

6.1%

Vacancy Rate

YoY Chg.



12-Mo. Forecast



€23.50

Prime Rent, Sq m/month



3.90%

Prime Yield



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

970K

Prague Employment 2019

YoY Chg.



12-Mo. Forecast



3.0%

Prague Unemployment Rate



3.7%

Czech Republic Unemployment Rate



Source: Oxford Economics, Czech Ministry of Labor and Social Affairs

ECONOMY: Unemployment remains low in the Czech Republic

The Czech economy continues on its road to recovery, as the economic activity responds to the lifting of lockdown. Encouragingly, the number of new Covid-19 cases remains low, but there has been a local outbreak in the south-eastern Moravia, with some virus transmission in the wider community. The government had implemented a localized response, but the outbreak is yet to be brought fully under control.

SUPPLY AND DEMAND: Covid-19 undeniably affecting market activity

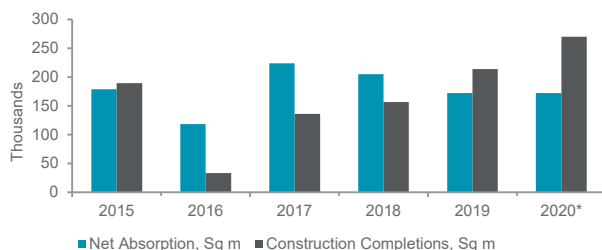
While new office supply remained strong both in its volume and number of projects delivered in Q2, construction activity started to slow down. Only 166,800 sq m of office space is currently under construction, with no new projects commencing during the first half of the year. On the other hand, existing pipeline projects should still be completed on time as developers do not report any significant delays. This is also the case of larger brownfield developments in Prague.

At the end of the first wave of the pandemic in the Czech Republic in May, most of the office employees could return to their offices, but many companies became more flexible in offering an option of working from home. Nevertheless, the share of pre-leases recorded was high, which means new occupiers have still been entering the market or relocating their offices. Despite a stronger demand for office space in Q2 in comparison to the previous quarter, the absorption of the market reached its limit and vacancy rate started to grow faster. This trend is likely to continue until the end of the year.

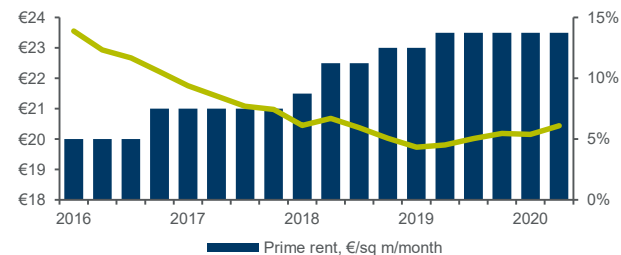
PRICING: Rent levels started decreasing in non-prime locations

With the continuously high new supply and companies' re-structuring, landlords start to offer not only more favorable conditions and incentives for tenants, but also reduced rents in some cases. However, rents prime locations still keep stable.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING 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	523,033	29,566	5.7%	18,058	28,419	24,955	10,855	23.50
Prague 2	139,943	4,652	3.3%	642	2,925	11,200	0	18.50
Prague 3	121,818	5,625	4.6%	2,418	4,286	0	1,718	17.00
Prague 4	969,553	48,307	5.0%	18,673	33,398	44,176	8,000	17.50
Prague 5	651,311	60,735	9.3%	10,146	22,563	11,290	1,690	16.50
Prague 6	191,869	23,888	12.5%	4,753	6,052	0	25,635	16.00
Prague 7	218,801	15,243	7.0%	12,879	16,942	23,953	27,373	15.00
Prague 8	579,303	24,824	4.3%	8,711	28,998	37,719	42,500	16.50
Prague 9	154,623	3,104	2.0%	2,440	4,749	18,369	49,049	13.30
Prague 10	159,506	9,984	6.3%	331	331	0	0	12.00
PRAGUE TOTALS	3,709,759	225,928	6.1%	79,049	148,663	171,662	166,820	23.50

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
BB Centrum B	Prague 4	Undisclosed	7,428	pre-lease
Myslbek	Prague 1	Plzeňský Prazdroj	5,487	renegotiation
Centrum Stromovka	Prague 7	TSK hl. m. Prahy	4,248	new occupation
City West C2	Prague 5	CGI Logica	3,323	renegotiation

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
City Empiria	Prague 4	Generali Group/PSN	28,300
City West C1 + C2	Prague 5	CFH Group/Českomoravská nemovitostní	20,400

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
DOCK IN FOUR	Prague 8	Wrike Czech	20,400	Crestyl
Parkview	Prague 4	IWG (Spaces)	15,300	Skanska
BB Centrum B	Prague 4	Undisclosed	15,300	Passerinvest

Source: Prague Research Forum, Cushman & Wakefield

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