

Global office market gradually recovering

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The global office market recorded rental growth in 2010 and thus recovered from the downward trend of 2009. The revival was dominated by Asia-Pacific region where rents climbed by 8 % during the year, and Hong Kong recorded an increase in rents by record 51 %. The latest reports by Cushman & Wakefield show this.

In European market, a turnabout started in London where demand was boosted and in conjunction with decline in demand, the rents grew the fastest during the year. London's West End has become the most expensive European and second most expensive world location. Moscow is ranked second in Europe. "The Czech market usually follows the western trend with about half a year delay. We have recorded slightly growing demand from tenants in the first months of this year. Tenants still have plenty of properties to choose from. There are no signs of rental growth nor of decreasing number of incentives coming from landlords," Radka Novak, head of office team at Cushman & Wakefield Prague office, says.

"Similarly to the impact of growing food and commodity prices, higher costs of rent of office space are becoming a significant global factor for companies. However, this does not concern only rent increase which property owners strive for. The tenants are exposed to a mixture of growing expenses associated with rent, primarily due to inflation. Prices of services are rising and government measures to increase tax costs are being implemented. These pressures are expected to continue at least in the first half of 2011, and we therefore envisage further growth of rental costs," Barrie David from Cushman & Wakefield says.

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