

108

REAL ESTATE  
AGENCY

An alliance member of



**BNP PARIBAS**  
**REAL ESTATE**



# REPORT Q3/2022

Industrial property market

# MARKET OVERVIEW Q3/2022

## SUMMARY

10,652,456 SQ M

TOTAL  
STOCK

439,127 SQ M

COMPLETED  
CONSTRUCTION

1,152,780 SQ M

UNDER  
CONSTRUCTION

AVERAGE RENTS  
5.00 – 6.00  
EUR/SQ M/MONTH

1.03%  
VACANCY RATE

4.50%  
INDUSTRIAL YIELD

- In Q3/2022 stock of "A" class industrial premises for lease reached 10,652,456 sq m. 439,127 sq m of new industrial premises were delivered to the market which is a record.
- There are currently 1,152,780 sq m under construction. Most of these projects are pre-leased however. Over 236k sq m of new premises is expected to be delivered in Q4/2022.
- The vacancy rate stayed at a historical low of 1.03% with only 109,699 sq m available on the market for immediate lease. If we do not count shell and core premises, the vacancy rate dropped to only 0.80% which represents 85,371 sq m. There was a significant shift in the Moravian-Silesian Region, where the number of vacant premises increased significantly compared to the 2nd quarter.
- Both gross and NET take-up are slowing down in comparison to the H1/2022. First signs of market cool down manifested in take-up statistics as both gross and net take-up recorded around 50% drop in Q3/2022 q-o-q. Lower net take-up was last recorded in Q3/2020 during the covid-19 pandemic lockdown.

*„In the third quarter of 2022 the industrial market slowed down in comparison to previous record breaking year and a half after tenant's demand decreased. One fifth of all enterprises in the Czech Republic announced that they plan layoffs which is one of the ways they are trying to counter rising energy prices and other costs. Developers are also more cautious in development of new industrial parks as rising prices of rents are not always sufficient to make up for initial investment. Investment often made with loan affected by increased interest rates by Czech national bank. Tough times not only for tenants, but for developers as well will continue to atleast march of next year. However its more likely that this period will last longer.”*

