

	YoY Chg.	12-Mo. Forecast
1.70% Vacancy Rate	▼	▲
€ 7.75 Prime Rent, sq m/month	▲	▬
5.00% Prime Yield	▲	▬

Overall, All Property Classes

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
-0.4% GDP*	▼	▲
2.7% Unemployment Rate*	▲	▼
-0.8% Industrial Production*	▼	▲
11.1% CPI*	▼	▼

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: The automotive sector has driven growth in the industrial production

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. Despite the economic slowdown, Czechia's 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 barrier to further growth.

SUPPLY AND DEMAND: Over 0.5 million sq m were delivered in H1 2023, yet vacancy stayed below 2%

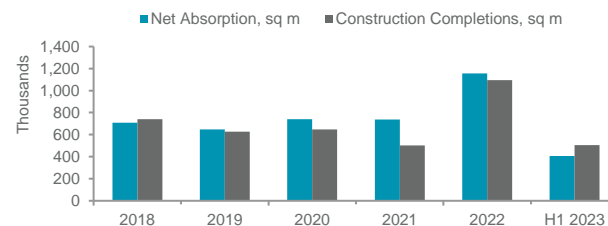
In Q2 2023, approximately 286,600 sq m of modern industrial space were delivered to the market across 19 projects, with 83% already pre-leased. The new supply in H1 2023 surpassed 0.5 million sq m, elevating the total industrial stock in Czechia to nearly 11.3 million sq m. Construction began on projects totalling 397,700 sq m in Q2 2023, and over 1.3 million sq m is presently under construction in the country, 61% of which is pre-leased. Most pipeline projects under construction are in the Karlovy Vary, Pilsen, and South Moravia regions. Over 600,000 sq m of industrial space is set for delivery by the end of 2023.

Occupier demand in Q2 2023 in the sector was primarily driven by logistics & transportation companies (40% of gross take-up) and producers (31%). Gross take-up reached 597,000 sq m in Q2 2023, marking a 73% increase from the previous quarter. Renegotiations constituted 52% of gross take-up, while pre-leases accounted for around 34%, being below the 3-year quarterly average. Net take-up amounted to 284,900 sq m, with pre-leases making up approximately 72% of the total. Despite an increase of 42 bps compared to the previous quarter, the vacancy rate in Czechia remained low at 1.7% in Q2 2023.

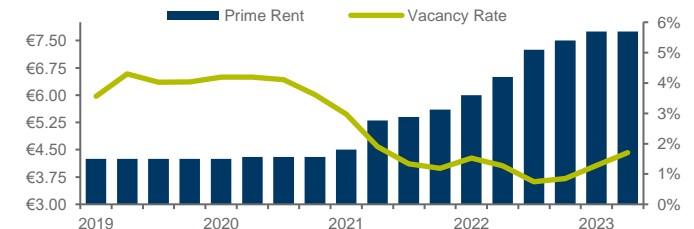
PRICING: Prime rent stabilises in Q2 2023 after increasing for nine consecutive quarters

In Q2 2023, the headline monthly rents for a 10,000 sq m ambient warehouse unit remained at historic highs, standing at €7.75/sq m in Prague, €6.50/sq m in Brno, and €6.00 in Pilsen. The rental growth is unlikely to take place during the remainder of 2023, and its reversal is possible in the longer term.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIMERENT



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	3,449,900	28,500	0.8%	260,600	302,100	16,400	54,900	€ 7.75
Pilsen	1,695,600	33,400	2.0%	71,200	134,500	63,200	189,400	€ 6.00
Brno (South Moravia)	1,361,800	1,700	0.1%	54,700	147,800	52,400	167,000	€ 6.50
Ostrava (Moravia-Silesia)	1,091,800	40,100	3.7%	67,400	89,300	48,500	164,400	€ 5.75
Central Bohemia	863,200	40,100	4.6%	36,900	58,200	96,100	45,300	
Ústí nad Labem	758,300	13,100	1.7%	30,500	68,800	97,700	164,400	
Olomouc	592,700	19,000	3.2%	8,200	8,200	13,000	47,600	
Karlovy Vary	377,200	11,500	3.0%	57,200	57,200	84,400	333,900	
Liberec	367,200	0	0.0%	0	26,500	17,500	18,000	
Hradec Králové	219,400	5,000	2.3%	0	0	15,300	12,800	
Pardubice	216,200	0	0.0%	0	24,500	0	81,300	
Jihlava (Vysočina)	189,200	0	0.0%	0	0	0	6,200	
České Budějovice (South Bohemia)	74,500	0	0.0%	0	14,100	0	34,100	
Zlín	29,100	0	0.0%	10,200	10,200	0	21,100	
CZECH REPUBLIC TOTALS	11,286,200	192,400	1.7%	597,000	941,400	504,400	1,340,300	€ 7.75

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Prologis Park Prague – Jirny	Prague	confidential	136,900	Renegotiation
Panattoni Park Ostrov – North	Karlovy Vary	confidential	57,200	Pre-lease
CTPark Bor	Pilsen	confidential	53,300	Renegotiation
Business Park Kladno South	Central Bohemia	Hanon Systems	36,900	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Pilsen West II	Pilsen	Shape Corp	36,400	Panattoni
CTPark Brno Lišeň	Brno (South Moravia)	ViaPharma	34,000	CTP Invest
Prologis Park D1 Ostredok	Central Bohemia	vacant	21,300	Prologis
Uno Park Mladá Boleslav	Central Bohemia	confidential	19,600	UNO

Source: Cushman & Wakefield, Industrial Research Forum

MARIE BALÁČOVÁ

Partner, Head of Business Development Services, CEE+Nordics

+420 605 440 693 / marie.balacova@cushwake.com

JIŘÍ KRISTEK

Head of Industrial and Retail Warehousing

+420 602 248 930 / jiri.kristek@cushwake.com

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