



RESEARCH

AT A GLANCE Q1 2021

PRAGUE OFFICE MARKET

NEW LEASES GIVE WAY TO RENEGOTIATIONS

- New supply will slow down in the current and upcoming year
- Vacancy rate increased by 2.2 percent y-o-y

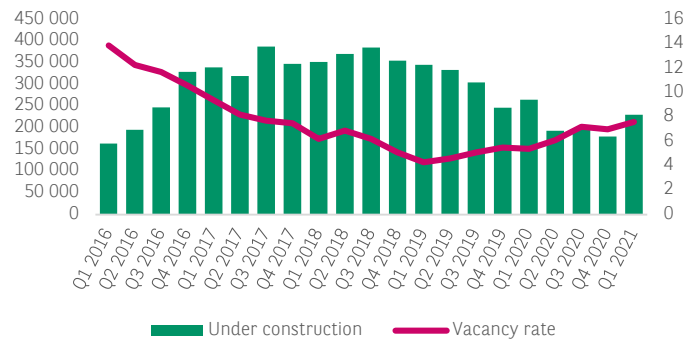
SUPPLY & VACANCY

No new office building was added to the Prague office market in the first quarter of this year. Two administrative buildings, **Holečkova 26** (1,700 sq m) in Prague 5 and **BDO Building** (2,000 sq m) in Prague 4, were successfully reconstructed.

During Q1 2021, two major office projects began construction: **Port7** (30,000 sq m) in Prague 7 and **Masaryčka** (23,000 sq m) in Prague 1. In 2021, an additional 90,000 sq m of office space should be completed, which is 40 % less than in the last year.

According to data from the Prague Research Forum (PRF), the share of **unoccupied office space** in the total supply reached 7.6%, which is an increase of 0.6 percentage points compared to the previous quarter. The highest vacancy rate was recorded in Prague 4 (6.1%) and Prague 5 (9.1%), the lowest in Prague 3 (5.2%) and Prague 2 (6.2%).

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



Source: BNP Paribas Real Estate, PRF

KEY FIGURES



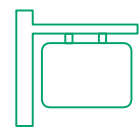
3.8 m sq m
TOTAL STOCK



3,700 sq m
NEW SUPPLY Q1 2021



230,800 sq m
UNDER CONSTRUCTION
& REFINISHMENT



7.6%
VACANCY
RATE

TAKE-UP & MAJOR LEASES

- Out of the total gross take-up, new leases accounted for 46%, the remaining 54% were renegotiations and subleases.

Selected major lease contracts include:

- Extension of Novartis (14,300 sq m) in Gemini B in Prague 4;
- Renegotiation of Sweco Hydroprojekt (2,900 sq m) in Táborská 31 in Prague 4;
- Expansion of Livesport (2,200 sq m) in Aspira Business Centre in Prague 5;

TAKE-UP

Q1 2021

Gross: 90,200 sq m
Net: 41,500 sq m

Q1 2021 of gross take-up



20%
Pharmaceutical

41%
Prague 4



20%
IT

14%
Prague 5



14%
Prof. Services

13%
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

177 million EUR

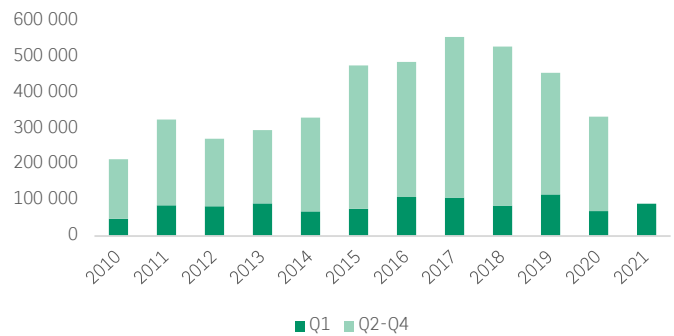
Invested in the office sector in Q1 2021



4.5%
Prime yield

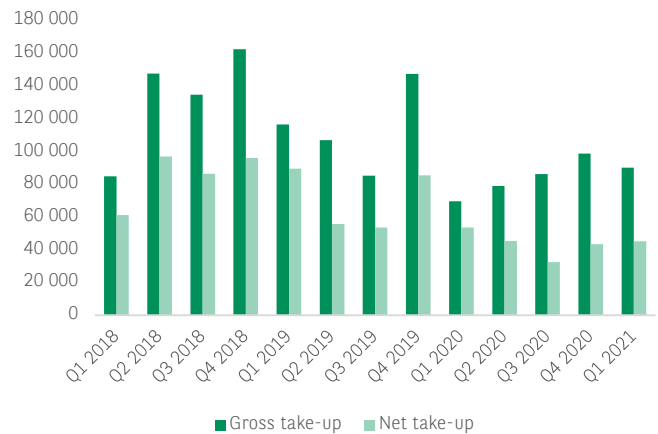
7%
Share in investment volume

ANNUAL TAKE-UP (sq m)



Source: BNP Paribas Real Estate, PRF

QUARTERLY TAKE-UP (sq m)



Source: BNP Paribas Real Estate, PRF

SUMMARY & OUTLOOK

- Currently, 230,800 sq m of office projects are **under construction**. Most of the projects are being developed in Prague 8 (50,000 sq m), Prague 9 (46,000 sq m) and Prague 7 (42,000 sq m). Other projects are being prepared by developers, by 2025 up to 700,000 sq m of new modern office space could be added.
- The vacancy rate increased to 7.6% in the first quarter, the **vacancy** has been rising in almost all Prague districts since mid-2020. Due to the uncertainty that persists for tenants during the pandemic, the vacancy rate can be expected to increase slightly in the coming quarters.
- Although the vacancy rate has been rising in recent quarters and rental activity has been slowing since the beginning of the pandemic, the **prime rents** remained stable in the first quarter and ranged in the city centre from 22.50 to 23.0 EUR / sq m / month.
- During the first quarter, **lease transactions** were concluded in the total amount of 90,200 sq m, down by 9% q-o-q. Since the beginning of the pandemic, tenants have preferred to re-negotiate existing leases over relocation, and this quarter was no different.

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.

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