

RESIDENTIAL RESEARCH



VIENNA RESIDENTIAL INSIGHT

2013/14



ASSESSING THE PERFORMANCE OF VIENNA'S RESIDENTIAL MARKET

MARKET OVERVIEW

Vienna is rising up the preferred list of second home locations for buyers looking for a city that combines culture with safety and privacy. Kate Everett-Allen looks at who's buying what and where in the Austrian capital.

KEY FACTS

Vienna has recorded one of Europe's strongest rises in mainstream house prices, **up 55% since 2008 and by 8.3% in the 12 months to June**

Strong levels of safety and privacy as well as the city's recent economic and social stability are driving international demand

Comprised mainly of apartments, the 1st district is considered Vienna's most exclusive address

Amongst foreign buyers those from Eastern Europe, Russia, the US, Germany and Switzerland are most evident

Vienna has topped the quality of life rankings conducted by Mercer for the fourth consecutive year



KATE EVERETT-ALLEN
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"Vienna, home to a population of 1.75m, is set to attract another 102,000 residents by 2020."

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The global financial crisis largely passed Vienna by. Since the collapse of Lehman Brothers – which signalled the start of the global credit crunch – mainstream prices in Austria have risen 34.7%, the highest level of price growth in all of Europe.

Prices in Vienna went one step further and outperformed the national average, increasing by 55.1% over the same period according to the Austrian National Bank. Prices are still rising, up by 8.3% in the year to June (figure 1).

Luxury prices range between €15,000 and €18,000 per sq m. The most prestigious properties in Vienna's old town can command upwards of €20,000 per sq m but despite expectations the record sale price of €30,000 per sq m has yet to be reached.

Austria's property market – its structure and recent performance – is more closely aligned with its German-speaking neighbours than it is with its more volatile southern Eurozone partners.

Furthermore, owner-occupiers represent only 56% of households, the country fortuitously avoided a housing boom pre-2008 (which kept supply tight) and mortgage lending still only accounts for around 35% of GDP, making it one of Europe's least indebted nations.

Vienna, home to a population of 1.75m, is set to attract another 102,000 residents by 2020.

The city attracts buyers from around the world but those from Eastern Europe, Russia, the US, Germany and Switzerland are well represented. Citizens of the EU and the EEA are treated the same as Austrian citizens when it comes to purchasing property. For non-EU/EEA buyers however the acquisition of real estate is subject to the approval of the Land Transfer Commission.

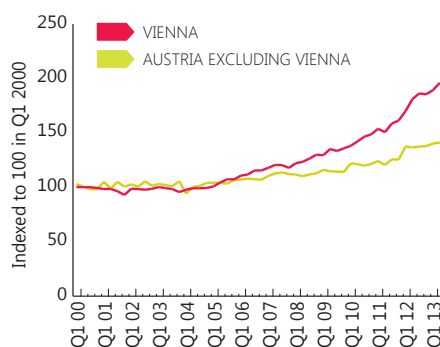
Asian interest in the city is strengthening. The number of searches for Viennese homes conducted by web users based in Asia increased 11% in the first nine months of 2013 compared to the same period in 2012.

A key attraction for buyers is Vienna's secure and private environment. This is underlined by the presence of international organisations such as OPEC, the OSCE and the UN.

Anecdotal evidence suggests that celebrities and wealthy individuals can retain their anonymity here in a way few other cities permit. Indeed, in 2013 Vienna topped the rankings for quality of life for the fourth consecutive year in a survey conducted by HR consultants Mercer.

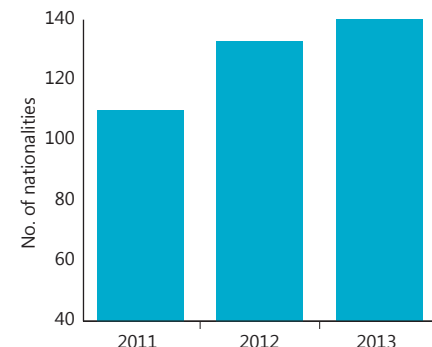
Most purchasers are lifestyle buyers seeking a second home but those investors that are active in the city centre are typically focussed on capital appreciation as opposed to rental return given the rent regulation that applies to pre-war buildings.

