

# REPORT Q1 2020

## INDUSTRIAL PROPERTY MARKET

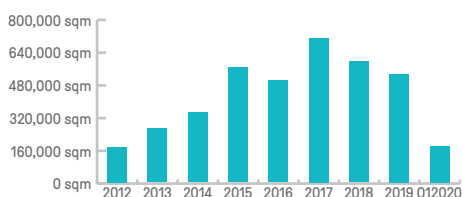
The total area of modern industrial space for lease is over 8.6 million square meters. In the first quarter of 2020, a total of 436,620 sqm of modern industrial space was under construction, it's a decrease over the previous quarter. However, the vacancy rate of premium industrial premises risen to 5.0 %. Main locations in terms of vacancy in Q1 were Lovosice, Ostrava and Cheb. There is still a low vacancy rate in Prague and its surroundings and the supply is unable to satisfy demand. Developers are focusing their activities, in particular, in the Moravian-Silesian Region. Although the labour force situation in this region remains better than everywhere else in the Czech Republic, the unemployment is still an obstacle.

„The regions have been recently afflicted by deficiency in lower standard industrial premises. Therefore, when they are in need of new storage or facility, smaller regional companies are faced with a dilemma. They could either choose expensive buildings of higher standard, of which there are not many left, or settle for premises of the lowest standard, which often do not suit their needs. This issue frequently leads companies to putting off their search for new premises. The other solution we see more and more often is using an external storage offered by bigger companies with free capacity in their own warehouses.“

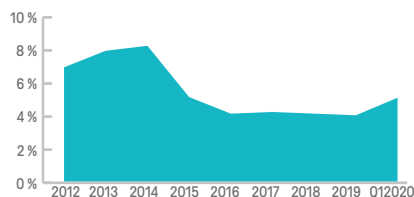
**MATĚJ INDRA**  
Industrial Agency



### COMPLETED CONSTRUCTION

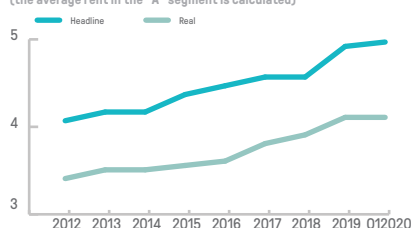


### VACANCY RATE



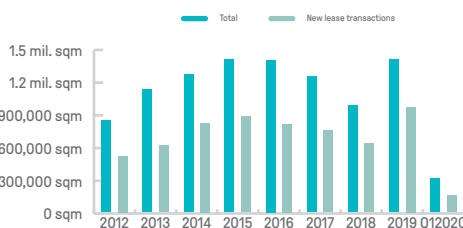
### AVERAGE RENTS

EUR /sqm/month  
(the average rent in the "A" segment is calculated)



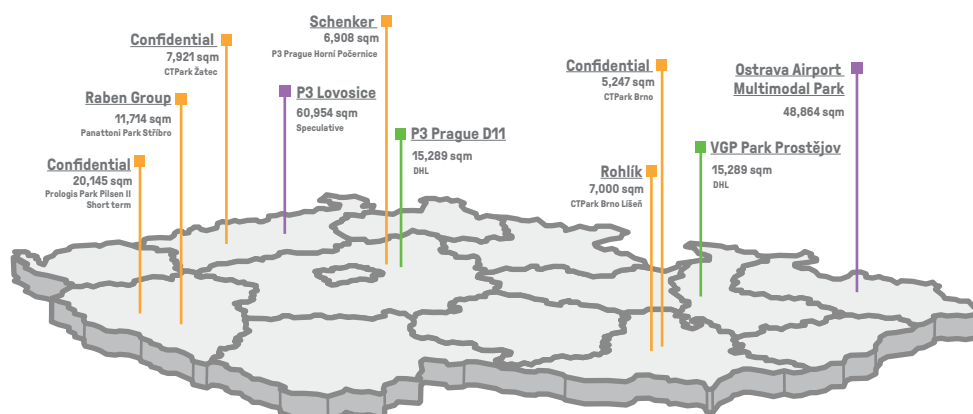
### TAKE UP

(\*"Total" includes all closed transactions in the "A" class segment)



### SELECTION OF TRANSACTIONS AND CONSTRUCTION

■ significant transactions ■ new construction ■ completed construction



**SKLADUJ CZ**  
SKLADY | VÝROBA | LOGISTIKA | POZEMKY

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**"A" CLASS PROPERTIES**  
**8,649,227 sqm**

**CONSTRUCTION COMPLETED**  
**177,227 sqm**

**UNDER CONSTRUCTION**  
**436,620 sqm**

**VACANCY**  
**5.0 % [438,103 sqm]**

**AVERAGE RENT**  
**"A" CLASS**  
**4.10 - 5.00 EUR /sqm/MONTH**

**"B" CLASS**  
**3.00 - 3.90 EUR /sqm/MONTH**

**YIELD**  
**"A" CLASS 5.75 %**  
**"B" CLASS 6.5 %**

### MACROECONOMICS

In the 1st quarter of 2020, the unemployment remained relatively low at 2 %. Total employment reached 5,277.4 thousand persons and the number of economically inactive people aged 15 and over increased significantly by 58.7 thousand.

While this quarter is weaker in comparison to 2019 - industrial production decreased by 10.8 % (YoY), construction decreased by 2.3 % (YoY), export and import are both in decline and inflation rises, the transportation and storage sector won't be affected as long as domestic consumption remains around the same.

The end of Q1 was slightly affected by the coronavirus pandemic. Full effects of this event will however project in future reports.