

Office Supply on the Rise:

"We expect the completions of new office stock in Bratislava to dip slightly in 2004, but to reach record levels in 2005 and 2006."

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this year at a glance

-  prime rental values
-  prime yields
-  vacancy rates
-  take-up Change '02-'03

EXECUTIVE SUMMARY

The Bratislava office market consists of approximately 750,000 sq m of modern office stock, with the majority of the stock located in Bratislava districts II, I and III. Approximately 75,000 sq m of new office space was completed during 2003, and we predict that approximately 250,000 sq m of office space is planned for completion in Bratislava during the next three years.

Office take-up has been relatively irregular and we cannot see a clear trend emerging yet. However, many international companies – such as HP, IBM, and British Airways – leasing large amounts of modern space in Bratislava. We would expect that take-up in Bratislava would generally increase over the next 3 years, as new companies continue to sign for modern space.

Vacancy rates in Bratislava have remained between 11% and 12% for the last couple of years due to the gradual manner in which new space has been developed. We predict that vacancy levels will increase slightly in the next three years due to the high amount of space that is currently planned for development.

As a result of the stable vacancy rate, the quoted prime office rent of €18/sq m/month has also remained steady over the same period. However, although the prime rent is quoted at €18, this rent is only achieved for a small amount of very prime space. Average net effective rents for the best office locations in Bratislava are between €12 and €16/sq m/month.

The market is anxiously awaiting the first investment transaction in the Bratislava office market. We would predict that prime office product would currently be sold for a yield of approximately 10%