

Prague Office Market Update

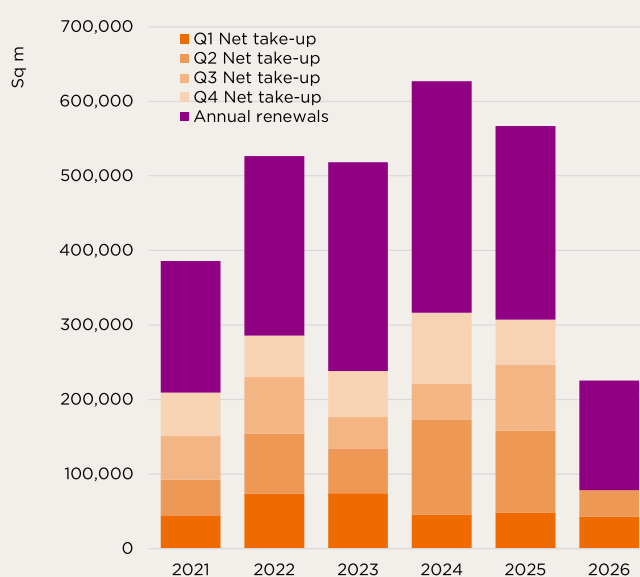
Czech Republic – Q2 2026



Market highlights

- Total modern office stock in Prague reached 3.95 million sq m by the end of Q2 2026, expanding by 29,400 sq m during H1. While new completions nearly doubled the unusually subdued delivery volume recorded in H1 2025 (15,300 sq m), they remained 33% below the five-year H1 average. The continued shortage of new supply has kept market conditions tight, with limited development activity remaining the primary factor anchoring vacancy below 6%.
- Office occupier activity reached 229,000 sq m in H1 2026, representing a 9% year-on-year decline and an 11% decrease compared with the five-year H1 average. Gross take-up was driven predominantly by renewals, which accounted for 64% of gross take-up, the highest share ever recorded in the market's H1 statistics.
- Net take-up totalled just 78,400 sq m in H1 2026, accounting for 34% of total demand. As a result, net demand declined 50% year-on-year and remained 45% below the five-year H1 average, reflecting subdued expansion demand despite otherwise healthy occupier activity. The IT & Technology sector was the strongest driver of new demand, accounting for 35% of net take-up in H1 2026, while geographically Prague 8 attracted the largest share (29%), followed by Prague 4 (25%).

RENEWALS DOMINATE OFFICE OCCUPIER ACTIVITY



KEY STATISTICS

COMPLETIONS
YEAR-TO-DATE

29,400
SQ M

Y-O-Y CHANGE: +92%

VACANCY RATE
(JUNE 2026)

