ENGEL&VÖLKERS
COMMERCIAL

Market Report 2026/2027 · Prague

COMMERCIAL SPACE | RENTALS

Prague | Czech Republic

The Current Prague Real Estate Market

We continue to navigate an environment that alternates between challenging and turbulent. Nevertheless, the real estate market remains relatively stable. While financing conditions, inflation rates, construction costs, and the labor market are not yet ideal, they show consistency—providing a solid framework for both economic and personal decisions. As a result, 2026 brings predominantly positive momentum to the Prague real estate market, with each segment displaying its own distinct dynamics

The residential market continues to experience price growth despite a mild slowdown in the spring of 2026. Mortgage rates have risen toward 5%, and an increasing supply of apartments is giving buyers room to negotiate. Demand is shifting toward larger apartments (4-bedroom units), while interest in 3-bedroom units is currently at its lowest. Buyers thoroughly evaluate both the technical and legal condition of properties. The outlook remains positive, with a focus on high-quality properties in good locations.

The Prague rental housing market is stabilizing in 2026. Despite strong demand, average prices are declining slightly. Tenants prefer smaller, energy-efficient apartments. Expensive owner-occupied housing and higher mortgage rates continue to drive interest in rentals, particularly among young people, foreigners, and professionals who frequently relocate for work. Premium new developments and efficient small-format apartments maintain their value firmly, while the rest of the market undergoes a price correction.

The multi-tenant houses and commercial real estate segment has stabilized in 2026 following record growth, with prices now tracking inflation. In June 2026, the Czech National Bank raised its repo rate to 3.75%. Premium properties and multi-tenant houses awaiting renovation maintain their value. The highest demand is for multi-tenant houses dominated by smaller units up to 50 sq.m and for development projects. For the next 12 months, a stable market with moderate growth is expected, provided no external risks intervene.

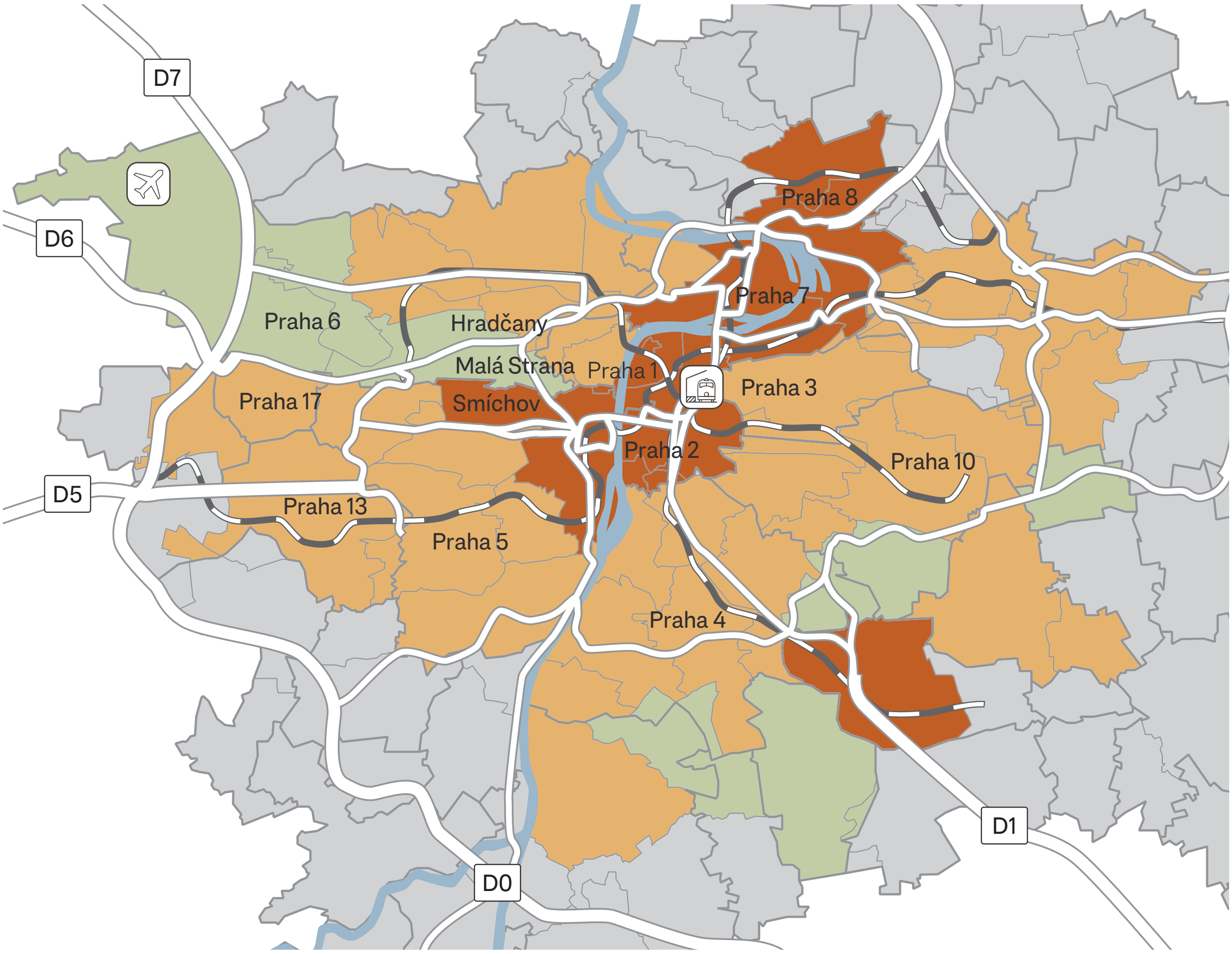
The commercial rental market in 2026 is becoming significantly polarized. Strong demand is directed toward modern Class A office space (meeting high standards and ESG criteria), hotels, healthcare facilities, and high street retail locations in the city center, including gastronomy businesses. Conversely, older offices face stagnation and price pressure. Thus, rental success is fundamentally determined by high property quality, energy efficiency, and a prime location.

