

### Quick Office Stats

	Change from:	
	Q3 2009	Q4 2008
Supply	↓	↓
Take-up	↓	↓
Vacancy	↓	↑
Prime rent	→	→

### Hot Topics

- Office take-up this quarter came to 8,600 sq m in 29 transactions: one transaction less than in Q3, and with a smaller average size.
- Annual take-up reached approximately 63,600 sq m, which is ca. 55% of total take-up recorded in 2008.
- The Computers and Hi-Tech sector accounted for 40% of office take-up, followed by the Manufacturing sector with 18% of total take-up.

### MODERN OFFICE STOCK

By the end of Q4 2009, Bratislava modern office stock reached ca. 1.3 million sq m. Since the start of 2009, the modern office stock expanded by approximately 130,000 sq m (increase of ca. 10% since the beginning of 2008). The distribution of modern office stock by location at the end of Q4 2009 was:

- City Centre submarket (28%), with a vacancy rate of 6.8%
- Inner City submarket (47%), with a vacancy rate of 12.8%
- Outer City submarket (25%), with a vacancy rate of 15.5%

By the end of Q4 2009, class A office buildings represented 58% of the total stock. New built schemes represented 69.5% and refurbishments 30.5% of the market.

### NEW SUPPLY

In 2009, there were 12 projects delivered to the market with total GLA of ca. 130,000 sq m. Q4 2009 supply consisted of two developments, one refurbishment and one new-built scheme. Total stock increased by 23,700 sq m, with the main projects outlined below. This new supply represents a decrease of 35% q-o-q and a decrease of ca. 87% on Q4 2008.

The main projects that were brought to the market in Q4 2009 were:

- Galvaniho Business Center IV (21,700 sq m), developed by Immorent
- Dessewffyho Palace (2,000 sq m), developed by Palace Office, a.s.

In terms of new supply this quarter, 92% was developed within the Outer City submarket with only one smaller project finished in the City Centre.

### DEMAND

Demand for office space in Q4 2009 came to approximately 8,600 sq m, which is a decrease of 42% on Q3 2009. Total annual take-up in 2009 reached ca. 63,600 sq m, which represents a decrease of 46% compared to the annual take-up in 2008. 29 transactions for office space were completed in Q4 2009, which is in line with the quarterly average of 32 in 2009. In comparison to Q3 2009, this was one fewer transaction, with a decrease in the average transaction size of 41% (296 sq m).

### Office Market Indicators, Q4 2009

	City Centre	Inner City	Outer City
Total stock (sq m)	364,879	611,549	323,355
Vacant space (sq m)	24,654	78,473	50,203
New supply (sq m)	2,000	0	21,700
Headline rent (€/sq m/month)	14.00-17.00	10.00-14.00	8.00-12.00

Source: CB Richard Ellis

The computer and hi-tech sector accounted for the largest share of take-up this quarter at 40%; followed by the Manufacturing sector with 18%. The computer and hi-tech sector dominated take-up for the last three quarters of 2009.

In terms of distribution of the take-up for Q4 2009 by location, 46.5% was in the Outer City Submarket; followed by the Inner City submarket with a 35% share and the City Centre submarket with a 18.5% share. This was significantly influenced by the completion of the Galvaniho Business Centre in the Outer City Submarket.

We recorded one sub-lease transaction, which accounted only for ca. 1.2% of total take-up this quarter.

**VACANCY**

By the end of Q4 2009, the city-wide vacancy rate increased from 11.2% last quarter to 11.8%. This was caused mainly by significant new supply of 21,700 sq m in the Outer City Submarket, where the vacancy rate increased to 15.5%.

**PRIME RENTS**

We did not record a lease transaction that would be considered prime in Q4 2009. However, with the significant amount of new office space to be delivered to the city centre along with the existing available space in the area, we expect the prime rent to remain at approximately 17.00EUR/sq m/month.

**OUTLOOK**

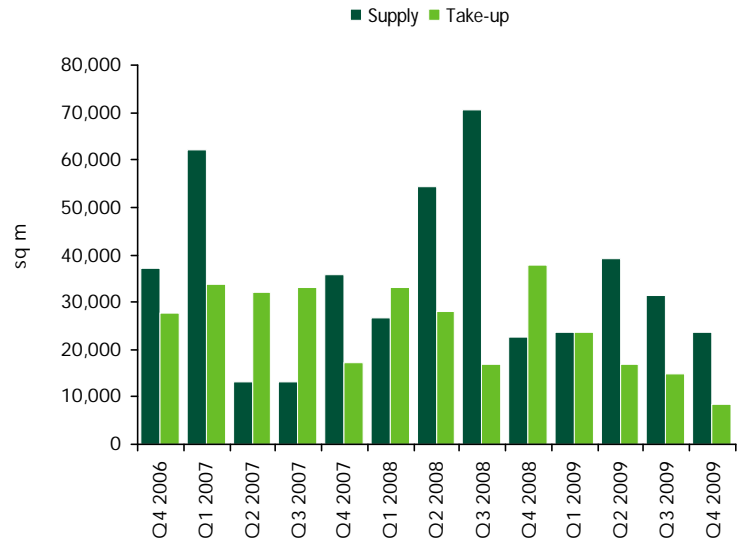
In terms of pipeline, there is ca. 72,300 sq m of modern office space forecast to be completed in 2010; all of the projects making up this total are currently under construction. Out of this, 23,500 sq m will be delivered to the market in Q1 2010 with the Eurovea project, developed by Ballymore.

