

## Press Release

Prague, 4<sup>th</sup> November 2019



## Industrial Research Forum Announces the Final Industrial Market Figures for Q3 2019

### About the Industrial Research Forum

The Industrial Research Forum was established in 2010 with its aim to provide clients with consistent, accurate and transparent data about the Czech Republic industrial real estate market. The members of the Industrial Research Forum, CBRE, Colliers International, Cushman & Wakefield and JLL, share non-sensitive information and believe the establishment of the Industrial Research Forum will enhance transparency on the Czech industrial market.

The Industrial Research Forum is pleased to announce the final Industrial Market figures for Q3 2019.

### Total Stock & new supply

Total modern developer-led warehouse stock in the Czech Republic currently accounts for 8.2 million sq m. Approximately 149,000 sq m was newly delivered to the market in Q3 2019 within 12 industrial parks across the Czech Republic, showing a 16% decrease compared to the same period in the previous year and decrease by 19% in comparison with the previous quarter.

Major completions include a 22,900 sq m part of a building in Panattoni Park Prague Airport II, which was built to suit pharmaceutical distributor ViaPharma. The second-largest completion is located in Mnichovo Hradiště (18,500 sq m) which was developed for international logistics company DB Schenker by Czech developer Finapra. The third-largest completion of the quarter is the first half of the building in Brno Airport with 16,100 sq m.

### Projects under construction

At the end of Q3 2019, the total stock under construction in the Czech Republic amounted to 523,900 sq m. Approximately 24% of that space is located in the Pilsen region. During Q3 2019 development works started on 134,900 sq m. Approximately 41% of the industrial construction pipeline is due for delivery before the end of 2019. The share of speculative floor space under construction has slightly decreased to 48%.

### Industrial Take-up

During Q3 2019, gross take-up, which includes renegotiations, reached 364,900 sq m showing a decrease of 6% over the Q2 2019 figures. In comparison to the same period of the previous year, gross take-up increased by 14%.

Net take-up in Q3 2019 totaled 231,300 sq m, showing an increase of 11% on the previous quarter figures. Year on year comparison is showing an increase of approximately 14%. Net demand in Q3 2019 was driven mainly by logistics companies (40%).

During Q3 2019, the share of renegotiations accounted for 37%.

### Major Leases within Take-up

The largest new transaction in Q3 2019 was a pre-lease of 25,600 sq m in Panattoni Park Stříbro, signed by an undisclosed company.

The second largest transaction was a pre-lease of 16,900 sq m in Flexi Hall Pohořelice II by international logistics company DHL. The same company has also signed additional premises in the P3 Prague D11 where almost 31,600 sq m was pre-leased in two buildings.

The largest renegotiation in Q3 2019 was a prolongation of 46,300 sq m in the P3 Prague D1, signed by the logistics company HOPI.



## Vacancy

During Q3 2019, the vacancy rate in the Czech Republic reached 4.2%, having decreased by 24 bps since Q2 2019. This represents a total of 343,700 sq m of modern industrial premises ready for immediate occupation. Vacancy in Greater Prague reached 3.5% at the end of Q3 2019.

## Rent

Prime headline rents achieved in the Czech Republic increased slightly during the third quarter of 2019 at 4.65 EUR/sq m/month. The rents for mezzanine office space stand at between 8.50-9.00 EUR/sq m/month. Service charges typically reach around 0.50 - 0.65 EUR/sq m/month.

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**Definitions:****Total Stock and new supply:**

Modern developer-led warehouse and industrial production space of A class quality, owned by a developer or investor for lease to third parties. It does not include owner-occupied stock. New supply includes the above mentioned space completed during the given period including office space.

**Take-up:**

Take-up represents the total floor space that was let or pre-let over the specified period of time. A property is taken-up when the lease or future lease contract is signed. This includes only long term leases of a period longer than one year. Gross take-up includes renegotiations. Net take-up excludes these and includes only new leases, pre-leases, and expansions of space within existing lease contracts.

**Vacancy rate:**

Ratio of physically vacant space in completed buildings on the total stock of warehouse and industrial space including office areas.

**Prime rent:**

Represents the top open market rent that could be expected for a notional distribution warehousing unit of the highest quality and specification in the prime location within a market, as at the survey date (normally at the end of each quarterly period). The rent quoted is based on a prime unit of 5,000 sq m gross internal leased for a period of five years, with ceiling heights of over 8 metres, used primarily for distribution/warehousing uses

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