

MARKETBEAT

# CENTRAL EUROPE

Industrial Q4 2021



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Bulgaria

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Czech Republic

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# MARKETBEAT BULGARIA

## Industrial Q4 2021

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F FORTON

**4.1%**  
Vacancy Rate

YoY  
Chg

12-Mo.  
Forecast

**53,568**  
Take-Up, SM

**€4.3**  
Prime Rent, PSM

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2021

**2.77%**

Bulgaria  
GDP Change YoY

**7.86%**

Bulgaria  
Unemployment Rate

**10.03%**

Industrial Production YoY,  
January - November

Source: National Statistical Institute, Moody's

### ECONOMY: Growth continues despite inflation

The increasing energy and fuel prices on a global level remain the major risk for the Bulgaria's GDP growth in 2022. As a small and export-oriented economy, the country is highly exposed to outside turbulence and supply chain disruptions. Despite the uncertain environment, the budget for 2022 envisages 4.8% economic expansion and 5.6% annual inflation. Exports are expected to keep the upward trend, following 23% growth in January-November 2021. However, since imports are also increasing, net exports remain negative, hampering the overall economic growth. The Bulgarian economy is expected to return to its pre-crisis level by the end of the year.

### SUPPLY AND DEMAND: Stock increases rapidly

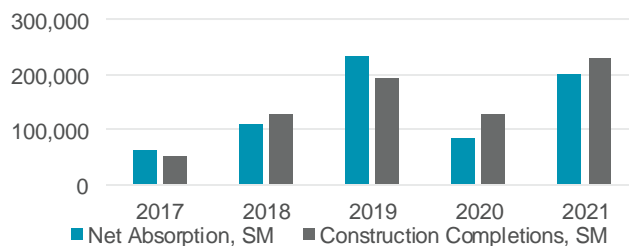
With a 231,565 take up in 2021, the industrial property market in Sofia bounced back to the pre-crisis levels of activity. The figure represents the overall leasing volume and owner-occupied completions for the period. Total supply expanded by 231,300 sqm which is the highest level for the last ten years. The major contributions were the new phases of large speculative projects in Elin Pelin and Bozhurishte industrial zones in the second half of 2021. The stock increase resulted in slight growth of the vacancy rate over the year. The average rate reached 4.1% in the last quarter and is expected to remain stable in the short term.

On the demand side, the increasing supply of modern logistics space with good transport connections stimulates large retail operators to relocate and consolidate their operations. Companies with owner-occupied space also continue to expand. Distribution, courier services and logistics are among the most rapidly growing categories. Most of the new projects are in the Sofia outskirts, while the facilities within the city boundaries are in demand for last-mile logistics. As at the end of 2021 the industrial space under construction in Sofia is totaling at 378,000 sqm, which is slight decrease compared to the previous quarters.

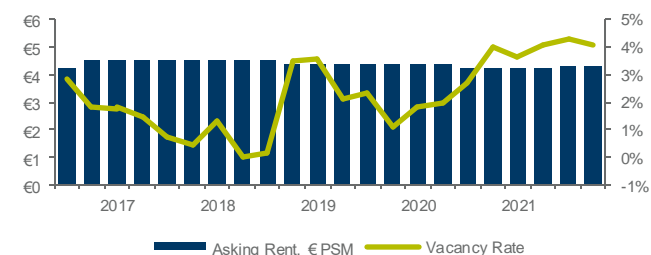
### PRICING: Decreasing yields

After the slight increase in 2021, prime logistics rents in Sofia remain stable at 4.3-4.5 euro/sqm for mid-size units. Premises above 10,000 sqm are rented at 3.8-4 euro/sqm. Prime yields decreased by 50 basis points to 7.5% and became equal to the rates of retail and office space. It is expected that active demand for logistics and production space will result in further yield decrease.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT





# MARKETBEAT BULGARIA

## Industrial Q4 2021



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### MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SM)	YTD TAKE-UP (SM)	UNDER CNSTR (SM)	PRIME RENT	PRIME YIELD
Sofia	1,629,874	66,568	4.1%	53,568	231,565	378,018	€4.3	7.50%
<b>TOTAL</b>	<b>1,629,874</b>	<b>66,568</b>	<b>4.1%</b>	<b>53,568</b>	<b>231,565</b>	<b>378,018</b>	<b>€4.3</b>	<b>7.50%</b>

*\*Rental rates reflect weighted net asking € SQM / Month*

### KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Logistics Park Sofia – Phase 2	Sofia	undisclosed	31,000	Warehousing and Logistics
Logistics Park DT	Sofia	undisclosed	15,330	Dream Trans

