

PRAGUE RESEARCH FORUM REPORT



2003

Introduction

The Prague Research Forum is happy to publish the finalised figures for 2003. The Prague Research Forum has been established by Cushman & Wakefield Healey & Baker, CB Richard Ellis, DTZ Zadelhoff Tie Leung and Jones Lang LaSalle to share the information about the Prague office market and thus provide more accurate data.

Office Supply/Stock

Prague's modern office stock¹ rose by the end of December 2003 to 1.45 million sq m. Approximately 62% (ca. 897,000 sq m) is new build, whilst the remaining 38% (ca. 550,000 sq m) is made up of refurbished buildings.

Office Supply

Seven modern office buildings were completed in the 4th quarter of 2003, adding more than 68,500 sq m to Prague's modern office stock. Altogether 163,000 sq m of modern office space was completed in the year 2003. Of this new supply 11% was completed in the CBD, 20% in the Edge of Center, 26% in Mid Town, and 43% in Out of Town.

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.

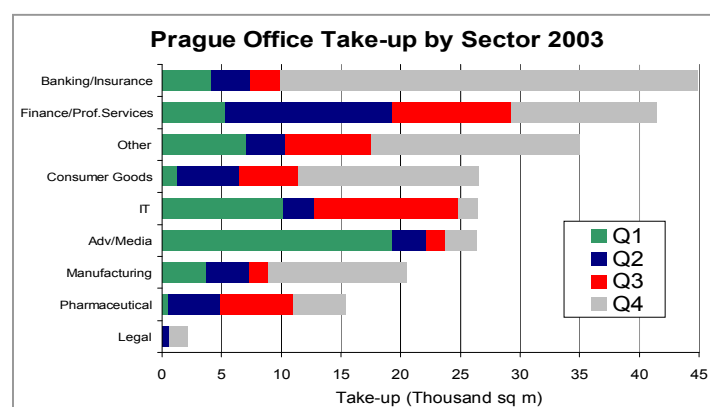
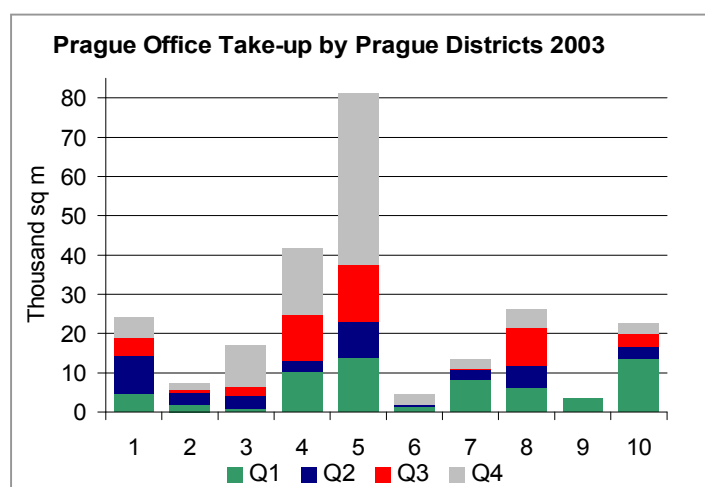
Quarter	Building	Total Office Space (sq m)	Submarket	District
4	T-Mobile Center	29,000	OT	4
4	Český Statistický úrad	12,086	OT	10
4	BB Centrum/Alpha	10,668	MT	4
4	Lighthouse/Building B - Phase 1	5,042	MT	7
4	Areal Vladislavova/Spalená – Phase 2	4,964	CBD	1
4	The Hall Office Park – Building E	3,600	MT	7
4	Nagano Office and Technology Park IV	2,594	MT	3
4	Vodickova 19	553	CBD	1
TOTAL		68,507		

Office Take-up

Office take-up² during the fourth quarter of 2003 was approximately 90,000 sq m, thus the total for the year 2003 rose to 241,000 sq m.

74% of the space let this year was new build. The highest amount of office space in 2003 has been leased in the Out of Town location (39%), then in the Edge of Centre (28%). Lower take-up was indicated in the Mid Town area (22.2%) and the least amount of office space was leased in the Central Business District (10.8%).

With regards to business sectors, the highest take-up was recorded in the Banking /Insurance sector (principally because of a pre-sale to CSOB - 35,000 sq m), followed by the Finance / Professional services sector.



²Take-up is specified as all office leasing/sales transactions that were completed for space in buildings within the modern office stock. It also includes renegotiations and pre-leases/pre-sales for owner occupation.

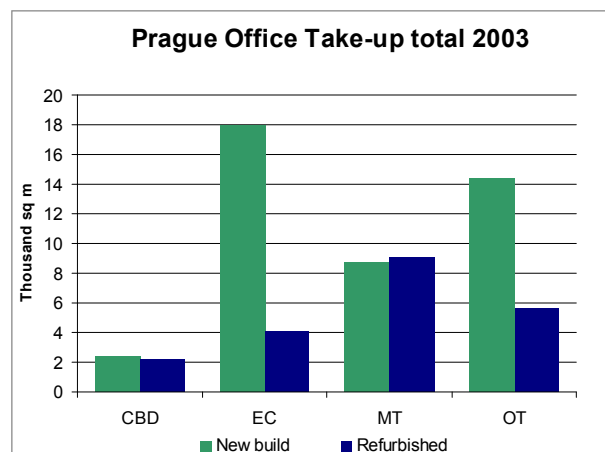
Significant Office Transactions in 2003

Net Take-up

The most significant net take-up deals in 2003 were Exxon Mobile (7,688 sq m) at Palác Flóra, Unicorn (5,732 sq m) at Danube House, Pfizer (4,500 sq m) at Anděl City and Aisa Info (3,335 sq m) at Kodaňska Office Centre.

