



CZECH INDUSTRIAL MARKET UPDATE

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MARKET OVERVIEW SUMMARY

ECONOMIC OVERVIEW

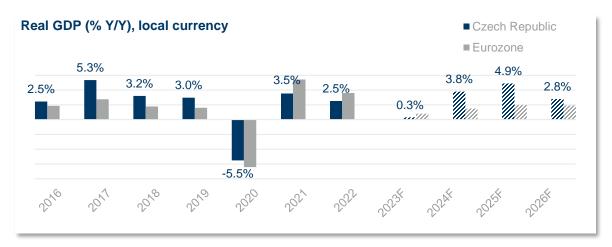
The automotive sector has driven growth in industrial production in Czechia

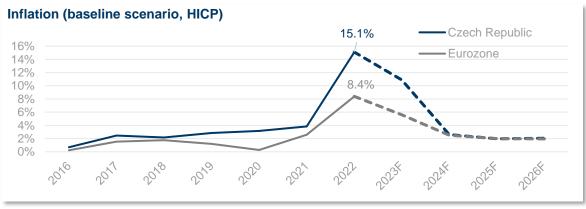
Czechia's economy has experienced three consecutive quarters of mild contraction, while Q1 2023 saw the first year-on-year decrease in GDP since early 2021, primarily due to a sharp decline in private consumption and reduced inventories. However, Moody's Analytics suggests that the decline in household consumption may have bottomed out in Q1 2023, with indications of improving disposable income as inflation declines.

The central bank's decision to maintain **policy rates** in the restrictive territory has had a negative impact on private consumption and prompted a decline in fixed investment as the rate-sensitive components of fixed investment have been scaled back.

Despite the economic slowdown, the **labour market** has shown resilience, boasting one of the lowest unemployment rates in the EU, which is expected to remain near historic lows in the near future.

Czechia's large **manufacturing industry** has weathered recent economic and political challenges relatively well, with the automotive industry making a notable contribution, as car production bounces back to pre-pandemic levels. While supply chain disruptions have eased, Moody's Analytics highlights the persistent concerns of many industrial companies regarding insufficient materials and equipment as a s barrier to further growth.





Source: Moody's Analytics

MARKET SUMMARY

With over 600,000 sq m of new industrial space planned to be delivered to the market, the total stock could reach almost 12 million sq m by the end of 2023.

1.7% 7.75€ 11,286,200 1,340,300 504,400 406,300 5.00% Q2 2023: YTD New supply YTD absorption Prime yield Total stock Under construction Vacancy rate Prime rent YoY change: 11% 4% 0.4 pp 14% -14% 19% 125 bps



Top 5 completions in Q2 2023

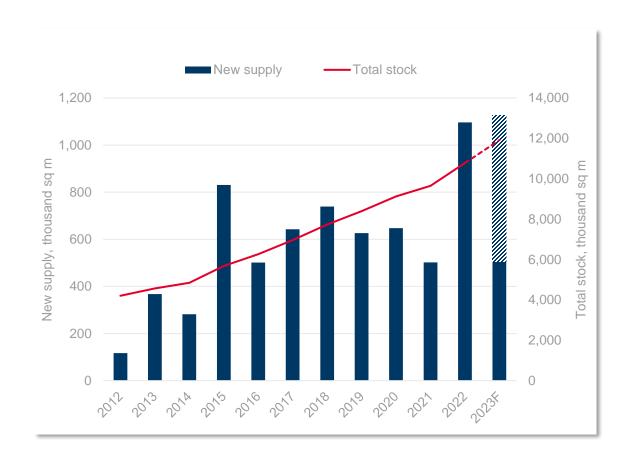
Building	GLA (sq m)	Developer	Region
Panattoni Park Pilsen West II	36,400	Panattoni	Pilsen region
CTPark Brno Líšeň	34,000	CTP Invest	South Moravia region
Prologis Park D1 Ostredek	21,300	Prologis	Central Bohemia region
Uno Park Mladá Boleslav (Industry Park Bezděčín)	19,600	UNO	Central Bohemia region
Sázava Logistics Park	19,200	UDI	Central Bohemia region