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YoY Chg. 12-Mo. Forecast

**1.6%**  

Vacancy Rate

**€5.60**  

Prime Rent, Sq m/month

**3.8%**  

Prime Yield

Overall, All Property Classes

#### ECONOMIC INDICATORS Q4 2021

YoY Chg. 12-Mo. Forecast

**3.0%**  

GDP\*

**2.6%**  

Unemployment Rate

**-1.9%**  

Industrial Production\*

**6.5%**  

CPI\*

\*Annual growth forecasts  
Source: Moody's Analytics

#### ECONOMY: The Czech economy is expected to fully recover in the second half of 2022

The recovery of the Czech economy from the pandemic-induced recession is proceeding, albeit slowly. Supply-related issues continued to constrain the recovery speed in recent quarters. Output in the auto sector, which is currently highly depressed and on which the Czech economy relies, is not expected to recover until the second half of 2022 fully. Similar problems apply to other industrial subsectors important to the economy. Inflation further increased from already high values, reflecting global factors and domestic price pressures. The labour market, which was barely affected by the pandemic recession, is tightening again. The absence of migrant workers creates additional stress for wage inflation. In response, the central bank already increased the policy rate by 3.0 percentage points since August.

#### SUPPLY AND DEMAND: More than a million sq m of A-class warehouses currently is under construction

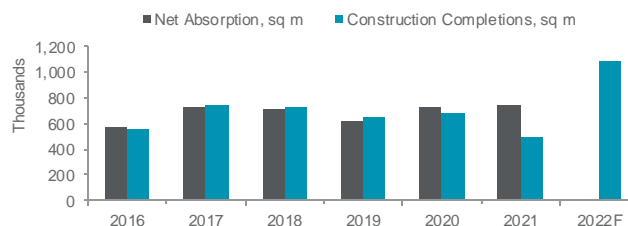
Total modern industrial stock is approaching the 10 million benchmark fast. Almost half a million sq m of warehouse space was newly completed in 2021, and developers plan to finish about 1.5 million sq m in 2022. 1.1 million sq m is currently under construction, predominantly in the vicinity of Moravian cities Brno, Ostrava and Olomouc.

76% of the space under construction is already pre-leased, proving the persistent record demand on the market. In 2021, about 2.5 million sq m were almost equally leased to production, distribution and 3PL companies. 22% of the take-up took place in Prague, but the South-Moravian region saw the fastest growth over the last year (190%). Total warehouse space leased by e-commerce tenants increased by 430% in the last year, while the demand from the automotive sector fell by 40% in the same period.

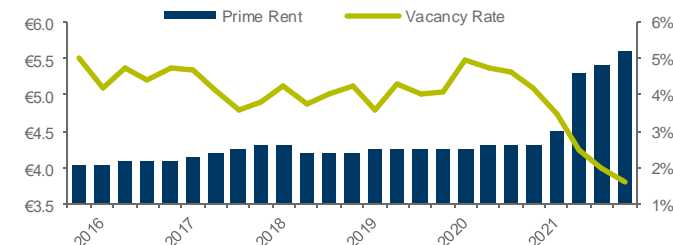
#### PRICING: Extremely low vacancy supports further rental growth

The new supply has not yet managed to keep pace with the excessive demand, leading to the new record low vacancy rate of 1.6% in the Czech Republic, while the share of vacant areas decreased to only 0.7% in Prague. The most available space in absolute terms was recorded in Pilsen (46,000 sq m). Prime headline rents further increased to €5.60/sq m/month in Prague, €4.60/sq m/month in Brno and €4.50/sq m/month in Pilsen (all rates for a typical 10,000 sq m warehouse unit).

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & PRIME RENT



## MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague	3,361,781	21,942	0.7%	198,164	542,302	103,138	78,580	€ 5.60
Pilsen	1,485,164	45,873	3.1%	123,730	364,177	136,521	122,037	€ 4.50
Brno (South Moravia)	1,202,756	7,361	0.6%	121,823	418,919	49,018	107,115	€ 4.60
Ostrava (Moravia-Silesia)	852,554	45,573	5.3%	9,690	161,152	58,478	166,826	€ 4.30
Central Bohemia	652,474	10,215	1.6%	30,478	116,310	21,551	109,108	
Ústí nad Labem	622,939	898	0.1%	85,833	215,108	23,620	5,300	
Liberec	317,125	-	0.0%	-	30,000	8,574	30,000	
Olomouc	297,584	22,959	7.7%	48,477	342,573	29,752	282,110	
Karlovy Vary	252,220	-	0.0%	31,501	188,067	29,396	115,627	
Pardubice	210,728	2,000	0.9%	-	2,017	13,000	2,517	
Hradec Králové	168,361	-	0.0%	9,284	61,272	-	42,501	
Jihlava (Vysočina)	162,218	-	0.0%	13,400	15,155	-	26,948	
České Budějovice (South Bohemia)	51,848	-	0.0%	-	-	17,500	23,474	
Zlín	18,380	-	0.0%	-	-	1,700	-	
<b>CZECH REPUBLIC TOTALS</b>	<b>9,656,132</b>	<b>156,821</b>	<b>1.6%</b>	<b>672,380</b>	<b>2,457,052</b>	<b>492,248</b>	<b>1,112,143</b>	<b>€ 5.60</b>

