



CZECH REPUBLIC

# PRAGUE OFFICES

QUARTER 4 | 2019



# OFFICE MARKET

## Supply & Vacancy

In Q4 2019, the total office stock in Prague reached 3.67 million sq m with some 213,800 sq m added during the year. 90,100 sq m was completed during fourth quarter.

Completions include five new and one refurbished property: Green Point (7,500 sq m) and SmíchOFF (9,600 sq m) both in Prague 5, Telehouse (20,900 sq m) in Prague 6, Centrum Stromovka (5,700 sq m) in Prague 7 and Harfa Office Center (27,100 sq m). The only refurbishment was finished in Prague 10 with Centrum Vinice (19,300 sq m). More than 43.8% of this space was vacant at the end of the year and it is one of the reasons for the increase in overall vacancy to 5.5%. This rate represents approximately 201,100 sq m of available office space, up by 18,400 sq m compared to the previous quarter and follows the trend of 2019.

## Demand

Gross take-up in Q4 2019 reached 147,400 sq m. The volume for all four quarters of 2019 is 439,000 sq m, down by 18% in year on year comparison. Net take-up (excl. renegotiations and subleases) for last quarter was 86,000 sq m, up by 75% quarter on quarter.

Net absorption in Q4 reached 54,200 sq m, cumulatively 180,700 sq m for the whole of 2019, down by 7% year on year. Despite a big drop last quarter, net absorption remained positive and bounced back to similar quarterly numbers as seen over the last several years.

As mentioned last quarter, flexible workspace is a growing feature in the market. Several new centres were opened in recent months at Rustonka, Nile House, Dynamica and Albatros. Since there are more to be opened soon and continued activity of operators looking for new projects, we expect further strengthening of this segment.

# RENTS & OUTLOOK

## Rents

Prime office rents in the City Centre of Prague stand in the range of €22.50-€23.50, Inner City prime rent is at €15.00-€17.00 and Outer City prime rents are at €13.50-€15.00. The further, minor prime rental growth is being driven by the overall low vacancy levels across the city. We also expect the prime rental growth to affect secondary rents across the city.

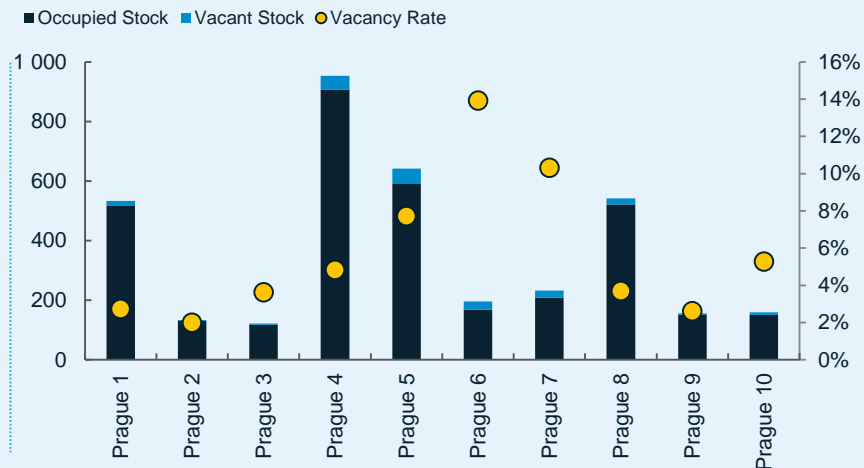
## Outlook

By year-end, some 246,700 sq m of office space was under construction or refurbishment in Prague. Just one new property commenced in Q4: the refurbishment of Na Příkopě 33 (7,500 sq m) in Prague 1.

