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Austria - KWR



Austrian Real Estate market

Residential Market

- In 2024, home ownership rate was set at slightly over 50 %, which is clearly below the EU-27's average rate of more than 70%.
- In 2024, residential real estate prices across Austria decreased by about 2 % in Austria and about 3,4 % in Vienna. Therein, a stark difference in performance between new and pre-owned apartments was revealed.
- Rents will rise significantly in 2025. Rental apartments, particularly in central locations, are expected to become more expensive by over 5 %, as there is a lack of new builds due to a decline in building permits.

In 2025, the Austrian housing market presents a mixed picture. While purchase prices have largely stabilized after previous declines, rents are rising noticeably. Key drivers include sustained high demand for affordable housing, a marked drop in building permits and completions, and persistently high interest rates that continue to limit access to home ownership for many households. This dynamic is particularly evident in urban centers like Vienna, where the gap between the ownership and rental segments is widening. In 2024, the home ownership rate in Austria stood at just over 50 %, significantly below the EU-27 average of over 70%. Despite subdued new construction activity, investment in existing properties is expected to increase. Market forecasts for 2025/26 indicate that demand for rental apartments, especially in central locations, will outpace supply, leading to further upward pressure on rental prices. In central locations rental apartments are expected to become around 5 % more expensive.

Commercial Market

- Structural changes, especially due to the increase of home office and remote working, are dampening the demand
- Office prices in well-located prime areas are expected to face slight increases, but they mostly remain stable and demand-oriented.



- The retail sector, even in good locations, is expected to face challenges
- The logistic sector remains resilient. With its demand for high-quality and well-located properties, it may drive rental growth.
- Secondary locations may see an overall decline due to oversupply.

In 2025, Austria's commercial real estate market continues to adapt to structural changes driven by hybrid work models, evolving retail trends, and the sustained growth of the logistics sector. Demand for high-quality office space in prime urban locations remains stable, with slight rent increases expected in the best segments, while secondary office locations face continued pressure due to higher vacancy rates. Retail properties are experiencing divergent trends: high-street retail in strong locations stays resilient, but peripheral and secondary retail spaces face declining demand and yields. The logistics and industrial segment remains one of the strongest

performers, supported by robust e-commerce growth and a shortage of modern, well-connected facilities. However, secondary locations could see declining values overall due to oversupply in certain segments. Overall, investors and developers are showing increased interest in flexible use concepts and sustainable refurbishment, as ESG criteria become more important in commercial asset management.

Indexation Clauses - Legal developments

In Austria, the legal scrutiny of indexation clauses in residential lease agreements has intensified in recent years, driven by consumer protection concerns and evolving case law. Many landlords have used broadly formulated clauses to adjust rents automatically in line with consumer price indices. However, under Austrian consumer law and recent Supreme Court decisions, such clauses are often deemed invalid if they are not sufficiently clear, comprehensible, and transparent for tenants. Clauses that lack clarity or allow unilateral discretion by landlords have been declared void, leading tenants to reclaim excess payments. The prevailing legal trend emphasizes that any ambiguity is interpreted to the disadvantage of the landlord, while the principle of “severability” does not apply to unfair or incomplete clauses in consumer contracts.



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