

Office market: figures for the fourth quarter of 2011



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Office Supply/Stock

Total modern office stock in Prague reached 2.8 million square meters by the end of the fourth quarter of 2011. A-class properties represent 69% of the modern stock; B class properties represent the remaining 31%.

Five new office buildings were completed in Q4 2011: Qubix Office (11,700 sq m) in Prague 4; Futurama Business Park buildings D and E (each of 8,000 sq m) in Prague 8; Václavské náměstí 9 (2,260 sq m) in Prague 1 and VGP Park Horní Počernice (2,700 sq m) in Prague 9. We expect the completion of around 110,000 sq m of new modern office space during 2012.

Office Take-up

Gross take-up (including renegotiations) in the fourth quarter amounted to 85,000 sq m, an increase of 65% on the previous quarter and a 19% increase on an annual basis.

The highest volume of the gross take-up, almost half of the total number in the fourth quarter, was recorded in Prague 8.

The most active sectors were the construction and manufacturing (22%) and professional services (16%) sectors.

The total share of renegotiations of the gross take-up for the fourth quarter 2011 reached almost 28%.

Significant Office Leasing Transactions

Among the most significant transactions in the fourth quarter 2011 belonged Metrostav in Palmovka Park II (10,800 sq m) in Prague 8, Subterra in Palmovka Park (5,570 sq m) in Prague 8 and the Cetelem renegotiation in Anděl City (4,930 sq m) in Prague 5.

Office Vacancy

The vacancy rate rose slightly to 12% at the end of Q4 2011. Total vacant space accounted for approximately 336,000 sq m. The highest vacancy rates were recorded in Prague 9 (30.2%), Prague 7 (25.1%) and Prague 6 (20.8%). The lowest vacancy rates were recorded in Prague 5 (6.8%), Prague 3 (7.2%) and Prague 4 (7.7%).

Rents

In Q4 2011 prime headline rents remained stable in the city centre with a range of 20.00 - 21.00 €/ sq m/ month. In the inner city, prime rents in the Pankrac district remained at 15.00-16.00 €/ sq m/ month and reached up to 17.50 €/sq m/month in Anděl and Karlín. Prime rents in the outer city ranged between 13.00 and 14.50 €/ sq m/ month.

Definitions

Stock: Total completed office space (occupied and vacant), newly built since 1992 or refurbished, A and B class offices, owner occupied and for lease. Public authorities' buildings and buildings with leasable area lower than 800 sq m are excluded.

New supply: Completed newly built or refurbished buildings that obtained a use permit in the given period.

A Class Office Building: To earn Class A status a building must meet at least 6 out of 7 „Hard Criteria“ and 5 out of 7 „Soft Criteria“.

B Class Office Building: To earn Class B status a building must meet at least 2 out of 7 „Hard Criteria“ and 4 out of 7 „Soft Criteria“.

Take-up: A gross figure representing the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers over a specified period of time. It does not include space that is under offer. A property is taken up when the contract is signed. Total take-up includes renegotiations, lease extension and subleases, net take-up excludes these.

Pre-lease: Active pre-leasing for an office building begins as soon as preliminary design drawings are ready to show to prospective tenants. Pre-leasing occurs until the start of construction.

Vacancy rate: Ratio of physically vacant space in completed buildings on the total stock.

Prime rent: Achieved rents that relate to new prime, high specification units in prime locations.

Sublease: Space offered for lease by a tenant who is contractually obliged to occupy the premises for longer period than what they need.

Source: Prague Research Forum (PRF)

Photo: [Simon Cataudo](#)

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