

MARKET FUNDAMENTALS

	YOY Chg.	12-Month Forecast
8.10% Vacancy Rate	▲	▬
€30.00 Prime Rent, sq m/month	▲	▬
5.75% Prime Yield <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg.	12-Month Forecast
338K Prague office-based Employment	▲	▲
1.9% Prague Unemployment Rate	▼	▼
2.5% Czech Republic Unemployment Rate <i>Source: Moody's Analytics</i>	▼	▬

ECONOMY: GRADUAL RECOVERY AMID CONSUMPTION GROWTH

The economy of Czechia has entered a phase of gradual recovery following an extended period of stagnation, primarily driven by a rebound in private consumption. Projections indicate that household spending growth will strengthen over the coming quarters, supporting further economic expansion. Nevertheless, the recovery trajectory is expected to be uneven, as elevated import volumes and a reduction in inventories may offset some of the gains from consumption-led growth. Consequently, real GDP growth for Czechia in 2024 is forecasted to be moderate, with momentum building gradually across subsequent quarters.

Prague's economy is experiencing a strong rebound following losses in late 2023 and early 2024, driven by easing credit conditions, declining inflation, and rising real incomes. Key industries like professional and business services are benefiting from improved investment conditions, while the tech sector is stabilizing after previous downturns.

SUPPLY & DEMAND: PRAGUE OFFICE MARKET DEMONSTRATES STABILITY IN Q3 2024

By the end of September 2024, Prague's total modern office space reached 3.96 million sqm. In Q3 2024, the reconstruction of the Riveroff Office House (1,400 sqm) in Prague 7 was completed. For the full year of 2024, approximately 73,000 sqm of office space is anticipated to be completed in Prague. Although no major office developments were completed this quarter, the volume of projects under construction reached 166,600 sq m by the end of the period. The largest ongoing office project is Smíchov City South (119,200 sq m) in Prague 5. No new projects started construction or reconstruction during Q3 2024.

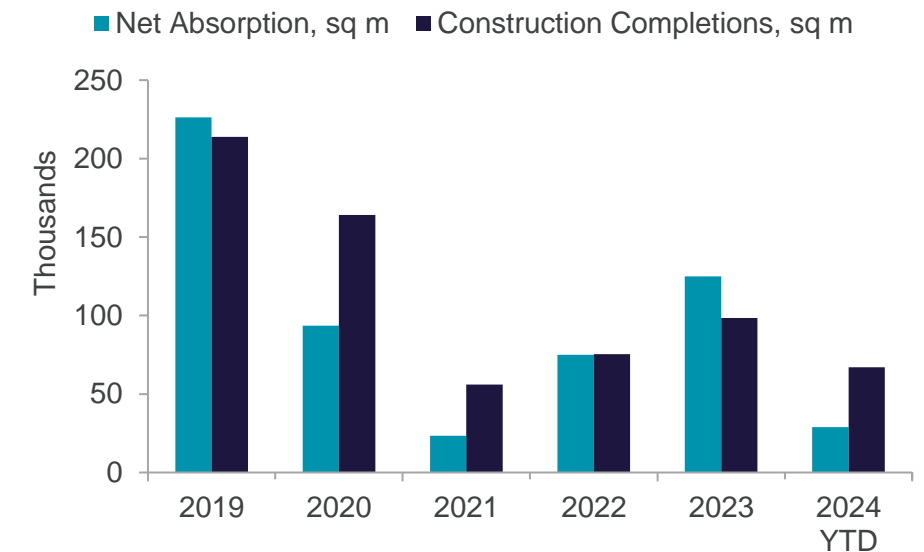
Prague's office vacancy rate rose for the third consecutive quarter, reaching 8.1% at the end of Q3 2024. When sublease space is included in the official statistics, the vacancy rate rises to 9.1%.

Gross take-up in the first three quarters reached 458,100 sqm, marking a 27% year-on-year increase. However, new lettings in the third quarter totaled just 48,200 sqm, significantly below the long-term average. The largest volume of leased office space was concluded in Prague 4 and Prague 8, which accounted for more than half of the total take-up in Q3 2024.

