

Prague Office Market

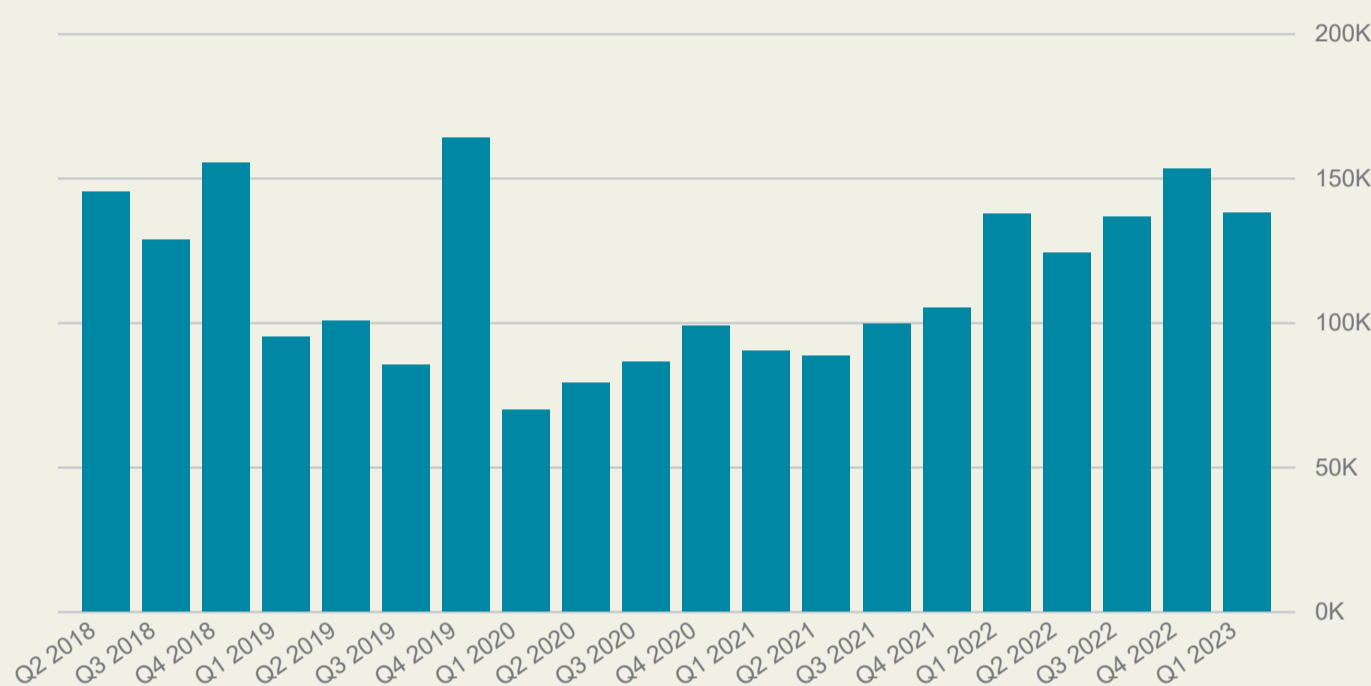
Q1 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

