MARKETBEAT
PRAGUE
OFFICE Q4 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg.	12-Month Forecast
7.3% Vacancy Rate	▲	▼
€30.00 Prime Rent, sq m/month	▲	—
5.75% Prime Yield	▲	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg.	12-Month Forecast
339K Prague office-based Employment	▲	▲
1.7% Prague Unemployment Rate	▼	—
2.5% Czech Republic Unemployment Rate	▼	—

Source: Moody's Analytics

ECONOMY: CONSUMPTION GROWTH DRIVES GRADUAL RECOVERY

Czechia's economy is regaining strength after a prolonged period of stagnation, with private consumption acting as the primary driver of growth. While household spending is expected to gain further traction in the coming quarters, its impact may be tempered by elevated imports and a reduction in inventories. Consequently, real GDP growth is projected to remain moderate, with stronger momentum anticipated next year.

Prague's economy is experiencing a robust recovery, supported by improved credit conditions, declining inflation, rising real incomes, and stronger demand. Key sectors like professional and business services are benefiting from better investment conditions driven by easing monetary policy and lower input costs. At the same time, the tech industry, previously overexposed to challenges, is seeing its losses stabilize.

SUPPLY & DEMAND: WEAK NEW DEVELOPMENT, POSITIVE ABSORPTION AND VACANCY DECLINE IN PRAGUE OFFICE MARKET

By the end of 2024, the total modern office stock reached 3.96 million sq m. In Q4 2024, one office building, 100Yards in Prague 1, was completed after reconstruction, adding 3,300 sq m to the office stock. Over the entire year, the total office supply grew by 72,800 sq m. Currently, approximately 164,300 sq m of are under construction, with the completion expected between 2025 and 2027. However, only 24,600 sq m are projected to be completed in 2025, marking the lowest annual volume of completed office space in the history of modern office market tracking.

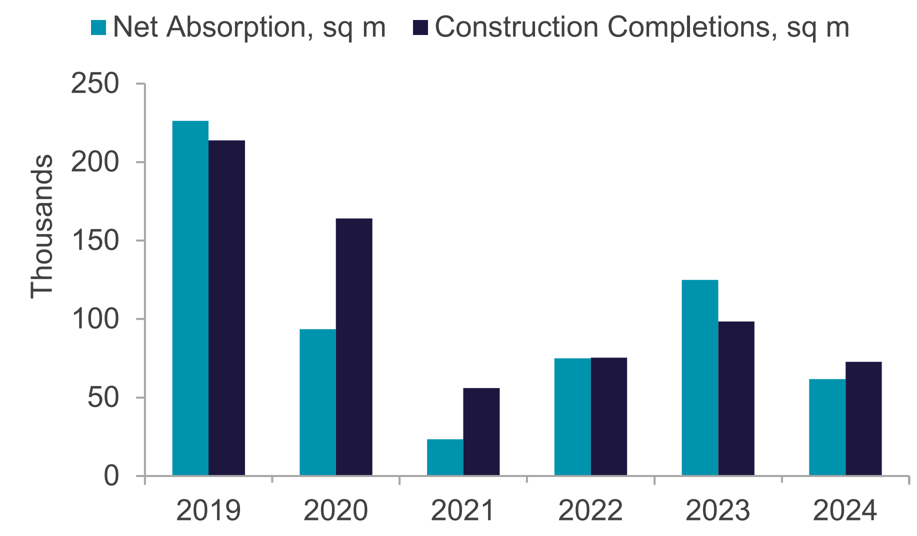
A limited supply of new office space contributed to a decline in the vacancy rate in Prague's office market, which fell quarter-on-quarter from 8% to 7.3%. The highest vacancy rates, exceeding 13%, were observed in older Class B office buildings in the city centre, while modern, high-quality Class A office buildings in the same area reported zero vacancy. Including subleases in the official statistics raises the overall vacancy rate to 8.1%. The availability of sublease space has dropped significantly for two consecutive quarters, partly because tenants are more confident about their future space needs.