Future developments will, as always, depend on the overall stability of the global, European, and Czech economic and institutional environments. However, the long-term shortage of properties, Prague's growing population, and strong demand for stable investments secure market continuity. Compared to cities such as Munich, Vienna, or Zurich, Prague still offers significant potential for growth in real estate prices and purchasing power per capita. When making key real estate decisions, always consider your personal situation and rely on thorough property and market analysis. Our specialist teams in **Prague, Pilsen, and Brno** are here to support you.

Office space

35 000 m²	30 EUR/m²	36 700 m²	3,95 Mio/m²	5,80 %
Take-up (Q2/2026)	Prime rent (Q2/2026)	Office space completion (Forecast 2026)	Office stock (Q2/2026)	Vacancy rate (Q2/2026)

Prague - Demand for office space



◆ High demand ◆ Medium demand ◆ Low demand ◆ No office district ◆ Water

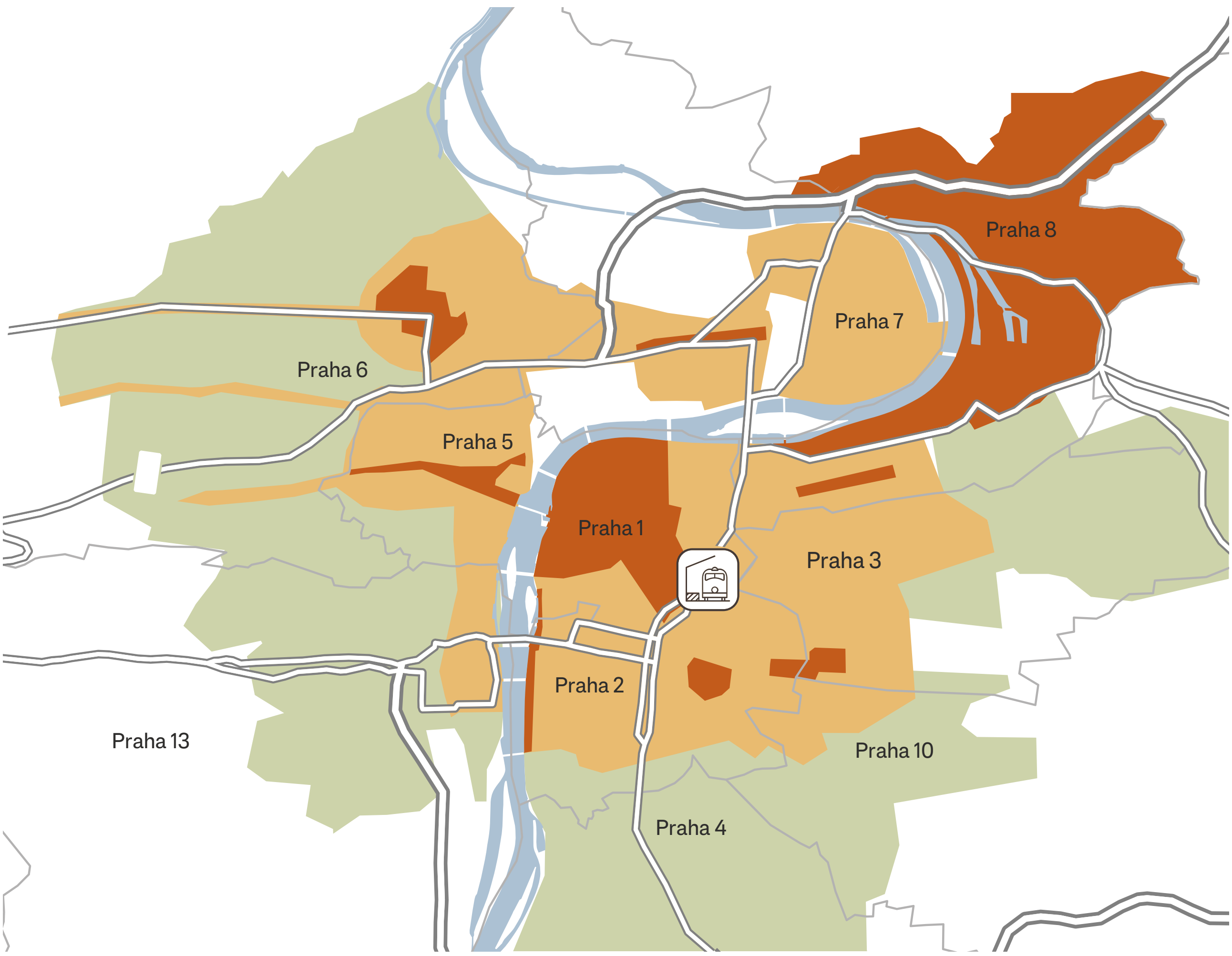
Rents of office space in Prague EUR/sqm/month

		2024	2025	2026	Trend
High demand	◆	16 – 35	16 – 35	16 – 35	→
Medium demand	◆	13 – 16	13 – 16	13 – 16	→
Low demand	◆	12 – 15	12 – 15	12 – 15	→
No office district	◆	8 – 12	8 – 12	8 – 12	→

Source: Engel & Völkers, PRF, Deloitte, Kurzy.cz

Retail

Prague - Demand for retail space



◆ High demand ◆ Medium demand ◆ Low demand ◆ Water

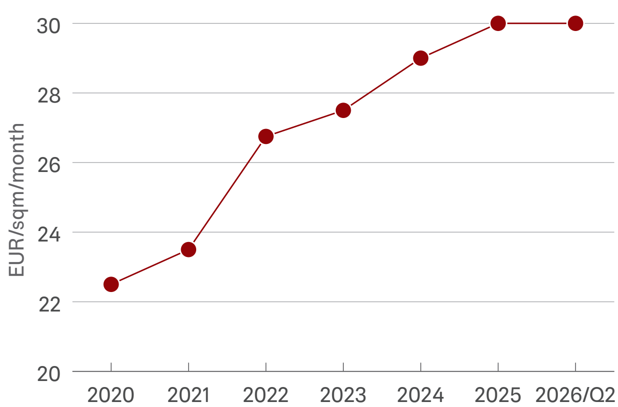
Rents of retail space in Prague EUR/sqm/month