MICHAL BÍLÝ  
Head of Research CEE

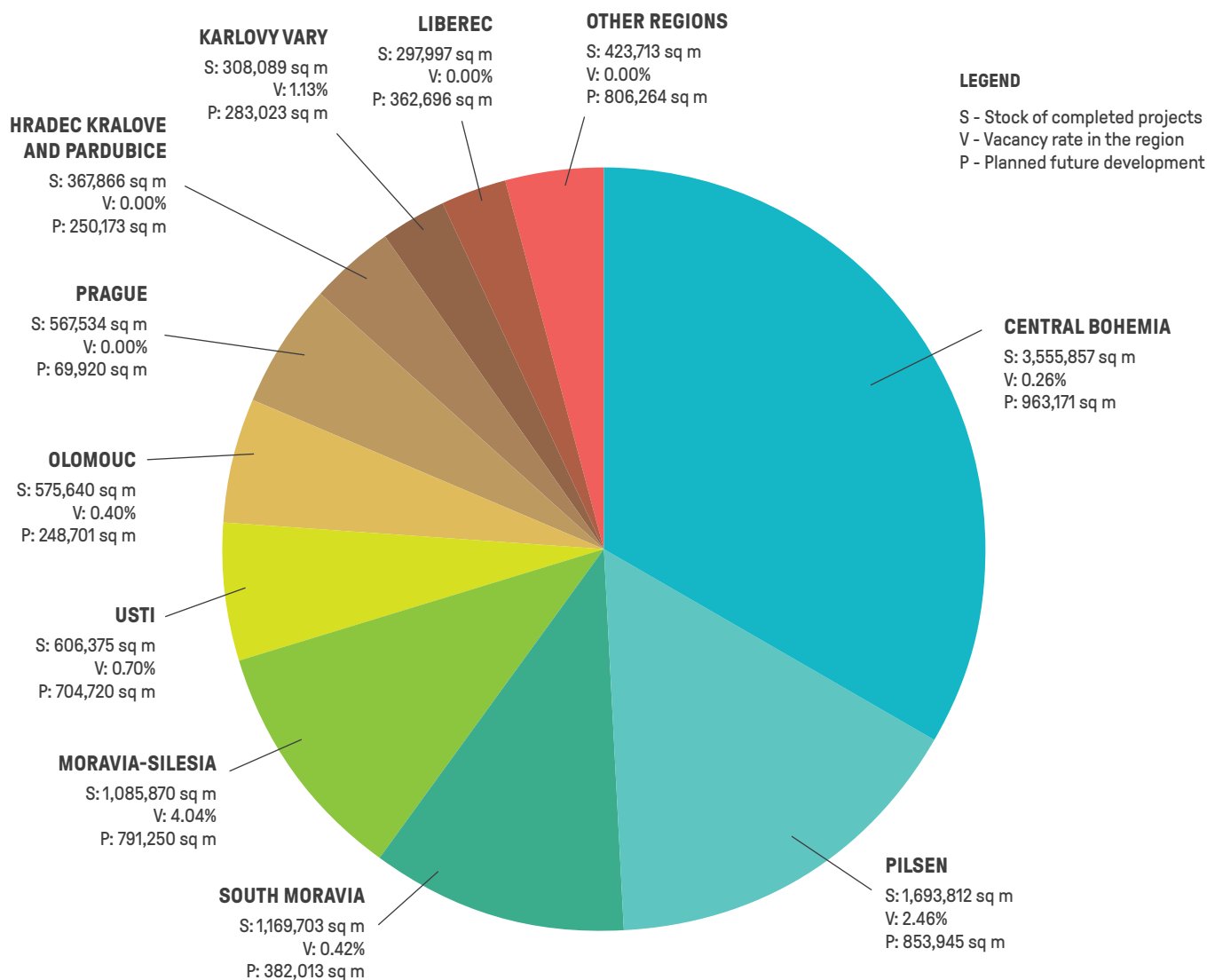


# MARKET OVERVIEW Q3/2022

## REGIONAL OVERVIEW

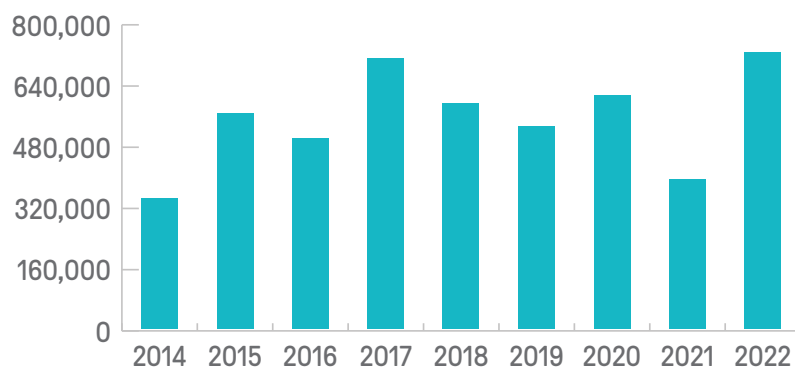
### STOCK OF "A" CLASS PREMISES FOR LEASE IN THE CZECH REPUBLIC BY REGION

Largest stock of industrial premises for lease is in the Central Bohemian region followed by Pilsen region and South Moravian region. TOP developers in terms of portfolio size in sq m are CTP, P3, Prologis and Panattoni. The regions with lowest share on total stock are combined together in Other regions category (South Bohemian region, Zlin region and Vysočina region).



In Q3/2022 construction activity build on development started in 2021 and early 2022 as total amount of completed premises reached 439,127 sq m. Which is an increase of 122% in comparison to Q2/2022. So far the developers delivered 722,762 sq m of modern industrial premises to the market this year. Which is a new record with one quarter to spare! Previously the year 2017 held the first place with 707k sq m delivered to the market.

