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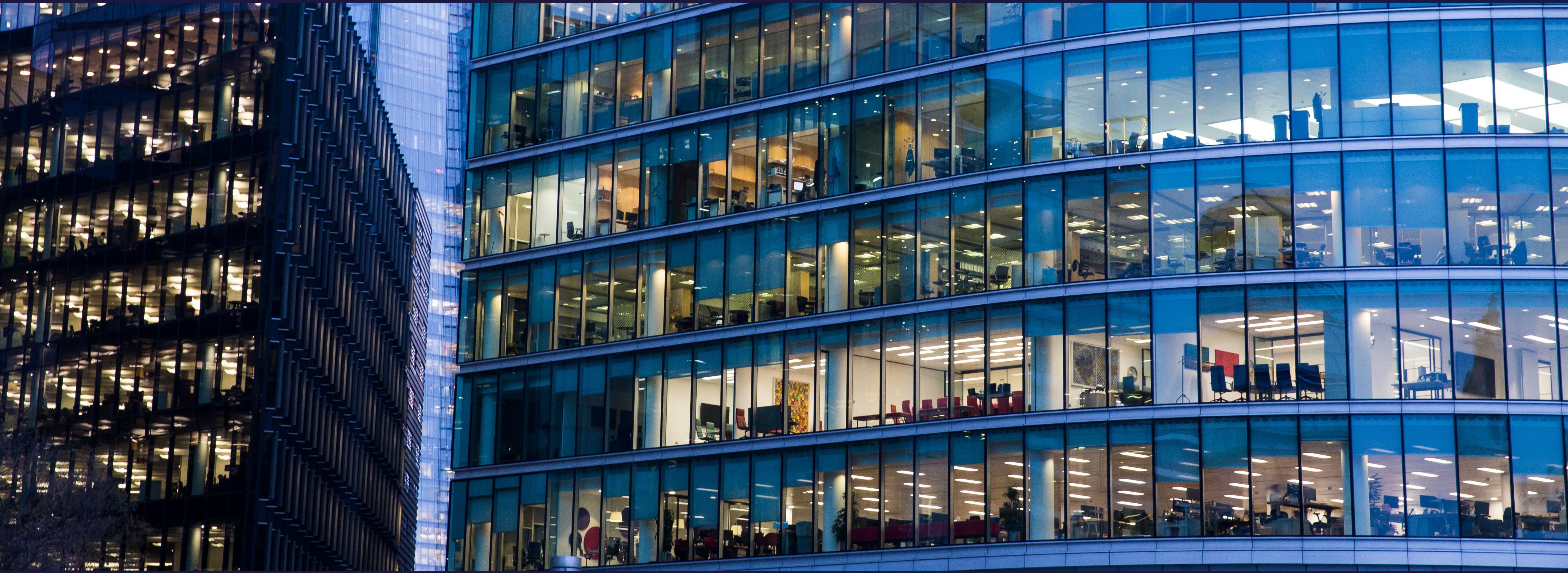


MARKETBEAT
CENTRAL & EASTERN EUROPE
OFFICE Q3 2025

Better never settles

MARKETBEAT

CENTRAL & EASTERN EUROPE

OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.1% Vacancy Rate	▼	▼
296K YTD Net Absorption	▲	▲
129K YTD Completions	▼	▲

(Sqm, end of period)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4% CEE-6 Real GDP	▲	▲
4.3% CEE-6 Unemployment Rate	▲	▲
4.4% CEE-6 Inflation Rate	▲	▼

(Quarterly data, average YoY changes, seasonally adjusted)
Source: Moody's Economics

RESILIENT LABOR MARKETS SUPPORT OFFICE DEMAND DESPITE SLOWER GROWTH

The CEE-6 economy expanded 2.4% in Q3 2025, continuing to outperform the eurozone, with unemployment averaging 4.3% across the region (from 2.7% in Czechia to 6.1% in Romania). Inflation moderated to 4.4%, trending toward 3.8% for 2025 and 3.2% in 2026. Although industrial output remained weak, the services sector and stable employment helped sustain business activity.

