

	YoY Chg.	12-Mo. Forecast
3.6% Vacancy Rate	▼	▬
€4.50 Prime Rent, Sq m/month	▲	▲
4.25% Prime Yield	▼	▬

Overall, All Property Classes

ECONOMIC INDICATORS Q1 2021

	YoY Chg.	12-Mo. Forecast
-2.1% GDP*	▼	▲
4.2% Unemployment Rate	▲	▲
4.1% Industrial Production*	▲	▲
2.2% CPI*	▼	▼

*Annual growth forecasts

Source: Moody's Analytics, Czech Ministry of Labour and Social Affairs

ECONOMY: Despite the lockdown, the Czech economy showed promising results in Q1 2021

More contagious Covid-19 virus mutations began to spread in February, causing another wave of pandemic and an increase in casualties in the Czech Republic. Consequently, the government implemented the strictest version of lockdown, including closed schools, mandatory testing in offices and factories, and a ban on non-essential travel between municipalities and districts. The State of Emergency, which lasted 188 days in the Czech Republic, ended on 12 April. The improving epidemiological situation finally enabled the Czech Government to partially release the anti-pandemic measures that have been in place since Christmas.

According to a preliminary estimate of the Czech Statistical Office, GDP decreased by 2.1%, year-on-year, in Q1 2021, which is a better result than expected. Employment increased by 0.2%, quarter-on-quarter, and the unemployment rate keeps slightly above 4%, which is one of the lowest rates in the EU.

SUPPLY AND DEMAND: All-time high demand, leases concluded for more than 750,000 sq m

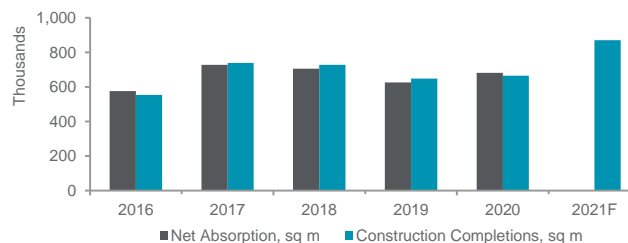
In Q1 2021, only 68,000 sq m of new space were completed within five buildings in five parks, the lowest quarterly volume since Q3 2016. It is a sign of concerns over speculative construction, leading to weaker construction activity in general. On the other hand, quarterly demand for industrial space measured as gross take-up was the highest in history. Tenants signed lease agreements for a total of 750,000 sq m in Q1, although almost two-thirds of them were renegotiated leases. The share of pre-leases was about 20%, which means that construction activity could renew this year, especially in the second half.

Nevertheless, according to the information from the market, slower permitting processes have been hampering several projects. E-commerce and third-party logistics, the "winners" of the pandemic, drove most of the demand in Q1. The vacancy rate, which has been decreasing since the beginning of 2020, continued with the falling trend.

PRICING: Prime rents likely to continue rising

An increase in prime rent, which reached €4.50/sq m/month at the end of Q1, reflected the vacancy rate development. In some parks in strategic locations, such as the surroundings of Prague and Brno, the asking rent exceeded €5.00/sq m/month.

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	3,266,930	64,035	2.0%	113,235	113,235	13,259	117,157	4.50
Pilsen	1,370,827	72,966	5.3%	142,441	142,441	28,184	110,307	4.10
Brno (South Moravia)	1,152,545	32,126	2.8%	225,235	225,235	25,000	70,475	4.20
Ostrava (Moravia-Silesia)	821,295	61,461	7.5%	23,164	23,164	0	81,331	3.95
Central Bohemia	617,197	14,758	2.4%	33,081	33,081	0	20,350	
Ústí nad Labem	566,064	64,851	11.5%	2,642	2,642	0	40,694	
Liberec	311,936	0	0.0%	0	0	1,600	6,974	
Olomouc	267,832	17,119	6.4%	72,400	72,400	0	19,752	
Karlovy Vary	222,824	0	0.0%	111,781	111,781	0	47,518	
Pardubice	197,728	0	0.0%	0	0	0	0	
Hradec Králové	168,361	0	0.0%	41,626	41,626	0	0	
Jihlava (Vysočina)	157,809	1,755	1.1%	0	0	0	0	
České Budějovice (South Bohemia)	34,348	0	0.0%	0	0	0	26,909	
Zlín	16,680	0	0.0%	0	0	0	3,000	
CZECH REPUBLIC TOTALS	9,172,377	329,071	3.6%	765,605	765,605	68,043	557,467	4.50

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Panattoni Park Cheb	Karlovy Vary	Tchibo	73,112	Renegotiation
CTPark Brno	Brno	Wistron InfoComm	65,317	Renegotiation
Panattoni Park Stříbro	Pilsen	Confidential	53,970	Renegotiation

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark Bor	Pilsen	Confidential	28,184	CTP Invest
Park Nošovice	Ostrava	Hyundai Glovis	25,000	Concens Investments
Panattoni Park Prague Airport II	Prague	Lindab	8,032	Panattoni

Source: Industrial Research Forum

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