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Economic Reports & Business Guide 2019



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Quality of Living as Austria's Economic Driver

WHEN COMPANIES ARE PLANNING TO OPEN SUBSIDIARIES ABROAD, hard criteria such as the tax burden, market opportunities, location and logistics, infrastructure and the availability of skilled workers play a decisive role. But factors such as fewer days lost to strikes and political and legal stability also influence the final decisions of globally active companies. Because stable conditions are also a long-term guarantor of stable profits.

SO-CALLED SOFT FACTS SUCH AS LIVING STANDARDS are well down this list of criteria. However, prosperity and the quality of living in a country remain important factors that not only impact upon purchasing power and market opportunities but also create a generally stable economic environment in which companies can operate. And this is precisely where Austria has an edge: In 2018 the federal capital Vienna was named the city with the highest quality of living worldwide – for the ninth year in a row. Even if Austria is known as a country of lakes, mountains, Mozartkugel and Lipizzaner horses, it is actually one of the world's most highly developed industrial countries as well as being the fourth richest in the EU.

FOREIGN COMPANIES INTERESTED IN SETTLING IN AUSTRIA receive free support on all aspects of Business Location Austria from the corporate relocation agency ABA – Invest in Austria (page 19). This includes advice on the choice of location, labour and taxation issues and questions of financing and subsidies as well as help in dealing with the authorities.

A TOP BUSINESS LOCATION ALSO REQUIRES AN ATTRACTIVE RESEARCH ENVIRONMENT. Austria has been one of the leading EU countries in terms of tax breaks for research for many years. In 2018 the research premium was raised again, from twelve to 14 per cent (page 32). And a highly developed infrastructure is just as important (page 40). This edition of “Austria – Europe's Heart. Economic Reports & Business Guide 2019” will offer you an insight into the many projects and new initiatives in and for Business Location Austria.

ENJOY YOUR READ!

yours
Elisabeth Della Lucia



Harald Mahrer

President of the Austrian
Federal Economic Chamber:

*"We must loosen the
bureaucratic chains in order to
offer companies more freedom
and flexibility."*

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Sebastian Kurz

Federal Chancellor of the
Republic of Austria:

*"Austria is well on track
to becoming an
international trailblazer."*

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Margarete Schramböck

Federal Minister for Digital,
Business and Enterprise:

*"We have remodelled our foreign
trade strategy as a means of
supporting Austrian companies
on the international stage."*

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Christoph Neumayer

General Secretary of the
Federation of Austrian
Industries (IV):

*"A central feature of the
international orientation is
the country's positioning as an
attractive research location."*

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Business Location Austria has many strengths – we have to make use of them

AUSTRIA HAS MANY STRENGTHS: In its “Competitiveness Report” the World Economic Forum highlights the good infrastructure, the macroeconomic stability and the training of apprentices. I also think that it is very significant that the Austrian economy is so diverse and, hence, broadly based, that Austrian companies are intensely focused on quality and that our country is home to so much creativity and innovative energy.

THIS IS ALSO JUST AS CLEAR TO THE INVESTORS, who choose Business Location Austria year-after-year, as it is to the many international customers of Austria’s successful exporters. However, we have to make even more of these strengths by making the right adjustments. This means that we must loosen the bureaucratic chains in order to offer companies more freedom and flexibility. We must reduce the level of taxes and other charges in order to create more room for investment.

MUCH HAS ALREADY BEEN ACHIEVED IN THIS AREA: The flexibilisation of working hours, which came into force in September 2018, enables companies to react more easily to their order books while the reform of the social security system represents a first step towards addressing non-wage labour costs. Furthermore, we at the Austrian Economic Chambers are refining the training of apprentices and working to guarantee the supply of specialists as well as establishing new focuses in the areas of education, digitalisation and innovation.

ALL OF THIS MAKES ME CONFIDENT that Business Location Austria will develop its strengths even further. The Austrian Economic Chambers are certainly supporting this with all their energy and are ready to offer advice to all companies and investors – both here in Austria and in the more than 100 offices of ADVANTAGE AUSTRIA right around the globe.

Harald Mahrer

*President of the
Austrian Economic Chambers*

*„There is nothing
as valuable as
experience in
real estate“*



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Austria is on Track to Becoming an International Trailblazer

A STABLE AND COMPETITIVE BUSINESS LOCATION is a key requirement for any successful country. As an export-oriented nation it is vital that our companies flourish on the international market. The strengthening and expansion of the location supports innovation and development. This creates additional jobs – and guarantees future prosperity.

THE TRANSFORMATIVE POWER OF DIGITALISATION is central to this process. Austria is a small country with few natural resources. This is why we want to position ourselves internationally as a trailblazer and a leader of innovation. It is particularly essential to take advantage of the opportunities of digitalisation. This is possible with the help of a coordinated research strategy, an attractive tax system for workers and companies and a flexible labour market. And the strengthening of social innovation and the provision of a state-of-the-art infrastructure are also of paramount importance.

THE SUCCESS OF A COUNTRY is not determined by its size. It is much more a question of the existence – and the strength – of the desire to develop further. We need new ways of thinking. Especially in response to the question of whether progress and innovation are grounds for optimism or for insecurity.

EVEN IF THESE OBJECTIVES may appear ambitious: The measures that we are planning mean that Austria is well on track to becoming an international trailblazer.

Sebastian Kurz

*Federal Chancellor
of the Republic of Austria*

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customers in our enthusiasm for the shared objective. And that will never change.

Dr. Eugen Otto, Martin Weinbrenner & the team and department heads of property sales -
as representatives of all 90 employees of Otto Immobilien in Vienna.





Good Conditions for Growth and Prosperity

A GLANCE AT THE STATE OF THE AUSTRIAN ECONOMY

reveals a positive picture: Last year's growth rate, the highest since 2011, was well above the EU average. The number of people in work is rising steadily while the unemployment rate continues to decline. And 2018 saw a rise in the levels of both investment in and exports from Business Location Austria.

BUT WE SHOULDN'T ALLOW OURSELVES to be deceived by this positive snapshot. Growth is forecast to be weaker this year and the outlook is clouded by protectionism, trade conflicts and geopolitical events. This makes it even more important to target measures to strengthen the Austrian economy. Our declared aim is to keep Business Location Austria moving forward. It should be easier for every company – from startup via SME to market leader – to carry out its daily work.

THIS REQUIRES LESS BUREAUCRACY and outdated regulation and more services and flexibility. The platform oesterreich.gv.at, launched at the end of March 2019, responds to this need by offering centralised and simplified access to the most important administrative services. Our “Digital Innovation Hubs” and “KMU Digital” enable us to support small and medium-sized enterprises as they undergo digital transformation. We are addressing the shortage of skilled labour by modernising the integrated system of workplace and classroom training and introducing measures within the immigration system.

WE HAVE DRAWN UP a Location Development Law for Austria (that came into force on 1st January) and remodelled our foreign trade strategy as a means of intensively supporting Austrian companies on the international stage. And such initiatives as “Invest in Austria” actively (and successfully) encourage foreign companies to relocate here.

IF WE INTENSIFY OUR SUPPORT of entrepreneurs, capitalise on the opportunities offered by digitalisation and raise the international profile of Business Location Austria we will ensure good conditions for growth and prosperity and, hence, a successful future.

Margarete Schramböck

*Federal Minister for Digital and
Economic Affairs*

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SIOR



Austria - a Modern Industrial Nation at Europe's Heart

AUSTRIA IS ONE OF EUROPE'S most competitive industrial nations. The manufacturing and related sectors are responsible, directly and indirectly, for almost 2.5 million jobs. In addition to this, Austrian industry, with its countless export-oriented companies, was once again the country's strongest driver of growth and jobs in 2018, with around 25,000 new jobs being created by the manufacturing sector alone.

ALONGSIDE THEIR MOTIVATED AND WELL-QUALIFIED EMPLOYEES – on-the-job and class-based training are key assets – the international orientation of these companies is another of the country's greatest strengths. Indeed, in view of its 55 per cent export ratio, Austria's future is dependent upon the success of its companies on global markets. A central feature of this international orientation is the country's positioning as an attractive research location: The increase in the research premium to 14 per cent represents a further powerful incentive to invest in Austria, particularly for research-oriented companies.

DURING THE PAST FEW MONTHS politicians have focused on improving Austria's locational qualities. Modern working hours' regulations, a reduction in bureaucracy and the improvement of processes for location-related projects are amongst the key milestones. Because: The international economic environment will become more difficult in 2019, which means that the framework within which companies and their employees operate must be competitive. The planned structural reforms in the areas of administration and taxation are essential if Austria is to maintain its successful track record as an industrial location.

Christoph Neumayer

*General Secretary of the Federation
of Austrian Industries (IV)*





Austria's Economy – Bright to Overcast

Even if the **Austrian economy** is not able to evade global problems, the trend remains positive. And the subject of digitalisation is becoming more and more important. *TEXT: *Harald Kolerus*

In 2017 the Alpine Republic was still bathed in uninterrupted sunshine: After years of restrained growth the Austrian economy was experiencing a significant upturn. GDP had risen by 2.6 per cent in comparison with 2016, which was the best result since 2011. Last year, however, GDP growth peaked at 2.7 per cent before the weather slowly but unmistakeably started to turn – due to a range of factors, many of which are to be found at the global level. These include the trade dispute with China triggered by Donald Trump and the turbulence surrounding the far-from-smooth Brexit process. These factors have palpably dampened the mood amongst investors and companies worldwide and led to a clear slowdown of the global economy. It should also be added that this same global economy had been “chugging” powerfully along for the past few years – principally fuelled by the USA – and experts were and are united in the belief that this situation couldn't last forever.

Hence, the talk is of a logical and virtually global slowdown, which Austria is naturally also unable to avoid. The Chief Economist of UniCredit Bank Austria, Stefan Bruckbauer, comments that: “in view of the significantly rising concern about the global economy that has led to,

amongst other things, severe stock markets fluctuations, the mood of Austria's export-oriented industry worsened rapidly at the end of 2018. Now, this rising uncertainty is also hitting other areas of the economy and consumer confidence. Only in the building industry did the turn of the year see a rise in the level of optimism.”

This hardly positive diagnosis naturally raises questions about how well or how badly the Austrian economy is really fairing. One way of answering this is to take a look at the UniCredit Bank Austria Business Indicator. This suggests that, following the strong beginning to 2018, business confidence steadily worsened throughout the year. “By the end of 2018 the indicator had dropped to 2.9 points. In light of the intensifying international headwind business confidence has now fallen from its highpoint of a year ago to its lowest level in 20 months,” explained Bruckbauer at the beginning of this year.

A PATH OF STABLE GROWTH

However, it would be a mistake to use these figures as the basis for taking an overly pessimistic view of the future. For, despite this downturn, the UniCredit Bank Austria Business Indicator is still clearly well above its long-term average value.



ECONOMIC GROWTH 2018
+2.8 % prognosis
ECONOMIC GROWTH 2019
+2.0 % prognosis
GDP 2018 (at current prices)
386 Billion Euro / estimate
GDP PER CAPITA (2018)
39,509 Euro / estimate
UNEMPLOYMENT RATE (2019)
4.6 % prognosis
RESEARCH RATIO (2018)
3.19 %
EXPORT RATIO (2018)
54.5 % prognosis
LABOUR FORCE PARTICIPATION RATE (2018)
76.8 %

And, although economic momentum has slowed since the beginning of 2018, the Austrian economy was still growing as it entered 2019. Bruckbauer expects GDP to increase by 1.9 per cent this year and 1.5 per cent in 2020. The prognosis of the OeNB (The Austrian National Bank) is even more optimistic: two per cent growth in 2019 followed by 1.9 per cent next year. "This would mean that the Austrian economy has left behind its cyclical peak and is slowly switching to a path of stable growth. We are in the latter phase of a powerful economic upturn," sums up the commentator from the central bank. And the OeNB also has good news about the job market: The unemployment rate (as defined by Eurostat) fell to 4.9 per cent in 2018. In 2019 and 2020 it is expected to fall further to 4.7 per cent before reaching 4.5 per cent in 2021.

All of which leads to the conclusion that there is no reason to talk of negative scenarios such as an economic slump with rapidly rising unemployment. The Austrian economy looks set to remain healthy and can count on the support of a large number of innovative and successful companies. The backbone of this corporate landscape continues to be formed by the country's SMEs. As demonstrated by the numbers set out in this year's report on Austria's medium-sized companies, around 329,000 companies belong to this SME sector. This figure represents an almost unbelievable 99.6 per cent of all Austrian companies. This also means that SMEs offer jobs to around two million Austrian workers while also being responsible for more than 60 per cent of both the revenues and the value creation recorded by the Austrian econo-

my – an economy in which the service sector and, in particular, tourism continue to play a decisive role.

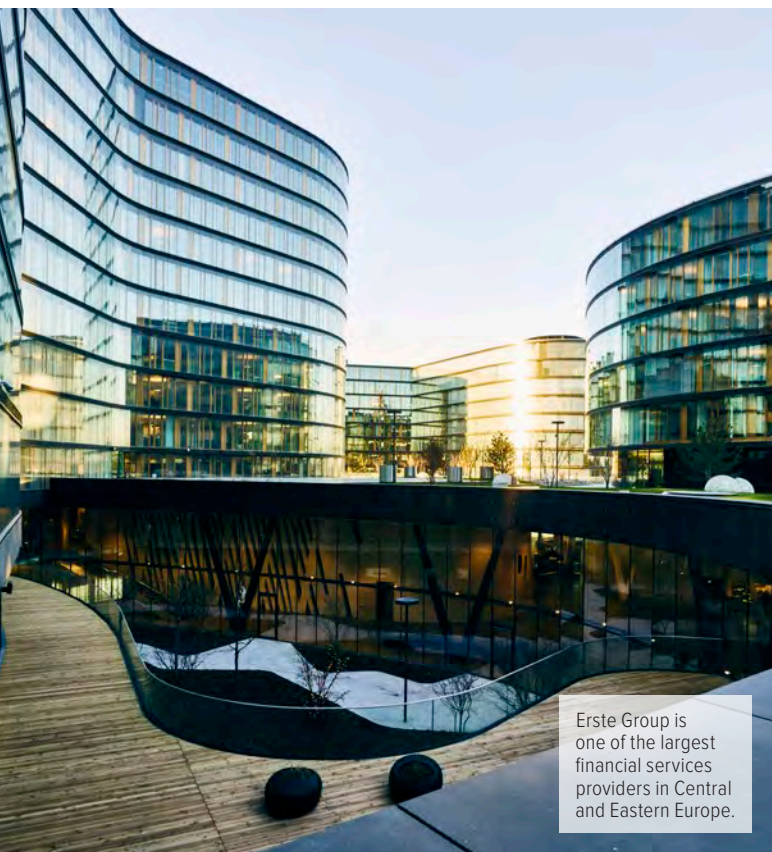
"THE YEAR OF DIGITALISATION"

But let us take an even closer look at these extremely important SMEs. They are becoming increasingly heterogeneous and diverse to the extent that 36 per cent of all companies in the market economy are now single-person businesses. Furthermore, increasing numbers of these single-person businesses are being established by older workers and graduates. And while the number of such companies in Austria is still below the European average they demonstrate that the country is also witnessing the transformation of the world of work. Qualities such as increased individual responsibility, flexibility, lifelong learning and the reduction of bureaucracy are required if Austria is to keep up with the times. This brings us directly to the keyword digitalisation, which will lead to decisive changes in corporate processes and the entire way in which work is organised. Changes from which business should be one of the major beneficiaries: According to a study from PwC, Austria's industrial companies are expecting extra turnover of almost 15 billion euros between now and 2020 as a direct result of the "fourth industrial revolution."

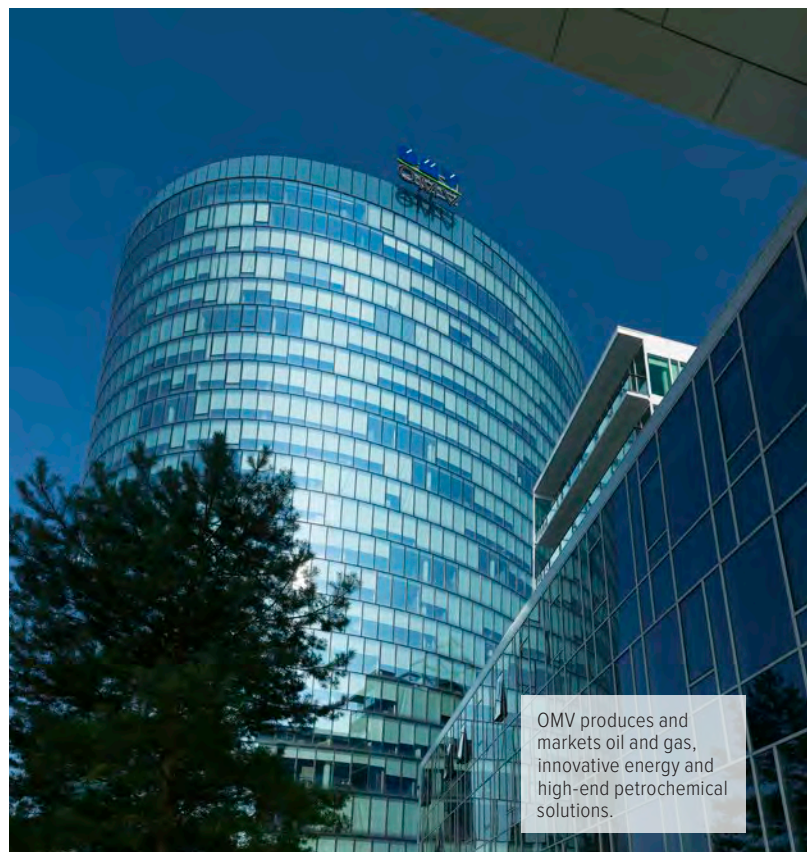
But these possible advantages are just one side of the coin. Digitalisation will also require a more highly qualified workforce. There is a fear that those who can't keep up could soon find themselves losing their jobs. Austria is taking measures to ensure that this doesn't happen. For example, the Austrian Government proclaimed 2019 the



Smaller Austrian companies as the ropeway specialists Doppelmayr have also reached the very top.



Erste Group is one of the largest financial services providers in Central and Eastern Europe.



OMV produces and markets oil and gas, innovative energy and high-end petrochemical solutions.

“Year of Digitalisation” and, in the course of doing so, created the umbrella brand Digital Austria. Amongst other things, this helps SMEs to obtain advice, qualifications and training in the area of digitalisation. In addition to this, the Corporate Service Portal should be expanded further in order to relieve the pressure on companies: Here, the focus will be on mobile e-government and the provision of seamless electronic services to companies going through important processes – such as relocation.

A final factor is the impending expansion of the ultrafast 5G mobile communications standard. Experts estimate that this will involve investment of between six and eight billion euros. This is no mean sum but it is one from which private households, SMEs and also large companies will benefit. One consequence of the dominant position of SMEs in Austria is that these large companies can sometimes be somewhat overlooked by the public. This is a shame, however, because they are also responsible for a large proportion of the jobs, wealth and innovative energy of the Alpine Republic.

HEAVYWEIGHTS AND GLOBAL MARKET LEADERS

According to Forbes, Austria’s five largest companies are Erste Group, Raiffeisen Bank International, OMV, voestalpine and

GLOBAL COMPETITIVENESS INDEX

22nd of 140 countries worldwide

GLOBAL INNOVATION INDEX

21st place out of 126

MERCER QUALITY OF LIVING STUDY

1st Vienna of 231 cities worldwide

the Vienna Insurance Group (VIG). The well-known business and financial magazine bases its ranking on a combination of turnover, net profit, assets and market value. Admittedly, these numbers suggest that these Austrian representatives are more like “dwarves” when viewed on a global scale, with Erste Group only occupying 430th place in the global ranking – and Raiffeisen and the VIG 622nd and 1,164th place respectively. However, this fails to say everything about the true

importance of Austrian companies on the international stage because these also include some true red-white-red global market leaders, of which voestalpine (Forbes ranking: 895) is a good example: The “steelmaker” from Linz is a global market leader in points technology, special rails, tooling steel and special profiles.

Furthermore, smaller Austrian companies have also reached the very top, as exemplified by the presence of such companies as the ropeway specialists Doppelmayr, Fischer Sports (consumer goods and textiles, Alpine and Nordic skis) and Isosport (composite plastic materials for the ski and snowboard industry) on the global market leader index of the University of St. Gallen. Particularly interesting in this context is a cutting from the archive: In 2006 it was reported that virtually exact copies of Doppelmayr lifts were being manufactured in China and even being adorned with the well-known name! A particularly audacious example of product piracy that, at the same time, also acknowledges the excellent reputation of Austrian products: an excellent reputation that is unlikely to change in 2019.

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Government plans aim to strengthen Austria as a business location

René Siegl, Managing Director of the national investment promotion agency ABA – Invest in Austria, talks about Austria's undiminished attractiveness as a business location and the positive outlook for 2019 *INTERVIEW: *Vanessa Haidvogel*

ABA reported its fifth straight record year in 2018. What makes Austria so sustainably attractive as a business location?

Austria continues to score high thanks to its high productivity and optimally qualified specialists. Due to its central geographical location, Austria is the number one business location when it comes to building up business ties to South East and Eastern Europe. This is demonstrated by the 380 headquarters operating out of Austria. Conversely, Austria is also the perfect location in the EU for Eastern European companies. The country serves as a reliable partner for EU expansion, providing the necessary know how and competent service providers. Prominent firms such as Lukoil, Centrex and Sberbank realized this long ago, and the number of Eastern European companies located in Austria has risen from 546 in the year 2003 to 7,248 in 2018.

How important is the predictability of the underlying conditions for companies?

In times of large-scale uncertainty across the globe, political stability and a reliable legal system accompanied by a high level of personal security are increasingly important criteria according to which firms make business location decisions. Many managers enjoy being able to use public transportation late in the evening or take a stroll through the city after going to the theater. This is a matter of course for us, also in the big cities. Naturally, the fact that strikes in Austria continue to be measured in seconds helps us in convincing companies interested in setting up business operations here.

How well-known is Austria as a business location around the world? Do companies still tend to think of Austria as a tourism or cultural destination?

Austria is the country of "hidden champions" because it is home to the most global market leaders in relation to the number of inhabitants. Niche players in all sectors such as Kreisel, Doppelmayr and ViraTera-



peutic manufacture outstanding leading-edge products. FACC helps the international aviation industry to save fuel by using new materials. Companies such as Red Bull, Swarovski and Manner have achieved worldwide fame, but are not usually perceived as Austrian brands.

Austria is ranked an impressive fifth behind Belgium, Netherlands, Switzerland and Sweden in the KOF Globalization Index 2018. It is compiled annually by the renowned Swiss Federal Institute of Technology in Zurich, and measures the economic, social and political dimensions of globalization.

What are your expectations for the future?

The multi-stage relief measures initiated by the federal government will reduce the overall tax burden towards the 40 percent level. This is an important step in safeguarding and strengthening purchasing power. In this way, Austria also continues to be attractive as a market for foreign

firms. From our point of view as a business promotion agency, the decrease in the corporate income tax rate down to close to 20 percent as planned for 2021/22 is a particularly gratifying step. The enhancement of Austria's attractiveness as a business location along with the planned simplification of tax regulations would help safeguard existing jobs and create new jobs.

What else does the business location need in addition to the announced tax relief measures?

In the long term, Austria will only be successful in international competition if key technologies are available throughout the country. As a nation with high wage levels, Austria can only further strengthen the business location and maintain its competitiveness through innovation and the deployed technologies. For this reason, the nationwide availability of a 5G network is crucial to its future economic development. That is why the federal government's aim to make Austria a 5G trailblazer in Europe, one of the top three nations for digitalization in the EU and among the top ten worldwide is expressly welcomed by ABA.

How does ABA specifically support international companies wanting to settle in Austria?

We advise foreign companies interested in establishing business operations in Austria on all business location issues. This ranges from site selection, labor and tax regulations, funding and financing possibilities, cooperation partners and support in handling formalities with public authorities to gathering information on schools for employees' children and the best residential areas.

© ABA - Invest in Austria



Mozart Chocolates and Microelectronics, Lipizzan Stallions and Lightweight Construction

Less well-known: Austria is a top **research location**. Whoever thinks of Empress Sisi, Sacher cake, skiing or the Vienna Opera Ball first in connection with Austria is not wrong at all, but this individual does overlook one important factor: Austria is actually an extremely innovative and profitable **business location**.

In addition to highly qualified and motivated employees, Austria always boasts the highest density of world market leaders in relation to the number of inhabitants. Innovative small and medium-sized firms operating as niche players such as ENGEL, Rosenbauer and Doppelmayr manufacture leading-edge products. In the meantime, as a “strong innovator”, Austria is ranked second in Europe terms of research investments, with a

research to GDP ratio of 3.19 per cent. Global players such as BMW, Bosch, Infineon and Novartis bundle R&D activities in Austria for good reason. These firms are complemented by innovative spin-offs and a lively startup scene within the context of a creative, interdisciplinary ecosystem. Clusters and competence centers promote the close collaboration between science and business as well as university and non-university research. Diversity and strong networking characterize the research community: top researchers and “serial entrepreneurs” work side by side. Companies and intellectual property come together via idea portals and incubators promote entrepreneurial visionaries. Precision medicine, artificial intelligence, autonomous driving, alternative drive systems and lightweight construction complement traditional sectors such as mechanical engineering, vehicle manufacturing, plant construction and industrial goods.

