RESEARCH

MARKET IN MINUTES

Prague Office Market Update

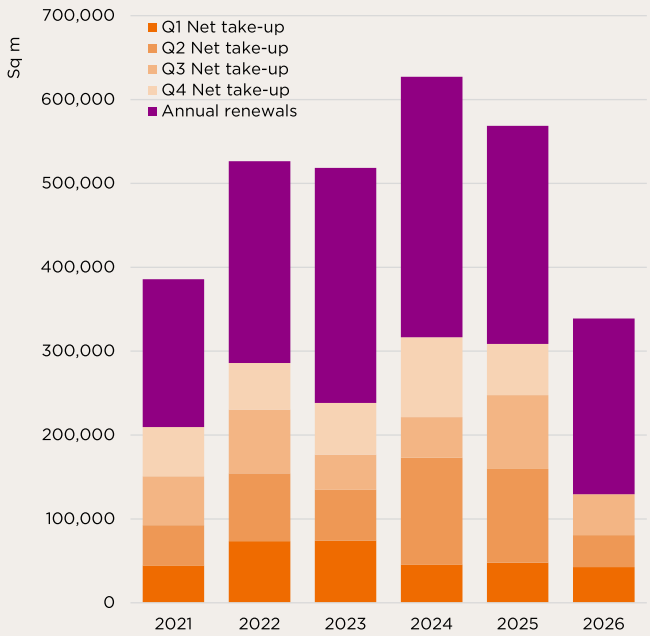
Czech Republic – Q3 2026



Market highlights

- With no new office completions or refurbishments delivered in Q3, Prague's modern office stock remained at 3.95 million sq m. Vacancy fell to 5.65%, its lowest level since 2020, and is expected to decline further, with only one building to be completed in Q4.
- Gross take-up totalled 344,300 sq m in the first nine months of 2026, down 21% compared with the same period last year. By deal count, activity was 42% below the average for the same period over the past three years. Lease renewals, meanwhile, remained high, accounting for 61% of year-to-date gross take-up.
- The decline was even more pronounced in net take-up, which fell 48% year on year to 129,500 sq m. This marked the lowest level of new demand since 2020, the first year of the COVID-19 pandemic. The long-term average net take-up for Q1–Q3 typically exceeds 200,000 sq m, putting this year's activity 37% below the historical average.
- The IT & Technology sector retained its leading position, accounting for 26% of year-to-date net take-up. Prague 4 and Prague 8 attracted the largest shares of net demand among the city's ten districts, while 73% of net take-up was recorded in Grade A* properties.
- City-centre and inner-city rents continue to rise, with further growth expected.

RENEWALS MAKE UP 61% OF YEAR-TO-DATE TAKE-UP



KEY STATISTICS

COMPLETIONS YEAR-TO-DATE	VACANCY RATE (SEPTEMBER 2026)	GROSS TAKE-UP YEAR-TO-DATE	NET TAKE-UP YEAR-TO-DATE
29,300 SQ M	5.65 %	344,300 SQ M	129,500 SQ M
Y-O-Y CHANGE: +91%	Y-O-Y CHANGE: -74 bps	Y-O-Y CHANGE: -21%	Y-O-Y CHANGE: -48%

Source: Prague Research Forum, Savills Research
*) Grade A properties include all office buildings rated A, AA or AAA.

