

Bratislava Office Market Review

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As at the end of 2010, overall office stock in Bratislava amounts to 1,369,000m². During 2010, around 56,300m² (approximately 4% of total stock) was added to the market. The new developments Eurovea and River Park accounted for the vast majority of new space. All new office space was delivered to the market during the first half of the 2010. In comparison to the same period in 2009, when new office space supplied totalled 135,000m², we have seen an 58% drop in new supply. During the second half of 2010 no new supply was added to the market which is the first time since 2005 indicating the slowdown in development in Bratislava. Modern office stock in Bratislava amounts to approximately 960,000m² (70% of total stock). This includes new (63%) and older buildings after refurbishments (37%). However, this excludes owner occupied office stock. Modern lettable office stock consists of buildings developed or re-developed since late 1990s.

Demand

Demand has exceeded supply for the first time since 2007. Total volume of leasing contracts signed (shown as take-up) reached 154,000m² in 2010 which equates to 142% growth on the year before. The average take up size in a pre-let scheme is recorded at around 500m².

Vacancy

In contrast to the relatively negative levels of vacancy in the previous quarters, there has been a noticeable decline in vacancy rate in the latter part of the year. As at the end of December 2010, the overall vacancy in Bratislava was stood at 10.1%, down from 14.2% a year earlier. The lowest vacancy is reported in Bratislava's outer city, at around 7%. On the other side of the spectrum, the highest vacancy rate is recorded in the City Centre, where more than 14% of office stock is listed as vacant. Bratislava's Inner City district with high amount of office premises exhibits a vacancy rate of around 8%.

Rents

The highest asking rent in prime office buildings in Bratislava's best locations has remained stable over the year at around €14 - €17/m²/month. Rents in the Inner City zone are reaching roughly €11.5 - €12.5 /m²/month. Rental levels in the Outer City district have been stabilised at approximately €8 - €10 m²/month.

Yields

After seeing some upward movement during 2008 and 2009, prime office yields have stabilised since the beginning of 2010. Compared to 2009 we have noticed a 25 basis points drop in prime yields from 7.50% to 7.25% as at Q4 2010. The forecast for 2011 shows some more decline and prime office yields are expected to stabilise around 7%.