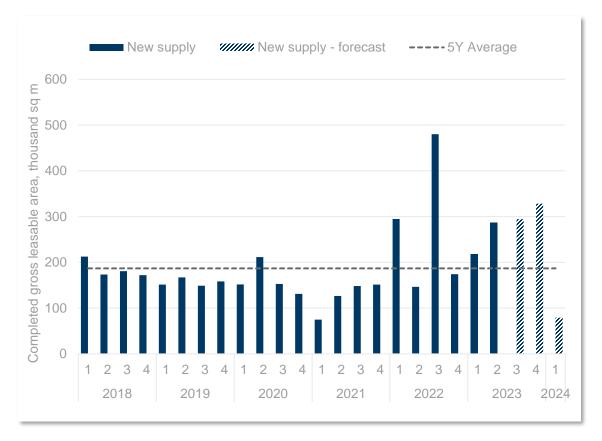
^{*} End of period value.

SUPPLY & DEMAND

NEW INDUSTRIAL SUPPLY

New supply reached 286,600 sq m in Q2 2023, keeping well above the 5-year average. Another 620,000 sq m is expected to be delivered by the end of 2023.



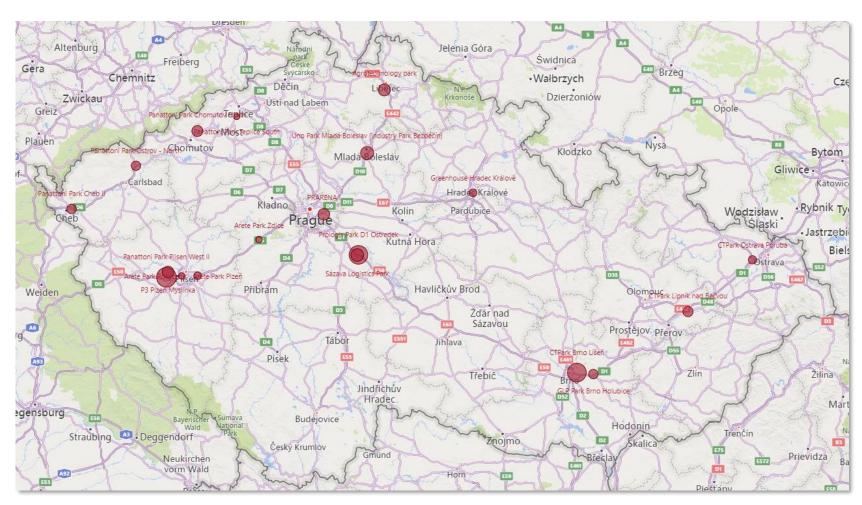


PROJECTS COMPLETED IN Q2 2023

In Q2 2023, 286,600 sq m were delivered to the market within 19 industrial parks across the Czech Republic.

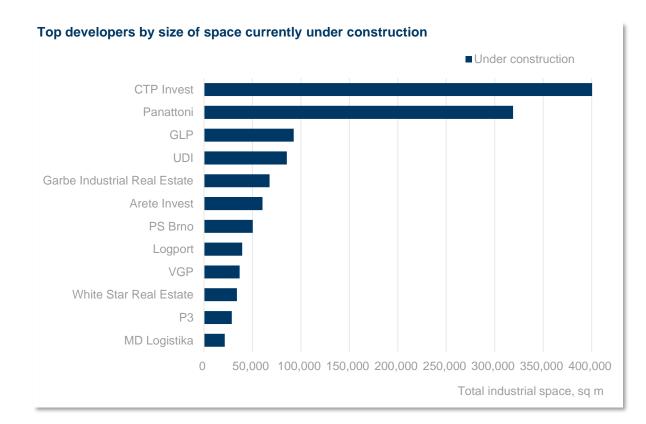
Top 10 largest projects completed in Q2 2023

Project name	GLA (sq m)
Panattoni Park Pilsen West II	36,400
CTPark Brno Líšeň	34,000
Prologis Park D1 Ostredek	21,300
Uno Park Mladá Boleslav (Industry Park Bezděčín)	19,600
Sázava Logistics Park	19,200
CBPI Business Park	17,500
Panattoni Park Chomutov North	14,900
Prologis Park D1 Ostredek	12,600
Panattoni Park Cheb South	11,500
GLP Park Brno Holubice	11,200



INDUSTRIAL PIPELINE

The construction of 397,700 sq m commenced in Q2 2023, representing an increase of 76% compared to the same period last year. In total, 1,340,300 sq m were under construction at the end of June 2023, with around 39% available. Next quarter, 294,500 sq m within 14 industrial parks should be completed.