The gross take-up in Q4 2024 was predominantly driven by several large transactions exceeding 5,000 sq m. Total leasing activity for the past quarter amounted to 185,100 sq m, with renegotiations accounting for 48% of this volume. Over the course of the year, transactions totaling 636,700 sq m were concluded, with tenants primarily seeking high-quality, modern A class offices in the wider centre of Prague.

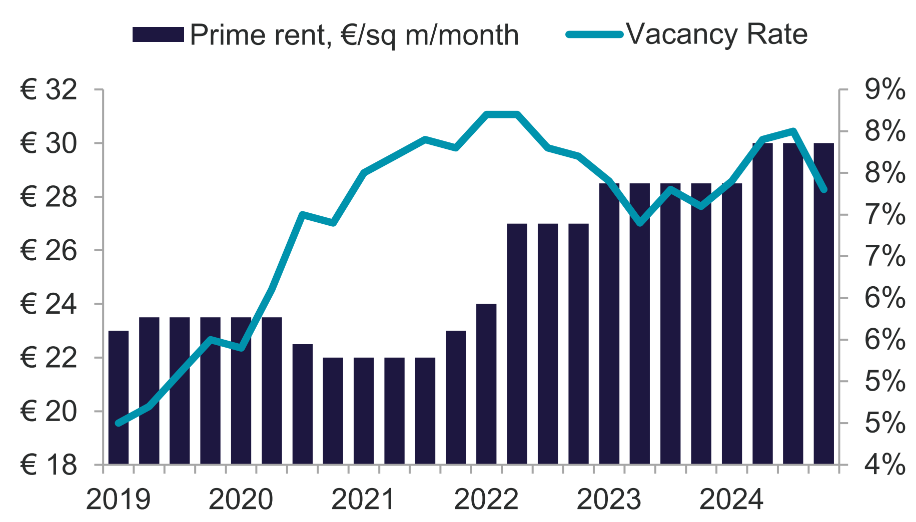
PRICING: STABILITY OF PRIME RENTS ACROSS PRAGUE IN Q4 2024

Prime rents remained unchanged across all areas of Prague during the fourth quarter. They stood at €30.00/sq m/month in the city centre, €19.00/sq m/month in the inner city, and €15.50/sq m/month in the outer city.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



PRAGUE
OFFICE Q4 2024

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague 1	570,300	29,900	5.3%	29,600	79,100	12,200	6,600	€ 30.00
Prague 2	130,600	3,400	2.6%	18,900	32,100	0	0	€ 23.00
Prague 3	122,700	23,300	19.0%	1,300	11,200	0	0	€ 17.00
Prague 4	959,900	71,000	7.4%	56,200	162,400	21,700	20,500	€ 18.50
Prague 5	678,300	52,900	7.8%	19,300	160,500	0	119,200	€ 17.80
Prague 6	217,300	13,800	6.3%	6,500	26,000	0	0	€ 17.50
Prague 7	278,500	31,200	11.2%	23,300	41,200	1,400	0	€ 16.30
Prague 8	647,000	23,300	3.6%	27,900	106,900	8,600	9,300	€ 19.00
Prague 9	170,100	20,100	11.8%	2,000	11,800	0	8,700	€ 15.00
Prague 10	182,300	21,800	12.0%	200	5,500	28,900	0	€ 16.30
PRAGUE TOTALS	**3,956,900**	**290,700**	**7.3%**	**185,100**	**636,700**	**72,800**	**164,300**	**€ 30.00**

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Tokovo	Prague 7	Ministerstvo obrany ČR	14,500	New occupation
Alpha, Brumlovka	Prague 4	Confidential	8,300	Renegotiation
Myslbek	Prague 1	Plzeňský Prazdroj	5,500	Renegotiation
Parkview	Prague 4	Grant Thorton Czech Republic	5,100	Renegotiation & expansion
The Park	Prague 4	Honeywell	5,100	Renegotiation

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Roztyly Plaza	Prague 4	SCS Software	21,700	Passerinvest
Hagibor 02	Prague 10	vacant	15,800	Crestyl
Hagibor 01	Prague 10	Czech News Center	13,100	Crestyl
Rohan City A1	Prague 8	VGD s.r.o.	8,600	Sekyra Group / Ungelt

Source: Cushman & Wakefield, Prague Research Forum

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