	▲
Demand:	Demand anticipated to gain momentum as competition for CBD space remains fierce.	▼

Prime Office rents – September 2017

LOCATION	DKR	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Copenhagen (Harbour Area)	1,850	249	27.4	0.0	0.5
Copenhagen (City)	1,800	242	26.7	5.9	1.8
Copenhagen (Ørestaden)	1,400	188	20.7	7.7	3.1
Aarhus	1,325	178	19.6	6.0	2.0
Odense	1,000	134	14.8	11.1	2.7

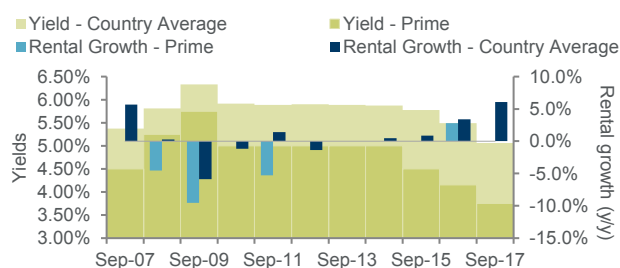
Prime Office yields – September 2017

LOCATION (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Copenhagen (Harbour Area)	3.75	4.00	4.15	5.75	3.75
Copenhagen (City)	3.75	4.00	4.15	6.00	3.75
Copenhagen (Ørestaden*)	5.50	5.50	5.50	6.75	5.50
Aarhus	4.50	4.75	5.25	6.25	4.50
Odense	6.50	6.50	6.50	6.75	5.75

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

The Danish economy is continuously strengthening its position. Purchasing power is rising amongst the Danes, as employment is improving along with higher wages. This improvement, coupled with low inflation rates, results in greater spending power for consumers. With interest rates at an all-time low, Denmark has seen a rise in commercial and private real estate prices.

Occupier focus

The positive trajectory in the Danish economy is continuing to influence the occupier market for offices. In Denmark the vacancy rate fell to 7.40% in Q3 2017 - especially driven by CBD, where the vacancy rate is down 70 bp to a level of 6.10% according to Ejendomstorvet.dk.

Office hotels and communities has become more popular for smaller Danish companies during the past years, due to the sharing of facilities in a multiuser property. However, the continuous growth in the Danish economy has resulted in a general increase in the workforce among these companies and they are growing out of their offices in office hotels and require their own office lease. This is one of the reasons vacancy rates are falling in all of Copenhagen.

Investment focus

The third quarter of 2017 was another quarter of high investment activity and the total transaction volume has surpassed DKK 60 bn (~EUR 8 bn). for the first three quarters of the year. The Swedish real estate company Wihlborgs Fastigheter acquired a property portfolio from the Danish institutional investor Danica comprising 15 properties for DKK 1.8 bn.

Alm. Brand Ejendomsinvest, a real estate subsidiary of the Danish institutional investor, Alm. Brand Liv & Pension, sold their centrally located property on Rådhuspladsen 4, for DKK 590 mn. to british property fund Standard Life Aberdeen.

The prime yield has declined 25 basis points to 3.75% this quarter.

Outlook

There is no office space schemed to be delivered in CBD, hence competition for CBD space is expected to remain fierce and will force companies to seek towards other areas than CBD.

DENMARK Office Market Snapshot

Third Quarter | 2017



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)	12,034,500	938,691	7.8%	177,465	398,440	333,100
Copenhagen (Centre)	5,946,000	362,706	6.1%	70,240	164,780	0
Copenhagen (Overall)	12,034,500	938,691	7.8%	177,465	398,440	333,100

Source: Cushman & Wakefield

Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Rued Langgaards Vej 6	CPH S	CBRE A/S	1,825	New lease
Njalsgade 21G, 8 & 9	CPH S	Deloitte	908	New lease
Strandvejen 70, 2.	CPH Area	Weoffice Aps	1,356	New lease
Stefansgade 9, 2.	CPH N	Københavns Akademi	1,293	New lease
Stationsparken 37	CPH Area	Biogen	1,100	New lease

Source: Cushman & Wakefield

Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
15 Commercial Properties	CPH Area	Danica / Wihlborgs A/S	N/A	241
Rådhuspladsen 4	CPH W	Alm. Brand Ejendomsinvest A/S / Standard Life Aberdeen	N/A	75
Linnés Allé 2	Høje-Taastrup	Det Danske Hedenselskab / PensionDanmark	N/A	24
Marielundvej 46	Herlev	Cromwell / Rent Estate	N/A	Est. 21
Klostermarken 12	Viborg	Det Danske Hedenselskab / PensionDanmark	N/A	19

Source: Cushman & Wakefield, Real Capital Analytics

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