

	YoY Chg.	12-Mo. Forecast
<b>1.49%</b> Vacancy Rate	▲	▲
<b>€ 7.75</b> Prime Rent, sq m/month	▲	▬
<b>5.00%</b> Prime Yield	▲	▬

Overall, All Property Classes

### ECONOMIC INDICATORS Q3 2023

	YoY Chg.	12-Mo. Forecast
<b>-0.2%</b> GDP*	▼	▲
<b>2.7%</b> Unemployment Rate*	▲	▼
<b>-3.1%</b> Industrial Production*	▼	▲
<b>9.6%</b> CPI*	▼	▼

\*Annual growth forecasts  
Source: Moody's Analytics

### ECONOMY: The automotive sector has driven growth in industrial production

The Czech economy was close to flat in the first half of 2023, with weak household demand offset by sturdier performance of net exports. The latest data indicate that the economy has emerged from a shallow contraction, the near-term outlook will be constrained by unfavourable developments in the industry and in Czechia's trading partners, particularly Germany.

Conditions in the labour market are expected to remain tight, with Czechia boasting one of the lowest unemployment rates in the EU. Czechia's large manufacturing industry has been handling recent economic and political storms relatively well. The automobile industry has made a significant contribution, as car production rebounded to pre-pandemic levels. However, the decline in different industries and worries about disruptions in the automotive supply chain don't look good for manufacturing shortly.

### SUPPLY AND DEMAND: The industrial pipeline remains strong amidst decreasing demand

With over 182,800 sq m across 10 industrial projects delivered to the market in Q3 2023, the modern industrial stock reached 11.44 million sq m. Approximately 80% of this quarter's new supply was already pre-leased. By the end of 2023, another 300,000 sq m is expected to be completed, bringing the total stock closer to the 12 million sq m mark. Construction of an additional 259,500 sq m commenced in the third quarter, causing the total amount of industrial space under construction exceed 1.4 million sq m in Czechia, with the majority located in the Karlovy Vary, Pilsen, and South Moravia regions. The amount of speculative construction increased slightly to 41%.

In the third quarter of 2023, occupiers' demand slowed down, reaching only 181,600 sq m, representing a decrease of 69% compared to Q2 2023 and a decrease of 62% compared to the same period last year. Renegotiations accounted for only 19% of the total gross take-up, a significant decrease compared to the previous quarter's 53%, when, among other deals, a single renegotiation of over 136,000 sq m was signed. New leases made up 61% of the total net take-up. The demand was once again primarily driven by logistics and transportation companies, comprising 43% of the gross take-up.

### PRICING: Industrial prime rents remain stable after a period of steep increase

After a period of rather significant growth, the prime headline rent for a standard 10,000 sq m warehouse unit remained unchanged in Q3 2023, reaching €7.75/sq m in Prague, €6.50/sq m in Brno, and €6.00 in Pilsen, with no further growth expected for the remainder of 2023. The amount of available space continued to be scarce, as the vacancy rate reached a mere 1.5%. The largest available space in absolute terms was recorded in the Moravia-Silesia region (64,100 sq m).

### 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 & Central Bohemia	4,323,100	43,300	1.0%	88,400	440,900	122,500	138,300	€ 7.75
Pilsen region	1,722,600	2,900	0.2%	32,400	167,000	88,300	223,700	€ 6.00
South Moravia region	1,378,400	4,700	0.3%	33,100	180,900	72,500	161,500	€ 6.50
Moravia-Silesia region	1,124,100	64,100	5.7%	21,800	111,100	77,200	152,200	€ 5.75
Usti nad Labem region	771,200	20,600	2.7%	100	68,900	110,600	151,800	
Olomouc region	592,700	19,000	3.2%	0	8,300	13,000	47,500	
Karlovy vary region	377,200	11,500	3.0%	0	57,200	84,400	391,500	
Liberec region	367,200	0	0.0%	0	26,500	17,500	49,600	
Pardubice region	252,200	0	0.0%	0	24,500	36,000	43,300	
Hradec Kralove region	225,300	4,300	1.9%	700	700	21,200	0	
Vysocina region	194,200	0	0.0%	5,100	5,100	0	6,200	
South Bohemia region	74,500	0	0.0%	0	14,100	0	34,100	
Zlin region	39,200	0	0.0%	0	10,200	10,200	10,900	
<b>CZECH REPUBLIC TOTALS</b>	<b>11,442,100</b>	<b>170,400</b>	<b>1.5%</b>	<b>181,600</b>	<b>1,115,200</b>	<b>653,200</b>	<b>1,410,500</b>	<b>€ 7.75</b>

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
CTPark Bor	Pilsen region	confidential	32,400	New lease
Prologis Park D1 Ostredok	Prague & Central Bohemia	dm drogerie	21,300	New lease
CTPark Brno	South Moravia region	MOL Logistics	9,700	Pre-lease
CTPark Cerhovice	Prague & Central Bohemia	FAMICO	9,600	Pre-lease

## KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
GLP Park Brno Holubice	South Moravia region	FAST ČR	45,500	GLP
Panattoni Park Pilsen West II	Pilsen region	Panasonic	25,100	Panattoni
Industrial Park Pardubice - Rosice	Pardubice region	2VV	17,000	PS Brno
P3 Ostrava Central	Moravia-Silesia region	vacant	14,500	P3

Source: Cushman & Wakefield, Industrial Research Forum

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