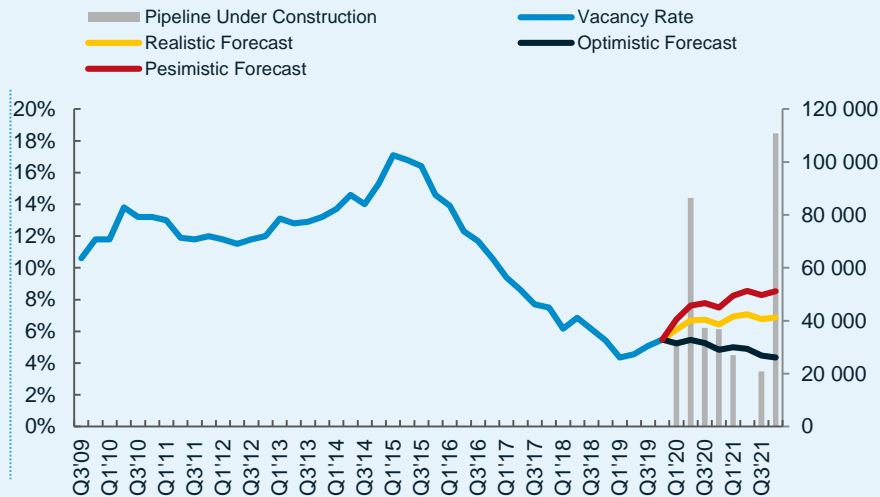
Over 174,600 sq m should be delivered to the market during 2020 and since 50% of this space is already pre-let to tenants, we do not expect any greater increase in the vacancy rate. Some districts with specific micro-locations can be affected with new completions, but since demand for space still exceeds supply, this change should be short-lived.

Based on the absorption rate over the last 10 years and the current pipeline under construction, our internal forecast indicates only mild growth of vacancy over the next two years. This should help the market move to a slightly more balanced position and remove the pressure on further rental growth.

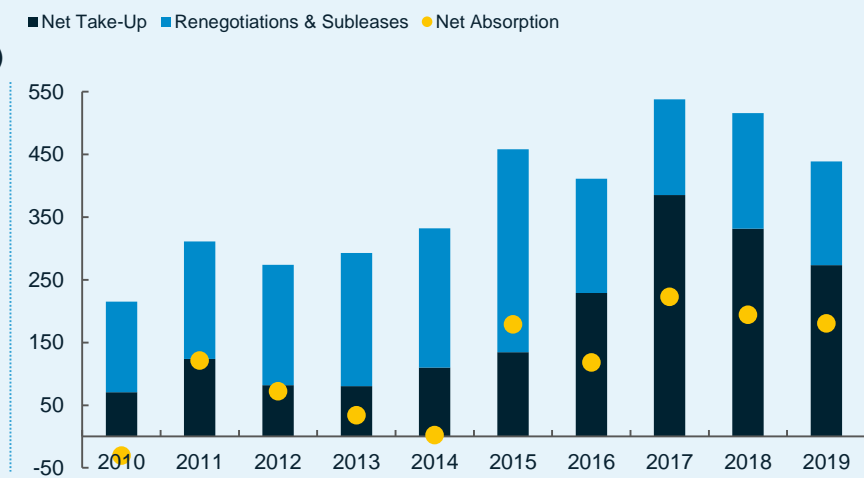
**FIGURE 1: MODERN OFFICE STOCK & VACANCY IN PRAGUE DISTRICTS (sq m thousands)**



**FIGURE 2: VACANCY RATE DEVELOPMENT & FORECAST**



**FIGURE 3: TAKE-UP AND NET ABSORPTION (sq m thousands)**



Note: Net absorption represents total change in occupied stock and as such can be also negative

## FOR MORE INFORMATION

---

### DEPARTMENT

Tewfik Sabongui | Managing Director  
Mob: +420 777 150 669  
[tewfik.sabongui@colliers.com](mailto:tewfik.sabongui@colliers.com)

Petr Žalský | Head of Office Agency  
Mob: +420 601 056 858  
[petr.zalsky@colliers.com](mailto:petr.zalsky@colliers.com)

### MARKET RESEARCH

Josef Stanko | Research Analyst  
+420 728 175 024  
[josef.stanko@colliers.com](mailto:josef.stanko@colliers.com)

Theodor Pokorný | Junior Analyst  
Mob: +420 608 813 288  
[theodor.pokorny@colliers.com](mailto:theodor.pokorny@colliers.com)

This report gives information based primarily on Colliers International data, which may be helpful in anticipating trends in the property sector. However, no warranty is given as to the accuracy of, and no liability for negligence is accepted in relation to, the forecasts, figures or conclusions contained in this report and they must not be relied on for investment or any other purposes. This report does not constitute and must not be treated as investment or valuation advice or an offer to buy or sell property. (January 2020) © 2020 Colliers International.

Colliers International is the licensed trading name of Colliers International Property Advisers UK LLP which is a limited liability partnership registered in England and Wales with registered number OC385143. Our registered office is at 50 George Street, London W1U 7GA. 00000

Na Příkopě 859/22  
Slovanský dům B/C  
110 00 Praha 1