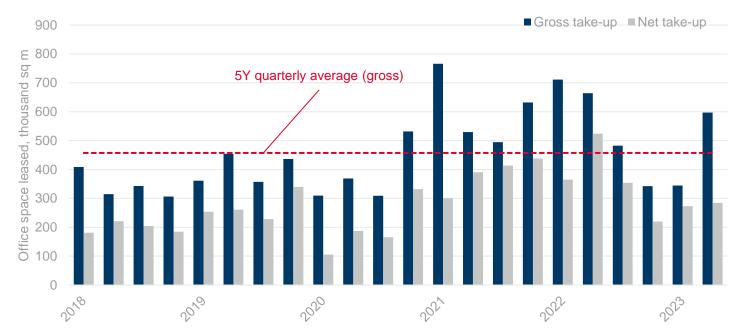
Top projects to be completed in Q3 2023

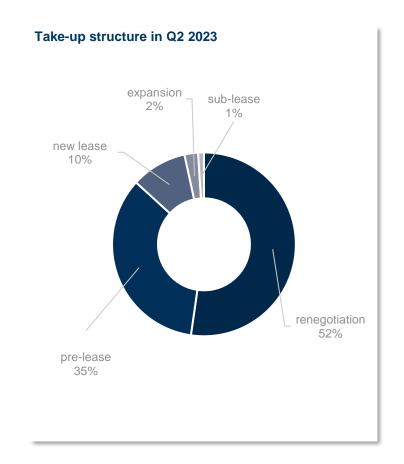
Project name	Developer	Region	GLA (sq m)
GLP Park Brno Holubice	GLP	South Moravia region	45,500
Garbe Park Chomutov	Garbe Industrial Real Estate	Usti nad Labem region	29,100
Industrial Park Pardubice – Rosice	PS Brno	Pardubice region	25,500
Industrial Park Pardubice – Rosice	PS Brno	Pardubice region	24,800
CTPark Prague North	CTP Invest	Greater Prague	20,700
CBPI Business Park	Crowdberry	Liberec region	18,000
P3 Ostrava Central	P3	Moravia-Silesia region	14,500
Panattoni Park Pilsen West II	Panattoni	Pilsen region	14,400
VGP Park České Budějovice	VGP	South Bohemia region	14,100
CTPark Kvasiny	CTP Invest	Hradec Kralove region	12,800

INDUSTRIAL TAKE-UP

In Q2 2023, gross take-up reached 597,000 sq m, reaching well above the 5y average. Renegotiations accounted for over a half of it.