We would therefore expect further downward pressure on rents and higher tenant expectations, particularly in terms of rental periods.

In terms of the longer term pipeline, our research indicates that a large number of planned projects are still on hold on which construction has not yet begun. We expect speculative development to remain slow, unless a considerable number of pre-let agreements are signed.

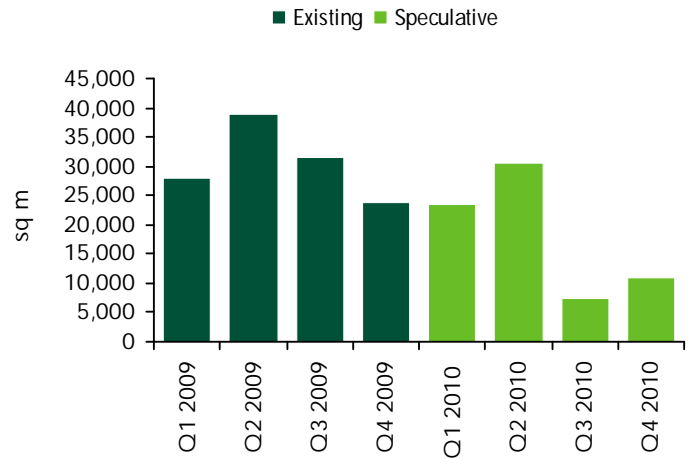
In terms of sub-lets, there was an increase in space available for sub-lease in 2009 compared to 2008. Although it is more difficult to track these types of transactions, it is expected that this trend will continue into 2010.

**Office take-up and supply levels**



Source: CB Richard Ellis

**Development pipeline 2009 - 2010**

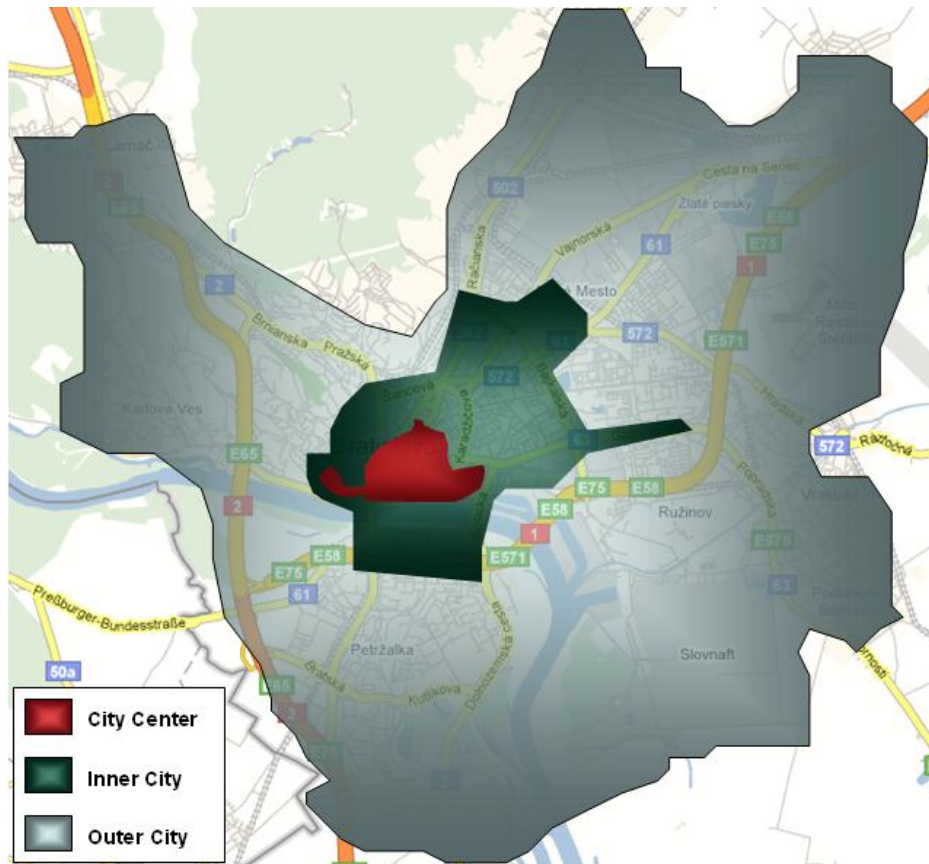


Source: CB Richard Ellis

**Stock and vacancy rate by submarket as at Q4 2009**



Source: CB Richard Ellis



## Definitions

**Stock** – modern office space in class A and B buildings.

**Vacancy Rate** – the ratio of vacant office space to total stock.

**Take-Up** – office space that has been leased in a given period including; leases, renegotiations, pre-leases, subleases and owner occupied take-up.

**Pre-lease (pre-let)** – take-up that was signed either in the planning or construction stage.

**Prime Rent** – typical ‘achievable’ open market headline rent (can be hypothetical) for a unit of standard size of the highest quality and specification and in the best location in the market, at the survey date. It does not need to be identical to any of the transactions, particularly if the deal flow is limited or made up of unusual one-off deals.

**Service Charge** – includes all applicable services and shared common costs, excluding measured energy consumption.

**NB:** There have been some adjustments to our total stock numbers, this is in line with changes from the Bratislava Research Forum.

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