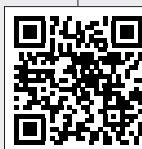
14 euros bonus for 100 euros in R&D investments

Research takes place in many places. That is why small and medium-sized enterprises

and large companies are equally supported. Thanks to the generous research tax credit, companies conducting research have been able to claim a tax deduction for 14 percent of R&D expenditures since January 1, 2018. The research tax credit comprises an effective complement to direct research funding. Moreover, there is a research tax allowance for

migrants working as scientists and researchers accounting for 30 percent of income from scientific work, which can be claimed for up to five years.

The apprenticeship allowance, tax loss carryforwards, the possibility to transfer hidden reserves and a corporate tax rate of 25 percent are among the other tax incentives for companies. Austria is in the middle ranks in Europe with an effective tax burden of 22.4 percent. The high level of stability, productive and motivated employees, a strong economy and a market with high purchasing power and a central geographical location are among the commonly known success factors in Austria. It is the fourth most prosperous country in the EU and boasts an





excellent infrastructure and an exceptionally high quality of life. The City of Vienna has been named the most livable city in the world for many years, for example by the well-known Mercer study. The high quality of life not only positively impacts consumer behavior but productivity as well. Austria has a top position compared to other EU member states with respect to labor productivity per employee. The level of 116.8 percent of the gross value added per employee puts it ahead of other industrial nations such as France, Italy, Germany and Great Britain.

Next steps

Austria aims to become even more attractive for company founders from abroad in the years to come thanks to a further gradual reduction of auxiliary wage costs, the creation of incentives for investors and the reduction of the tax burden as well as its leveraging of the potential related to digitalization.

Foreign companies – an important source of impetus for Austria as a business location

Foreign companies in Austria comprise an indispensable economic factor and a significant driving force for research and innovation. They feature higher productivity and average salaries than domestic companies. On balance, close to 4,000 foreign firms have settled in Austria with the support of the national investment promotion company ABA – Invest in Austria since ABA was established in the year 1982. These firms have accounted for investments of about EUR 9 billion and created more than 57,000 new jobs. ABA – Invest in Austria has registered a positive development in its performance over the last ten years whereas global economic development has been volatile. Germany is traditionally the most important source of investments followed by Italy. The attractive conditions for companies carrying out research also lure Swiss firms to Austria. Vienna has traditionally been the most popular geographical destination of the foreign firms.

ATTRACTIVE CONDITIONS – BUSINESS LOCATION AUSTRIA AT A GLANCE

Economic and social stability

- Member of the eurozone
- High level of personal security
- Political stability and reliable legal system
- Low strike rate and high social satisfaction
- Easy system for establishing a company

Qualified, motivated and productive employees

- High labor productivity (4th in the EU)
- Highly qualified and motivated employees (rank 5 worldwide)

Flexible labor regulations

- Minimum wages ensured thanks to industry-specific collective agreements
- Working week of 38.5 - 40 hours
- 25 days of vacation
- Simple, uniform severance payment system

Unparalleled quality of life

- Austria has the highest quality of life world wide
- Vienna is the most livable city in the world

Central location in the heart of Europe

- Every destination in Europe can be reached in only three hours of flight time
- Leading flight interface to Central and Eastern Europe: six international airports
- 40 destinations in CEE, 573 flights per week from Vienna Airport
- Excellent Eastern European know-how offered by Austrian service providers: tax consultants, lawyers and financial services providers
- Well educated and loyal employees with CEE language skills

Tax advantages

- 25 percent corporate tax rate
- Attractive group taxation for holdings
- More than 80 double tax agreements
- No wealth or trade tax is levied
- Tax benefits for private foundations

Attractive funding

- Grants for innovative investments
- Grants for application-oriented R&D as well as basic research
- Comprehensive funding system for startups
- Investments in environmental protection measures: 15-30 percent

Research and development

- Research tax credit: 14 percent in cash
- Optimal networking between science and business: 50 competence centers, 60 industry clusters
- 22 public and 13 private universities, 21 universities of applied sciences
- More than 1,000 non-university research facilities

ABA – Invest in Austria: The best contact partner for business location issues

As the national investment promotion consultancy of the Republic of Austria, ABA – Invest in Austria (ABA) is the first choice of foreign companies aiming to establish their own business in Austria.

30 qualified employees consult and support companies quickly, unbureaucratically and free of charge in setting up business operations in Austria. They offer information tailored to the needs of international investors in the following areas:

- Economic, political and legal conditions
- Labor and tax issues
- Funding and financing possibilities
- Support in handling formalities (e.g. applications for public funding, operating licenses, work permits, visas etc.)
- Site selection and consulting
- Establishing appropriate national and regional contacts
- Ongoing support of companies which located business operations in Austria
- Point of contact for expansion investments

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An award-winning idea: a reusable temporary school made from timber modules.

Building for Kids

WIP Wiener Infrastruktur Projekt GmbH, which belongs to the Wien Holding subsidiary WSE Wiener Standortentwicklung, has assumed responsibility for the construction project management of the building, **expansion and refurbishment of schools** on behalf of Vienna City Council. For Vienna is growing and, with it, the demand for educational infrastructure.

The city's major offensive in the area of educational infrastructure began back in 2014. In the first year alone 27 classrooms, together with their ancillary facilities, were built at five schools. Nine further projects were completed in 2015. Since then, following its appointment by the City Council, WIP Wiener Infrastruktur Projekt GmbH has overseen or is overseeing more than 20 such projects, always in close consultation with the department MA 56 (Vienna Schools) and the city's building directorate. Wood and concrete are the principal building materials in these projects. The timber elements are largely delivered prefabricated to site and joined together in just a few weeks. The quiet processes permitted by this approach

allow for particularly short construction periods during which schools can continue operating.

In addition to this high level of prefabrication wood offers a number of further advantages. It is, for example, a renewable raw material. The share of "grey energy" – the energy required in, for example, production, transport and storage – is very low in comparison with other building materials. And timber buildings also offer an excellent interior environment.

Room for playing and learning

WIP has recently been able to complete a number of school buildings: A new school extension with five primary school class-

rooms, a recreational classroom, a gymnastics room and ancillary spaces was built at Schüttaustraße 42 in Vienna-Donaustadt in just eight months. In the Dietmayrgasse-Spielmannngasse neighbourhood two existing primary schools were enlarged and a new middle school was built. Altogether, four additional primary school classrooms and a new middle school with 16 classrooms and two sports halls were built at the location. WIP also completed the construction of a kindergarten in Pötzleinsdorf. All three buildings were completed in two phases without interrupting regular operations. The first two could be opened and used by the children in 2017 while the third was completed in 2018. The special location right on the edge of the Vienna Woods now offers 300 children lots of space for playing, learning and letting off steam.

WIP supervised a very special project at Torricelligasse/Braillegasse in the 14th district. Here, an ecologically sustainable temporary school consisting of 26 classrooms, two gymnastics rooms and a sports hall was built from timber modules. This temporary school is designed in such a way that it can be erected and dismantled five times as required over the course of the next 25 years. The building earned WIP the GBB Award in the category real estate projects at the 8th GBB – Green & Blue Building Conference in Vienna.





Neu Leopoldau: Living with Open Space

A new urban district with apartments, commercial space and lots of greenery is being created on the site of the former Leopoldau gasworks.

Neu Leopoldau Entwicklungs GmbH, which belongs to the Wien Holding subsidiary WSE Wiener Standortentwicklung and the landowner Wiener Netze, developed the concept for reusing the site in Vienna-Floridsdorf.

On the way to becoming a new urban district

13.5 hectares, 17 listed buildings and a lot of green space: The site of the former Leopoldau gasworks is being transformed into a dynamic new urban district. The starting point is the striking ensemble of listed buildings and trees and the existing network of streets and paths. 1,400 new apartments, of which 1,000 are

subsidised, social infrastructure, commercial premises and large amounts of open space are being created in the former Leopoldau gasworks. A third of the subsidised apartments will be built as particularly economical SMART apartments. The entire site will be pedestrianised and communal garages will be provided for the cars of residents and users.

The project is the outcome of Vienna's largest cooperative planning process to date, which involved the participation of neighbours, experts from the areas of urban, transport and landscape design, architects, political decision-makers and the Federal Monuments Office.

Working in a special atmosphere

In addition to the apartments the project also includes the creation of commercial space and a lot of greenery around the listed buildings, which will be primarily available in future for use as workshops and for the creative industries. In addition to this, the ground floor zones of the residential buildings will accommodate the social infrastructure and other uses. The designers envisage that the project will predominantly appeal to small-scale commercial users and offer a lot of space for creative and crafts-based energy.

Neu Leopoldau Entwicklungs GmbH worked with wohnfonds_wien to hold a two-stage developer competition with the motto "Junges Wohnen (Young Living)". The approximately 1,000 subsidised apartments will be built on a total of eight plots. A park covering more than 8,000 square metres, an avenue of trees and a variety of open spaces and communal facilities will provide room for living together. And a specially developed mobility concept should also contribute to a high quality of life and residential experience.



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“In 2019 we will continue our investment strategy and therefore making vienna worth living in for the people of the city.”

Making Vienna worth living

From the first “new generation municipal housing” to school expansion projects: **Sigrid Oblak, Managing Director of Wien Holding**, reports on investments in the area of real estate.

* INTERVIEW: *Vanessa Haidvogel*

Wien Holding is one of Vienna’s most important real estate developers. How many million euros were invested in the area of real estate in 2018?

In 2017 we invested around 117 million euros in real estate. And a large share of our total investments also flowed into this area in 2018. In terms of turnover it is our strongest sector.

How will things develop in 2019?

In 2019 we will continue our investment strategy and therefore making vienna worth living in for the people of the city.

What are the largest residential projects in 2019?

Vienna’s first “new generation municipal housing” project will be completed in Oberlaa in autumn 2019. This will include 120 new municipal apartments. In

Neu Leopoldau, where we are building a new, dynamic urban district with a total of around 1,400 apartments on an area of 13.5 hectares, the executing companies will be able to hand over the first units in summer 2019. After this, around 70,000 square metres of commercial space will be executed on the site while the historically protected existing buildings will be remodelled to create space for studios and workshops for small businesses and the creative industries.

Wien Holding is making a major contribution to the school expansion offensive. What are the plans for 2019?

Several school expansion projects are planned for 2019: A new building will be added to the all-day primary school at Novaragasse 30 in Vienna’s 2nd district in order to meet the urgent need for more

teaching space. The primary school at Ruckergasse 42–44, which is part of the new school centre in Meidling, will gain an extension that will connect two existing school buildings. And in Carlberggasse 72 in Wien-Liesing we are building a new primary school and extending the existing middle school.

What innovations are being integrated into the new school buildings?

We principally use wood and concrete as building materials. The prefabricated timber elements enable us to build the new educational buildings in just a few weeks. One advantage of this is the particularly short construction period. The relatively quiet work also means that this can be carried out while the school is in operation. In addition to the high level of prefabrication wood has many other advantages: On the one hand it is a renewable raw material and, on the other hand, timber buildings offer an excellent interior climate. Open spaces are of course also important in educational buildings and these are designed and implemented as required.

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“Vienna is one of Europe’s fastest growing regions.”

**Vienna’s economy is on the right track.
How do you see things developing in 2019?**

The economy is in its best condition for a decade. Now we need supporting measures to consolidate this. Important examples include infrastructure projects such as high-level transport projects – the upgrade of the road network, public transport and the airport – or seamless broadband coverage. And we are pressing politicians to be even more business-friendly. This is also why we have concluded a strategic agreement with Vienna City Council. All the signs are positive. If you invest in Vienna you are doing the right thing.

If you invest in Business Location Vienna you are doing the right thing

Walter Ruck, President of the Vienna Economic Chamber, looks back on a successful 2018, in which numerous measures were taken to strengthen the business location. * INTERVIEW: *Vanessa Haidvogel*

Numerous measures were taken in 2018 to strengthen Business Location Vienna. What were these?

We have enabled tens of thousands of employees of Viennese companies to use residents’ parking zones between Monday and Friday rather than driving in circles looking for a parking space. Since January, Austrian SMEs have had easier access to the Vienna Stock Exchange, which has allowed them to raise fresh equity for their companies. The Finance Minister wants to use the next tax reform to implement our model of automatic income tax assessment, which will significantly ease the burden on small companies. We have succeeded in ensuring that the Federal Government’s Location Law will speed up the planning process for major building projects so that we no longer have to wait for decades for such projects as the Lobau Tunnel or the third runway at Vienna Airport.

What is set out in this agreement with the City Council?

We have signed an agreement for the future with the City Council designed to promote the realisation of new projects, the reduction of burdens and the simplification of life for business. We have also agreed a support package with the city for companies that will suffer losses due to the U2/U5 building works – the largest such package in the history of the

construction of the Vienna Underground. And we have agreed the introduction of new digital apprenticeships, which will improve the pool of skilled personnel.

What should be the impact of these measures?

We want to strengthen the economy, safeguard prosperity and wealth creation and support the business location. Eastern Austria is currently facing a veritable logjam in infrastructure development. This must be broken if we are to regain ground on our international competitors.

Can you name the top three factors that speak for Business Location Vienna?

Vienna is one of Europe’s fastest growing regions and nobody can take away the geographical advantage of our location at Europe’s Heart and our excellent links with the CEE Region. In an international comparison the location scores points due to its globally active and interconnected corporate clusters in the fields of biotech, life sciences, ICT, urban technologies and creative industries. Moreover, our office space is really affordable. International connections are well-developed due to Vienna Airport and the regional transport network. And the social stability and quality of life also speak for Business Location Vienna.

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“We have to give Vienna a new cardiovascular system - with glass fibre and 5G.”

Vienna Stands for High Quality

Peter Hanke, Executive City Councillor for Finance, Business, Digital Innovation and International Affairs, on the qualities of the business location and the roadmap for digitalisation. * INTERVIEW: *Vanessa Haidvogel*

Vienna is breaking one record after another for international corporate relocation. Why is the city so attractive for companies looking to relocate internationally?

Vienna succeeds in combining many strengths into a strategy. Alongside the highly qualified workforce and excellent infrastructure these strengths also include the high quality of life. Vienna stands for high quality on the international stage – in particular for trustworthiness and integrity. The figure of 191 international corporate relocations means that we not only recorded more than all other provinces combined but also achieved another historic record. This confirms the success of both our approach and our activities.

How do you promote Business Location Vienna internationally?

We do this primarily through the work of our Business Agency right across the globe. But our work here at home also acts as invaluable publicity. Thanks to the superb support from the Expat Center more than 90 per cent of the expats based here would recommend Vienna to others.

The German “Lebendige Stadt” Foundation has honoured Dortmund and Vienna as “the most digital cities”. What does Vienna’s digitalisation strategy look like?

One of Vienna’s success factors is that everyone in our city should be able to share in its progress. We achieve this by

building upon and developing our existing strengths. We at the City Council see new technology as offering an opportunity to bring different generations together. This social solidarity is central to our city and its high quality of life.

How important is digitalisation for Business Location Vienna?

It is essential that we prepare our infrastructure for the digital economic space. It is as if we have to give Vienna a new cardiovascular system. I am referring here in particular to glass fibre and 5G. In Vienna, digitalisation is not an empty phrase but a concrete roadmap that will keep our city amongst the global leaders.

Vienna is the heart of Austria’s research landscape. Is the number of research companies in a city also an indication of a flourishing business location?

A flourishing business location needs a strong research landscape and also attracts many research companies. Vienna invests heavily in education. This means that the city has a highly qualified workforce. We also invest in research as a result of which we have one of the highest research ratios in the EU. Two-thirds of all those working in research in Austria are based in Vienna. In an era of digitalisation we have to push this even harder. Only thus will we be optimally prepared for the challenges ahead.

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“Digitalisation has transformed citizens into responsible, informed consumers.”

Transparency in the digital age

Roland Schmid, owner and CEO of IMMOUnited GmbH, on digitalisation and the importance of transparency in the real estate sector. *INTERVIEW: *Vanessa Haidvogel*

What challenges is the market facing?

The real estate market is subject to a wide range of influences that can be, for example, social, technological or political. This means that the sector is changing constantly. We no longer focus on products and services but, rather, users and end customers. Many market players have yet to adjust to this transition, which could be a problem for them in the years to come.

And what about digitalisation?

Digitalisation favours this user-oriented perspective. Today's consumers have access to far more information than before. Digitalisation has transformed citizens into responsible, informed consumers.

They demand that companies take their needs seriously and expect products and services that meet these needs.

To what extent will this development change the real estate market?

So-called proptech companies have already been influencing and defining the sector for some time. IMMOUnited and IMABIS have also actively contributed to the digital development of the real estate market. Our products offer our clients decisive competitive advantages and enable them to better serve the end customer. As a result: Digital development is transforming traditional business processes and models. Proptech companies integrate

these new digital technologies into business concepts that they then introduce to the real estate market. Our business models mean that we are also deeply rooted in today's real estate industry.

What role is played by transparency in this context?

Transparency means security. A transparent market is a secure market. This is why transparency plays such a key role today. A transparent market will not only survive longer but also be in a position to offer high-quality services. And ultimately this will have a positive impact on consumers, who will respond by placing their trust in the market.

Will this also be the case in future?

Definitely! In future transparency will become even more important. Increasing levels of digitalisation and automation will ensure that markets and market participants will continue to be open about their processes and obliged to take responsibility for their actions. Beyond this, end customers and their needs will continue to be the focus. Companies must always listen to their clients and act accordingly. In short: Transparency and customer focus will define the future of the (real estate) market.

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Austria's westernmost province is one of Europe's 20 leading locations and seen in many ways as a model region. The high level of economic and innovative energy, strategic, forward-looking projects and efficient, stable structures combine to ensure that Vorarlberg is an attractive place to establish and expand a company.

Products developed and manufactured by companies from Vorarlberg are well-known and in demand across the globe.

The region's above-average level of exports has been rising vigorously for years. With a population of around 390,000, Vorarlberg has Austria's highest export ratio and is rightly regarded as an export champion. The province's innovation-powered main sales markets are Germany and Switzerland, followed by Italy, China, France and the USA. The surrounding region is home to around 70 million consumers with high purchasing power. Many of Vorarlberg's companies are noted for their constant commitment to developing products that prove themselves on the market – and do so with impressive quality and efficiency. They achieve this by investing constantly in state-of-the-art, efficient workplaces and innovation of the highest level. "Vorarlberg's businesses have to operate in a constantly changing and highly demanding environment," explains Dr. Joachim Heinzl, CEO of Wirtschafts-Standort Vorarlberg GmbH (WISTO), "which makes it ever more important

for an export-oriented, manufacturing-based economy to generate competitive advantage through R&D, the right business environment and a highly-qualified workforce. The result is that Vorarlberg's companies are well-positioned – and often play a leading role – in the sectors of the future."

FOCUS ON SUCCESS

Vorarlberg offers a higher concentration of globally renowned brands than virtually any other region. These range from many family



companies, who have developed into global players thanks to new business ideas, and major international groups, which have established strategically important subsidiaries in the province, to the many ambitious and highly specialised small and medium-sized enterprises that are market leaders and play a key role in shaping Vorarlberg's economy. Alpla (plastic bottles), Blum (hinges),

Doppelmayr (ropeways), Getzner Textil and Getzner Werkstoffe, Liebherr (construction machinery), Hilti (construction tools and material), Mondelez International (Milka chocolate),

Red Bull and, most recently, Rentschler (pharmaceuticals) are just some of the companies that make targeted use of the excellent location conditions. This dynamic environment is also encouraging the emergence of further technological sectors (photonics, lasers and medical and bio technology) while digital transformation is being strongly boosted by the province's Digital Agenda and a series of related initiatives (such as the Digital and Startup Hubs).

SUCCESSFUL START

Companies who are interested in finding a location in Vorarlberg or keen to work with companies from the province will receive helpful advice and support from WISTO.



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The Federal Real Estate Company (Bundesimmobiliengesellschaft) and the Vienna Technical University have invested around €22mn in the new Center for Micro & Nanostructures.

Research Means Future

Austria has distinguished itself in an international comparison of **research locations**. Here, companies benefit from qualified specialists, modern infrastructure and sustainable funding initiatives. *TEXT: *Helmut Wolf*

Science and research are essential foundations for the future viability of our country. I am most pleased about our successful initiatives such as the new Centre for Micro & Nanostructures", proudly states Heinz Faßmann, Austria's Minister for Science. At the end of 2018, the opening of the new Centre for Micro & Nanostructures in Vienna laid the foundation for "cross-faculty top-level research on a global level." In addition to increased funding for universities, Austria has also been an important impetus provider for years, particularly in the field of research funding and thus the Alpine Republic has been a dynamic research location for equally as long. Research-orientated companies and international top scientists consciously and consistently choose the location in the heart of Europe, and not without reason. With a research quota of 3.14 percent of GDP Austria is now officially recognised as a "strong innovator" and ranked second in Europe for research investment, bettered only by Sweden. Furthermore, Austria has more than doubled its R&D quota since 1995.

HIGHER PREMIUMS

Global players such as BMW, Bosch, Infineon and Novartis have been appreciative of the innovative environment which Austria provides for years and pool their R&D activities here. These renowned companies are complemented by innovative spin-offs and a lively start-up scene: Precision medicine, artificial intelligence, autonomous driving, alternative propulsion systems and lightweight construction supplement traditionally strong sectors such as machine,



Boehringer Ingelheim's new biopharmaceutical production facility in Vienna-Meidling is due to go online in 2021.

vehicle and plant construction as well as industrial goods. R&D centres of excellence set up by international companies also ensure a constant flurry of fresh winds across the research landscape. An example thereof is the Global Cancer Research Center from Boehringer Ingelheim scheduled for launch in Vienna in 2021. The pharmaceutical company is currently investing around €500mn in a new production facility for cell culture based biopharmaceuticals. In addition, there are more than 60 sector clusters that ensure close networking with more than 7,000 companies with over 800,000 employees. These clusters initiate, promote and coordinate successful collaboration and knowledge sharing between companies. At the same time, they constitute the link between business, research and public facilities. Partly responsible for the R&D increase is the Austrian Research Bonus which was raised to 14 percent in 2018.

SOUGHT-AFTER QUALIFICATIONS

In order to make innovations and research market-ready, not only top researchers but also highly qualified experts are needed for their practical implementation. In its role as a top-level research location, Austria offers both and has a long tradition of "application-oriented training": Almost 90 percent of Austrians undergo vocational training. "International collaboration between science and industry constantly provides new approaches and guarantee the direct transfer of knowledge which helps to secure Austria's role as primary centre of knowledge," says Sabine Seidler, rector of the TU Vienna, thus addressing the core essence of the message: Research means future!

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A man with a beard, wearing a white shirt and a black strap over his shoulder, is seen from the back, holding a tablet. The tablet screen shows a map with a yellow highlighted area. The background is a blurred outdoor scene.

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Attractive valuation following the adjustment

Last year, the **ATX** had to sustain significant losses, but the solid figures posted by Austrian companies suggest that times are getting better.

* TEXT: *Harald Kolerus*

Not long ago, Vienna was easily able to outperform other stock exchanges: In 2017, for example, the ATX rose by over 30 per cent – a proud achievement. By 2018, however, this strength had become a thing of the past: Austria's leading index fell by more than ten per cent – although the significant losses also registered by, for example, the DAX meant that we found ourselves in "good company". Bernd Maurer, the Chief Analyst at Raiffeisen Centrobank (RCB), puts this in a nutshell: "Unable to escape the general downward trend of stock exchanges around the world the ATX fell in line with comparable indices such as the DAX or Euro Stoxx." The expert also points out that, just a few years ago, the Vienna Stock Exchange was being positively driven by factors that are no longer present in the same form or to the same extent: "In 2016 and 2017, the banks and insurance companies, which are strongly weighted on the ATX, were supported by expectations of rising interest rates. In 2018, on the other hand, there was little movement in interest rates, even though Austrian banks

still posted good figures. In addition to this, the Vienna Stock Exchange had also been fuelled by the fact that the booming economies of Central and Eastern Europe had exceeded expectations.

ECONOMICAL LEVEL

Hence, the losses on the ATX can largely be put down to external factors rather than being a "home-made" problem. Quite the opposite, in fact: Major listed Austrian companies are reporting good results – and "red-white-red" shares are priced attractively. In 2018, the price-earnings ratio (p/e) of ATX stocks was 11: This year, the RCB is predicting a level of just over ten. In comparison with this, the p/e of the DAX in 2019 is 11.25. According to Maurer, "following the adjustment the ATX is attractively priced and the average dividend yield of ATX stocks of 3.7 per cent also looks good when compared internationally."

DYNAMIC MARKET

All this means that expectations for 2019 are good, while several innovations are

already lined up for the Vienna Stock Exchange. The new "direct market" and "direct market plus" segments are in the starting blocks. These should offer expanding startups and Austrian SMEs swift, economical and unbureaucratic access to local capital. Maurer views this positively: "Further companies will go public, which will be good for the financial market. And it is also possible that, after receiving enough capital, these companies will later switch to the prime market and make this even more dynamic."

How else could one support the Vienna Stock Exchange? Lukas Sustala, an economics expert at the think tank Agenda Austria, believes that the second and third pillars of pension provision (company and private) should be expanded more strongly. Through, for example, the involvement of the capital market: "The key is to strengthen the relationship between savers and business". By encouraging the former to invest in a more yield-oriented way, the latter could gain access to new forms of investment. It would be excellent if savers slowly recognised that, rather than being a form of pure speculation, shares represent a share of growth and profits."

