

Press Release

Prague, 30th April 2020



Industrial Research Forum Announces the Final Industrial Market Figures for Q1 2020

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 Q1 2020.

Covid-19 Impact

Both global and local real estate markets are affected by the Covid-19 pandemic and the adopted measures. The situation is changing dynamically and currently no predictions can be treated as accurate.

While Q1 2020 seems to be a slightly weaker quarter in terms of take-up volumes, however, we expect the true impact to be visible during Q2 and beyond.

Total Stock & new supply

Total modern developer-led warehouse stock in the Czech Republic currently accounts for almost 8.62 million sq m. Approximately 211,100 sq m was newly delivered to the market in Q1 2020 within 12 industrial parks across the Czech Republic, showing a 37% increase compared to the same period in the previous year and increase by 31% in comparison with the previous quarter.

Major completions include a 61,000 sq m building in P3 Lovosice which was at the time of completion 44% leased. The second largest completion was in Ostrava Airport Multimodal Park (48,900 sq m) which was partly pre-leased by 3PL company GEIS. The third largest completion includes an additional building in Prologis Park Prague-Úžice (21,300 sq m) which was delivered on a speculative basis.

Projects under construction

At the end of Q1 2020, the total stock under construction in the Czech Republic amounted to 541,300 sq m. Approximately 24% of that space is situated in the Moravia-Silesia region and 23% is located in the Pilsen region. During Q1 2020 development works commenced on 84,200 sq m of industrial space. The share of speculative floor space under construction has decreased to 28% during the quarter.

Industrial Take-up

During Q1 2020, gross take-up, which includes renegotiations, reached 270,400 sq m showing a slight decrease of 5% compared to Q4 2019 figures. In comparison to the same period of the previous year, gross take-up decreased by 25%.

During Q1 2020, the share of renegotiations accounted for 65% which is a significant increase compared to the previous quarter (12%).

Net take-up in Q1 2020 totalled 93,600 sq m, showing a significant decrease of 63% q-o-q and y-o-y. Net demand in Q1 2020 was driven mainly by distribution companies (39% share on net take-up).

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Major Leases within Take-up

The largest new transaction in Q1 2020 was a new lease of 25,100 sq m in P3 Lovosice, signed by an undisclosed distribution company. The second largest transaction was a new lease of 7,900 sq m in CTPark Žatec, signed by an undisclosed manufacturing firm. The largest non-confidential transaction includes a new lease of 6,900 sq m in P3 Prague Horní Počernice, signed by 3PL company DB Schenker. The largest renegotiation in Q1 2020 was a prolongation of 20,900 sq m in Prologis Park Prague D1 West, signed by an undisclosed 3PL company.

Vacancy

During Q1 2020, the vacancy rate in the Czech Republic reached 5.5%, showing an increase of 144 bps in comparison with the previous quarter. This represents a total of 476,400 sq m of modern industrial premises ready for immediate occupation. Vacancy in Greater Prague reached 3.9% at the end of Q1 2020.

Rent

Prime headline rents achieved in the Czech Republic remained stable during Q1 2020 at 4.6 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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