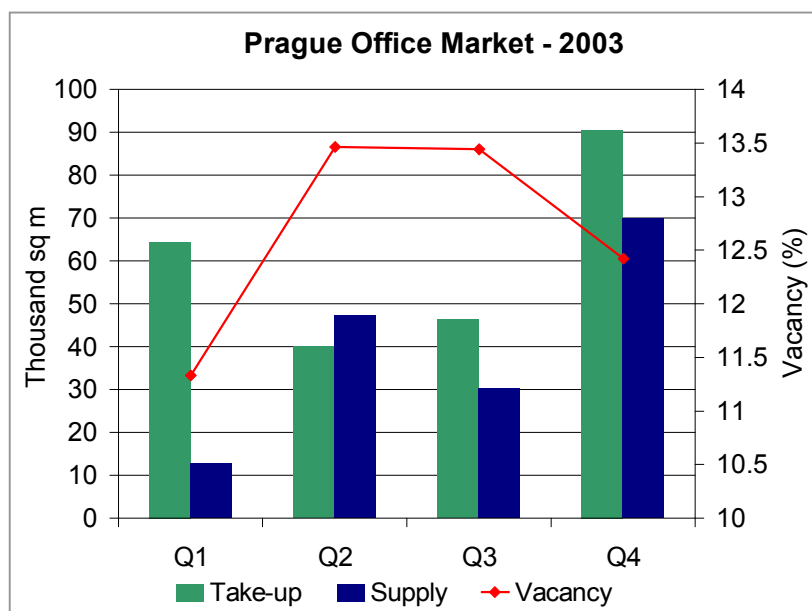
Pre-leases/Pre-sales

A large number of pre-leases /pre-sales were secured in the year 2003, the most significant being ČSOB, who took 35,000 sq m at Radlická, then Mafra 12,000 sq m at Anděl Park, The Park pre-leased 9,000 sq m of office space to DHL (+ 5,500 sq m of data centre) and Ringier took 6,000 sq m at Aréna Holešovice.



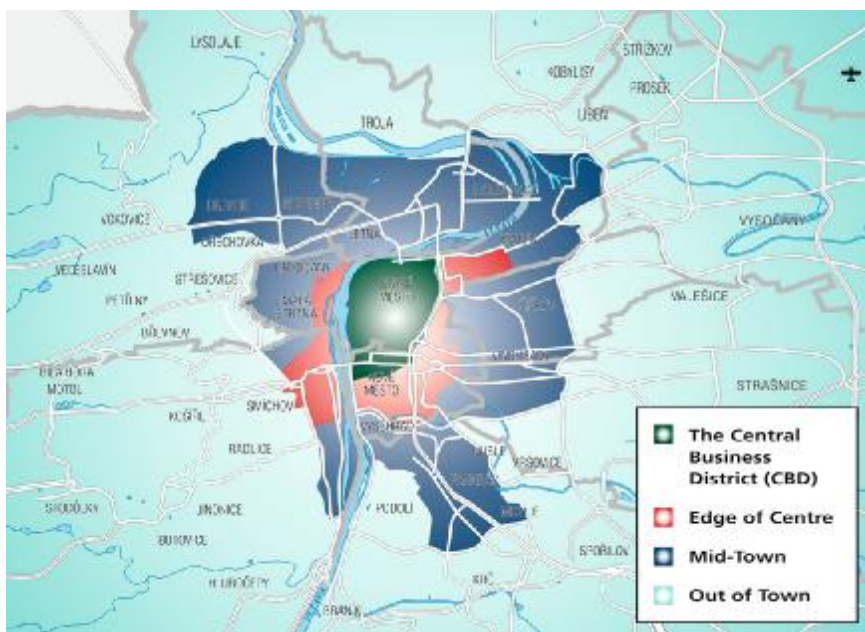
Lease Renegotiations

In terms of the principal lease renegotiations, Oskar renewed their 12,000 sq m at Vinice, Hewlett Packard renegotiated 4,600 sq m at BB Centrum and Unilever renewed 3,500 sq m at Karlín Administration Centre.



Office Vacancy

Despite a total take-up figure of 241,000 sq m for 2003, approximately 50% of this amount was re-negotiations, pre-leases or pre-sales. As a result, and with new completions exceeding 163,000 sq m, the overall vacancy rate increased slightly from 11.46 % in January 2003 to 12.46 % in January 2004.



Submarket	Office Stock (sq m)	Vacancy	Q1 Take-up (sq m)	Q2 Take-up (sq m)	Q3 Take-up (sq m)	Q4 Take-up (sq m)
CBD	383,145	15.1%	4,568	11,051	4,200	6,199
Edge of Centre	287,022	14.0%	21,976	11,120	21,066	3,312
Mid Town	378,500	13.7%	17,802	7,604	10,915	17,145
Out of Town	402,910	7.6%	19,991	10,162	10,139	53,821
TOTAL	1,446,473	12.46%	64,337	39,937	46,320	90,477

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