



RESEARCH

AT A GLANCE Q3 2021

PRAGUE OFFICE MARKET

OFFICE DEVELOPMENT IN PRAGUE IS GAINING MOMENTUM

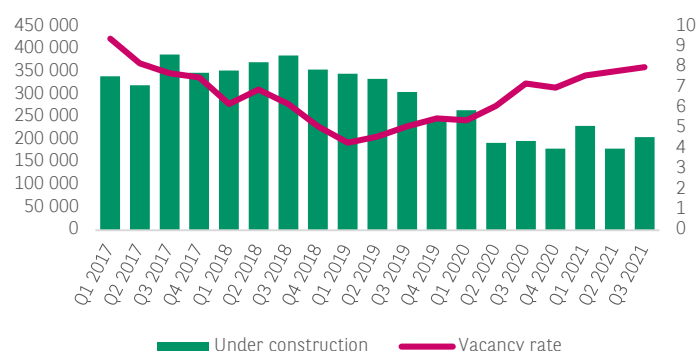
- Vacancy rate has increased, asking rents continue to remain stagnant
- Leasing activity improved, increasing by 20% y-o-y in Q3 2021

SUPPLY & VACANCY

At the end of September 2021, the **total volume** of modern office space in Prague was **3.79 million sq m**. The office building of the **New Town Hall of Prague 12** (8,690 sq m) in Prague 12 was completed in Q3 2021, and we expect two more projects to be finished by the end of this year, the **Harfa Business Center B** (24,350 sq m) in Prague 9 and the **Viktoria Center** mixed-use project (1,750 sq m) in Prague 3. Construction and refurbishment of four office projects began in this quarter, the largest of which is the construction of **Metalica** office building (18,780 sq m) within the Nová Waltrovka project in Prague 5.

According to data from the Prague Research Forum (PRF), the share of **vacant office space** in the total supply reached **8.0%**, which is an increase of 0.2 percentage points compared to the previous quarter. The highest vacancy rates were recorded in Prague 4 (7.7%) and Prague 5 (9.4%), the lowest in Prague 2 (3.8%) and Prague 10 (6.3%).

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



Source: BNP Paribas Real Estate, PRF

KEY FIGURES



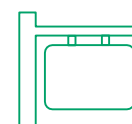
3.8 m sq m
TOTAL STOCK



8,690 sq m
NEW SUPPLY Q3 2021



205,680 sq m
UNDER CONSTRUCTION
& REFURBISHMENT



8.0%
VACANCY
RATE

TAKE-UP & MAJOR LEASES

- Out of the total gross take-up, new leases accounted for 58%, the remaining 42% were renegotiations and subleases.

Selected major lease contracts include:

- Renegotiation of NN (6,500 sq m) in Zlatý Anděl in Prague 1;
- Renegotiation of Aeskulab (3,500 sq m) in Hadovka in Prague 6;
- New lease of Zásilkovna (3,300 sq m) in Balabenka Office Building in Prague 9;

TAKE-UP

Q3 2021

Gross: 103,700 sq m
Net: 60,150 sq m

Q3 2021 of gross take-up



16%
Finance

22%
Prague 5



14%
IT

18%
Prague 8



12%
Manufacturing

14%
Prague 9

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



€17.70

Prague 1

€14.90

Prague 4

€14.30

Prague 5

€15.40

Prague 8

INVESTMENT

60 million EUR

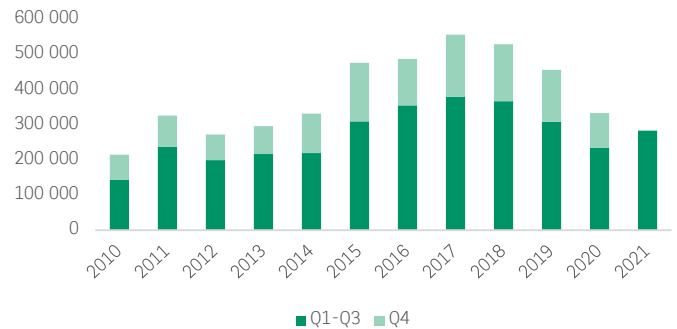
Invested in the office
sector in Q3 2021



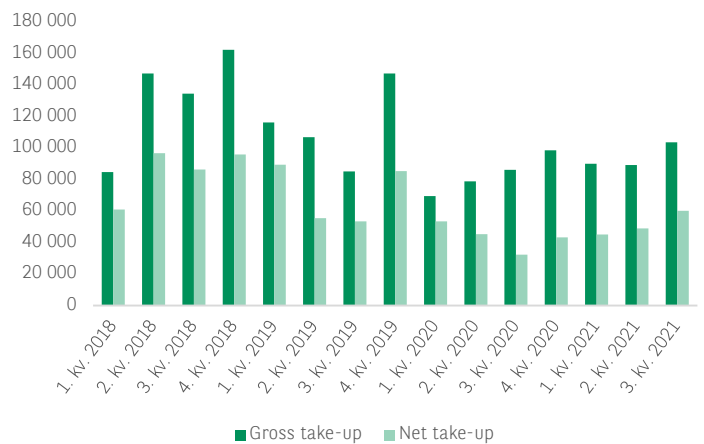
4.25%

Prime yield

15%
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

- The **construction** of office projects in the first three quarters of 2021 slowed down by 9% year-on-year, at the end of the third quarter it amounted to 205,680 sq m. Almost 26,100 sq m of office space will be completed by the end of this year. In the next two years, more than 171,000 sq m of modern office space will be completed. The largest buildings will include Port7, Dock in Five and Metalica.
- Despite slightly increasing vacancy, the **prime rent** remained stable in the third quarter, reaching 22.50-23.00 EUR / sq m / month in the city centre.
- Total gross **take-up** in the first 9 months of this year was up 21% year-on-year, with new lettings up 18% year-on-year.
- Tenants are beginning to withdraw from the supply of sub-leases, either due to a change in strategy in the use of the offered space or due to low interest on the part of prospective subtenants. On the other hand, there has been an increase and stabilization in the **flexible workspace segment**, where coworking centres and shared office operators in selected cases record higher demand than in the pre-covid period.

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.

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