

1.75%
Vacancy Rate



€ 7.75
Prime Rent, sq m/month



5.25%
Prime Yield



Overall, All Property Classes

ECONOMIC INDICATORS Q4 2023

0.0%
GDP*



2.8%
Unemployment Rate*



0.3%
Industrial Production*



7.7%
CPI*



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Conditions in the Czech industry remain weak, a gradual recovery is anticipated in H2 2024

The Czech economy contracted more strongly than anticipated in Q3 2023, reflecting persistently weak household consumption and a decrease in exports. According to a revised estimate by the Czech Statistical Office, the Czech economy depreciated by 0.7 percent year-on-year.

Conditions in the Czech industry remain weak, with all sectors except automotive on a downward trend. With new orders trending down and weak manufacturing sentiment, the Czech industry will likely struggle in the first half of 2024. The unemployment rate is anticipated to remain historically low in 2024, showcasing employers' reluctance to downsize despite slow economic growth. Nevertheless, the number of unemployed people has been slowly increasing.

SUPPLY AND DEMAND: Over 0.9 million sq m of modern industrial space was delivered to the market in 2023

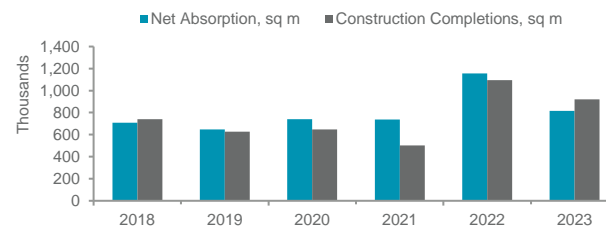
In the last quarter of 2023, new supply amounted to 271,600 sq m spread across 15 industrial projects, bringing the total industrial stock over the 11.70 million sq m mark. A significant amount of construction also came to a standstill right before completion and is awaiting tenants in a state called „Shell & core“, currently totalling more than 300,000 sq m. In total, 921,300 sq m was delivered to the market in 2023, representing a decrease of 16% compared to the robust year of 2022. Developers plan to complete the construction of another 680,000 sq m in 2024. In Q4 2023, the total amount of projects under construction decreased to 981,200 sq m, with around 130,500 sq m newly commenced.

Occupiers' demand reached 396,900 sq m in Q4 2023, representing an increase of 109% compared to the previous quarter, but still keeping well below the 5-year average. Overall gross demand amounted to over 1,520,600 sq m in 2023, a decrease of 31% compared to 2022, returning to the pre-pandemic levels. The demand was once again driven mostly by logistics (36% of total) and manufacturing (33% of total) companies. In 2023, 42% of the take-up consisted of pre-leases, with renegotiations coming close behind with 38%.

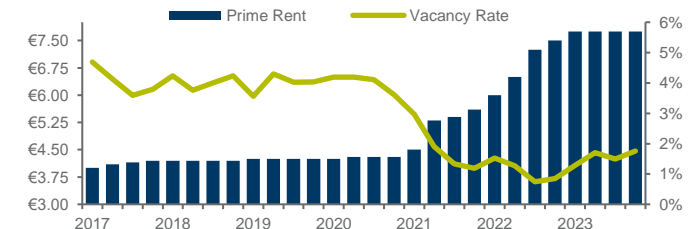
PRICING: Industrial prime rents saw no further increase in 2023

While prime industrial rents rose sharply in 2022, there was no further increase in 2023 and no significant increase is expected in early 2024. However, a reversal is possible in the longer term. In Q4 2023, the prime monthly headline rent for a 10,000 sq m modern warehouse unit stayed at €7.75/sq m in Prague, €6.50/sq m in Brno, and €6.00/sq m in Pilsen.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIMERENT



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) |
|------------------------------|-------------------|---------------------|--------------|----------------------------|--------------------|------------------------|--------------------|---------------------------|
| Greater Prague* | 3,473,300 | 26,300 | 0.8% | 140,500 | 485,900 | 26,400 | 30,300 | € 7.75 |
| Pilsen region | 1,770,700 | 2,900 | 0.2% | 9,200 | 176,200 | 136,400 | 147,200 | € 6.00 |
| South Moravia region | 1,424,700 | 4,700 | 0.3% | 38,000 | 218,900 | 118,800 | 99,700 | € 6.50 |
| Moravia-Silesia region | 1,124,100 | 66,600 | 5.9% | 21,100 | 140,300 | 77,200 | 121,200 | € 5.75 |
| Central Bohemia region | 849,900 | 18,800 | 2.2% | 57,600 | 153,500 | 96,100 | 73,300 | |
| Usti nad Labem region | 842,000 | 22,300 | 2.7% | 16,500 | 85,400 | 181,100 | 35,400 | |
| Olomouc region | 586,100 | 10,200 | 1.7% | 10,000 | 18,200 | 9,500 | 34,700 | |
| Liberec region | 385,200 | 0 | 0.0% | 36,400 | 62,900 | 35,500 | 48,300 | |
| Karlovy Vary region | 377,600 | 11,500 | 3.0% | 57,300 | 114,500 | 84,800 | 372,400 | |
| Pardubice region | 295,500 | 28,300 | 9.6% | 0 | 24,500 | 79,300 | 0 | |
| Hradec Kralove region | 225,300 | 4,300 | 1.9% | 2,000 | 2,800 | 21,200 | 0 | |
| Vysocina region | 194,200 | 0 | 0.0% | 0 | 5,100 | 0 | 6,200 | |
| South Bohemia region | 108,600 | 9,600 | 8.8% | 8,300 | 22,400 | 34,100 | 8,300 | |
| Zlin region | 50,200 | 0 | 0.0% | 0 | 10,200 | 21,100 | 4,200 | |
| CZECH REPUBLIC TOTALS | 11,707,500 | 205,400 | 1.8% | 396,900 | 1,520,600 | 921,300 | 981,200 | € 7.75 |

* Includes the cadastral territory of the capital city of Prague and projects in the Central Bohemian Region, which are located within a radius of 10-15 km from the borders of Prague.

KEY LEASE TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | TENANT | SIZE (SQ M) | TYPE |
|-----------------------------|------------------------|-----------------|-------------|---------------|
| Panattoni Park Bohatice | Karlovy vary region | Wacker | 30,300 | Pre-lease |
| Panattoni Park Ostrov South | Karlovy Vary region | confidential | 27,000 | Pre-lease |
| P3 Prague D1 | Greater Prague | Yusen Logistics | 24,800 | Renegotiation |
| CTPark Cerhovice | Central Bohemia region | confidential | 21,000 | Pre-lease |

KEY CONSTRUCTION COMPLETIONS Q4 2023

| PROPERTY | SUBMARKET | MAJOR TENANT | SIZE (SQ M) | OWNER/DEVELOPER |
|-------------------------|-----------------------|---------------|-------------|------------------------------|
| CTPark Brno | South Moravia region | Daikin Device | 30,500 | CTP Invest |
| Arete Park Rokycany II. | Pilsen region | DuvenBeck | 29,500 | Arete Invest |
| Garbe Park Chomutov | Usti nad Labem region | Fielmann | 29,100 | Garbe Industrial Real Estate |

Source: Cushman & Wakefield, Industrial Research Forum

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