

# ENGEL & VÖLKERS

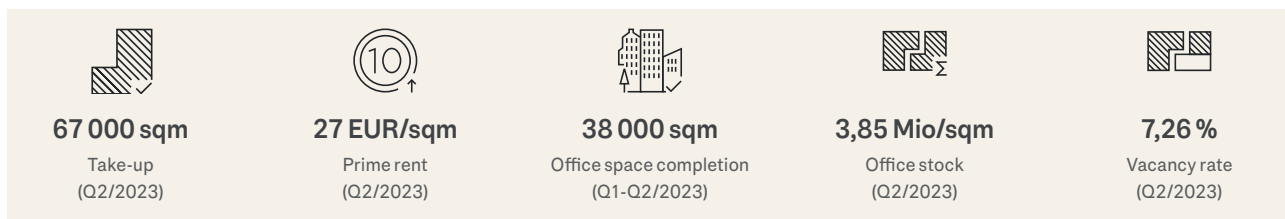
COMMERCIAL



## Market report 2023/2024 · Prague

OFFICE SPACE

# Prague | Czech Republic



## Present situation on the Prague real estate market

In recent years, we have had to become accustomed to a challenging economic environment. For the moment, some of the framework conditions continue to remain bad (interest rates, the price of construction work and materials), some appear to be relatively stable (the labour market, the exchange rate) and some are slowly improving (e.g. the inflation rate, energy prices). Forecasting further developments isn't straightforward.

To make things more complicated, economic changes have led to the development of different dynamics in each of Prague's real estate segments. For example, the residential rental market is currently very much alive, with strong demand and prices at pre-pandemic highs. The commercial market, both in terms of office and other kinds of commercial leases, are developing at a relatively constant rate. Interest in investing into residential or commercial real estate is, however, growing slowly. Buyers thus have a wide range of offers to choose from, and often finance purchased property using their own funds, and pay prices that are typically around 20 % lower than they were in the 1st half of 2022. We don't expect these trends to change much in the foreseeable future, but even today,

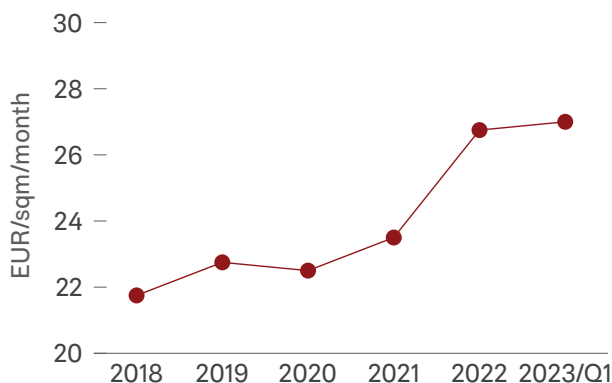
if the selling price is set correctly, it is possible to complete transactions in a matter of weeks.

In order for us to see further positive developments on the Prague real estate market, we will also need to see overall stability across the world, European and Czech political and economic environments. In the meantime, we believe that continuity on the local market will be ensured by the long-term Prague shortage of apartments and other investment real estate, the growth of the city's population, and investor's interest in stable investments.

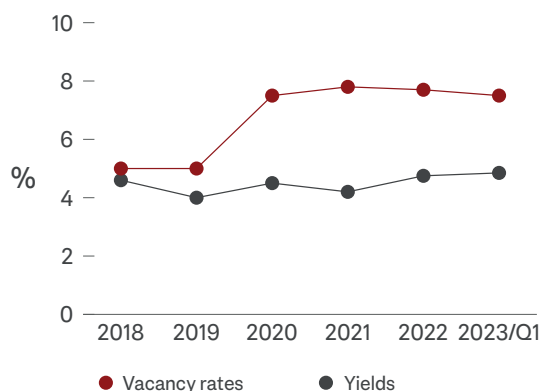
At the same time, compared to cities such as Munich, Vienna or Zurich, Prague still has great potential for real estate market price growth, as well as for increase in the purchasing power per inhabitant.

Today, perhaps more than ever, as far as real estate matters are concerned, each person has to take several factors into account: not only their personal circumstance, but a quality analysis of the market and the property are invaluable in reaching the right decision. We are happy to help and are at your disposal with our teams of dedicated real estate specialists.

