

Prague: 20 % more offices within ten years

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According to the latest study by CB Richard Ellis, Prague office market is significantly smaller than in comparable cities of Western Europe such as Vienna, Munich or Amsterdam. The Prague office market grew fast in the last ten years when 1,7 mill. sqm of modern office space were built. In the European context, this is still not enough. On the other hand, due to the limited financing options and lower demand for offices than before the economic downturn, the question is how fast growth we can realistically expect in the next decade.

CB Richard Ellis concluded from the analysis of office supply and demand that the total amount of office space (including A, B and C-class offices), currently estimated at 3.6 mill. sqm, will grow by approximately 20 % to 4.4 mill. sqm in the following ten years. Paulína Husová, head of the market research department, comments: "We believe that the future demand for offices will have a lower absorption potential as it will be driven mainly by company relocations. However, relocations will also enable additional construction of modern office space. Since nearly a third of the office areas is relatively obsolete, we expect a part to undergo a major renovation, otherwise it will not be possible to use them as rental offices. The result of this process will be that the A-class office ratio in the total area of office space will increase."

	Prague	Amsterdam	Vienna	Munich
Number of inhabitants	1212097	1222305	1674909	1626573
Total number of office space (m2)	2,7 (class A and B / 3,6 (including class C)	7,1	10,2	18,7
Office space per employee (m2)	10-15	20	10-15	20
10-year average in office demand (m2)	185000	332000	327000	677000
Vacancy (m2) / vacancy rate	372700 / 13,8%	1250900 / 17,6%	493300 / 4,9%	1438000 / 7,7%
Prime rent (EUR/m2/month)	21,00	29,20	22,25	29,50

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