

Press Release

Prague, 24th July 2019



Industrial Research Forum Announces the Final Industrial Market Figures for Q2 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 Q2 2019.

Total Stock & new supply

Total modern developer-led warehouse stock in the Czech Republic currently accounts for 8.04 million sq m. Approximately 153,000 sq m was newly delivered to the market in Q2 2019 within 14 industrial parks across the Czech Republic, showing 11% decrease compared to the same period in the previous year and decrease by 5% in comparison with the previous quarter.

Major completions include a 39,400 sq m building in Prologis Park Brno, out of which 12% has been already leased. The second largest completion is the first half of a building located in CTPark Ostrava (14,100 sq m) which is fully pre-leased by confidential manufacturing company. The third largest completed building of the quarter is in Business Park Ostrava with 12,700 sq m. The space was pre-leased by logistics company VAS Solutions.

Projects under construction

At the end of Q2 2019 the total stock under construction in the Czech Republic amounted to 467,700 sq m. Approximately 16% of that space is located in Greater Prague. During Q2 2019 development works started on 81,700 sq m. Approximately 87% of the industrial construction pipeline is due for delivery by the end of 2019. The share of speculative floor space under construction has currently decreased to 52%.

Industrial Take-up

During Q2 2019, gross take-up, which includes renegotiations, reached 380,500 sq m showing an increase of 2% over the Q1 2019 figures. In comparison to the same period of the previous year, gross take-up increased by 21%.

Net take-up in Q2 2019 totalled 222,100 sq m, showing a decrease of 16% on the previous quarter figures. Year on year comparison is showing an increase of approximately 1%. Net demand in Q2 2019 was driven mainly by manufacturing companies (64%).

During Q2 2019, the share of renegotiations accounted for 42%.

Major Leases within Take-up

The largest new transaction in Q2 2019 was a pre-lease of 27,400 sq m in the Panattoni Park Cheb II which was signed by Real Digital. The second largest transaction was a pre-lease of 25,200 sq m in CTPark Ostrava concluded by production Hyundai Steel Czech. The largest renegotiation in Q2 2019 was concluded by an undisclosed company prolonging their 32,000 sq m lease in Prologis Park Prague-Airport.

Vacancy

During Q2 2019, the vacancy rate in the Czech Republic reached 4.4%, having increased by 75 bps since Q1 2019. This represents a total of 356,300 sq m of modern industrial premises ready for immediate occupation. Vacancy in Greater Prague reached 3.7% at the end of Q2 2019.



Rent

Prime headline rents achieved in the Czech Republic stay during second quarter of 2019 at 4.60 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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