

	YoY Chg.	12-Mo. Forecast
4.4% Vacancy Rate	▲	■
€4.30 Prime Rent, Sq m/month	▲	▲
4.75% Prime Yield	▼	■

Overall, All Property Classes

ECONOMIC INDICATORS Q3 2020

	YoY Chg.	12-Mo. Forecast
-6.7% GDP*	▼	▲
3.8% Unemployment Rate	▲	▲
-6.5% Industrial Production*	▼	▲
-4.6% Private Consumption*	▼	▲

*Annual growth forecasts

Source: Oxford Economics, Czech Ministry of Labour and Social Affairs

ECONOMY: GDP to decline 6.3% in 2020 followed by 5.7% growth in 2021

The Czech GDP is expected to contract by 6.3% in 2020 and the forecast for the following year has been moderated to 5.7%, as a second wave of Covid-19 has forced the government to re-impose strict containment measures to curb the spread of the virus. The latest economic results show that the industrial sector has increasingly been the main engine of recovery, as it benefits from the recent improvements in global trade and is less exposed to the pandemic. Yet, the reliance of industry on car manufacturing, deeply integrated into the European automotive supply chain, leaves industry vulnerable to swings in external demand. Despite the persistently low unemployment, the labour market outlook gets worse as it relies on continued support from the furlough schemes and a resurgence of new infections will mean retail sales could decline again, which can affect the currently flourishing e-commerce.

SUPPLY AND DEMAND: Market largely driven by logistics and warehousing

The volume of new supply decreased in the last quarter, but year-to-date comparison shows 12% increase. New parks were opened mainly in Pilsen and Moravia-Silesia regions, which account for about 41% of this year's completions. Amount of industrial space under construction was the lowest in several years at the end of September in the Czech Republic. Nevertheless, Ostrava becomes a very competitive market with number of new projects in the pipeline. A record volume of total new space is still expected to be delivered in 2020.

The demand for industrial space decreased by about 18% year-to-date in comparison with the previous year, more significantly in regions dominated by manufacturing spaces. E-commerce and logistics have been clearly driving the market. However, majority of leases came from production companies expanding their spaces in Pilsen region in 2020, which recorded the highest annual growth of take-up in the Czech Republic. Renegotiations accounted for half of the take-up this year and we expect that the higher share of renewals will continue in the following period as well.

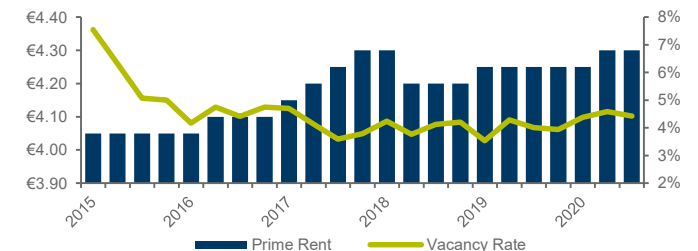
PRICING: Rental growth anticipated in Prague with record low vacancy

Prime rents keep stable in most regions. The upward pressure for rental growth can be anticipated in Greater Prague, which remains the most sought after location. In the last quarter the vacancy rate in Prague dropped below 2%.

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	3,236,426	52,998	1.6%	102,745	368,435	72,837	55,904	4.30
Pilsen	1,327,085	100,525	7.6%	21,141	240,590	116,509	106,930	4.20
Brno (South Moravia)	1,129,068	60,929	5.4%	54,545	93,228	38,696	55,562	4.00
Ostrava (Moravia-Silesia)	747,409	65,531	8.8%	11,723	36,118	105,964	88,817	3.95
Central Bohemia	611,448	35,150	5.7%	16,500	41,928	20,868	13,995	
Ústí nad Labem	561,254	64,911	11.6%	28,941	97,761	72,339	38,042	
Liberec	308,536	0	0.0%	14,597	16,197	0	10,374	
Olomouc	267,832	16,535	6.2%	0	10,975	29,069	0	
Karlovy Vary	222,824	0	0.0%	33,199	33,199	42,926	0	
Pardubice	197,728	0	0.0%	0	0	19,000	0	
Hradec Králové	168,361	0	0.0%	0	0	13,900	0	
Vysočina	157,809	1,755	1.1%	3,000	18,195	10,624	0	
České Budějovice (South Bohemia)	34,348	0	0.0%	0	0	0	0	
Zlín	16,680	0	0.0%	3,000	15,726	4,300	3,000	
CZECH REPUBLIC TOTALS	8,986,809	398,334	4.4%	289,391	972,352	547,032	372,624	4.30

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Aš	Karlovy Vary	Petainer Czech Holdings	33,200	renegotiation
Prologis Park Prague Úžice	Prague	Confidential	21,300	new lease
D+D Park Kosmonosy	Central Bohemia	DB Schenker	16,500	renegotiation

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Park Nošovice	Ostrava	Hyundai Glovis	27,900	Consens Investment
Panattoni Park Stříbro	Pilsen	Confidential	25,600	Panattoni
Logistika Park Pardubice	Pardubice	Faurecia	19,000	Demaco

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