

Prague offices: More renegotiations

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The share of renegotiations on the total area of newly leased office in Prague has increased significantly in Q1, according to Knight Frank data. It was 48.8% of the leased 80,000 sqm, while in 2011 it was 32.4% and 42.7% the year before. Last year companies such as Metrostav, Accenture, SAP and Supreme Audit Office renegotiated their office leases, this year it was KPMG and TV Prima, for example.

According to Knight Frank experts, the current situation in the Prague office market favours tenants - an excess of demand over supply, which is now at about 12%, and further enhances the problem of tenants who have reduced their needs and are looking for candidates for sublease, which in practice increases vacancy rate by 1 - 2%. According to comments by Knight Frank representatives at ARTN seminar, today's conditions in terms of rent are unfavourable for lessors - the nominal rent remains stable (approximately EUR 14.50 per sqm/month). However, increasingly better incentives effectively reduce the rent to EUR 11, while it was EUR 12.8 in 2009.

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