



Press Release

Prague, February 8th 2023

The Regional Research Forum Presents H2 2022 Brno and Ostrava Office Market Data

About the Regional Research Forum

The members of the Regional Research Forum (CBRE, Colliers, Cushman & Wakefield, JLL and Knight Frank) aim to provide clients with consistent, accurate and transparent data about the regional office markets in the Czech Republic. The members share non-sensitive information and believe that the Regional Research Forum will contribute to the improvement of transparency in the regional Czech office markets.

Brno

- **In total 33,000 sqm of office space was delivered to the market in Brno in H2 2022**
- **Demand drivers were manufacturing and IT companies**
- **The vacancy rate in the Brno office market increased to 13.4%**
- **Prime rents remained stable and ranged between 16.00-16.50 EUR/sqm/month**

Brno Office Supply/Stock

The total modern office stock in Brno reached 664,400 sqm in the second half of 2022. A-class properties represented 74% of the total modern stock and B-class properties represented the remaining 26%.

In H2 2022, five new office buildings were completed:

- Brno Business Park E (13,200 sqm)
- Palác Trnitá (7,800 sqm)
- Čechyňská Factory Park (5,000 sqm)
- Titanium T (3,600 sqm)
- Titanium E (3,300 sqm)

Currently, there is 69,600 sqm of modern office space under construction in six office projects. The largest are:

- Centrum Šumavská II (13,000 sqm)
- Nová Zbrojovka D4 (12,000 sqm)
- Šumavská Tower A (11,600 sqm)
- Vlněna office park I (8,600 sqm)

Approximately 34,700 sqm of the space under construction is scheduled for delivery in 2023.

Brno Office Take-up

In H2 2022, gross take-up (including renegotiations) reached 34,800 sqm, which represents a slight increase of 11.9% in comparison to the previous half-year and a 10% decrease year-on-year. Almost three-quarters of the total demand in Brno was realized by manufacturing and IT companies.

The largest transaction of the second half of 2022 was the renegotiation and expansion of the manufacturing company Atlas Copco in Spielberk Tower B (10,600 sqm), followed by the new lease of an undisclosed company in Zet.office (2,600 sqm). The third largest transaction was a new lease of Continental in Brno Business Park E (1,400 sqm).

Vacancy

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A total of 88,800 sqm of modern office space was vacant at the end of H2 2022. The vacancy rate increased to 13.4%, representing an increase of 3.3 percentage points compared to H1 2022.

Rents

In H2 2022, prime headline rents in the Brno office market remained stable at 16.00 - 16.50 EUR/sqm/month.

"We are still registering strong demand in the office market in Brno, despite the fact that the vacancy rate currently exceeds 13%. The high vacancy rate at the end of 2022 was mainly caused by the newly completed office projects. Traditionally, Brno is home to technology and software development companies. The interest in this sector was confirmed throughout last year. In addition to large international companies that have already established themselves on the Brno office market, we are also seeing interest from smaller IT companies that started in flexible office concepts and are now expanding into standard office space. We register the highest demand for space in the range of 500 - 1,000 sqm." adds Marta Kadlecová, consultant in the Office Leasing department at JLL Czech Republic.

Ostrava

- **One office project is under construction, with its completion scheduled for 2023**
- **The vacancy rate in the Ostrava office market increased to 9.3%**
- **Prime rents increased, reflecting the general pressure on prices in new developments**

Ostrava Office Supply/Stock

The modern office stock in Ostrava stood at 217,000 sqm in the second half of 2022. Approximately 21% of the stock volume is located in buildings built or refurbished in the last 10 years.

During H2 2022, there were no completed projects reported in the Ostrava office market. One office building is under construction, namely Organica (20,600 sqm), with its completion scheduled for 2023.

Ostrava Office Take-up

Gross take-up (including renegotiations and subleases) reached a total of 4,600 sqm in H2 2022, which was more than double compared to the same period last year. New leases accounted for 98% of total demand.

Vacancy

A total of 20,200 sqm of modern office space was vacant at the end of H2 2022. The vacancy rate increased to 9.3%, representing an increase of 97 basis points compared to H1 2022.

Rents

In H2 2022, prime headline rents in the Ostrava office market increased to 14.00 - 14.50 EUR/sqm/month.

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Appendix

Regional Research Forum

The minimum requirements for inclusion into the modern office stock of either Class A or Class B include:

- The building was built or refurbished after 1990
- Available units are being advertised in an appropriate way
- The GLA of the building exceeds 1,000 sq m

When assessing the property quality, the major categories included are as follows, with a brief description:

- **Technical specifications** – how well is the property built and equipped
- **Smart technologies** – how efficient the buildings are, what smart technologies do they use and what extras beyond “standard” property equipment do they offer
- **Location** – accessibility, and services and amenities in the proximity of the property
- **Service and security** – how safe the building is and how it is managed
- **Parking** – parking ratios, with different requirements for properties in the city centre, inner city and outer city
- **Age of building** – building completion or the latest refurbishment date
- **Subjective evaluation** – subjective assessment by Regional Research Forum members

Each of the criteria has subcategories, which enable scoring of the properties, resulting in the final score of the property. The maximum weight of each category is as follows:

Category	Share on total
Technical Specifications	41%
Smart Technologies	18%
Location	9%
Service & Security	9%
Age of Building	8%
Parking	8%
Subjective Evaluation	7%

Definitions

Stock:	Total completed office space (occupied and vacant), newly built or refurbished since 1990, A and B class offices, owner-occupied and for lease. Public authority buildings and buildings with a leasable area lower than 1,000 sq m are excluded.
New supply:	Completed newly built or refurbished buildings that obtained a use permit in the given period.
A-Class Office Building:	To earn A-Class status, a building must meet at least 6 out of 7 “Hard Criteria” and 5 out of 7 “Soft Criteria.”
B-Class Office Building:	To earn B-Class status, a building must meet at least 2 out of 7 “Hard Criteria” and 4 out of 7 “Soft Criteria.”
Take-up:	A gross figure representing the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers over a specified period of time. It does not include space that is under offer. A property is taken up when the contract is signed. Gross take-up includes renegotiations, lease extensions and subleases, net take-up excludes these.
Pre-lease:	Active pre-leasing for an office building begins as soon as the preliminary design drawings are ready to show to prospective tenants. Pre-leasing occurs until the start of construction.
Vacancy rate:	Ratio of physically vacant space in completed buildings to the total stock.
Prime rent:	Achieved rents that relate to new prime, high specification units in prime locations.

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