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Bor	Pilsen	GXO Logistics	60,000	Pre-lease
P3 Prague D1	Prague	Hopi	46,300	Renegotiation
P3 Prague Horní Počernice	Prague	Confidential	40,300	Expansion

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Cheb	Karlovy Vary	Tchibo	29,400	Panattoni
VGP Park Vyškov	Brno (South Moravia)	OKAY	28,000	VGP
GLP Park Praha Chrášťany	Prague	Alza	23,700	GLP

Source: Industrial Research Forum

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# MARKETBEAT BUDAPEST

Industrial Q4 2021



**3.17%**  
Vacancy Rate

YoY  
Chg

12-Mo.  
Forecast

**€4.65**  
Prime Rent, Sq m/month

**5.75%**  
Prime Yield

(Overall, All Property Classes, as at 31 December 2021)  
Source: Cushman & Wakefield, Budapest Research Forum

## ECONOMIC INDICATORS Q4 2021

**6.96%**  
GDP real, LCU (F)

**3.78%**  
Unemployment Rate (F)

**-1.09%**  
Industrial Production  
Index (F)

**7.07%**  
CPI Index (F)

Annual growth unless otherwise indicated  
Source: Moody's, 23 February 2022

## ECONOMY: GDP is projected to rebound by 7.6% in 2021 and 4.6% in 2022 respectively

The Hungarian economy is on its way to recovery from the pandemic-induced recession. Moody's Analytics estimate that GDP growth decelerated in Q3 2021 following two strong quarters as the boost from reopening measures ran its course. A further slowdown in Q4 can primarily be traced to a accelerating inflation and a slowdown in industrial production. According to CSO data, industrial production improved 9.9% in the January-November period, with a very strong second quarter is registered.

Hungary currently contends with elevated energy prices and supply-chain disruptions but a recovery in global trade is expected to boost net exports. Inflation is above the National Bank's target and in order to curb inflation pressures and limit currency stress, an accelerated pace of base rate hikes have been executed. The GKI Business Sentiment Index shows optimism in the business sector with the index reaching 2.5-year peak in November 2021.

## SUPPLY AND DEMAND: Record high demand and supply levels

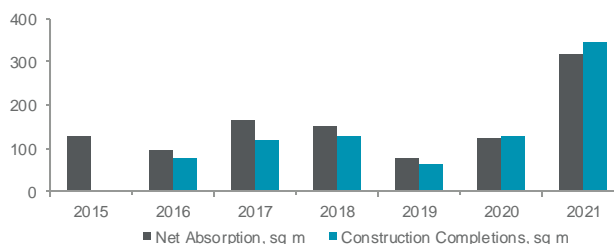
2021 market activity has reached record high levels, even compared to 2020 which was considered a record year for the industrial market. Total demand in Budapest has reached 237,480 sq m, making it the strongest quarter of the year and any quarter of the past 10 years. Net take-up represented a high share of the total demand with 174,990 sq m while renewals amounted 63,520 sq m. Pre-leases had the highest share among net take-up with 66.3%, followed by new leases at 32.6% and expansions with 0.4%. With the strong last quarter, end year numbers have amounted to 635,560 sq m, showing an increase of 18% year-on-year compared to the 2020 record high levels.

Five new buildings were delivered in Q4 to the Greater Budapest Area in existing schemes amounting to 166,350 sq m. With this, just like in the case of demand levels, 2021 has reached a record high level of new supply. End year new deliveries amounted 345,760 sq m in Budapest. Net absorption in Q4 was positive, reaching 169,300 sq m and vacancy rate was pushed down from 3.49% in Q4 to 3.17%

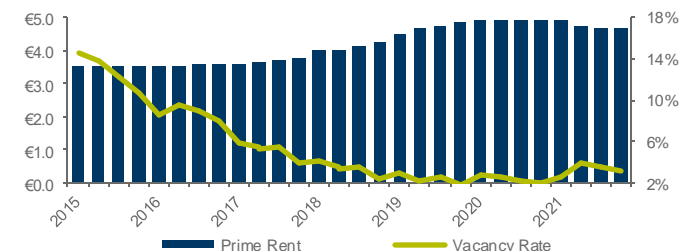
## PRICING: Rental rates are stable in Q4

Prime rents have remained firm in Q4, currently stand at Euro 4.65 in the Greater Budapest Area. Whilst a robust industrial pipeline is expected going forward, headline BTS rents are likely to grow due to rising cost of construction.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & PRIME RENT



