

0.99%
Vacancy Rate

YoY Chg. 12-Mo. Forecast



€ 7.25
Prime Rent, Sq m/month



4.25%
Prime Yield



Overall, All Property Classes

ECONOMIC INDICATORS Q3 2022

YoY Chg. 12-Mo. Forecast

2.3%
GDP*



2.4%
Unemployment Rate



5.1%
Industrial Production*



17.3%
CPI*



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: The gradual easing of supply chain pressures should lift production and net exports in 2023

The Czech economy recorded three consecutive quarters of solid growth, which was powered by an increase in investment and took place despite stagnant private and government consumption, as well as weak net exports. Nevertheless, Czechia may struggle to avoid recession due to multiple external shocks, including surging energy prices. Inflation passed its peak during the summer and is expected to be on a downward path from now on, especially once the energy price cap comes into effect, while investment activity will be confined by abnormally high interest rates. The manufacturing industry, particularly the automotive sector, was hit hard in Czechia recently. Moody's Analytics project, however, that as supply-related issues are expected to ease in 2023, the trade balance is set to improve after collapsing in 2021 and 2022.

SUPPLY AND DEMAND: Occupier demand remains confined by limited space availability

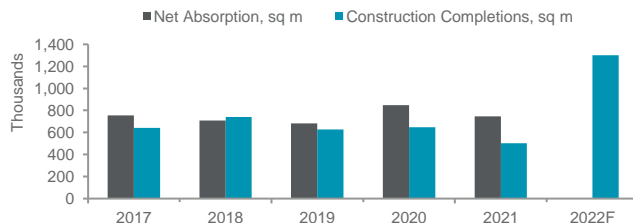
In Q3 2022, over 511,000 sq m of warehouse space was completed within 18 industrial parks. As a result, the modern industrial stock amounted to 10.6 million sq m. Additionally, developers plan to deliver 340,000 sq m by the end of this year, 72% of which is already pre-leased. A total of 1.2 million sq m of industrial space was under construction at the end of September, predominantly in the Karlovy Vary, South Moravian and Pilsen regions.

Gross take-up in Q3 2022 reached 482,400 sq m, representing a 27% decrease compared to the previous quarter, though the Q2 figure was dominated by a single pre-lease in Cheb (over 230,000 sq m). During the first three quarters of 2022, gross take-up exceeded 1.8 million sq m, increasing by 2% year-on-year. Notably, pre-leases accounted for 37% of gross take-up in Q3 2022 and 39% during Q1-Q3 2022, confirming that occupier demand remains confined by limited space availability.

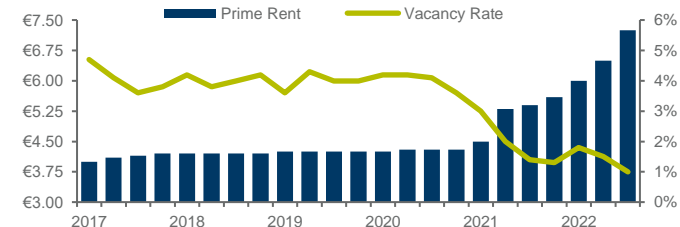
PRICING: The lowest-ever vacancy rate resulting in a continuous rental growth

The vacancy rate was reported at 1.0% end of Q3 2022, which is the lowest figure in the modern history of the Czech market. In most regions, the vacancy stays close to zero – the largest available space in absolute terms was recorded in the Pilsen region (39,900 sq m). The shortage of vacant space, be it in the existing projects or those under construction, results in continuous upward rental pressure. In Q3 2022, prime headline rent for a standard 10,000 sq m warehouse unit further increased, reaching € 7.25/sq m/month in Prague, € 6.00/sq m/month in Brno, and € 5.50/sq m/month in Pilsen.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIMER 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	3,433,500	19,700	0.6%	80,700	575,800	76,000	50,600	€ 7.25
Pilsen	1,639,500	39,900	2.4%	48,700	185,000	122,000	138,300	€ 5.50
Brno (South Moravia)	1,242,700	4,400	0.4%	55,500	186,100	34,700	150,800	€ 6.00
Ostrava (Moravia-Silesia)	1,035,000	31,100	3.0%	29,300	155,600	215,200	97,100	€ 5.25
Central Bohemia	742,000	200	0.0%	38,600	88,100	71,600	111,700	
Ústí nad Labem	652,900	300	0.0%	66,600	119,100	17,400	131,500	
Olomouc	540,500	10,400	1.9%	84,400	104,000	242,900	52,200	
Liberec	367,600	0	0.0%	9,800	15,100	48,000	18,000	
Karlovy Vary	292,900	0	0.0%	20,800	254,500	43,700	316,200	
Pardubice	213,200	0	0.0%	500	39,800	2,500	48,800	
Hradec Králové	194,200	0	0.0%	14,600	34,300	25,900	38,300	
Jihlava (Vysočina)	189,200	0	0.0%	19,600	54,700	26,900	6,200	
České Budějovice (South Bohemia)	74,500	0	0.0%	2,400	15,400	22,400	0	
Zlín	28,900	0	0.0%	10,900	21,400	10,500	0	
CZECH REPUBLIC TOTALS	10,646,600	106,000	1.0%	482,400	1,848,900	959,700	1,159,700	€ 7.25

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Hranice	Olomouc	confidential	36,600	Renegotiation
GLP Park Brno Holubice	Brno (South Moravia)	FAST ČR	31,400	Pre-lease
Panattoni Pilsen Park West	Pilsen	DHL Supply Chain	31,400	New Lease

KEY CONSTRUCTION COMPLETIONS Q3 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Kojetín	Olomouc	Amazon	186,700	Panattoni
CTPark Bor	Pilsen	confidential	60,000	CTP Invest
Ostrava Airport Multimodal Park	Ostrava (Moravia-Silesia)	Česká Pošta	34,000	Concens Investments

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