

# Prague offices: vacancy rate falling

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Prague Research Forum (PRF) has published data on the office market in the fourth quarter of 2010. Total area of office space in Prague reached nearly 2.70 million sqm at the end of last year. A-class buildings account for 68 % of the total area and the rest are B-class offices. Four smaller buildings were completed in the last quarter of 2010: new ČEZ building (4,000 sqm) and reconstruction of Budějovická 1 building in Prague 4 (5,000 sqm), VN17 building (1,265 sqm) and Havlíčkova Plaza in Prague 1 (2,169 sqm). Thus the Prague office market expanded by a total of 41,794 sqm. In 2011 PRF expects completion of 100,000 sqm of new office space, other buildings planned for completion in 2012 are already under construction.

Gross take-up including renegotiations and sub-leases reached the volume of 71,400 sqm in the past quarter, which represents an increase of 54 % compared to the previous quarter. In the entire year rent of more than 214,700 sqm of office space occurred in Prague. The largest volume of leases was executed in Prague 4 and 8, altogether more than 57 % leases per quarter. Prague 4 has seen the greatest activity during the year, a total of more than 29 % of the total volume of leases was carried out there. The most active tenants were, similarly to the fourth quarter and the whole year, businesses from IT sector. The overall proportion of renegotiations on leases on the gross take-up in the fourth quarter was 39 % and 42 % for all of last year.

Vacancy rate in the fourth quarter of 2010 declined to 13.2 %. In total, about 354,700 sqm of vacant office space were recorded in Prague. The highest vacancy rate was recorded in Prague 7 (28 %), Prague 6 (25.2 %) and Prague 9 (21.5 %). The lowest vacancy rate was in Prague 2 (7.9 %), Prague 5 (8.2 %) and Prague 3 (8.7 %).

The highest rent achieved in the city centre in the fourth quarter of 2010 remained at EUR 20-21 per sqm per month. The rent in the inner city in the Pankrác area was about EUR 15-16 sqm per month whereas it reached up to EUR 17.5 in Anděl surroundings and in Karlín. In the outer city, the highest rent achieved in this quarter ranged at EUR 13-14.5 per sqm per month.

The share of sub-leases registered in the total area of all office space at the end of the year grew to 0.9 %, which represents 23,700 sqm.

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