

Overall, All Property Classes

ECONOMIC INDICATORS Q4 2021



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: The Czech economy is expected to fully recover in the second half of 2022

The recovery of the Czech economy from the pandemic-induced recession is proceeding, albeit slowly. Supply-related issues continued to constrain the recovery speed in recent quarters. Output in the auto sector, which is currently highly depressed and on which the Czech economy relies, is not expected to recover until the second half of 2022 fully. Similar problems apply to other industrial subsectors important to the economy. Inflation further increased from already high values, reflecting global factors and domestic price pressures. The labour market, which was barely affected by the pandemic recession, is tightening again. The absence of migrant workers creates additional stress for wage inflation. In response, the central bank already increased the policy rate by 3.0 percentage points since August.

SUPPLY AND DEMAND: More than a million sq m of A-class warehouses currently is under construction

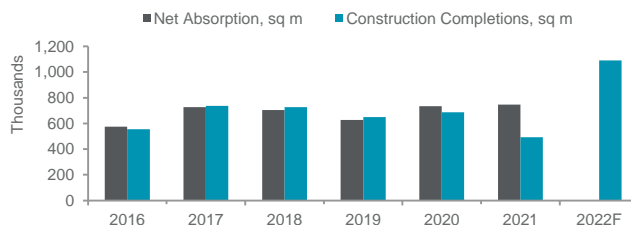
Total modern industrial stock is approaching the 10 million benchmark fast. Almost half million of warehouse space was newly completed in 2021, and developers plan to finish about 1.5 million sq m in 2022. 1.1 million sq m is currently under construction, predominantly in the vicinity of Moravian cities Brno, Ostrava and Olomouc.

76% of the space under construction is already pre-leased, proving the persistent record demand on the market. In 2021, about 2.5 million sq m were almost equally leased to production, distribution and 3PL companies. 22% of the take-up took place in Prague, but the South-Moravian region saw the fastest growth over the last year (190%). Total warehouse space leased by e-commerce tenants increased by 430% in the last year, while the demand from the automotive sector fell by 40% in the same period.

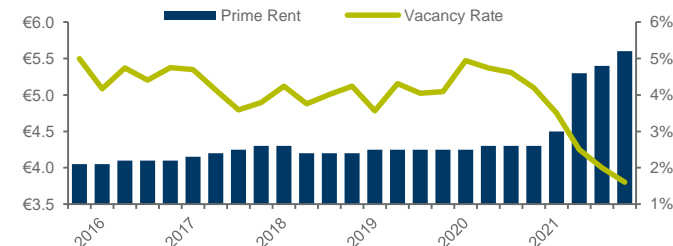
PRICING: Extremely low vacancy supports further rental growth

The new supply has not yet managed to keep pace with the excessive demand, leading to the new record low vacancy rate of 1.6% in the Czech Republic, while the share of vacant areas decreased to only 0.7% in Prague. The most available space in absolute terms was recorded in Pilsen (46,000 sq m). Prime headline rents further increased to €5.60/sq m/month in Prague, €4.60/sq m/month in Brno and €4.50/sq m/month in Pilsen (all rates for a typical 10,000 sq m warehouse unit).

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	3,361,781	21,942	0.7%	198,164	542,302	103,138	78,580	€ 5.60
Pilsen	1,485,164	45,873	3.1%	123,730	364,177	136,521	122,037	€ 4.50
Brno (South Moravia)	1,202,756	7,361	0.6%	121,823	418,919	49,018	107,115	€ 4.60
Ostrava (Moravia-Silesia)	852,554	45,573	5.3%	9,690	161,152	58,478	166,826	€ 4.30
Central Bohemia	652,474	10,215	1.6%	30,478	116,310	21,551	109,108	
Ústí nad Labem	622,939	898	0.1%	85,833	215,108	23,620	5,300	
Liberec	317,125	-	0.0%	-	30,000	8,574	30,000	
Olomouc	297,584	22,959	7.7%	48,477	342,573	29,752	282,110	
Karlovy Vary	252,220	-	0.0%	31,501	188,067	29,396	115,627	
Pardubice	210,728	2,000	0.9%	-	2,017	13,000	2,517	
Hradec Králové	168,361	-	0.0%	9,284	61,272	-	42,501	
Jihlava (Vysočina)	162,218	-	0.0%	13,400	15,155	-	26,948	
České Budějovice (South Bohemia)	51,848	-	0.0%	-	-	17,500	23,474	
Zlín	18,380	-	0.0%	-	-	1,700	-	
CZECH REPUBLIC TOTALS	9,656,132	156,821	1.6%	672,380	2,457,052	492,248	1,112,143	€ 5.60

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Bor	Pilsen	GXO Logistics	60,000	Pre-lease
P3 Prague D1	Prague	Hopi	46,300	Renegotiation
P3 Prague Horní Počernice	Prague	Confidential	40,300	Expansion

KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Cheb	Karlovy Vary	Tchibo	29,400	Panattoni
VGP Park Vyškov	Brno (South Moravia)	OKAY	28,000	VGP
GLP Park Praha Chrášťany	Prague	Alza	23,700	GLP

Source: Industrial Research Forum

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