

Prague Office Market Update

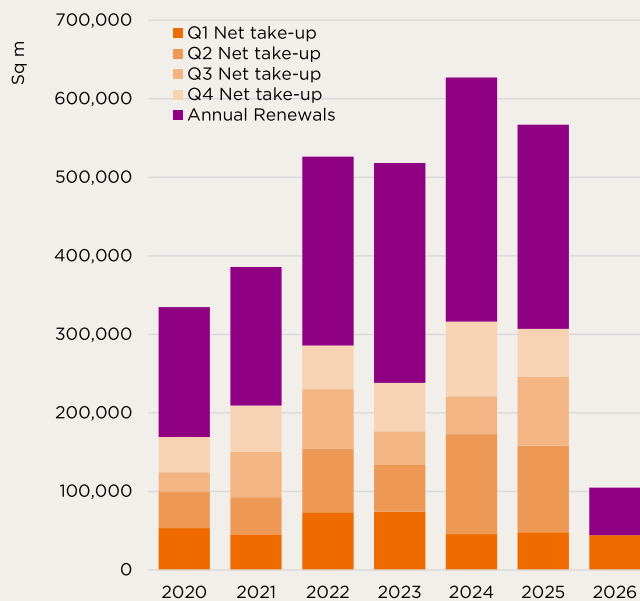
Czech Republic – Q1 2026




Market highlights

- The Prague office market has entered a second consecutive year of low completions. In Q1 2026, new supply totalled 8,600 sq m, with full-year construction completions expected to reach 36,700 sq m, approximately half the volume of new deliveries recorded against the five-year annual average.
- Given the low volume of completions in Q1 2026, total office stock in the city remained unchanged at 3.93 million sq m. The vacancy rate remained stable at 5.8%, broadly unchanged from December 2025, with only a marginal decrease of 3 bps.
- Total office occupier activity in Prague (including lease renewals and owner-occupier transactions, although none were recorded this quarter) reached 105,400 sq m in Q1 2026, representing a 19% year-on-year increase but a 5% decrease compared to the five-year Q1 average.
- With 44,400 sq m of office space take-up recorded in Q1 2026, net demand was broadly in line with the opening quarters of 2025 and 2024, marking a marginal 7% year-on-year decline. Occupiers from the IT / Technology sector once again remained the key demand driver, accounting for 45% of net take-up.

OFFICE OCCUPIER ACTIVITY



KEY STATISTICS

COMPLETIONS
YEAR-TO-DATE

8,600
SQ M

Y-O-Y CHANGE: -1%

VACANCY RATE
(MARCH 2026)

