

11.70%
Vacancy Rate

YoY
Chg

12-Mo.
Forecast



€16.50
Prime Rent, PSM



5.25%
Prime Yield



Source: Bratislava Research Forum (figures are based on class A+B stock only)

ECONOMIC INDICATORS Q4 2021

352K
Bratislava Region
Employment

QoQ
Chg



4.4%
Bratislava Region
Unemployment Rate



7.4%
Slovakia
Unemployment Rate



Source: 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: Office Market Saw One of the Strongest Quarters Yet as Take-up Soared

In the fourth quarter, take-up hit record high with the total leased amount of 97,900 sq m, representing an impressive year-on-year growth of 49.7%. Public sector took lead in the office demand in Bratislava as a significant new lease was signed in Tower 115, representing 21,500 sq m out of the total 53,300 sq m of new leases signed. Additionally, 23 other deals exceeded 1,000 sq m. New leases have surpassed renegotiations for the fifth quarter in a row, supporting the trend of occupiers seeking newly built office buildings in order to relocate. As a result of these relocations, which happened at the expense of the previous generation's projects, we expect developers to refocus on leasing these secondhand office spaces in the upcoming year. Bratislava saw the completion of one new project in the fourth quarter, Galvaniho V, which increased the total stock by 15,900 sq m. Total occupied space grew by 26,700 sq m, the most in the last three years with absorption surpassing new supply. As a result, the three-year trend of rising vacancy rate has reversed as the fourth quarter recorded a modest decrease to 11.7%. All of this indicates one of the strongest quarters we have seen recently in all indicators.

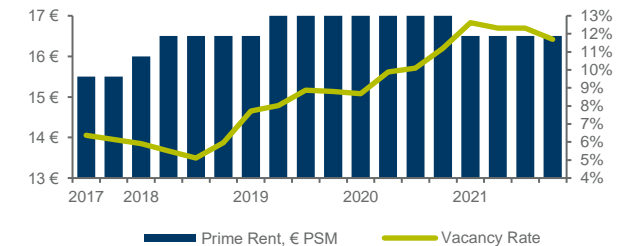
PRICING: Investors Increasingly Demand Income Security, Yields Remain in a Downtrend

Prime rent remained stable at 16.50 euros per sq m per month as occupiers whose business thrived during the pandemic looked for modern office space in prime locations. Recently closed and ongoing transactions in this sector confirm the narrowing of prime yield which reached 5.25% and we expect further yield compression during 2022. Investors increasingly demand income security, so a product with long WAULT and high occupancy is especially attractive in a tenant's market.

SPACE DEMAND & DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKET STATISTICS

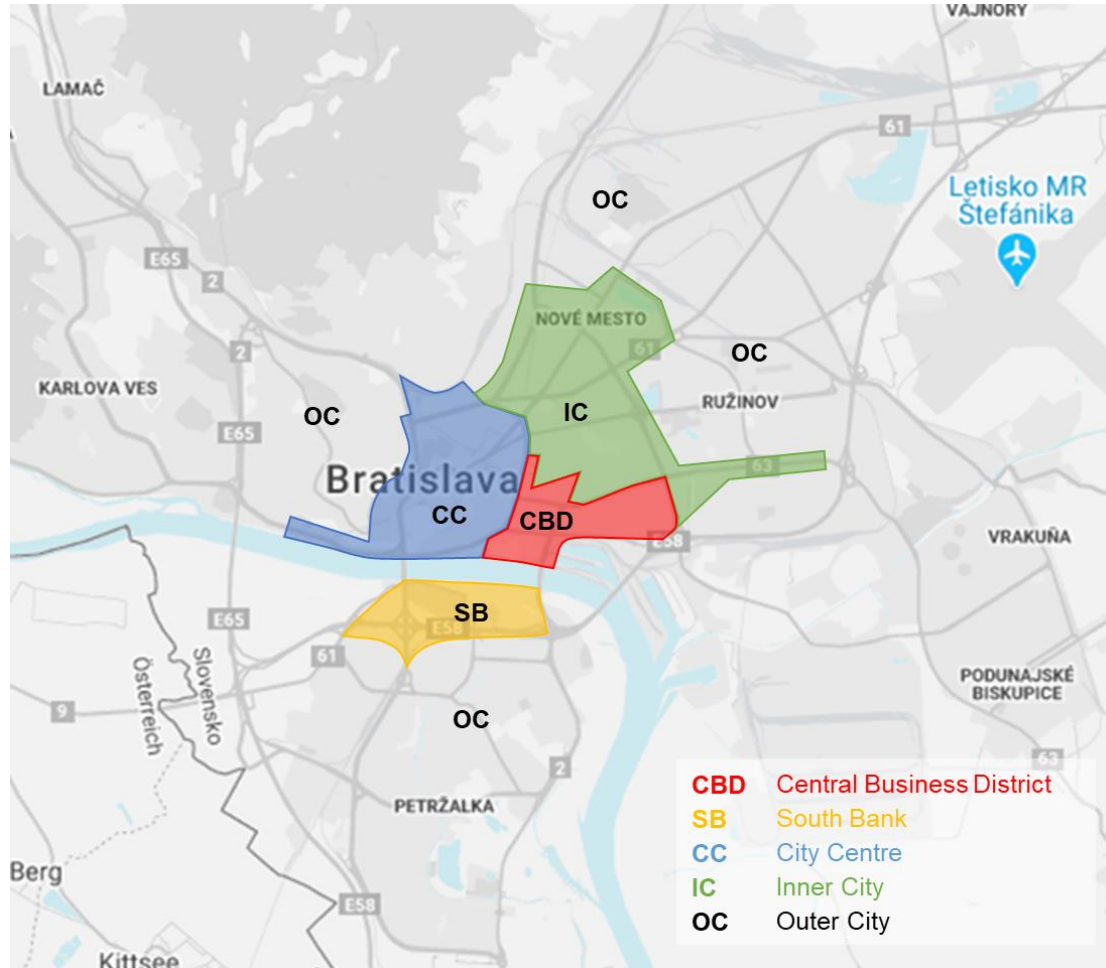
SUBMARKET*	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (SM)	UNDER CONSTRUCTION (SQ.M)	PRIME RENT
CC	493,700	31,300	6.3%	4,900	21,100	0	€16.50
IC	301,900	32,600	10.8%	18,200	30,600	24,700	€14.00
OC	415,600	59,300	14.3%	5,500	23,500	0	€11.50
CBD	620,600	81,800	13.2%	47,200	131,100	122,800	€16.50
SB	162,400	28,300	17.4%	22,200	31,300	0	€14.50
Grand Total	1,994,200	233,300	11.7%	97,900	237,500	147,400	€16.50

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT SECTOR	RSM	TYPE
Tower 115	CBD	Public sector	21,500	new lease
Sky Park	CBD	IT	6,900	new lease
Rozadol komplex	IC	Public sector	4,400	new lease
Digital Park II+III	SB	Consumer goods	3,900	renegotiation
Digital Park II+III	SB	Pharma/Medical	3,100	renegotiation

OFFICE SUBMARKETS



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