

| | YoY Chg | 12-Mo. Forecast |
|---------------------------------|---------|-----------------|
| 6.71% Vacancy Rate | ▼ | ▲ |
| €4.00 Prime Rent, PSM | ▬ | ▲ |
| 5.25% Prime Yield | ▼ | ▼ |

(class A stock only)

ECONOMIC INDICATORS Q4 2021

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| 0.7% Real GDP | ▲ | ▲ |
| 6.7% Unemployment Rate <i>(December 2021)</i> | ▼ | ▼ |
| -2.9% Industrial Production <i>(seasonally adjusted)</i> | ▼ | ▲ |
| 4.9% CPI | ▲ | ▼ |

Measurement: YoY 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.

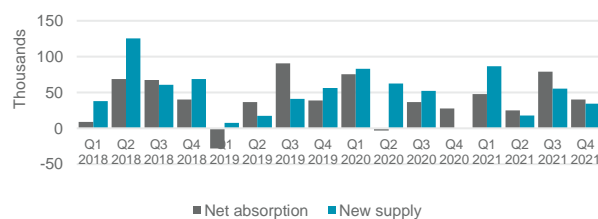
SUPPLY & DEMAND: Vacancy Rate Decreased Despite Growing Stock, Speculative Construction Remains on the Rise

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. Yield 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 |
| SLOVAKIA TOTALS | 3,038,600 | 203,900 | 6.71% | 172,000 | 516,200 | 391,600 |

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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