### COMPLETED CONSTRUCTION IN SQ M (2014 - Q3/2022)

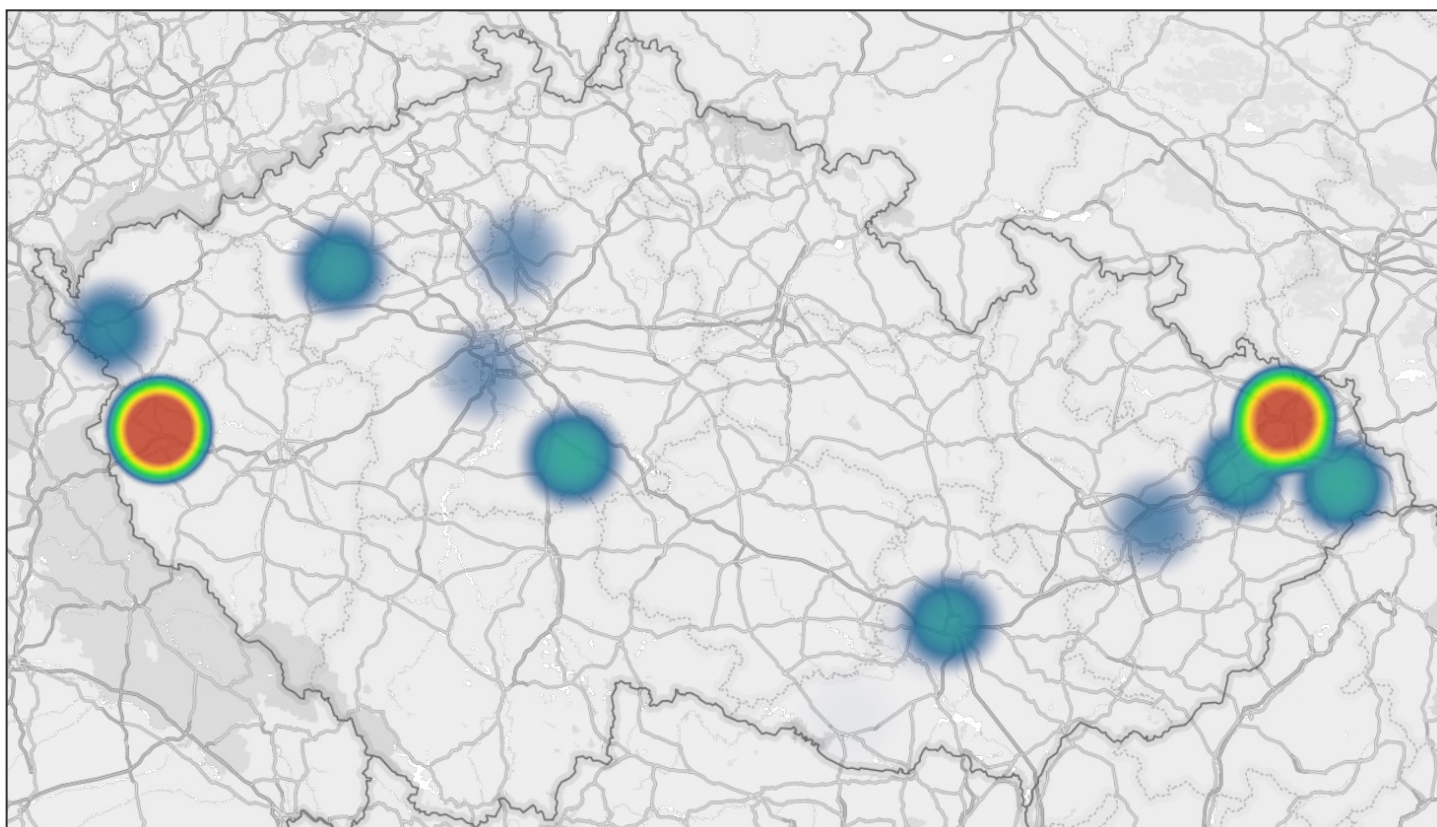


# MARKET OVERVIEW Q3/2022

## VACANCY RATE IN THE CZECH REPUBLIC

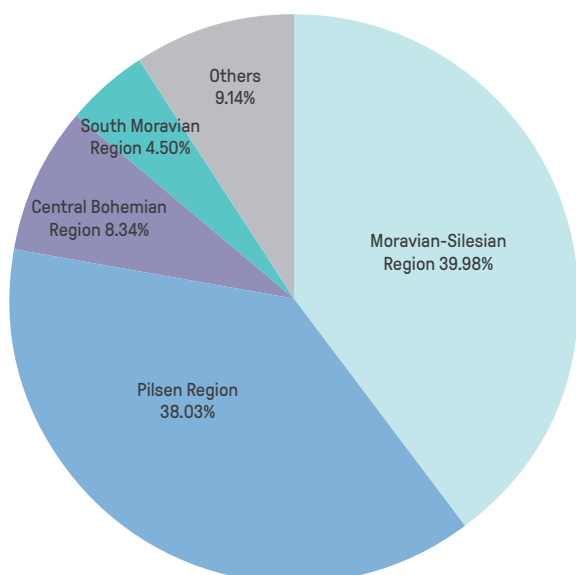
### VACANCY IN THE CZECH REPUBLIC WITH HEATMAP

In Q3/2022 the total amount of available industrial premises stayed at the same level as quarter before. Vacancy in the Czech Republic reached 1.03% (109,699 sq m) with shell and core premises included. Without them the total vacancy reached only 0.80% (85,371 sq m) in the entire Czech Republic. Majority of available space is now in two regions in particular. Top three regions by available premises are Moravian-Silesian region