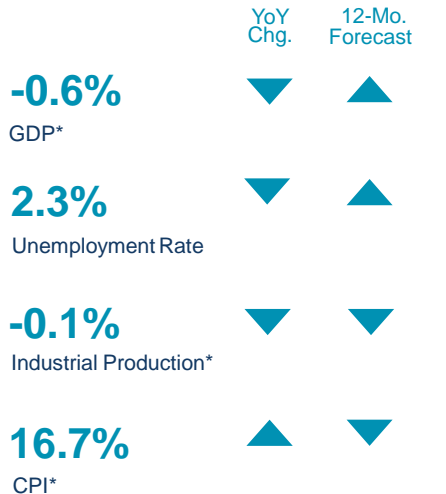


Overall, All Property Classes

ECONOMIC INDICATORS Q1 2023



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Industrial production growth picked up sharply in recent months, driven by the automotive sector

In 2022, the Czech economy saw two consecutive quarters of mild contraction due to a decrease in private consumption, resulting from a collapse in real disposable income because of the surge in prices of goods and services. However, the decline in GDP was partly offset by higher government consumption and net exports. Despite the economic slowdown, the labour market in Czechia has remained relatively resilient, with one of the lowest unemployment rates in the EU. Additionally, the inflation rate has been decreasing.

In 2022, industrial production rebounded to match pre-COVID levels recorded in 2019. Moreover, industrial output in February 2023 indicated moderate growth following a slight dip in January, with production increases attributed mainly to the automotive sector. There are still some concerns that supply bottlenecks, such as shortages of semiconductors, may again hinder car production.

SUPPLY AND DEMAND: Total industrial stock reached almost 11 million sq m, but vacancy remained below 2%

In Q1 2023, around 217,900 sq m of modern industrial space were delivered to the market across 18 projects, of which 83% were already pre-leased. Total industrial stock in Czechia reached almost 11 million sq m. Additionally, approximately 1.2 million sq m is presently under construction in the Czech Republic, of which 66% has already been pre-leased. Most pipeline projects under construction are in the Karlovy Vary, Pilsen, and South Moravia regions.

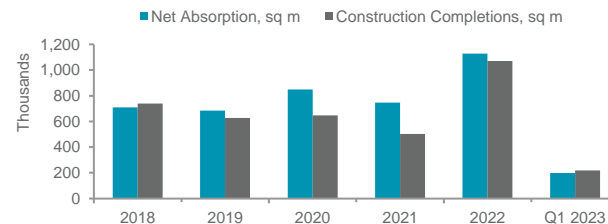
During Q1 2023, the occupier demand in the sector was mainly driven by producers (42% of gross take-up), logistics & transportation companies (19%), and distributors (15%). Gross take-up reached 344,400 sq m in Q1 2023, representing a marginal 1% increase compared to Q4 2022 and a 52% decrease compared to Q1 2022, mainly attributable to confined space availability on the market. At the same time, net take-up amounted to 272,900 sq m, with pre-leases accounting for over 79%.

In Q1 2023, the vacancy rate in Czechia increased by 43 bps compared to the previous quarter but remained low at 1.4%.

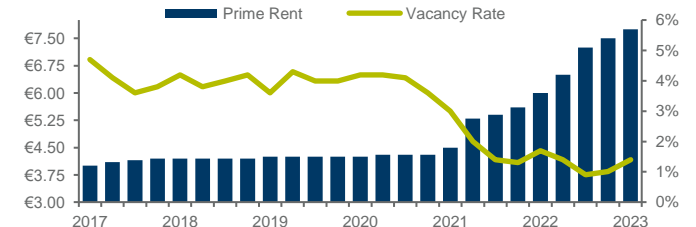
PRICING: Prime rent further increased in Q1 2023, but market forces may balance pricing in the longer term

In Q1 2023, the ongoing space shortage has resulted in an increase in prime rents. By March, the headline monthly rent for a 10,000 sq m ambient warehouse unit reached a historic high in Prague of €7.75/sq m/month, as well as €6.50 in Brno and €6.00 in Pilsen. The rental growth is expected to slow down for the rest of 2023 and potentially reverse in the longer term.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague	3,446,900	23,600	0.7%	41,500	41,500	0	71,300	€ 7.75
Pilsen	1,632,400	22,800	1.4%	63,300	63,300	0	216,300	€ 6.00
Brno (South Moravia)	1,316,700	2,400	0.2%	93,000	93,000	7,200	152,500	€ 6.50
Ostrava (Moravia-Silesia)	1,083,700	37,300	3.4%	21,900	21,900	40,400	97,800	€ 5.75
Central Bohemia	772,700	6,300	0.8%	21,300	21,300	19,000	77,100	
Ústí nad Labem	741,100	30,900	4.2%	38,400	38,400	80,400	83,100	
Olomouc	579,700	21,700	3.7%	0	0	0	33,100	
Karlovy Vary	354,900	0	0.0%	0	0	62,100	316,600	
Liberec	349,700	0	0.0%	26,500	26,500	0	35,500	
Pardubice	216,200	0	0.0%	24,500	24,500	0	81,300	
Hradec Králové	212,900	5,000	2.4%	0	0	8,800	19,700	
Jihlava (Vysočina)	189,200	0	0.0%	0	0	0	6,200	
České Budějovice (South Bohemia)	74,500	0	0.0%	14,100	14,100	0	34,100	
Zlín	29,100	0	0.0%	0	0	0	10,200	
CZECH REPUBLIC TOTALS	10,999,700	150,000	1.4%	344,500	344,500	217,900	1,234,800	€ 7.75

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Blučina	Brno (South Moravia)	Inventec	52,600	Pre-lease
CBPI Business Park	Liberec	UCT Fluid Delivery Solutions	26,500	Pre-lease
Panattoni Park Pilsen West II	Pilsen	Panasonic	24,700	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Cheb South	Karlovy Vary	Autodoc	47,900	Panattoni
Panattoni Park Chomutov North	Ústí nad Labem	Jungheinrich	39,500	RSJ / Panattoni
CTPark Ostrava Poruba	Ostrava (Moravia-Silesia)	Raben Logistics	21,900	CTP Invest

Source: Cushman & Wakefield, Industrial Research Forum

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