# MARKETBEAT BUDAPEST

Industrial Q4 2021



## MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Budapest North	134 600	3 780	2.8%	3 600	8 640	5 040	0	€4.65
Budapest South	1 164 110	16 470	1.4%	43 810	162 740	54 090	79 180	€4.65
Budapest East	634 950	33 830	5.3%	42 440	119 680	82 940	254 410	€4.65
Budapest West	633 860	35 640	5.6%	53 680	107 020	30 380	34 000	€4.65
<b>TOTAL BUDAPEST</b>	<b>2 567 520</b>	<b>89 720</b>	<b>3.5%</b>	<b>143 530</b>	<b>398 080</b>	<b>172 450</b>	<b>367 590</b>	<b>€4.65</b>
Central Hungary	63 540	1 600	7.1%	0	0	0	0	€4.65
Central Transdanubia	263 100	990	0.4%	1 930	25 820	8 600	47 550	€4.50
Southern Transdanubia	52 950	2 590	4.9%	0	0	19 400	0	€4.50
Western Transdanubia	353 600	34 360	9.7%	4 100	12 000	13 000	22 200	€4.75
Northern Great Plain	204 600	15 800	7.7%	9 150	13 850	12 000	5 430	€4.50
Southern Great Plain	111 800	5 690	5.1%	4 530	6 900	0	31 050	€4.50
Northern Hungary	141 740	12 850	9.1%	0	0	0	0	€4.50
<b>TOTAL COUNTRYSIDE</b>	<b>1 191 330</b>	<b>73 880</b>	<b>6.2%</b>	<b>19 710</b>	<b>58 570</b>	<b>53 000</b>	<b>106 230</b>	<b>€4.50</b>
<b>TOTAL HUNGARY</b>	<b>3 758 850</b>	<b>163 600</b>	<b>4.3%</b>	<b>163 240</b>	<b>456 650</b>	<b>225 450</b>	<b>473 820</b>	<b>€4.50</b>

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	TYPE	TENANT	SIZE (SQ M)	TYPE
Prologis Park Budapest - Budaörs	LP	Geodis	27 820	renewal
GLP Üllő Logistics Centre	LP	Oriflame	17 030	renewal
Prologis Park Budapest - M1	LP	PFM	10 530	renewal

## KEY CONSTRUCTION COMPLETIONS Q3 2021

Location	PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Budapest	East Gate Business Park	LP	Confidential	9 170	WING
Budapest	Login Business Park	LP	Confidential	5 040	WING
Northern Great Plain	Cordys Capital Jászfényszaru	LP	Tiszaújváros Transz Kft.	12 000	Cordys Capital

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# MARKETBEAT BUDAPEST

Industrial Q4 2021



## MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SM)	YTD TAKE-UP (SM)	UNDER CNSTR (SM)	PRIME RENT	PRIME YIELD
Sofia	1,629,874	66,568	4.1%	53,568	231,565	378,018	€4.3	7.50%
<b>TOTAL</b>	<b>1,629,874</b>	<b>66,568</b>	<b>4.1%</b>	<b>53,568</b>	<b>231,565</b>	<b>378,018</b>	<b>€4.3</b>	<b>7.50%</b>

*\*Rental rates reflect weighted net asking € SQM / Month*

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Logistics Park Sofia – Phase 2	Sofia	undisclosed	31,000	Warehousing and Logistics
Logistics Park DT	Sofia	undisclosed	15,330	Dream Trans

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# MARKETBEAT POLAND

Industrial Q4 2021



**3.8%**  
Vacancy Rate

YoY  
change

12-month  
forecast

**€3.90**/sqm/month  
Prime Rent

**4.80%**  
Prime Yield

## ECONOMIC INDICATORS Q4 2021

**7.61%**  
GDP Growth

**4.26%**  
Unemployment Rate

**12.28%**  
Industrial Production

**7.3%**  
Inflation

Source: GUS, Moody's

## ECONOMY: STRONG ECONOMIC GROWTH AS INFLATION REMAINS HIGH. INDUSTRIAL PRODUCTION GAINS MOMENTUM

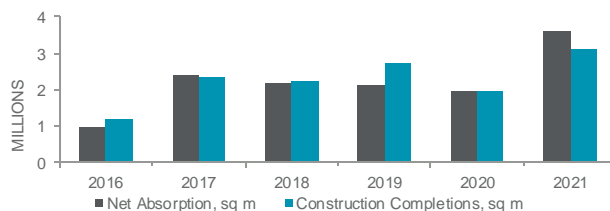
Data from the Central Statistical Office (GUS) shows that Poland's GDP grew by an annualized 5.7% in 2021. According to Moody's forecasts, the Polish economy is expected to expand by 5.8% in 2022. The inflation rate, which accelerated considerably last year, hit 8.6% in December 2021, its highest since 2000. The gradual mitigation of disruptions to global supply chains is supporting the manufacturing industry. Industrial sales in Poland for the whole of 2021 were up 14.9% compared to a 1.0% decrease in 2020.