with 43k sq m, Pilsen region with 41k sq m and Central Bohemian region with 9k sq m available for lease. In the rest of the Czech republic there are only 14,963 sq m immediately available.



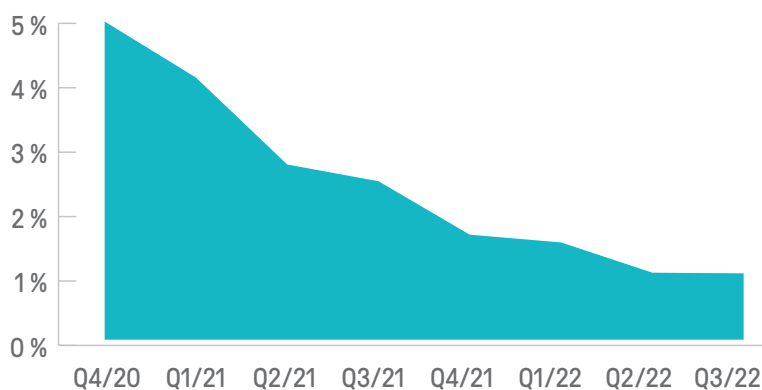
### SHARE ON TOTAL VACANCY BY REGION

Share on total vacancy in the Czech Republic



### VACANCY RATE HOVERS ABOVE 1%!

The vacancy of "A" class premises stayed at only 1.03% in Q3/2022. Since Q4/2021 the vacancy rate stays below 2% which is not favourable for overall situation on the market. Over 1 mil. sq m of new premises is under construction for few consecutive quaters in a row, which means the situation could improve in the near future.