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An annual return of seven per cent

Christoph Boschan, CEO of the Vienna Stock Exchange, advises investors to think long-term and wants to improve the financial literacy of Austrians. *INTERVIEW: *Harald Kolerus*



In 2018 stock exchanges around the world were unable to continue the success story of recent years. What are the current arguments for equity investment in general and the Vienna Stock Exchange in particular?

Even by including just a few stocks in their portfolio investors can increase their money over the long-term, despite the fact that share prices rise and fall during the course of the year. The ATX, for example, has produced an average annual return of almost seven per cent since 1991, despite occasional sharp falls in prices. In order to trade in Austrian companies, the Vienna Stock Exchange offers by far the most liquid market place with the highest price quality.

What is the Vienna Stock Exchange planning in order to make stocks even more attractive, especially to Austrian private investors?

Due to a lack of knowledge Austrian investors miss out on opportunities to make

a profit – or fail to protect themselves adequately – far too often. Each year, our company holds over 350 seminars as a contribution to the improvement of so-called financial literacy in Austria. Furthermore, with its global market, the Vienna Stock Exchange offers Austrian investors affordable access to stocks from around the world.

The government is planning a new Equities Law in 2019 with the aim of energising the Austrian capital market. What do you expect from these measures?

Since 21st January 2019 the new market segments “direct market plus” and “direct market” have provided access to the capital market to even smaller Austrian investors. Particularly aimed at medium-sized enterprises and fast-growing young companies, this new option offers a simple and affordable access to the stock exchange.

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Commercial ahead of residential

Anton Bondi, Managing Partner of Bondi Consult, sees commercial property as offering the best potential returns in the current year. But investors should be careful when deciding which assets to acquire. *INTERVIEW: *Walter Senk*

Which Austrian real estate sectors could be particularly interesting for investors this year?

The rising demand for commercial properties and the higher potential returns that these offer when compared with residential real estate mean that investors are increasingly focussing on this sector. Logistics real estate continues to be interesting while demand in the hotel sector is falling (in particular in the luxury segment). Demand for speciality real estate – such as retirement homes, laboratories, mixed use properties and the like – is rising notice-

ably. In contrast with this, however, location and use criteria in the retail sector are coming under much closer scrutiny.

What challenges must the real estate sector in Austria overcome in 2019?

The greatest challenges are the high cost of both construction and land. The new zoning categories in the residential sector will also lead to a transition in the acquisition of sites for residential development. Open issues such as the drawing up of new tenancy laws and ongoing digitalisation, which are having a huge impact on



all aspects of the real estate sector (and will intensify even further), will continue – increasingly – to occupy our attention.

© Bondi Consult/Hetzmannseder



“In DCity we are building the highest student hotel, DC3.”

Which segment do you see as providing Austria's most exciting market in 2019?

I am very curious how the market will react to the new building code, which requires two-thirds of apartments to be subsidised in areas subject to new zoning or rezoning decisions. I expect this to exacerbate the housing shortage because current building and investment costs make the new rule hard to implement.

Which residential towers is the S+B Group currently realising in Vienna and how do these vary conceptually?

In DCity (Donau City) we are building not only Austria's highest residential tower – Danube Flats – but also the highest student hotel, DC3, as well as planning an office and residential building, DC2.

More than just Housing

With its many residential projects the S+B Group is shaping the federal capital Vienna – and especially Donau City, where not only new buildings but also an appropriate infrastructure are being created. An interview with **Wolfdieter Jarisch, shareholder and executive board member of the S+B Group.**

* INTERVIEW: *Walter Senk*

Apartments for sale are being built in the Danube Flats tower while DC2 will contain rental apartments. Further developments that will also contain units for both sale and rent are DC Flats and our Dresdner Straße project.

Danube Flats is bringing international standards to Vienna. What is special about this tower?

Above all, the opportunity to live and work on the water provided by this extraordinary location! Every apartment in Danube Flats will open onto the continuous terraces. The outermost troughs will be watered automatically and contain plants identified as ideal by an on-site study carried out by Vienna's University for Natural Resources and Life Sciences. Life in the complex will be provided by a kindergarten, a supermarket, a restaurant, a medical centre within the building, excellent public and private transport connections and the cycle link with and direct pedestrian access to the Donauinsel.

Vienna is one of Europe's largest student cities. Which residential concepts are required?

Due to the rule that 25 per cent of places must be made available to foreign students the image of student residences has changed. A foreign student who comes to Vienna for one or two semesters on

the Erasmus programme has hardly any chance of finding an apartment on the open market. They have to overcome such hurdles as agency fees, unfurnished apartments and the organisation of electricity and the Internet, etc. The operators of student residences take over many of these responsibilities as well as offering a range of other opportunities: Integration between students and local residents, cycle hire, in-house sporting facilities and much more. This is why halls of residence (primarily for foreign students) are experiencing such a boom. We recognised this trend very early on and are currently already building our fourth student residence in Vienna.

The S+B Group is realising three residential projects in Vienna DC. How will these affect the location?

Donau City has developed progressively over the course of the past few decades. Now, however, it lacks life – life in the evening, on the water, in the restaurants, etc. Our new projects should change this. We expect that around 1,000 students, a kindergarten, restaurants, more than 1,000 new apartments for sale and rent, a primary school, a middle school, start-up spaces, apartments for musicians and all the developments on Copa Beach will bring life to DCity.

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In Good Hands

Companies that settle in Austria are advised by **Austrian lawyers** in more than just legal matters. Large firms such as Wolf Theiss also offer operational and logistical support. *TEXT: *Anita Orthmer*

The attractiveness of Austria as a corporate location is underlined by the number of new relocations, which grows every year. According to Rupert Wolff, President of the Austrian Bar (ÖRAK), the factors that favour the country as a business location include the level of social stability, the high quality of life and security and, in particular, the impeccable quality of the administration of justice and the resulting legal certainty. According to information from the corporate relocation agency ABA – Invest in Austria the level of interest in Austria shown by companies from the CEE/SEE Regions is particularly high. The ABA also sees the number of relocations from booming economic regions such as China as being highly significant, even if these remain modest in numerical terms.

IMPORTANT PARTNER

Austrian lawyers are an important partner for foreign companies during the relocation process – and not just in legal matters. “Regardless of whether they are simply open-

ing a subsidiary or require a regulatory feasibility study for a major project – it’s not enough to merely explain Austrian law to a client or to set up an Austrian limited company. We always combine our legal expertise with expertise in the relevant sector,” emphasises Christian Mikosch, Partner at Wolf Theiss. The firm supports clients in almost every aspect of corporate relocation. It also provides help as required in establishing contacts with real estate agents, looking for the right location or designing job advertisements. One often acts as an intermediary between different ways of thinking and cultures, as in the case of our Chinese clients, says Jiayan Zhu, Senior Associate at Wolf Theiss. In recent years, for example, the firm has provided legal support to the largest Chinese producer of SUVs Great Wall Motor during the establishment of its Austrian subsidiary and to China Electronics Technology Group Corporation as it set up its European headquarters in Graz, its first location outside Asia. These processes were made easier by the fact that Wolf The-

iss also employs Chinese-speaking lawyers in Austria.

WELL CONNECTED

As they advise foreign firms, Austrian lawyers are able to impress with not only their high level of professional expertise and comprehensive range of advisory services but also with their international networks. This level of international integration is particularly helpful because it enables them to speak the same language as their clients – both literally and in terms of cultural understanding, says Mikosch of Wolf Theiss. And networks are also particularly important because they offer clients a point of contact in their home country when they urgently need information, documentation or other critical inputs. Such cross-border cooperation is naturally helped by the fact that 14 languages are spoken in the firm’s Vienna office and that almost all of the 140 lawyers working there have international experience.

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Space and time are true luxury



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Excellent Transport Connections and High Performance Communication Networks

Business Location Austria has a lot to offer international investors and companies. The high standard of the **infrastructure** and the optimal location are amongst the key arguments. *TEXT: *Helmut Wolf*

Austria has been notable for its excellent transport connections for many years. A range of modes of transport and transshipment hubs connects a series of intermodal terminals with the country's road, rail and waterway networks. A further advantage is Austria's central topographical position at the heart of Europe. This guarantees the Alpine Republic both ideal access to EU markets and excellent connections with neighbouring countries and regions. Vienna Airport is one of the leading "hubs" for travellers to and from Eastern and Southeastern Europe. Over 35 destinations and more than 540 flights per week guarantee intense economic exchange and Vienna Airport is accessible from the whole of Europe in a maximum of three hours.

Around 360 regional headquarters of international companies such as Henkel, Bosch and DHL, as well as many transport and logistics operators, make full use of the countless advantages offered by Vienna Airport.

SUSTAINABLE EXPANSION

Austria's roads, rail network and waterways also help to ensure that the economy runs smoothly. The country's already excellent transport infrastructure is continually being developed further through the sustainable expansion of the "Federal Transport Infrastructure." As part of its "Transport Masterplan for Austria", the Federal Ministry for Transport, Innovation and Technology (BM-

VIT) has established clear objectives and guidelines for the years between now and 2025. One of the key principles: Mobility should be as freely available and comfortable as possible for both people and business while transport should be predominantly environmentally friendly and efficient. This is exemplified by investment in Austria's rail infrastructure, where the focus is on the modernisation of existing routes. This will increase capacity by around 30 per cent so that, upon the completion of the new corridors, 300 million passengers should be travelling by train every year and 40 per cent of freight transported by rail. And the "Danube Action Programme" is also upgrading Austria's most important waterway. Between now and 2022 almost twelve million euros will be made available and many aspects of the work are being coordinated with wider programmes such as the EU Strategy for the Danube Region.

The provision of high performance communication networks is equally important for the infrastructure and the economy. On the basis of its "Broadband Strategy" the BMVIT published a masterplan for promoting broadband back in 2014. The so-called "broadband billion" has already supported the launch of several coordinated funding mechanisms. The aim is to expand ultra-fast internet provision until it covers the whole of Austria. From road and rail, air transport and waterways to the expansion of broadband – the infrastructure of the future is already available today, online and offline.



Another objective is to increase the level of electrification of the railways and to replace shunting engines, some of which are still diesel-powered, with electrical units by 2025.

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A Sustainable Reduction in Emissions

Infrastructure Minister Norbert Hofer is turning to subsidies in order to encourage innovation while reducing the consumption of energy and other resources.

* INTERVIEW: *Helmut Wolf*

When it comes to modes of transport, Austria believes in sustainability. 37 per cent of freight alone is carried by rail. Which measures to promote sustainability can we expect in the near future?

The Federal Ministry for Transport, Innovation and Technology (BMVIT) has a number of programmes that are supporting the search for new, environmentally-friendly approaches in the transport industry. The "Mobility of the Future" programme has a particular focus on projects that research into, develop and test

new forms of logistical organisation. And a new "Logistics Funding Programme" supports the implementation of innovative projects. This will lead to a sustainable reduction in not only emissions and immissions but also the consumption of energy and other resources.

E-mobility is making a major contribution to decarbonisation. Demand for electric cars and charging stations is also increasing in Austria. What is planned in this area?

Electromobility will be encouraged by the new e-mobility offensive, which comes into operation on 1st March 2019 and is

one of the twelve flagship projects of our "mission2030" strategy. Together with the Federal Ministry for Sustainability and Tourism, the Austrian automotive industry, bicycle importers and sports retailers the BMVIT has established a new 93-million-euro support package. I am also highly committed to supporting the activities of Austrian researchers and industry in the area of innovation. With its "Zero Emission Mobility" programme, the BMVIT has established a new research programme that is worth seven million euros every year and will support its first projects in 2019.

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“Our station offensive is already benefitting commuters.”

Rail travellers are climate protectors

Railways are the most environmentally friendly mode of transport. **Andreas Matthä, Chairman of the Board of the ÖBB Holding**, explains that the ÖBB is investing billions in new trains and modern stations, etc., in order to ensure that even more people travel by rail in future.

* INTERVIEW: *Vanessa Haidvogel*

Which new routes and offers can be found in the 2019 Timetable?

In 2019 our passengers can look forward to the extra 1.1 million kilometres covered by local trains as well as almost 300 extra long-distance trains every day. The obvious highlights include the new Nightjet service between Vienna and Berlin and the Railjet xpress that will connect Bratislava, Vienna and Zurich in future.

How will the station building offensive develop in 2019?

Our station offensive is already benefitting commuters because all of Austria's major stations have already been renovated, modernised and embody the highest standards of customer-friendliness, service and security. Now it's the turn of the medium-sized and small stations: in spring, for instance, the “freshly” modernised station in Lustenau. Work is also starting on Lienz Station, while Frohnleiten Station is due for completion in autumn. By 2020 more than 90 per cent of our customers will be benefitting from barrier-free stations.

A couple of numbers for 2019: How much is the ÖBB investing in infrastructure and modern trains etc.?

Thanks to the Transport Ministry we will invest around 13.9 billion euros in modern infrastructure for our passengers by 2023 – including around two billion this year. Naturally this also includes our stations. And of course we also want to raise levels of passenger satisfaction even higher by investing heavily in the quality of our trains. This is the aim of our huge modernisation programme, which is worth a

total of 1.8 billion euros. In 2019 this will include 165 local Cityjets and 21 Talent3 for Vorarlberg, plus a further 25 Talent3 for Tyrol in 2020. This modernisation of the fleet means that our future local passengers will be served by almost 500 state-of-the-art trains.

The declared target for 2030 is “100% green mobility”. How will this be achieved?

Did you know that our passengers and freight customers are Austria's leading climate protectors? Together, we are already reducing annual CO2 emissions by 3.5 million tons. And we are aware that this is becoming ever more important. This is why I'm proud of the fact that our electric trains have already been powered by 100 per cent renewable energy since July 2018. The next steps towards “100% green mobility” are the electrification of further lines and the use of alternative propulsion systems.

What incentives does the ÖBB offer to make it easier for customers to switch from road to rail?

We see ourselves as a comprehensive mobility services provider. Our Rail&Drive Service enables us to offer our customers end-to-end mobility from door to door. And integrated mobility is the state of the art. The last few kilometres at the end of the rail journey can be simply covered with the Rail&Drive Auto – from every provincial capital as well as smaller towns such as Leoben. And this will make rail travel even more attractive.

© ÖBB/Hauswirth

“The investment of 500 million euros till 2023 will represent a major step towards our objective of being a true five-star airport.”

2018 was yet another successful year for Vienna Airport. How would you sum it up?

JÄGER: The strong growth in passenger numbers is especially pleasing. 2018 we passed the mark of 27 million checked-in passengers in a year for the first time. The number of aircraft movements and volume of cargo also rose. And we remain extremely confident about the outlook for 2019.

OFNER: In 2019 we are expecting the revenue of the Flughafen Wien Gruppe to rise to over 820 million euros.

There is a huge amount of building activity within the airport perimeter. Which projects were launched and completed in 2018?

OFNER: Airport City continues to grow and incoming companies brought 2,500 new jobs in 2018. The year's highlights were the opening of Health Center Vienna Airport, the state-of-the-art medical centre in Office Park 3, and the operational start of the Vienna Pharma Handling Center, a new cargo service for the speedy and highly specialised handling of temperature-sensitive medicaments. The centrepiece of the new Airport City is the construction of Office Park 4, which will offer a further 26,000 square metres of office and event space by May 2020. A quarter of the new offices are already let. The highlights for 2019 include the operational start of the new DHL logistics campus and the completion of two new hangars for general aviation.

What is planned for the airport in 2019?

JÄGER: The multi-brand store from La-



Julian Jäger and Günther Ofner, members of the Management Board of Flughafen Wien AG.

Strong Growth in Passenger Numbers

Günther Ofner and Julian Jäger, members of the Management Board of Flughafen Wien AG, on plans for expansion and new routes.

* INTERVIEW: *Anita Orthner*

gardère, which will open in the shopping plaza in Terminal 2 in mid-2019, will offer a new retail experience. As part of the terminal development project we will expand the shopping and restaurant area further over the course of the next few years by modernising Pier Ost and Terminal 2 and extending Terminal 3 to the south. This will involve the phased investment of 500 million euros between now and 2023 and represent a major step towards our objective of being a true five-star airport.

What is the state of play regarding the construction of Vienna Airport's third runway?

OFNER: By approving the project for the building of a third runway on appeal the Federal Administrative Court has taken a forward-looking step towards strengthening Austria as a business and tourism location. In October, the objections of pro-

ject opponents to this approval were rejected by the Constitutional Court, which is still to make a final ruling. Either way, Vienna Airport will only take a final decision about the construction when there is a legally-binding permit.

What is new in terms of routes and airlines?

JÄGER: In 2018 our timetable gained 30 new destinations, including five new long-distance destinations – such as Cape Town and Shenzhen – and seven in Eastern Europe. Air Canada will fly to Toronto from summer 2019. Japan's ANA will serve Tokyo-Haneda daily from mid-February. And we are also expecting further strong growth amongst low-cost carriers, which enjoyed a market share of over 20 per cent in 2018

© Flughafen Wien AG



In step with other major international airports, "Airport City" is growing at Vienna Airport.

"Airport City" continues to grow

The steadily growing "Airport City" at **Vienna Airport** is a highly desirable location for Austrian and international companies. New office and commercial space is being built right now in the shape of "Office Park 4" and "Future Zone West".

* TEXT: *Robert Penz*

If you want to count the cranes on your fingers you will have to use both hands. The strategy of developing Vienna Airport into a multifunctional "Airport City" and highly dynamic business location is clearly in full swing. The airport has already been home to three "Office Parks" and the "Future Zone East" business park for some time. However, the large demand for space at the location meant that ex-

pansion was essential. "In the past 14 months alone a further 2,500 jobs have been created here as a result of corporate relocation and passenger growth. One has to respond to such dynamism," explains Wolfgang Scheibenpflug, Head of the Real Estate and Location Management Department at the airport. For example, a vehicle registration office, a health centre and a fitness centre have recent-

ly moved to the existing "Office Park 3". The groundbreaking ceremony for "Office Park 4" took place in April 2018. As well as being an architectural landmark, this will also offer a diverse range of services. According to Scheibenpflug: "Every form of office – from 180 to 2,300 square metres – will be possible here." The complex, which is due for completion in 2020, will also contain co-working spaces, catering outlets and a kindergarten.

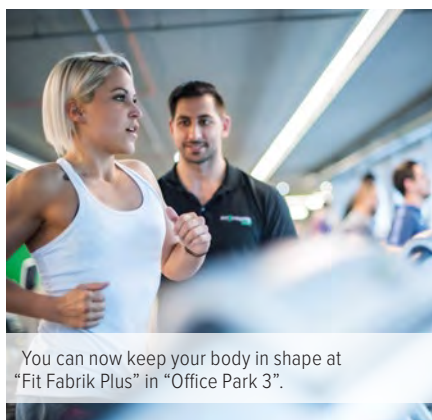
THE "FUTURE ZONE" IS ALSO GROWING

But a lot is also happening along the airport perimeter. In the "Future Zone", in the airport's business park, companies are springing out of the ground. The already existing "Future Zone East" is home to the Austrian subsidiary of the Japanese logistics company "Makita" and the recently opened logistics centre of "Cargo Partner Österreich", while DHL is also currently building the 47,000-square-metre "DHL Campus" there. The 140,000 square metres of commercial space will soon be joined by the additional 220,000 square metres of "Future Zone West", which are currently being prepared. "Negotiations about potential relocations have already started," says Scheibenpflug. In five to seven years this western part will also be fully let.

SUPERB PORTFOLIO OF SERVICES

It is quite obvious why the space at the airport is so interesting to companies: The traffic connections are perfect. One is in Vienna in 20 minutes and Bratislava in three-quarters of an hour and, with a travel time of 2.5 hours, Budapest is hardly a world away. And the range of services, which includes the countless shops and supermarkets, the post office and the fitness center, is also a real asset. Wolfgang Scheibenpflug explains: "And of course we offer the client a complete portfolio of services in the form of office and storage space and production areas. In line with the motto: 'Tell us what you'd like and we can build and operate it'." For him, "Airport City" is an "absolute flagship project". "And I mean for the whole of Austria," he adds.

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Life is a Festival of Theatre

Austria offers a variety of top-class **cultural activities**. One of the main attractions is the classical music festivals, from Bregenz to Salzburg and all the way to Lower Austria. *TEXT: *Helmut Wolf*

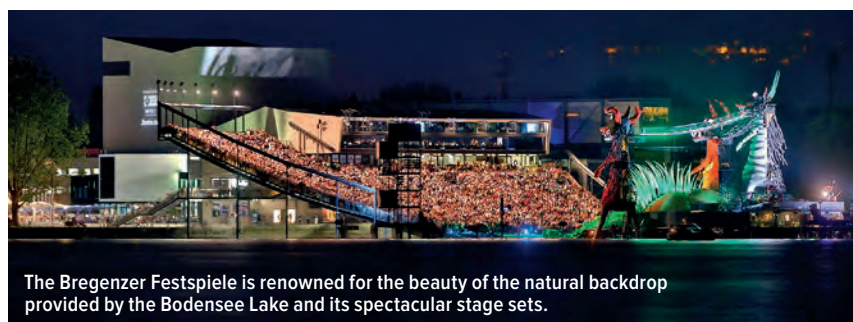
Life is a fest (ival). This has been common knowledge in Austria for many a year. Austria is a country where one knows how to make merry and make music. Above all, it's a veritable crucible of classic and modern influences, where cultures and peoples of the widest variety of nationalities converge to enjoy the beauty of art and music. As a special genre, Austria has developed a vibrant music fes-

tival scene, which attracts thousands of people from all over the world every year. More than 200 music and dance festivals take place every year between Vorarlberg and Vienna. And thus it goes without saying that the music lover's annual calendar is more than filled. The multifarious spectrum ranges from world-renowned music festivals to small, regional festivals. It's fair to say, the country is "blessed" with

a cultural diversity that's been able to develop and unfold unhindered over centuries.

CROWD PULLER: "JEDERMANN"

It's safe to say that the most well-known music festival in Austria is the "Salzburger Festspiele". This festival has been taking place in the city where Mozart was born since 1920. Every July and August, the historical city is transformed into a colourful rhapsody of classical musical sound. The Salzburger Festspiele is one of the most important classical music and performing art festivals in the world. The performances of "Jedermann" on the Salzburg Cathedral Square (Domplatz) are a signature feature of this Festspiel as are the many performances of Mozart and Strauss as well as the illustrious play, opera and concert program. In the summer of every year, around 200 events take place during the six weeks of the Fest-



The Bregenzer Festspiele is renowned for the beauty of the natural backdrop provided by the Bodensee Lake and its spectacular stage sets.



Music in the „Cloud Tower“. The „Grafenegg Festival“ open-air stage in Lower Austria is nestled in the middle of the historical castle grounds.

spiel, which attract more than 250,000 guests. An equally well-known Austrian festival is the „Bregenzer Festspiele“. What's particularly impressive about this festival is the world's largest floating stage: A mix of sophisticated musicals, spectacular opera performances and remarkable stage sets in the open air make Vorarlberg's summer festival a magnet for countless opera fans year after year.

The „Grafenegg Festival“ has evolved into a particularly bright star in the Austrian festival constellation. This concert festival takes place annually on the grounds of the medieval Grafenegg Castle from the end of August to the middle of September and is characterised by the wonderful backdrop provided by the 300 year old castle grounds. The Wolkenturm (cloud tower) open air stage, the Concert Hall Auditorium as well as the historical riding school all serve as venues for the performances. Under the artistic direction of the celebrated pianist, Rudolf Buchbinder, this event has evolved into a must among indigenous music festivals since 2007.

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Innsbrucker Festwochen der Alten Musik: www.altemusik.at

Haydn Festspiele Eisenstadt: www.haydnfestival.at

Grafenegg Festival: www.grafenegg.at

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150 Years of the Vienna State Opera

In 2019, the Vienna State Opera will be celebrating its 150th anniversary. The highlight of the coming season is the premiere of Richard Strauss' „Frau ohne Schatten“ on May 25th, the official opening day of the State Opera. *TEXT: *Vanessa Haidvogel*

The year 2019 marks the 150th anniversary of the opening of the opera house on Vienna's Ringstrasse. On the 25th of May, 1869, the Vienna State Opera was inaugurated with Mozart's „Don Giovanni“. The Vienna State Opera will be celebrating the anniversary on May the 25th, 2019, with a ceremonial act followed by an evening premiere of the „Frau ohne Schatten“ opera by Richard Strauss. On the 26th of May, there'll be anniversary festivities at the Herbert-von-Karajan-Platz. There will also be ensemble singers, guests, the Vienna State Ballet, the State Opera Orchestra and many other artists playing on the public areas around the opera itself.

Two exhibitions have also been dedicated to the 150th anniversary: The „150 Years of the Opera House on the Ring“ show will take place in the building itself, using original documents, loaned items and snapshots in artistic positions, recitals of personal fates and milestones to set

the building in a completely different light, and „The Elite Dance - 150 Years of Ballet at the Vienna State Opera“ in the Theatre Museum (as of 16th May, 2019). The State Opera building was constructed as one of the first magnificent buildings on the newly created ring road. It was designed by the Viennese architects August Sicard von Sicardsburg and Eduard van der Nüll.

FREE ADMISSION TO THE OPERA

The Vienna State Opera schedule for the 2018/2019 season offers a worldwide unique range of 50 opera works, 16 ballets and five children's programs. The six opera premieres playing at the „Haus am Ring“ include not only the newly staged repertory classics „Frau ohne Schatten“ by Richard Strauss and „Otello“ by Giuseppe Verdi, but also Hector Berlioz's „Les Troyens“ and Gaetano Donizetti's „Lucia di Lammermoor“. The „Opera live am Platz“ will also be running during the 2018/19

season again showing approximately 85 live performances throughout the months of April, May, June and September on a 50 sqm video wall on the Herbert-von-Karajan-Platz with free admission. On February the 28th, 2019, the Vienna Opera Ball will be held for the 63rd time, transforming the building into a magnificent ballroom for one night and thereby rendering it Austria's most important meeting place for artists, politicians and entrepreneurs from all over the world.

