

	YoY Chg.	12-Mo. Forecast
1.8% Vacancy Rate	▼	-
€ 6.00 Prime Rent, Sq m/month	▲	▲
3.8% Prime Yield	▼	-

Overall, All Property Classes

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
4.0% GDP*	▲	▼
2.4% Unemployment Rate	▼	▼
1.4% Industrial Production*	▼	▲
11.1% CPI*	▲	▼

*Annual growth estimates
Source: Moody's Analytics

ECONOMY: The Czech economy faces new challenges amidst the war in Ukraine

The Czech economy is tightly connected to the auto industry, experiencing a slowdown in production due to global supply shortages and logistics issues. Similar challenges apply to other industrial sectors important for the Czech economy. Russia's invasion of Ukraine has put businesses in a difficult position again – increasing inflation, interest rates, and overall uncertainty. In 2022, GDP growth in the Czech Republic is expected to reach 2.6%, the lowest rate in the CEE region, while inflation could exceed historical levels at 13.1%. However, according to the latest forecasts, the negative trends should not continue in 2023. Moreover, the unprecedented situation, together with the severe economic sanctions, can lead to opportunities in the CEE markets, including the creation of new jobs, additional labour and consumers.

SUPPLY AND DEMAND: Total modern industrial stock will soon exceed the 10 million sq m mark

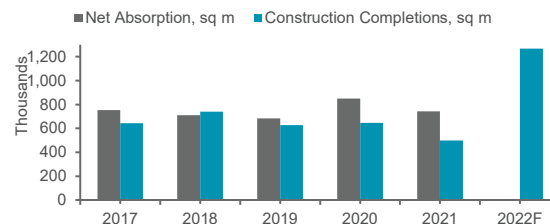
In Q1 2022, over 306,000 sq m of warehouse space was newly completed within twenty industrial parks, with more than 1.4 million sq m planned to be finished by the end of 2022. The total modern industrial stock has almost reached 10 million sq m. Over 1.13 million sq m (74% of which is already pre-leased) is currently under construction, which is once again a new record for the Czech industrial market.

Gross take-up in Q1 2022 reached 724,400 sq m, although almost half of the signed leases were renegotiations. The percentage of pre-leases in net take-up is around 47%, which is still slightly higher than new leases, representing 43% of net take-up deals. Out of non-confidential net take-up deals, logistics companies had the highest share, 42%.

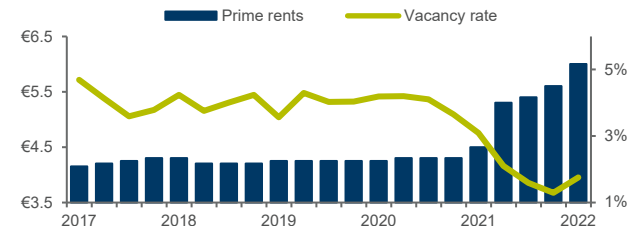
PRICING: Rental growth is expected to continue throughout the year

Vacancy rate is still very low, sitting at 1.8% in Q1 2022, and the high demand causes rental growth in all regions. Prime headline rent of 10,000 sq m warehouse units has once again increased, up to €6.00/sq m/month in Prague, which represents 33% y-o-y growth. Slightly lower headline rents can be seen in Brno (€5.00/sq m/month), Pilsen and Ostrava (slightly below €5.00/sq m/month). Further growth is expected across the Czech industrial market.

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	3,407,400	30,500	0.9%	323,100	323,100	45,200	50,600	€ 6.00
Pilsen	1,563,800	75,600	4.8%	127,000	127,000	47,600	125,300	€ 4.70
Brno (South Moravia)	1,237,100	9,900	0.8%	79,300	79,300	29,100	149,000	€ 5.00
Ostrava (Moravia-Silesia)	885,800	14,000	1.6%	55,200	55,200	75,100	153,000	€ 4.30
Central Bohemia	701,700	15,000	2.1%	11,100	11,100	31,200	103,600	
Ústí nad Labem	640,800	3,700	0.6%	34,200	34,200	5,300	78,200	
Liberec	317,100	0	0.0%	5,300	5,300	0	30,000	
Olomouc	327,000	22,300	6.8%	10,200	10,200	29,400	265,600	
Karlovy Vary	283,500	0	0.0%	0	0	34,300	81,300	
Pardubice	210,700	2,000	0.9%	37,300	37,300	0	2,500	
Hradec Králové	168,400	0	0.0%	0	0	0	42,500	
Jihlava (Vysočina)	162,200	0	0.0%	31,200	31,200	0	26,900	
České Budějovice (South Bohemia)	61,500	2,400	3.9%	0	0	9,400	13,000	
Zlín	18,400	0	0.0%	10,500	10,500	0	10,500	
CZECH REPUBLIC TOTALS	9,985,400	175,400	1.8%	724,400	724,400	306,600	1,132,000	€ 6.00

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Prologis Park Prague-Jirny	Prague	Globus	61,500	Renegotiation
CTPark Pardubice	Pardubice	Jusda Europe	37,300	Renegotiation
Panattoni Park Pilsen West II	Pilsen	Undisclosed	36,400	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Contera Park Ostrava D1	Ostrava (Moravia-Silesia)	Sportisimo	42,300	Contera
CTPark Cheb	Karlovy Vary	DHL	34,300	CTP Invest
CTPark Bor	Pilsen	Confidential	25,400	CTP Invest

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