

	YoY Chg.	12-Mo. Forecast
4.2% Vacancy Rate	▲	▲
€4.30 Prime Rent, Sq m/month	▲	▲
4.50% Prime Yield	▼	▼

Overall, All Property Classes

ECONOMIC INDICATORS Q4 2020

	YoY Chg.	12-Mo. Forecast
-6.9% GDP*	▼	▲
4.0% Unemployment Rate	▲	▲
0.6% Industrial Production*	▲	▲
2.7% CPI*	▼	▼

*Annual growth forecasts
Source: Moody's Analytics, Czech Ministry of Labour and Social Affairs

ECONOMY: GDP level of 2019 could be reached end of 2021

While the Czech GDP should fall by 6.2% in 2020, rebound in 2021 is expected to be slower, with GDP growth currently estimated to 4.1%, followed by stronger 2022 reaching 6.8% growth. The unemployment rate rose to 4.0% at the end of 2020 compared to 2.9% at the end of 2019. The Czech crown could start to strengthen again, which may place greater demands on Czech export companies' competitiveness.

The Czech industry was temporarily deflected by the second lockdown, which began in mid-October and ended in early December. The industrial production index shows that it was far from the drop recorded in spring when the industry fell by about a third compared to the same period last year. In the autumn, the annual decline was just 2%. Preliminary data for Q4 shows that the export of goods across all categories was successful, with machinery and transport equipment, manufactured goods, and chemicals contributing the most.

SUPPLY AND DEMAND: Lack of supply persists in the most attractive locations, mainly in Prague

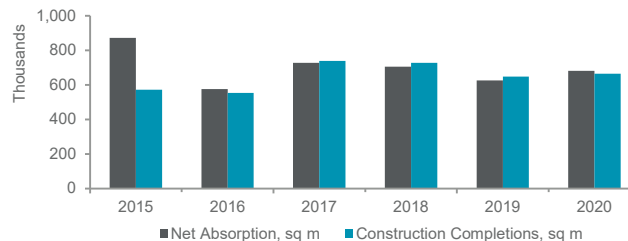
The volume of newly completed projects in the last quarter of 2020 was the lowest since Q3 2016 when developers finished 106,000 sq m in 9 industrial parks. Nevertheless, the total new supply reached 664,000 sq m in 2020, which is 2% more than in the previous year. Next year could be at least as successful if the developers fulfil current plans, including some delayed projects from 2020, however, current uncertainty impacts the speculative construction.

While supply was going through a more modest period in Q4 2020, the demand was the highest in the eight-year monitoring history. In total, over 540,000 sq m were leased, of which only about a third were renegotiations. Nevertheless, gross take-up for the whole of 2020 was 6% lower than in 2019. The volume of short-term (up to 12 months) leases increased significantly, although these are not part of the overall figures.

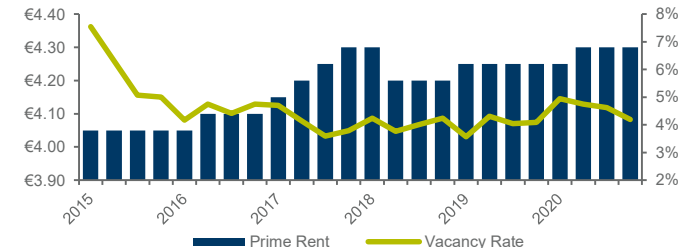
PRICING: Upward pressure on rental growth in Prague and Brno

Despite the declining vacancy rate, prime rents remained stable in most regions. We can anticipate upward pressure on rental growth in Prague, Brno, and their surroundings, which are traditionally sought-after locations. The vacancy rate in the Greater Prague area remained at about 2% at the end of 2020.

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)	2020 COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague	3,253,662	1,156	2.2%	143,621	511,656	89,278	68,991	4.30
Pilsen	1,339,585	98,525	7.4%	116,902	357,492	129,009	94,430	4.20
Brno (South Moravia)	1,136,115	43,303	3.8%	60,055	153,283	45,743	48,515	4.00
Ostrava (Moravia-Silesia)	801,295	68,461	8.5%	91,490	123,102	159,850	64,031	3.95
Central Bohemia	617,197	14,512	2.4%	27,115	69,043	34,854	0	
Ústí nad Labem	567,914	67,243	11.8%	5,417	103,178	83,799	31,382	
Liberec	306,598	0	0.0%	52,850	69,047	1,800	8,574	
Olomouc	267,832	16,535	6.2%	13,135	24,110	29,069	8,205	
Karlovy Vary	222,824	0	0.0%	19,962	53,161	42,926	0	
Pardubice	197,728	0	0.0%	3,980	3,980	19,000	0	
Hradec Králové	68,361	0	0.0%	0	0	13,900	0	
Vysočina	157,809	1,755	1.1%	2,435	20,630	10,624	0	
České Budějovice (South Bohemia)	34,348	0	0.0%	3,266	20,766	0	17,500	
Zlín	16,680	0	0.0%	0	15,726	4,300	3,000	
CZECH REPUBLIC TOTALS	9,087,949	381,490	4.2%	540,228	1,525,174	664,152	344,628	4.30

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Contera park Ostrava D1	Ostrava	Confidential	74,000	Pre-lease
GLP Park Praha Chrástany	Prague	Confidential	36,000	Pre-lease
CTPark Bor	Pilsen	Confidential	30,300	Renegotiation + expansion

KEY CONSTRUCTION COMPLETIONS Q4 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark Ostrava	Ostrava	Hyundai Steel Czech	49,800	CTP Invest
Archan Park - Brandýs nad Labem	Prague	Confidential	14,600	Archan
Pilsen West Industrial Park	Pilsen	Faurecia Plzen	12,500	Demaco

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