THE MUSICAL CITY OF VIENNA

A cultural metropolis like Vienna has a number of prestigious music institutions: The Volksoper is Vienna's second largest opera house and offers a variety of stage art, from opera to operetta to musicals and from ballet to contemporary dance. Vienna's classical concert life is dominated by two major establishments: The Musikverein and the Konzerthaus. Musicians from all over the world know the Musikverein from the New Year's Concert, which the Vienna Philharmonic celebrates each year with works from the Strauss dynasty and its contemporaries, and which is watched by a TV audience of millions all around the globe.

The Vienna Konzerthaus was opened in 1913 and is the Vienna Symphony Orchestra's main venue. The inner-city Ronacher and Raimund Theaters opened in 1893 in the sixth district have also established themselves as renowned musical stages.

© Wien Tourismus/Stemper



World Heritage Schönbrunn Palace

Declared a World Heritage Site by UNESCO in 1996, around 2.7 million people visit Schönbrunn Palace every year. The park and all its other facilities attract about six million people a year. *TEXT: *Brigitte Gindl*

Schönbrunn Palace is considered the most visited attraction in Austria. Having been an imperial possession for centuries, the former residential palace with its 1.5 km² of landscaped gardens is largely presented in its original historical state. From 1569 to 1918, the estate was owned by the Habsburgs. During Empress Maria Theresa's era from 1745, the palace complex experienced its most glittering epoch as the centre of court and political life. To this day, the original room furnishings from this period have been largely preserved. With the end of the monarchy, the Schönbrunn Palace became property of the Republic of Austria.

A LOOK BEHIND THE SCENES

Visitors to the baroque palace are rewarded with authentic insights into the world of bygone days, with authentically designed representative rooms and living rooms. Interested persons from home and

abroad can view 45 of the 80 rooms.

The 19th century living quarters of Emperor Franz Joseph and his wife Elisabeth can be visited in the west wing of the palace, as well as the apartments of Maria Theresa and her husband, Emperor Franz in the east wing.

The palace park, with its imposing garden buildings and fountains from the 1770's, invites visitors to take a stroll. The Neptune fountain, the obelisk fountain, the Roman ruin, the Schön Brunn itself (Beautiful Fountain), after which the palace named, not to mention the Gloriette, which offers views of the entire area, dominate the enchanting gardens.

BEST ZOO IN EUROPE

Another major crowd puller on the property is the Schönbrunn Zoo, which is well renowned far beyond the country's borders. In 1752, Emperor Franz I. Stephan of Lorraine first introduced his guests to the

newly built menagerie in the Schönbrunner Palace Park and has since become the oldest existing zoo in the world. In 2018, the zoo was awarded the title of Best Zoo in Europe for the fifth time and prevailing over 126 competing zoos in 29 European countries.

The Schönbrunn Palace Park is open all year round. Special attractions include the Kronprinzengarten, the Orangeriegarten, the Maze and Zoo, the Palm House and the desert house all accessible for a small fee. However, the palace park can be visited free of charge.

TOP EVENTS

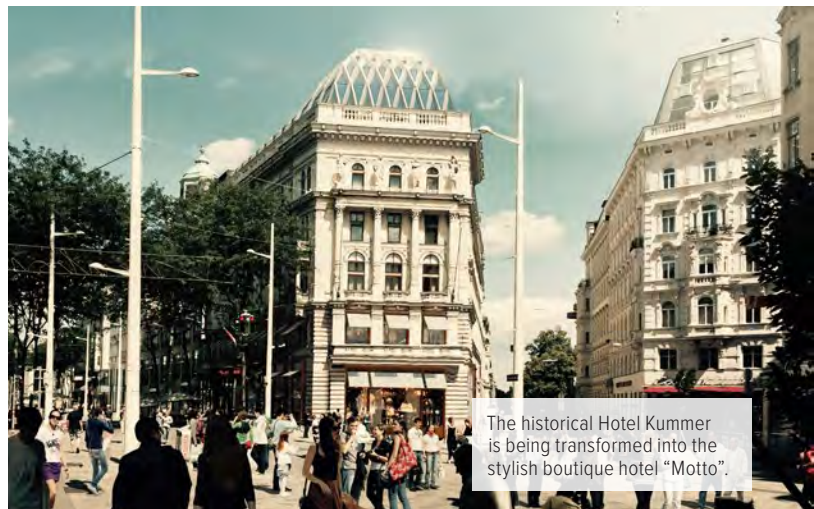
Seasonal highlights for tourists include the nostalgic Christmas Market and the Vienna Philharmonic's Summer Night Concert, which will take place on 20 June, with free admission. Another highlight will be returning to its original location one could say: The internationally successful production of "ELISABETH" will be shown on the 5th and 6th of July as a top-class concert experience in the forecourt of Schönbrunn Palace itself.

© Schloss Schoenbrunn/Koller

www.schoenbrunn.at
www.sommernachtskonzert.at



The boutique hotel "Mooons", with its imposing rooftop bar, will open in mid-2019.



The historical Hotel Kummer is being transformed into the stylish boutique hotel "Motto".

New Beds for the City

New hotels are being built at the Central Station, in the city centre and in Vienna's urban development areas. Existing establishments are investing in refurbishment, extension or a new styling. *TEXT: *Vanessa Haidvogel*

Numerous providers of accommodation have opened their doors close to Vienna's Central Station in the past few years and further openings have been announced. The boutique hotel "Mooons" (170 rooms) on Wiedner Gürtel will be seeking to win over visitors with its smart and affordable luxury, restaurant, garden/roof terrace and fitness studio from mid-2019. The construction of "Andaz Vienna Am Belvedere" (303 rooms) should start in April. The luxury hotel was designed

by the Italian star architect Renzo Piano and is being realised by the Austrian real estate company Signa Holding together with the Hyatt Group. A skybar on the 16th floor, 60 metres above street level, will offer views across Vienna.

There are also interesting hotel projects in other urban development districts. In Seestadt Aspern in the northeast of the city the "HoHo Hotel" in HoHo Wien should open in the middle of the year. The tower on the green edge of Vienna will be

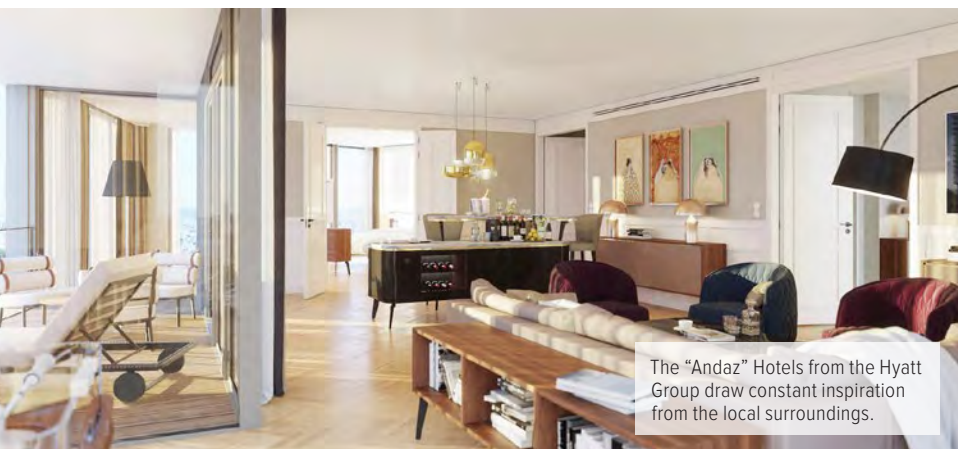
the world's first 24-storey wooden high-rise building. With a height of 84 metres it will contain restaurants, shops, businesses and apartments as well as a hotel. The U2 underground line connects the Seestadt with the centre of Vienna in just 25 minutes.

The Lenikus Group of Companies is planning two hotels on Bauernmarkt in the heart of Vienna. The baroque listed building at Bauernmarkt 1 should be transformed into a five-star grand hotel with 150 rooms and suites on five stories by autumn 2019. And a further hotel with around 100 rooms and spaces for events should be built at Bauernmarkt 21 by mid-2021.

OLD INTO NEW

The Hotel Kummer on Mariahilfer Straße, Vienna's main shopping street, is being converted into a boutique lifestyle hotel. It should be opened in 2020 as the "Hotel Motto" with 90 rooms, an organic bakery and retail space.

Vienna's former commercial court at Riemergasse 7 in the city's first district should be full of life again in a few years. In a process that fully protects the historical substance, which dates from 1906, the building is being modernised and adapted for a new use. Work is already in full swing. Two years ago, the Swiss investment group Brisen took over the property with a usable area of around 17,000 m². The architectural concept and the design concept for the interiors and future furnishings were finalised under the leadership of UBM Development. The project, known as "Vienna Court", envisages the creation of a five-star hotel, complemented by premium rooftop apartments.



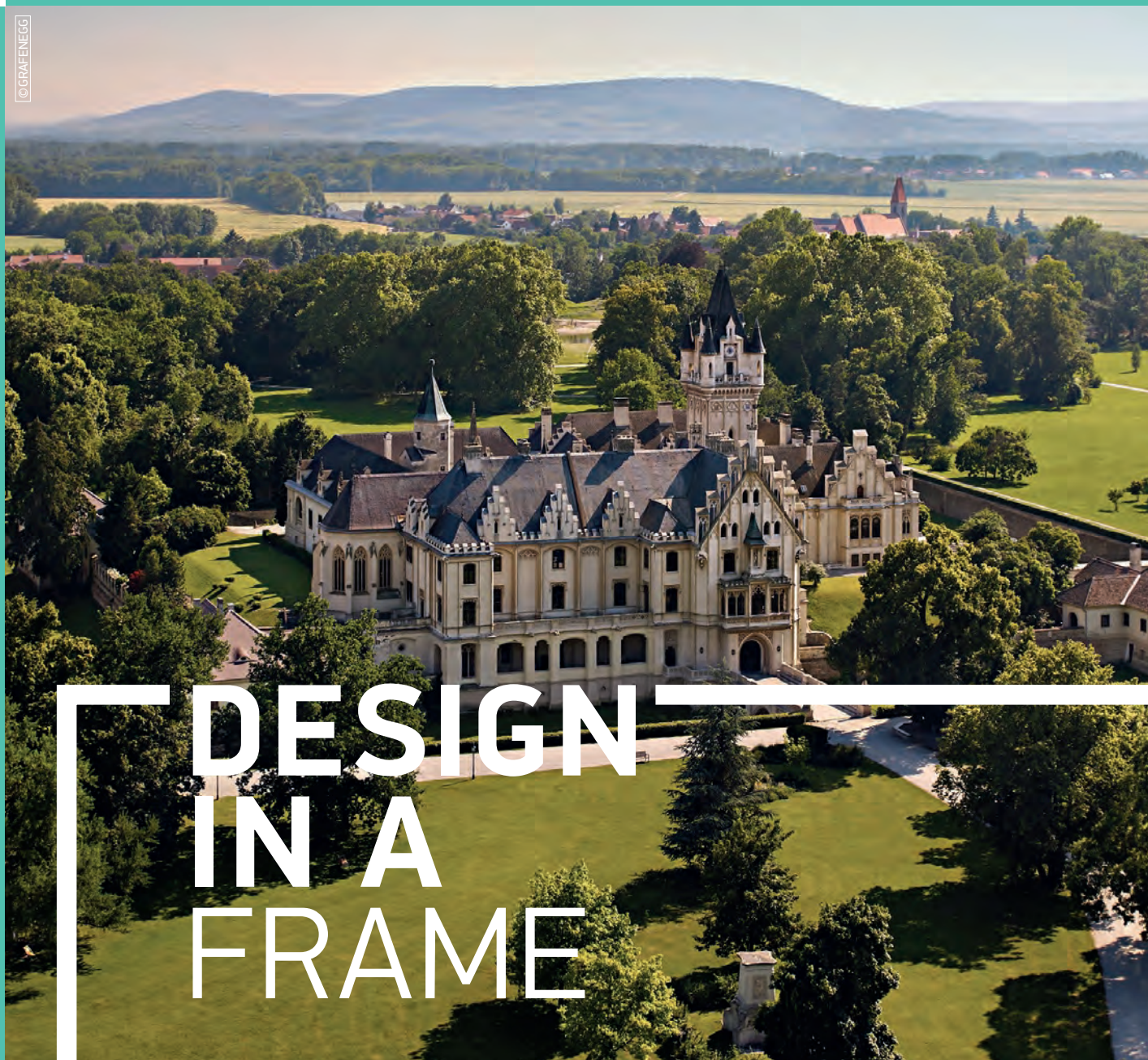
The "Andaz" Hotels from the Hyatt Group draw constant inspiration from the local surroundings.

© Sonaar, WeXelerate/Beck

DESIGN DAYS GRAFENEGG

3. - 5. MAY 2019

©GRAFENEGG



From 3rd to 5th of May 2019, Grafenegg will once again turn into a fascinating, walkable design experience world.

Be part of it and experience the 2019 trends with more than 120 top brands specialised in outdoor, interior, kitchen, pool, garden, technology, craft and design.

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The local guest is becoming more and more important

Vienna's hotels continue to report record numbers of overnight stays. New hotels will also open in 2019. But how many more new beds does the city need? And how important is a good story to a hotel? An interview with **Roman Kopacek, Managing Director of Michaeler & Partner.** *INTERVIEW: *Vanessa Haidvogel*

"Storytelling is an important aspect of architecture and design."

What are the hotel categories of the future?

As of December 2018 Vienna had more than 428 hotels with around 68,300 beds – and these figures are projected to rise to 442 and 74,100 respectively by the end of 2020. At the same time, the final total of overnight stays for 2018 was expected to be 16.5 million, which means that Vienna is well on the way to reaching the level of 18 million overnight stays by 2020. There is still a huge "appetite" for Vienna amongst investors and operators, whose favourite products continue to be contemporary two or three-star hotels, serviced apartments, boutique hotels and even five-star establishments.

The hotel as a place to meet: How can one also attract locals into a hotel?

Local guests are definitely becoming more and more important for every hotel

operator. On the one hand because this is a way of increasing the number of guests during quiet periods such as the middle of the day and, on the other hand, because today's hotel guest demands the presence of local people – which is considered to be the ultimate proof of quality.

The concept: One shouldn't be cut off from the outside world and neither should one be outdated, monotone or too touristy. A contemporary interior, together with good, regional food and drink at a price that appears reasonable to the customer and the associated good service, creates an attractive atmosphere. And, in addition to this, many successful hotel restaurants and bars with illuminated glass façades draw attention to themselves by being highly visible from outside.

What is the role of design in hotel development?

Architecture and interior design are playing an ever more significant role in the conception of new and refurbished hotels. It is often clear that these two factors have enormous potential and will not only be a USP of the future operation but also perceived as such by guests and potential guests. Hence, it is obvious that these should be incorporated into and exploited by any communication strategy.

How important is a good story?

Storytelling is an important aspect of architecture and design that could be made use of more often because the factors of authenticity and honesty are playing an ever more important role. Guests are looking for distinctive, unique experiences – including in the hotel itself. The magic word is individuality. The choice of patterns, fabrics, colours, materials and haptic qualities is decisive. The key is to create a genuine feel-good atmosphere. The hotelier must be able to identify with the chosen design while the defined target guest should enjoy being in the spaces in question and be able to hear the story that they are telling.

Your conclusion?

"Being different" will become more and more important. Much of the success of platforms such as Airbnb can be put down to their otherness. By "being different", hotels can distinguish themselves from their competitors. Putting it bluntly: Why should the guest book into Hotel A rather than Hotel B when they are next door to each other and share not only the same view but also the same services and interior design? Here, being special and different can create the decisive advantage.

© OBB/Hauswirth

We speak tourism – our service for your success

Michaeler & Partner has been working as a consultancy company and service provider in the tourism sector since 1995 and is part of FMTG (Falkensteiner Michaeler Tourism Group).



My Arbor (South Tyrol)



Plantitscherhof (South Tyrol)



Falkensteiner Balance Resort
Stegersbach (Burgenland)

The service provider works as a team to develop seamless individual tourism concepts for its clients. It then implements these concepts and measures their success. To this end, the services provided by Michaeler & Partner cover the entire spectrum, from the development of visions and strategic consultancy to day-to-day operations. Over 500 realised projects with a total investment volume exceeding 750 million euros are the expression of an effective working philosophy. The client portfolio of Michaeler & Partner includes small and large private hoteliers as well as international hotel chains, investors, real estate developers, operators and banks.

Michaeler & Partner's working philosophy is centred on combining long-term effectiveness, sustainability and an absolute

commitment to the interests of the client into a relationship of complete trust with that "client", our project partner. The services of Michaeler & Partner are aligned with the long-term goal of realising objectives and visions that are defined together with the client. In this work, the commercial success of the client is the top priority.



More than 500 projects and satisfied customers. We talk about holistic consultancy.

Thanks to a comprehensive and dynamic network covering the various dialogue groups of the international tourism industry the employees of Michaeler & Partner enjoy access to a very broad pool of know-how. Clients are offered a complete all-round service focussed on the development and continuing success of tourism projects of every size and scale.

Michaeler & Partner essentially operates in three major areas of business:

PROJECT DEVELOPMENT

Your partner for the strategic development of your vision:

- Feasibility study with business plan
- Second opinion
- Project appraisal and optimisation
- Destination development
- Architectural competitions
- Sounding out and selection of operators and support during negotiations

CONSTRUCTION MANAGEMENT

Your partner for the successful realisation of your construction project:

- Project management from development to construction phases
- Tourism support from design to construction phases
- Procurement of FF&E/OS&E
- Sustainability advice/certification (ÖGNI/DGNB)
- Project cost calculation and detailed budget

CORPORATE CONSULTANCY

Your partner for the holistic optimisation of your operation:

- Strategic consultancy
- Pre-opening management
- Marketing & controlling
- Commercial business management
- Operational analysis and performance management
- Corporate restructuring
- Evaluation of hotel real estate
- Mystery check



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Small but Innovative

In terms of area, **Burgenland** is the third smallest federal state in Austria. It's also the most easterly and has the lowest population. However, as an innovation pioneer, the border region impresses with clever ideas and resourceful entrepreneurs.

* TEXT: *Gisela Gary*

In terms of economic growth, Burgenland has ranked at the top of the Austrian federal states for years. Without innovation, this development would hardly be possible. Burgenland supports companies and strengthens their competitive

power. This year, the Burgenland Innovation Award went to Peischl Fahrzeugbau (vehicle construction), whereby the company prevailed over a total of ten winners from 27 nominations to take the prize for overall winner. Peischl, Austria's

oldest vehicle construction company, was awarded the prize for its innovation: "Crane-able sliding-floor semi-trailers for loading onto railway pocket wagons." The system transports general (unit) cargo, such as pallets or bulk freight such as grain by from A to B by using a combination of road and rail using a sliding-floor semi-trailer with the assistance of a loading crane and thereby reduces road traffic and thus CO2 emissions also.

The list of nominations ranges from Skyability GmbH for their "Cinematic Laser Scanning with Drone and Vehicle" project to Zoerkler Gears GmbH & Co. KG for their innovation: "Simulation of multi-directional loads during the flight operation of a helicopter tail rotor system at the test stand". The BVZ (Burgenland regional newspaper) Audience Award was presented to designed4inspiration GmbH for



The Pinkafeld Polytechnic is a promoter of future orientated topics and developments and is leader in the field of climate protection and energy technology.

their innovation, the flash2bsafe "Hand Indicator for Safe Cycling". The "Winddiesel" project was awarded the Verbund's special "Verena" prize.

ENTREPRENEURIAL COMMITMENT

Harald Zagiczek, Managing Director of Wirtschaft Burgenland, is constantly tinkering with improving the conditions for entrepreneurs: "As Wirtschaft Burgenland GmbH we create good conditions for the working and living environment of the people: With numerous options for education and training, attractive assistance packages for companies registered in Burgenland and networking the economy with the education sector, as well as with investors and innovative minds. This has enabled us to start some really great projects again this year: Thus, renowned companies like Schlumberger, Cineplexx Kinocenter, OX Steakhouse, Toys"R"Us, XXXLutz, G.S. Stemeseder and Klimesch have all made the decision to settle in Burgenland. "The competitiveness of the companies in Burgenland and the strengthening of the business location are key issues for Wirtschaft Burgenland. The service comprises business develop-

ment, business relocation services and a plethora of further economic services. Furthermore, with the Burgenland Prize for Innovation, the innovative strength and entrepreneurial commitment of the region has been recognised.

© Österreich Werbung/Steinthal, Dujmic, WiBuG/Huditsch



BURGENLAND

Area in km ² *	3,962
Population *	292,700
Companies ***	21,069
Workforce ***	114,004
Gross Regional Product **	8,160 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



What plans do you have to encourage growth?

We are making the case for raising the net minimum wage to 1,700 euros and setting a good example in the province's own public companies. Living costs have increased and 40-hours-per-week of hard work must lead to a decent income that enables eve-

We are providing the economic tailwind

The economic performance of Burgenland has significantly strengthened in recent years. Hans **Peter Doskozil**, the new **Provincial Governor**, reveals his first plans for new ideas.

* INTERVIEW: *Gisela Gary*

ryone in Burgenland to live well. In addition to this we are investing around one billion euros between now and 2022 in the areas of public transport, roads, broadband, research and development. The 2019 provincial budget envisages an increase in the research ratio to 23.04 per cent. This guarantees that we are providing a powerful economic tailwind.

How are you attracting companies to Burgenland?

Burgenland offers excellent conditions for companies looking for a new home: We have one of the highest levels of public funding, are the hub between East and West and offer individual support to re-

location projects. Subsidies of around 700,000 euros are invested annually in innovative developments as a means of supporting the success of large, small and micro enterprises.

What are your conclusions about actions to promote internationalisation?

We support internationalisation measures with a funding ratio of up to 40 per cent. This approach has stood the test, as a result of it will be continued in 2019. Entrepreneurs need a perfect environment combined with the targeted use of subsidies. The economy is Burgenland's motor.

© Land Burgenland/Weis



Das Land Niederösterreich produziert seinen gesamten Strombedarf selbst – aus erneuerbaren Energien.



Zentrum für Forschung und Wissenschaft: Die medizinische Karl Landsteiner Privatuniversität in Krems gilt als Vorzeigeprojekt des Landes Niederösterreich.

Growth Advantage over the Euro Area

Lower Austrian growth is above the Austrian average. Among its future-related issues are automation and digitalisation, education, climate protection and sustainability as well as mobility and social.

* TEXT: *Gisela Gary*

Lower Austria is clearly committed to a balanced budget in 2021. Around half of the budget goes into health and social welfare. Seventeen percent is spent on teaching, education and sports, with twelve percent going into residential, road and waterworks construction, transport, business development and agriculture, and two percent on science, art and culture. The most urgent challenge is the issue of working with automation and digitalisation. The demand for well-trained professionals is high. Lower Austria has agreed on an employment pact of €1.3bn. By raising standards and continuous education, as much work and jobs as possible should be maintained with an emphasis on training and further education. In order to promote the state's attractiveness, Lower Austria also places emphasis on the promotion of science and research.

The recently completed competence centre at the Karl Landsteiner Private University in Krems is one of Lower Austria's most outstanding projects and has since been awarded the "klimaaktiv" Gold standard for sustainability. Energy efficiency

was a key success factor and was guaranteed with the implementation building component activation, heat pumps and efficient heat recovery, among other things. At the same time, the building was certified in accordance with standards set by both the German & Austrian Sustainable Building Councils (DGNB/ÖGNI) and also received the highest possible honour in this category, the Platinum Sustainability Certificate. Sustainability is a top priority in the State of Lower Austria, and the federal state has set very high standards for the Eurozone as it also meets all of its own electricity needs from renewable energy.

EFFICIENT INFRASTRUCTURE

The issue of mobility is becoming increasingly significant in Austria's largest federal state. There is great demand for efficient infrastructure in both the towns and countryside, as well as for attractive offers, and transport hubs for private vehicles, rail, bus, bicycle and pedestrians. One of the projects in the Lower Austrian mobility package which also serves to connect the

regions to international economic areas is the "Europaspange"; a "billion dollar project" that should stimulate additional economic output to the same degree. Nevertheless, it's also intended that public transport be strengthened, one such example being the Franz-Josefs Railway. More than 120 mobility commissaries and community representatives accepted invitation to the recently launched "Smart Mobile" training series in St. Pölten. State Councillor, Ludwig Schleritzko and initiator thereof is delighted about the lively interest therein: "Smart mobile has been tailor-developed to meet the challenges of the multifarious residential housing structures and the associated variety of mobility requirements. Many of the communities have already declared themselves "Mobility Communities" by means of a Community Board resolution and thereby signifying their commitment to sustainable mobility. The training option paves the way for the next step which will see the communities functioning better through cooperation and planning."

© Energiebewegung Niederösterreich, Hawelka

LOWER AUSTRIA

Area in km ² *	19,186
Population *	1,670,900
Companies ***	119,816
Workforce ***	720,038
Gross Regional Product **	54,962 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria

Deregulation and Administrative Efficiency

Lower Austria's economic motor is working at full pace. In this interview **Provincial Governor Johanna Mikl-Leitner** explains her ideas for strengthening the business location.