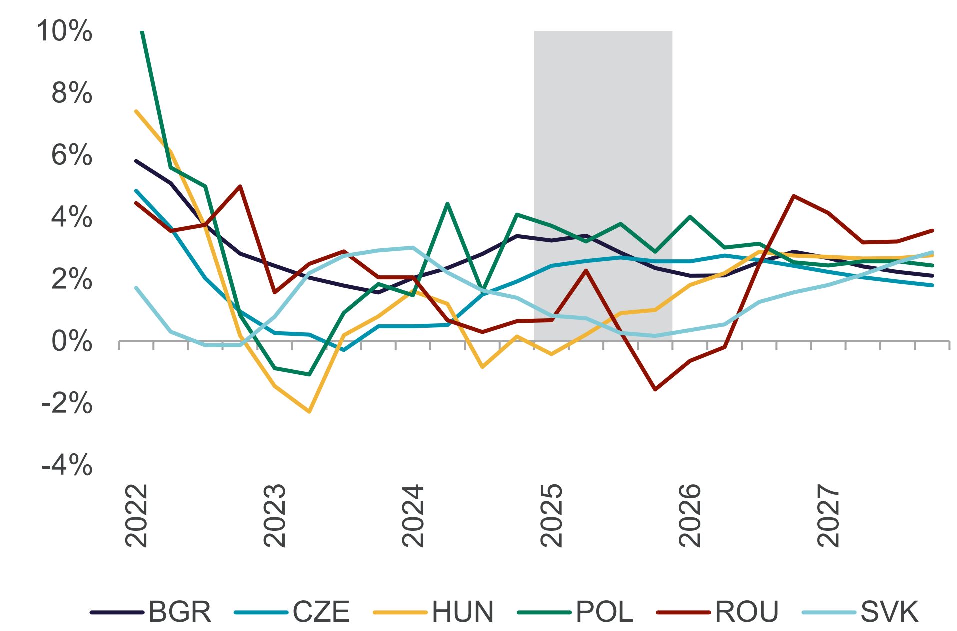
Office-related employment—particularly in IT, business services and professional services—remained resilient across key markets, even as companies navigated cost pressures, organizational restructuring and cautious hiring strategies. Real wage growth supported mobility and workplace demand in several capitals, setting a balanced macro backdrop heading into late 2025.

QUALITY, LOCATION AND ESG SHAPE A TWO-SPEED RECOVERY

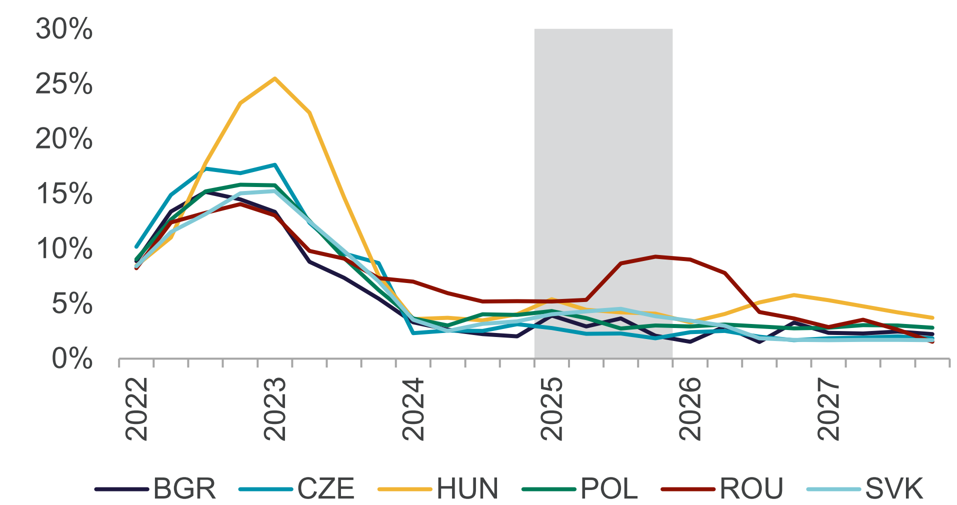
CEE office markets continued to mirror broader European trends: strengthening demand for prime, well-located, ESG-compliant space, paired with persistent pressure on older, non-refurbished buildings. Across Europe, nearly 75% of leasing activity focused on CBD locations, and vacancy in top-tier assets continued to decline—a pattern increasingly visible in Prague, Warsaw and Bucharest. In contrast, secondary stock faces rising obsolescence risk without clear upgrade pathways.

