

7.40%

Vacancy Rate

YoY Chg.



12-Mo. Forecast



€ 28.50

Prime Rent, sqm/month



5.25%

Prime Yield



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

350K

Prague office-based employment

YoY Chg.



12-Mo. Forecast



1.6%

Prague Unemployment Rate



2.7%

Czech Republic Unemployment Rate



Source: Moody's Analytics

ECONOMY: Czechia's economy has emerged from a shallow contraction

The Czech economy was close to flat in the first half of 2023, with weak household demand offset by stronger performance of net exports. Given the recent domestic and global economic developments, the near-term forecast for real GDP growth has been revised down. Nevertheless, growth is expected to gradually accelerate over the coming quarters. The inflation rate is on a decline after reaching multi-decade highs last year, though it still ranks among the highest in the European Union.

Prague's economic progress remains steady, albeit with challenges stemming from strict credit regulations and reduced consumer spending. Moody's Analytics predicts a slower pace for Prague's economy in the remainder of 2023, although is expected to outperform its regional peers. The office sector will continue to be the major source of high-wage employment, and a revival in tourism is poised to benefit leisure and hospitality establishments in the city.

SUPPLY AND DEMAND: Prague office market shows positive absorption for the eighth quarter in a row

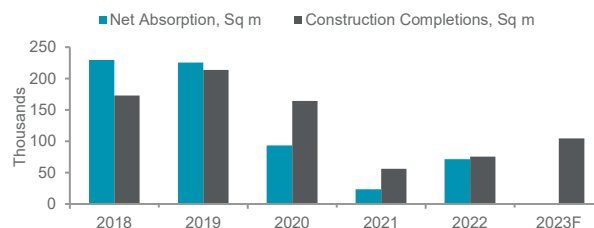
The last quarter witnessed the completion of six office buildings, totalling 60,400 sq m. Notably, the long-awaited Masaryčka, located in the city centre, achieved completion, spanning a total of 22,100 sq m. The building has attracted high rental rates and was nearly fully occupied upon its completion. Currently, over 85,800 sq m of office space is under construction, with approximately 68% already pre-leased. Additionally, one more office project is expected to be completed by the end of the year, resulting in a total of over 104,000 sq m for the entire year 2023.

In Q3 2023, the gross take-up reached 88,200 sq m, down 34% y-o-y, with renegotiations accounting for 50%. The overall office market recorded a positive net absorption of 41,800 sq m. The vacancy rate experienced a slight increase, reaching 7.4%. When considering the „grey space“ available for sublease, the overall vacancy rate reached 8.9%.

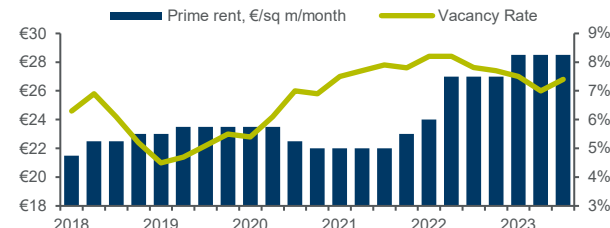
PRICING: Steady rents in Prague city centre, as some inner city districts show gradual rental growth

Prime rents in the city centre remained stable at €28.50 per sq m per month, holding its position as the highest in the CEE region. The increasing attraction of inner-city locations, particularly around Karlín, is driving the growth of prime rents. The inner city prime rents slightly rose to €17.75-18.50 per sq m per month in Q3 2023.

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	559,700	47,300	8.5%	13,800	41,500	23,900	14,500	€ 28.50
Prague 2	130,600	8,800	6.8%	1,000	8,300			€ 23.00
Prague 3	122,200	25,900	21.2%	2,300	17,800			€ 17.00
Prague 4	964,900	54,800	5.7%	19,200	99,800		21,700	€ 18.50
Prague 5	674,200	58,900	8.7%	11,400	61,600	27,300		€ 17.80
Prague 6	217,300	13,500	6.2%	13,100	23,000			€ 17.50
Prague 7	275,700	33,400	12.1%	3,600	24,500	30,900	1,400	€ 16.30
Prague 8	639,600	16,000	2.50%	14,300	57,900	15,300	9,300	€ 19.00
Prague 9	171,600	23,500	13.7%	5,800	16,700	1,100	10,000	€ 15.00
Prague 10	153,400	7,100	4.6%	3,600	10,000		28,900	€ 16.30
PRAGUE TOTALS	3,909,100	289,200	7.4%	88,100	361,100	98,500	85,800	€ 28.50

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Hadvka Office Park	Prague 6	Unilabs Diagnostics	4,400	Renegotiation & expansion
Coral Office Park D	Prague 5	Škoda Transportation	3,700	Renegotiation & expansion
Palác Ara	Prague 1	Zenwork	2,800	New occupation
Greenline Kačerov	Prague 4	Huawei Technologie Czech	2,700	Renegotiation
Prosek Point C	Prague 9	Confidential	2,000	Renegotiation

KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER / DEVELOPER
Masaryčka	Prague 1	Fio banka	22,100	Penta
Metalica	Prague 5	DRFG	18,600	Penta
Legatica	Prague 5	Confidential	8,600	Penta
Block Karlín	Prague 8	Nonstop Consulting	8,200	Ungelt

Source: Prague Research Forum, Cushman & Wakefield

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