* INTERVIEW: *Gisela Gary*

How is Lower Austria doing?

Our investments have paid off. In order to be sure that we can also shape the future we want to lower the deficit step-by-step. Most importantly, this means governing more efficiently and constantly questioning expenditure.

What are your ideas for making the province even stronger in terms of corporate relocation?

We are determined to offer investors certainty about the location by addressing and finding new answers to every new challenge. The issues here include digitalisation, deregulation and administrative efficiency. Take, for example, our plans for the "Haus der Digitalisierung", our package of deregulatory measures, which

abolished over 80 provincial law provisions, or the electronic dossier. In the first six months of 2018 more than half of all applications for economic support were processed online – a figure which rose to 80 per cent in the area of tourism.

Mobility and good transport connections are important to both companies and individuals – what is the current status of the development of the Franz-Josefs-Bahn, the railway into Vienna, and the Europaspange, the east-west motorway across the north of the province?

In the case of both projects we are now consulting with our federal partners. We want to improve connections between the north of Lower Austria and attractive economic locations in the region. But we also



want to avoid any competition between road and rail. This is why we are seeking to examine both projects together. Comprehensive regional development also highlights such issues as the provision of healthcare, childcare and training, etc. and we are working hard in these areas, particularly in the north of Lower Austria.

© Hintzen



From left: ecoplus Chief Executive Helmut Miernicki, WKNÖ President Sonja Zwatzl, Minister for Economic Affairs and Technology Petra Bohuslav and ecoplus Chief Financial Executive Jochen Danninger at the symbolic handing over of the key.

The "House of Digitalization" is the central project of the digitalization strategy of the Province of Lower Austria. This is being implemented in three steps – from the creation of digital hubs via the "Virtual House of Digitalization" to a physical building. Now the second "stage of expansion" is complete and the key was symbolically handed over at the end of January.

ties in the digital field. The "House of Digitalization" is being realised by ecoplus, the business agency of the Province of Lower Austria.

SUPPORTING BUSINESS

"Our objective is to use the 'Virtual House of Digitalization' to focus on four important issues and, above all, to help businesses from the region to take advantage of the

The "Virtual House of Digitalization"

An even wider range of **support and information services for companies** has been launched.

* TEXT: *Vanessa Haidvogel*

The "Virtual House of Digitalization" is an interactive platform with personalised services and a system for making suggestions designed to bring together local companies and R&D facilities in the digital field.

The "House of Digitalization" is being realised by ecoplus, the business agency of the Province of Lower Austria.

opportunities presented by the digital revolution. It is about understanding technology, acquiring skills, using networks and, finally, implementing and marketing ideas, explains the Provincial Minister for Economic Affairs and Technology Petra Bohuslav.

The eight "levels" are home to a wide variety of information and services. These range from explanations of terminology to the successfully realised digital business models of regional companies, from offers of courses to a search function for available digital expertise. **www.virtuell-haus.at**

© NLK/Pfeiffer



A Focus on Personal Service

Gerhard Müller, Managing Director of WALTER BUSINESS-PARK, on sustained demand and the rising expectations of tenants.

* INTERVIEW: *Vanessa Haidvogel*

How is the demand for space in WALTER BUSINESS-PARK?

The number of enquiries from interested companies leads us to conclude that many are currently thinking about relocating due to the robust economy. The priorities for such companies are to use space more efficiently and find premises that offer them more communicative forms of offices and higher levels of user comfort. The average occupancy rate in WALTER BUSINESS-PARK in 2018 was well over 85 per cent. This means that around 12,000 square metres of office and warehouse space are still available for long-term rent.

What sectors do your tenants come from? Do they also include pure office tenants?

WALTER BUSINESS-PARK is home to a broad range of sectors. Our natural tenants are retail and distribution companies from sectors such as pharmaceuticals and medical technology, IT wholesaling, technical products and packaging. In reality, however, our location is becoming ever more attractive to companies that are exclusively on the lookout for office space. The decisive factors here include the optimal transport location and the perfect local infrastructure. In addition to his, our philosophy of retaining responsibility for

the management and maintenance of our objects means that our tenants enjoy both lower operating costs and a more personal service. When faced with the proverbial 'dripping tap' they can speak to us directly rather than having to contact a call centre and our in-house technicians come personally and sort out the problem speedily and simply.

Have the needs of tenants changed in recent years?

Companies' expectations have certainly risen. It is no coincidence that our latest development phase, with its very high-quality technical infrastructure, has been particularly successful, despite the fact that WALTER BUSINESS-PARK also offers cheaper rental space. The green-building object convinces tenants with the cooling/heating ceilings in the offices, LED lighting throughout the building, underfloor heating in the warehouses and generous kitchen/dining spaces and loggias in every office. The attractive design of the high-quality façades and staircases also appeals to everyone. A further decisive argument is the simplicity of getting here and parking. WALTER BUSINESS-PARK scores points with its direct motorway access and free parking spaces right in front of each office.

Do you have plans for expansion?

The refurbishment and modernisation of our existing buildings will start this year. This will keep us busy in Wiener Neudorf for around two years. We have plans to expand WALTER BUSINESS-PARK both in Wiener Neudorf and – soon – at another, international location. More about this will be made public when the final decision has been made.



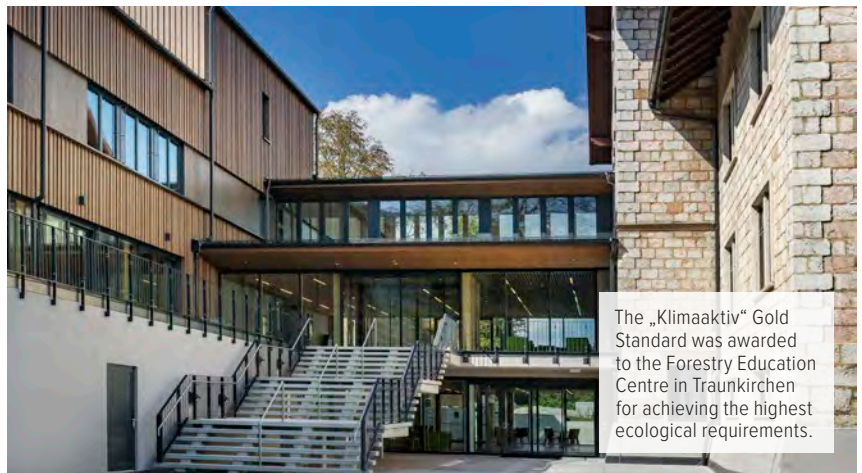
“When faced with the proverbial ‘dripping tap’ our tenants can speak to us directly rather than having to contact a call centre.”

© Walter Business Park

Leading the Way

It's full steam ahead in **Upper Austria**. With numerous initiatives, Upper Austria's economy is committed to innovative energy technologies and its flagship projects are immensely popular with foreign investors. *TEXT: **Gisela Gary**

NEFI – New Energy for Industry is an innovation alliance which wants to reduce domestic industry's CO2 emissions and switch to 100 percent renewable energy whilst simultaneously increasing competitiveness. The industrially strong federal states of Upper Austria and Styria are particularly active in supporting this program. "Business Upper Austria", the Upper Austrian business agency, is one of the partners in the NEFI. "Industry without fossil fuel is possible! Upper Austria has clearly demonstrated this and has made a considerable contribution to making the switch to renewable energy with its innovative ideas. An example thereof is the 'Industry to Grid' NEFI innovation field which tests new solutions for utilising renewable energy in industrial energy systems as well as its expansion into national grid and general infrastructure issues", explains Werner Pamminer, Managing Director of Business Upper Austria. NEFI is funded by climate and energy funds. "NEFI is a dynamic consortium with 100 partners from companies, research facilities and public institutions which, under the coordination of the AIT Austrian Institute of Technology, will now prove that Austrian technologies will play a pivotal role in the European energy transition", expounds Wolfgang Hribernik, Head of Centre for Energy at the AIT Austrian Institute of Technology and NEFI alliance coordinator.



The „Klimaaktiv“ Gold Standard was awarded to the Forestry Education Centre in Traunkirchen for achieving the highest ecological requirements.

CLIMATE-FRIENDLY CONSTRUCTION

Upper Austria places great emphasis on strategic programs in its economic and research policy. The aim is to turn the federal state into a leading European industrial region through technology leadership. With a project volume of over €2bn, the "Innovative Upper Austria 2020" program has already launched 3,600 projects. For state governor, Thomas Stelzer, the principle of "strengthening strengths" is considered to be a key success factor for the region's economic policy: "Joining forces in the fields of economics, education and research in the sense of intelligent specialization creates a strategic competitive

advantage that sets Upper Austria apart from other regions." The medical sector, which has good market and future prospects, is currently developing particularly strongly. Upper Austria is home to numerous innovative companies and excellent research, development, health and education facilities which need to unite to strengthen the location and make it as successful and globally renowned as possible. "MED UP – Medical Upper Austria" is one of the initiatives striving to augment the location.

The new Forestry Education Centre in Traunkirchen, Upper Austria, has opened a real flagship project for climate-friendly construction and renovation. The campus comprises three buildings; administrative, school and accommodation, all of which comply with the "Klimaaktiv" Gold Standard for climate protection and thus the highest energy and ecological standards. It's a flagship project that raises the bar for subsequent construction projects.

© Land OÖ/Kauder, ZUWO



Green light for the new economic and research strategies: Wilfried Enzenhofer (Managing Director of Upper Austrian Research), State Governor Thomas Stelzer, Economy and Research Officer Michael Strugl, Christoph Breitschopf (Managing Director of Profactor GmbH), Florian Konradl (Program Manager Cabin Retrofit, FACC Operations GmbH), Werner Pamminer (Managing Director of Business Upper Austria).

UPPER AUSTRIA

Area in km ² *	11,980
Population *	1,473,700
Companies ***	99,692
Workforce ***	755,675
Gross Regional Product **	59,957 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



Competitive Edge through Knowledge

Salzburg is one of the most competitive regions in Europe – due to well-established companies as well as international relocations. The federal state focuses on science and research.

* TEXT: *Gisela Gary*

The federal government's main focus for 2019 will be on science and research for which new incentives will be created with the help of a €4mn boost. Social welfare, labour market, childcare, residential housing, environment and energy also form part of the local government's efforts to further strengthen and expand the location of Salzburg.

"Economic success is always based on successful cooperation between employers and employees. Companies need motivated and well-trained professionals who are also dedicated and take enjoyment in the company's success. We in Salzburg are in the fortunate position of having

both great and innovative companies as well as exceptionally hard-working and well-trained employees", intones State Governor Wilfried Haslauer. Kässbohrer Transport Technik and Copa-Data are the Salzburg state champions of the 2018 "Jobs through Innovation" initiative. "With its high living standard and very good environmental quality, Salzburg counts as one of Europe's more innovative and competitive regions", enthuses Henrietta Egerth, Managing Director of the Research Promotion Agency (FFG). "This very good standing is based on the presence of companies such as Kässbohrer and Copa-Data, dedicated family-run

companies and innovative small to medium sized businesses. They stand for quality and progress as well as the attractive life and work conditions for which the business location of Salzburg is renowned." The FFG provides support for such companies with the financing and processing of their research and development projects.

Kässbohrer Transport Technik GmbH, based in Eugendorf near Salzburg, is the leading European manufacturer of vehicle transporters. Copa-Data GmbH is known above all for its platform-independent and open automation software "Zenon", which is currently running on more than 135,000 systems in more than 90 countries. "Jobs through Innovation" recognises companies that demonstrate outstanding economic development thanks to innovative products or services whilst also offering their employees above-average working conditions. Per federal state, one major enterprise and one small to medium enterprise are selected to receive awards.

CLIMATE PROTECTION AND ENERGY POLICY

Another key topic for the future is climate protection and energy policy and measures pertaining thereto are to be finalised at the European level over the course of 2019: "It's important to me that this plan be closely coordinated with all the federal states. Almost all sectors; transport, energy, building renovation concern the core responsibilities of the federal states and involve significant costs and investment. Thus, on the one hand, a closely coordinated approach is required, as well as the targeted financial commitment of the federal government in order to achieve these ambitious goals. With its master plan for climate protection and energy, Salzburg has already sent clear signals and taken concrete steps towards achieving these goals with subsidised funding for redevelopment within the Housing Promotion, but also with huge emphasis on public transport investments in the current budget for 2019", said Haslauer.

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Kässbohrer Transport Technik and Copa-Data are the Salzburg state champions of the 2018 "Jobs through Innovation" initiative.

SALZBURG

Area in km ² *	7,156
Population *	552,600
Companies ***	45,200
Workforce ***	322,099
Gross Regional Product **	26,683 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



Innovative and Totally Digital

The State of **Tyrol** supports companies as well as start-ups with their digitalisation projects and with competitiveness. Consultancy services which go way beyond what one would normally consider as support are part of the current location strategy.

* TEXT: **Gisela Gary**

As part of the digitalisation offensive, the State of Tyrol set up three new grants at the beginning of 2018 in order to support Tyrolean companies with their further development and the implementation of their digital projects. Above all, these include advice services concerning their corporate planning in the context of the "consultation grant" as well as investments in in-house digitalisation measures along with concept and training measures in the scope of the "Tyrolean Digitalisation Grant". "Since the beginning of the year, 29 consultation grants have awarded and 49 of the submitted projects have been awarded Ty-

rolean digitalisation grants. So far, 14 of the subsidised projects account for an agreed sum of €17mn in grants which has, in turn, attracted just under €10mn in investments", explains Patrizia Zoller-Frischauf, Councilor for the Economy. The Tyrolean Digitalisation Grant focuses on the further development of companies along their entire value chain. "In doing so, we support Tyrolean companies in actually realising success and in profiting from their investment in digitalisation projects", states Zoller-Frischauf of the significance of "digital transformation" for companies. The Tyrolean Business Agency advises on all three state grants.

TECHNOLOGY TRANSFER AND CORPORATE DEVELOPMENT

"The technological possibilities of digitalisation are evolving at a rapid pace, whereas it's becoming increasingly difficult for companies to keep pace with or adapt their business models and existing internal processes and structures to them. In order for companies to remain on the road to success, digitalisation needs to

efficiently bridge the gap between business and technology", enthuses Marcus Hofer, Managing Director of the Tyrolean Business Agency. With this in mind, the digital.tirol platform, a joint venture launched at the beginning of 2018 between The Tyrolean Business Agency, the Federation of Austrian Industry, the Chamber of Commerce and the Association for Business Consulting, Bookkeeping and IT (UBIT) organized network meetings in order to give Tyrolean companies an overview of current research results and technologies. The goal of the "Tyrol 2050 Energy Autonomous" project is for the State of Tyrol to be free from fossil fuels, and therefore greenhouse gases, by the year 2050. By then, energy consumption is to have been halved and renewables increased by about 30 percent. Deputy Governor Ingrid Felipe and Josef Geisler, are the competent councilors representing the state in the Tyrol 2050 team: "Only cross-competency cooperation will bring us closer to the climate protection goals which have been set. Transport and residential housing are just as much a part thereof as the energy industry." This represents a heating oil saving of around 300mn litres per year which, in turn, corresponds to a CO2 saving of around 900,000 tons per year.

© Durst Phototechnik Digital Technology, Die Fotografen



State councillors, Josef Geisler and Ingrid Felipe, are firmly behind the state's goal of freeing Tyrol of fossil fuels and greenhouse gases by 2015.

TYROL

Area in km ² *	12,640
Population *	751,200
Companies ***	55,847
Workforce ***	342,934
Gross Regional Product **	32,479 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



Fresh Winds in Vorarlberg

Vorarlberg's economy is characterised by a high level of stability. Family businesses in particular, which continuously increase their services in the business and craft sectors, represent the backbone of the federal state. *TEXT: *Gisela Gary*

Vorarlberg's economy is growing, it's stable and Vorarlberg can be proud of its export power which, at 60 percent, makes Vorarlberg Austria's top exporter. Above all, it's the state's resident industries that are causing the fresh winds. Production is stable at a very high level, and it's the family-run businesses in particular which are responsible for it and the

trade and craft sectors are providing for growth. Manufacturers of metal products and the construction industry are also significant growth drivers in this regard. In order to maintain this high level of economic performance, the state intends to continue making every effort to create and implement ideal framework conditions. In doing so, Vorarlberg continues to focus

on a solid fiscal policy. "Thereby, we're in a position to create room for investment in all key areas; in employment, in education and research, in infrastructure and residential housing and in digitalisation", explains State Governor, Markus Wallner. Vorarlberg claims to be a strong production location, exports are at record levels, trade and services are recording over-average growth and the tourism sector's success story from summer is continuing into winter just as strongly.

IN THE HEART OF EUROPE

With its activities, the Wirtschafts-Standort Vorarlberg GmbH (Vorarlberg Business Agency-WISTO) strengthens the innovation and economic power of the federal state. The focal point of its efforts is advice on location development as well as business relocation. The four-country region of Bodensee is one of the most economically dynamic regions in Europe. For many companies, the position in the centre of Europe is crucial; 80 percent of the federal state is comprised of state borders. Thus, the road to the most important markets as well as cross-state research and cooperation projects is never long. Most of the companies resident in Vorarlberg have settled in the metropolitan region of Rheintal-Walgau. Leading companies here include Haberkorn, Sika, Rhomberg, Hilti, Rauch, Blum, Liebherr, Wolford and Mondelèz to name but a few. The research facilities in Vorarlberg have an important role to play as knowledge providers and also as cooperation partners for private sector R&D. In doing so, intensive cooperation between the research facilities and the regional economy are a success factor for innovation. A veritable slew of grant



Outstanding congress location:
The Bregenz Festspielhaus received
the AIPC Apex Award in London.



Cable car know-how from Vorarlberg is a major export success – cabins from Vorarlberg have been exported to Dubai, Bolivia or China.

and funding options for operational and cooperative innovation and R&D projects is available at every level, be it regional, national or EU. Vorarlberg's ideal position is also greatly appreciated by international congress providers, who equally appreciate an opportunity to visit Bregenz itself. The Festspiel and Kongresshaus in

Bregenz is one of the three best congress centres in the world, and recently received the "AIPC Award 2018" in London, which is awarded by the International Association of Convention Centres every two years.

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VORARLBERG

Area in km ² *	2,602
Population *	391,700
Companies ***	24,771
Workforce ***	181,483
Gross Regional Product **	17,270 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



There is huge sectoral diversity

In this interview **Joachim Heinzl, CEO of Wirtschafts-Standort Vorarlberg GmbH (WISTO)**, describes Austria's westernmost province as an "economic multi-talent".

* INTERVIEW: **Helmut Wolf**

the diversity of its companies and its entrepreneurial spirit. The province brings together large, globally active companies with a wealth of highly specialised SMEs and young, creative enterprises. Key success factors also include Vorarlberg's highly committed and extremely loyal workforce and efficient networks.

The production sector in particular is viewed in Vorarlberg as an economic motor. What are its focuses?

Vorarlberg is Austria's most industrialised province: Industry is responsible for around 30 per cent of regional value creation and Vorarlberg is notable for the diversity of its technology-driven and future-oriented sectors: These range from

automotive suppliers to crane and rope-way manufacturers, from packaging and logistics specialists to food producers and from energy and environmental systems to construction technology.

Vorarlberg's economic landscape is well integrated. What can international companies expect when they settle here?

Companies coming to Vorarlberg find a flexible economic region that is very open to newcomers and reacts quickly to changes in global markets. In addition to its strong economy the region offers the combination of a good infrastructure, efficient administrative structures and a unique landscape and quality of life.

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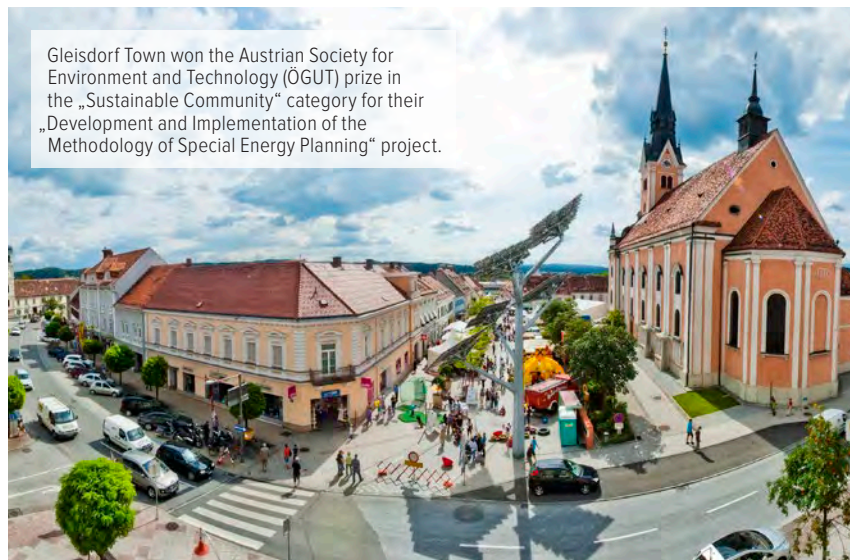
Globalisation is having an enormous influence on many regions of Europe. Yet Vorarlberg is still competing strongly. What are the success factors?

Vorarlberg's economy is most notable for its enormous innovative energy and for

Top Location with Growth Potential

Styria has developed from an industrial state into an international technology location. Research and development is highly popular with companies and is strongly supported by the state. However, the green federal state also keeps ahead of the competition in terms of climate and environmental protection.

* TEXT: *Gisela Gary*



Styria asserts itself as the location in Austria for research and development. Growth through innovation is the slogan for the Styrian Economic Strategy 2025 whereby companies are actively supported. Mobility, eco and health tech are keys issues for Styrian companies. However, the demand for qualified staff is high and is one of the main challenges of the coming years. Barbara Eibinger-Miedl, Councillor for Economic Affairs, emphasises three priorities which stand at the centre of the regional economy: Strengthening the economy in the region; measures to assist companies in taking advantage of the opportunities offered by digitalisation; and the further expansion of research, development and innovation. In 2017 the Styrian Ministry for Economics processed 2,414 pro-

jects with a funding volume of €41.7mn. The Styrian Business Development Agency (SFG) supported 2,326 projects with a volume of €40.2mn. As a result, total corporate investments in the Styrian business location amounted to €284.7mn.

This commitment is also reflected in the number of newly founded companies in the region: Around 40 percent of the start-up companies in 2017 were located in the central Graz area. In 2017, Styria was again able to record the highest R&D quote

of all the federal states. Thereby, the COMET Program could continue to be used as positioning tool not least thanks to the solid cooperation between the research facilities and companies. Funding from three already existing COMET Centres (K2) was extended in 2017. Two of the three research centres are headquartered



Economic and European State Councillor Barbara Eibinger-Miedl is President of the „Automotive Intergroup“ of the Regional EU Committee. Digitalisation is the key word of the future.

in Styria (ICMPPE und Digital Mobility) and were thereby able to seamlessly continue their research work. In total, Styria is involved in 25 of the 44 competence centres located throughout Austria, 19 of which have their headquarters in Styria itself. Among others, these include the Virtual Vehicle Research Centre in Graz which is part of the €48mn heavy COMET research program: „K2 Digital Mobility“.

SUSTAINABLE COMMUNITY

Notwithstanding, Styria is also playing an exemplary and future orientated role in the issue of climate and environment protection. The town of Gleisdorf has set its sights on being CO2 neutral by 2050. In 2018, Gleisdorf won the Austrian Society for Environment and Technology (ÖGUT) prize in the „Sustainable Community“ category for their „Development and Implementation of the Methodology of Special Energy Planning“ project. Five years ago, Gleisdorf Town initiated a development process during which it became clear that there was a need for coordination not only between the urban development concept and zoning plan, but also with the spatial energy plan. The aim was to develop and integrate a sovereign, integrated spatial energy plan. In doing so, the involvement of both the relevant stakeholders and the community proved decisive. The results therefrom have already been incorporated into urban development concepts, zoning plans and further projects (i.e.: District heating, sanitation, stimulus incentives, public transport, cycle traffic, cross-community cooperation etc.).

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STYRIA	
Area in km ² *	16,401
Population *	1,240,300
Companies ***	88,653
Workforce ***	549,118
Gross Regional Product **	44,283 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



Where business happens: Villach supports entrepreneurs, currently by founding pop-up stores.

Growth plus Tourism

Austria's most southerly federal state is best known for its tourism. Thus, its economic growth and also the well-renowned companies that spur **Carinthia** on and strengthen its economic growth are often overlooked. *TEXT: *Gisela Gary*

Alongside tourism, Carinthia's all-year mainstay, the state also scores highly in the fields of technology, services, export and research. The Carinthian Economic Development Fund (Wirtschaftsförderungsfond - KWF) supports companies with their future viability ranging from SME's to large and also with business creation and start-ups. "build!" the Carinthian Company Foundation Centre (Gründerzentrum Kärntens) has assisted with 137 projects since 2002, 90 percent of which are still active and successful

as a company. "The start-up projects are based on the training options offered at the Alpen-Adriatic University in Klagenfurt and also at the Carinthia Polytechnic and fit perfectly into the State of Carinthia's economic and technology location strategy", explains Robert Gfrerer, Managing Director of "build!". More than half of the companies founded are in the ICT sector, followed by environment & energy, materials & industry and the life sciences.

An equally large number of innovations in the field of energy concepts also happen to come from Carinthia. A grand total of 14 Carinthian communities recently received European e5 awards with five of which going to Eisenkappel and four to Arnoldstein-Weißenstein. "The innumerable flagship projects show the innovative strength of the Carinthian e5 communities to sustainably reduce their energy consumption and rely on regional renewable energy sources. Thereby, the contribution made to protecting the climate and to energy transition is priceless", says Sara Schar, Councillor for the Environment & Energy. Diex, Ludmannsdorf/



Mallnitz is just one of the e5 communities with an exemplary energy concept.

