

9.8%
Vacancy Rate



€17.00
Prime Rent, PSM



5.75%
Prime Yield



Source: Bratislava Research Forum (figures are based on class A+B stock only)

ECONOMIC INDICATORS June 2020

242K
Bratislava
Employment



2.7%
Bratislava
Unemployment Rate



7.4%
Slovakia
Unemployment Rate



Source: ÚPSVaR

ECONOMY: Slovakia Among the First Countries to Reopen, Economy in Recovery Phase

Slovakia's economy has been hit by the domestic, as well as international restrictive measures which have been implemented to minimize the impact of the coronavirus pandemic on public health. According to Oxford Economics data, Slovakia's real GDP should see a year-over-year drop in all four quarters of 2020. Prices should continue to rise, although by a smaller rate. The trough of the economic activity was reached in Q2 and most of the economy should now be in a recovery phase, including domestic demand, private sector revenues, industrial production, exports and retail sales. Due to a relatively mild course of the pandemic, Slovakia enjoyed one of the fastest reopenings of the economy in the world. The sentiment in private sector has grown less tense as evidenced by the month-over-month increase in industrial turnovers, construction output and real estate activities (based on the Statistical Office of the Slovak Republic data).

DEMAND & SUPPLY: Expected Drop in Leasing Confirmed, Developers React by Postponing Planned Supply

The office property stock saw the first completions since Q4 2019, delivering around 48,000 sq m of class A offices. This includes the competitive projects of Nivy Tower by HB Reavis and Einpark Offices by Corwin. As part of the new supply is speculative, we see an increase in overall vacancy rate in the Bratislava office market, reaching 9.82%. On the other hand, the Bratislava IV district has seen a decrease in vacancy rate as a new tenant from public sector moves into Westend Plaza by JTRÉ. There are currently 11 buildings under construction, totaling 174,000 sq m. Most of this stock (126,000 sq m) is in central business district (CBD). Additional 63,400 sq m of office stock should be added in 2020 and only 26,400 sq m should be delivered in 2021 as developers respond to coronavirus crisis by postponing planned supply.

Total occupied office stock increased by 21,000 sq m quarter-over-quarter. This represents a third consecutive quarterly increase in net absorption. Gross take-up decreased annually, totaling 31,000 sq m. However, the net take-up share continued to rise and exceeded 64% in Q2.

PRICING: Prime Rent Holds Steady while Prime Yield Sees a Small Uptick

Prime rent remained at 17.00 EUR/sq m/month and is achievable in city centre and CBD. Prime yield saw a minor increase of 0.15% to 5.75%. Competitive leasing market translated to an increase in standard rent free period from 5-6 months to now 6-7 months on a 5 year lease contract or even longer based on the level of competitiveness of a project. Tenants are increasingly considering the level of their operating expenses and some show interest in reducing the leased area, although most companies in Slovakia don't intend to move to a home-based model of working. Stronger negotiating power on the side of tenants contributes to higher incentives and contributions.

SPACE DEMAND & DELIVERIES



OVERALL VACANCY & PRIME RENT





MARKET STATISTICS

SUBMARKET*	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP(SM)	UNDER CNSTR (SM)	PRIME RENT
CC	485,700	36,000	7.4%	500	2,300	3,600	€17.00
IC	259,100	12,800	4.9%	2,800	6,800	28,800	€14.00
OC	414,900	56,500	13.6%	13,700	15,900	15,900	€11.50
CBD	564,800	61,200	10.8%	12,700	29,700	125,800	€17.00
SB	162,400	18,800	11.6%	1,300	2,100	0	€15.00
BRATISLAVA TOTALS	1,886,900	185,300	9.8%	31,000	56,800	174,000	€17.00

*Bratislava office submarkets are shown on the last page of this report.