## TAKE-UP: RECORD-BREAKING LEASING ACTIVITY FUELLED BY THE EXPANSION OF E-COMMERCE AND THE NEED TO SECURE SUPPLY CHAINS

Total warehouse take-up reached 7.5 million sq m transacted in 2021, which represented a surge in demand of 50% year-on-year. Net take-up, comprising new leases, hit 5.8 million sq m, up by 68% over the year. Robust occupier demand is being driven by the need to diversify logistics chains to meet the requirements of e-commerce and by congested global supply chains, with many companies increasing inventory levels. We are seeing strong occupier activity from such sectors as retail, e-commerce, logistics and courier services, manufacturing and automotive industry, reporting demand for various sizes and types of warehouses, including big-box distribution centres and BTS (build-to-suit) projects, as well as urban warehouses, courier hubs and returns centres.

2021 was extraordinary for the number of large leases, 38 of which were for more than 30,000 sq m each. The largest deals included Zalando signing for 140,000 sq m at Panattoni BTS Bydgoszcz, confidential e-commerce tenants taking 104,380 sq m at Hillwood Bydgoszcz and 82,200 sq m at Panattoni BTS Gorzyczki, TEDI's deal for 87,000 sq m at Panattoni BTS Stargard, Westwing's lease of 82,500 sq m at P3 Poznań II, ID Logistics leasing 78,159 sq m at Hillwood Rokitno, LPP's transaction for 69,000 sq m at Panattoni Park Rzeszów-North, and Fiege's lease of 62,500 sq m at 7R Park Goleniów II.

## NET ABSORPTION AND SUPPLY



Source: Cushman & Wakefield

## OVERALL VACANCY AND ASKING RENT



### SUPPLY: DEVELOPMENT ACTIVITY CONTINUES TO ACCELERATE AS VACANCY RATE HITS AN ALL-TIME LOW

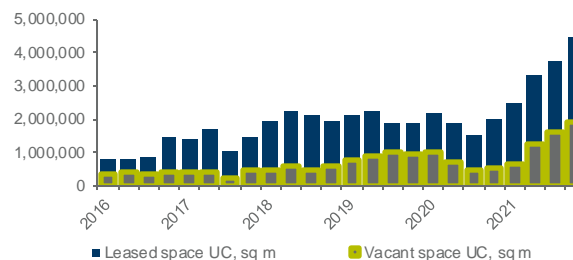
868,000 sq m of modern warehouse space was delivered in Q4 2021 across 37 projects, bringing last year's total supply to 3.1 million sq m, up by 56% year-on-year, a record result in development activity in Poland. Despite the high supply level, the overall vacancy rate continued its downward trend and edged down by 2.2 pp over the quarter and by 3.0 pp year-on-year, falling to 3.8% at the end of 2021, its lowest since records began. Net absorption amounted to 1.11 million sq m, surpassing new warehouse supply for another consecutive quarter. Nearly all regional markets reported lower vacancy rates, with the largest downward year-on-year movements in Świętokrzyskie (3.1%; -17.5 pp), Łódzkie (2.9%; -5.5 pp), Greater Poland (0.8%; -5.1 pp), Opolskie (3.2%; -4.5 pp), Lower Silesia (2.8%; -4.4 pp), Kuyavia-Pomerania (4.3%; -4.4 pp) and Pomerania (2.5%, -4.1 pp).

In Q4 2021, in response to soaring demand and shrinking availability, developers commenced the construction of many new projects with a combined area of more than 1.6 million sq m. At the end of December 2021, the warehouse development pipeline stood at a record high of 4.5 million sq m. Of that total, around 1.9 million sq m was not secured under pre-lets, the largest volume of speculative construction ever. Poland's industrial stock is expected to expand by 20% in 2022 and to surpass the 30 million sq m mark in the early months of 2023.

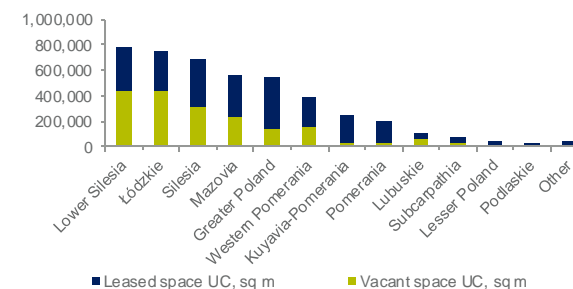
### RENTS: DEVELOPERS TO RAISE RENTAL RATES

The rapidly shrinking availability coupled with skyrocketing construction costs which rose by around 20% year-on-year is putting additional upward pressure on warehouse rents. Looking ahead, we expect headline rents to edge up, with developers becoming less willing to grant financial incentives to tenants. Headline rents currently stand at EUR 2.80–3.90/sq m/month for big-box warehouses and at EUR 4.30–5.50/sq m/month for SBUs. Effective rents continue to range between EUR 2.00–3.10/sq m/month, depending on project location. Financial incentives from developers usually amount to 10-25% of the base rental rate and vary depending on lease conditions. The Polish industrial market looks set to remain highly competitive as rental growth is expected on most European markets.

