



RESEARCH

AT A GLANCE Q4 2020

OFFICE MARKET IN PRAGUE

SHARP DECLINE OF LEASING ACTIVITY IN 2020

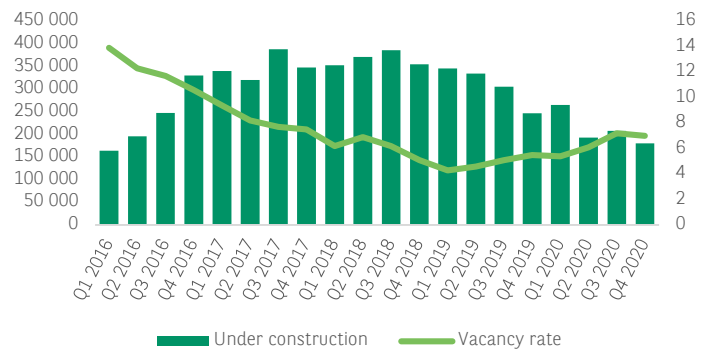
- The prime rent remained at the pre-Covid level
- The vacancy rate stagnated in Q4 2020

SUPPLY & VACANCY

In total **159,300 sq m** of new office space was added to the Prague office market in 2020, compared to the record year of 2019, it decreased by 22%. No new office building was completed in Q4 2020. After reconstruction, the **Bubenská 1** building (19,400 sq m) was opened in Prague 7. No construction of any new office projects were started in Q4 2020. Most developers have curbed speculative construction, they are waiting for the moment when the project will be released by at least 40%.

According to the Prague Research Forum (PRF), the **vacancy rate** reached **7.0%**. The highest vacancy rate has been recorded traditionally in Prague 5 (8.8%) and Prague 4 (5.8%), the lowest figures have Prague 2 (3.6%) and Prague 3 (5.4%).

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



Source: BNP Paribas Real Estate, PRF

KEY FIGURES



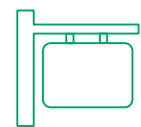
3.8 m sq m
TOTAL STOCK



19,400 sq m
NEW SUPPLY Q4 2020



180,100 sq m
UNDER CONSTRUCTION
& REFURBISHMENT



7.0%
VACANCY
RATE

TAKE-UP & MAJOR LEASES

Selected major lease contracts include:

- Renegotiation of Internet Mall (6,300 sq m) in the Gen office building in Prague 7.
- Renegotiation of Havel & Partners (5,200 sq m) in Florentinum in Prague 1.
- New Lease of TNT/Fedex (3,800 sq m) in Kotelna Park II in Prague 5.

TAKE-UP

	Q4 2020	2020
Gross:	98,700 sq m	333,500 sq m
Net:	43,400 sq m	174,800 sq m

Q4 2020 of gross take-up



18%
Advertising/ Media

22%
Prague 4



14%
Prof. Services

16%
Prague 8



12%
IT

15%
Prague 7

PRIME HEADLINE RENTS

→	→	→
€22.50 - 23.00	€15.50 - 17.00	€13.50 - 15.00
City Centre	Inner City	Outer City

AVERAGE RENTS IN A-CLASS OFFICES

	€17.50	€14.60	€13.90	€14.70
	Prague 1	Prague 4	Prague 5	Prague 8

INVESTMENT

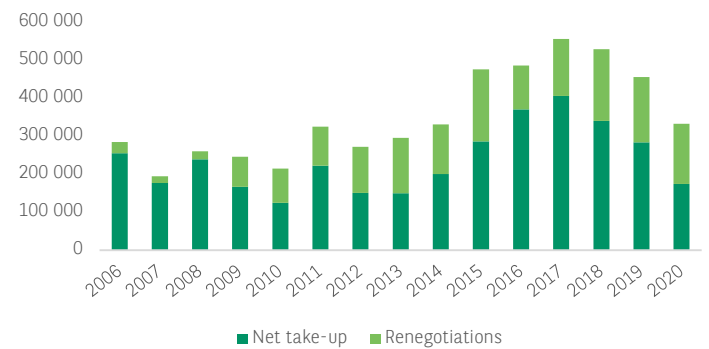
622 million EUR
Invested in the office sector in 2020



