

**11.81%**  
Vacancy Rate

YoY  
Chg

12-Mo.  
Forecast

**€17.00**  
Prime Rent, PSM

**5.00%**  
Prime Yield

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

## ECONOMIC INDICATORS Q2 2022

**351K**  
Bratislava Region  
Employment

QoQ  
Chg

**3.6%**  
Bratislava Region  
Unemployment Rate

**6.4%**  
Slovakia  
Unemployment Rate

*Source: ÚPSVaR*

## ECONOMY: Flaming Inflation Puts Raw Materials Costs to New Heights, Unemployment Decreases

The spotlight has been set firmly on inflation since the beginning of the year. Initial opinions that the primary cause of inflation is due to supply chain bottlenecks have given way to even greater pressures emanating from the devastating Russia-Ukraine war. The resulting resurgence of supply chain stress has further compounded the situation. On the commodity markets, the price level of gas, electricity and food often reaches multiples of the levels from two years ago, mainly due to the uncertainty associated with their availability, thus further accelerating the growth of inflation. Consequently, Slovakia is encountering an inflationary environment that has not been experienced for more than two decades, as the inflation rose to 13.2% in June. According to the National Bank of Slovakia, the growth of Slovakia's economy will slow down this year to 1.4%, and domestic demand compounded mostly by household consumption will contribute almost exclusively to its growth. Refugees from Ukraine, of which there are already more than half a million, should also contribute to this growth. Unemployment fell by more than 1.5 pp year-on-year and reached the level of 6.35%, the lowest value since the start of the pandemic.

## SUPPLY & DEMAND: Reclassification of Stock with Unchanged Vacancy

The office market went through a major change, as most of the stock was reclassified by the Bratislava Research Forum. One of the reasons for this was the separation of the most modern and technologically advanced buildings into the newly created A+ category. Another factor in the reclassification process was the lack of up-to-date building standards, as technological progress and attitudes towards ESG had not been taken into account. As a result, despite crossing the 2 million sq m mark in the previous quarter, office stock dropped to 1,96 million sq m as several historical buildings were removed from the stock as they no longer meet the parameters of a class A or B stock. Nevertheless, in the second quarter of 2022, take-up reached a total area of 27,900 sq m representing a 25% year-on-year decrease. A majority (63%) of the leasing activity took place in A or A+ buildings, confirming the ongoing demand for modern and newer offices. Net take-up represented 67 % of total leasing activity, and yet again, new leases surpassed renegotiations. The completion of Lakeside II. was postponed to the third quarter, thus the stock under construction remained unchanged, consisting of 6 buildings with a total leasable space of 130,200 sq m. Most of them have completion in the next year, hence the pressure on landlords to lease up new vacant spaces will be reduced. In the context of vacancy, the overall vacancy rate in Bratislava remained still compared to the previous quarter at 11.81 %.

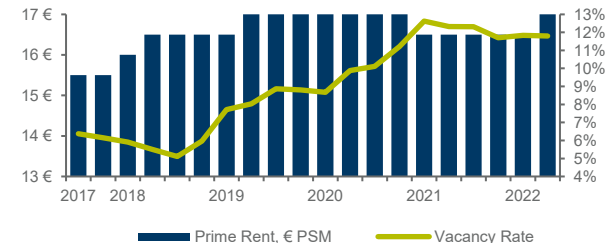
## PRICING: Energy Prices Keep Pushing Service Charges Upwards, Prime Rent Rebounds

Bearing in mind the increasing building operating costs due to the ceaseless advance in prices of energy and inputs, the landlords are forced to increase service charges. In the case of higher-end offices – prime, modern premises with efficient layouts, often on top floors – these are seldom vacant, which opens a way not only for increased service fees but also for rising rents. This, along with strong demand, pushes the prime rent up. Therefore prime rent rebounded back to a value of 17 EUR/sq m. Class B and C offices must turn to refurbishments and maintain competitive pricing to find their footing. As expected, prime office yield decreased this quarter and reached the rate of 5.00%. It has thus reached its historically lowest value. Due to rising inflation and increasing interest rates, there is very limited room for yet another compression of prime yields.