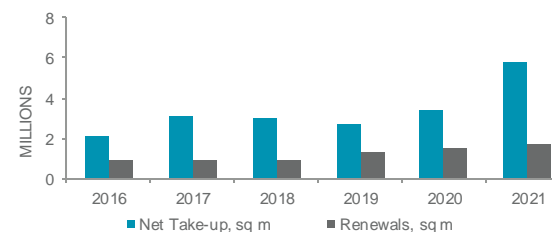
### DEVELOPMENT ACTIVITY



### INDUSTRIAL SPACE UNDER CONSTRUCTION DECEMBER 2021



### TAKE-UP



Source: Cushman & Wakefield

### REGIONAL STATISTICS

MARKET	STOCK (sq m)	AVAILABILITY (sq m)	VACANCY RATE	Q4 TAKE-UP (sq m)	Q1-Q4 TAKE-UP (sq m)	Q1-Q4 SUPPLY (sq m)	UNDER CNSTR (sq m)	PRIME RENT (EUR/sq m/month)
Mazovia	5,427,640	255,961	4.7%	323,792	1,283,763	413,940	559,393	3.90
Silesia	4,272,329	335,059	7.8%	269,946	1,166,091	607,134	683,004	3.70
Łódzkie	3,480,787	101,362	2.9%	338,619	920,728	262,006	745,159	3.60
Lower Silesia	2,870,314	79,505	2.8%	412,218	986,911	381,633	782,124	3.60
Greater Poland	2,618,571	20,553	0.8%	278,847	1,063,556	390,137	552,452	3.60
Pomerania	1,072,502	27,142	2.5%	145,002	405,356	257,114	207,065	3.60
Western Pomerania	898,903	7,986	0.9%	118,532	292,622	126,093	385,266	3.60
Lubuskie	876,349	29,269	3.3%	191,105	390,251	413,819	111,252	3.60
Lesser Poland	780,626	-	-	97,579	236,415	103,932	48,745	3.75
Kuyavia-Pomerania	414,240	17,710	4.3%	188,541	450,793	20,900	244,429	3.60
Subcarpathia	392,348	3,000	0.8%	78,371	124,843	13,895	84,180	3.60
Lubelskie	331,553	19,806	6.0%	29 891	60 231	78,505	0	3.60
Other markets	477,177	7,857	1.6%	23,216	84,789	37,583	67,330	3.60
<b>POLAND TOTALS</b>	<b>23,913,338</b>	<b>905,960</b>	<b>3.8%</b>	<b>2,491,947</b>	<b>7,487,948</b>	<b>3,106,691</b>	<b>4,470,399</b>	<b>3.90/BIG-BOX 5.50/SBU</b>

Source: Cushman & Wakefield

### KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	REGION	TENANT	SIZE (sq m)	TYPE
Panattoni BTS Będzin	Silesia	Carrefour	50,000	New lease (pre-let)
GLP Wrocław V Logistics Centre	Lower Silesia	CEVA	44,288	New lease (pre-let)
7R Park Łódź East	Łódzkie	Castorama	36,070	New lease
Hillwood Rokito	Lubuskie	4PX	35,288	New lease

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### SELECTED SALE TRANSACTIONS Q4 2021

PROPERTY	REGION	SELLER	BUYER	SIZE (sq m)
EQT Exeter European Value Venture III	Multiple locations	EQT Exeter	GIC	320,000
Nexus	Bydgoszcz Sosnowiec Kraków Łódź Poznań Warsaw	ELI (European Logistics Investment)	CBRE IM	211,700
7R Beskid Park II (phase I)	Upper Silesia	7R & VRE	Savills IM	54,800

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# MARKETBEAT ROMANIA

## Industrial Q4 2021



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**4.2%**

Bucharest Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**€4.10**

Prime Rent, PSQM



**7.25%**

Prime Yield



### ECONOMIC INDICATORS Q4 2021

**4.67%**

GDP



**5.07%**

Unemployment Rate



**-4.05%**

Industrial Production



**3.87%**

Retail Sales Volume  
Index



Source: Moody's Analytics

### Demand exceeded the 1 million threshold in 2021

The demand for industrial and logistics spaces reached a new record level in Q4 2021, with a total leasing activity of 441,000 sq. m, up 46% when compared with Q3 2021 and slightly higher compared with the same period of last year. Overall, the leasing activity in 2021 has exceeded the 1 million sq. m threshold for the first time in the market's history. Net take-up accounted for over 80% (802,000 sq. m) of the transacted volume and continues to be the main driver of the market, with renewals representing only 20% of the total leased area. Amongst the most significant transactions signed in Q4 2021 were the ~50,000 sq. m renewal and expansion deal closed by CTP with Network One Distribution in CTPark Bucharest West, Inteva's 25,000 sq. m renewal in CTPark Salonta, Mobexpert's 24,000 sq. m new lease in CTPark Bucharest North and Elbi's 16,000 sq.m new lease in P3 Bucharest A1. Bucharest attracted 70% of the transactions signed in Q4 2021 and 67% of the annual volume, while Timisoara, Brasov and Oradea (Salonta) have also been dynamic markets both in Q4 and throughout the year.