FIGURE 1
'Capital' growth
Mainstream residential property price index:
Vienna v Austria



Source: Knight Frank Residential Research, OeNB, Vienna University of Technology, Institute for Urban and Regional Research

FIGURE 2
Rising demand
The number of nationalities searching for homes in Vienna

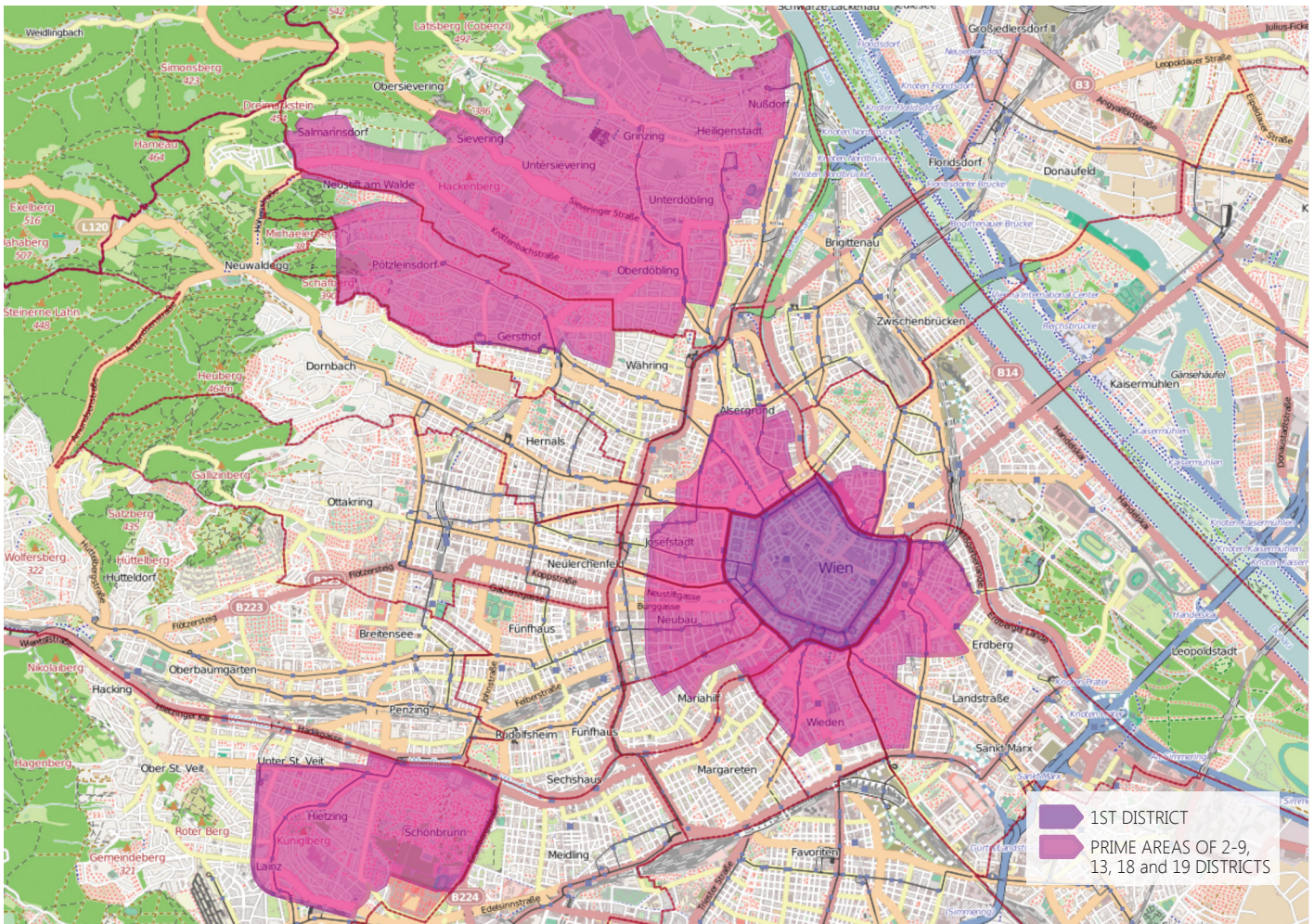


Source: Knight Frank Global Property Search

WHERE ARE VIENNA'S PRIME DISTRICTS?

The 1st district, the area which encompasses the Imperial Palace, the original home of the Habsburgs, is considered Vienna's best address and is comprised predominantly of apartments. Those buyers seeking a family home target the 13th, 18th and 19th districts. Districts 2 to 9, which encircle the 1st district, represent Vienna's other prime residential markets, these areas are increasingly expanding.

Development in the Innere Stadt or old town is severely restricted given its preservation rights as a UNESCO world heritage site. However, one of the largest inner city developments in decades is the restoration and redevelopment of the Goldenes Quartier, a mixed-use scheme which will add 12 luxury apartments to the old town's housing stock.



VIENNA PROPERTY HIGHLIGHTS

1ST DISTRICT



9TH DISTRICT



13TH DISTRICT



For full details of the properties please click on the images above
[Otto Immobilien](#) are Knight Frank's Partners in Vienna. To view a selection of residential properties for sale [click here](#)

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