

13.23%
Vacancy Rate



€19.00
Prime Rent, PSM



6.25%
Prime Yield



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

ECONOMIC INDICATORS Q2 2024

493K
Bratislava Region Employment



2.4%
Bratislava Region Unemployment Rate



3.8%
Slovakia Unemployment Rate (June 2024)



Source: ÚPSVaR

ECONOMY: Consumer Spending Rebound, Low Unemployment

In Q2 2024, the European Central Bank reduced the main interest rate by 25 basis points, with further cuts depending on inflation, remaining above the 2% target. The construction industry and industrial production show signs of stagnation, with industrial output rising only 0.3% from January to May. The government aims to revitalise these sectors through strategic infrastructure projects, significant investments and subsidies are thus anticipated in the industry. There is also growing interest from foreign companies entering the Slovak market, particularly from China, which might further aid industrial activity. Unemployment remains at a record low of 3.8% as of June, slowly starting to cause problems due to a worker shortage, especially in Western Slovakia where the rate is around 2.5%. In contrast, some Eastern and Central Slovakia districts continue to experience double-digit unemployment rates mainly due to a lack of infrastructure. Inflation fell to a three-year low of 2.1% in June, and the National Bank of Slovakia projects it will reach 2.5% for the whole year 2024. This decline in inflation has positively influenced consumer spending, which grew by 4.4% in the first five months of the year, reflecting rising real wages and accumulated household savings. Property prices have stabilised since last summer, leading to a gradual recovery in housing availability, though it remains constrained. Rating agencies continue to express confidence in the Slovak government's stability, maintaining their ratings with a stable outlook.

SUPPLY & DEMAND: Strong Demand and "Two-Speed" Market

In Q2, the numbers from the Bratislava office market showed that leasing activity is back to its pre-pandemic levels, with gross take-up reaching 59,500 sqm, marking a quarterly increase of 29% and a year-on-year rise of 15%. With a total gross take-up of over 105,000 sqm for the first half of the year, our previously estimated target of 200,000 sqm for the entire year now appears achievable. The take-up in the first half of 2024 is more evenly distributed compared to previous years, where most transactions occurred in one or two quarters. As in the previous quarter, new leases dominated, accounting for 33,600 sqm, with expansions contributing to a net take-up of 39,000 sqm, representing 64% of the total leasing activity. The leading sectors in take-up were the public sector accounting for 36%, followed by IT at 17%, and professional services at 15%. The vacancy rate declined for the second consecutive quarter to 13.23%, primarily driven by increased demand and reduced new supply. This, along with a limited pipeline, is expected to push the vacancy rate even lower, potentially nearing 12% by year-end. Currently, the office market is characterised by a "two-speed" dynamic: A+ buildings in prime locations are fully leased, while older A and B-class buildings in less desirable areas struggle with high vacancy rates, a trend that is likely to worsen in the future.

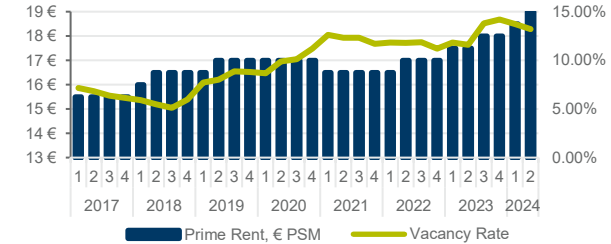
PRICING: Increased Prime Rent

In the second quarter, yields in the office market remained unchanged at 6.25% for prime assets with high quality and long WAULTs. The further development of prime yield depends mostly on the overall economic conditions, interest rate cuts, and investor demand. Prime rents in CBD locations are gradually increasing, reaching €19.00/sqm, with rents in the Inner City also rising while rental prices in the rest of Bratislava have remained stable. By the end of the year, prime rents will likely rise again due to the scarcity of prime (A+) stock and a weak pipeline, which exerts upward pressure on prices.