Bilčovs, Mallnitz, Schiefeling, Seeboden and the host community of Weißenstein, as highest newcomer, were awarded four "e" awards in the second highest category.

ECONOMIC INCENTIVES

The "my pop-up store" competition held by the Carinthian Economic Development Fund (KWF) in the City of Villach and the State of Carinthia assists with the implementation of creative business ideas. In the course of these competitions, a business premises is provided in which a "pop-up store" will be funded for half a year thereby supporting local and regional development and creating new economic incentives. The first pop-up-store, "Babybox", opened its doors in December. The Mayor of Villach, Günther Albel, is delighted about the funding of innovative companies: "In the competition for winning customers favour, our city centre currently scores highly, particularly with its individuality". The pop-up store tenants change every few months. Gaby Schaunig, acting governor and consultant for economic development for the State of Carinthia is convinced of the multi-use initiative: "Carinthia is a state of creative minds and inspiring ideas. Our major concern, the supporting of small and medium sized companies in realising their visions, is now also being implemented in Villach."

© Land Kärnten, Angermann

CARINTHIA	
Area in km ² *	9,538
Population *	560,900
Companies ***	41,413
Workforce ***	231,533
Gross Regional Product **	19,262 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



The Lakeside Science & Technology Park in the South of the Wörthersee – a dynamic campus for business, research and education.

Carinthia: On track to becoming Europe's Silicon Valley

Located in the heart of Europe, surrounded by Italy and Slovenia – Carinthia not only convinces visitors with its wonderful landscape, crystal-clear lakes and image as a paradise for skiing fans, but also enjoys a reputation for technological excellence.

Leading international companies such as Infineon are working here alongside research-intensive SMEs to chart the course for future developments in such fields as electronics, microelectronics, mechatronics, sensors and robotics.

A hotspot for the microelectronics sector

Microelectronics and nanoelectronics form the backbone of digitalisation. Over the course of the past few years the major Carinthian town of Villach has developed into a hotspot for the sector. The most important name here is Infineon Technologies – Austria's leading research company. In November, Infineon marked the latest 1.6-billion-euro investment in its Villach facility with a star-studded groundbreaking ceremony.

The world's most advanced microchip production facility, which will combine the fully automated

production of 300 millimetre thin wafers with a research and development complex, is being built on a 60,000 square metre site in Villach. Infineon Austria is seen as a 'jewel in the crown' of the international group. With its "Made in Carinthia" products the company is one of the global leaders in the area of power electronics.

An Eldorado for researchers

Carinthia's profound commercial know-how is enhanced by its attractive research landscape. Five non-university research centres – plus the research work carried out at Alpen-Adria University and the Carinthia University of Applied Sciences – contribute to the province's high degree of innovation.

The largest of these non-university research centres, Carinthian Tech Research (CTR), is one of Austria's leading research institutions in the fields of intelligent sensors and system integration. In future, the CTR is set to be one of the three locations (Villach, Graz, Linz) of Silicon Austria Labs.

A network of science and business offers cutting-edge research in the area of electronics-based systems. During the development phase between now and 2023 a total of 280 million euros will be invested in the creation of Silicon Austria Labs and the establishment of



From left: Federal Chancellor Sebastian Kurz, Infineon Austria CEO Sabine Herlitschka, Carinthia's Provincial Governor Peter Kaiser and Infineon CEO Reinhard Ploss at the groundbreaking ceremony in Villach.

a research alliance that will be focussed on these future technologies and seen globally as a driver of digitalisation and the European economy. From 2023, around 160 researchers carrying out both fundamental and applied research in the field of "sensors & power electronics" will be based at the High Tech Campus Villach, the Carinthian home of Silicon Austria Labs.

The right place for ICT companies

Whereas Villach is the home of microelectronics, the provincial capital of Klagenfurt am Wörthersee is a centre for information and communication technology. The 34,000-square-metre Lakeside Science & Technology Park has become the focus of an ICT campus that offers optimal synergies between companies, researchers and educational institutions. It currently hosts 70 companies with around 1,300 employees, three non-university research facilities, the Education Lab and Carinthia's start-up incubator "build!" By the time the campus is complete this population will have doubled. This innovative environment provides an optimal framework for the research projects of the Robotics Institute of Joanneum Research and Lakeside Labs, which specialises in "self-organising networked systems".

5G digital innovation hub

Carinthia is currently designing a digital innovation hub in the Lakeside Science & Technology Park and the Carinthian 5G Playground. Local businesses and research facilities will be able to use the Playground to test and research the innovations of tomorrow. The hub will offer Carinthian companies a wide range of innovative digital services and advise and accompany them as they enter the digital age. Both projects should be completed at the beginning of 2020.



Expansion of the innovation campus

Lakeside Science & Technology Park is also seen by Austria's Infrastructure Minister Norbert Hofer as a successful model for strategic regional development. In this spirit, Phase 5 was launched in summer 2018 while plans for Phase 6 were unveiled at the end of the year. Together, the two phases represent a total investment of 30 million euros and will provide an extra 9,000 square metres for innovative companies that would like to move to the park. 1,600 of these square metres are currently being transformed into a new laboratory for the Robotics Institute and the researchers of Klagenfurt's Alpen-Adria University in the form of a six-metre-high indoor flying hall for drones that is unique in Austria.

Visualisation of the 1.6-billion-euro development of Infineon's Villach facility.



Why do companies like Carinthia?

One of Carinthia's attractions is its location on both the Baltic-Adriatic and Tauern Corridors. Distances in the region are short and there is an attractive research landscape, a welcoming culture on both the economic and the social levels and a well-trained, loyal and productive workforce. Carinthia's business-friendly policies provide companies with a stable environment, a good funding structure and the security and certainty that permit them to plan for the future. These location factors are enhanced by Carinthia's unique quality of life, embedded between mountains and crystal-clear lakes, a lifestyle with a certain southern flair, a family-friendly environment and an excellent system of schools and higher education.

In future, Silicon Austria Labs in Villach will be home to 160 researchers focusing on the fields of sensors and power electronics.



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“The economic strategy of the province has focussed on innovation and research. The area around Infineon and the High Tech Campus in Villach has become a hotspot for microelectronics and sensors.”

Carinthia: Innovative Technology Hub in the South

Hans Schönegger, Managing Director of BABEG, on the development of Austria's southernmost province into a place of innovation with the potential to become a high-tech hub at the heart of Europe

* INTERVIEW: *Vanessa Haidvogel*

Over the course of the past few years Carinthia has developed into a region of innovation. The numbers of new companies and corporate relocations have reached record levels. How has Carinthia achieved this?

The economic strategy of the province has focussed on innovation and research. The area around Infineon and the High Tech Campus in Villach has become a hotspot for microelectronics and sensors. Lakeside Science & Technology Park in Klagenfurt is positioning itself internationally as an attractive innovation campus with optimal connections to research and education.

Both locations are notable for their innovative SMEs and leading international companies and enjoy excellent links with non-university research institutions such as CTR (Carinthian Tech Research – which is to become part of Silicon Austria Labs), the Lakeside Labs or Joanneum Research, etc. as well as Alpen-Adria University in Klagenfurt or Carinthia University of Applied Sciences. This is an ideal mix, in which innovation is supported and new technologies are able to emerge, as exemplified by Infineon's investment of 1.6 billion euros in the expansion of its Villach facility.

Lakeside Science & Technology Park has already received a number of international awards. How important is it for Carinthia?

When we established Lakeside Science & Technology Park in 2003 our vision was to create a campus for business, research and education. Today, Lakeside Park has developed into an international award-winning place of innovation. The 3,400-square-metre “Education Lab” is a platform for experimental learning in the STEM fields that is unique in Europe. Today, the 34,000 square metres of the park are home to around 70 companies, 1,300 employees, three research institutions, the Education Lab and a start-up incubator, all working on the innovations of tomorrow.

The occupancy rate of the park is 96 per cent. Last year we confirmed plans for an expansion of 9,000 square metres for innovative companies and further research.

What can we expect from Carinthia in 2019?

We are constantly seeking to keep our finger on the pulse. This is why we are currently involved in implementation and coordination work for a 5G Playground and a digital innovation hub. The digital innovation hub will be based in the Lakeside Park as a digital competence centre. The 5G Playground will be available to Carinthian companies and research institutions from the beginning of 2020 as a testing ground for new technologies.

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Vienna - a Top Location for Companies

Corporate relocations create investment and jobs.

* TEXT: *Vanessa Haidvogel*

Vienna is benefitting more than ever from its special location at the Heart of Europe: In around an hour, for example, you can reach Bratislava by car or train, while Budapest is just two and a half hours away. Hence, as an innovative and dynamic business location, the federal capital continues to be in the focus of both Austrian and international companies: In 2017 another new record of 191 international corporate reloca-

tions was achieved. This record is the result of the intensive joint efforts of the ABA and the Vienna Business Agency.

The latest example is the Industrial and Commercial Bank of China (ICBC), China's largest bank. Opened in 2018, the new office will be the company's headquarters in the CEE Region and will oversee all its activities in Central and Eastern Europe and Scandinavia.



NEW JOBS

The most common feedback from companies settling in Vienna is that they particularly prize the excellent infrastructure, the stability and the resulting planning certainty. The record numbers also show that, rather than merely being buzzwords, 'international, modern and cosmopolitan' are concrete location factors that guarantee investment, value creation and jobs in the city. The 191 corporate relocations in 2017 triggered total investment of 537.1 million euros (a rise of 86.5 per cent over the previous year) and created 1,087 new jobs.

In 2017 Vienna also remained at the fore in terms of business creation. With

9,098 new companies the city was responsible for 22.7 per cent of the total for the whole of Austria. This represents around 25 newly established companies every day.

THE CITY WITH THE HIGHEST QUALITY OF LIVING WORLDWIDE

Nowhere in the world is life as good as it is in Vienna. In 2018 the international consulting company Mercer named Austria's federal capital as the city – from the 231 that it surveyed – with the highest quality of living worldwide for the ninth year in a row. The most decisive factors behind this renewed top position were the good secu-

rity situation, the well-structured public transport network and the many cultural facilities and leisure options. The survey is based on the opinions of "expats" – workers who spend a number of years abroad.

It is no surprise that more and more people are attracted to such a liveable city. The population of the federal capital should reach two million by 2027. And the city is working to ensure that this excellent quality of life is also retained for future generations: Important infrastructure projects such as Vienna's new Central Station and extensions to the U1, U2, U3 and U6 underground railway lines have already been completed and the development of the network in the shape of the new U5 and a further extension of the U2 is also on track.

AN AGREEMENT FOR THE FUTURE FOR VIENNA

In order to guarantee the future of Vienna as a successful location for living, working and doing business the City of Vienna and the Vienna Economic Chamber have developed a joint working programme. The Mayor, Michael Ludwig, and Walter Ruck, President of the Economic Chamber, signed this "Zukunftsvereinbarung" in July 2018.

The focuses of the agreement include a reduction in the bureaucratic burden on companies, the training of skilled workers and an internationalisation offensive. For example, the use of e-government applications is to be expanded and another of the many objectives of the agreement is to speed up the approvals process for industrial projects.

© Wien Tourismus/Stempler

VIENNA	
Area in km ² *	414
Population *	1,889,100
Companies ***	127,957
Workforce ***	1,182,024
Gross Regional Product **	90,111 Mill. Euro

* 2018 ** 2017 *** 2016 Source: Statistik Austria



Predominantly built from timber: the new office and residential building at Anschützgasse 1 in Vienna's 15th district.

45 Projects for Vienna

WSE Wiener Standortentwicklung is currently working on 45 projects in 16 of Vienna's districts. Managing Directors Josef Herwei and Stephan Barasits speak about the tasks facing the city's real estate company.

* TEXT: *Vanessa Haidvogel*

Project development, construction project management and property management: These are the three areas of responsibility of WSE Wiener Standortentwicklung GmbH. Established as Wiener Stadtentwicklungsgesellschaft in 2001, when it was given responsibility for the development, implementation and management of important real estate projects and urban development areas, the municipal enterprise became part of Wien Holding in 2003. Today, over 50 employees are working on a total of 45 projects in almost every corner of the city.

"Innovative energy, research, creativity and technology are all at home in Vienna. And WSE creates the spaces and surroundings in which they can thrive," explains WSE's Managing Director Josef Herwei. "Our many years of experience and expertise, combined with the corporate structure of Wien Holding, mean that we can realise complex projects."

PROJECT DEVELOPMENT AND CONSTRUCTION PROJECT MANAGEMENT

WSE develops both individual buildings and entire building complexes. "At Neu Marx, for example, which is the City of Vienna's former abattoir, WSE acted as the

overall coordinator of the development of the site and its infrastructure," says Managing Director Stephan Barasits. The projects STAR22, OASE22 and OASE22+ transformed a former industrial area in Donaustadt into a modern office and residential complex. WSE is also providing urban design and development know-how for the conversion of the former Leopoldau gasworks.

A successful current example of WSE's work in the area of construction project management is the City of Vienna's school expansion programme, which has been running since 2013. "The projects of the WSE subsidiary WIP Wiener Infrastruktur Projekt GmbH include new buildings and extensions in the educational field – most of which are realised in just a few months without interrupting normal school operations," explains Barasits. WSE is also responsible for the construction project management of the development and realisation of Breitensee Business Park and the project at Anschützgasse 1.

The programme for 2019 includes the further development of the Neu Marx media, technology and research complex, the final marketing of Neu Leopoldau and the completion of the rezoning of the Ober-

laa site. A number of school building projects are also set to get underway or be completed in the near future. And WSE concluded the two-stage commercialisation of the Eichenstraße 1 property at the beginning of 2019.

PROPERTY MANAGEMENT

In its role as parent company of Wiener Messe Besitz GmbH (MBG) WSE has many years of experience of looking after large properties. "Vienna's exhibition and congress centre was completed and opened in 2004. MBG ensures that the building and its infrastructure remain at the technological cutting edge," says Josef Herwei.

In addition to this, WSE's team looks after such properties as the Breitensee Business Park, the Jewish Museum of the City of Vienna, Haus der Musik, the Anschützgasse 1 office building and the City of Vienna's Computer Centre.

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WSE Wiener Standortentwicklung GmbH

WSE, a subsidiary of Wien Holding, is the initiator and central point of contact for sustainable urban development projects in Vienna.

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“Every fifth car in Austria passes through Hafen Wien before moving on to the showroom or end customer.”

Which measures have played a decisive role in the commercial success of Hafen Wien?

Our strategy of consistently strengthening Hafen Wien has enabled us to decisively improve our competitiveness. To offer just a few examples, we now have more storage space and floor space than ever and have also restructured the areas of the car terminal and introduced digital systems to improve the handling of trucks. We have succeeded in convincing a number of new companies to locate to

A Location for Thousands of Jobs

Hafen Wien continues to grow. An interview with Managing Director Fritz Lehr about the strategies behind this commercial success – and some impressive corporate numbers. * INTERVIEW: *Vanessa Haidvogel*

sites owned by Hafen Wien such as “Areal HQ7”. The six-hectare site in Simmering is home to offices, workshops, warehouses, garages and parking spaces.

Do you have plans for expansion and investment in 2019?

In 2019 we will continue to invest in flood protection measures in Albern. And we will also invest in refurbishing the car terminal.

Can you give us a few numbers that underline the scale of Hafen Wien as a logistics transshipment centre?

Following its record results of 2016 Hafen Wien was again able to increase both turnover and profits in 2017. The turnover of 58.1 million euros represents an increase of 2.3 per cent in comparison with the previous year. At the same time, Hafen Wien invested heavily in 2017 with the total figure of 18.7 million euros representing more than twice the 7.9 million euros invested in 2016.

In addition to the companies of the Hafen Wien Group the port area of over three million square metres is also home to more than 100 companies from the logistics and transport sectors as well as other industries. And the location is also home to a total of over 5,000 jobs.

What is the importance of Hafen Wien for Business Location Vienna?

Located 2,000 kilometres from the Black Sea and 1,500 kilometres from the North

Sea, the strength of Hafen Wien is its role as Austria's largest trimodal logistics centre. By simultaneously connecting waterborne, rail and road-based modes of transport it offers the ideal location for the transshipment, container-based storage and handling of a vast range of goods.

Many of the products that are offered or processed in Vienna are transhipped via Hafen Wien. This is clearly illustrated by the figure of over 400,000 containers per year. The importance of the location is also demonstrated by the number of cars it handles: every fifth car in Austria passes through Hafen Wien before moving on to the showroom or end customer.

Hafen Wien also lets property. What sort of property is available?

Hafen Wien lets properties ranging from small 20-square-metre offices to industrial units covering 80,000 square metres. The largest public port on the Danube in Austria originally consisted of Freudenua and Albern harbours and the oil terminal. Offices, industrial units and open spaces with a wide range of sizes are let right across the area. In addition to this, areas for logistics companies are available in Albern industrial zone, in the vicinity of the A23 and in Vienna's 3rd and 22nd districts. And, as already mentioned, 2017 also saw the successful acquisition of the HQ7 industrial zone in Simmering.

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The Post is building a parcel centre on a site of 75,000 square metres in Hagenbrunn that is scheduled for completion by the end of 2019.

Online Retailing Drives Logistics Investments

Investments in **logistics** real estate are booming across Europe. But while investors are also very interested in Austria, there is only a limited range of objects on the market.

*TEXT: **Patrick Baldia**

One current investment trend in Europe is impossible to ignore: the increasing appetite of investors for logistics real estate. In 2017 the record sum of 40 billion euros (a 60 per cent increase on 2016) flowed into the asset class. Last year was a little calmer but, according to the experts of BNP Paribas Real Estate, this should in no way be interpreted as a sign of declining investor interest. After all, the 14 billion euros invested in Europe in the first six months of 2018 was the second-highest six-month-total of all time.

Andreas Ridder, Managing Director Austria and Chairman CEE at CBRE, also continues to regard European logistics as

a growth market. "The reasons for this are well-known: The growing online business and the generally very good economic situation are influencing European logistics markets," he states. Both tenants and investors will focus on logistics properties in or near to urban regions. As in 2018 rental levels will rise by 2.5 per cent – a steeper rise is only being prevented by intense development activities.

AUSTRIA:

OWNER-OCCUPATION DOMINATES

Figures from CBRE show that industrial and logistics real estate has accounted for an average of two per cent of investment

volumes in Austria since 2008. The increase in this share since 2015, when the record level of five per cent was reached, is striking. According to EHL Immobilien the sector's share of the total transaction volume of four billion euros in 2018 was three per cent. During the first quarter, for example, Frasers Property Investments acquired a logistics portfolio from Alpha Industrial. And then, in the third quarter, Palmira sold the Tec Center Lebring to Europa Capital.

"Thanks to the growth in online retailing logistics investments are undoubtedly very promising, but in Austria there is such a shortage of objects on the market in this sector in particular that these barely begin to satisfy the demand," confirms EHL's Head of Investment Franz Pörtl. The reality is that the majority of the most recent development projects are destined for owner-occupation. These include a parcel centre for the Post in

Hagenbrunn that should start full operations at the end of 2019. The end of the year is also earmarked for the operational start of a logistics centre of the XXX-Lutz Group in Zurndorf in Burgenland. But there are also exceptions, such as the Industrial Campus Vienna East, which is being built as a rental object by Deutsche Logistik Holding (DLH) in Enzersdorf an der Fischa and should be completed in 2021. With an area of 170,000 square metres it will be Austria's largest industrial and logistics centre.

"In the past it was unusual in Germany and Austria to think about constructing logistics buildings for rental purposes," explains Andreas Liebsch, CEO of Go Asset Development. Most of these were built for a company's own use – often because there was no alternative. Given that the past few years have seen the building of logistics space for rental in and around

major cities, Liebsch believes that around half of the existing space in Germany is owner-occupied. "In Austria, the share is even higher," he adds

IN DEMAND: OBJECTS IN CENTRAL LOCATIONS

The fact that more modern logistics real estate is not being built for rental in Austria is also due to the difficulty of finding suitable sites. Experts point to a series of factors. Alongside the high price of land and zoning issues these also include topography and, in particular, the prevalence of sloping sites. In addition to this, large projects can often be politically unpopular and subject to protests by neighbours.

For Liebsch, the issue of city logistics is currently extremely important in Austria and, primarily, in Vienna. "In Vienna there is huge demand for logistics real estate in very central locations in order to guaran-

tee the delivery of e-commerce goods," he says. Objects of between 5,000 and 7,000 square metres are particularly sought after but these are very hard to realise due to the lack of sites.

In any event, around 66 per cent of the existing logistics space in the Vienna region falls short of the requirements placed upon modern logistics real estate. According to Liebsch, this has to cover the needs of very many groups of potential tenants, which means that the countless features that it has to incorporate include soil bearing capacity of at least five tonnes per square metre, free heights of around 10.5 metres, column grids designed to provide maximum flexibility, an adequate number of docking stations, the potential for further subdivision and a high degree of building efficiency.

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The market for logistics real estate is on the upturn

Sebastian Scheufele, Managing Partner of Modesta Real Estate, sees continuing demand for logistics properties. *INTERVIEW: *Vanessa Haidvogel*

Is Austria facing a backlog in the construction of logistics properties?

From today's perspective the development of the logistics market in Austria is extremely satisfying. This has been booming for several years now and new developments around Vienna are proceeding apace. Western and Southern Austria are also on the radar of developers and the first projects here are also being prepared or are already under construction. Building companies that specialise in industrial halls have full order books and this trend is not going to change either this year or, probably, in the near future. Despite this, however, a comparison with our closest neighbours shows that Austria is still suf-

fering from a backlog in the construction of logistics properties.

Who is interested in logistics real estate? What do returns look like?

In terms of users it is the third party logistics service providers who are responsible for the dynamic market but pharmaceutical companies and their partners and online retailers are also providing a stimulus from the user side. It is not only investors from the German-speaking Region who are sounding out the market. More Asian players are also positioning themselves – although rather than being limited to Austria this trend can be seen across Europe. The attractiveness of logistics real



estate has grown strongly in the past few years and this trend is reflected in falling returns. Five years ago it was impossible to imagine returns in top locations of six per cent or below but today this is normal. Current top returns are around 5.5 per cent or, in some cases, even lower.

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6B47 is developing a high-rise residential project with a usable area of 18,000 m² on Höchstädtplatz.

Intelligent Concepts

In Austria, 6B47 has set itself the goal of developing state-of-the-art, first-class residential buildings as its contribution to enhancing the quality of life in Vienna, the federal capital.

6B47 Real Estate Investors AG is one of the leading real estate developers in the German-speaking region. Everything started in 2009 in Vienna, where the company was established. Ten years later, 6B47 can point to an impressive track record of developing commercial and residential property in Austria, Germany and, most recently, Poland. Since its founding, 6B47 has successfully

developed numerous projects in Austria, mostly in Vienna. And the pipeline for the next few years is well-filled.

One of the company's focuses is the conversion of existing objects. "This is certainly one of our strengths," says Peter Ulm, Chairman of the Board of 6B47. "We understand how to develop intelligent concepts as a means of upgrading and finding new uses

for existing objects. Many of the projects that we have realised in recent years have been implemented on centrally located sites containing existing buildings. Wherever possible, we have developed new concepts for these existing buildings, which we have then carefully refurbished." A prime example of this approach is the Althan Park residential building in Vienna's 9th District. The project involved the comprehensive refurbishment of an empty office building from the 1990s. Once the headquarters of the Austrian Post Office, the complex now contains 240 privately financed apartments with a range of sizes and floor plans, each of which has a dedicated open-air space. The footprint and the reinforced concrete structure of the building were retained while the residential units were integrated into the existing built substance. "The building was ideally suitable for adaptation into a residential complex. It enjoys a prime central location and is notable for its excellent transport connections and infrastructure," says Ulm. By the end of 2018 nearly all of the freehold apartments had been sold and handed over to their new owners.



The 240 residential units in Althan Park, which was completed at the end of 2018, have nearly all been sold.

Modern Living

"The objective of each of our real estate projects is to improve the quality of life in urban districts through the development of modern apartments with high living standards and high-quality open-air spaces," emphasises the Chairman of 6B47. A further example of this is the Laxenburger Straße residential project in Vienna's 10th District. This is being built on a former industrial and commercial site containing an office tower and two warehouses as well as further buildings. Having taken the initiative to rezone the site for residential use before acquiring it in partnership with a non-profit housing developer 6B47 is now constructing 150 privately financed apartments. A neighbourhood store will also enhance the existing infrastructure. Surrounded by green allotments in one of Vienna's highest locations the peaceful site is particularly notable for its high residential quality and the proximity of several much-loved recreational areas. Building work is projected to get underway in the third quarter of this year.

The construction of a project in Vienna's 20th District started in the second quarter of this year. In cooperation with a project partner 6B47 acquired a site on one of the district's busiest transport intersections, Höchstädtplatz, which was partly occupied by listed industrial buildings. Individual existing buildings are now being partly or wholly demolished as part of the development while others are undergoing a change of use and being transformed into residential buildings in close cooperation with the historic buildings authorities. New buildings will be constructed to complete the ensemble. A total of around 35,000 square metres of usable space is being created on the site, shared between six buildings. 6B47 is developing four of these, including a residential block with micro-apartments and a large-scale residential building with new living concepts for the generally young population of the up-and-coming district.

