

# Cube/Koospol & Co: office relicts in the new era



Author: SF / Petr Bým | Published: 07.09.2010

“It is unique!” claims Frank Loehrig from the investment fund Pramerica about the building, the original headquarters of the “PZO“ [see explanation below] Koospol. And in many regards it is. The circumstances of its origin are interesting. The building, whose architects are the trio V. Fencel, S. Franc and J. Nováček, is a part of the remarkable set of admin buildings built for the needs of “foreign trade companies“ (PZO in Czech) during 1970’s. The rather mysterious direction of a significant part of Czechoslovakia’s moderate construction potential in those years into the monopolized foreign trade - as well as the unusual quality of the buildings in that period - has a very simple explanation. “In 1977 Veletržní palác, which had been the headquarters of many PZO’s, burnt down. PZO’s, unlike other companies and constructors, had foreign currency at their disposal and they were able to shop abroad,” explains Ivan Bareš, a former employee in this sector. The Koospol building also has its place in expert literature, especially due to its original structural solution of the construction. It is a 60×60 metre regular hexahedron, placed on a reinforced concrete board, standing on four 12-metre high supports above the building’s underground floor. There is an atrium of 30×30 metres inside the building, it is surrounded by office corridors 15 metres deep (this is more or less comparable with the current health standards). For example, the immediate surroundings of the building are also exceptional. They comprise of a not very attractive panel prefab building and newer development and a busy road in the south, however, from the other side it is surrounded by the green belt of Divoká Šárka and the Džbán dam.

## Valuable relics?

“In the context of the era, the buildings together with some embassies and the Intercontinental hotel represented the peak of contemporary Czech architecture,” architect Michal Šourek from MSG Holding comments on the building quality of the former PZO’s. According to him, however, not all of them passed the proverbial test of time: “Koospol is quite an interesting building but it suffers from its surroundings - it is an uninteresting periphery where all life is focused at the nearby road.“ The same goes also for some other buildings of this kind which were, with exceptions (e.g. the Omnipol building at Nekázanka) located on the outskirts of inner Prague, although nearly without exception at underground stops (the exceptions are for example the former Kovo - today’s Tokovo - near Libeňský bridge and also the Koospol/Cube located at Veleslavín which should nevertheless have an “underground connection“ from 2014) which is a clear advantage today.

Whereas architects have words of praise for the administration buildings from the 70’s, brokers are more realistic. “These buildings can be divided into two groups: successful reconstructions and less successful maintaining of the status quo. Holešovice Tokovo belongs in the first group, for example, but also the

Pankrác building City Empiria, former Motokov. Strojimport or Centrotex buildings have tended to give the impression that their owners are trying to preserve them rather than to perform long-term improvement,“ says Pavel Skřivánek from King Sturge, adding that major reconstruction is necessary for these buildings in order to have market success. Radka Novak from Cushman & Wakefield is of a more or less similar opinion: “In these buildings, there are problems with outdated technologies and building materials, inefficient floor plans and lack of parking spaces. For the most part, these shortcomings can be removed but only at the price of a complete reconstruction.“ Both experts also agree that the age or the history and traditions of these structures is not perceived by potential clients as positive, rather the opposite. “The history of the building is usually not accentuated, there is a rather obvious effort to exploit the current state and the design of the building and to adapt them according to current market requirements,“ claims P. Skřivánek.

### **An opportunity for everyone**

“Price per sqm per month is EUR 11,50, management fees are at EUR 2,50, a parking space (their total number is 400) costs EUR 35 monthly,“ says Martin Turzo from Strategic Property Investors, the company in charge of leasing the Cube building and he adds: “We see the market situation, we therefore offer standard incentives such as rent holidays or a contribution towards alteration of the leased premises.“ The minimum lease term is five years but the minimum rental space is not fixed. “We try to be as flexible as possible,“ Turzo comments. Comparing the offering with the latest report by Jones Lang LaSalle (JLLS) shows that Cube is at the lower end of the scale of Prague prices which range between EUR 13 - 21 (inner city - centre) per sqm monthly.

“An important business argument - apart from the price - will definitely be the above-mentioned reconstruction. It includes the actual building (creation of a single entry to the building, replacement of some staircases, levelling of floors at each floor, extension by a northern “catering“ terrace), and its surroundings (widening of pavements). The investor expects the completion to be in March next year.