knightfrank.com/research

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

137,841 SQM

Take up

€ 324 PSQM

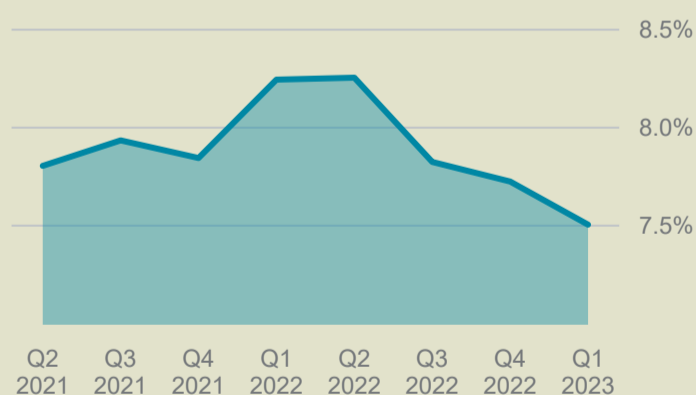
Prime Rent

7.5%

Vacancy Rate

Vacancy Rate

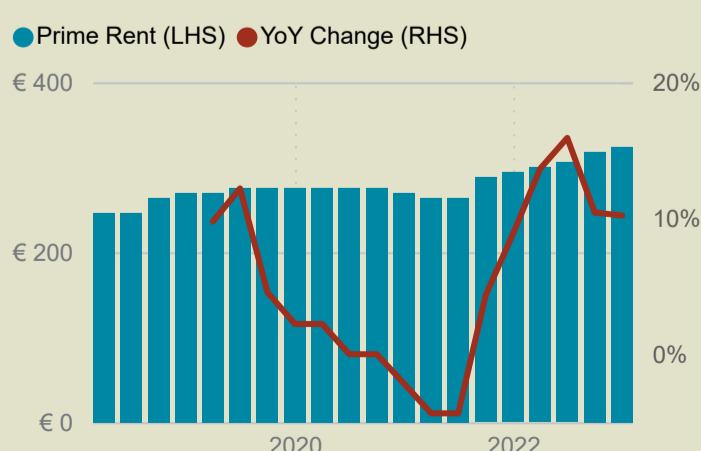
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

The Prague office market performed fairly well in Q1 2023, with vacancy continuing to tick downwards from its recent peak of 8.25% in Q2 2022. The figure was recorded at 7.5% this quarter, down 22 bps from last quarter. This is despite the large volume of new completions in Q1 of 37,981 sqm, a robust 62% above the Q1 average.

The market saw 137,841 sqm of take-up this quarter, also well above the 5-year first quarter average for the metric. This is the highest Q1 take-up volume recorded in the last 10 years. However, a large portion, close to 45% of the transactions, were found to be renegotiations. Prior to 2020, this figure was usually below 40%.

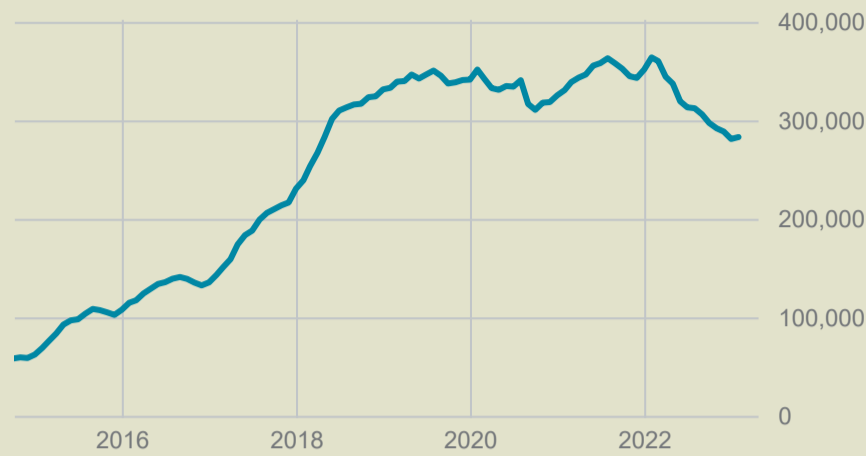
Prime rents have increased again in Q1 to €324 psqm per annum, representing 10.2% growth year-over-year. They have been steadily on the rise since a recent low of €264 psqm in Q3 2021.

The under construction pipeline is very limited, with approximately 90,000 sqm scheduled for completion in 2023 and only 50,000 sqm in 2024. No construction commencements have been observed in the last three quarters. As a large proportion of the pipeline under construction is already pre-let, the only option for potential new occupiers is anticipated to soon be second-hand office space. As such, prime rents can be expected to rise and the market balance may tip in landlords' favour in coming years.

