



Press Release

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Regional Research Forum Presents H2 2023 Brno and Ostrava Office Market Data

About the Regional Research Forum

The members of the Regional Research Forum (CBRE, Colliers, Cushman & Wakefield, iO Partners, 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 on the Czech regional office markets.

Brno

- **One office building was completed in H2 2023**
- **Renegotiations and technology companies were driving the office demand**
- **Vacancy rate in the Brno office market fell to 12.8%**
- **Prime rents remained stable and ranged between 16.00-16.50 EUR/sq m/month**

Brno Office Supply/Stock

The total modern office stock in Brno reached 689,600 sq m in the second half of 2023. A-class properties accounted for 73% of the total modern stock, while B-class properties represented the remaining 27%.

In the second half of 2023, one office project was completed: the reconstruction of the Hrad building (1,500 sq m) in the Nová Zbrojovka project. A total of 26,100 sq m of new space was added to the Brno office market in 2023.

No new office project commenced construction during H2 2023.

There are 55,200 sq m of modern office space under construction across five office projects. The largest ones are:

- Ponávka A4 (16,800 sq m)
- Nová Zbrojovka – D4 (12,000 sq m)
- Titanium X (10,900 sq m)

Of the total office space under construction, approximately 19,500 sq m is expected to be completed in 2024.

Brno major office transactions

The largest transaction in the second half of 2023 was the renegotiation of the manufacturing company Honeywell in Honeywell Office Campus (14,000 sq m) located within CTPark Brno, followed by the renegotiation of the technology company Oracle Czech in Dorn (7,600 sq m). The third largest transaction was the pre-lease of 6,200 sq m in Dornych by an undisclosed tenant from the pharmaceutical sector.

In H2 2023, technology and pharmaceutical companies constituted the majority of the total demand. Renegotiations represented over half of the total demand volume in Brno.

Vacancy

A total of 80,300 sq m of modern office space was vacant at the end of H2 2023. The vacancy rate fell to 12.8%, representing a decrease of 59 basis points compared to the end of 2022.

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Rents

In H2 2023, prime headline rents on the Brno office market remained stable at 16.00 - 16.50 EUR/sq m/month. However, some office units can be leased for significantly higher rents.

Lukáš Netolický, Cushman & Wakefield's Head of Regional Cities, seated in Brno, comments: "On the Brno market, 2023 brought a significant increase in activity in terms of closed leasing deals: it is the highest market activity in the history of RRF. The key parameter was namely the high number of renegotiations and expansions among largest tenants on the market, and also the increased interest especially from local companies in the fitted-out offices left by other tenants during space reductions."

Ostrava

- **Two office buildings were completed in the second half of 2023**
- **Vacancy rate in the Ostrava office market increased to 17.1%**
- **Prime rents on the Ostrava office market remained stable**

Ostrava Office Supply/Stock

The modern office stock in Ostrava totalled 239,300 sq m in the second half of 2023. Most of the office buildings (70%) were constructed or renovated more than a decade ago.

Two office buildings were delivered to the market during H2 2023. In the city centre, the developer Contera completed the new administrative building Organica (19,800 sq m); at the time of completion, the building was almost fully occupied. The next completion was the fully renovated building LT Cube2 in Ostrava Poruba with a total office space of 2,600 sq m. Currently, one mixed-use project with a total of 2,500 sq m of office space is being planned for construction.

Ostrava's major office transactions

The largest transaction in the second half of 2023 was the renegotiation of the manufacturing company Siemens in The Orchard Ostrava (5,200 sq m). Among the largest transactions was also the new lease of Národní Rozvojová Banka in the building Nordica Ostrava (450 sq m).

Vacancy

A total of 41,000 sq m of modern office space was vacant at the end of H2 2023. The vacancy rate increased by 10.1 percentage points year-on-year to 17.1%.

Rents

In H2 2023, prime headline rents on the Ostrava office market remained unchanged at 14.00 - 14.50 EUR/sq m/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 they use and what extras beyond “standard” property equipment 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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