4.5%
Prime yield

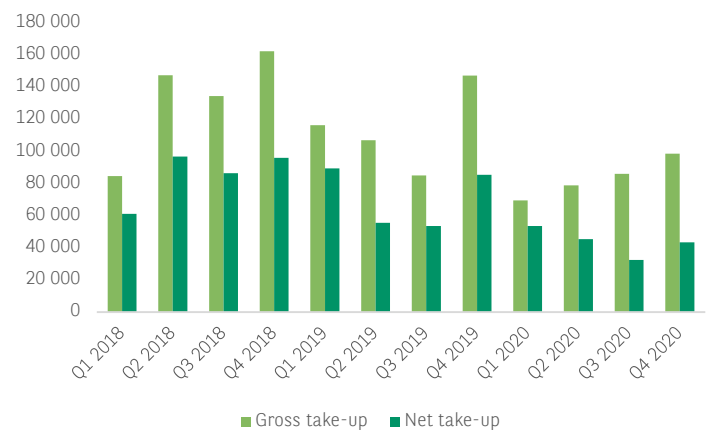
23%
Share in investment volume

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 2020, almost **160,000 sq m** of office space was **delivered** to the market, which is 22% less than in the same period last year. Most office space was added in Prague 8 (40,600 sq m) and Prague 4 (35,900 sq m).
- Currently, there are 180,100 sq m **under construction**, and in 2021 more than 90,000 sq m will be completed.
- Throughout 2020, the **vacancy rate** increased slightly. According to PRF, the vacancy rate reached about 7%. It can be expected that the vacancy will undoubtedly continue to rise in 2021.
- Despite growing **vacancy**, the highest rents remained stable in 2020 Q4. The prime rents in the city centre ranged between 22.50-23.0 EUR/sq m/ month.
- **Gross take-up** decreased by 27% y-o-y. In 2020, the share of newly leased space in the total volume was only 52%, while in 2019 it was 62%.
- Empty offices were not an immediate disaster for landlords, however, issues related to remote working and the **future of offices** will continue to be discussed in 2021 and beyond.

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

BNP Paribas Real Estate, one of the leading **international real estate providers**, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 32 countries with 5,400 employees.

BNP Paribas Real Estate is a subsidiary of **BNP Paribas**.

For more information visit our microsite www.checkestates.cz or our website www.realestate.bnpparibas.cz.

AUTHOR AND RESEARCH CONTACT

Kamila Breen, Head of Research & Consultancy, kamila.breen@realestate.bnpparibas

Jana Řezáčová, Consultant, jana.rezacova@realestate.bnpparibas

CEE RESEARCH CONTACT

Patrycja Dzikowska, Head of Research & Consultancy, Central & Eastern Europe, patrycja.dzikowska@realestate.bnpparibas

Kontakt

Lena Popova, Office Agency, Director Czech Republic and Slovakia, lena.popova@realestate.bnpparibas

BNP Paribas Real Estate APM CR s.r.o.

Ovocný trh 8, 110 00 Praha 1

Czech Republic

Tel: +420 224 835 000

www.realestate.bnpparibas.cz

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate.

LOCATIONS

EUROPE

FRANCE

Headquarters
167, quai de la Bataille
de Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

GERMANY

Goetheplatz 4
60311 Frankfurt am Main
Tel.: +49 69 29 89 90

UNITED KINGDOM

5 Aldermanbury Square
London EC2V 7BP
Tel.: +44 20 7338 4000

BELGIUM

Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

SPAIN

C/ Emilio Vargas, 4 28043
Madrid
Tel.: +34 91 454 96 00

HUNGARY

117-119 Vaci ut..
A building
1138 Budapest
Tél.: +36 1 688 4400

IRELAND

20 Merrion Road
Ballsbridge, Dublin 4
Tel.: +353 1 66 11 233

ITALY

Piazza Lina Bo Bardi 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG

Kronos building
10, rue Edward-Steichen
2540 Luxembourg
Tel.: +352 34 94 84
Investment Management
Tel.: +352 26 06 06

NETHERLANDS

Antonio Vivaldistraat 54
1083 HP Amsterdam Tel.:
+31 20 305 97 20

POLAND

ul. Grzybowska 78 Prime
Corporate Center
00-844 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL

Avenida da República, 90
Piso 1, Fracção 1
1600-206 Lisboa
Tel.: +35 1 939 911 125

CZECH REPUBLIC

Ovocný trh 8
110 00 Prague 1
Tel.: +420 224 835 000

MIDDLE EAST/ASIA

DUBAI

Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubai
Tel.: +971 44 248 277

HONG KONG, SAR CHINA

63/F, Two International
Finance Center
8 Finance Street, Central,
Hong Kong, SAR China Tel.:
+852 2909 8888

SINGAPORE

20 Collyer Quay, #17-04
Singapore 049319
Tel.: +65 681 982 82

ALLIANCES

**AUSTRIA | DENMARK | ESTONIA | FINLAND | GREECE | HUNGARY* | JERSEY
LATVIA | LITHUANIA | NORTHERN IRELAND | NORWAY | PORTUGAL | ROMANIA | SWEDEN
SWITZERLAND | USA**

* Coverage In Transaction, Valuation & Consulting

BNP Paribas Real Estate: Simplified joint stock company company with capital of €383.071.696 - 692 012 180 RCS Nanterre - Code NAF 7010 Z - CE identification number FR 666 920 121 80
Headquarters: 167, Quai de la Bataille de Stalingrad - 92867 Issy Les Moulineaux Cedex