5.8
%

Y-O-Y CHANGE: -70 bps

GROSS TAKE-UP
YEAR-TO-DATE

229,000
SQ M

Y-O-Y CHANGE: -9%

NET TAKE-UP
YEAR-TO-DATE

78,400
SQ M

Y-O-Y CHANGE: -50%

Renewals offset weaker net demand

NEW CONSTRUCTION

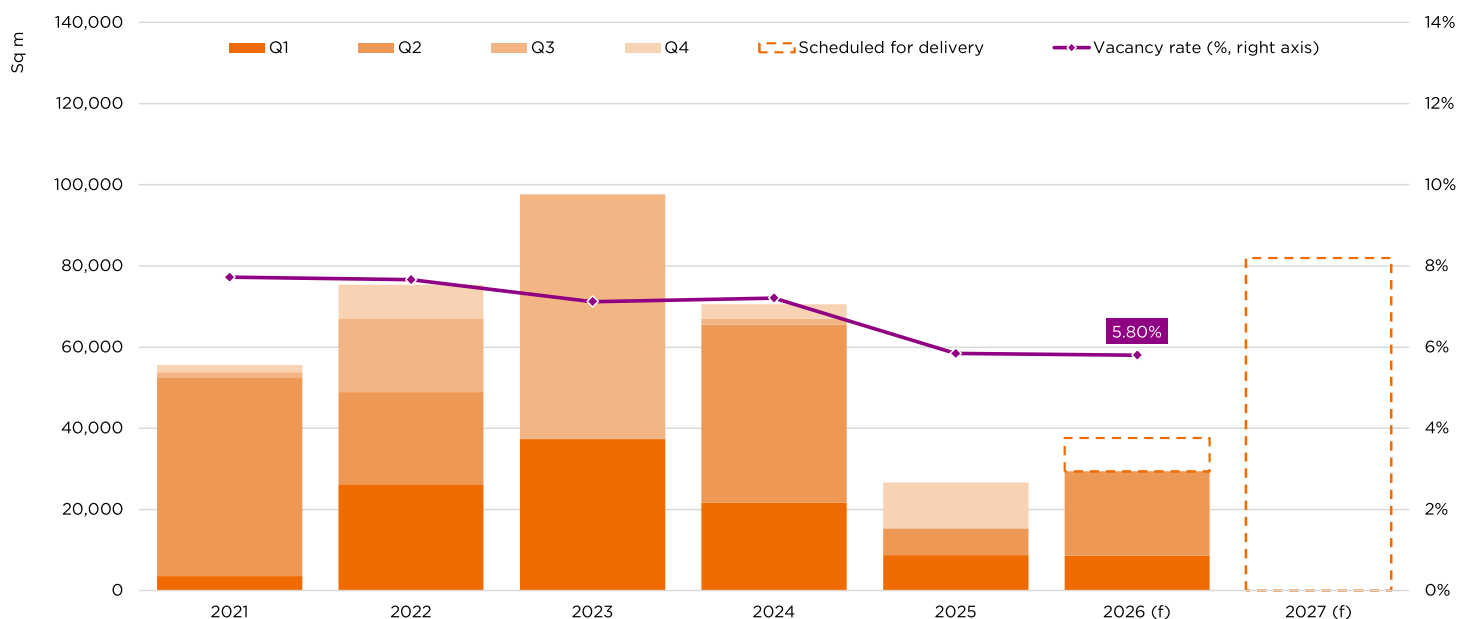
- Following the launch of three projects in Q2, Prague's office development pipeline currently comprises 309,300 sq m, of which nearly 58% is already pre-committed, primarily by owner-occupiers. The volume of office space currently under construction and available for lease stands at 131,400 sq m.
- Recent construction starts have strengthened the pipeline in Prague 1, one of the city's tightest submarkets in terms of availability, with three office projects now under development. Scheduled for completion in 2028, these schemes will expand modern office stock in the city centre by 14,800 sq m.
- Three office buildings have been delivered so far in 2026, with only one addition to stock recorded in Q2 - the fully refurbished Danube House in Prague 8. The Isola project in Prague 4 remains the only scheme currently under construction scheduled for completion during the remainder of 2026.
- Total new supply expected for 2026 amounts to 37,600 sq m, followed by a further 81,900 sq m scheduled for delivery in 2027, of which 51% remains available for lease.
- All office stock scheduled for completion in 2027 is concentrated across just three of Prague's ten city districts: Prague 4 (51,800 sq m), Prague 8 (23,500 sq m) and Prague 9 (6,600 sq m).

Prague 4 and
Prague 5 dominated
net take-up, capturing
59% in Q2 2026.

OCCUPIER DEMAND

- Total office occupier activity reached 125,400 sq m in Q2 2026, increasing by 21% quarter-on-quarter, supported by a strong volume of lease renewals (69%).
- Despite this overall resilience, net office take-up fell to 35,800 sq m, marking the lowest quarterly level since Q3 2020.
- Prague 4 and Prague 5 were the most active submarkets in terms of net demand, together accounting for 59% of total net take-up in Q2 2026.
- Demand continued to favour higher-quality office stock, with 77% of Q2 net take-up signed in Grade A buildings. On a cumulative H1 2026 basis, this share increased further to 80%.
- Compared with 2024 and 2025, when owner-occupiers accounted for a significant share of annual office take-up (27% and 29%, respectively), owner-occupier activity has remained limited so far in 2026.