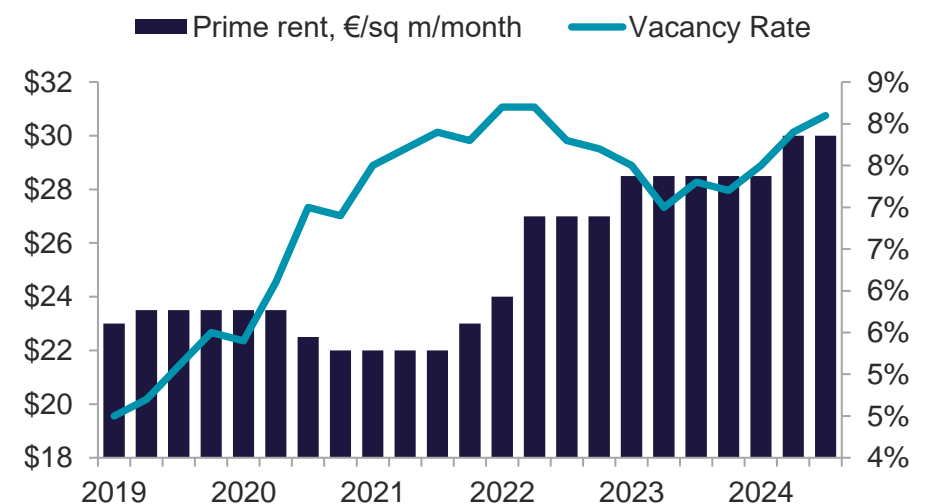
PRICING: PRIME RENTS REMAINED STABLE IN THE CITY CENTRE

Despite a slight increase in the vacancy rate, prime rents remained stable in the third quarter, reaching €30.00/sqm/month in the city center. A modest rise was observed in the inner city, with rents reaching €19.00/sqm/month, and in the outer city, where rents rose to €15.50/sqm/month.

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	566,900	29,400	5.2%	14,100	51,100	8,900	9,000	€ 30.00
Prague 2	130,600	3,000	2.3%	700	13,200	0	0	€ 23.00
Prague 3	122,500	21,800	17.8%	4,100	9,900	0	0	€ 17.00
Prague 4	958,200	75,500	7.9%	43,800	111,800	21,700	20,500	€ 18.50
Prague 5	678,100	58,100	8.6%	25,100	140,400	0	119,200	€ 17.80
Prague 6	217,300	15,100	7.0%	7,000	19,500	0	0	€ 17.50
Prague 7	278,500	46,600	16.7%	5,600	17,900	1,400	0	€ 16.30
Prague 8	647,000	25,500	3.9%	25,900	78,900	8,600	9,300	€ 19.00
Prague 9	170,100	21,000	12.4%	5,500	9,800	0	8,600	€ 15.00
Prague 10	182,300	22,300	12.2%	800	5,300	28,900	0	€ 16.30
PRAGUE TOTALS	3,951,500	318,200	8.10%	132,600	458,100	69,500	166,600	€ 30.00

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Confidential	Prague 4	Confidential	18,400	Renegotiation
Rustonka R3	Prague 8	Confidential	8,600	Renegotiation
Corso Court	Prague 8	Skanska	5,800	Renegotiation
Villas, Brumlovka	Prague 4	Thales DIS Czech Republic	4,500	Renegotiation
AFI Avenir B,C	Prague 5	Porsche Engineering Services	4,300	Renegotiation

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Roztyly Plaza	Prague 4	SCS Software	21,700	Passerinvest
Hagibor 02	Prague 10	vacant	15,800	Crestyl
Hagibor 01	Prague 10	Czech News Center	13,100	Crestyl
Rohan City A1	Prague 8	VGD s.r.o.	8,600	Sekyra Group / Ungelt

Source: Cushman & Wakefield, Prague Research Forum

KAMILA BREEN

Head of Research & Insight, Czech Republic

Tel: +420 702 296 904

kamila.breen@cushwake.com

RADKA NOVAK

Head of Office Agency, CEE

Tel: +420 602 249 119

radka.novak@cushwake.com

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