## SPACE DEMAND & DELIVERIES



## OVERALL VACANCY & PRIME RENT



## MARKET STATISTICS

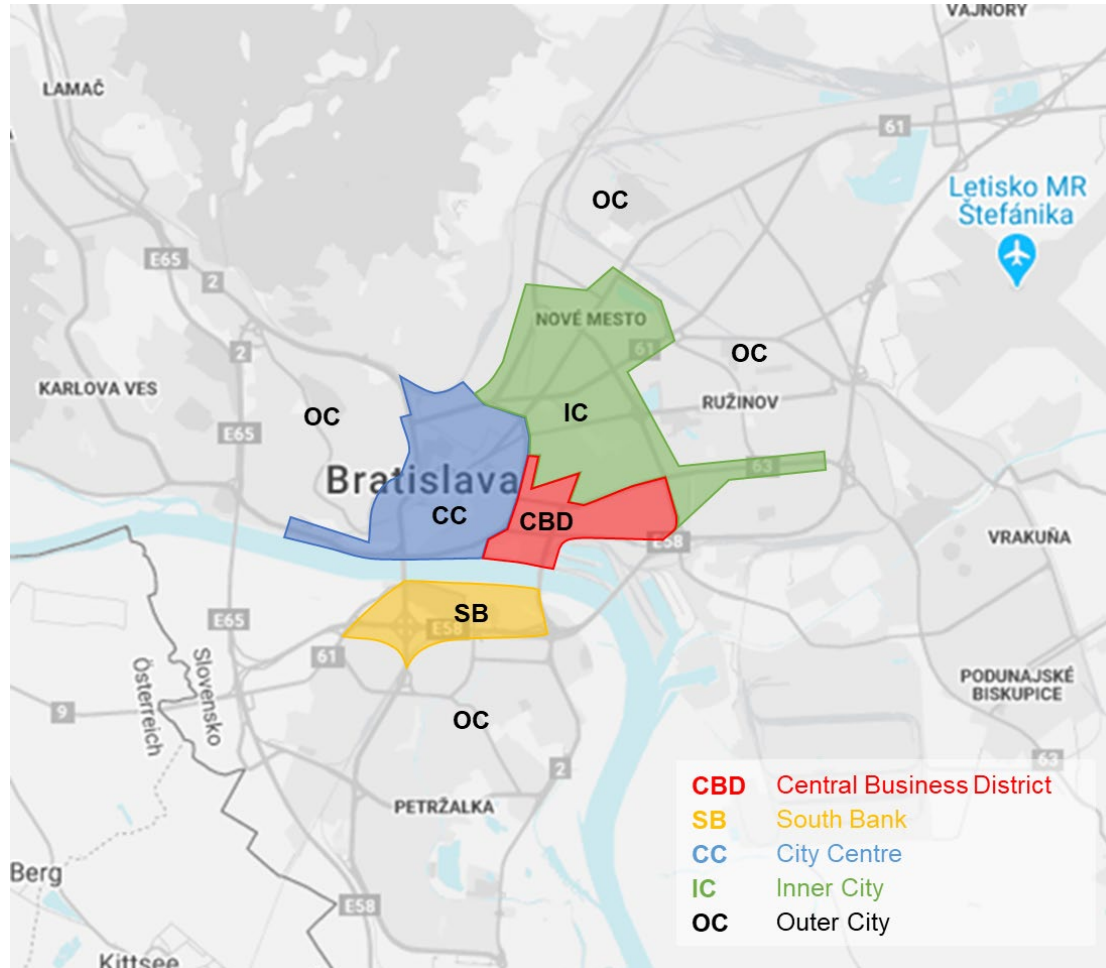
SUBMARKET*	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (SM)	UNDER CONSTRUCTION (SQ.M)	PRIME RENT
CC	452,800	36,900	8.16%	2,900	6,500	0	€16.50
IC	311,100	30,200	9.72%	6,500	19,400	16,900	€14.00
OC	415,600	66,200	15.93%	5,700	8,700	0	€12.50
CBD	618,800	76,300	12.32%	8,700	25,600	113,300	€17.00
SB	162,400	21,900	13.50%	4,200	10,800	0	€15.00
<b>Grand Total</b>	<b>1,960,700</b>	<b>231,600</b>	<b>11.81%</b>	<b>28,000</b>	<b>71,000</b>	<b>130,200</b>	<b>€17.00</b>

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

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT SECTOR	RSM	TYPE
Lakeside Park II	IC	IT	2,500	pre-lease
Digital Park I	SB	Finance	2,300	new lease
City Business Center III	CBD	IT	2,100	renegotiation
Galvaniho Business Center IV	OC	IT	2,000	renegotiation
H - Business Center	OC	Public	1,000	new lease

OFFICE SUBMARKETS



**LUKÁŠ BRATH**

Research Analyst

+421 (0) 904 325 358

[lukas.brath@cushwake.com](mailto:lukas.brath@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.