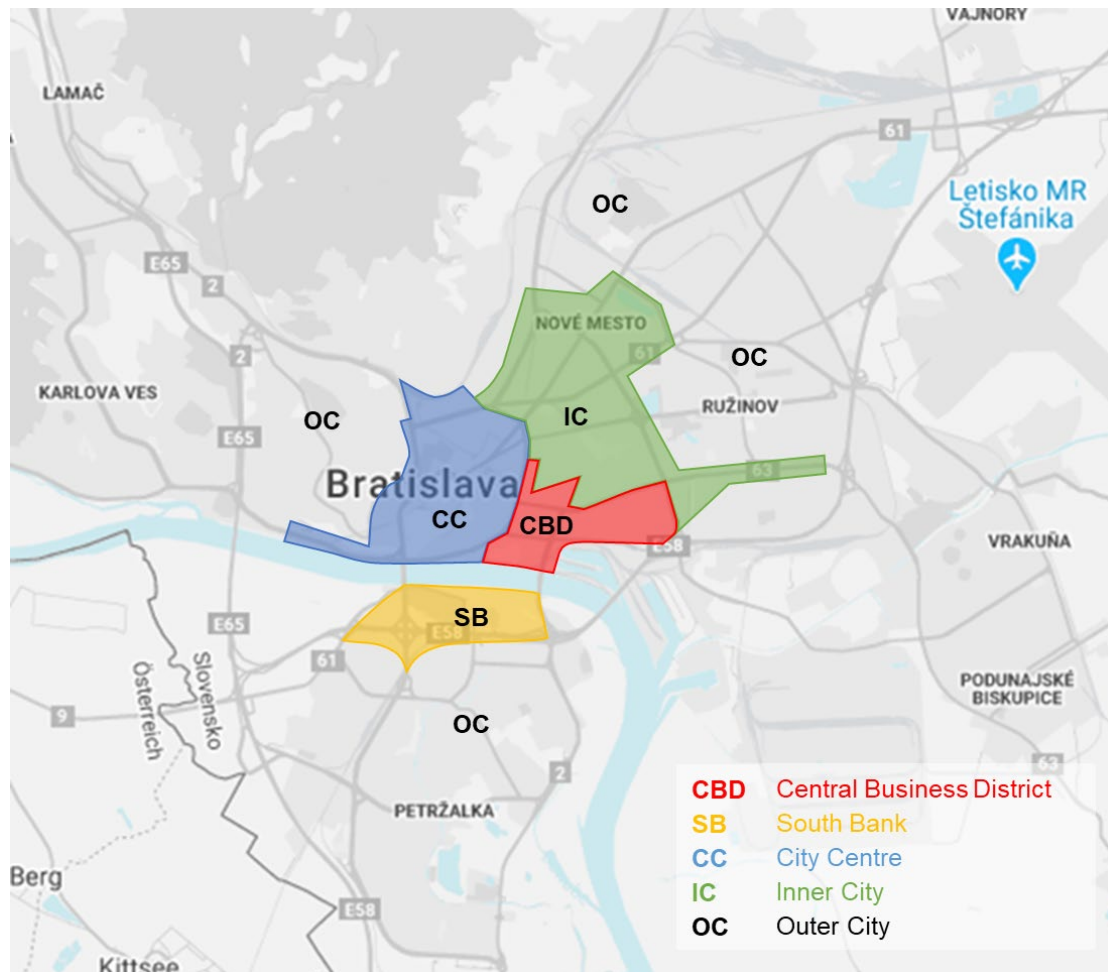
KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT SECTOR	RSM	TYPE
Westend Piazza	OC	Public/Embassy/Trade Council/Diplomatic	9,300	new lease
City Business Center II	CBD	Prof. services	1,971	renegotiation
Apollo Business Center II	CBD	Prof. services	1,717	new lease
Trade Center II	IC	IT	1,500	renegotiation
Tower 115	CBD	Prof. services	1,396	renegotiation

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	SM	QUARTER OF COMPLETION
Nivy Tower	CBD	31,000	2
Proxenta Tower	CC	1,000	2
Einpark Offices	SB	16,000	2

OFFICE SUBMARKETS



JURAJ BRONČEK

Research Analyst

+421 (0) 910 162 011 / juraj.broncek@cushwake.com

cushmanwakefield.sk

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©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.