

Terms & Abbreviations

Commercial Real Estate Investment

This glossary provides explanations of the meanings of common terms and abbreviations as they are used in the Savills investment market research reports.

INVESTMENT or TRANSACTION VOLUME includes the total value of all commercial properties transacted for >€5 million during the specified period of time. The transactions are included regardless of the asset's quality, sector, occupancy status, and for both asset and share deals. Forward sale agreements are counted as at signature date, not at construction completion. Ownership transfers that take place between related parties are not included in the total investment volume.

YIELD is the gross yield applied to the property's NOI, prior to any deductions for taxes, transaction expenses and any other deductions made by the purchaser.

NOI is the annual Net Operating Income of the property, defined as the gross rent minus any non-recoverable costs.

PRIME OFFICE YIELD reflects the gross yield that a modern Grade 'A' office building in Prague would transact for in an open market, arm's length transaction process. A Grade 'A' office building is broadly defined as one that is fully leased under at least a typical market length lease (5+ years), with reputable tenant(s), of new/recent build quality, with a high standard of BREEAM/LEED certification, and being in a core central location/sub-market.

PRIME RETAIL YIELD reflects the gross yield that a prime shopping centre in Prague would transact for. Prime shopping centre is defined as one that is modern (recently refurbished, extended or built), with a wide supra-regional catchment, with consistently strong turnover and footfall, and an array of national and internationally recognised brands.

PRIME INDUSTRIAL YIELD reflects the gross yield that a Grade 'A' industrial property would transact for. A Grade 'A' industrial property is defined as a high quality, recently/newly built warehouse, flexible in layout and with a sufficient number of loading docks, located along a major highway, which is fully leased under long-term (5+ years) agreements with reputable tenant(s), and which complies with at least minimum ESG requirements.

PRIME RESIDENTIAL YIELD relates to a centrally located, new purpose-built residential building in Prague with more than 50 apartments, intended for leasing. The residential yield stated in our publications is not representative of sales of individual apartment units.

YEAR-ON-YEAR (y/y or YoY) is the percentage or volume change compared to twelve months or four quarters previously.

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Industrial Real Estate



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A-CLASS BUILDING is a modern production or logistics facility featuring truck loading docks and / or direct drive-in gates, with a clear internal storage height of at least 6 m, flat roof, sandwich panels facade and a dust-free concrete floor. (For the avoidance of doubt, older premises without heating, where the facade is made of metal sheets / bricks / masonry are not considered A-class).

TOTAL STOCK includes all A-class warehouses and production facilities developed or owned by a developer and/or investor, which are being leased to third parties (further information about A-class standard is stated above). Owner-occupied and B-class premises are excluded. Total Stock represents the total rentable area of the building and therefore includes not only warehouse and production premises but also the associated offices, lockers, canteens and sanitary space.

NEW SUPPLY represents the volume of A-class warehouses and production facilities where construction was completed in the specified time period. Owner-occupied premises are not tracked.

CONSTRUCTION PIPELINE comprises A-class warehouses and production facilities that are under construction in the specified time period, or in shell & core finish, where full completion takes more than 3 months. Owner-occupied premises are not tracked.

VACANCY RATE demonstrates the share of unleased space within those completed buildings that are included in Total Stock. Units under short-term lease or under offer (with Heads of Terms signed) are considered vacant. For the purposes of vacancy calculation, the unit is leased upon signature of a binding commitment (e.g. Lease Agreement, Amendment etc.). Vacancy is calculated from the total rentable space and therefore includes not only warehouse and production premises but also the associated offices, lockers, canteens and sanitary space.

GROSS TAKE-UP represents the total leasing activity that was recorded within A-class buildings (existing, planned or under construction), which are part of Total Stock, Construction Pipeline or planned. This includes pre-leases, new leases, lease prolongations, lease renegotiations, expansions and subleases. Short-term leases (for a period shorter than 12 months) are excluded. Transactions are recorded based on a Lease Agreement / Future Lease Agreement / Amendment signature date, not based on occupation (handover) date. The statistics include the industrial premises as well as the associated office and sanitary space.

NET TAKE-UP (NET DEMAND) follows the same principles as Gross Take-Up, but excludes subleases, lease renegotiations and prolongations of previously signed lease agreements.

HEADLINE RENTS are rents achieved within standard A-class warehousing units of around 5,000 sq m based on a 5-year lease term. Any above-standard building modifications and fit-outs are excluded. Headline rents exclude any incentives provided by the landlord and also exclude service charges.

SERVICE CHARGES are monthly fees payable in addition to rent for each sq m of internal rented area. This fee covers costs relating to the shared areas within the industrial park (i.e. snow removal from roads, landscaping and greenery maintenance, security services, etc.). The exact scope of services included in the service charges differs developer by developer.

GREATER PRAGUE / PRAGUE does not only cover the cadastral area of the city of Prague but also includes projects located in the Central Bohemia region, that are within 10-15 km radius from the Prague outer ring-road (i.e. the DO highway).

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Offices



This glossary provides explanations of the meanings of common terms and abbreviations as they are used in the Savills office market research reports.

STOCK means the total completed office space (occupied and vacant), newly built or refurbished after 1990, including Grade A and Grade B offices, owner occupied space and premises for lease. Buildings with usable area lower than 1,000 sq m are excluded.

NEW SUPPLY includes the total rentable area of offices in all buildings where construction or refurbishment was completed (use permit obtained) during the specified period of time.

VACANCY RATE is the ratio of physically and contractually vacant office space in completed buildings on the total office stock.

GROSS TAKE-UP / TOTAL LEASING ACTIVITY represents the total office floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers over a specified period. It does not include space that is under offer. A property is taken up when a contract (Future Lease Agreement / Lease Agreement / Amendment / Sublease contract) is signed. Total take-up also includes renegotiations, lease extension and subleases. Short-term leases (for less than 12 months) are not monitored.

NET TAKE-UP / NET DEMAND follows the same principles as Gross Take-up, but excludes subleases and lease renegotiations and prolongations of previously signed lease agreements.

SUBLEASE is when a tenant, who has a lease agreement signed with the building owner, leases all or part of these premises to another tenant (a third party).

NET ABSORPTION reflects the change in occupied office space on the market over a given period. It can be both positive and negative.

PRIME RENT is the achieved headline rent that relates to new prime, high specification office units in prime locations. However, there might be exceptional assets on the market, in which higher rent could be achieved. Headline rents exclude any incentives provided by the landlord and also excludes service charges.

YEAR-ON-YEAR (y/y or YoY) is the percentage or volume change compared to twelve months or four quarters previously.

CITY CENTRE includes the majority of the Prague 1 district, specifically the Old Town and New Town city areas situated on the right bank of the Vltava river.

INNER CITY includes the remaining part of Prague 1 (Malá Strana city area), entire Prague 2, entire Prague 3, part of Prague 4 (Vyšehrad, Pankrác, Podolí, Kavčí hory), part of Prague 5 (vicinity of the Anděl and Smíchovské nádraží metro stations), entire Prague 7, part of Prague 8 (Karlín, Libeň and Palmovka), part of Prague 6 (mainly Hradčany, Bubeneč and partly Střešovice).

OUTER CITY represents the rest of the city (e.g. Zličín, Nové Butovice, Radlice, Jinonice, Modřany, Chodov, Vysočany, Malešice, Horní Počernice, Prosek, Letňany, Troja, Kobylisy and others).

PRF (PRAGUE RESEARCH FORUM) is a voluntary, non-binding organization founded to enable a cooperation in market research. Its members share non-sensitive information with the aim of providing clients with consistent, accurate and transparent data about the Prague office market.

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