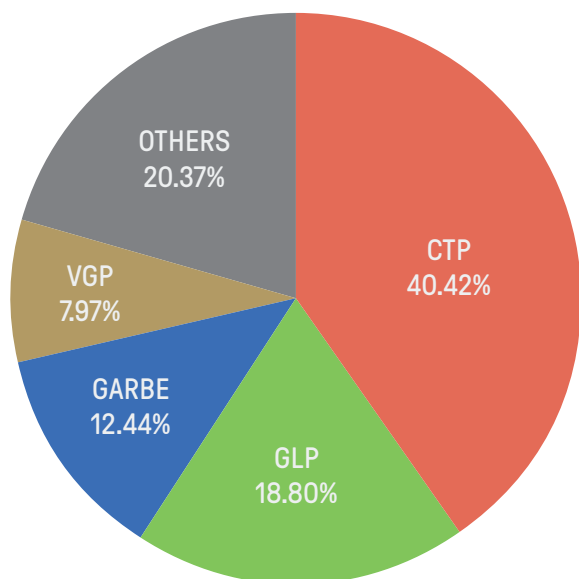


# MARKET OVERVIEW Q3/2022

## TAKE UP, SIGNIFICANT DEALS AND AVERAGE RENTS

### NET TAKE UP SHARE BY OWNER Q3/2022

According to the owner of the premises as of 9/30/2022



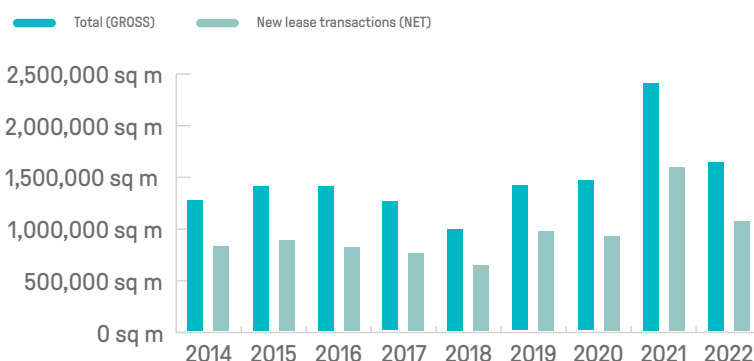
CTP tops the take-up chart with over 97k sq m. GLP is 2nd with over 45k sq m and 3rd is GARBE with over 30k sq m. First three account for 71% of all new deals in the Q3/2022. In terms of NET take-up the Q3 was the 1st quarter to fall behind the results of record year 2021.

Gross take-up in the Czech Republic in the Q3 reached 375,328 sq m and NET take-up (excluding prolongations) 241,251 sq m. The largest new transaction took place in the GLP Park Brno Holubice where company FAST ČR leased over 31k sq m of modern industrial premises. 2<sup>nd</sup> is a new lease of 30k sq m by company Fielmann in the GARBE Park Chomutov. 3<sup>rd</sup> largest transaction of over 25k sq m was signed by an undisclosed manufacturing company in the CTPark Kadaň.

The most new transactions were signed in the Usti region with over 71k sq m, in the South Moravian region with over 59k sq m and then in the Central Bohemian region with over 22k sq m. Only one short-term deal was signed in Q3 of total 2,935 sq m.

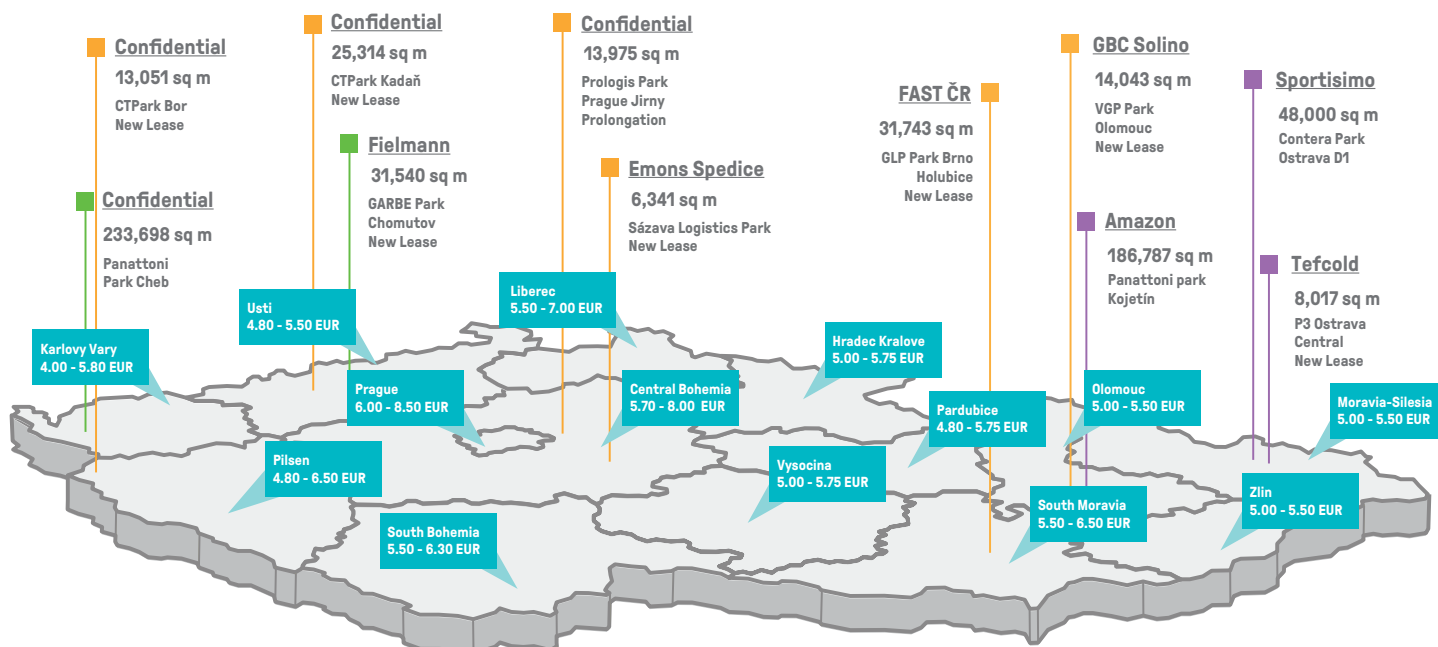
### TAKE UP (2014 - Q3/2022)

