

11.2%
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 December 2020

360K
Bratislava Region
Employment



4.7%
Bratislava Region
Unemployment Rate



7.6%
Slovakia
Unemployment Rate



Source: ÚPSVaR

ECONOMY: Slovakia's Economy on a Rocky Road to Recovery

Despite nationwide testing and lockdowns, test positivity rate and the number of hospitalized patients surged at the turn of the year given heightened mobility of population during the holidays. As COVID-19 continues to trigger unprecedented Government response, the business environment must navigate through this unique playing field. According to the estimate of the National Bank of Slovakia, Slovakia's GDP fell 5.7% last year, while according to the estimate of the European Central Bank, the GDP of euro area as a whole fell 7.3%. The third quarter has seen a real GDP drop of 2.4% and a similar sentiment is expected at the year end. After an excellent third quarter, production, exports and turnovers fell slightly month-on-month. The adopted anti-pandemic measures have reflected in employment as well as in wages, the growth of which slowed down. Liquidity shortfalls in the private sector were sought to be replaced by external sources of finance which were more accessible due to the monetary policy measures and Government guarantees.

DEMAND & SUPPLY: Take-up Grows 5.5% in Latest Quarter as Supply Rises

The year closed with the highest leasing activity in the last six quarters, reaching 65,400 sq m. While quarterly gross take-up grew by 5.5% year-on-year, total take-up in 2020 declined by almost 12% compared to 2019, reaching 175,900 sq m. Net take-up share was 72%, with consumer goods, professional services and public sector having the biggest share on net demand. Net absorption was positive, reaching more than 5,700 sq m. The highest net absorption was in Bratislava III district, recording more than 8,000 sq m. In total, net absorption of office areas was positive at 27,100 sq m in 2020, increasing the size of Bratislava office market.

There were two major completions in the fourth quarter: Pradiareň 1900 by YIT and Tower 5 by Grafobal Group, increasing the total stock by 26,300 sq m. Total additions to the Bratislava office stock equalled 76,600 sq m in 2020, a 24% annual increase compared to new supply in 2019. We expect an additional supply of 61,100 sq m in 2021. Vacant stock increased to 214,000 sq m while the vacancy rate reached 11.2% as a result of lower leasing activity and the surge in new projects. Some companies are considering downsizing due to the expansion of remote working which might create an additional pressure on occupancy rate.

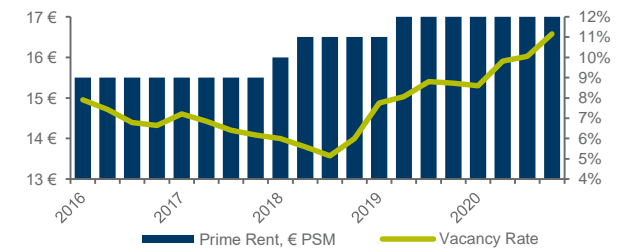
PRICING: CRE Investment Poised for a Rebound as Last Year's Volume Waned Amid the Ongoing Pandemic

Total commercial real estate investment amounted to EUR 502 million in 2020, a year-on-year decrease of 27%. The office sector reached a total transaction volume of EUR 183 million this year, and we expect an increase in investor interest in this segment upon the successful lease of several upcoming projects. Prime office yield increased in the first three quarters of 2020 by 50 basis points but remained at these levels since, with a neutral short-term outlook. Prime headline rent at 17 EUR / sq m / month has not changed during 2020 as landlords increasingly use rent free periods, fit-out contributions and other incentives to attract new tenants.

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 (SQ.M)	PRIME RENT
CC	488,000	32,000	6.6%	9,400	29,400	1,200	€17.00
IC	278,100	25,000	9.0%	18,000	27,600	13,500	€14.00
OC	414,900	59,400	14.3%	10,300	31,200	15,900	€11.50
CBD	575,800	81,400	14.1%	24,200	70,300	114,800	€17.00
SB	162,400	16,400	10.1%	3,600	17,400	0	€15.00
Grand Total	1,919,200	214,000	11.2%	65,400	175,900	145,300	€17.00

