



PRAGUE RESEARCH FORUM REPORT



AUTUMN
2003

Introduction

The Prague Research Forum – comprised of CB Richard Ellis, Cushman & Wakefield Healey & Baker, DTZ Zadelhoff Tie Leung, and Jones Lang LaSalle – has finalized the figures for the Prague office market through the third quarter of 2003. The Prague Research Forum has been created as a medium for these four leading property consultancy firms to exchange information and agree definitions and statistics for the Prague real estate market.

Modern Office Stock

Prague's modern office stock¹ rose by the end of September to 1.38 million sq m. Approximately 60% (830,793 sq m) is new build, whilst the remainder (550,026 sq m) is made up of refurbished buildings. Prague's office stock is relatively evenly divided into four submarkets – CBD (28% of total stock), Edge of Center (21%), Mid Town (26%), and Out of Town (25%).

¹Modern Office Stock is defined as buildings that have been completed after 1993, or have undergone a significant refurbishment since then. The modern office stock includes only class A and B buildings.



Office Supply

Ten modern office buildings were completed in the second and third quarters of 2003, adding more than 77,000 sq m to Prague's modern office stock. Almost 93,000 sq m of modern office space have been completed so far this year. Of this new supply 14% has been completed in the CBD, 35% in the Edge of Center, 34% in Mid Town, and 17% in Out of Town.

93% of the space completed so far this year is new build, whilst only two buildings – Areal Vladislavova and Mango Building - were refurbished. I.P. Pavlova 5 Office Building is unique in that it retains the historic façade, but offers entirely new-build offices.

At the end of the third quarter of 2003, more than 52% of this year's newly completed office space was leased. Many of the buildings that have been completed in 2003 to date, including Nagano III, Portheimka Office Center, Polygon House, Olympus Building, and Technopark secured tenants before completion.

Quarter	Building	Total Office Space (sq m)	Submarket ²	District
2	Danube House – River City Prague	20,200	EoC	8
2	Mango Building	3,300	CBD	1
2	Nagano Office and Technology Park III	5,700	OT	3
2	Palác Flóra	18,000	MT	3
3	Areal Vladislavova – Phase I	3,120	CBD	1
3	I.P. Pavlova 5 Office Building	6,555	CBD	2
3	Portheimka Office Center	2,877	EoC	5
3	Polygon House	9,902	MT	4
3	Olympus Building	2,700	OT	6
3	Technopark	7,474	OT	5
TOTAL		77,398		

²Prague's office submarkets are as follows: Central Business District (CBD), Edge of Centre (EoC), Mid Town (MT), and Out of Town (OT).



Office Take-up

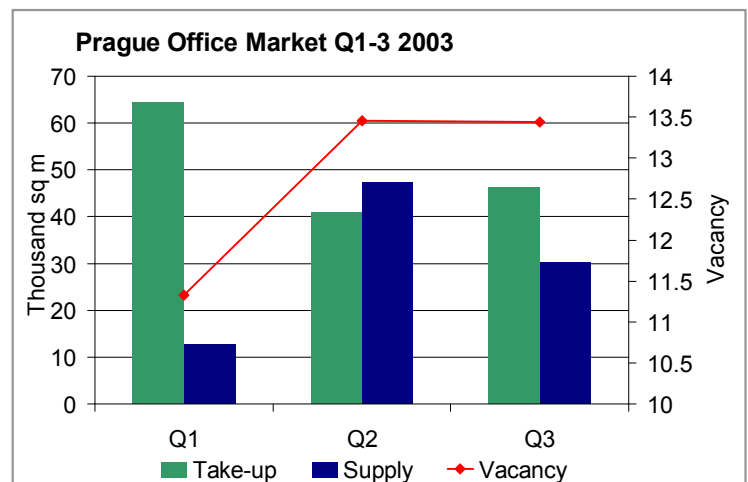
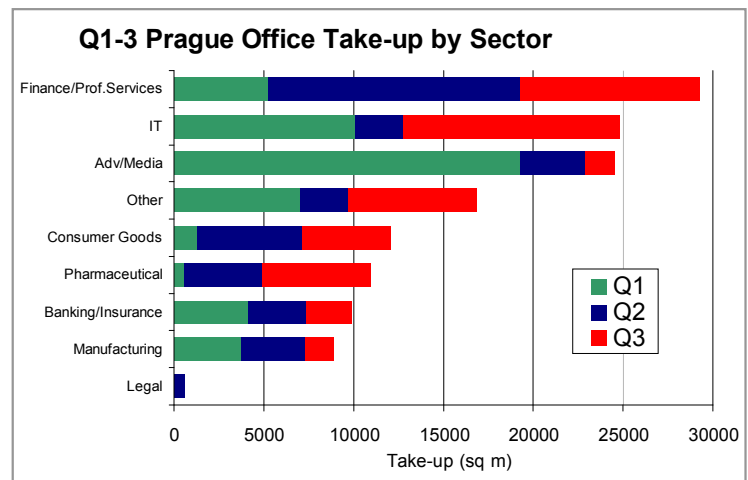
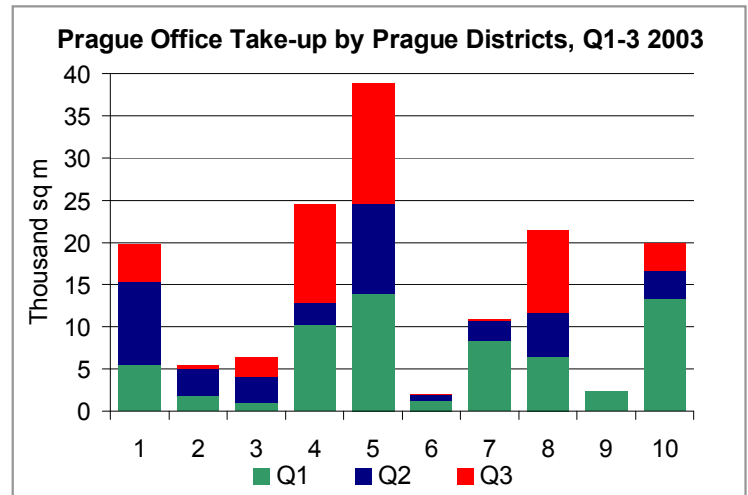
Office take-up³ during the second and third quarters of 2003 was approximately 41,000 sq m and 46,000 sq m respectively, bringing the total so far for 2003 to 151,000 sq m. Almost 72% of the space let so far this year has been new build. The highest amount of office space to date in 2003 has been leased in Prague 5 (26%), 8 (14%) and 10 (13%) respectively.