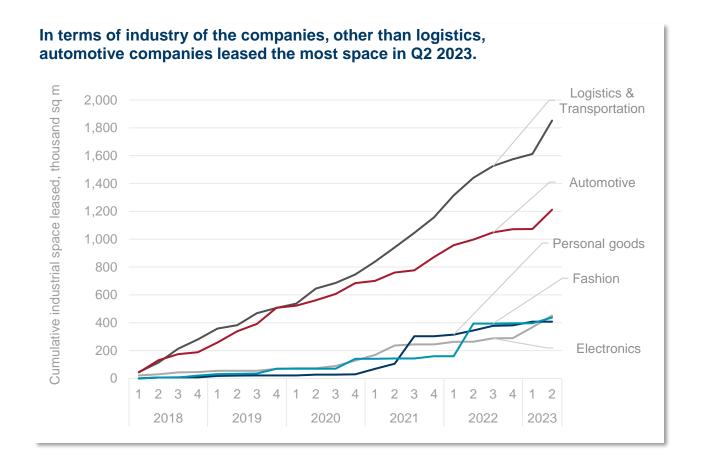


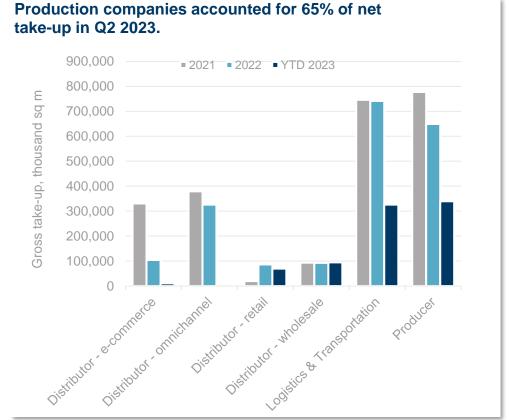




OCCUPIER'S FOCUS

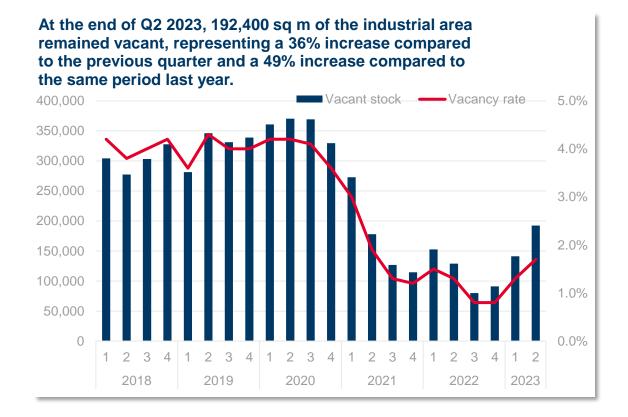
Demand was driven by logistics companies in Q2 2023.

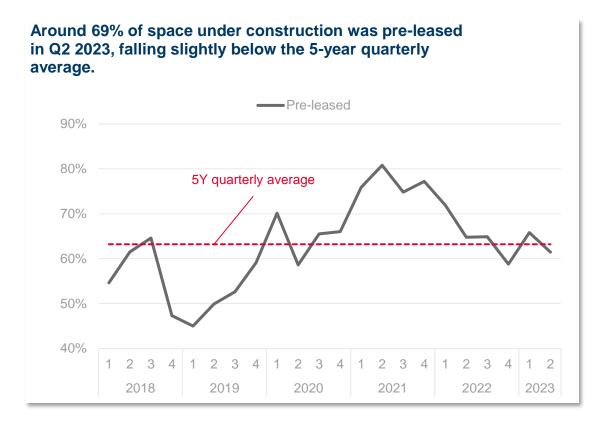




VACANCY RATE

The vacancy rate slightly increased in Q2 2023 in some regions, mostly due to the delivery of new supply.

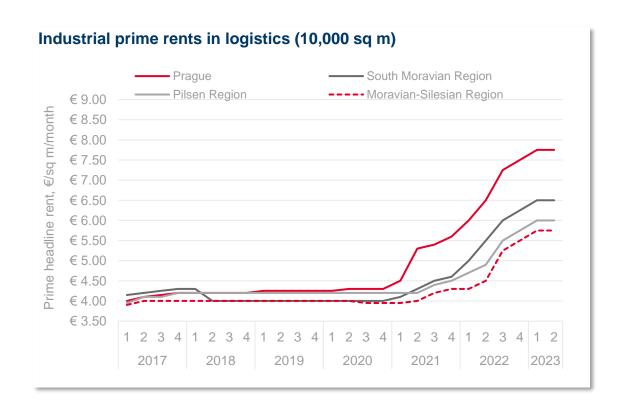


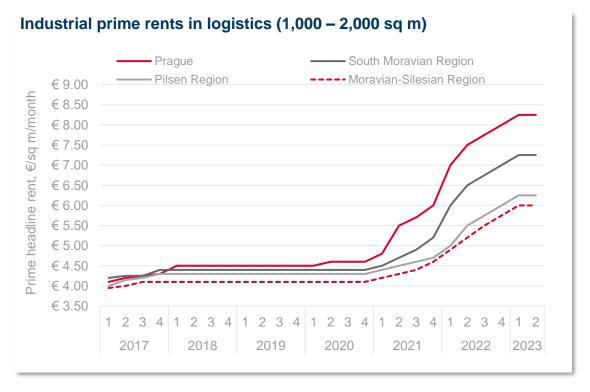


MARKET TERMS

OCCUPATIONAL COSTS

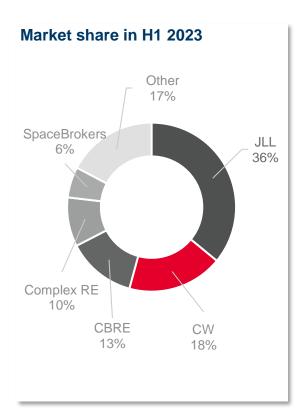
All major industrial regions have experienced unprecedented rental growth since the end of 2020. In Q2 2023, prime headline rent increased by 19% compared to the same period of 2022, reaching up to €7.75/sq m in Prague. Nonetheless, no further growth is expected throughout 2023.

