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## OFFICE VACANCY RATE CONTINUES TO FALL IN CEE DURING Q3 2005

According to its recently completed **Central & Eastern Europe (CEE) Office Market View Q3 2005** report, CB Richard Ellis concludes that an increase in the amount of office take-up and a sharp decrease in new development completions in CEE during Q3 2005 caused the aggregate vacancy rate in CEE to reach an all-time low, which continues to buoy rents throughout the region.

According to CB Richard Ellis' analysis of the primary office markets in CEE – Bratislava, Bucharest, Budapest, Moscow, Prague, Sofia and Warsaw – the aggregate vacancy rate for CEE at the end of Q3 2005 was 8.34%, a decrease of 110 basis points quarter-on-quarter and a decrease of 282 basis points year-on-year.

CB Richard Ellis' report finds that only ca. 135,000 sq m of new office space was completed in the primary CEE markets during Q3, raising the total stock figure for the region to approximately 12.8 million sq m, a q-o-q stock increase of only 1%. CB Richard Ellis expects that total development completions in 2005 will equal 1.4 million sq m and predicts that the amount of development next year will be similar, before decreasing slightly in 2007.

According to CB Richard Ellis, aggregate CEE take-up in Q3 2005 was approximately 520,000 sq m, an increase of approximately 20% q-o-q. The total aggregate take-up for the first three quarters of the year was approximately 1.5 million sq m, whilst absorption in the same period was circa 1.1 million sq m.

Cory Hrcirik, Head of CEE Research at CB Richard Ellis, commented, "The decrease in the aggregate vacancy rate in CEE to 8.3% attests to the stability of the office markets in this region. Looking forward, we expect take-up in 2005 to almost certainly surpass the record 1.8 million sq m that was leased in CEE in 2004. However, supply is expected to surge in the last quarter of the year for CEE as a whole, which could push the aggregate vacancy

figure up slightly to around 9%. Nevertheless, it appears that the CEE office markets will remain strong throughout the remainder of 2005 and 2006.”

**About CB Richard Ellis**

CB Richard Ellis (NYSE:CBG), a FORTUNE 1000 company headquartered in Los Angeles, is the world's leading commercial real estate services firm (in terms of 2004 revenue). The company serves real estate owners, investors and occupiers by offering strategic advice and execution for property leasing and sales; property, facilities and project management; corporate services; debt and equity financing; investment management; valuation and appraisal; research and investment strategy; and consulting. Including partners and affiliates, the company has over 300 offices in more than 50 countries around the world. Please visit our Web site at [www.cbre.com](http://www.cbre.com).