



Press Release

Prague, 6 August 2024

Regional Research Forum Presents H1 2024 Brno and Ostrava Office Market Data

About the Regional Research Forum

The members of the Regional Research Forum (CBRE, Colliers, Cushman & Wakefield, iO Partners, Knight Frank and Savills) 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

- **No office buildings were completed in H1 2024**
- **A total of 81,900 sq m of office space was under construction**
- **Demand for office space in Brno was driven by new leases and technology companies**
- **Vacancy rate decreased by 2.1 percentage points year-on-year to 11.6%**
- **Prime rents slightly increased to 16.50-17.00 EUR/sq m/month**

Radka Novak, Head of Office Agency, Central and Eastern Europe, Cushman & Wakefield, comments: "The Brno office market is showing remarkable resilience despite a slight slowdown in demand. The drop of vacancy rates in H1 2024 indicates positive market absorption. Compared to the Prague market, we see continued construction, often on speculative basis, with currently more than 80,000 sqm of new office space under construction. The modest increase in premium rents reflects not only the increased cost of construction, but also the growing demand for top-quality offices with a low energy consumption and zero carbon footprint. Despite the current challenges developers are facing, Brno features projects of metropolitan quality, offering tenants a positive outlook for the future."

Brno Office Supply/Stock

The total modern office stock in Brno reached 689,600 sq m in the first half of 2024. A-class properties accounted for 73% of the total modern stock, while B-class properties represented the remaining 27%.

No office projects were completed in the first half of 2024. However, by the end of the year, two new office buildings, totaling 19,500 sq m, are expected to be delivered to the market. Additionally, reconstruction of the smaller office building Svatopetrská D (1,300 sq m) commenced in the first half of this year.

No new office project commenced construction during H1 2024.

A total of 81,900 sq m of modern office space is under construction across seven office projects. The largest ones are:

- Centrum Šumavská III (25,400 sq m)
- Ponávka A4 (16,800 sq m)
- Nová Zbrojovka – D4 (12,000 sq m)

Of the total office space under construction, approximately 19,500 sq m is expected to be completed in the second half of 2024. More than 61,100 sq m is projected for completion next year.

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Brno major office transactions

The largest transaction in the first half of 2024 was the pre-lease by flexible office space provider Scott.Weber Workspace in the upcoming project Dornych (5,600 sq m). This was followed by the new lease of Novanta in the office complex Campus Science Park (3,600 sq m). The third largest transaction was the renegotiation of PKV in the building Spielberk Tower B (3,300 sq m).

In H1 2024, technology and pharmaceutical companies accounted for the majority of the total demand. More than 75% of the total demand in Brno consisted of new leases, pre-leases, and expansions.

Vacancy

A total of 80,200 sq m of modern office space was vacant at the end of H1 2024. The vacancy rate fell to 11.6%, representing a decrease of 2.1 percentage points compared to H1 2023.

Rents

In H1 2024, prime headline rents on the Brno office market slightly increased, ranging between 16.50 - 17.00 EUR/sq m/month. However, some office units can be leased for significantly higher rents.

Ostrava

- **One office building was completed after reconstruction in H1 2024**
- **Vacancy rate in the Ostrava office market increased to 11.9%**
- **Prime rents on the Ostrava office market remained stable**

Ostrava Office Supply/Stock

The modern office stock in Ostrava totaled 250,300 sq m in the first half of 2024. Most of the office buildings (70%) were constructed or renovated more than a decade ago.

During the first half of 2024, one office building was delivered to the market. The former Ostravica-Textilia department store has been renovated and reopened under the brand Boutique Business Inkubátor Ostravica. The building includes office space totaling 6,800 sq m, primarily designed to offer flexible office spaces.

Ostrava's major office transactions

Among the most significant transactions in the first half of 2024 was the owner-occupation deal by Boutique Boutique Business Inkubátor Ostravica in the Boutique Ostravica-Textilia building (6,800 sq m). This was followed by a new lease signed by Scott.Weber Workspace in the Organica building (4,600 sq m), and a new lease signed by Heimstaden in the IQ Ostrava building (3,300 sq m).

Vacancy

A total of 29,800 sq m of modern office space was vacant at the end of H1 2024. The vacancy rate increased by 4.1 percentage points year-on-year to 11.9%. However, compared to the end of 2023, it decreased by 4 percentage points.

Rents

In H1 2024, prime headline rents on the Ostrava office market remained unchanged at 14.00 - 14.50 EUR/sq m/month.

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Appendix

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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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