



RESEARCH

AT A GLANCE Q2 2020

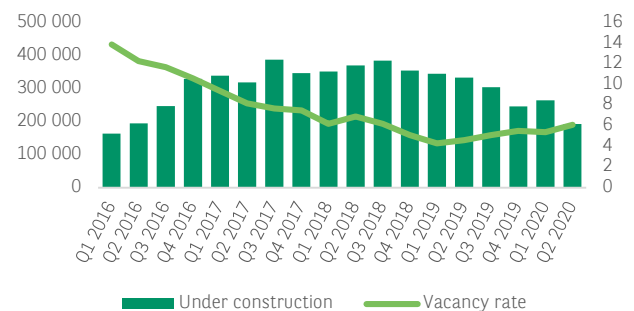
OFFICE MARKET IN PRAGUE

- **Impact of the Covid-19 pandemic: leasing activity slowed down**
- **The vacancy rate increased significantly to 6.1%**
- **Sublease is on the rise: focus on cost reduction**

SUPPLY & VACANCY

In Q2 2020, **70,100 sq m** of new office space was delivered to the market, which is **43% more** than in the same period last year. The following largest projects were completed: **Dock IN Four** (25,400 sq m) in Prague 8, **Parkview** (14,900 sq m) in Prague 4 and **J&T HQ** (13,200 sq m) in Prague 8. At the same time, the reconstruction of the **BB Centrum B** building (14,600 sq m) in Prague 4 was completed. In Q2, **no new construction** of the office building was started. According to the Prague Research Forum (PRF), the **vacancy rate** rose to 6.1%, which is 0.7 percentage points more than in the previous quarter. The highest vacancy rate has been recorded in Prague 5 (9.3%) and Prague 4 (5.0%), the lowest in Prague 9 (2.0%) and Prague 2 (3.3%).

SPACE UNDER CONSTRUCTION, VACANCY RATE
(sq m, %)



Source: BNP Paribas Real Estate, PRF

KEY FIGURES



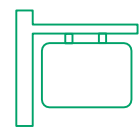
3.8 m sq m
TOTAL STOCK



70,100 sq m
NEW SUPPLY Q2 2020



193,400 sq m
UNDER CONSTRUCTION
& RECURBISHMENT



6.1%
VACANCY
RATE

TAKE-UP & MAJOR LEASES

- Out of the total gross take-up, new leases accounted for 57% and renegotiations for 43%.

Selected major lease contracts include:

- Renegotiation of Plzeňský Prazdroj (5,500 sq m) in Myslbeč in Prague 1;
- New lease of Technická správa komunikací hl. m. Prahy (4,300 sq m) in Centrum Stromovka in Prague 7;
- Renegotiation of CGI Logica (3,300 sq m) in City West C2 in Prague 5;
- New lease of Scott & Weber (2,800 sq m) in City Element in Prague 4.

TAKE-UP

Q2 2020

Gross: **79,000 sq m**
Net: **45,300 sq m**

Q2 2020 of gross take-up



14%
Consumer goods

24%
Prague 4



12%
IT

23%
Prague 1



12%
Finance

16%
Prague 7

PRIME HEADLINE RENTS



€22.50 - 23.00

City Centre



€15.50 - 17.00

Inner City



€13.50 - 15.00

Outer City

AVERAGE RENTS IN A-CLASS OFFICES



€17.50

Prague 1

€14.60

Prague 4

€13.90

Prague 5

€14.70

Prague 8

INVESTMENT

181 million EUR

Invested in the office sector in Q2 2020

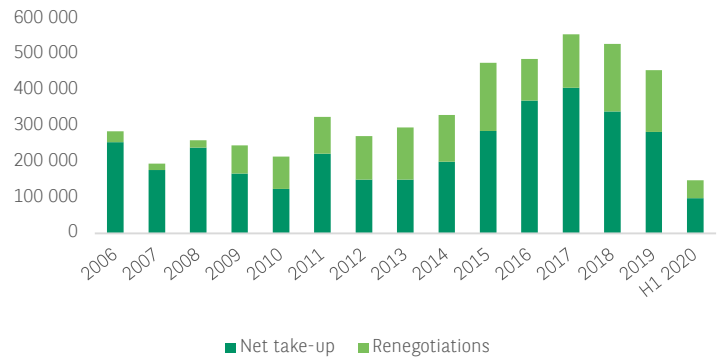


4.5%

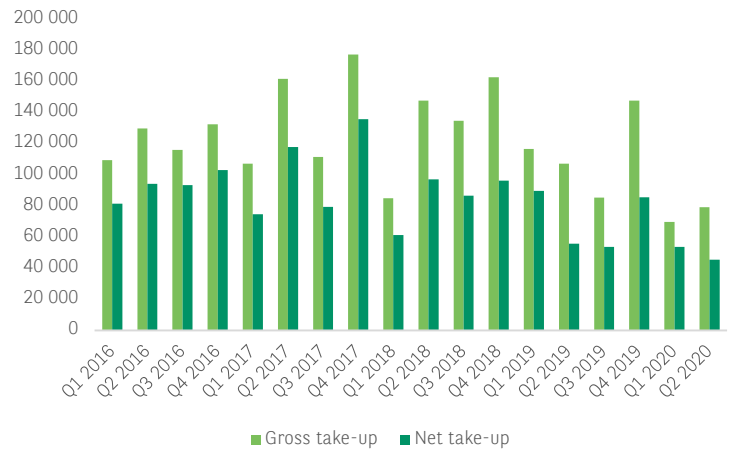
Prime yield

75%

Share in investment volume

ANNUAL TAKE-UP
(sq m)

Source: BNP Paribas Real Estate, PRF

QUARTERLY TAKE-UP
(sq m)

Source: BNP Paribas Real Estate, PRF

SUMMARY & OUTLOOK

- In the first half of 2020 **103,400 sq m** of office space was delivered to the market, which is 35% more than in the same period last year. By the end of 2020 we expect the completion of another 37,600 sq m of office space.
- The **vacancy rate** increased significantly in the second quarter, by 0.7 percentage point compared to the previous quarter, reaching 6.1%. (source: PRF).
- The **highest achieved rent** remained unchanged in Q2. It reached 23 EUR / sq m / month in the city centre .
- Gross take-up** exceeded 140,000 sq m in the first half of the year, which was 30% lower y-o-y. The office market is already affected by the Covid-19 pandemic in terms of demand, the market is slowing down and tenants are postponing their decisions on new leases and/or expansions.
- With the advent of the Covid-19 pandemic, we are seeing an **increase in sublease** of current office spaces in the office market. Tenants thus secure additional cash flow and reduce rental payments, whilst subtenants can rent prime office space that would normally be unavailable to them in different market conditions.

DEFINITIONS

Stock: Total completed office space (occupied and vacant), newly built since 1992 or refurbished, A and B class offices, owner occupied and for lease. Buildings with less 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 of time. It does not include space that is under offer. A property is taken up when the future lease contract is signed. Total gross take-up includes renegotiations and lease extensions, net take-up excludes these.

Prime headline rents: Achieved rents that relate to new prime, high specification units in prime locations.

About BNP Paribas Real Estate

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6 BUSINESS LINES in Europe

A 360° vision

Main Locations

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