("Total" includes all signed transactions in the "A" class segment)



## SELECTION OF TRANSACTIONS AND RANGE OF RENTS

■ significant transaction ■ under construction ■ completed construction





# MACROECONOMICS Q3/2022

## CURRENT SITUATION AND OUTLOOK

**3.49%**  
**UNEMPLOYMENT**  
**09/2022**

**3.7%**  
**GDP (YoY)**  
**Q2/2022**

**18.0%**  
**INFLATION**  
**09/2022**

### MACROECONOMIC FORECAST OF MINISTRY OF FINANCE AUGUST 2022

Indicator	2018	2019	2020	2021	2022 forecast	2023 forecast
<b>GDP</b> (real growth. in %)	3.2	3.0	-5.5	3.5	2.2	1.1
<b>Average inflation rate</b> (in %)	2.1	2.8	3.2	3.8	16.2	8.8
<b>Unemployment rate</b> (average in %)	2.2	2.0	2.6	2.8	2.5	2.6
<b>Exchange rate CZK/EUR</b>	25.6	25.7	26.4	25.6	24.6	24.4

Source: Ministry of Finance of the Czech republic, 2022

Note: Average exchange rate in September 2022, 1 EUR = 24.573 CZK (Czech National Bank, 2022)

### OUTLOOK FOR THE MACROECONOMIC SITUATION IN 2022

The effects of the coronavirus pandemic, the war in Ukraine and high inflation rates continue to weigh heavily on the economy of the Czech Republic and the rest of the EU. Despite the difficult economic situation, the Czech economy managed to grow by 3.6% from the last year and even show a quarter-on-quarter growth of 0.2% in the second quarter of 2022. The third quarter was characterized by high month-on-month inflation of 17% to 18%, driven mainly by rising food and energy prices. The Czech National Bank expects inflation to decline in the coming months yet warns against high growth in energy prices and wages.

The Czech National Bank has been trying to prevent high inflation by raising the key interest rate to 7% at the beginning of June and keeping it at that level throughout the whole third quarter. The discount rate has also increased to 6% and the Lombard rate to 7%. The Czech National Bank expects rates to remain at the same level until the end of this year. Construction output continues to be low, with its pace dampened mainly by high material and construction prices. In August, construction output fell by 0.4% y-o-y and rose by 1.4% m-o-m. In July and August, industrial production rose by 4% y-o-y, driven primarily by the automotive industry, which was severely weakened last year by supply chain disruptions. The industry faces further challenges in the coming months, mainly linked to high energy and material prices and still distorted supply chains, which are affected not only by the war in Ukraine but also by the ongoing restrictions on the Chinese economy linked to covid-19.

Source: Czech Statistical Office, Czech National Bank, 2022

# METHODOLOGY

## DATA COLLECTION AND EVALUATION GUIDELINES

We always try to compile reports as accurate as possible so they meet all criteria set by this methodology, but in some ways we are limited by different approaches/methodologies of developers and other subjects we collect our data from. Please always pay attention to what type of data are you looking at - timing (current state or development over time), criteria (developer/owner) and so on. We always strive towards reports as accurate as they can be.

For questions regarding our methodology please use email address [michal.bily@108agency.cz](mailto:michal.bily@108agency.cz).