5.8
%

Y-O-Y CHANGE: -114 bps

GROSS TAKE-UP
YEAR-TO-DATE

105,400
SQ M

Y-O-Y CHANGE: +19%

NET TAKE-UP
YEAR-TO-DATE

44,400
SQ M

Y-O-Y CHANGE: -7%

Low deliveries, strong pipeline

NEW CONSTRUCTION

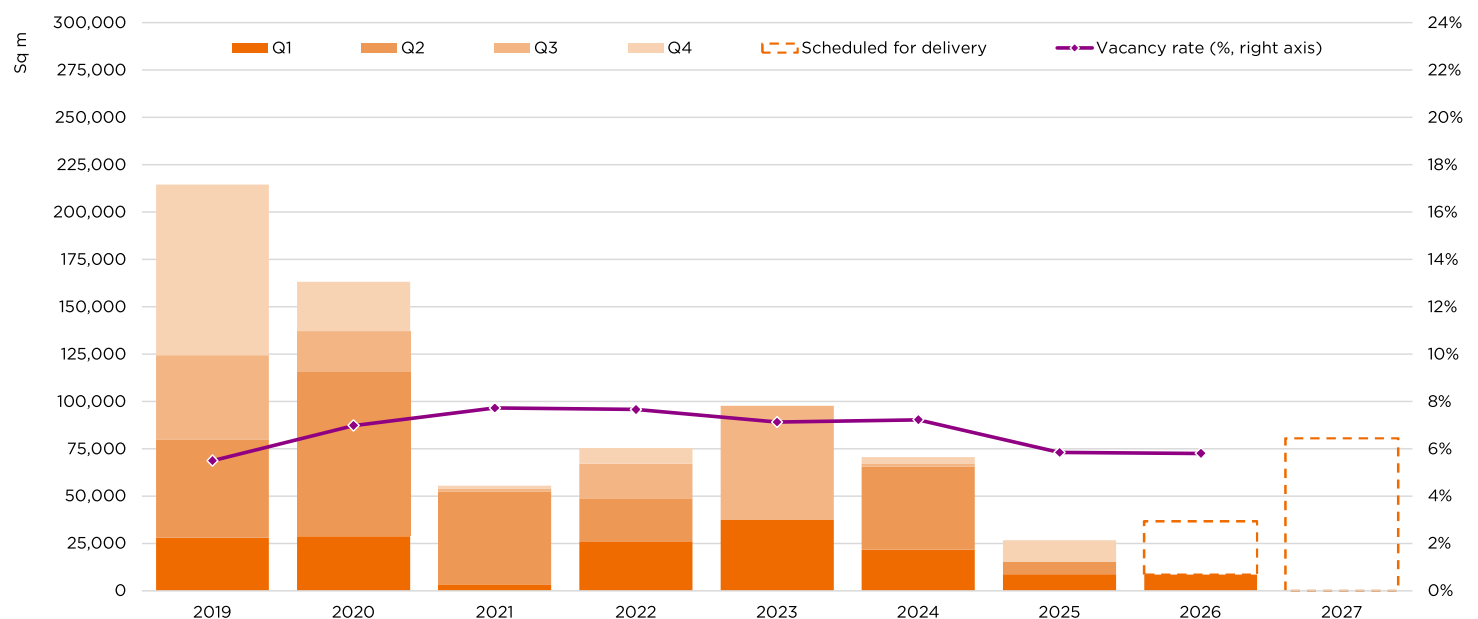
- Although the active construction pipeline remains well above the long-term average, completions are still very limited. This trend will continue throughout the remainder of 2026. In 2027, a slight recovery is expected; however, the volume of completed developments will still be around one quarter below the ten-year annual average.
- As in the final quarter of 2025, Q1 2026 saw the completion of two office buildings - one in Prague 9 and the other in Prague 5. Together, they delivered 8,600 sq m of office space, of which 61% was pre-let at completion.
- The total volume of office space under construction in Prague continued to increase, reaching 312,900 sq m in March 2026, a level last seen in Q3 2019. While 45% of this space is being developed for owner-occupiers, the commencement of speculative construction on two additional buildings in Q1 increased the total area of office space available for lease to 115,100 sq m.
- Of the total pipeline, 77% comprises new developments, while the remaining 23% consists of refurbishments.
- Supported by ongoing construction at the Smíchov City scheme, Prague 5 accounts for the largest share of office space under development, followed by Prague 4, where the highest volume of available space is under construction.

A-class offices captured 87% of net take-up and 92% of total demand in Q1 2026.

OCCUPIER DEMAND

- After three consecutive quarters of strong occupier activity, gross take-up declined to 105,400 sq m in Q1 2026, down 26% quarter-on-quarter but a 19% increase year-on-year. However, it is not uncommon for the opening quarter of the year to be slightly quieter.
- Nearly half (48%) of Q1 gross take-up was recorded in Prague 8, while Prague 4 ranked second, accounting for 22% of total demand. The share of lease renewals in total take-up remained above the long-term average at 57%.
- Net take-up totalled 44,400 sq m in Q1 2026, 28% below the ten-year Q1 average. A-class properties, which represent 72% of Prague's total office stock, accounted for 87% of net take-up. In line with the geographical distribution of gross take-up, Prague 8 and Prague 4 were also the most active districts in terms of net demand.
- Technology and IT companies captured the largest share of gross take-up (28%) as well as net demand (45%) this quarter.

