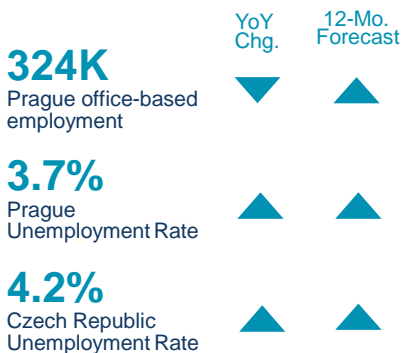


(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021



Source: Moody's Analytics, Czech Ministry of Labor and Social Affairs

ECONOMY: Prague's recovery will depend on the rate of the nation's vaccination efforts

The Czech economy is at risk of a recession as it just came out of the nation's third COVID-19 lockdown. While total employment in Prague managed to keep its head above water in the fourth quarter of 2020, helped by a rebound in essential professional/business services and construction, the service-heavy city suffered a sharp decline in GDP, opposing the national trend. Prague's massive accommodation/food service and retail industries are seeing persistent losses as a new widespread variant of COVID-19 threatens the city with the imposition of an even stricter lockdown. The city's unemployment rate rose to 3.7% in March, which still ranks among the lowest in the Czech Republic (with the average of 4.2 %).

SUPPLY AND DEMAND: The lowest level of new supply since 2016 expected to be delivered in 2021

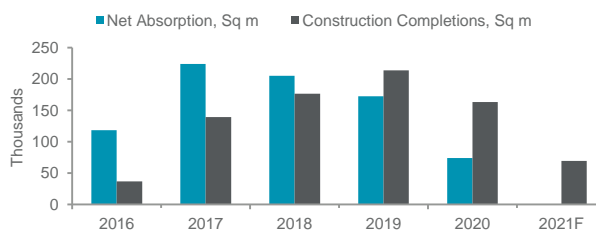
Completions of several projects were postponed to 2021, however, the lowest volume of new supply since 2016 is expected to be added to the stock this year in Prague. A healthy level of pre-lease activity will show in Q2, and a higher construction activity should renew in 2022, including long-awaited mixed-use projects Masaryčka, Port 7 and Smíchov City.

The occupational market does not seem affected with structural changes, rather than possible economic downturn, which may yet reflect in the tenants' activity. First results from the beginning of 2021 show that while vacancy started growing, level of demand stayed relatively high in comparison with the beginning of 2020, which was the weakest year since 2013. However, almost half of the of signed leases were renegotiated contracts. Despite the initial lack of interest, the number of sub-lease deals increased, accounting for about 4% of the total take-up in Q1. The next couple of months will see fewer new sub-lease listings, some tenants will take the premises off the market and/or will find a subtenant. As a result, we expect the sub-lease space to decrease in the upcoming months.

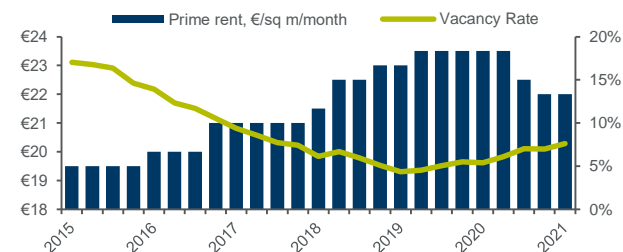
PRICING: Rental rents stable in the prime locations

The pressure on decreasing prime rents is still strong mainly in the most sought for locations, while in city centre remain relative stable at 22.00 €/sq m/month.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague 1	524,529	37,100	7.07%	10,474	10,474	1,496	41,199	22.00
Prague 2	133,978	8,267	6.17%	2,599	2,599	0	2,200	18.50
Prague 3	121,818	6,386	5.24%	1,337	1,337	0	1,718	17.00
Prague 4	964,994	59,066	6.12%	36,710	36,710	2,000	0	17.50
Prague 5	635,752	57,552	9.05%	13,020	13,020	0	17,387	16.25
Prague 6	191,869	27,884	14.53%	1,154	1,154	0	25,635	16.00
Prague 7	241,308	20,208	8.37%	11,500	11,500	0	35,544	15.00
Prague 8	579,303	34,494	5.95%	10,976	10,976	0	45,357	16.25
Prague 9	151,657	19,550	12.89%	815	815	0	30,680	13.30
Prague 10	147,420	10,048	6.82%	1,569	1,569	0	0	12.00
PRAGUE TOTALS	3,692,627	280,555	7.60%	90,153	90,153	3,496	199,720	22.00

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Gemini B	Prague 4	Novartis	14,269	Renegotiation
BB Centrum B	Prague 4	Passerinvest Flex	3,314	New occupation
Táborská 31	Prague 4	Sweco Hydroprojekt	2,861	Renegotiation
Aspira Business Centre	Prague 5	LiveSport	2,214	Expansion

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	VACANCY RATE	OWNER/DEVELOPER
Olbrachtova 5	Prague 4	Undisclosed	2,000	0%	D+D Real
Hybernská 1	Prague 1	Undisclosed	1,496	34%	Lagerris

Source: Prague Research Forum, Cushman & Wakefield

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