Development pipelines remain historically constrained across Europe, with just 10.1 million sq m under construction—the lowest level in a decade—underscoring long-term supply shortages and supporting rental resilience in prime assets. CEE reflects this trend, with decreasing speculative development and a growing emphasis on refurbishments and pre-leased or built-to-suit projects. Tenant priorities continue to center on efficiency, sustainability and well-connected locations, reinforcing the region's shift toward quality over quantity.

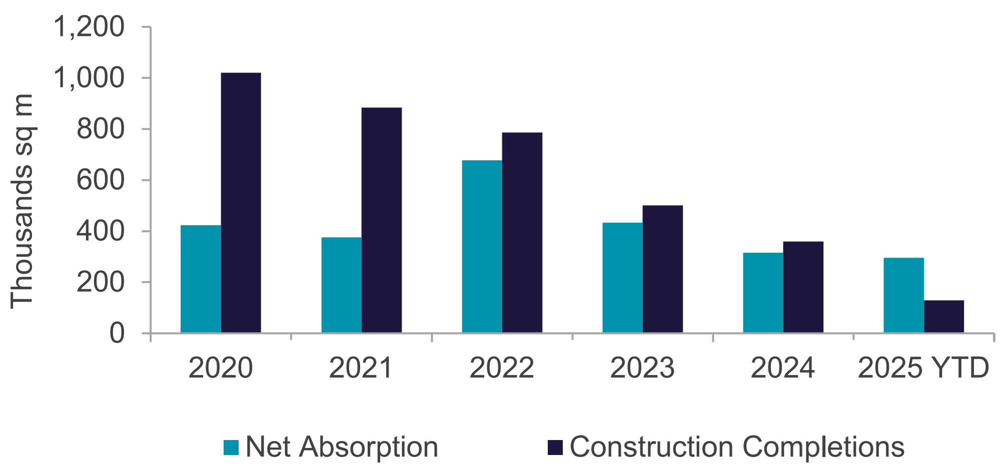
REAL GDP GROWTH (PPP)



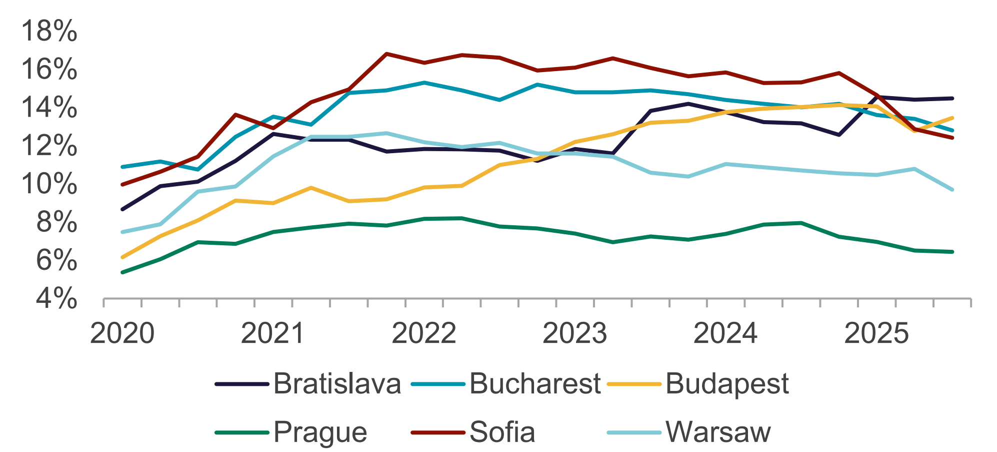
INFLATION RATE (HICP, YOY)