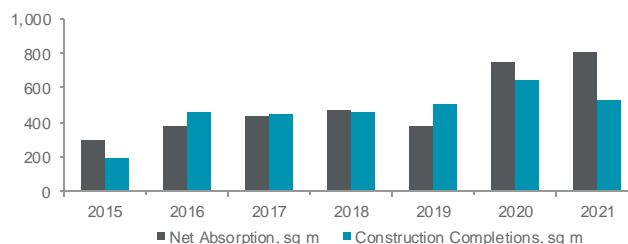
### Robust construction activity

The construction activity remained robust in Q4 2021 as developers managed to deliver new buildings with a total area of 175,500 sq. m. The most significant deliveries were represented by Kingfisher's 86,000 sq. m distribution center within CTPark Bucharest West, while Logisor completed a new 38,000 sq. m building in the Logisor Mogosoaia project. The full-year new supply reached 530,000 sq. m, corresponding to an annual decline of 18%. A sustained occupier demand resulted in the vacancy rate decreasing to 4.2% in Bucharest and 3.5% across Romania.

### Low vacancy rates encourage developers to expand their portfolios

The strong demand for logistic and industrial properties combined with low vacancy rates, encourages developers to continue their portfolios' expansion. The pipeline reveals almost 600,000 sq. m of new spaces planned for delivery in the next 12 months, with more than 50% of those spaces being located in Bucharest. Timisoara, Brasov and Cluj will also benefit from new industrial and logistics premises in 2022, but there is also a clear interest towards secondary and tertiary cities driven by the recently increased demand for such locations.

### SPACE DEMAND / DELIVERIES



### BUCHAREST OVERALL VACANCY & PRIME RENT



# MARKETBEAT ROMANIA

Industrial Q4 2021



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## MARKET STATISTICS

SUBMARKET	STOCK (SQM)	AVAILABILITY (SQ. M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ. M)	YTD TAKE-UP (SQM)	YTD COMPLETIONS (SQ. M)	UNDER CNSTR (SQ. M)	PRIME RENT (€/SQ. M/MONTH)
Bucharest	2,806,800	117,900	4.2%	311,200	674,200	325,000	303,500	4.10
Timisoara	541,500	37,000	6.8%	45,400	82,500	46,700	102,500	3.75
Ploiesti	370,000	4,500	1.2%	1,800	3,100	11,000	-	3.75
Cluj-Napoca	400,800	6,500	1.6%	3,600	10,800	22,000	43,100	4.00
Brasov	302,400	8,100	2.7%	24,000	49,000	16,300	52,900	3.75
Pitesti	239,000	0	0%	-	21,300	-	14,700	3.75
Other Cities	974,000	24,400	2.5%	55,200	162,500	109,000	70,300	3.75
<b>ROMANIA</b>	<b>5,634,500</b>	<b>198,400</b>	<b>3.5%</b>	<b>441,200</b>	<b>1,003,400</b>	<b>530,000</b>	<b>587,000</b>	<b>4.10</b>

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	TYPE
CTPark Bucharest West	Bucharest	Network One Distribution	49,800	Renewal + Expansion
CTPark Salonta	Oradea	Inteva	25,000	Renewal
CTPark Bucharest North	Bucharest	Mobexpert	24,000	New lease
CTPark Bucharest	Bucharest	DSV	20,000	Expansion
P3 Bucharest A1	Bucharest	Elbi	16,000	New lease

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
CTPark Bucharest West	Bucharest	Kingfisher	86,000	CTP
Logicor Mogosoaia - D	Bucharest	Eurovet	38,000	Logicor
WDP Park Stefanesti II	Bucharest	epantofi.ro	15,600	WDP

## PIPELINE PROJECTS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
WDP Park Timisoara	Timisoara	Profi	57,000	WDP
CTPark Bucharest North	Bucharest	Mobexpert	55,300	CTP
Chitila Logistics Hub III	Bucharest	Havi Logistics	37,000	Globalworth-Global Vision

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	YoY Chg	12-Mo. Forecast
<b>6.71%</b> Vacancy Rate	▼	▲
<b>€4.00</b> Prime Rent, PSM	—	▲
<b>5.25%</b> Prime Yield	▼	▼

(class A stock only)

### ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>0.69%</b> Real GDP	▲	▲
<b>7.44%</b> Unemployment Rate (December 2021)	▼	▼
<b>-2.94%</b> Industrial Production (seasonally adjusted)	▼	▲
<b>4.95%</b> CPI	▲	▼