Net demand up, but still below average

NEW CONSTRUCTION

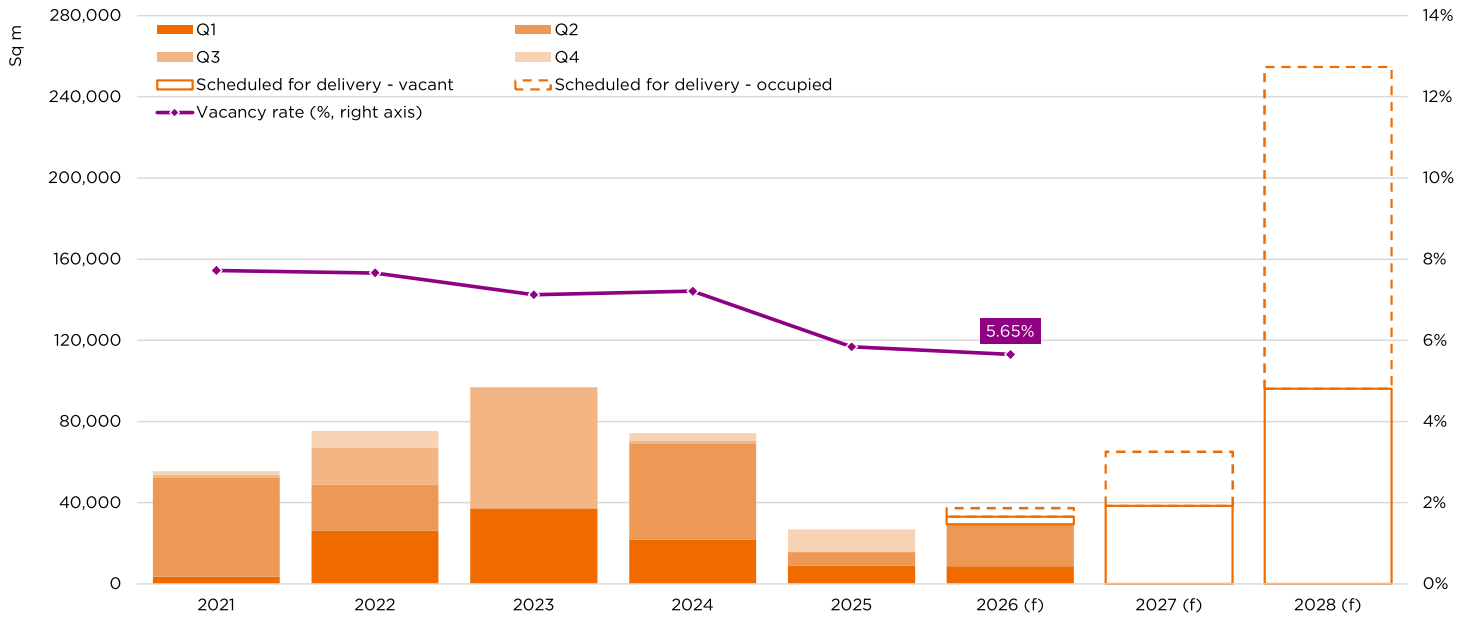
- Prague's office development pipeline remained in a holding pattern in Q3, with no new space delivered and no new projects breaking ground, whether ground-up developments or refurbishments. Consequently, the volume of office space under construction remained unchanged quarter on quarter at 308,900 sq m across 18 buildings.
- Much of Prague's future office supply is already committed, with 61% of the space currently under construction either pre-let or designated for owner-occupation. Although 76% of the pipeline is scheduled for completion in 2028, just 119,700 sq m remains available for lease across projects currently underway.
- By far the largest share of available space under construction is concentrated in Prague 4, accounting for 80,000 sq m. Prague 1, the city's CBD, ranks second in terms of upcoming available supply, although this figure could be revised downwards depending on the amount of office space ultimately incorporated into the Kotva department store redevelopment.
- Near-term office supply, however, remains firmly constrained. Total new deliveries for 2026 are forecast at just 37,200 sq m, with Isola in Prague 4 the sole project still scheduled to reach completion in Q4. The result is a market where a sizeable construction pipeline ontrasts with slow growth of the existing stock.

> The development pipeline remains extensive, with 13 new developments and five refurbishments under way, yet only 39% of the space remains available.

OCCUPIER DEMAND

- Compared with the previous quarter, gross office take-up fell by 20% to 107,000 sq m in Q3 2026, with the entire decline attributable to lower lease renewal volumes. Net take-up, by contrast, rose 28% quarter on quarter to 48,800 sq m, its highest quarterly level so far this year. Despite this rebound, net take-up remained 23% below the average of 63,150 sq m recorded across the previous ten Q3 periods.
- Prague 4 retained its lead in net take-up, accounting for approximately one-third of the total in Q3, in line with the previous quarter. Prague 9 ranked second, with a 19% share, supported by a sizeable pre-lease agreement.
- Year to date, the sharpest declines in the number of signed net take-up transactions were recorded in the 500–5,000 sq m GLA bracket and the 10,000+ sq m category, with both falling by more than 50%. The latter typically includes large owner-occupier transactions.
- Grade A buildings continued to dominate leasing activity, accounting for 85% of net take-up in Q3 and the same share of lease renewals.

