



## Press release

Prague, 27th January 2020

### Prague Research Forum Announces the Office Market Figures for Q4 2019

#### Introduction

The Prague Research Forum is pleased to announce the office market figures for the fourth quarter of 2019. The members of the Prague Research Forum – CBRE, Colliers International, Cushman & Wakefield, JLL, Knight Frank – share non-sensitive information with the aim of providing clients with consistent, accurate and transparent data about the Prague office market.

The RICS supports activities of the Prague Research Forum.

#### Office Stock and New Supply

A volume of 90,100 sq m of modern office space was delivered to the Prague market in the fourth quarter of 2019, bringing the total modern office stock to 3.67 million sq m. Completions include 6 properties: five were new buildings – Harfa Office Center in Prague 9 with 27,100 sq m, Telehouse in Prague 6 with 20,900 sq m, SmichOFF with 9,600 sq m and Green Point with 7,500 sq m, both located in Prague 5 and Centrum Stromovka in Prague 7 with 5,700 sq m. The last completed property was refurbishment of Centrum Vinice in Prague 10 with 19,300 sq m. Overall in 2019, a total of 203,000 sq m of office space was delivered to the market.

The construction of one office building commenced during Q4 2019, it includes the refurbishment of Na Příkopě 33 in Prague 1 with 7,500 sq m. The current pipeline under construction amounts to 246,700 sq m, with 174,600 sq m due in 2020 and the remaining 72,000 sq m in 2021.

A-class office stock has a ca. 74% share on the total office supply, whereas the top-quality AAA-class properties accounted for almost 22%.

#### Office Take-up

Gross take-up (including renegotiations and subleases) in the fourth quarter of 2019 amounted to 147,400 sq m, representing an 83% increase on the previous quarter and a 17% decrease year on year. Overall in 2019, the total gross take-up reached 439,000 sq m, representing a decrease of 18% in year-on-year comparison.

The highest demand in Q4 2019 was recorded in the city districts of Prague 4 (33%), Prague 8 (20%) and Prague 5 (13%). The most active companies were from the professional services sector (26%), followed by the consumer goods sector (14%) and the IT sector (13%).

The share of renegotiated leases in the fourth quarter of 2019 reached 41%. Net demand (new leases, expansions and pre-leases) accounted for 58% of the total gross take-up.

#### Major Office Leasing Transactions

The major transactions of the fourth quarter of 2019 were the renegotiation of PricewaterhouseCoopers (13,400 sq m) in City Green Court in Prague 4, followed by the pre-completion lease of Fortuna in Churchill II (8,400 sq m) in Prague 2, the renegotiation of Nestlé in Nestlé HQ (7,100 sq m) in Prague 4 and the pre-completion lease of Adastra in Mississippi House (7,000 sq m) in Prague 8.

#### Office Vacancy

The share of vacant office space in Q4 2019 reached 5.5%, representing an increase of 40 basis points in comparison with the previous quarter. The vacant space totalled 201,100 sq m. The largest availability was in Prague 5 with 49,600 sq m, representing a vacancy rate of 7.7% and followed by Prague 4 with 46,100 sq m and a vacancy rate of 4.8%. The lowest amount of vacant space was recorded in Prague 2 with 2,700 sq m (vacancy rate of 2.0%) and in Prague 9 with 4,100 sq m (2.6%).

#### Rents

With the low vacancy rate and raising construction costs, the upward pressure on rents continues. Prime headline rents in the city centre stood between €22.50 and €23.00/sq m/month in the city centre at the end of Q4 2019. Inner city prime rents ranged from €15.50 to €17.00/sq m/month and from €13.50 to €15.00/sq m/month in the outer city.

For further information please contact any member of the Prague Research Forum



+420 224 814 060



+420 724 879 065



+420 234 603 603



+420 226 537 618



+420 224 217 217

## Appendix

### Definitions:

- Stock:** Total completed office space (occupied and vacant), newly built since 1990 or refurbished, A and B class offices, owner occupied and for lease and public authorities' buildings. Buildings with leasable area lower than 1,000 sq m are excluded.
- New supply:** Completed newly built or refurbished buildings that obtained a use permit in the given period.
- Take-up:** A gross figure representing the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers over a specified period. It does not include space that is under offer. A property is taken up when the contract is signed. Total take-up includes renegotiations, lease extension and subleases, net take-up excludes these.
- Vacancy rate:** Ratio of physically vacant space in completed buildings on the total stock.
- Prime rent:** Achieved rents that relate to new prime, high specification units in prime locations. However, there might be exceptional assets on the market, in which higher rent could be achieved.
- Sublease:** Space offered for lease by a tenant who is contractually obliged to occupy the premises for longer period than what they need.

### Minimum requirements for inclusion into modern office A- and B-class stock:

- ✓ The building was built or refurbished after 1990
- ✓ Available units are being advertised in an appropriate way
- ✓ The GLA of the building exceeds 1,000 sq m

### Major evaluation criteria for office properties classification:

- |                                          |                                         |
|------------------------------------------|-----------------------------------------|
| ✓ Date of completion/refurbishment       | ✓ Air-conditioning, external shading    |
| ✓ Size and quality of the reception area | ✓ Parking                               |
| ✓ Internal height in the working areas   | ✓ Contiguous floor plates               |
| ✓ Raised floors                          | ✓ Sustainability of the office building |
| ✓ Suspended ceilings                     | ✓ Security and the access system        |
| ✓ Flexible layout of office areas        |                                         |

Other criteria include architectural awards, openable windows, reserve power supply, modern lifts and 24/7 accessibility.

### COPYRIGHT © Prague Research Forum 2020

This publication is the property of The Prague Research Forum (members: CBRE, Colliers International, Cushman & Wakefield, JLL and Knight Frank) and cannot be copied, reproduced or redistributed in any form or by any means, either as a part or whole, without quoting the Prague Research Forum as the information source. The information contained in this publication has been obtained from sources considered reliable. However, we do not guarantee the accuracy of the information. Please inform us about the uncertainties, so we can correct it. Prague Research Forum does not bind itself to liability for damage or loss caused by any unintentional inaccuracies in this report.

For further information please contact any member of the Prague Research Forum



+420 224 814 060



+420 724 879 065



+420 234 603 603



+420 226 537 618



+420 224 217 217