Measurement: Year change estimates, unless indicated otherwise.  
Source: Moody's, ÚPSVaR

### ECONOMY: Supply-Side Shortfalls and Rising Prices Take Over as the Main Themes of the Quarter

The end of the year was marked by rising prices resulting from supply-side shortfalls, which affected not only production but also the transport of goods. The acute shortage of components has reduced the production of the automotive industry by almost a third, which has a negative impact on exports and economic growth forecasts. According to the National Bank of Slovakia, the situation in chip imports should stabilize by the end of 2022, which would help exports and compensate producers for losses from previous periods. The situation is also aggravated by the shortage of skilled workers, but the reopening of the economy drives the growth of total employment. Accelerating price growth caused a decline in real household incomes at the end of the year, pushing consumers to use mainly their accumulated savings for spending. However, strong wage growth continues, especially in industry and services due to the need to attract new workers. The favourable development of the domestic part of the economy helped tax revenues. Bratislava's office-using industries should continue to provide a steady stream of well-paying jobs mainly from the tech sector. These high-wage jobs will have important downstream effects on local consumer-driven industries.

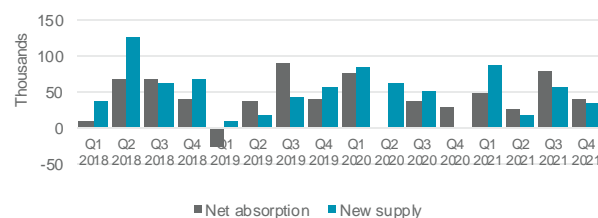
### SUPPLY & DEMAND: Vacancy Rate Decreased Despite Growing Stock, Speculative Construction Remains on the Rise

Total industrial stock grew by 6% year-on-year as construction boom continued. There are currently 18 buildings under construction, representing a new record with total leasable area of 391,600 sq m, confirming growing interest of occupiers for modern industrial projects. We saw several completions, in particular the 13,000 sq m extension of the largest industrial park in Slovakia, Prologis Park Bratislava, as well as Panattoni Park Košice Airport with the leasable area of 10,000 sq m. Although new supply in 2021 reached a solid 193,600 sq m, we recorded continuous decline in vacancy rate over the past year, totaling an approximately 2 pp drop to 6.71%. This was mainly due to high demand, fueled by the manufacturing and logistics sectors, thereby boosting gross take-up which grew by 188% quarter-to-quarter to 172,000 sq m. We saw a rebound of renegotiations in 2021, which accounted for one third of total take-up. Several major renegotiations occurred in the fourth quarter, mostly in car manufacturing sector.

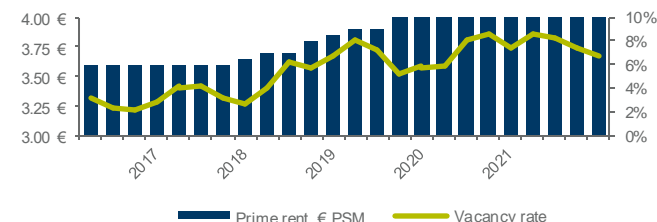
### PRICING: Stiff Competition Limits Rental Growth, Yield Compression Continues

The stiff competition in the Slovak industrial market has prevented a meaningful rental growth during the recent industrial boom, although the rising construction costs, as well as the spillover effect from the rising rents in the neighbouring markets might indicate a similar trend in Slovakia in the coming years once the immense pipeline is delivered on the market and the land for development is exhausted. However, higher headline rents can be achieved in attractive submarkets with currently limited supply, including Bratislava city logistics or Bratislava D2. Landlords are compelled to offer considerable incentives to attract large occupiers seeking to enter long-term contracts. Yields are narrowing as the international investors' appetite for competitive yields in Slovakia soars. We expect the industrial real-estate market to keep on expanding due to booming e-commerce and announced investments from the existing carmakers, securing their presence in the medium term.

### SPACE DEMAND / DELIVERIES (SM)



### 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	1,436,700	69,000	4.80%	99,900	334,600	167,300
Western Slovakia	1,203,100	103,500	8.60%	53,100	124,400	143,600
Central Slovakia	252,900	25,900	10.23%	4,000	27,200	35,000
Eastern Slovakia	145,900	5,500	3.77%	15,000	30,100	45,800
<b>SLOVAKIA TOTALS</b>	<b>3,038,600</b>	<b>203,900</b>	<b>6.71%</b>	<b>172,000</b>	<b>516,200</b>	<b>391,600</b>

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

### KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	REGION	AREA (SM)	OWNER
Prologis Park Bratislava DC 21a	Bratislava	13,000	Prologis
Panattoni Park Košice Airport B	Kosice	10,000	Panattoni
Logis Centrum	Bratislava	5,500	IAD
Antracit Senec	Bratislava	5,700	HSF System SK

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