

FIGURES | DENMARK OFFICE | Q3 2021

# The value outlook for prime assets is stable

## OFFICE INVESTMENT MARKET KEY FIGURES Q1-Q3 2021

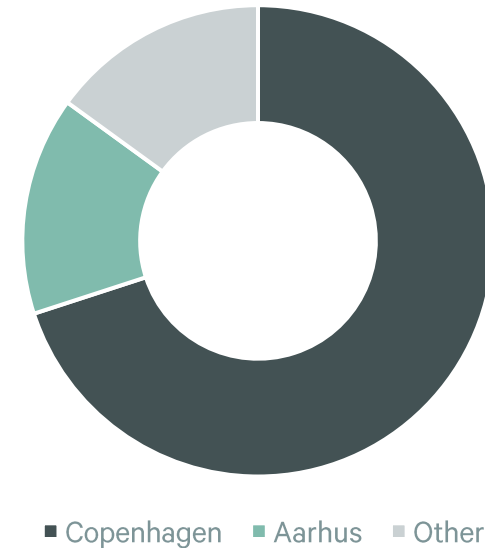


Note: Arrows indicate change y-o-y

### Office investment market

- The anticipated recovery is now well under way. Danish office investment in Q3 2021 was up 80% on Q3 last year and was also 15% up year-to-date. The positive market sentiment points to an active Q4, with full 2021 volume exceeding the volume we saw in 2020.
- There is an evident flight to quality in the office market, with the higher quality space which has strong ESG credentials commanding higher rents. As a result, we are beginning to see a polarization in the rental market, which is a trend we expect to become more visible in the coming months.
- The value outlook for prime office assets is reasonably stable given growing expectations that the demand will rebound despite remote working arrangements and by the inability of other sectors to absorb all of the capital targeting real estate. Prime office yield sharpened in Q3 and the trend is strong.

### OFFICE TRANSACTION VOLUME



Source: CBRE Research

COPENHAGEN CITY OFFICE OCCUPIER MARKET KEY FIGURES



Note: Arrows indicate change q-o-q

Office occupier market

- In the medium term, economic growth will support office-using employment growth, but its relationship to office demand is changing in terms of the quantity and type of space required as occupiers determine their future working practices. Investors are willing to adapt properties to meet occupier requirements, impacting underwriting significantly.
- With workforces seeking more flexibility on where and how they work, companies are increasingly turning to hybrid models to strike a balance between virtual and in-office work. For many occupiers this will mean using less space but also changes in utilisation of the occupied space.
- Corporate portfolios may become smaller, but they will also become better. The most in-demand attributes of buildings are shifting towards flexibility, shared meeting space, wellness feature such as enhanced air quality, sustainable design, and technology.

SELECTED LEASING ACTIVITY, Q3 2021

PROPERTY	SUBMARKET	SIZE (SQM)	LANDLORD
Vibevej 9	Copenhagen NV	5,500	Commercial Real Estate Denmark P/S
Oslo Plads 2	Copenhagen Ø	5,300	Commercial Real Estate Denmark P/S
Teglholmegade 1	Copenhagen SV	4,700	TDC A/S
Kalkbrænderiløbskaj 2	Copenhagen Ø	3,600	Paustian A/S
Lersø Parkallé 112	Copenhagen Ø	2,300	Danica Ejendomsselskab ApS
Sundkaj 153	Harbour North	1,500	Udviklingselskabet By & Havn I/S
Støberigade 12	Copenhagen SV	1,100	Castellum
Ryesgade 113	Copenhagen Ø	1,100	Real Danmark Ejendomme II ApS

Source: CBRE Research

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## CONTACTS



DRAGANA  
MARINA

HEAD OF RESEARCH

[dragana.marina@cbre.com](mailto:dragana.marina@cbre.com)



PER ALEXANDAR  
WEINREICH

MANAGING DIRECTOR

[per.weinreich@cbre.com](mailto:per.weinreich@cbre.com)



CHRISTIAN  
BRO JANSEN

HEAD OF CAPITAL MARKETS

[christian.jansen@cbre.com](mailto:christian.jansen@cbre.com)

MIKAEL  
JAHN

HEAD OF A&T, OCCUPIER

[mikael.jahn@cbre.com](mailto:mikael.jahn@cbre.com)

CHRISTOPHER  
BAILEY

HEAD OF VALUATION

[christopher.bailey@cbre.com](mailto:christopher.bailey@cbre.com)

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