SPACE DEMAND & DELIVERIES (SM)



OVERALL VACANCY & PRIME RENT





MARKET STATISTICS

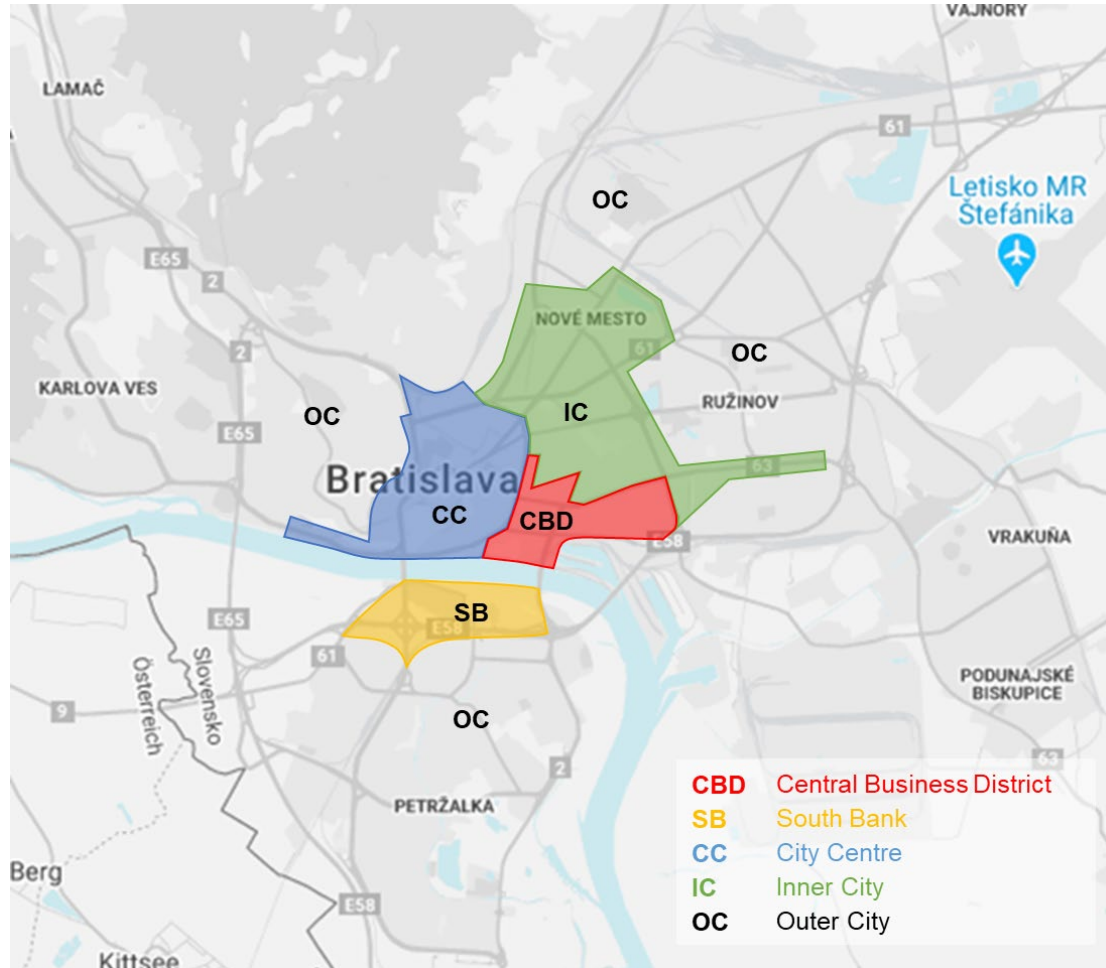
SUBMARKET*	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (SM)	UNDER CONSTRUCTION (SQ.M)	PRIME RENT
CBD	729,800	119,300	16.35%	18,500	42,400	28,300	€19.00
CC	452,500	34,900	7.71%	7,300	16,300	12,500	€16.00
IC	310,800	29,200	9.40%	9,000	12,600	-	€15.00
OC	423,500	76,900	18.17%	9,100	15,500	-	€12.50
SB	158,800	14,200	8.93%	15,700	18,800	-	€15.00
Grand Total	2,075,400	274,600	13.23%	59,500	105,700	41,300	€19.00

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT SECTOR	SQ.M	TYPE
Spectrum Tower	SB	Public Sector	11,500	new lease
Business Garden Štefániková	CC	Public Sector	5,100	new lease
Sklad 7	IC	Public Sector	4,900	new lease
Twin City A	CBD	Prof. Services	4,800	renegotiation
Aupark Tower	SB	IT	2,600	renegotiation
City Business Center I	CBD	IT	2,000	renegotiation
Galvániho Business Center IV	OC	Pharma/Medical	1,700	lease-expansion
Twin City C	CBD	Manufacturing/Construction/3PL	1,600	renegotiation
Galvániho Business Center IV	OC	Other	1,200	renegotiation
Galvániho Business Center IV	OC	IT	1,100	renegotiation
Tower 5	IC	Prof. Services	1,000	new lease

OFFICE SUBMARKETS



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