

# Bratislava: office market reviving

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Office space lease market in Bratislava is slowly reviving. At the end of the second quarter the area reached 1,37 million sqm. The data by property consultancy CB Richard Ellis (CBRE) show that the city centre had the share of 31,6 % and vacancy rate of 17,7 %. 44,7 % office space was in the wider centre with the vacancy rate of 11,3 %. Properties outside the centre accounted for 23,8 %; 12,3 % of the office space were unleased. A-standard space represented 60,2 % of the total admin space in Bratislava. The office market comprised of 70,4 % newly-built premises and 29,6 % reconstructed buildings.

In terms of new offering, situation from the previous quarter was repeated in the second quarter as only one project was completed. This number means a quarter-year average of 30.570 sqm for the second quarter of 2009, it also represents an 18-percent decrease compared to the same period of last year. River Park brought much new office space - 29 thousand sqm as well as reconstructed premises in Panenská street - another 1.200 sqm. As Oliver Galata, head of office space department at CBRE, said, reviving of the market proves arrival of new companies to Slovakia and the resulting demand for office space. The IT sector still dominates in this area. "Evidence of the revival is also the fact that we reached more success in the first and second year of 2010 than in the entire previous year. On the other hand, we perceive the problem of insufficient supply of new modern premises more clearly," said Galata.

The IT sector accounted for 33 % of the total lease of office space. It was followed by the production and construction sector with 22 percent. A similar market segmentation was typical in 2009, when most contracts were concluded with IT and production companies. The highest reached rent remained relatively stable in the second quarter - around EUR 16 to 17 per sqm per month and according to CBRE, it will not change in the following months. A large demand in the second quarter of 2010 caused decline in vacancy rate to 13,6 %. Due to low development activity a further decline in vacant office space in Bratislava can be expected until the end of the year, according to CBRE. The CBRE research indicates that future speculative construction of roughly 250 thousand sqm of office space is planned. "With regard to the strict approach of banks, which caused projects of many developers to stop, however, it is hard to estimate the realistic completion of such speculative projects. CBRE estimates also say that the market will slowly create more favourable environment for property development activities over the next 12 to 18 months," CBRE conclude their analysis.

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