

	YoY Chg	12-Mo. Forecast
8.82% Vacancy Rate	▲	▼
€4.00 Prime Rent, PSM	▬	▲
6.25% Prime Yield	▲	▬

(class A stock only)

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
-6.4% Real GDP	▼	▲
7.4% Unemployment Rate <i>(September 2020)</i>	▲	▼
-9.7% Industrial Production <i>(seasonally adjusted)</i>	▼	▲
-3.1% Private Consumption <i>(real)</i>	▼	▲

Measurement: Annual growth, unless indicated otherwise.
Source: Oxford Economics, ÚSVaR
Note: Figures are estimates except for unemployment rate.

ECONOMY: Slovakia's Economy in Recovery Phase Although Growing COVID-19 Cases Cause Uncertainty

The third quarter has seen a rise in active cases and test positivity rate for COVID-19. Despite this, most of the main economic indicators showed continuous month-on-month improvements. According to the Statistical Office of the Slovak Republic, the manufacturing and industrial production returned roughly to the levels from previous year in August. Economic sentiment indicator showed three consecutive monthly increases during the third quarter. Price growth continued to slow down, reaching 1.4% in August and totaling 2.2% in the first eight months of 2020. Prices in restaurants and hotels grow at a smaller rate than last year, however, they improve on a monthly basis. Seasonally adjusted confidence indicator in services increased in September. In terms of outlook, Oxford Economics estimates that the positive real GDP growth will return in Q1 2021 and the pre-COVID-19 private consumption levels should return by Q2 2021.

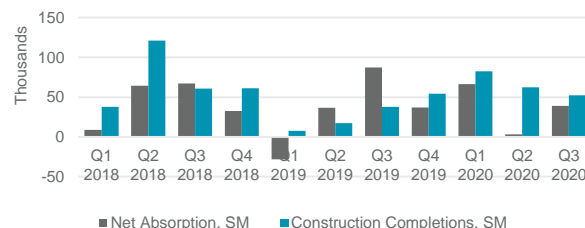
SUPPLY & DEMAND: Continuous Growth of Net Absorption Shows Healthy Industrial Market

Industrial real estate sector remains the least affected branch of commercial real estate in Slovakia. Rent forgiveness is rather the exception, especially in the sectors of logistics and distribution. In the third quarter, we record continued strong leasing activity reaching almost 85,000 sq m of industrial space. The majority of gross take-up occurred in Bratislava Region and the most demand came from distribution, which proves increasing role of e-commerce in the economy. We also see increasing demand in the newly developed industrial hubs in Eastern Slovakia. Net absorption was positive for the sixth consecutive quarter, reaching more than 39,000 sq m of occupied industrial space. In other words, total stock growth continuously exceeds vacant stock growth. Approximately 89,000 sq m of class A industrial stock is to be delivered by the end of 2020, most of which has already been pre-leased. Nevertheless, speculative construction and land acquisitions proceed as the sector positions for the expected rise in demand. Approximately half of vacant stock is in buildings built in 2019 or later.

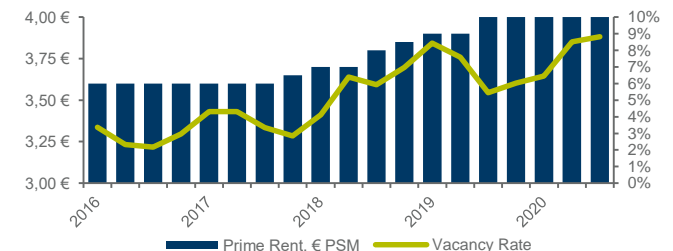
PRICING: Asking Rents Remain Mostly Unaffected

Industrial sector remains unaffected by current economic downturn with high liquidity on both leasing and investment market. We expect the prime industrial yield to remain unchanged with potential for further contraction down to 6.00% for best locations. Prime rent currently remains at 4 EUR/sq m/month with a positive mid-term outlook. Vast stock, newly emerging industrial zones, strong investment demand and positive leasing development in the industrial real estate cause a convergence of prime industrial yield with the prime shopping centre yield.

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 CONSTRUCTION (SM)
Bratislava Region	1,375,400	95,300	6.9%	70,400	204,300	69,900
Western Slovakia	1,092,900	105,100	9.6%	3,600	82,100	32,100
Central Slovakia	130,700	33,600	25.7%	0	1,900	0
Eastern Slovakia	126,600	6,400	5.0%	11,800	50,800	11,200
SLOVAKIA TOTALS	2,725,700	240,500	8.8%	85,800	339,100	113,100

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

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	REGION	AREA (SM)	OWNER
IMMOPARK Zilina - Z2	Zilina region	12,100	Erste Group Immorent
ARETE park Veľká Ida	Kosice region	10,300	ARETE Invest
Goodman Senec Logistics Centre - E	Bratislava region	29,800	GLP

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