LIMITED OFFICE COMPLETIONS KEEP THE VACANCY RATE LOW



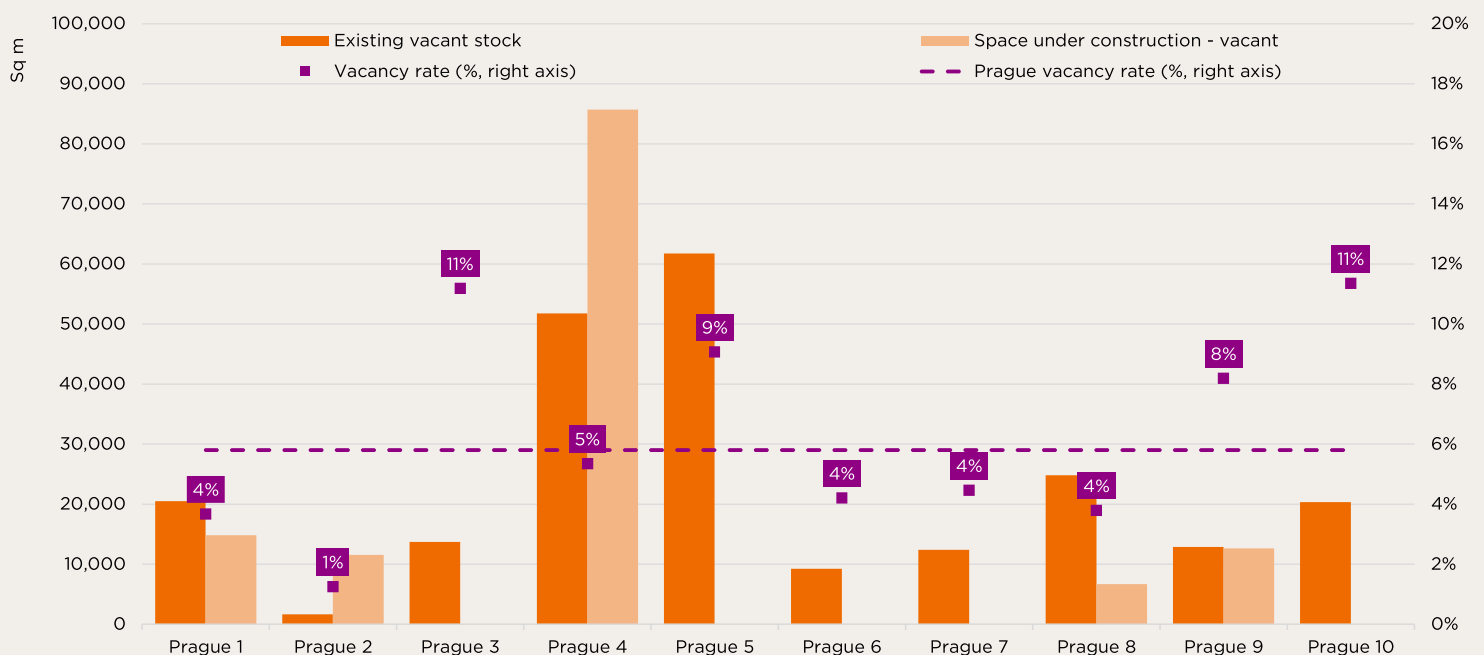
Vacancy rate sub-6% for three quarters

VACANCY

- The overall vacancy rate in Prague stood at 5.80% at the end of Q2 2026, broadly unchanged from the previous quarter (5.76%) but down from 6.50% a year earlier. Vacancy remained particularly low across the established central and inner-city submarkets, where competition for high-quality space continues to be the strongest.
- A total of 229,100 sq m of modern office space was vacant across the city at the end of June 2026. Prague's three largest office districts (Prague 4, Prague 5 and Prague 8) account for 58% of the city's office stock and 60% of all vacant space. Prague city centre submarket reported a vacancy rate of 3.5%.
- Although the overall volume of vacant office space increased only marginally from 226,300 sq m in Q1 2026, availability within AAA-rated buildings continued to decline, falling from 33,200 sq m in March to 27,800 sq m by the end of Q2. In contrast, the vacancy rate across Grade B office stock stood at 6.1%.
- Compared to June 2025, the vacancy rate declined most significantly in Prague 9 (-443 bps), followed by Prague 7 (-424 bps), while Prague 5 saw the largest increase (+107 bps).



GRADE B OFFICES COMPRISE 29% OF ALL VACANT SPACE IN PRAGUE, RISING TO 61% IN PRAGUE 1



Rental growth broadens across Prague

RENT LEVELS

- Headline rents for prime office buildings in Prague's city centre remained unchanged during Q2 2026 at €30.00–€32.00 per sq m per month.
- At the upper end of the market, office projects currently under construction or in the pipeline are quoting headline rents of €31.00–€35.00 per sq m per month. However, the market is still awaiting the first signed lease commitment to validate these rental levels.
- Momentum continued in the inner-city submarket, where headline rents for Grade A office space increased to €21.50–€22.50 per sq m per month. Following this 10% year-on-year increase, a further rental growth of approximately 5% is expected by the end of 2026.
- After eight consecutive quarters without movement, headline rents also increased across the outer-city submarkets, rising by €0.50 to €16.00–€17.00 per sq m per month.
- The overall incentive package remained broadly unchanged from the previous quarter. Combined rent-free periods and fit-out contributions continue to result in effective rents approximately 12–19% below headline rents.

Typical incentives comprise one month of rent-free period per lease year, with fit-out contributions averaging around €200 per sq m.

Source: Prague Research Forum, Savills Research



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