Pramerica bought the building in Vokovice in 2005. Citibank was the tenant of two thirds of the building, however, they moved recently. Securing tenants for 20 000 sqm on seven floors (16 000 sqm in the main building of the above-mentioned regular hexahedron, the remainder is in the longitudinal ground floor podium where they were originally shops and service facilities) is not easy in the current situation, the vacancy rate of office buildings is around 14 % in Prague. However, only one third of the building is still vacant - the new large tenants are for example the gym chain BBC or the Czech-Arabic television station HETV. According to M. Turzo, the reason for this is the unconventional system of finding tenants: “We do not have, as is customary, one or two exclusive renowned brokers, virtually anybody can make us an offer of brokering.“ (Turzo himself worked for King Sturge in the Czech Republic, ie. for a company which is often such an exclusive agent for arranging occupation of similar buildings.).

The Pramerica fund is a part of Corporation Prudential Financial, the owner of a total of ten properties in Prague. They bought Cube at the time of the greatest real estate boom; the selling price was not disclosed, however, it certainly exceeded its current level. “We will have to wait longer for a return on the investment,“ F. Loehrig says on this subject; he doesn't exclude selling the building to another investor.

### **Office feebleness ending?**

“We still believe in residential and administration buildings!“ - this is how Tomáš Gürtler from Raifeisenbank sees today's commercial property market situation. According to P. Skřivánek, about 65 % commercial admin buildings are located in Prague, however, not much is happening in this market in terms of expanding the available supply at the moment. This year's only increase in capacity is 28 000 sqm - the Filadelfia building in BB Centre in Michle. The recent report by JLLS in this context points out the fact that next year will bring a gap in the supply - completion of no office building is planned. In addition, 50 % of those under construction have been preleased. Likewise, JLLS estimates that Prague is at the end of the descending curve in the cyclical development of rent (see graph). Cube therefore comes at the right time.

The growing optimism, after a nearly two-year long paralysis in the market - is also evidenced by the recent pre-sale of the speculative project Rohan BC or the started construction of Lyra Office Building at Smíchov by Immorent. This also does not have any tenants - speculative projects have been more or less taboo until recently. "We are slightly optimistic regarding the forthcoming development in the Czech property market. We anticipate that the recovery in developer activities that have already been seen, is and will be most evident exactly in Prague," says Jan Kovařínský, an investment consultant at King Sturge.

*JLLS's office lease clock shows that Prague is currently before a growth period.*

### ***"PZO's" through the eyes of the architect Pavel Hřebecký***

*There were many beautiful buildings, magical corners and mysterious places with an amazing atmosphere in the 1980's Prague; however, this only concerned historical architecture. Imaginary map of the then contemporary architecture was like a desert. With a few exceptions, which were the "PZO's". As students of architecture, we demonstratively NON-admired these buildings. They were too ostentatious, stuffy, too dominant, creatively stagnant and also detached from everyday life and, on the other hand, visibly connected with the political regime. Nevertheless, they aroused professional excitement in us and visiting some of these buildings was always quite an experience for us. Where else in this country at that time was it possible to see glass from floor to ceiling or a glazed facade and many other well-made and well-executed features of a truly modern architecture? It was not world architecture with a capital A but it was definitely at least its reflection.*

*Centrotex / Merkuria / Motokov / Strojimport*

*I am not particularly "keen" on some of the former PZO's admin buildings to this day; by contrast some buildings by the architect Zdeněk Kuna appeal to me (his most known building is Strojimport at Vinohrady, Omnipol headquarters at Nekázanka and the skyscraper Motokov at Pankrác). Certainly it's also because I was his student but mainly for his way of working - without prejudice, with passion and with courage. Architekt Kuna honestly almost sculpted and worked with the mass of buildings, he looked for the perfect shape and expression appropriate to the needs and the surrounding buildings and yet refused to be tied by an artistic ideology. At the same time in a complex and politicized environment, he has consistently advocated architectural and construction quality and tried to be a kind of counterbalance to the powerful concrete-panel lobby.*

*Today - with the distance and the knowledge of what was being built in European capitals at the same time - I am much less critical and I see some value in the PZO's buildings which I previously didn't appreciate. Most of these buildings have certain quality, the original author's contribution and they confirmed their right to exist in the body of the city.*

---

07.09.2010 10:18, SF / Petr Bým