



CZECH REPUBLIC

# INDUSTRIAL MARKET OVERVIEW

QUARTER 1 | 2020



# COVID-19 PROCLAIMER

We are carefully monitoring the Covid-19 crisis and its impact on the CRE sector. In these unprecedented times, we expect to have a clearer view on the market situation by the end of Q2 2020.

## INDUSTRIAL MARKET

### Supply & Vacancy

With 211,100 sq m of newly completed warehouse space in Q1 2020, the total stock in the Czech Republic stands at 8.62 million sq m. The newly completed space comprises 14 new buildings across the country, with 10% of the space being delivered to the Greater Prague region. The Moravia-Silesia (32%) and Ústí nad Labem regions (31%) saw the largest volume of completions. The Pilsen (12%), South Moravia (9%) and Central Bohemian (4%) regions have each received a smaller increase of new space.

By the end of Q1 2020, vacancy stood at 5.5%, which is 144 basis points higher than in Q4 2019. The total available space reached 476,400 sq m. Despite this seemingly low number, the availability of larger space is better than in previous

quarters, with 14 properties offering space in excess of 10,000 sq m. Combined with the low average vacancy rate, it creates an ideal environment for build-to-suit developments, depending on the availability of land and permits. Landlords remain in a strong negotiating position.

### Demand

Gross take-up in Q1 reached 270,400 sq m, registering a 5% decrease on the previous quarter, and a 25% decrease y-o-y. Net take-up reached 93,600 sq m, 63% down q-o-q and 73% down y-o-y. The share of renegotiations on total gross take-up for Q1 2020 is at 65%. It is possible that the lower figures were caused by the impact of travel and other restrictions during March, making it more difficult for deals to complete.

## RENTS & OUTLOOK

### Rents

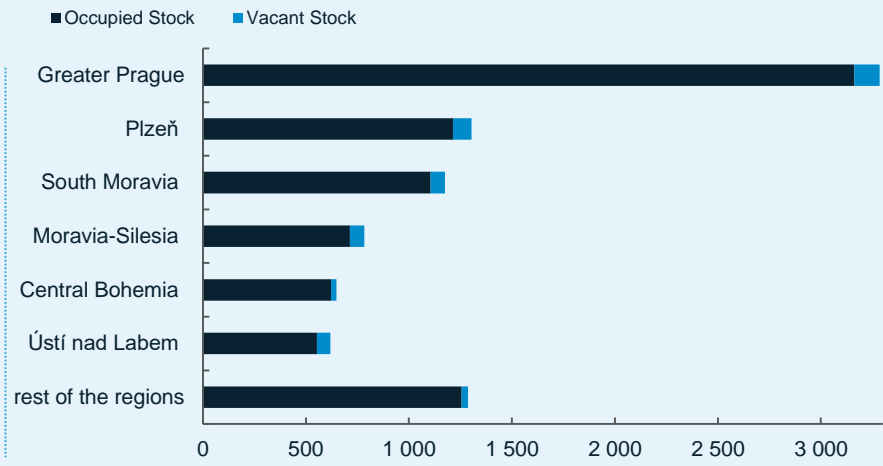
Prime industrial rents in Prague and Brno stand in the range of €4.50 - €4.85/sq\_m/month. Other sought-after regions such as Ostrava, Plzeň and Ústí nad Labem have rents in the range €4.00 - €4.35/sq m/month. The previously common incentives of one month rent free per year of lease is no longer the standard and developers now provide incentives based on location, lease size and length and also on the tenant profile.