This district development project by 6B47 is injecting some new flair into the traditional neighbourhood while also offering attractive accommodation to students from Austria's largest technically oriented university of applied sciences, which is located directly opposite the site.

The Viennese apartment building reloaded

"Open Up! Das neue Wiener Zinshaus" (The new Viennese apartment building) is a completely new residential concept that is being championed by 6B47. Using the classic



The housing complex by 6B47 in Laxenburger Straße convinces visitors with its green location on the edge of the city.



The apartments in 'Open Up!' are notable for their flexible floor plans and generous ceiling heights.

Viennese apartment building as its model the company is realising a project close to Vienna's new Central Station that is open to a range of uses on a leasehold site. The building, which is scheduled for completion by the second quarter of 2020, is notable for its highly flexible floor plans and generous ceiling heights. The flexible circulation and construction concepts mean that the 60 apartments can be adapted in the future in line with all potential changes of use. Furthermore, the structural

grid, ceiling heights and circulation also meet the requirements of any future commercial use. The individual floors can be used as apartments or offices according to need. The apartments, which contain between 30 and 80 square metres, are also designed in such a way that they can be combined when required. Each apartment will have an open-air space. In addition to this, the concept includes generous communal spaces and offers a range of opportunities for sharing that include communal washing machines, a rental service for tools and electrical machinery and a bike station with bicycle workshop. The ground floor will accommodate small shops, offices and restaurants as a means of round-

ing off the attractive infrastructure. "As project developers we see ourselves as obliged to take account of and reflect upon new forms of residential living, social trends and future changes – and to implement these today, as far as this is possible and logical," says 6B47's Board Chairman Peter Ulm, before adding: "Bearing in mind the increasing importance of flexibility and mobility it is clear that the apartment of the future should also be flexible and mobile. The 'Open Up!' initiative is a good example of this trend."



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Transparent Real Estate Investments

The Austrian real estate developers 6B47 offer private investors the opportunity to participate financially in their projects through the 6B47 Real Estate Club.

Sebastian Nitsch, CFO of 6B47 Real Estate Investors AG, explains the details.

* INTERVIEW: *Anita Orthner*

“We place great importance on offering intensive personal support to our 6B47 Real Estate Club members.”

What exactly is the 6B47 Real Estate Club?

The 6B47 Real Estate Club is a group of private investors, high-net-worth individuals and family offices as well as institutional investors with a strong affinity for real estate, who co-finance our projects. It was established by 6B47 in 2009 in order to offer these target groups the opportunity to carry out highly transparent real estate investments together with a professional investor. It currently has around 160 members. Rather than having a legal status the Real Estate Club is an open

community, which is exclusively offered the opportunity to participate in the investments of 6B47.

What does a the service offering look like?

We offer a direct, intrinsically valuable and transparent investment in a property and an expected annual yield of between eight and twelve per cent. The durations of the investments – 24 to 36 months – are relatively short and, hence, manageable. Our service offering also includes regular and comprehensive reporting that documents the progress of the project. We have taken this transparent approach from the very start because it is the trust in our projects and, ultimately, in our company that is the basis of this club model. Each member of the club naturally has a dedicated contact person within the company who is ready to answer questions at any time.

Apart from the attractive yields, what are the other arguments for investing in the 6B47 Real Estate Club?

The security. As the initiator 6B47 also invests in every project itself. In doing so we clearly show that we believe in our projects and are 100 per cent convinced of their success. As we co-invest in every development with our own capital our financing partners can assume that we are very interested in successfully completing each project

within an appropriate timescale. Members are placing their money in the hands of an experienced real estate developer with an appropriate track record – this means that they are investing alongside experts.

Do members have a voice?

The members of our 6B47 Real Estate Club are fellow partners in each project and are also involved in important decisions as a matter of course. Our investors are directly, comprehensively and transparently informed during the entire process from design to implementation. They can follow the progress of their investment throughout each phase, from the groundbreaking ceremony to the opening of the object.

What sorts of projects are offered in the club?

The high demand for residential real estate means that this is our current focus. In the residential segment we are involved in both high-profile housing projects in prime central locations and affordable projects on the urban periphery. Our current offer focusses on freehold apartments – for both owner-occupiers and investors in the form of investment properties as well as forward deals for partial or entire projects before they are completed.

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Whether on water or on land: The Marina Tower is an ideal starting point for a host of leisure activities.

Residential property is the most popular asset class

From Vienna via Graz to Innsbruck: Austria's cities continue to grow – and this is also driving demand for **new homes**. It's a good time for developers and investors. * TEXT: *Vanessa Haidvogel*

2018 was the second strongest year on the Austrian real estate investment market since records began. A total of around 3.95 billion euros was invested in property. One striking aspect of this is the fact that residential property was the most popular asset class for the first

time – ex aequo with offices. Around 30 per cent of the transaction volume was invested in housing. "Above all, German investors are interested in Austrian residential real estate. On the one hand this is related to the fact that an increase in the amount of new building has created, in in-

ternational comparison, a very attractive supply situation. And on the other, commercial property yields have fallen to a point at which housing now offers a similar rate of return", says Georg Fichtinger, Head of Investment Properties at CBRE. At the end of last year the top returns for residential real estate were around 3.2 per cent.

DYNAMIC VIENNA

A glance around the provinces shows that the most intense building activity is found in Vienna. A fast-growing city such as Vienna needs a lot of new space for the incoming population to live and work. At the beginning of 2018 1,888,776 people lived in the Austrian capital, which represents an increase of more than 21,000 over the previous year. According to forecasts the two-million-mark should be reached in 2027.

Hence, the next few years will see the construction of thousands of homes and workplaces, as well as public open space, in a number of urban development zones. Remarkably, most of these zones are the sites of former centrally-located railway



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AMELIE, from BUWOG, will be home to around 100 new residential units in the Biotope City.

stations. The area around Vienna's new Central Station, which was built on the site of the city's former South Station, is home to a new inner-city district that is due for completion around 2020 and consists of the projects Sonnwendviertel and Quartier Belvedere Central (QBC) – which contain a total of no fewer than 5,000 apartments, 20,000 workplaces, schools, kindergartens, hotels, shops and restaurants.

Sandra Bauernfeind, Managing Partner of EHL Wohnen GmbH, has the exact figures for 2018: "When compared with the previous year the number of completions in Vienna rose to around 11,500 units." And while the rising population means that this increase in building activity cannot fully offset the shortage of apartments that has built up in recent years, it has enabled rises in both rental and purchase prices to remain at a reasonable level.

Bauernfeind expects 2019 to see the number of completions stabilise at the high level of around 11,500 units while increases in rents and sale prices will not be significantly higher than the rate of inflation. "2019 will also see the completion of countless privately financed major projects. Homes won't become cheaper but apartment-seekers will be able to choose amongst a wide variety of high-quality projects", says the expert.

NEW LIFE FOR STATION SITES

A number of projects in the North Station urban development zone in Vienna's second district are already inhabited. Between now and 2025 the former 85-hectare station site will become home to around 10,000 apartments, 20,000 workplaces and a range of infrastructural facilities.

2020 should mark the beginning of the transformation of the nearby 44-hectare site of the Northwest Station into another new district. The project, with a gross floor area of between 730,000 and 780,000 square metres, includes 5,000



A Business Hotspot in the Lakeside Park Quarter

Gerhard Schuster, CEO of Wien 3420 aspern development AG, offers an insight into developments in Seestadt. *INTERVIEW: *Vanessa Haidvogel*

aspern Seestadt is experiencing a substantial surge in growth in 2019. What is happening exactly?

South of the lake, the curtain is rising on several of the projects in the Lakeside Park Quarter. In a prime location adjacent to the metro station and the Lakeside Park we are creating a new business hotspot with attractive offices, shops, restaurants, leisure facilities and 700 privately-financed apartments as well as a hotel, serviced apartments, student accommodation and collective garages. These are important because everyone who

lives or works in the Lakeside Park Quarter or who comes here to shop or meet friends for an after-work drink or a game of soccer on the roof of the SEEHUB does so in a relaxed, refined urban environment: A 20,000-square-metre pedestrian zone with trees and granite fountains contributes to the elevated quality of life in the quarter, which offers 50,000 square metres of lettable space to commercial tenants.

And aren't you also making the leap northwards over the lake this year?

Yes, in the shape of the Lakeside Crescent Quarter, which will be developed on the northern shore of the lake and along the route of the metro between now and, approximately, 2023. This will boast a colourful combination of uses including new

mixed forms of living and working, rentable micro-offices, studios and co-working spaces, etc. This vibrancy will also make the area the optimal hotspot for the International Building Exhibition IBA_Wien 2022.

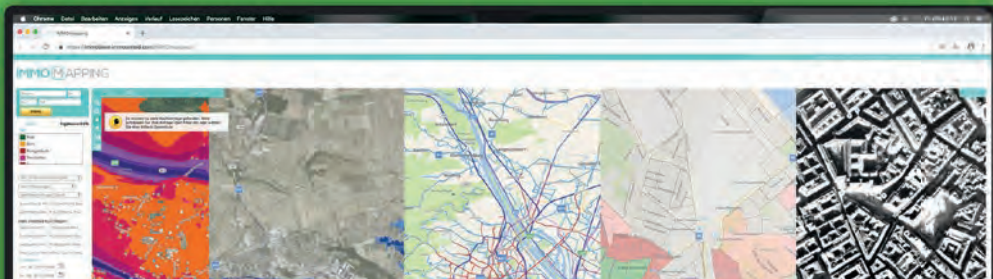
Further similar neighbourhoods will be gradually developed between the route of the metro, the future shopping street and Aspern Nord metro and suburban railway station. The first plots in the Lakeside Terraces Quarter will complete the eastern waterfront. This year the winners of the urban design competition are drawing up a design handbook for the plot-related competitions to which we are already looking forward enormously. May the best projects win – and, with them, Seestadt!

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VITANEUM: Huge glass façades draw the Benediktinermarkt deep into the living room.

apartments for around 12,000 people as well as the same number of workplaces. Ten hectares of public open space should also be created, including a park that will stretch across the entire area. There are also plans to convert the former railway tracks into a cycle path as part of a strategy for keeping the urban development zone free of through traffic.

THE TREND TOWARDS TOWERS

Building sites within the city are rare and expensive. This is why state-of-the-art urban development also includes the construction of residential and office towers. This trend has also arrived in Vienna. One example of the residential towers that will appear on the Vienna housing market

over the course of the next few years is the three-part "TriIple", which the project partners SORAVIA and ARE Development are realising on the Danube Canal. Another one that is already under construction is the Buwog Group's Marina Tower, which will contain around 500 apartments and whose Marina Deck will offer a direct access to the banks of the Danube.

Johanna Prosenik, Managing Director of RE/MAX First in Vienna Hietzing, also keeps an eye on Vienna's real estate market: "Demand for residential real estate remains strong, especially in districts with higher purchasing power, and prices rose again last year. And the slight reduction in supply in these districts means that these prices will increase again in 2019."

GREEN FAÇADES

Another trend in the city is green façades. These are not only good to look at but also create an agreeable microclimate – which is extremely important in a major city such as Vienna. In the new Biotope City on the Wienerberg, for example, the extensive vertical planting of the façades has continued into the diverse design of the open spaces and the notion of "urban gardening". The district's seven developers are realising a total of around 950 homes.

"More large objects are currently being built than ever before in the residential sector, while there is also a significant shortage of attractive opportunities in traditional asset classes such as offices and retail. This latter trend, coupled with the excellent performance of residential real estate and the positive demographic data, means that investment activities are strongly shifting in the direction of the housing segment", explains Franz Pörtl, Head of Investment at EHL. These demographic changes – in particular the forecasts for population growth – together with ongoing urbanisation are responsible for a picture of long-term stable growth and an extremely sustainable investment scenario that particularly appeals to risk-averse purchasers. Vienna remains the most important market in this segment but projects in other provincial capitals are also attracting increasing interest from investors.

THE EMERGING STYRIAN MARKET

Styria is Austria's emerging real estate market. Thanks to Graz, Styria is, according to IMMOUnited, the second most important residential market after Vienna with 7,348 newly registered units in 2017. An exemplary new project here is "Ost. Wohnen am Stadttor" by the VENTA Real Estate Group and 6B47 Real Estate Investors AG: Around 220 privately financed apartments will be completed on the edge of the Jakomini district by the end of 2019.

In order to ensure that the people of Graz can also move around easily and smartly in the city 117 million euros will be invested in the expansion of the tram network by 2023. New lines will serve the Reininghausgründe and the Smart City in Waagner-Biro-Straße (by 2021) as well as Brauquartier Puntigam (by 2023). This



Brauquartier Puntigam will grow further in the next few years.

latter investment is urgently needed because Brauquartier Puntigam, the largest project from C&P Immobilien AG, continues to grow. The purchase of land in the direction of Herrgottwiesgasse to the east will make it possible to construct around 300 more apartments.

You can still live inexpensively in Carinthia, but only if you aren't looking for a home with a view over the lake. A special new-build project is currently being realised in the centre of Klagenfurt: the VITANEUM, directly next to the Benediktinermarkt. The project contains a total of 28 apartments of between 50 and 184 square metres. The generous two-storey penthouses on the upper floors offer fantastic views of the Benediktinermarkt and the entire city centre.

LOW RESERVES IN THE WEST

Project developers in the provinces of Salzburg, Tyrol and Vorarlberg face a combi-

nation of high demand for living space and dwindling reserves of building land.

Those who build in Tyrol largely do so in the region around Innsbruck, because the high prices in Innsbruck itself, which currently average 4,930 euros per square metre, are forcing not only developers but also apartment-seekers to avoid the provincial capital. In Aldrans, for example,

which is close to the city, ZIMA will complete two buildings with high-quality two to four-room apartments with panoramic views across the Inntal before the end of 2019. The architecture is notable for its modern rural style that slips perfectly into its richly natural surroundings.



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"Am Werdertor": The design of the upper floor combines the timeless beauty of the historic building with the world of the state-of-the-art penthouse.

Meeting the Highest Expectations

Some particularly attractive gems are currently to be found on **Vienna's luxury housing market**. *TEXT: *Linda Benkö, Vanessa Haidvogel*

Affordable homes continue to be in short supply in Vienna and other European capitals. And demand is just as strong at the other end of the scale. The expectations of purchasers continue to rise. According to the latest "Property Index" from the consultants Deloitte "they are demanding even more comfort and flexibility, top services and unconventional living concepts" and it is no surprise that Europe's luxury residential segment

continues to grow. Developers who are committed to the segment find themselves facing the twin challenges of meeting their clients' special demands – which range from spectacular views to car parking spaces in their living room – and finding suitable properties in the first place.

COMPETITIVE MARKET

However: "The 'luxury' market is competitive", claims Heinz Fletzberger, Chairman

of SÜBA AG. In Vienna there is currently even an oversupply and prices are moving sideways. "We believe that top properties, where everything is right, will continue to sell well," says the investor Michael Albert. Together with partners he acquired and refurbished the former headquarters of the Imperial Telegraph Service. The apartments at Börseplatz 1 are currently being marketed and the majority have already been successfully sold.

All of this means that those considering purchasing luxury objects in Vienna currently have quite a choice. A total of 39 skyview penthouses, imperial lofts and luxury apartments are available in the above-mentioned Börseplatz 1. They should all be ready by mid-2019. As well as a 500-square-metre loft, a living space of up to 2,000 square metres on a single level and with ceiling heights of up to 7.5 metres is available under the label "Imperial Loft Collection" (and for a price said to be around 40 million euros).

DECISIVE MICRO-LOCATION

For some, luxury means peace and quiet or an exclusive interior together with concierge service. For the developer SÜBA, however, luxury is all about location. "Of course the apartments have to have the appropriate quality of fixtures and fittings and the building must also satisfy certain architectural expectations. But the decisive criterion is the micro-location of the building or the apartment." In this sense, not only the 1st and 19th districts but also



SÜBA is building two garden villas with 21 attractive apartments in a top location in the 19th district.

parts of the 13th, 17th and 18th districts are suitable in Vienna. SÜBA is currently building two garden villas containing 21 apartments with areas of between 39 and 147 square metres in a top location in Döbling. The units have "generous balconies, terraces or gardens while the rooftop apartments – which are free of sloping ceilings – enjoy wonderful, uninterrupted views."

PENTHOUSE FEELING

One will soon be able to live stylishly in the heart of the city in the current "Am Werdertor" project from the Sirius-Group, which offers a choice between the elegant étages of the classical 19th century Viennese apartment building and the newly-conceived rooftop apartments with their modern penthouse feeling. And while the elegance of the original building is retained in the new design residents won't have to forego state-of-the-art technical comfort: The 43 units enjoy both air conditioning and smart home systems.

DIRECTLY ON THE DANUBE

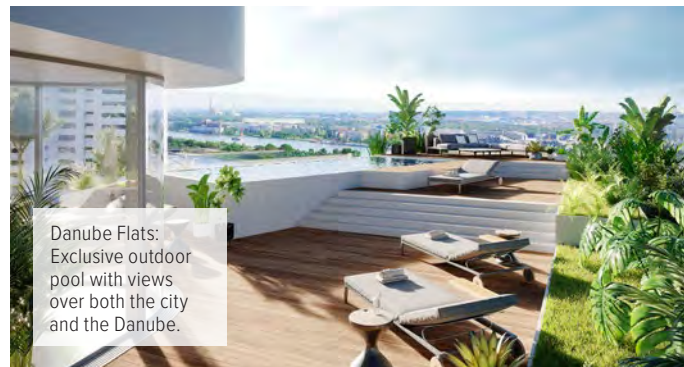
The latest example of luxury living is Danube Flats by the project developers SORAVIA and the S+B Gruppe, which enjoys views over the Danube from its

location right next to the Reichsbrücke and is due for completion by 2023. "Danube Flats, which is immediately adjacent to the Neue Donau, combines a completely new standard of high-quality waterfront living with perfect public transport connections and the highest international residential standards," explains Erwin Soravia, CEO of SORAVIA. The project contains a total of 600 apartments. With a height of around 160 metres, the 49 storey tower is not only Austria's highest residential high-rise building but the third highest in the whole of Europe. In addition to this, a second, nine-storey building is being built right next door.

Around two-thirds of the units are planned as studios and small apartments with one or two rooms (30 to 50 m²). Intelligent plans and a continuous terrace concept for all the apartments guarantee an attractive residential feeling and sensational views. In addition to this, the



Imperial Lofts at Börseplatz 1 impress visitors with ceiling heights of up to seven metres.



Danube Flats: Exclusive outdoor pool with views over both the city and the Danube.

proposition is rounded off by exclusive communal areas and services: These include a bar-lounge with outdoor pool, party kitchens, restaurants, an in-house kindergarten and children's playrooms, a fitness area, private cinemas, concierge service and a neighbourhood store in the ground floor zone.

© ZOOM VR, Börseplatz 1, M'CAPS

Rents are rising in good locations

Roland Pichler, Managing Director of DIE WOHNKOMPANIE (DWK), on Vienna's residential market and new projects. *INTERVIEW: *Vanessa Haidvogel*

What are the trends on the housing market with regard to such factors as price and apartment size?

Vienna's housing market has settled down at a stable and gently rising level. There are certain micro locations, however, where prices have risen strongly due to a range of developments. For example, the extension of the U1 underground line to Oberlaa has generated a lot more interest in this part of the city. There is very strong demand for our "Südhang Oberlaa" project.

One and two-room apartments continue to be the most sought after as investments and, subsequently, for renting out. In the owner-occupied segment more two, three and even four-room apartments are being purchased. In exclusive locations such as our "Goethegasse 1" project gen-



erous two-room apartments are also selling extremely well. In our estimation the purchase prices of apartments in Vienna

will continue to rise moderately while we are expecting rental prices in very good locations to increase more strongly.

What plans is DWK drawing up for 2019?

In 2019 DIE WOHNKOMPANIE will continue to grow and will complete and bring to market investor-oriented residential developments. Around 400 new apartments will be realised and handed over to their happy users in 2019 while building work will start on a further 400. The project pipeline is full and further projects are being prepared or are under negotiation. Our plans for the business year 2019 also include an examination of the idea of extending our activities to other regions in Austria.

© DWK/Wilke



Living, not just staying the night

Developers are expanding the **serviced apartments sector**. Because “temporary private living” is generating some good additional business. *TEXT: *Linda Benkö, Vanessa Haidvogel*

Work has become more mobile. For very short business trips or single assignments you book a hotel. But for stays of more than ten days increasing numbers of travellers are discovering the benefits of short-term lets. For a hotel is somewhere to sleep but rarely somewhere to live. “After a few days you want to fry something in the pan yourself. Or spend an evening sitting comfortably with friends. And during longer visits you need more working space,” explains Michael Blind, Managing Director of SMARTments Österreich, a subsidiary of GBI-Projektentwicklung GmbH.

An apartment building that adapts itself to the demands of its residents to be “easy”, “cosy” and “cool”: Self-check-in, extra services that are simple to arrange, sophisticated yet comfortable design – this is how the operators of PhilsPlace, 6B47 Real Estate Investors AG and the Sans Souci Group, explain the advantages of the concept. Ac-

cording to Kristin Oberweger, General Manager of PhilsPlace, the “must-haves” include “powerful WLAN, laundry facilities for guests, great beds, air conditioning and an excellent infrastructure both within the building and in the immediate neighbourhood”.

The “nice-to-haves” are “a pool, fitness and wellness area, garden, terrace or balcony, a concierge and a business corner”,



explains Sabine Zwierschitz of IG Immobilien GmbH, which operates apartments in Orchi-deenPark (1190 Vienna) and Campus Lodge (1020 Vienna) as well as, most recently, the new City Apartments in the heart of the city.

FROM ONE WEEK

The apartments in Orchi-deenPark and Campus Lodge can be rented from 14 days and the downtown City Apartments from four weeks. Periods of between four and six weeks are most common. The minimum rental period at SMARTments business is

just one week whereas bookings of one to three months are most popular. In PhilsPlace, which opened in summer 2018, most guests also stay longer than seven nights.

The residential format “room4rent” from ÖSW (Österreichisches Siedlungswerk) is targeted at longer rental periods – of two months to two years. A fourth location in Vienna-Favoriten opened in summer 2018. “Our 100 serviced apartments in the “HOCH 33” residential tower in the MONTE LAA urban development area offer our successful concept for comfortable short-term living at affordable prices. Private and business travellers can choose between five categories of residential unit ranging from around 29 to 65 m². Next to the lounge and concierge area there is a well-equipped fitness and wellness area. Services such as apartment cleaning, laundry and the rental of home textiles complete the offering. room4rent is also operated here by immo 360 grad gmbh, a fully-owned subsidiary of ÖSW”, says Helga Mayer, Managing Director of immo 360 grad gmbh.

HIGH OCCUPANCY

All providers report excellent occupancy rates. The result of this is that expansion plans have been announced: Next year, ÖSW will complete three further locations in Vienna. And IG Immobilien also reports that “we are constantly checking whether apartments in our buildings in top locations are suitable for such a use”.

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At your Service

Raffaele Sorrentino knows what constitutes excellent customer service. The former head concierge of a five-star hotel and his company **RAS Maßgeschneiderter Concierge Service & Empfangsdienste GmbH** provide bespoke concierge and reception services to office and apartment buildings.

Whom is your concierge service aimed at?

At developers of office and apartment buildings, facility managers, firms with large headquarters and premium residential property companies.

What range of services do you offer?

We offer highly individualised services. The client decides what they would like. We are basically the first point of contact within the building and, hence, responsible for the reception and for welcoming visitors. In office buildings we also often operate the switchboard and offer help in all matters of orientation. If required we can also offer such services as receiving post and packages, issuing visitor passes, communicating with the facility managers, checking the cleanliness and tidiness of the building, controlling the movement of people and vehicles at the entrance and arranging other specialist services. We also offer many of these services in residential buildings. Many clients want a round-the-clock concierge service while others define precise working hours.

What are the advantages of a concierge service?

In addition to the individual service there is the sense of security. And a concierge and reception service is also a good tool for encouraging loyalty for employees in office buildings.

Our clients can offer their employees or tenants our help in organising such things as shirt-cleaning, babysitting or repairing bicycles. The company decides which services we may organise and we identify service providers who meet our quality requirements.

What should one expect to have to pay for your services?

We invoice a monthly lump sum based on the scope of the services on offer, the number of employees required and their working hours. There is no fixed price because our services are bespoke. We charge no commission for organising other service providers who, in turn, invoice the client directly.



What distinguishes RAS?

Alongside our bespoke range of services we are notable for the quality of our employees. The reception is the public face of a company and an exclusive residential development, which is why the personnel are such a key element. It is essential to us that every concierge identifies with the building in which they work. We want to offer our clients fixed contact persons in order to create trust. This is why our aim is to develop long-term relationships with our employees. As our team is our greatest asset we set great store by respectful personnel management, driven by our belief that: the happier the employee, the happier the client.



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Smart folding and sliding systems from AluKönigStahl make the difference

Sliding systems from AluKönigStahl with large areas of glazing provide more sunlight and create spaces that seem to go on for ever – or, putting it simply: Just see more of life!

The architectural trend towards large folding and sliding doors has prevailed in the past few years and requires technical finesse and constructional innovation. As a supplier of the appropriate Schüco and Jansen systems AluKönigStahl is the ideal point of contact in this area. The recipe for success: Technical know-how, continuous innovation and comprehensive service produce a high-end product portfolio that ranges from panoramic sliding doors and lift and slide and folding sliding doors to parallel-stop-slide-tip (PASK) doors.