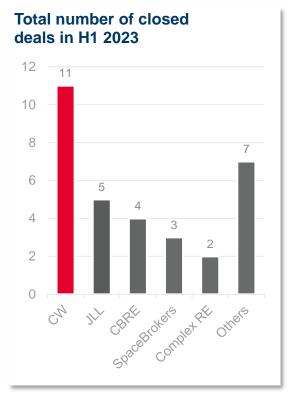




C&W INDUSTRIAL AGENCY

Cushman & Wakefield remains among top agencies representing landlords and tenants.

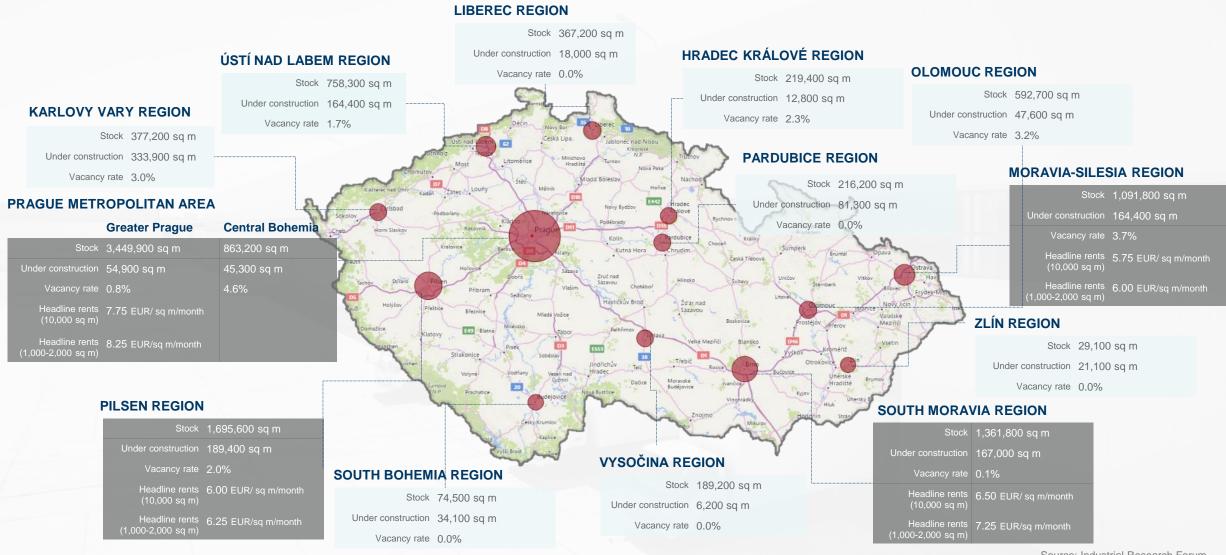






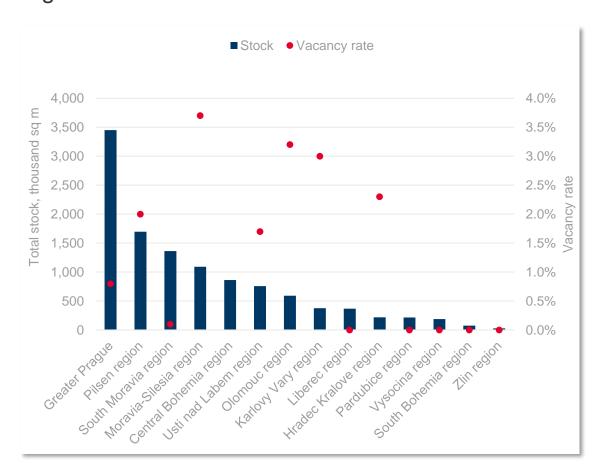
SUBMARKETS OVERVIEW

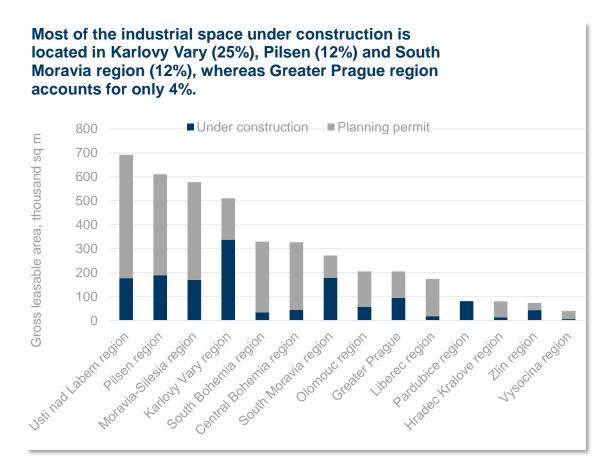
REGIONAL OVERVIEW



INDUSTRIAL SUPPLY

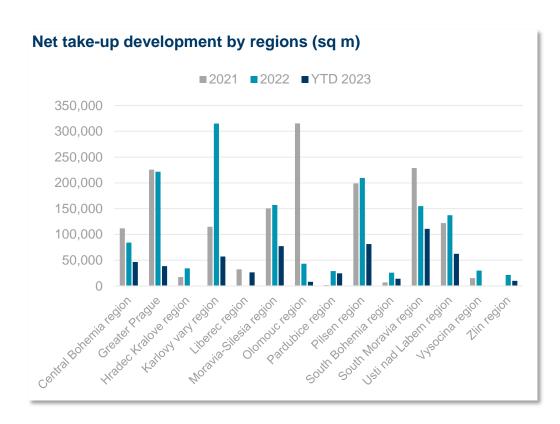
Prague's industrial stock dominance slowly diminishes with hundreds of thousands of sq m planned in other regions.

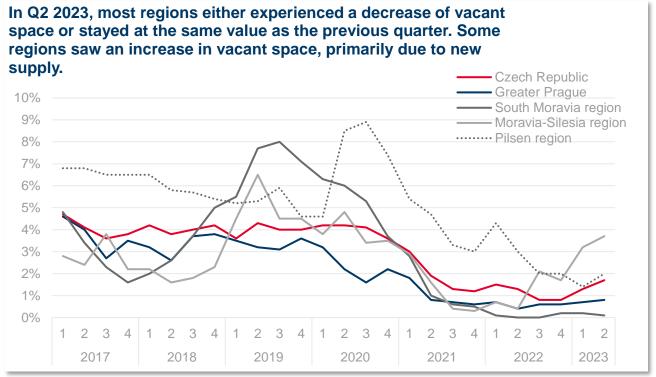




INDUSTRIAL DEMAND & VACANCY

Regions with the highest volume of leased space in Q2 2023 were Greater Prague, Pilsen and Moravia-Silesia region, accounting for about 67% of the total demand.





DEFINITIONS

LIST OF TERMS USED IN THE DOCUMENTS

Absorption	Change in the occupied stock area, implicitly including tenant's shrinking their sizes or leaving warehouses altogether (activity typically not recorded explicitly).
Gross take-up	A gross figure representing the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers over a specified period of time. It does not include space that is under offer. A property is taken up when the contract is signed. Total take-up includes renegotiations, lease extension and subleases; net take-up excludes these.
Net take-up	Leasing activity recorded by Industrial Research Forum in industrial stock where the stock is newly occupied.
Industrial Research Forum	The members – CBRE, Colliers International, Cushman & Wakefield, JLL – share non-sensitive information intending to provide clients with consistent, accurate and transparent data about the Czech industrial market.
Prime rent	Represents the top open-market rent that could be expected for a notional distribution warehousing unit of the highest quality and specification in the prime location within a market, as at the survey date (generally at the end of each quarterly period). The rent quoted is based on a prime unit of 5,000 sq m gross internal leased for five years, with ceiling heights of over 8 m, used primarily for distribution/warehousing uses.
Q/Q	Quarter-on-quarter denotes a change in value between quarters
Stock and new supply	Modern developer-led warehouse and industrial production space of A class quality, owned by a developer or investor for lease to third parties. It does not include owner-occupied stock. New supply includes the above mentioned space completed during the given period, including office areas.
Vacancy Rate	Ratio of physically vacant space (i.e. without long-term leases) in completed buildings on the total stock of warehouse and industrial space with office areas.
Y/Y	Year-on-year, denotes change in value between years