### Outlook

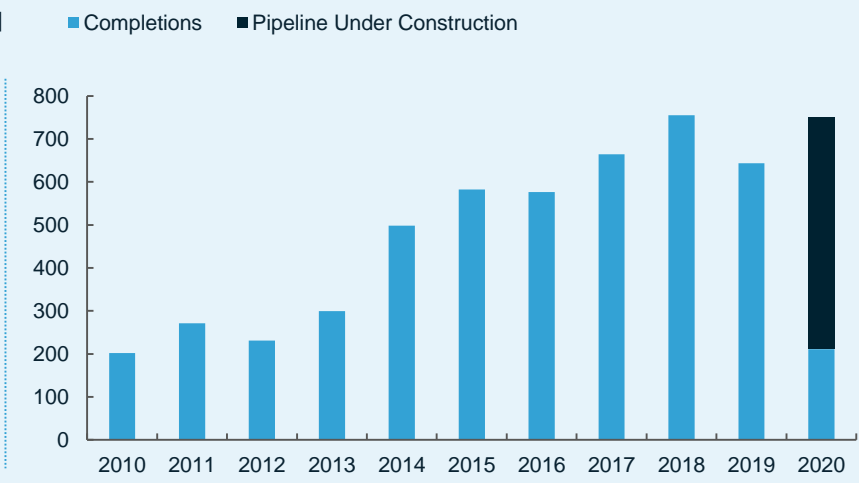
Around 534,500 sq m of warehouse

space was under construction at the end of Q1 2020. The pre-lease level on the space under construction exceeds 57%, which is in line with our expectations. Due to the continued situation with low vacancy, we do not expect this trend to change. In Q2 2020, we expect 249,100 sq m to be delivered to the market. That follows a stable trend of new space entering the market. This stable pipeline proves that the Czech Republic is still one of the most sought-after countries within Europe for the development of new industrial properties.

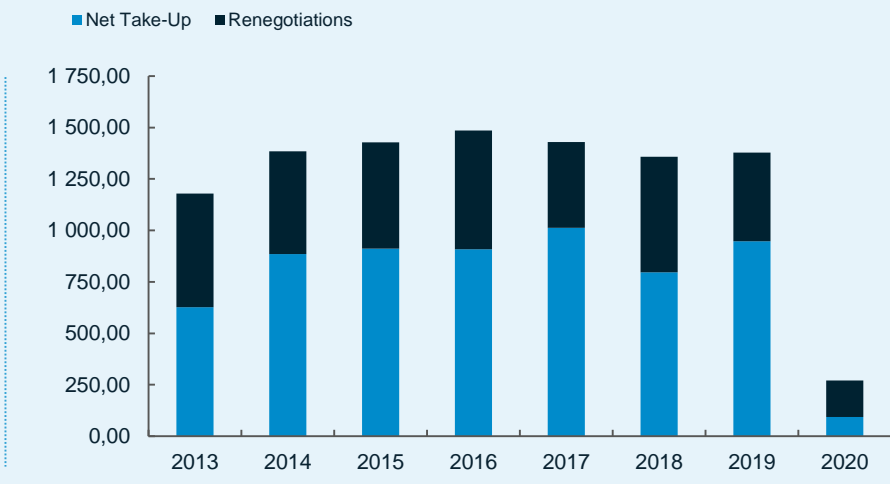
**FIGURE 1: CZECH INDUSTRIAL STOCK & VACANCY (in sq m thousands)**



**FIGURE 2: ANNUAL SUPPLY (sq m thousands)**



**FIGURE 3: TAKE-UP (sq m thousands)**



Sources: Figures 1-3: Industrial Research Forum, Colliers International

## FOR MORE INFORMATION

---

### DEPARTMENT

Tewfik Sabongui | Managing Director  
Mob: +420 777 150 669  
tewfik.sabongui@colliers.com

Harry Bannatyne | Head of Industrial Agency  
Mob: +420 602 490 217  
harry.bannatyne@colliers.com

### MARKET RESEARCH

Josef Stanko | Research Analyst  
Mob: +420 226 537 635  
josef.stanko@colliers.com

Theodor Pokorný | Junior Analyst  
Mob: +420 608 813 288  
theodor.pokorny@colliers.com

This report gives information based primarily on Colliers International data, which may be helpful in anticipating trends in the property sector. However, no warranty is given as to the accuracy of, and no liability for negligence is accepted in relation to, the forecasts, figures or conclusions contained in this report and they must not be relied on for investment or any other purposes. This report does not constitute and must not be treated as investment or valuation advice or an offer to buy or sell property. (January 2019) © 2019 Colliers International.

Colliers International is the licensed trading name of Colliers International Property Advisers UK LLP which is a limited liability partnership registered in England and Wales with registered number OC385143. Our registered office is at 50 George Street, London W1U 7GA. 00000

Na Příkopě 859/22  
Slovanský dům B/C  
110 00 Praha 1

