Press Release

Prague, 28 April 2025

Q1 2025: Prime rents in Prague city centre reached €30, vacancy continues to decline

Prague Research Forum Announces Office Market Figures for Q1 2025:

- **Reconstruction of two office projects commenced during Q1**
- **Only one project completed – the first phase of E Factory in Prague 9**
- **Net take-up increased by 5% year-on-year**
- **Vacancy rate continued to decline – dropping to 7.0%**
- **Prime rents in Prague city centre rose to €30 per sq m per month**

Introduction

The Prague Research Forum is pleased to announce the office market figures for the first quarter of 2025. The forum's members—CBRE, Colliers, Cushman & Wakefield, iO Partners, Knight Frank, and Savills—share non-sensitive information to provide consistent, accurate, and transparent data about the Prague office market.

RICS supports the activities of the Prague Research Forum.

Commentary

Pavel Novák, Head of Office Agency, Savills Czech Republic, comments:

"The start of new construction, after a longer pause, is a clear positive signal for the Prague office market. While the newly launched projects remain, for many actively searching companies, either out of reach in terms of timing or location, it is evident that developers are being encouraged by stronger demand activity and the gradual rise in rental levels. From our perspective as agents, companies are still very much focused on addressing their space needs. The market feels dynamic, but limited supply presents a challenge. This was reflected in the statistical decline in demand in Q1 – though it is not a sign of cooling interest, but rather a challenge in aligning tenant expectations with the current offer."

Office Stock and New Supply

The total volume of modern office space in Prague reached 3.96 million sq m in the first quarter of 2025. Only one office project was completed during Q1 2025 – the first phase of the E Factory development in Prague 9, delivering 8,700 sq m of office space. For the remainder of the year, only 17,900 sq m of new or refurbished office space is expected to be delivered.

At the beginning of 2025, reconstruction commenced on two projects – Isola (8,200 sq m) in Prague 4 and the Kotva department store in Prague 1, which will add 7,300 sq m of office space upon completion.

Approximately 173,100 sq m of office space was under construction at the end of the first quarter of 2025. The largest share was located in Prague 5 (70%), followed by Prague 4 (17%) and Prague 1 (8%). The majority of this space has already been pre-leased.

Modern office stock comprises Class A buildings (74%), with the highest-quality AAA-rated space accounting for almost 20% of the total office stock.

Office Take-up

Total gross take-up (including renegotiations of existing leases and subleases) stood at 87,700 sq m in the first quarter of 2025, marking a 14% year-on-year decrease and a 53% quarter-on-quarter decrease.

The highest gross take-up in Q1 was recorded in Prague 4 (27%), Prague 8 (18%), and Prague 5 (14%). The strongest demand for office space came from financial companies (19%), technology companies (16%), and professional services firms (12%).

New leases and expansions within existing buildings accounted for 53% of total gross take-up. Renegotiations of existing leases represented 40%, while subleases accounted for 6%. The remainder consisted of pre-leases.

Major Office Leasing Transactions

Among the most significant transactions of the first quarter of 2025 was the renegotiation of a lease by an undisclosed financial institution in the Brumlovka Beta building (6,900 sq m) in Prague 4. Other notable transactions included the renegotiation of McKinsey's lease in the Main Point Pankrác building (4,400 sq m), also located in Prague 4, and the sublease by Knowlimits in the Forum Karlín I building (4,400 sq m) in Prague 8.

Office Vacancy and Net Absorption

Net absorption reflects the change in occupied office space on the market over a given period. Compared to the previous quarter, occupied office space increased by 20,200 sq m.

The vacancy rate in Prague continued its gradual decline and reached 7.0% at the end of the first quarter of 2025. Compared to the previous quarter, the vacancy rate decreased by 0.3 percentage points, and it was also lower than in the same period last year, when it stood at 7.4%. The total volume of vacant modern office space in Prague declined to 278,200 sq m.

The lowest vacancy rates were recorded in Prague 2 (2.5%) and Prague 8 (4.2%), while the highest vacancy rates were observed in Prague 3 (14.9%) and Prague 9 (14.8%).

Rents

In the first quarter of 2025, prime rents, representing the headline rate for the best available office space, increased in the city centre and currently range between €29.00 and €30.00 per sq m per month. In the inner-city locations, prime rents rose to between €19.00 and €20.00 per sq m, while in outer-city areas they remain stable at between €15.50 and €16.50 per sq m.

Market dynamics continue to exert upward pressure on rental levels — a combination of limited new supply, stable demand, and high construction costs is driving further growth in prime office rents, particularly in sought-after locations.

Classification of office properties

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The minimum requirements for inclusion into modern office stock of either Class A or Class B include:

- 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 sqm

When assessing the property quality, the major categories included are as follows, with a brief description:

- **Technical specifications –** how well the property is built and equipped
- **Smart technologies –** how efficient the buildings are, what smart technologies they use and what extras to "standard" property equipment they offer
- **Location –** accessibility, services and amenities in the proximity of the property
- **Service and security –** how safe the building is and how it is managed
- **Parking –** parking ratios, with different requirements for properties in the city centre, inner city and outer city
- **Age of building –** building completion or the latest refurbishment date
- **Subjective evaluation –** subjective assessment by Prague Research Forum members

Each criteria has subcategories, which enable the scoring of the properties, resulting in the final score of the property. The maximum weight of each category is as follows:

Category	Share on total
Technical Specifications	41%
Smart Technologies	18%
Location	9%
Service & Security	9%
Age of Building	8%
Parking	8%
Subjective Evaluation	7%

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. Buildings with a 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. Gross take-up includes renegotiations, lease extensions, and subleases, while net take-up excludes these. Owner occupation deals are included in take-up when the project commences construction.
Vacancy rate:	The ratio of physically and contractually vacant space in completed buildings on the total stock.
Prime rent:	Achieved headline rents related to new prime, high-specification units in prime locations. However, there might be exceptional market assets where higher rent could be achieved.
Sublease:	Space is offered for lease by a tenant who is contractually obliged to occupy the premises longer than they need.
Net absorption:	Net absorption reflects the change in occupied office space on the market over a given period. It can be both positive and negative.

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CBRE	iO	Cushman & Wakefield	Colliers	Knight Frank	Savills
+420 771 288 023	+420 736 606 905	+420 736 606 905	+420 607 841 941	+420 224 217 217	+420 731 889 963