OFFICE COMPLETIONS TO REMAIN BELOW AVERAGE IN 2026



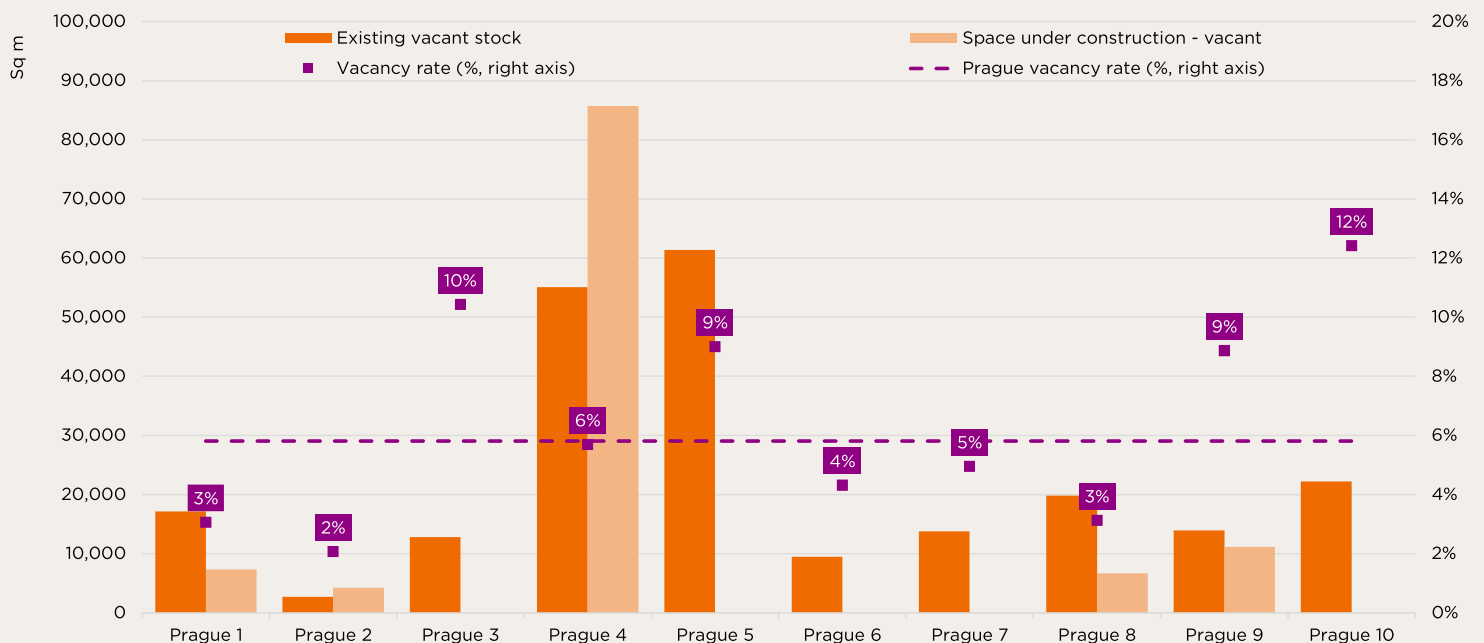
Pace of vacancy decline slows

VACANCY

- Despite only a marginal (~3 bps) quarter-on-quarter decrease in Q1 2026, the Prague office vacancy rate continued its downward trend, which has now persisted for six consecutive quarters.
- As of March 2026, a total of 228,300 sq m of office space was vacant in Prague, corresponding to a vacancy rate of 5.8%, which remained more or less unchanged from the previous quarter. Compared to Q1 2025, the vacancy rate declined by 114 bps from 6.95%.
- Nearly 30% of all vacant space in the city is concentrated in B-class properties. On a purely geographical basis, Prague 5 and Prague 4 once again recorded the highest volumes of vacant office space.
- Year-on-year, vacancy levels declined across all office quality segments, with the most pronounced tightening recorded in the highest AAA category, where vacancy fell from 7.95% to 5.41% (33,200 sq m). The majority of AAA-rated vacant offices is located in Prague 10 and Prague 4. In contrast, central districts such as Prague 1 and Prague 2 continue to report no immediate availability in this category, underscoring the need for occupiers to plan well in advance.



VACANT OFFICE STOCK IS HEAVILY CONCENTRATED IN PRAGUE 4 AND PRAGUE 5



Inner-city rents on the rise

RENT LEVELS

- Headline rents in prime office buildings in Prague's city centre moved closer to €30.00 per sq m per month in Q1 2026.
- Top-tier properties continue to command premium rental levels while maintaining lower vacancy rates, although performance remains highly location-dependent. Future trophy developments planned within the city centre are targeting rents above €33.00 per sq m per month, supported by the limited pipeline of comparable projects, near-zero vacancy across existing AAA-rated buildings and sustained occupier demand for high-quality office space within CBD.
- With sufficient market evidence now available, headline rents in prime office buildings within the inner-city submarket increased from €19.50–€20.50 in the previous three quarters to €21.00–€22.00 per sq m per month and are expected to continue rising during 2026.
- In outer-city locations, headline rents have remained unchanged for almost two years, at €15.50–€16.50 per sq m per month.
- Effective rents (defined as headline rents adjusted for incentives, primarily rent-free periods and fit-out contributions) are typically 12–19% lower on average, although in exceptional cases total incentives may result in a discount exceeding 30%.

The spread of headline rents for B-class office space in the city centre remains broad, ranging from €13.00 to €18.50 per sq m per month.

Source: Savills Research



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