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

KEY LEASE TRANSACTIONS Q4 2020

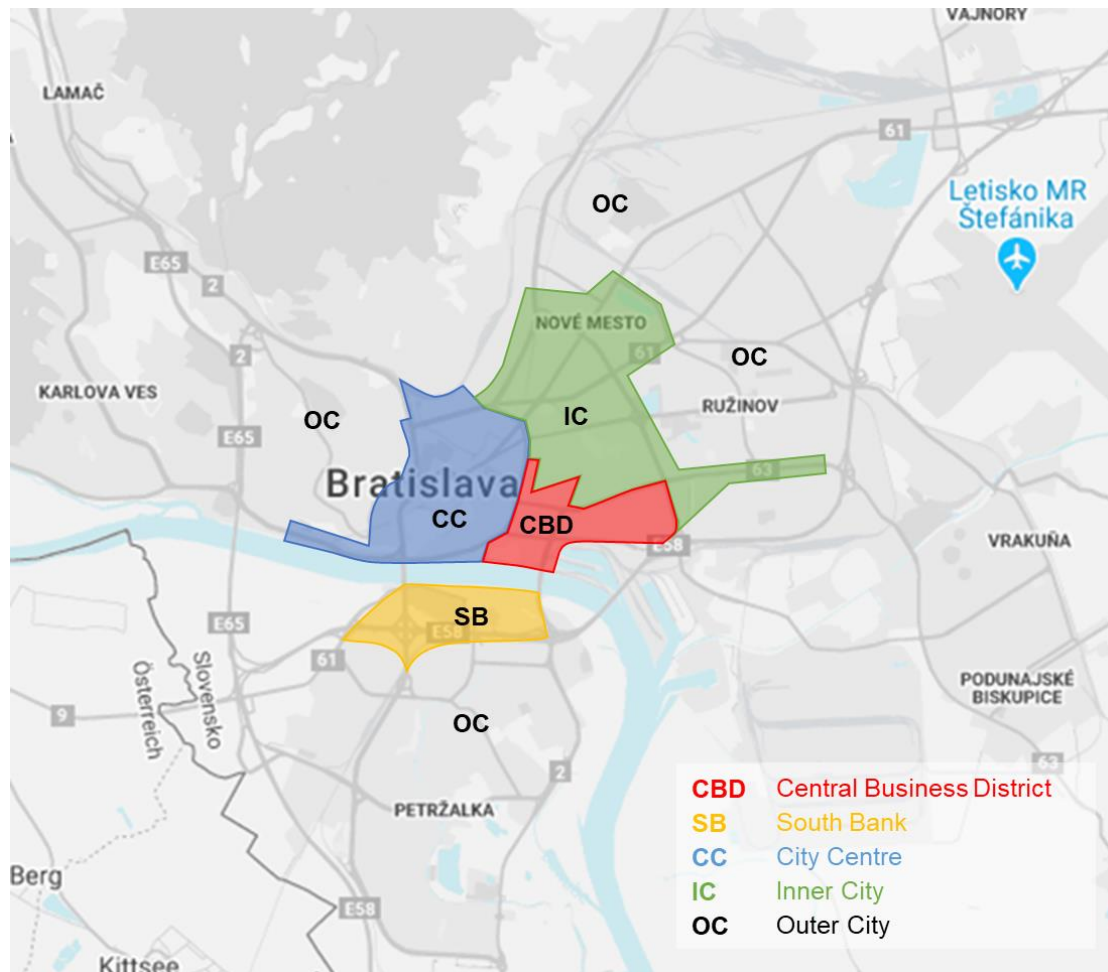
PROPERTY	SUBMARKET	TENANT SECTOR	RSM	TYPE
The Mill	CBD	Consumer Goods	12,000	pre-lease
Park One	CC	Public/Embassy/Trade Council/Diplomatic	6,541	new lease
Klingerka Office	IC	Prof. services	6,159	pre-lease
Westend Piazza	OC	Pharma/Medical	5,000	new lease
City Business Center II	CBD	Finance/Banking/Insurance	3,959	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
Pradiareň 1900	CBD	11,000	4
Tower 5	IC	15,300	4



OFFICE SUBMARKETS



JURAJ BRONČEK

Research Analyst

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

cushmanwakefield.com

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