<b>A+</b>		<ul style="list-style-type: none"><li>- Clear height 12 m and higher</li><li>- Must meet BREEAM certification at least „Very Good“</li><li>- Direct access and hydraulic docks</li><li>- Heavy load flooring: 5 ton/sq m</li><li>- Built after year 2010</li><li>- Must have heating</li></ul>
<b>AI</b> (A-Logistics)		<ul style="list-style-type: none"><li>- Clear height 10 m and higher</li><li>- Heavy load flooring: 5 ton/sq m</li><li>- Built after year 2000</li><li>- Must have heating</li></ul>
<b>Ao</b> (A-Others)		<ul style="list-style-type: none"><li>- Clear height below 10 m</li><li>- Built after year 1995</li><li>- Must have heating</li></ul>
<b>B</b>		<ul style="list-style-type: none"><li>- Height does not matter</li><li>- Built before year 1995</li><li>- Must have heating</li></ul>
<b>C</b>		<ul style="list-style-type: none"><li>- Built before 1995</li><li>- Does not have heating</li></ul>

Standardization table on the left sets rules for assigning certain standard to a industrial building in our statistics. The class "A" is further segmentized to better navigate the statistics and pinpoint trends. Although we have this segmentation we only present data for the entire "A" class standard. If you are interested in more detailed data please contact us.

We collect data directly from the developers on a regular basis. We combine hard data with insight and experience of our consultants to reach the optimal balance between plain interpretation of numbers and transferring experience from the field.

### GENERAL GUIDELINES

- New construction is marked by erecting the first pillar at the construction site and ends by obtaining certificate of occupancy.
- Dating of transaction is always based on the quarter in which it was signed not announced to the public (if we are able to specify it). All transactions are included in the following categories: 1. manufacturing, 2. logistics/warehousing, 3. retail/e-commerce and 4. other. In case the transaction is marked by developer as confidential we include it into the category OTHER.
- Vacancy rate is calculated from available spaces in finished and shell and core buildings (vacancy without shell and core buildings is mentioned separately) based on quarterly reports received from the developers. Heatmap on page 4 is derived from district based data.
- All macroeconomic data are taken from the Czech Statistical Office and the Ministry of Finance of the Czech Republic.
- B and C class premises are not currently monitored and they are not included in this report, we are considering adding them in the future.

# CONTACTS

# 108

REAL ESTATE  
AGENCY

## PRAGUE

Ovocný trh 1096/8  
110 00 Praha 1  
Czech Republic

+420 222 211 464  
info@108agency.cz

## BRNO

Křenová 409/52  
602 00 Brno  
Czech Republic

+420 778 505 108  
brno@108agency.cz

## BRATISLAVA

Hodžovo namestie 1/a  
811 06 Bratislava  
Slovakia

+421 948 144 038  
info@108agency.sk

## BUDAPEST

Ráth György utca 56  
1122, Budapest  
Hungary

+36 70 977 0021  
info@108agency.hu

## ABOUT 108 AGENCY

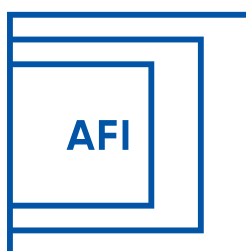
108 AGENCY is a real-estate consulting agency which has been exclusively focused on commercial properties since 2009. Over the years, its over forty-member team has earned the trust of both domestic and foreign clients.

108 AGENCY is the only commercial real-estate company on the market which is one-hundred-percent Czech owned and run. Thanks to the absence of a multinational headquarters, the agency is able to fully devote itself to fulfilling its distinctive approach to clients, which combines experience and expertise with a fair and personal touch.

Since its founding, it has sold and rented more than 8.6 million square meters, and established a strong position on the Czech, Slovak and Hungarian markets. Clients turn to 108 AGENCY for leasing and sales brokerage, investment and marketing advice, and development product management. At the end of 2021, 108 AGENCY became the exclusive alliance partner of BNP Paribas Real Estate for the Czech Republic. Thanks to this strategic acquisition, 108 AGENCY significantly strengthened the team of consultants and the range of services.



PROUD MEMBER OF





108

SHAPING THE FUTURE  
OF REAL ESTATE