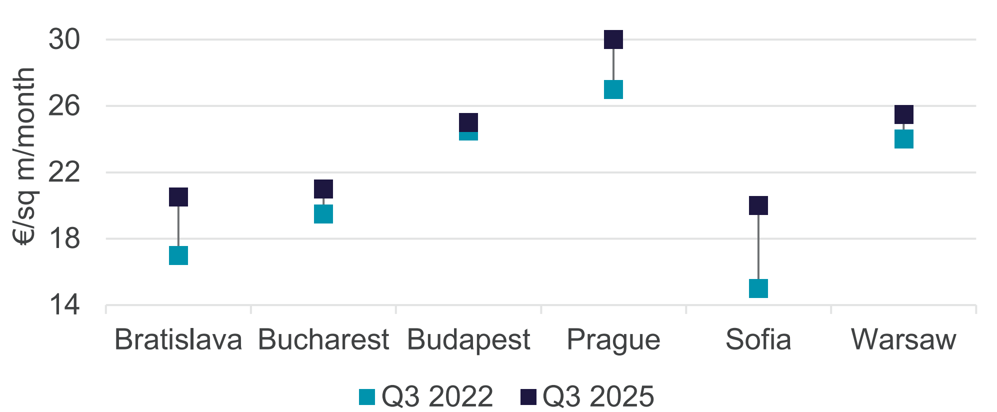
NET ABSORPTION/ NEW SUPPLY



VACANCY RATE



PRIME RENT



SOLID LEASING ACTIVITY DESPITE CAUTIOUS DECISION-MAKING

Leasing momentum across CEE remained stable in Q3 2025, with gross take-up in major markets exceeding 624,500 sq m. Year-to-date volumes at 1,7 million sq m were only 6% below 2024 levels despite limited new supply.

Prague reached 429,100 sq m YTD, supported by owner-occupier deals and renegotiations, while Budapest posted 315,000 sq m YTD, with net take-up up 7% year-over-year. Warsaw recorded 486,600 sq m YTD, maintaining a strong mix of new leases and renewals. Bucharest and Sofia saw their strongest quarter of the year in Q3, with YTD take-up reaching 197,100 sq m and 147,100 sq m respectively, while Bratislava held steady at 124,200 sq m, led by IT and professional services.

Across the region, occupiers continued prioritizing modern, efficient space, consolidating into higher-quality assets in good locations while reassessing workplace strategies and cost structures.

DELIVERIES REACH MULTI-YEAR LOWS AS PIPELINES TIGHTEN

Q3 marked the lowest supply quarter on record across CEE, with only 3,500 sq m delivered and 129,300 sq m YTD, down 52% from last year. Total stock across CEE-6 capitals reached 22.1 million sq m, while 1.3 million sq m remained under construction, though the majority was pre-leased.

Prague's 244,200 sq m pipeline is its largest since 2019, and Budapest's 472,200 sq m is dominated by built-to-suit government projects. Warsaw and regional Poland continued to see very limited new supply. Most cities, including Bratislava, Sofia and Bucharest, recorded no Q3 completions, tightening high-quality availability and reinforcing upward pressure on prime space.

PRIME RENTS HOLD FIRM AS HIGH-QUALITY SPACE BECOMES SCARCER

Prime rents across CEE remained stable or slightly higher in Q3. Warsaw maintained €22–27/sq m/month, Prague €30, Budapest €25, Bucharest €20–21, and Bratislava €20.50. Sofia's prime rents also held at €20. Low vacancy in central locations - such as 6.45% in Prague and 6.9% in central Warsaw - continued to support rental resilience.

While headline rents were steady, landlords offered incentives more selectively, mainly in older assets or higher-vacancy submarkets. Prime yields remained largely unchanged, though improving investor sentiment suggests potential compression for best-in-class, ESG-aligned buildings.

