



## Press Release

Prague, 11 September 2023

### The Regional Research Forum Presents H1 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.

JLL has entered into a partnership agreement with iO Partners in the Czech Republic, as of 1 July 2023. iO Partners guarantees seamless continuity in the real estate business with its esteemed status as a JLL preferred partner in the CEE region.

## Brno

- **In total 24,600 sqm of office space was delivered to the market in Brno in H1 2023**
- **Consumer goods sector dominated lease activities**
- **Vacancy rate on the Brno office market increased to 14.6%**
- **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 691,600 sqm in the first half of 2023. A-class properties represented 73% of the total modern stock and B-class properties represented the remaining 27%.

In H1 2023, two new office projects were completed:

- Centrum Šumavská II (13,000 sqm) – an extension of the existing Centrum Šumavská
- Šumavská tower (11,600 sqm)

In H1 2023, two office buildings started construction:

- Titanium X (10,900 sqm)
- Vlněna Office Park K (6,900 sqm)

Currently, there are 53,500 sqm of modern office space under construction across five office projects. The largest ones are:

- A4 Ponávka (25,300 sqm)
- Titanium X (10,900 sqm)
- Vlněna office park I (8,800 sqm)
- Vlněna office park K (6,900 sqm)

Only one project is scheduled for delivery by the end of 2023, Nová Zbrojovka – D1 (1,500 sqm). Approximately 19,800 sqm of the space under construction is planned to be completed in 2024.

#### Brno major office transactions

The largest transaction of the first half of 2023 was the renegotiation with expansion of the online perfumery Notino in Brno business Park (21,800 sqm), followed by the renegotiation of the technology company Avast in Vlněna office Park (6,100 sqm). The third largest transaction was a new lease of CGI IT Czech Republic from the IT sector in Brno Business Park (1,300 sqm).

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More than half of the total demand in Brno was realized by companies from the Consumer Goods sector. Other active companies were from the Technology sector.

## Vacancy

A total of 100,600 sqm of modern office space was vacant at the end of H1 2023. The vacancy rate increased to 14.6%, representing an increase of 1.16 percentage points compared to H2 2022.

## Rents

In H1 2023, prime headline rents on the Brno office market remained stable at 16.00 - 16.50 EUR/sqm/month.

*"The office situation in Brno is allowing tenants a period of good choice on the market. Companies who have a lease expiry approaching can take advantage of interesting conditions in a number of high quality properties."* added Simon Orr, Director Advisory & Transactions – Offices in CBRE Czech republic.

## Ostrava

- **One office project is currently under construction, with completion scheduled for 2023**
- **Vacancy rate on the Ostrava office market slightly increased to 7.8%**
- **Prime rents on the Ostrava office market remained stable.**

### Ostrava Office Supply/Stock

The modern office stock in Ostrava stood at 217,000 sqm in the first half of 2023. Approximately 21% of this stock volume is located in buildings built or refurbished in the last 10 years.

During H1 2023, no completed projects were reported on the Ostrava office market. One office building is under construction, namely Organica (19,800 sqm), with its completion scheduled for 2023.

### Ostrava major office transactions

The largest transaction in the first half of 2023 was the renegotiation of the finance company Moneta in CTP Park Ostrava (6,500 sqm), followed by the pre-lease of the manufacturing company Stora Enso in Organica (2,500 sqm). The third largest transaction was a new lease by the IT company Škoda Digital in CTP Park Ostrava (2,000 sqm).

## Vacancy

A total of 16,900 sqm of modern office space was vacant at the end of H1 2023. The vacancy rate increased slightly to 7.8%, representing an increase of 70 basis points compared to H2 2022.

## Rents

In H1 2023, prime headline rents on the Ostrava office market remained unchanged at 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 sqm

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

<b>Stock:</b>	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 sqm are excluded.
<b>New supply:</b>	Completed newly built or refurbished buildings that obtained a use permit in the given period.
<b>A-Class Office Building:</b>	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>B-Class Office Building:</b>	To earn B-Class status, a building must meet at least 2 out of 7 “Hard Criteria” and 4 out of 7 “Soft Criteria.”
<b>Take-up:</b>	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.
<b>Pre-lease:</b>	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.
<b>Vacancy rate:</b>	Ratio of physically vacant space in completed buildings to the total stock.
<b>Prime rent:</b>	Achieved rents that relate to new prime, high specification units in prime locations.

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