Panorama meets design

Regardless of whether the conservatory should merge into the garden or the terrace should be an extension to the living room: Folding and sliding systems from AluKönigStahl know no limits. The Panorama design line in particular – with its full height glazing – creates spaces that appear to have no boundaries. And as well as being able to freely select the design, form and colour, the range of options for the opening also encourages individual design.

Insulation, energy efficiency and a comfortable home

Folding and sliding doors from Schüco and Jansen are true masters in the art of saving

energy – up to passive house standards. Lower energy consumption means sustainable climate protection and also, naturally, cost efficiency. From crisp winter mornings to hot summer afternoons, the interior climate remains constant thanks to the optimal thermal insulation of the folding and sliding door system.

Security included

Depending upon the choice of fittings the high material stability of the aluminium and steel profiles adds to the level of protection against burglary up to resistance class RC2. In addition to this the

sliding doors have an anti-finger-trap protection with intelligent software: Electronically-controlled leaves slide back when they encounter an obstruction.

Comfort at the touch of a button

Schüco's e-slide technology enables sliding doors (of up to 500 kg) to be moved quietly, swiftly and fully automatically. The inbuilt, fully concealed automatic e-slide mechanism can be operated via a keypad on the door leaf, a button in the room or centrally, by the building management system. The fingerprint reader prevents one from being unintentionally locked out on the balcony or terrace.



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The Concierge as Bonus

room4rent – a brand of the ÖSW Group – opened its fourth location in Vienna-Favoriten in summer 2018. **Helga Mayer, Managing Director of immo 360 grad gmbh**, on expansion plans and service offerings. *INTERVIEW: *Vanessa Haidvogel*

What distinguishes the brand "room4rent"? What services can tenants expect?

room4rent offers economical, provision-free and comfortable temporary living space – fully furnished and without long waiting times. In addition to this, extra services such as fitness and wellness, apartment cleaning, kitchen equipment, home textiles and a laundry service can be booked in line with individual needs. A special plus: the concierge and, hence, the personal service for our clients.

Who are the tenants? And how long is the average stay?

62 per cent of our guests come from Austria, twelve per cent from Germany and the remaining 26 per cent from every corner of the earth. The fact that our offering is largely directed at business travellers is



also reflected in the age of our guests: 76 per cent are between 20 and 50.

In terms of the lengths of stays in our apartments we note that the focus is on

short-term lets of either three to four months or, very often, of 12 or 24 months.

Where are you planning other locations?

room4rent now offers 500 serviced apartments in four excellently-connected Vienna locations: HOCH 33 (10th district), Leopoldtower (21st district), Messecarreé Nord (2nd district) and Am Storchengrund (15th district). The location in the Campus Vienna Biocenter in Neu Marx in Vienna-Landstraße is being completed in spring 2019. And "Sirius" in Seeparkquartier Aspern (22nd district, 140 apartments) and the MUSIC BOX in the Sonnwendviertel Ost (10th district, 119 apartments) are also currently under construction and scheduled for completion in spring 2020.

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Making Room in the Smallest Spaces

Investors have discovered the market for **student residences and micro apartments**. This means that the range of products is continuing to expand.

* TEXT: *Vanessa Haidvogel*

This is a golden age for students. Or at least one could get this impression from the growing supply of student housing. For example, a new apartment building for students on Helmut-Zilk-Park to the south of Vienna's new Central Station was completed right on time for the start of term in 2018. A total of 165 young people can live in the 19-square-metre apartments of the "SMARTments student" brand. These were conceived and built by GBI AG, a specialist developer of hotels and micro apartment projects.

HUGE INTEREST

It is no surprise that this range of products continues to grow, given the way in which alternative forms of living such as student residences and micro apartments

are becoming more and more interesting to investors. The sector reported record results of 250 million euros in Austria in 2017. This trend is also confirmed by Georg Fichtinger, Head of Investment Properties at CBRE Österreich: "Alternative forms of living such as student residences or micro apartments for young professionals have become a significant investment product in Austria. This huge interest is underlined by the fact that no other real estate segment witnesses such a high proportion of forward deals."



DC Tower 3 from the S+B Group should be used for student living.

Around 3,700 residential units for students were completed in Vienna between 2015 and 2017 in such projects as "Linked Living" in the city's 2nd district, "The Fizz" in the 20th district and "base19"

in the 19th district. Since 2015 a total of around 370 million euros have been invested in student residences and micro apartments in Austria. Around 86 per cent of these transactions were realised as forward deals, while 95 per cent of investors come from abroad.

The projects in the area of student living that are scheduled for construction over the course of the next two to three years include around 3,350 units in such settings as one of the three TriIple towers in the 3rd district, Nordbahnstraße, which is very close to the Praterstern, DC Tower 3 in Donau City and "The Fizz" at Vienna's Central Station. This latter student residence will contain 195 apartments and should be completed by autumn 2019.

The investor Corestate Capital Holding S.A. acquired the 670 micro apartments in tower three of TriIple within the framework of a forward purchase back in 2017.

MICRO CITY IN GRAZ

There is also urgent demand for suitable living space for students in Austria's provinces. The recently completed Raimund Pradler hall of residence in Innsbruck is home to 85 students.

GBI AG is also hungry for more: A "SMARTments student" block with 178 rooms in Finkengasse in Graz should be completed by 2020. The project developer Silver Living GmbH also plans to invest in the "student living" market. A modern micro city for around 220 students in Moserhofgasse in Graz is scheduled for realisation between now and 2022.

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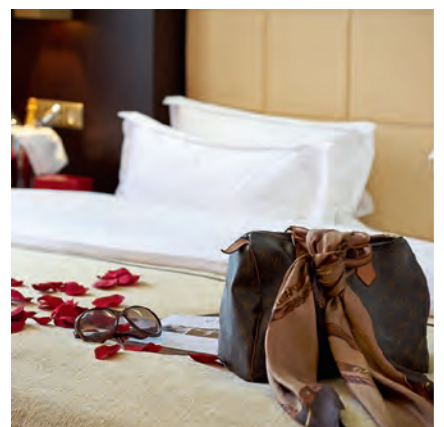
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100 Years and Beyond

For investors, the **Vienna apartment building** is and remains a guarantor of stability and increasing value. *TEXT: *Walter Senk*

According to the "Vienna Apartment Building Market Report" from Otto Immobilien the price of apartment buildings has more than doubled in recent years. While one had to pay an average of 1,244 euros per square metre in 2008, the price in 2018 had already reached 2,890 euros. This represents an annual increase of around eight per cent. "Between 2008 and 2014 prices still rose modestly, but both entry-level and maximum prices rose significantly in 2015," explains Richard Buxbaum, Head of Residential and 'Viennese Zinshaus' at Otto Immobilien.

DISTRICT BAROMETER

However, prices didn't increase at the same rate in every district, as shown by research from Rustler Immobilien. In the past three years they have risen particularly steeply in such previously less sought-after districts as Favoriten and Simmering – due to the low "entry-level prices". Here, yields have fallen from 4.5 per cent – once Vienna's highest – to 2.8 per cent.

In general, Vienna's 1st to 9th districts continue to be the most sought after and,

"hence, the most expensive," says Gerhard Hudej, CEO of Hudej Zinshäuser. Here, it is almost impossible to find prices below 2,500 euros per square metre. "Judging by the rising demand we can see that the 16th and 17th districts, which will benefit from the new U5 underground line from 2025, are on the up." The 20th and 21st districts are also popular amongst investors due to the fact that they are centrally located and offer, in parts, a very good quality of life. Hudej is convinced that "in the next few years we will see developments here similar to those that we saw some years ago in Leopoldstadt."

THE MICRO-LOCATION IS DECISIVE

Whereas a few years ago purchasers of apartment buildings only looked at the district, today they pay much more attention to the micro-location. "People no longer only consider the district but, rather, the building itself," explains Markus Arnold, Managing Director of Arnold Immobilien. "Whether a location is good is defined by the infrastructure." The "Apartment Building Gems", as Arnold puts it, are becoming ever rarer. This

makes it even more important for potential purchasers who don't know the market so well to have a good partner when looking for an investment object. Because only experts who are present on the market are aware of all the possibilities.

There will still be enough buildings on the market in the next few years. Private owners are increasingly taking advantage of the current price peak. According to Arnold: "If, for example, a building is inherited by a number of owners or requires considerable investment, or if someone requires funds to fulfil a special wish, then people are more likely to consider selling than previously as a result of this attractive price situation."

For investors, increasing numbers of whom are coming from Germany, the rate of return is often secondary. "Acquiring an apartment building is much more about investing in blocks of stone that have been standing for 100 years and whose value, experience tells us, is guaranteed to rise," says Arnold.

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Gems from stone

The rate of return is no longer the prime consideration for purchasers of apartment buildings. **Markus Arnold, Managing Director of Arnold Immobilien**, reports that emotions now play a much more central role. *INTERVIEW: *Walter Senk*

What struck you in particular about the market for apartment buildings in Vienna in 2018?

Interestingly, the purchase of apartment buildings is increasingly influenced by emotional aspects. The special aesthetic quality or prestige of the location, a particular view from the window or some similar feature are more significant than was often thought. Top prices of 8,000 euros per square metre and more are being paid for particularly attractive properties.

How do you see 2019?

Prices have increased and we find ourselves in a more expensive range than a year ago. Yet we can still see more room for growth because it is becoming ever more difficult to acquire the real gems. Hence, I

assume that we will see a similar trend in 2019. And this demand isn't just coming from Austria because German investors are also looking at our residential sector.

Will enough apartment buildings come onto the Vienna market in future?

Increasing numbers of private investors are taking advantage of this current peak in prices. If, for example, a building is inherited by a number of owners or requires considerable investment, or if someone requires funds to fulfil a special wish, then people are more likely to consider selling than previously as a result of this attractive price situation. Our assumption is that the market for apartment buildings will remain buoyant in 2019.

© Horak



A diverse market

Investors who are considering residential real estate should look at new-build – recommends **Georg Spiegelfeld, CEO of Spiegelfeld Immobilien**. But there are also other alternatives on the Austrian real estate market. *INTERVIEW: *Walter Senk*

Which properties should one invest in in 2019?

I believe that residential real estate in Austria's major urban centres will continue to be attractive. But this applies particularly to new buildings, which aren't subject to rent control. One should only get involved with classic apartment buildings if one really understands the legal, taxation and constructional situation.

People should be cautious about luxury objects that don't have a truly prime location. Those seeking a higher return should consider acquiring commercial investment property. Crowdfunding projects could also be an alternative – if these are seriously put together by professionals.



Which developments will shape the Austrian market in 2019?

The low interest rates and probable unattractiveness of the share market means that extremely large sums will continue to flow into real estate funds and projects. The result of this is that yields will fall even further. In addition to this I am convinced that the lack of investment opportunities in Austria and Germany means that interest in property in Hungary and Slovakia and even Rumania and Serbia will continue to be intense.

© Spiegelfeld

Demand exceeds supply on the investment market

Austrian real estate is still in great demand. But many owners are unwilling to part with their objects – despite high prices.

* TEXT: *Patrick Baldia*



Although the Austrian real estate investment market has now been booming for a considerable time, there are still no signs of a cooling off. The basic message of experts is that not only demand but also the pressure to invest remain strong, despite high prices and declining returns. One positive sign at the turn of the year was the fact that preparations were underway for the sale of a large number of marketable objects. And further objects should come onto the market in the coming weeks and months. However, just like last year, the fact that demand still hugely exceeds supply will continue to be a limiting factor.

“In Austria there are many institutional owners such as insurance companies or private trusts who take a very long-term view,” says Reinhard Prüfert, Managing Director of ÖRAG. These will hold onto

their properties even when they can get a very good price – as is currently the case. The expert believes that the focus of these owners is not yields – which, incidentally, are continuing to fall – but the potential of the properties in question to appreciate in value.

NO ALTERNATIVES TO REAL ESTATE

“A key issue in this context is the fact that, for many investors, there is currently no alternative to real estate”, says Michael Buchmeier, Managing Director and Head of Real Estate Valuation at ÖRAG, referring to the “extremely unstable” share markets. This was particularly obvious last December. “This is why many owners believe that, at the end of the day, they are better holding onto their properties, even if this means accepting a lower return”, he adds.

According to Prüfert, one of the most important criteria for a purchasing decision is unquestionably location. Another is any potential increase in value, which is not only very important to the owner. As a result of this, objects situated in urban development areas, growing office clusters or locations where new underground stations are due to open in the near future are particularly interesting. “We are noticing that future trends are also playing an increasingly important role for purchasers” says Prüfert, citing such examples as new forms of mobility or the change in the retail landscape that is being triggered by the growth in online retailing.

EMOTIONAL ARGUMENTS ARE ALSO IMPORTANT

“When deciding whether to buy, hold onto or sell a property, investors generally take not only rational but also emotional arguments into consideration”, explains Isabella Eckhart, Managing Director of Reinberg & Partner. This is particularly true in the residential sector. From a rational perspective one purchases a property when one has enough liquidity and sells it when one needs some. Conversely, if one is not in need of liquidity one holds onto the property.

In Eckhart's opinion people hold onto properties if they deliver good returns or as a means of creating true value – for reasons such as retirement provision. As in the case of other investments the rule here is: The higher the return, the higher the risk. “Apartment buildings generally offer better returns than assumed”, says the expert. These are a combination of cash returns and returns arising from changes in value, which are often overlooked. Eckhart adds the observation that many current purchasers in the residential sector are concentrating on properties with longer-term potential – such as properties with a high proportion of historical rental agreements.

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Those who build with wood build sustainably and benefit from its many advantages such as shorter construction times and lower weight.



The LifeCycle Tower (LCT) in Dornbirn is the first wood-hybrid high-rise building in the world.

Building with Wood Protects the Climate

Individual room design, lower operating costs, reduction in CO2 emissions. There is a strong case for **timber construction**. Austria is considered a pioneer in this field. *TEXT: *Helmut Wolf*

In general, wood is very suitable for residential construction", says Stefan Krötsch, Professor of Building Construction and Design at Konstanz University (HTWG). The reason being, according to Krötsch: Apartment floor plans allow for very low-cost construction due to the mostly small ceiling and wall spans, "if they're planned in a disciplined manner". In addition, highly insulated building envelopes, which play a more important role in residential buildings than in other construction projects, are robust, space-saving and cost-effective to implement. Even, the building height of timber structures is no longer a serious limitation owing to a change in legislation and the rapid developments in construction technology in recent years.

Modern, healthy & environmentally friendly. In itself, wood combines a wide range of positive factors. Wooden furniture

has been popular with people for many years, especially in the construction sector. Wooden furniture provides a particularly pleasant, natural indoor climate. It's both modern and timeless and it creates a warm ambience. The advantages of timber construction are no longer limited to its low price and ecological aspects. Rather, timber-constructed houses are energy-saving and absolutely stable, even under high loads. Wooden houses offer a comfortable, healthy living environment and meet fire safety regulations just as well as conventionally constructed houses.

NEVER ENDING SUPPLY

The (high-rise) building of the future is made of wood. Developed and realized in Austria. With the LifeCycle Tower One (LCT ONE) in Dornbirn, the Austrian Rhomberg Group has achieved an inter-

national sensation. The LCT ONE is a pioneering structure in numerous respects: For the first time, a wooden structure has been erected which borders on high-rise territory. Furthermore, the world's first wood-hybrid building is considered a flagship project in terms of sustainable construction, energy efficiency and resource conservation. "In the future, we'll have to build the way we want to live: Healthier, more sustainably, more resource-efficiently and more energy-efficiently", says Hubert Rhomberg, Managing Director of Cree GmbH. "Cree", a name borrowed from the nature-related way of life of Native Americans of old, stands for: "Creative Resource & Energy Efficiency."

After all, the construction industry, with its conventional design, accounts for 30 to 40 percent of today's resource and energy consumption. Waste and CO2 emissions are equally high. In contrast, building with wood plays a double role in protecting the climate because: Wood is a renewable building material and, at the same time, acts as a carbon sink. Thanks to its positive climate effects, wood performs particularly well in terms of its environmental footprint and "life-cycle assessment". The ability to recycle and reutilise a building product has a significant impact on the results of the life-cycle assessment. Thus, wood is a circulatory product.

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Spoilt for choice on the office real estate market

Vienna's office market is currently well supplied with new projects. Potential tenants are facing a wide choice. * TEXT: *Walter Senk*

Although vacancy rates on office markets in cities across Europe are at a long-term low the trend in Vienna is somewhat different. The reason for this is not a lack of demand but the large number of completions last year. Around 320,000 square metres of new office space were

built, which represents the largest level for more than a decade.

MONEY FOR UPGRADES

As a result of these many completions the vacancy rate has risen to around five per cent. Many high-quality spaces are currently waiting for users. "For potential tenants this means: choice, choice, choice," says Mario Stöckel, Head of Office Real Estate at Colliers International. In response to this competitive pressure, rents are being reduced when contracts are renewed while, at the same time, attractive packages of rent-free periods and construction cost subsidies are being put together to tempt tenants. In addition to this, landlords are also prepared to invest heavily in upgrading rental space, especially in the event of contract renewals or subletting. According to Stöckel: "if you are planning to move, know the market and can negotiate skilfully, you can currently choose between a range of new and newly refurbished objects with efficient floor plans and attractive conditions."

HIGHER RENTS

According to a market report from EHL, however, a focus on quality has led to an increase in average rental levels of 14.35 per cent. This upward trend will continue this year. But premium rents will change little. "These apply to the CBD and are currently stable at around 26 euros per square metre per month," explains Richard Lemon, Managing Director and Partner of DPC Danube Property Consulting.

As in other European cities companies looking for office space tend to focus on certain sub-markets and clusters. In addition to the city centre these include Donaueity, Prater/Lassallestraße, Erdberg/St. Marx, the Wienerberg or the latest location around the Central Station. This is also where most new office space has been built in the past few years.

CO-WORKING SPACES

While co-working spaces have been established in office buildings across Europe for some time, flexible office use concepts



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of Workplace Consulting CBRE Austria + CEE. According to CBRE, the favoured locations in Vienna are the 1st, 3rd, 10th and 7th districts. Each location has its own advantages: The 1st and 3rd districts offer good accessibility and a central location whereas the 10th district is principally attractive due to the large amount of available space. In the 7th district, where local co-working providers have largely been active to date, the creative atmosphere is particularly appreciated.

FEW COMPLETIONS

It seems as if project developers have exhausted themselves. A very low level of completions is expected in 2019. These include the "Haus am Schottentor", "Inno Plaza", "Silo Plus" and the office building at Wienerbergstraße 7-9. According to the Office Market Report from Otto Immobilien, these will amount to a mere 38,000 square metres. And if one includes the completion of owner-occupied projects EHL Immobilien calculates that the total will not exceed 70,000 square metres. And that is for the whole year!

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are only now on the verge of a breakthrough in Vienna. In the words of Stefan Wernhart, Managing Director of EHL Gewerbeimmobilien GmbH, "co-working spaces are being created in new-build projects in established office clusters, but they also offer interesting opportunities for existing objects away from traditional office locations." These are particularly popular amongst startups and single-person companies. According to a survey by Knight Frank more than two-thirds (69 per cent) of global companies want to make more use of co-working spaces in the next three years. And 44 per cent

of those questioned believed that flexible workplace concepts will represent up to a fifth of all future corporate office space.

The – admittedly very low – quantity of flexible serviced office space rose by over 30 per cent in 2018. It is assumed that this development will continue. "The share of flexibly used office space in Vienna will rise further. This trend can also be traced back to the fact that traditional companies use such offices as short-term additional space for growth or for short-term projects, in order to offer project teams both a 'change of scenery' and a creative working environment," says Martin Pongratz, Head

Co-working spaces are booming

An interview with **Andreas Polak-Evans, Managing Partner of Modesta Real Estate**, about the Vienna office market and new trends. *INTERVIEW: *Vanessa Haidvogel*

How will the Vienna office market develop in 2019?

The Vienna office market will remain stable, even if we are expecting a relatively small amount of office space to be completed in 2019 – around 40,000 square metres compared with the 260,000 square metres completed in the strong previous year. The continually good economic environment means that demand on the Vienna market is rising and this, combined with the very small amount of new space, means that finding large units in 2019 will become increasingly challenging. The quantity of modern office space let in 2019 is forecast to be around 185,000 square metres. The largest com-

pletions and lets will be found at the Central Station and in the Prater. And a further array of new projects is scheduled for 2020 and 2021.

What trends will the future bring?

The largest lets on the Vienna market involve co-working spaces – this is the major current trend. These are spaces in large office complexes in which not only work but also networking is the order of the day. Long seen as a temporary trend, this model has now established itself as part of the new working environment, including on the Vienna market. This is partly due to the fact that it is no longer only the self-employed who benefit from co-working



but also increasing numbers of large companies who are discovering the model for themselves. Regus and Spaces alone have already opened their 17th location in Vienna, with the average co-working company renting between 3,000 and 5,000 square metres per location.

© Modesta Real Estate



Gaining Space with Hall Systems

Warehouses and operating halls are important items for companies. And they also provide space for new production capacity and innovation. *TEXT: *Helmut Wolf*

From urgently needed steel sheds with cranes for logistics and production purposes to short-term expansions designed to increase storage areas or create temporary sales or exhibition space – there are many reasons why a company might need an operating hall. “Gaining space with hall systems” is, for example, the name given to this principle by Thomas Arens, Managing Director of the Upper Austrian provider of hall systems HALTEC. “We think not in three but in six dimensions” is how Arens explains the corporate philosophy – as a way of highlighting the issues that generally have to be addressed when deciding to build or rent an operating hall. Namely: use, time, place, size, quality and financing. What will the structure be used for? For storage? And, if so, which goods should be stored? Will it be used for sales, production, presentation purposes ... and where, when and for how long will it be needed? Should the operating hall be bought or rented? This idea of gaining space with hall systems raises a series of questions,

as many of which as possible should be answered in advance.

WOOD OR METAL?

One fundamental question is: Should the hall be built of wood or metal? There are advantages and disadvantages to both variants: For example, wood is more prone to weathering but has better insulating



When constructing a storage facility one requires not only a generous interior spatial concept but also large entrance doors. Only then will forklift trucks and other machines be able to move in and out without difficulty.

properties and is easier to work with. The logistics hall built by the company Schachinger in Linz-Hörsching demonstrates the ability of such structures to meet construction biology guidelines. This “ecological hall” not only optimises overall lifecycle-costs but also takes full account of the comfort of those working in it. Built according to ecological principles the high bay warehouse is Europe’s largest timber storage facility. Due to the strict requirements placed on the structure in terms of temperature and humidity, the entire building services concept was designed to maximise energy efficiency. Geothermal energy provides both heating and cooling and, in addition to this, a photovoltaic plant, which can deliver a peak of 199 kW, covers a large part of the electricity demand.

In contrast with this, halls built from metal enable clients to gain space rapidly due to their speed of assembly – and look new for even longer. Lightweight metal halls can be anchored to the ground without the need for complex foundations – and can also be easily rented. This approach generally pays for itself for periods starting at twelve months. An advantage of leasing is that one remains not only spatially but financially flexible. But for anyone thinking of erecting either a wooden or metal hall it is important to consult with the construction authorities.

© BMNT/Kurt Hoerbst



“myhive” stands for the friendly and dynamic atmosphere of a hotel together with optimal infrastructure and services.

Tenants are being offered more and more

Austria’s successful **business and industrial parks** have grown steadily in the past few years and are increasingly seeking to score points with their infrastructure. *TEXT: **Patrick Baldia**

Companies that require a combination of offices and more storage capacity – and often even industrial space – will feel well looked after in one of Austria’s business and industrial parks. These are generally located on major transport corridors on the edges of or close to large cities. The concrete relationship between these individual types of use depends on the location. “In urban settings, objects will tend to be smaller, with 200 square metres of offices and 1,000 square metres of storage space with a ceiling height of five metres,” says Mario Stöckel, Head of Office Real Estate at Colliers International.

According to Stefan Wernhart, Managing Director of EHL Gewerbeimmobilien GmbH, the characteristic features of a business park include a total area of at least 50,000 square metres, a single centre management, a range of infrastructural facilities and an excellent connection with a primary road network and public

transport. “In most cases, these locations have developed over the years,” says the expert. In reality, such successful objects as Business Park Vienna or “myhive am Wienerberg”, the Europlaza in Vienna-Meidling, Campus 21 in Brunn am Gebirge and Walter Business Park in Wiener Neudorf have expanded steadily over the course of recent years. The advantage of this for users is that tailor-made spaces can be developed just for them.

THE INCREASING IMPORTANCE OF WORK-LIFE BALANCE

Trends that can currently be seen on urban office markets can also be found in Austria’s business and industrial parks. These include the increased importance being placed on work-life balance. “myhive am Wienerberg’ offers the perfect combination for the successful work-life balance of our employees and residents: state-of-the-art office towers, a shopping

mall, an attractive hotel offering and a number of entertainment options including Austria’s most modern cinema and a recreational area with lots of green space right in front of the office door,” explains Dietmar Reindl, COO of Immofinanz.

In general, the importance of the infrastructure offered by business and industrial parks has risen markedly. A further example is Technopark Raaba, which is situated on the southern edge of Graz. Here, tenants have access to a local store, a restaurant, a travel agency and a fitness centre. And the operators are also using a range of measures and shared spaces to strengthen the notion of community and bring tenants closer together.

“Whether close to the city or in the country, rental prices are aligned with the normal local levels,” says Wernhart. Given that land prices are a little lower in peripheral locations, rents are also generally lower than on the urban office market. According to Stöckel, rents in business parks are currently between seven and 15 euros per square metres per month. “Although, as a rule, levels are somewhat different in every object,” he adds.

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