VACANCY RATE AT ITS LOWEST SINCE 2020, WITH FURTHER DECLINE EXPECTED



Source: Prague Research Forum, Savills Research

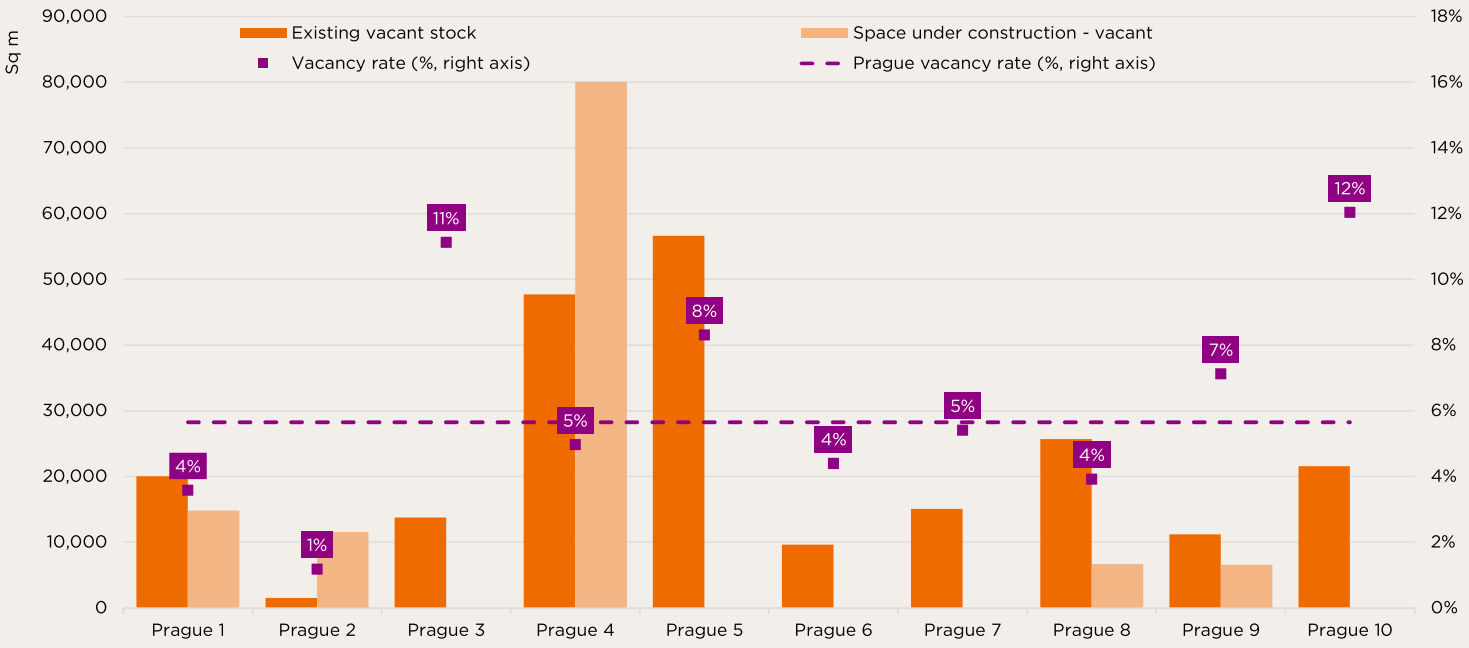
Office vacancy declines further in Q3

VACANCY

- Prague's office vacancy rate fell from 5.76% in June to 5.65% in September, reaching its lowest level since Q1 2020.
- The city's total vacant office space stood at 222,900 sq m, concentrated primarily in its largest office submarkets. Prague 5 accounted for the largest share this quarter, with 56,600 sq m of immediately available space, followed by Prague 4 with 47,700 sq m and Prague 8 with 25,700 sq m. In the city centre, the vacancy rate edged down by just 11 bps quarter on quarter, from 3.51% to 3.40%.
- Grade A offices recorded a vacancy rate of 5.3% in Q3 2026, down 96 bps year on year. Grade B space had a higher vacancy rate of 6.6%, representing a more modest year-on-year decline of 15 bps.
- Year on year, Prague 9 recorded the sharpest decline in vacant office space at 52%, followed by Prague 7 at 25% and Prague 4 at 24%. These changes take into account any new supply added to the market over the period. Over a five-year horizon, the largest reduction in vacant space was seen in Prague 2, down 68%, followed by Prague 6 at 62% and Prague 8 at 45%.



OFFICE VACANCY VARIES BY SUBMARKET, REFLECTING DIFFERENCES IN DEMAND AND SUPPLY



Source: Prague Research Forum, Savills Research

Prime rents rise, outer-city rents stable

RENT LEVELS

- An increase in headline rents for prime office space in Prague's city centre was recorded in Q3, reaching €31.00–€32.00 per sq m per month. New developments underway in the CBD are targeting rents of €32.00–€36.00 per sq m per month, although these levels have yet to be validated by market transactions.
- Rental growth also continued in inner-city locations, where headline rents for Grade A offices reached €22.50–€23.50 per sq m per month, up 15% year on year.
- In outer-city submarkets, headline rents remained stable at €16.00–€17.00 per sq m per month following the upward adjustment recorded in the previous quarter.
- Tenant incentives were broadly unchanged, with rent-free periods and fit-out contributions keeping effective rents approximately 12–19% below headline levels, although discounts can reach 25% in some cases.
- Higher financing costs continue to weigh on the economics of new office development, potentially leading to delays or a reassessment of planned projects. With new supply remaining limited and headline rents rising in the city centre and inner-city locations, further constraints on development could put additional pressure on the availability and cost of modern office space.

> Headline rents for new city-centre office developments are set to rise further.

Source: Prague Research Forum, Savills Research

Glossary of used terms

Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across key sectors of the Czech property market. To view copies of our previous publications, go to **www.savills.cz/insight-and-opinion/**



Lenka Pechová
Senior Research Analyst
+420 604 387 407
lenka.pechova@savills.cz



Veronika Králová
Research Analyst
+420 775 308 015
veronika.kralova@savills.cz



Renata Kromíchalová
Research Analyst
+420 724 526 788
renata.kromichalova@savills.cz



Pavel Novák
Head of Office Agency
+420 724 032 844
pavel.novak@savills.cz

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa, India and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills.