Prague Office Market

Q1 2025

A regular quarterly update on the Prague office market looking at supply and demand patterns and analysing major occupier trends

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This year and in 2026, we expect historically low volumes of new supply. As much as 52% of the office space currently under construction is already pre-let. Vacancy rates will therefore continue to decline not only this year, but also next year. Tenants seeking larger spaces will need to start negotiations well in advance.

SUPPLY & VACANCY RATE

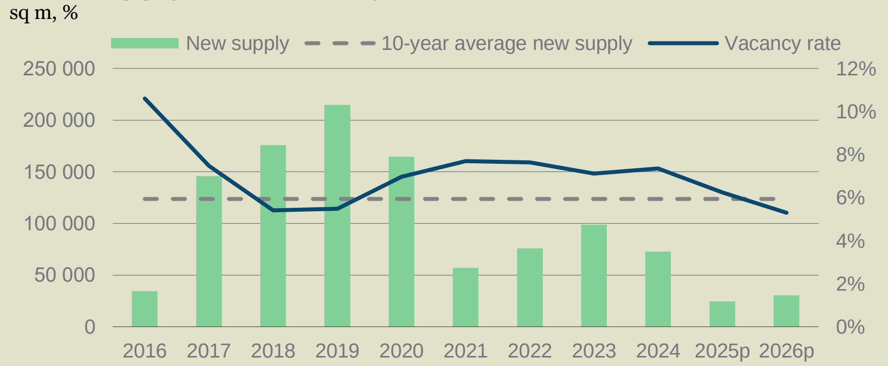
In the first quarter of 2025, only one office project was completed – E Factory in Prague 9, offering 8,700 sq m of office space. A total of 26,600 sq m is expected to be completed this year. Currently, 173,100 sq m is under construction. At the beginning of 2025, two refurbishment projects were launched – Isola (8,200 sq m) in Prague 4 and the Kotva department store in Prague 1, which will include 7,300 sq m of office space.

The office vacancy rate decreased by 0.3 percentage points compared to the previous quarter, reaching 7.0%.

The total volume of vacant modern office space in Prague decreased to 278,200 sq m. The lowest vacancy rates were recorded in Prague 2 (2.5%) and Prague 8 (4.2%), while the highest were in Prague 3 (14.9%) and Prague 9 (14.8%).

New supply and vacancy rate

sq m, %



Source: Knight Frank Research, Prague Research Forum

Key Occupier Market Figures

Quarterly Gross & Net Take-up

	Q1 2025
	87,700 sq m 47,900 sq m

Prime Rent

€30.00 sq m / month

Vacancy Rate

7.0 %

Under Construction

173,100 sq m

47,900 sq m

In the first quarter, we observed a slight increase in new take-up, while overall take-up—including renegotiations—declined, with the share of renegotiations falling to 40%. Nevertheless, tenants continue to carefully consider relocations due to the limited availability of new space and rising relocation costs.

DEMAND

Gross take-up (including renegotiations of existing leases and subleases) reached 87,700 sq m in the first quarter of 2025, representing a year-on-year decline of 14% and a 53% decrease compared to the previous quarter.

Net take-up amounted to 47,900 sq m, which is 5% more than in the same period last year.

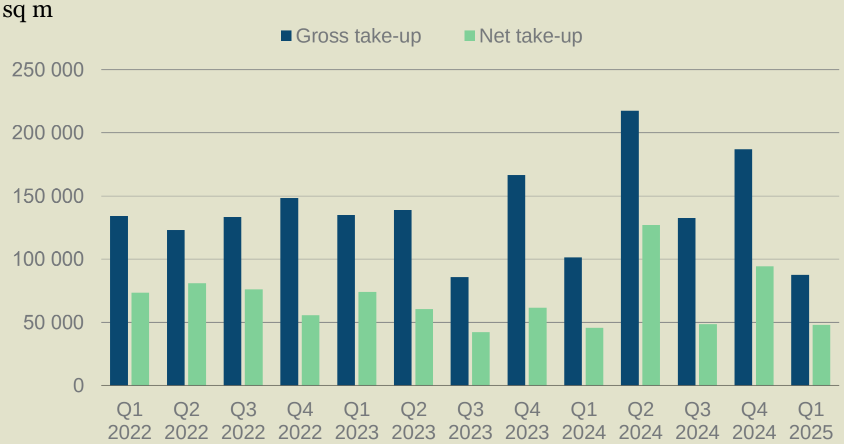
The highest net take-up—comprising new leases and expansions—was recorded in Prague 5 (20%), followed by Prague 7 (17%) and Prague 4 (15%).

New leases and expansions accounted for 53% of total gross take-up. Renegotiations made up 40%, while subleases represented 6% of total occupational activity. The remaining demand consisted of pre-leases.

The largest share of new leasing activity came from technology companies (20%), followed by the public sector and education (18%), and companies in the financial sector (10%).

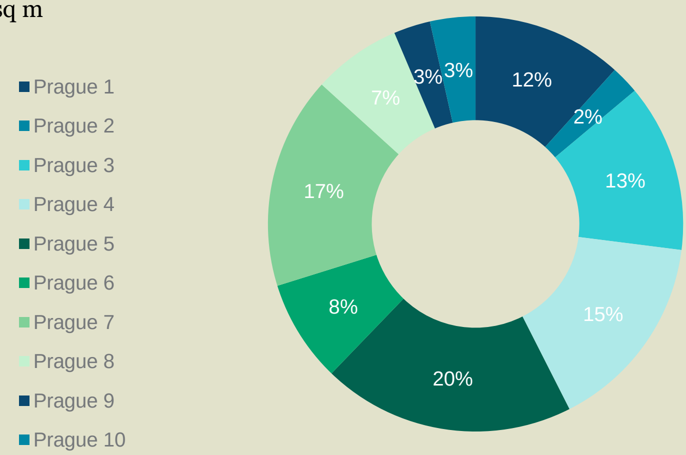
Most significant transactions in Q1 2025 included a renegotiation by an undisclosed financial institution in the Brumlovka Beta building (6,900 sq m) in Prague 4. Other notable deals were McKinsey's lease renegotiation in Main Point Pankrác (4,400 sq m), also in Prague 4, and the sublease by Knowlimits in the Forum Karlín I building (4,400 sq m) in Prague 8.

Gross and net take-up
sq m



Source: Knight Frank Research, Prague Research Forum

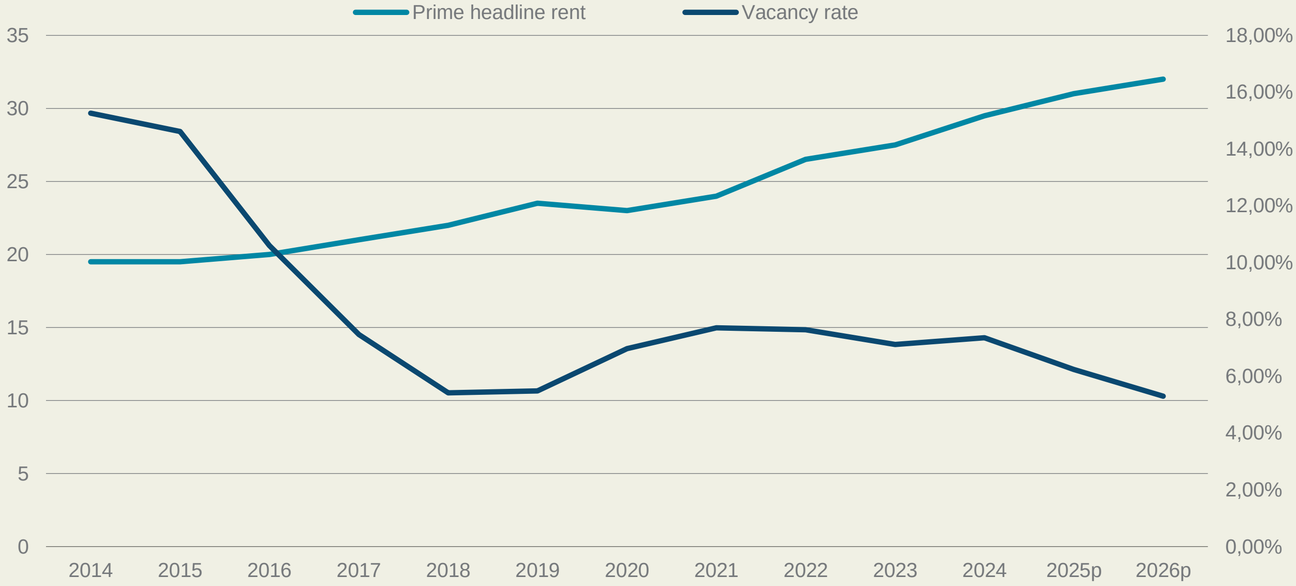
Net take-up by district in Q1 2025
sq m



Source: Knight Frank Research, Prague Research Forum

- Prime headline rents increased by 7% year-on-year. Growth is expected to continue, driven by rising construction costs and limited new supply.

Prime headline rents
€/sq m/month, %

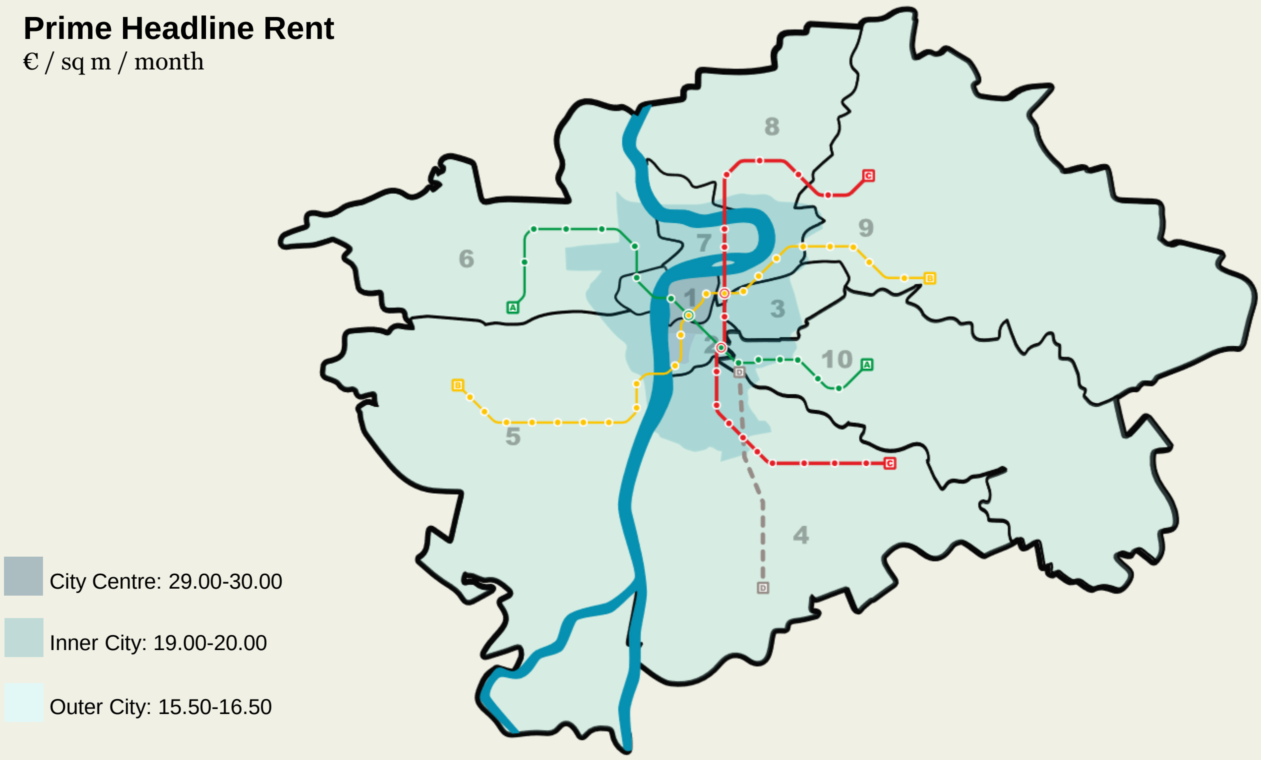


Source: Knight Frank Research, Prague Research Forum

PRIME HEADLINE RENT

Prime headline rents increased slightly in Q1 2025 to €29.00-30.00 per sq m / month. We continue to record rents exceeding €30.00 per sq m in trophy properties in the city centre. In the inner city, the prime headline rent reach €19.00-20.00 per sq m / month, while in the peripheral areas of the city €15.50-16.50 per sq m / month.

Prime Headline Rent
€ / sq m / month



Focus
Smart Office

Smart Office: The Future of Intelligent Workspaces
A smart office uses technology to increase efficiency, comfort, and security. The foundation lies in the integration of systems that communicate with each other and automate operations — from lighting and ventilation to security and space management. The goal is to reduce costs, improve the environment, and boost productivity. Key technologies include IoT, AI, and BMS.

IoT – Internet of Things
IoT is a network of smart sensors that monitor the building's condition in real time — such as temperature, movement, air quality, or energy consumption. They function as the "senses" of the building, collecting data for further processing.

AI – Artificial Intelligence
Artificial intelligence analyses data to recognise behavior patterns, predict user needs, and suggest efficient operational settings. The results are passed on to the BMS system, which makes the necessary adjustments.

BMS – Building Management System
BMS acts as the central brain of the entire building. Based on input data, it regulates operations — such as heating, lighting, or access systems — to ensure efficiency and user comfort.

Investment and Return
Implementing these systems requires higher initial investment, but it pays off through energy savings, lower operating costs, and longer lifespan of technologies. An additional benefit is a higher quality indoor environment.

- **Circadian LED Lighting** that adjusts brightness and colour temperature based on the time of day, room occupancy, and availability of natural daylight.
- **Indoor Navigation**
  Navigation apps help locate rooms, colleagues, or equipment.
- **Smart HVAC Systems** optimise temperature and air quality using sensors and user preferences. Monitoring of CO_2 levels and humidity is included to ensure comfort and well-being.
- **Occupancy and Motion Sensors** detect the presence of people and adjust lighting, temperature, and availability of workspaces accordingly. They also support space utilisation analysis.
- **Connected Workstations**
  Desks and meeting rooms can be reserved via mobile apps. Personal settings (e.g., desk height, lighting) can be loaded automatically.
- **Facial Recognition Access** enables entry to elevators and office spaces through facial recognition.
- **Energy Management Systems**
  Real-time monitoring and AI-driven optimisation of energy consumption help reduce usage.
- **Digital Assistants and Voice Control**
  Integration with assistants like Alexa, Google Assistant, or proprietary AI enables task automation, scheduling, and environmental control.
- **Dashboards**
  Real-time analytics on occupancy, energy consumption, and employee satisfaction.

Collaboration Between Tenants and Landlords
Efficient operations are further supported by cooperation between tenants and landlords, often formalised through so-called "green leases." These agreements define the responsibilities of both parties in collecting and sharing data related to building operations, energy consumption, and waste etc. Predictive AI models then use this data to optimise building performance — such as ventilation volume, temperature, or time schedules — thereby further reducing costs and energy usage.

DEFINITIONS

Stock: Total completed office space (occupied and vacant), newly built since 1990 or refurbished, A and B class offices, owner occupied and for lease. Buildings fewer than 1,000 sq m are excluded.

New supply: Completed newly built or refurbished buildings that obtained a use permit in the given period.

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. It does not include space that is under offer. A property is taken up when the contract is signed. Total take-up includes renegotiations, lease extension and subleases, net take-up excludes these.

Vacancy rate: Ratio of physically and contractually vacant space in completed buildings on the total stock.

Sublease: Space offered for lease by a tenant who is contractually obliged to occupy the premises for a longer period than what they need.

Prime rent: Achieved headline rents that relate to new prime, high specification units in prime locations. However, there might be exceptional assets on the market, in which higher rent could be achieved.

If you have any question about our research or would like to acquire more information or would seek any real estate advice, we would love to hear from you.

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