		2024	2025	2026	Trend
High demand	◆	60 – 100	70 – 120	75 – 130	→
Medium demand	◆	24 – 32	30 – 40	40 – 50	→
Low demand	◆	10 – 12	12 – 14	14 – 16	→

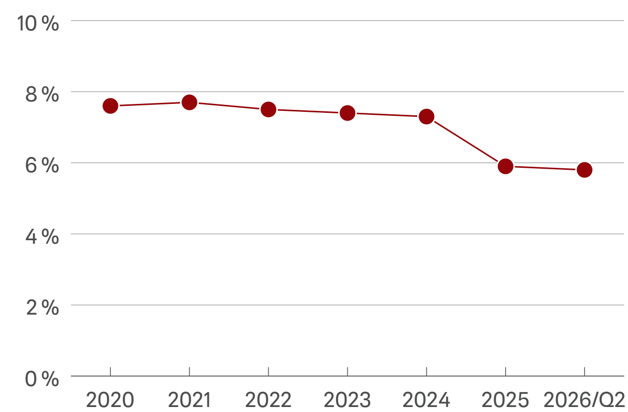
Source: Engel & Völkers

Trends & Statistics

Prime office rent in Prague, 2020-2026



Vacancy rate in Prague, 2020-2026



Mgr. Ilona Fanfrdlová
Head of Commercial Rentals E&V Commercial Prague

The Commercial real estate market in Prague continues to demonstrate divergent performance across individual sectors. While certain asset types enjoy robust demand and rental growth, others face persistent headwinds from muted occupier interest and heightened competition.

In the office space market, the "flight to quality" trend remains clearly in evidence. The strongest demand is concentrated in modern Class A office buildings that meet high technical specifications, energy efficiency standards, and ESG (Environmental, Social, and Governance) criteria. Conversely, office spaces in older administrative assets and secondary-quality properties face prolonged softness in demand. Occupancy levels in these assets remain largely unchanged, forcing landlords to compete primarily on pricing or by offering tenant incentives. Consequently, the divide between prime and secondary office space continues to widen.

The hospitality sector is experiencing highly positive momentum. Consistent tourism performance and strong visitor numbers in Prague are driving interest from both investors and operators in acquisitions and long-term leases of hotel properties, particularly in the city center. Growing demand is also evident for properties suitable for medical facilities, clinics, and specialized healthcare centers, where the supply of quality space has long been unable to keep pace with market needs.

A marked recovery is also visible in prime retail locations across Prague. High street destinations—most notably Královská cesta (the Royal Route), Na Příkopě, Pařížská Street, and other historic core areas—are once again ranking among the most sought-after retail locations. The return of international brands, high footfall in the city center, and sustained tourism growth are fueling demand for flagship retail units. Alongside luxury retail, strong demand persists for F&B (food and beverage) concepts, premium services, and experiential retail formats.

Current market dynamics highlight that leasing success is increasingly contingent on asset quality, technical specifications, and location appeal. Modern office buildings, hotel properties, private healthcare, and prime retail units demonstrate the highest levels of demand. In contrast, unmodernized older office assets continue to face stagnation, placing downward pressure on terms and driving the need for lease concessions.

Source: Engel & Völkers, PRF, Deloitte, Kurzy.cz,Google (Gemini) accessed June-August 2026

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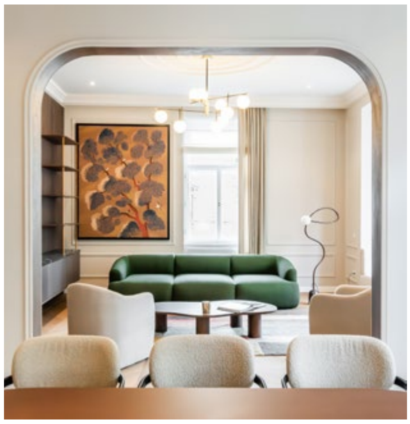

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