

	YoY Chg.	12-Mo. Forecast
<b>7.8%</b> Vacancy Rate	▲	■
<b>€22.00</b> Prime Rent, Sq m/month	▼	■
<b>4.0%</b> Prime Yield	▲	■

(Overall, All Property Classes)

**ECONOMIC INDICATORS Q2 2021**

	YoY Chg.	12-Mo. Forecast
<b>324K</b> Prague office-based employment	▲	▲
<b>4.0%</b> Prague Unemployment Rate	▲	▲
<b>3.5%</b> Czech Republic Unemployment Rate	▲	▼

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

**ECONOMY: The country has recently entered a reopening and increased vaccination efforts**

The Covid-19 global pandemic caused the deepest recession in the Czech Republic since 1991, prompting a GDP contraction of 5.6% in 2020. The second and third waves of the pandemic accompanied by severe restrictions at the beginning of 2021 will have significant implications on the economy throughout this year. However, according to Moody's Analytics forecasts, we will likely see a recovery with GDP growth expected to reach approximately 4.5% in 2021. The outlook for 2022 is even more optimistic: the GDP could grow by 6.5%. Outsize professional services, finance, and administration industries will be key support for the recovery in Prague. Office-based employment accounts for about one-third of employment, ahead of the euro zone average, but similar to cities such as Budapest, Warsaw and Vienna. However, all predictions for the office market now depend on scenarios of the future development of the Covid-19 pandemic and the pace and rate of vaccination of the Czech population.

**SUPPLY AND DEMAND: Leasing activity remains stable, albeit still below the 5-year average**

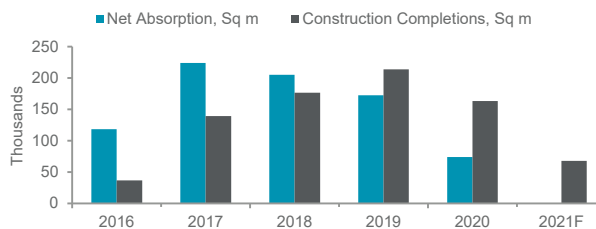
Uncertainties with the future of office jobs, together with the caution of developers is leading to the lowest annual supply of new office space in Prague since 2016. However, four new buildings were completed in Q2, including two mixed-use schemes Bořislavka, Astrid Offices, and two additional parts of the River City project – Mississippi House and Missouri Park. Total new supply reached 53,300 sq m this year, with 14,600 sq m in the pipeline for the rest of 2021.

Leasing activity remains stable, albeit still below a 5-year average. The demand is distinguished by a continually low pre-lease take-up contributing to the delayed start of the construction of several planned projects. Vacancy rate kept increasing, reaching 7.8% on average at the end of Q2, which represents 291,000 sq m of vacant office space. The volume of space available for sub-lease decreased by 14%, totaling 70,200 sq m in Q2.

**PRICING: Prime headline rents remain stable**

Despite the rising vacancy rate, prime headline rents remained stable and stood at €22.00/sq m/month in the city centre at the end of Q2 2021. Inner city prime rents ranged from €15.50 to €17.00/sq m/month and from €13.50 to €15.00/sq m/month in the outer city.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & PRIME RENT**



### MARKET STATISTICS

SUBMARKET	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	36,832	7.0%	15,719	26,192	1,496	41,199	22.00
Prague 2	133,978	5,945	4.4%	7,135	9,734	0	2,200	18.50
Prague 3	121,818	7,390	6.1%	2,779	4,116	0	1,718	17.00
Prague 4	964,994	70,874	7.3%	13,343	48,437	2,000	0	17.50
Prague 5	635,752	57,250	9.0%	12,331	30,744	0	17,387	16.25
Prague 6	217,253	27,014	12.4%	7,067	8,221	25,635	0	16.00
Prague 7	244,839	15,128	6.2%	10,995	22,495	3,531	30,567	15.00
Prague 8	599,930	41,491	6.9%	18,713	29,689	20,627	23,520	16.25
Prague 9	144,357	19,588	13.6%	494	1,309	0	30,680	13.30
Prague 10	147,420	9,923	6.7%	757	2,326	0	0	12.00
<b>PRAGUE TOTALS</b>	<b>3,734,869</b>	<b>291,436</b>	<b>7.8%</b>	<b>89,333</b>	<b>183,264</b>	<b>53,289</b>	<b>147,271</b>	<b>22.00</b>

### KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Václavské nám 42	Prague 1	Ministerstvo průmyslu a obchodu	3,700	New occupation
DOCK IN FIVE	Prague 8	Confidential	3,518	Pre-completion
Jankovcova 23	Prague 7	VŠCHT	3,158	New occupation
Blox	Prague 6	Košík (Rockawy Group)	3,018	Sublease

### KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	VACANCY RATE	OWNER/DEVELOPER
Bořislavka	Prague 6	Undisclosed	25,384	0%	KKCG
Mississippi House	Prague 8	Adastra	13,300	50%	CA Immo
Missouri Park	Prague 8	Allen&Overy	7,327	60%	CA Immo

Source: Prague Research Forum, Cushman & Wakefield

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