

YoY Chg 12-Mo. Forecast

5.3%
Vacancy Rate



76K
Take-Up sqm



2,100 DKK
Asking Rent, PSM



Source: Ejendomstorvet & C&W | RED

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

988K
Copenhagen Employment



3.40%
Copenhagen City Unemployment Rate



3.00%
Denmark Unemployment Rate



Source: Statistics Denmark

OVERVIEW

Current market and economic uncertainties driven by the continued high inflation and interest rate level has resulted in a spread between the sellers and buyers price expectations, which have led to a significant slowdown in investment activity since the summer of 2022. With a 41% share of the total volume in Q2 2023, the residential segment continues to be the largest, and with a share of 20%, the industrial segment was the second largest segment – which was mainly driven by high yielding light industrial properties. Finally, the office segment accounted for 16% of the total volume in Q1 making it the third largest segment.

OCCUPIER FOCUS

The office occupier market has seen a shift from very high activity and historically low vacancies to a more slowed pace, where businesses are reconsidering their office spaces to attract employees. Tenants are gaining bargaining power, setting demands for lease contracts to be more flexible. Although economic uncertainties impact the occupier market negatively, the office occupier market in Copenhagen is still very strong, with stable rent levels and only slightly increasing vacancy rates.

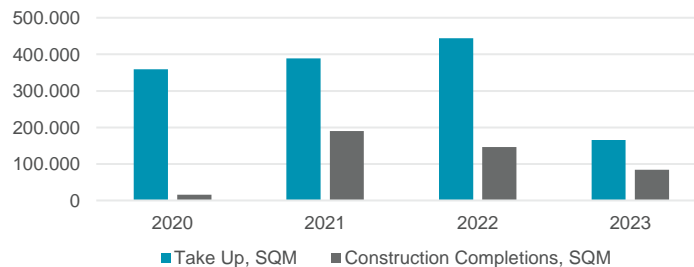
INVESTMENT FOCUS

In both 2022 and 2023, we have seen a limited investment activity, which is due to a combination of economic uncertainties and an extremely limited supply of the safest assets, prime office properties located in central Copenhagen. There continues to be some investor demand for the safest office assets located in Copenhagen. However, as a consequence of covid-19, investors are globally becoming more cautious about investing in office properties, as there (especially in the USA) is a high uncertainty about the future on the occupier market (expectations of increasing vacancy rates, decreasing market rents, etc.). Therefore, although the prime yield level has increased from around 3.00% in Q1 2022 to 4.25% in Q2 2023, the investment activity remains very limited.

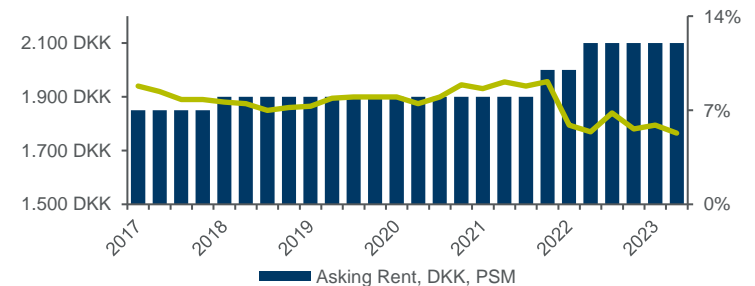
OUTLOOK

The tenant preference for the best leases located in the city centre implies that we expect to see a widening gap between primary and secondary rent levels. For the most attractive leases that meet the demand of modern tenants (e.g., sustainability, shared facilities, etc.), we expect to see steady rent levels in the remaining part of 2023, despite the risk of a coming recession. However, older, less ideally located office properties may face an increasing vacancy and a downward pressure on rent levels. The investor interest is expected to remain high for centrally located, attractive office properties in Copenhagen. But, given the worsened financing conditions, we expect to see a continued limited investment activity in the rest of 2023.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	BUILT STOCK (SQ.M)	AVAILABILITY (SQ.M)	OVERALL VACANCY RATE (%)	TAKE-UP (SQ.M)	YTD TAKE-UP (SQ.M)	UNDER CONSTRUCTION (SQ.M)	PRIME RENT (LOCAL CONVENTION)	PRIME YIELD*
Copenhagen (Greater Copenhagen incl. Centre)								
- Copenhagen City Centre	6,460,667	363,509	5.63%	13,028	52,840	-	2,100 DKK	4.25%
- Greater Copenhagen	10,889,202	578,620	5.31%	76,314	165,414	-	-	-
- Northern Copenhagen	1,366,531	45,179	4.00%	-	-	-	1,400 DKK	4.75%
- Eastern Zealand	645,763	22,460	3.00%	-	-	-	1,100 DKK	6.00%
Copenhagen TOTALS	12,901,496	646,259	5.70%	76,314	165,414	457,707	2,100 DKK	4.25%

*Rental rates reflect a net level

KEY LEASE TRANSACTIONS 2022-2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TYPE
Strandgade 3	Copenhagen C	Netcompany	23,906	New lease
Orienthuset	North Harbour	Accura + Denmark export and investments fund	16,666	New lease
Kampmannsgade 2	Copenhagen W	Devoteam + Salesforce + others	8,390	New lease
Holmens Kanal 7	Copenhagen C	3Shape	6,922	New lease
Sankt Annæ Plads 24	Copenhagen C	Better Collective A/S	6,423	New lease

KEY SALES TRANSACTIONS 2022-2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M	PRICE / DKK P SQ.M
Ørsted HQ	Gentofte	ATP Ejendomme / Pensam, AIP, and Artha	84,437	2,475M / 29.3K
SAS Portfolio	Copenhagen S	PFA Ejendomme / Wihlborgs	97,154	1,075M / 11.0K
Carlsberg Portfolio	Copenhagen W	Udviklingselskabet Carlsberg Byen / ATP Ejendomme	21,419	965M / 45.1K
Genmab HQ	Valby	NCC / Industriens Pension	12,500	620M / 44.3K
Vester Søgade 10	Copenhagen W	Aage V. Jensen Charity Foundation / Danica	12,755	581M / 45.8K

KEY CONSTRUCTION COMPLETIONS 2022-2023

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	OWNER / DEVELOPER
HUB One	Copenhagen S	Multi-tenant property	50,047	KLP Ejendomme / Hoffmann A/S
Woods Augusthus	Copenhagen S	ZeroNorth	24,000	NREP / NREP
Carlsberg Byen Pasteurs Tårn	Copenhagen W	N/A	16,600	Carlsberg Byen P/S
Accura domicile	North Harbour	Accura	13,200	Industriens Pension + Velliv
Genmab HQ	Valby	Genmab	12,500	Industriens Pension / NCC

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