Take-up continues to be driven by the Financial and Professional Services Sector, with these firms representing almost 20% of this year's total leased space to date, with IT and Advertising/Media at approximately 16% each.

Office Vacancy

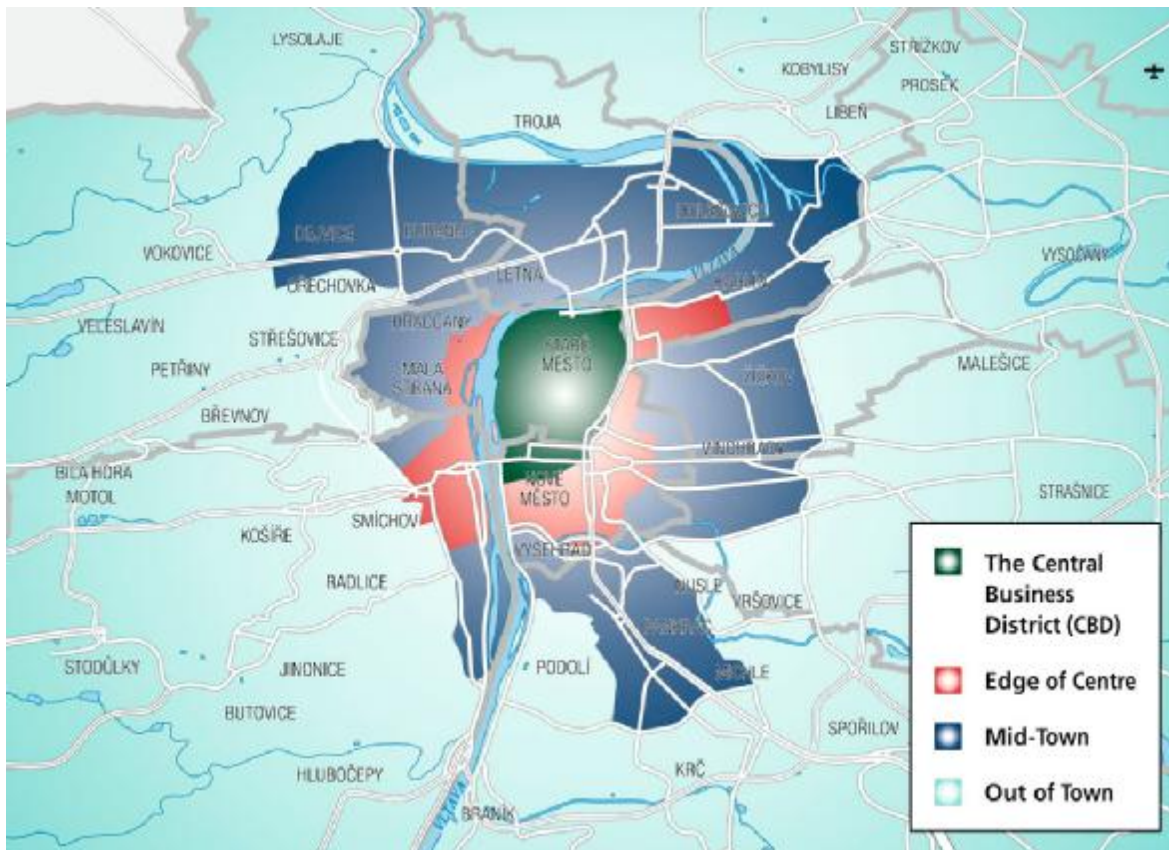
In the second quarter three new office buildings were completed with the majority of lettable space still vacant. This new vacant space increased the overall Prague office vacancy level from 11.3% to 13.5%. During the third quarter, much of the space in these Q2 buildings was let, and most of the buildings that were completed in the third quarter secured pre-leases. As a result, the vacancy level fell slightly to 13.4%.

³Take-up is specified as all office leasing transactions that were completed for space in buildings within the modern office stock.





Submarket	Office Stock (sq m)	Vacancy	Q1 Take-up (sq m)	Q2 Take-up (sq m)	Q3 Take-up (sq m)
CBD	379,948	13.6%	5,470	11,532	4,200
Edge of Centre	286,769	14.5%	27,644	12,297	21,066
Mid Town	357,786	16.6%	12,937	7,639	4,307
Out of Town	356,316	9.3%	18,286	9,562	16,747
TOTAL	1,380,819	13.4%	64,337	41,030	46,320



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