

6.3%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

2.4M

Total Stock, SM

€4.00

Prime Rent, PSM

(Class A stock only)

ECONOMIC INDICATORS
Q4 2019

1.9%

Slovakia Real GDP
Y/Y Growth

5.7%

Slovakia
Unemployment Rate

-0.8%

Slovakia Real
Exports of Goods &
Services Y/Y GrowthSource: Oxford
Economics

ECONOMY: Sound Macroeconomic Conditions Spur Growth in Logistics & Distribution

In Q3, year-on-year GDP growth slowed again, to 1.8% compared with 2.4% in the previous quarter. However, probability of global recession has decreased amid receding US-China trade concerns. Export activity was dragged down by the industrial production slowdown which is seen throughout the eurozone. This is countervailed by a steady consumer demand which is supportive for inflation expectations. Record low unemployment rate causes slowdown of job growth. This economic climate puts an upward pressure on real wages but limits further private sector expansion. The company lending decline came just before the announced tightening of lending policy which may improve occupancy rates in commercial real estate in the medium to long-term due to a presumable decrease in speculative new supply.

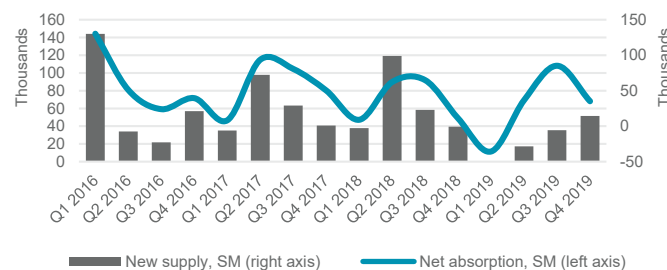
SUPPLY & DEMAND: Leasing Moderates After Strong 2019

Overall vacancy rate in Slovakia increased slightly to 6.3% from the previous quarter's 5.7%. This is mainly due to the unoccupied new supply that has been delivered to the market in Žiar nad Hronom and Nitra. This is not a structural increase and we expect the continuous new demand to improve vacancies across Slovakia. Demand growth is still expected to be driven by e-commerce and automotive while carmakers tackle the issue of demand shift in favour of electric vehicles. Industrial activity declined in the fourth quarter, copying the trends in Germany, Spain and Italy. Retail having the upper hand also translated to a dominant take-up share of distribution sector. Total take-up decreased in the last quarter of 2019 although overall, the year was exceptional in terms of gross demand.

PRICING: Asking Rents Remain Stagnant

Industrial prime yields stabilized after a robust long-term contraction that narrowed the spread against other asset classes. We believe that the odds of an increase in industrial yields in the short- to medium-term are slim as we see vacancy rates improving whilst investment appetite is only limited by the amount of tradable stock. Rental levels recorded a stable growth and the prime rent threshold of 4 €/sq m/month has been reached. Slovak industrial centre of gravity should continue to gradually shift to the east as some key players seeking workforce plan entry.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT SLOVAKIA

Industrial Q4 2019



MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	UNDER CONSTRUCTION (SM)
Bratislava Region	1,299,800	82,200	6.3%	57,000
Western Slovakia	952,600	44,800	4.7%	36,700
Central Slovakia	89,900	20,900	23.3%	0
Eastern Slovakia	74,900	3,400	4.5%	78,400
SLOVAKIA TOTALS	2,417,200	151,300	6.3%	172,100

The information is based on class A, non-owner occupied leasable stock.

CONSTRUCTION COMPLETIONS Q4 2019

PROPERTY	REGION	AREA (SM)	DEVELOPER
Prologis Park Nitra	Nitra Region	37,800	Prologis
CTP Krásno nad Kysucou	Žilina Region	8,800	CTP
CTP Hlohovec	Trnava Region	5,000	CTP

JURAJ BRONČEK

Research Analyst

+421 (0) 910 162 011 /

juraj.broncek@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com