

10.0%
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 September 2020

239K
Bratislava
Employment



4.3%
Bratislava
Unemployment Rate



7.4%
Slovakia
Unemployment Rate



Source: ÚPSVaR

ECONOMY: Slovakia's Economy Is 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.

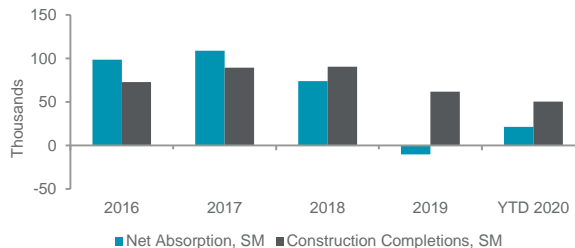
DEMAND & SUPPLY: Leasing Numbers Are in Line With Last Year, Vacancy Rate Is Expected to Increase

The third quarter saw a spike in demand for office premises as well as year-on-year rise in both net and gross take-up. Net take-up, which reached only 30% of total take-up, was led by IT sector, although it was well diversified in general. Higher share of renegotiations results from companies increasingly seeking cost reduction in their workplaces which leads to even lower share of employees that are physically present in offices and hence more competitive leasing market overall. Many tenants tend to move to office premises of higher standard while downsizing to smaller leased areas. Net absorption reached -2,200 sq m but was positive in class A buildings in Bratislava I & II districts. Total class A & B vacant stock grew by 4,500 sq m quarterly and the overall vacancy rate is now at 10.05%. We expect additional 61,000 sq m of new supply by the end of 2020 which will create further pressure on vacancy rate. Three competitive projects will be added to the emerging CBD zone; Pradiareň 1900 by YIT, Sky Park Offices (Mid Rise) and adjacent Jurkovič Heating Plant, both developed by Penta Real Estate.

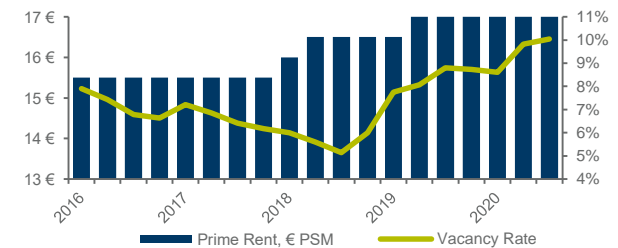
PRICING: Tenant's Market Is Expected to Continue for the Foreseeable Future

Increasing vacancy rates, strong pipeline and downsizing of some tenants put increasing pressure on office landlords in Bratislava. Newly built projects with attractive WAULT (mostly those approaching 10 years) might still attract pricing around 5.50% but prime yield should move up to 6.00% for buildings with 5 year WAULT. We record no changes in offered rent frees or other incentives in the third quarter after mild incentives increase in the second quarter but the tenant's market is expected to continue for the foreseeable future.

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	488,000	38,100	7,8%	17,700	20,100	1,200	€17.00
IC	259,100	17,700	6,8%	6,900	13,700	28,800	€14.00
OC	414,900	57,300	13,8%	5,000	20,800	15,900	€11.50
CBD	564,800	57,400	10,2%	17,300	47,100	125,800	€17.00
SB	162,400	19,300	11,9%	11,800	13,900	0	€15.00
Grand Total	1,889,200	189,800	10,0%	58,800	115,600	171,600	€17.00

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

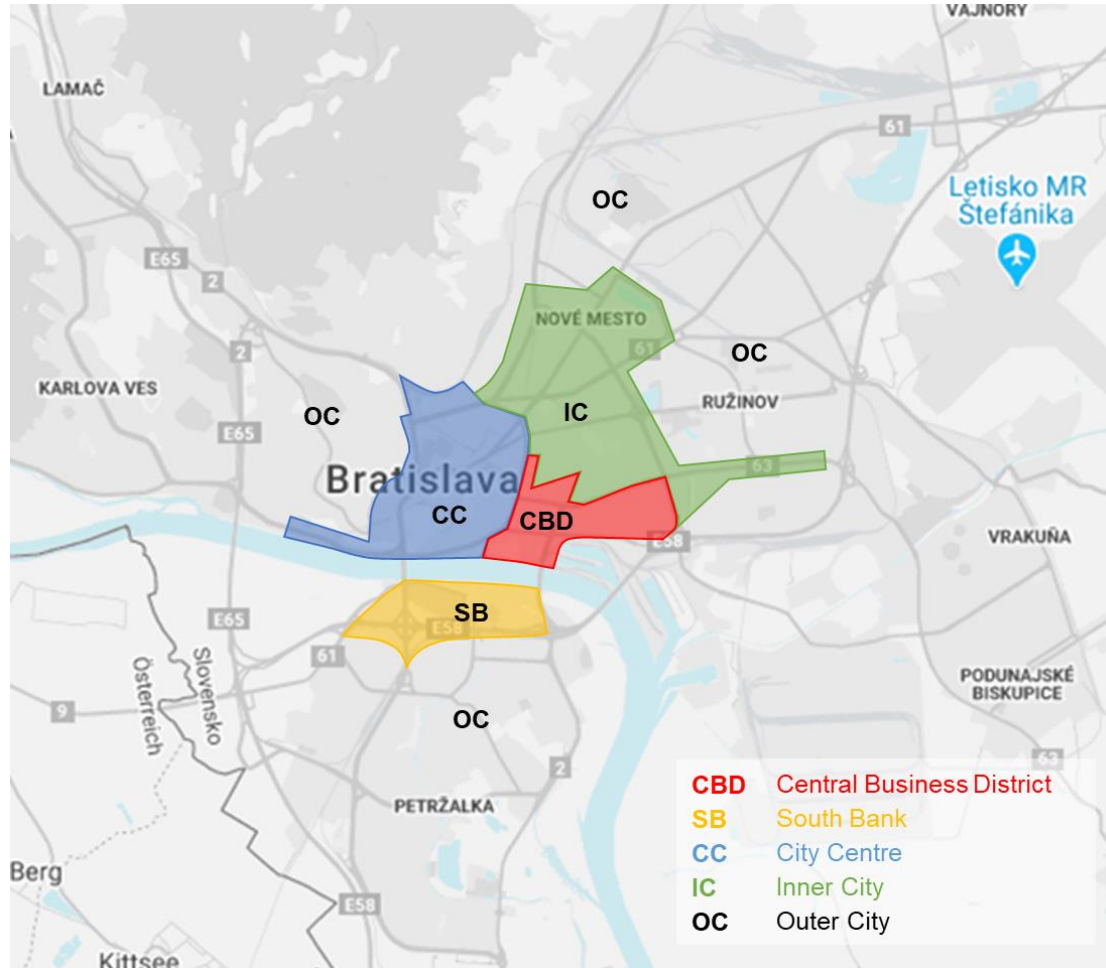
KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT SECTOR	RSM	TYPE
Pressburg Trade Center	CC	Manufacturing/Construction	12,000	renegotiation
myhive Vajnorská/Tower 1	IC	Finance/Banking/Insurance	4,127	renegotiation
Digital Park II+III	SB	Other	3,050	renegotiation
Apollo Business Center II	CBD	IT	2,700	renegotiation
Digital Park II+III	SB	Finance/Banking/Insurance	2,300	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
Carlton Savoy 4	CC	2,300	3

OFFICE SUBMARKETS



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