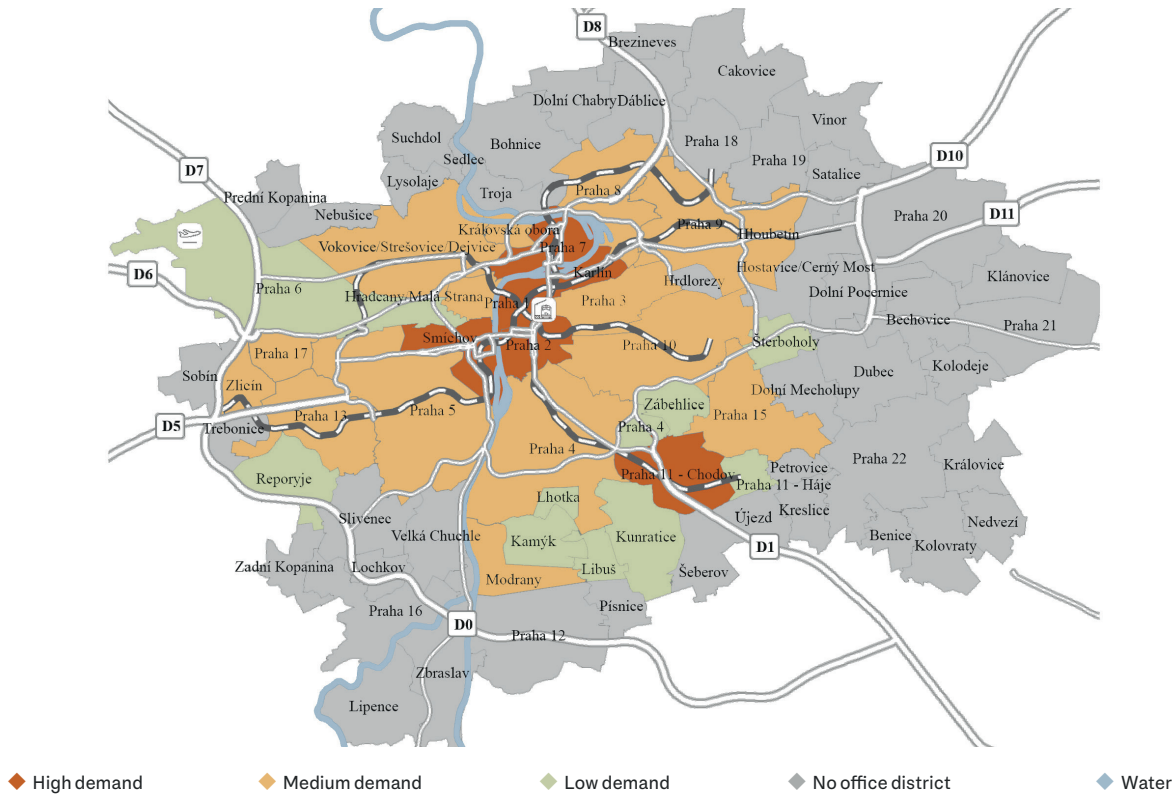
Prime office rent in Prague



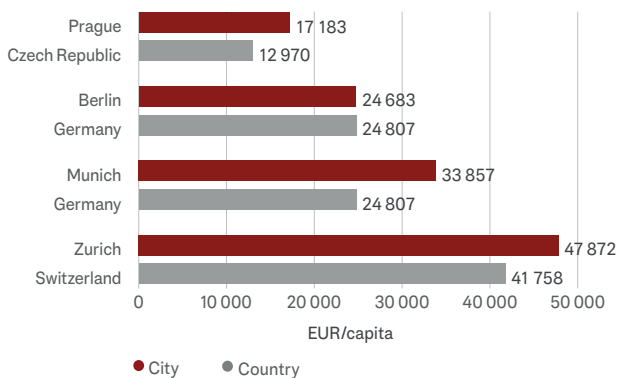
Prime yields and vacancy rates in Prague



### Prague - Demand for office space



### Purchasing power in 2022:



### Office rents 2023:

Office space	Min rent in EUR/sqm	Max rent in EUR/sqm
◆ High demand	15	35
◆ Medium demand	12	15
◆ Low demand	11	15
◆ No office district	7	11



**Katarína Pokrupová**  
Head of Office Services Engel & Völkers Commercial Prague

Since the beginning of summer 2023, the commercial rental market in Prague has stabilized considerably. As the uncertainties of the previous turbulent years associated with the pandemic, the rise in energy prices, inflation and the ongoing conflict in Ukraine have settled down, demand – especially for commercial premises – has

strengthened. New commercial rental contracts are being drafted with our unstable economy in mind; namely, increased attention is paid to two previously neglected clauses: 1) the inflation clause, and 2) the termination of the lease in the event of unforeseen circumstances clause. With the arrival of the third quarter of 2023, we expect further gradual strengthening of demand in all segments of the commercial rental market. The end of the summer of 2023 brought an increase in rentals even in the recently very low-in-demand segment of gastro establishments. After the last few years, we finally see enthusiasm and market refreshment. If the beginning of 2024 remains free from further unexpected challenges like those of the last years, we expect a gradual increase in prices per sqm and recovery of the commercial rental market.

All information has been compiled with the greatest possible care. The provided information regarding the site and market development refer to: Population (31.03.2023, CZSO), purchasing power (2022, Gfk Growth from Knowledge). We cannot accept any liability for the accuracy and completeness of this information. We shall not be held responsible for damage of any kind whatsoever incurred either directly or indirectly through the use of this information, with the exception of liability for intent or gross negligence.  
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