OUTLOOK

- The CEE office sector moves into Q4 with stable fundamentals and exceptionally low new supply, supporting continued outperformance of prime assets. Vacancy should gradually decline where few projects are scheduled, while older buildings will face increasing pressure without meaningful upgrades.
- Occupiers are expected to remain focused on sustainable, centrally located, high-amenity offices that support hybrid work and talent retention. With development pipelines constrained across the region and Europe, a supply gap is likely to sustain rental stability and selective growth through 2026.
- Investor sentiment is improving, particularly toward prime and value-add opportunities where refurbishment can drive long-term performance. Markets with strong talent pools and diversified service sector - such as Warsaw, Prague, Budapest and Bucharest - are positioned to benefit most as conditions continue normalizing.

MARKET STATISTICS

MARKET	STOCK (SQM)	AVAILABILITY (SQM)	VACANCY RATE	CURRENT QTR TAKE-UP (SQM)	YTD TAKE-UP (SQM)	YTD COMPLETIONS (SQM)	UNDER CONSTRUCTION (SQM)	PRIME RENT (SQM/MONTH)
Bratislava*	1,764,500	255,400	14.47%	24,800	124,200	0	40,700	€20.50
Bucharest	3,429,500	439,000	12.80%	75,800	197,100	0	169,500	€21.00
Budapest	4,426,100	595,200	13.45%	101,900	314,900	5,100	472,200	€25.00
Prague	3,943,100	254,300	6.45%	176,200	429,100	15,300	244,200	€30.00
Sofia	2,336,300	289,200	12.42%	60,600	147,100	20,200	204,100	€20.00
Warsaw	6,245,100	605,900	9.70%	185,100	486,500	88,700	138,900	€25.50
CEE-6 TOTALS	**22,144,500**	**2,439,100**	**11.02%**	**624,500**	**1,699,000**	**129,300**	**1,269,600**	

**Note: In Q1 2025, Bratislava stock has been adjusted to exclude owner-occupied buildings.*

KEY LEASE TRANSACTIONS, Q3 2025

MARKET	PROPERTY	SUBMARKET	TENANT (SECTOR)	SIZE (SQM)	TYPE
Prague	Generali Česká pojišťovna	Prague 4	Generali Group	>20,000	Pre-completion
Prague	Metronom	Prague 5	SAP	27,900	Renegotiation
Warsaw	Plus Multimedia House	Mokotów (Służewiec)	Polkomtel	22,700	Renegotiation
Budapest	H2O Offices Phase 2	Váci Corridor	Confidential	22,200	Pre-lease
Bucharest	Yunity Park E	Dimitrie Pompeiu	Procter & Gamble	7,000	New lease
Prague	Mezi Vodami (Nestlé HQ)	Prague 4	Nestlé	6,900	Renegotiation
Warsaw	West Warsaw Office	West	Luxmed	5,600	New lease
Prague	Praga Studios	Prague 8	Edwards Lifesciences	5,300	Renegotiation
Budapest	Szépvölgyi Irodapark	North Buda	Confidential	5,000	Renegotiation
Sofia	Expo 2000 phase 2	Sofia	SAP	5,000	New lease

KEY COMPLETIONS, YTD 2025

MARKET	PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQM)	OWNER/DEVELOPER
Warsaw	The Bridge	Centre	Santander Bank	47,000	Ghelamco
Warsaw	Office House	Centre	Emagine, Maersk, Crowe	27,800	Echo Investment
Sofia	Smart Tower	Sofia	Vision Project Development	13,000	Vision Project Development
Prague	E Factory (1st phase)	Prague 9	n/a	8,700	Mount Capital
Warsaw	CD Projekt office building	Warsaw East	CD Projekt	5,600	CD Projekt RED
Sofia	Onyx	Sofia	Own use	5,000	VANPInvest
Prague	NR7	Prague 1	Scott.Weber Workspace	4,500	Crestyl
Budapest	Rhodium Irodaház	Váci Corridor	None	2,800	FITOUT Zrt.

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