

Press Release

Prague, 5th February 2020



Industrial Research Forum Announces the Final Industrial Market Figures for Q4 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 Q4 2019.

Total Stock & new supply

Total modern developer-led warehouse stock in the Czech Republic currently accounts for almost 8.36 million sq m. Approximately 158,500 sq m was newly delivered to the market in Q4 2019 within 11 industrial parks across the Czech Republic, showing a 9% decrease compared to the same period in the previous year and increase by 8% in comparison with the previous quarter.

Major completions include a 26,900 sq m building in P3 Prague D11. The second-largest completion was in Brno Airport (16,500 sq m) which was developed for StahlGruber by developer Panattoni. The third largest completion is represented in Panattoni Pilsen Park West (16,400 sq m).

Projects under construction

At the end of Q4 2019, the total stock under construction in the Czech Republic amounted to 648,200 sq m. Approximately 25% of that space is located in the Moravia-Silesia region and 19% is located in Plzen region. During Q4 2019 development works started on 124,500 sq m. The share of speculative floor space under construction has decreased to 41%.

Industrial Take-up

During Q4 2019, gross take-up, which includes renegotiations, reached 274,200 sq m showing a decrease of 22% compared to Q3 2019 figures. In comparison to the same period of the previous year, gross take-up decreased by 12%. The whole year gross take-up amounted to 1,368,900 sq m in 2019 and increased slightly in comparison with 2018's level (1,358,200 sq m).

During Q4 2019, the share of renegotiations accounted for 12%.

Net take-up in Q4 2019 totalled 236,800 sq m, showing an increase of 8% on the previous quarter figures. Year on year comparison is showing an increase of approximately 24%. Net demand in Q4 2019 was driven mainly by Production companies (26% share on net take-up).

For the entire year, net take-up reached 917,100 sq m, representing a 15% increase compared to 2018 (796,900 sq m).

The share of renegotiations accounted for 33% of 2019 annual gross take-up.



Major Leases within Take-up

The largest new transaction in Q4 2019 was an expansion of 28,700 sq m in CTPark Bor, signed by an undisclosed company.

The second largest transaction in was a pre-lease of 16,600 sq m in Logistika Park Pardubice by Production company Faurecia Interiors Pardubice s.r.o.

The largest renegotiation in Q4 2019 was a prolongation of 9,144 sq m in the P3 Olomouc, signed by the logistics company.

Vacancy

During Q4 2019, the vacancy rate in the Czech Republic reached 4.1%, having decreased by 5 bps since Q3 2019. This represents a total of 342,400 sq m of modern industrial premises ready for immediate occupation. Vacancy in Greater Prague reached 3.6% at the end of Q4 2019.

Rent

Prime headline rents achieved in the Czech Republic stayed in the fourth quarter of 2019 at 4.70 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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