

Office market in Bratislava revived in the second quarter

Author: SITA | Published: 30.08.2011

Following a weaker start of this year, Bratislava office market witnessed solid activity in the second quarter when more than 31.6 thousand sqm of office space were traded. Compared to the first quarter of this year, the volume of transactions almost tripled, however, it fell by 32% yoy. As it is clear from the data by real estate consulting firm CB Richard Ellis (CBRE), published on Wednesday, nearly half of transactions accounted for renegotiations, 15% were preleases and the remaining 37% comprised new leases.

“Office market in Bratislava recorded steady demand for office space. We expect this trend to remain in the coming months and to create a potential for modest growth in new A-class spaces,” said Oliver Galata, Head of the Office Agency at CBRE.

The total area of modern office space in Bratislava in the second quarter of this year, compared with the previous quarter, has not changed; it still accounts for 1.38 million sqm. However, CBRE expects addition of 47,000 sqm in the second half of 2011 and 67,000 sqm in the next year. Projects that could fill this area are already under construction. At the end of the second quarter, 125,000 sqm remained unfilled, where the vacancy rate fell quarterly by 0.5 percentage points to 9.1%.

In terms of market share, the majority of leases were in the IT sector in the second quarter. It was followed by production, construction and specialized services. Rents were the highest in the capital's centre, where they were stable at EUR 16 to 17 per sqm per month.

Compared to the first quarter of this year, the volume of transactions in the Bratislava office market almost tripled, but fell by 32% yoy.

In other less attractive locations, they range between EUR 12-13 per sqm per month.

CB Richard Ellis does not expect rents to fall next year, on the contrary, they might increase slightly in the next half. According to company's expectation, the period will bring a gradual and healthy growing new offer over the next two years. Vacancy rate will be reduced, especially in A-class projects, on the other hand, the older generation buildings may come under pressure to reduce rents due to the rising vacancy rate in them.

30.08.2011 10:27, SITA