ECONOMIC INDICATORS

Job Vacancies, Unfilled

Czech Republic, Total Job Vacancies

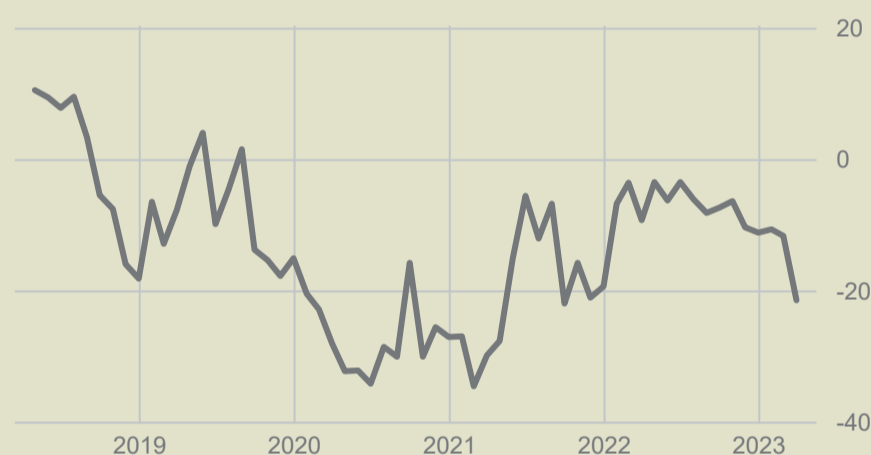


Source: OECD (Organisation for Economic Co-operation and Development)

The number of unfilled job vacancies in the Czech Republic has been falling in 2022 as the pace of hiring demand slows amid economic uncertainty.

Employment Expectations in the Service Sector in Czech Republic

Over the next 3 months, %

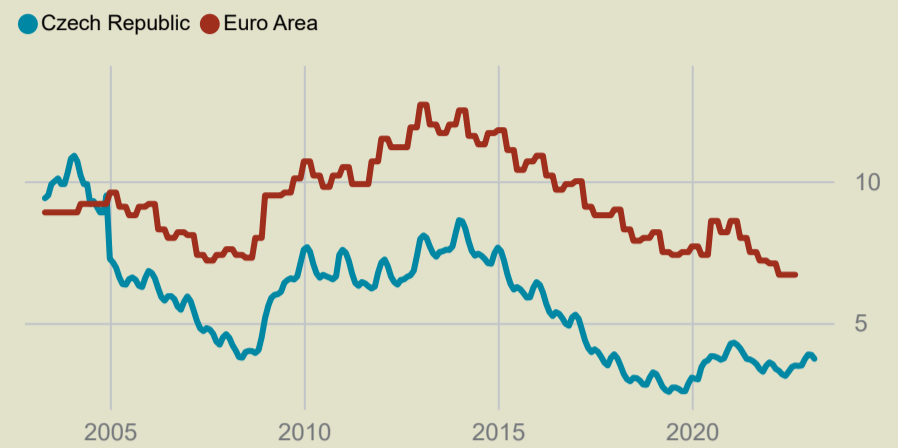


Source: European Commission (DG ECFIN)

Amid the anticipated labour market conditions, service sector employment expectations continued to tick downwards in Q1 2023.

Unemployment Rate in Czech Republic

vs Euro Area, as a Percent of Civilian Labour Force, %



Source: Eurostat/ Czech Ministry of Labor & Social Affairs

The unemployment rate in the Czech Republic remains the lowest in the Euro Area. It increased to a two-year high of 3.9% in January, and has since fallen back down to 3.7% in March. At these levels it is still well below the ten-year average of 4.8%.

Services Confidence Indicator in Czech Republic

Services Confidence Indicator for the last 5 years, Index



Source: European Commission (DG ECFIN)

Service sector confidence fluctuated slightly in Q1 2023 but remains below pre-pandemic levels as high inflation weighs on consumer spending.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

LOCAL RESEARCH CONTACT

Ondřej Vlček
Head of Research & Consultancy
ondrej.vlk@cz.knightfrank.com
+420 224 217 217

LOCAL OFFICE OCCUPIER CONTACT

Richard Curran
Managing Director
richard.curran@cz.knightfrank.com
+420 224 217 21

LONDON CONTACT

Colin Fitzgerald
Head of Occupier Strategy & Solutions EMEA
colin.fitzgerald@knightfrank.com
+44 20 7861 1203



© Knight Frank LLP 2023 – This presentation has been prepared for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this presentation. As a general presentation, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this presentation in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.