

| | YoY Chg. | 12-Mo. Forecast |
|---|----------|-----------------|
| 8.4% Vacancy Rate | ▲ | ■ |
| € 27.00 Prime Rent, sqm/month | ▲ | ▲ |
| 4.50% Prime Yield | ▲ | ■ |

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

| | YoY Chg. | 12-Mo. Forecast |
|---|----------|-----------------|
| 338K Prague office-based employment | ▲ | ▲ |
| 1.5% Prague Unemployment Rate | ▼ | ▼ |
| 2.4% Czech Republic Unemployment Rate | ▼ | ▼ |

Source: Moody's Analytics

ECONOMY: Recovery of the Czech economy continues, with high inflation and growing interest rates

The Czech economy grew in the first quarter, but the drag from last summer persists, and the output level remains below the pre-pandemic peak. Despite the problems of industrial production, the unemployment rate is holding steady and is retreating further after an increase in the first quarter. Inflation breached the single digits in the first quarter, coming in at 14.6% year over year in June. The energy was the most significant contributor to the high inflation rate. After holding out in March and April, the central bank again tightened its monetary belt by increasing the policy rate to 5.75% in May and 7.00% in June.

Prague's economy will expand at an above-average pace for the rest of 2022. The office-based sector will remain the largest source of support for high-wage jobs. While tourism will struggle, the arrival of thousands of Ukrainian refugees is expected to benefit leisure/hospitality establishments within the city.

SUPPLY AND DEMAND: The vacancy rate remained stable in Q2

In the second quarter of 2022, two office buildings with a total area of 22,000 sq m were completed. Another 55,000 sq m of office space has commenced construction, almost double the average of the pre-pandemic period 2017 - 2019. Construction of at least 170,000 sq m will begin in the remaining half of 2022 and during 2023, representing healthy but still reserved development activity in the Prague office market, facing disrupted supply chains and high construction costs..

Although net take-up increased by 8% q-o-q, with gross take-up falling by 8%, both figures are slightly above the pre-pandemic average. As a result, the vacancy rate remained at the same 8.4% level as in the previous quarter. The most significant demand was traditionally for offices in the Prague 8, Prague 1 and Prague 4 districts, which accounted for about 80% of the newly leased premises.

PRICING: Rental growth in planned projects continues

Prime rents in new projects in the city centre have risen by 13% and are expected to increase even further. However, the rental growth in existing prime projects is much more moderate in projects outside the wider city centre. Thus, the price gap between planned and existing projects keeps widening.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIMERENT



MARKETBEAT PRAGUE

Office Q2 2022



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 | 522,700 | 32,200 | 6.2% | 20,600 | 36,500 | 0 | 46,200 | 27.00 |
| Prague 2 | 127,300 | 10,400 | 8.2% | 2,200 | 5,100 | 0 | 0 | 18.00 |
| Prague 3 | 123,500 | 32,100 | 26.0% | 1,500 | 4,400 | 0 | 0 | 16.50 |
| Prague 4 | 965,200 | 75,800 | 7.9% | 49,700 | 74,400 | 0 | 21,700 | 17.50 |
| Prague 5 | 633,500 | 49,300 | 7.8% | 12,800 | 46,900 | 2,200 | 40,800 | 17.00 |
| Prague 6 | 217,300 | 21,500 | 9.9% | 2,300 | 5,900 | 0 | 0 | 16.50 |
| Prague 7 | 244,800 | 10,700 | 4.4% | 1,600 | 7,000 | 0 | 32,900 | 15.50 |
| Prague 8 | 620,400 | 36,900 | 6.0% | 22,800 | 61,800 | 20,500 | 27,600 | 17.00 |
| Prague 9 | 169,600 | 38,000 | 22.4% | 9,100 | 15,200 | 25,200 | 19,300 | 14.75 |
| Prague 10 | 147,400 | 9,800 | 6.6% | 1,000 | 1,500 | 0 | 27,200 | 15.00 |
| PRAGUE TOTALS | 3,771,700 | 316,700 | 8.4% | 123,700 | 258,700 | 47,900 | 215,700 | 27.00 |

KEY LEASE TRANSACTIONS Q2 2022

| PROPERTY | SUBMARKET | TENANT | SIZE (SQ M) | TYPE |
|------------------------|-----------|--------------|-------------|---------------------------|
| Roztyly Plaza | Prague 4 | SCS Software | 9,700 | Pre-lease |
| BesNet Centrum | Prague 4 | Confidential | 4,600 | Renegotiation & expansion |
| Brumlovka - Filadelfie | Prague 4 | FLEKSI | 3,800 | New occupation |
| DOCK IN FIVE | Prague 8 | Confidential | 3,500 | New occupation |
| Prosek Point B | Prague 9 | Medtronic | 3,300 | Renegotiation |

KEY CONSTRUCTION COMPLETIONS YTD 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SIZE (SQ M) | VACANCY RATE | OWNER/DEVELOPER |
|-------------------------|-----------|----------------|-------------|--------------|-----------------|
| Harfa Business Center B | Prague 9 | Confidential | 25,200 | 65% | Kaprain |
| DOCK IN FIVE | Prague 8 | Confidential | 20,500 | 44% | Crestyl |
| Košická brána | Prague 5 | RS Development | 2,200 | 62% | RS Development |

Source: Prague Research Forum, Cushman & Wakefield

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