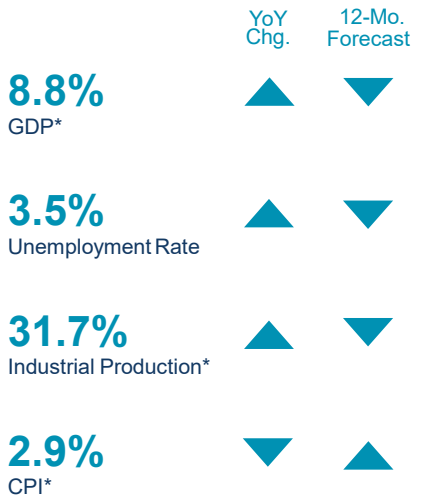


Overall, All Property Classes

ECONOMIC INDICATORS Q2 2021



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Domestic demand is recovering; Czech currency is getting stronger

After declining by 5.8% in 2020, GDP contracted by 2.4% y-o-y in Q1 amid the ongoing virus threat and restrictions that have continued to hurt domestic demand and multinational sales. As the economy reopened during Q2, private spending and investments started to grow. This year, GDP is expected to increase by 4.1% (base scenario), driven by recovering private spending and investments, higher exports, and elevated government spending. Nevertheless, the growth and business outlook will quickly deteriorate if the virus threat escalates again, and the authorities reintroduce containment measures in autumn/winter. The inflation should average at 2.7% in 2021, heightened by transportation costs, recovering domestic demand, and stronger wage growth. The stronger Czech crown can, however, mitigate inflationary pressures.

SUPPLY AND DEMAND: Record net take-up followed by the lowest-ever vacancy rate

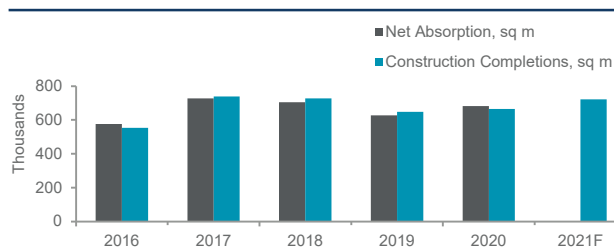
In the first half of 2021, 181,300 sq m of new leasable area in 16 industrial parks was delivered to the industrial market, which is far below the volume seen in the previous 6 years. However, developers react to the increased demand for logistics space fast. A significant number of projects is currently under construction, with about 600,000 sq m to be completed by the end of the year, and more than 70% of the planned deliveries already pre-leased. Most of the pipeline area is situated in the Pilsen and Moravia-Silesia regions.

The record gross take-up from the last quarter was followed by the record net demand (excluding renegotiations) of 386,400 sq m in Q2, and the lowest vacancy in the history of Industrial Research Forum. As a result, pre-leases accounted for almost 47% of total take-up. Logistics share in net demand increased to 33%.

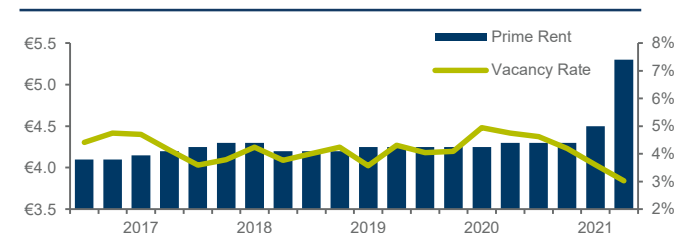
PRICING: Unprecedented growth of rental rates in the Greater Prague area likely to continue

The lack of available space accompanied by the record demand in the most sought-after locations, especially around Prague, led to an unprecedented increase of 23% in prime rents (units of 10,000 sq m) over the last 12 months. The trend is likely to continue as the possibilities of new development remain limited. Areas around Brno recorded about 8% increase.

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	3,264,669	46,921	1.4%	165,404	280,856	13,259	146,381	5.30
Pilsen	1,374,965	62,855	4.6%	78,621	221,062	32,322	154,032	4.20
Brno (South Moravia)	1,162,258	18,041	1.6%	55,265	280,500	7,613	72,639	4.30
Ostrava (Moravia-Silesia)	858,946	62,117	7.2%	108,994	132,158	62,651	140,667	4.00
Central Bohemia	617,197	7,930	1.3%	24,387	57,468	0	67,937	
Ústí nad Labem	583,984	61,764	10.6%	60,638	63,280	17,920	9,312	
Liberec	317,125	-	0.0%	-	-	8,574		
Olomouc	287,584	18,839	6.6%	24,996	97,396	19,752	24,996	
Karlovy Vary	222,824	-	0.0%	11,002	122,783	0	47,518	
Pardubice	197,728	-	0.0%	-	-	0	13,000	
Hradec Králové	168,361	-	0.0%	-	41,626	0		
Jihlava (Vysočina)	157,809	1,755	1.1%	-	-	0		
České Budějovice (South Bohemia)	51,848	-	0.0%	-	-	17,500	9,409	
Zlín	18,380	-	0.0%	-	-	1,700		
CZECH REPUBLIC TOTALS	9,283,679	280,222	3.0%	529,307	1,297,129	181,291	685,891	5.30

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
P3 Lovosice	Usti nad Labem	FM ČESKÁ	60,638	Renegotiation + expansion
CTPark Brno	Brno	Kompan Czech Republic	35,094	Renegotiation + expansion
VGP Park Prostějov	Olomouc	OKAY	24,996	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Ostrava Airport Multimodal Park	Ostrava	Continental Barum	19,000	Concens Investments
CSPP Planá Nad Lužnicí	České Budějovice	C.S.Cargo	17,500	CSPP
CTPark Žatec	Ústí nad Labem	Nexen Tire Europe	11,800	CTP Invest

Source: Industrial Research Forum

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