108
REAL ESTATE



REPORT Q3/2024

Industrial property market

CZECH REPUBLIC

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MARKET OVERVIEW Q3/2024

SUMMARY

12,208,947 SQ M TOTAL STOCK	**161,572** SQ M COMPLETED CONSTRUCTION	**1,203,952** SQ M (+528,989 Shell & Core premises) UNDER CONSTRUCTION
5.50 - 6.50 EUR/SQ M/MONTH AVERAGE RENTS	**3.49%** VACANCY RATE	**207,046** SQ M NET TAKE-UP

- In Q3/2024 the total stock of "A" class industrial premises for lease reached 12,208,947 sq m. With shell & core (S&C) premises the total stock reached 12,734,236 sq m.
- 161,572 sq m of new premises were delivered to the market, while 1,203,952 sq m remained under construction across the Czech Republic. Largest new building delivered to the market was in Panattoni Park Kladno South, Hall B with 20,941 sq m.
- The vacancy rate in completed premises decreased for the first time since Q3/22 to 3.49% which represents 426,294 sq m. With S&C premises included, the vacancy rate also decreased to 6.35% with 808,105 sq m available.
- 528,989 sq m of modern "A" class premises were in S&C condition at the end of Q3/24. Most of them available to clients.
- Net take-up reached 207,046 sq m and gross take-up 335,950 sq m. In third quarter we recorded another major lease by client from automotive sector which indicates an opposite trend in comparison to automotive sector's situation in western Europe. So far every quarter in 2024 featured a large deal signed by client from automotive industry.

"In Q3/2024, demand for premium industrial premises in Czechia strengthened even though the decision-making process remains lengthy. So far Q1-Q3 is not reaching average performance for first three quarters of the year as years even before pandemic, but there are reasons for optimism. The overall activity is rising and we expect significantly better market climate in 2025. There are new tenders in logistics while the average price for rent dipped below €6, returning to levels last seen at the end of 2022. There are still some influences to watch for, notably aggressive competition from Chinese and Polish e-commerce platforms on the Czech market, difficult situation of western automotive sector and strong polish competition that is still cheaper than Czech industrial premises."

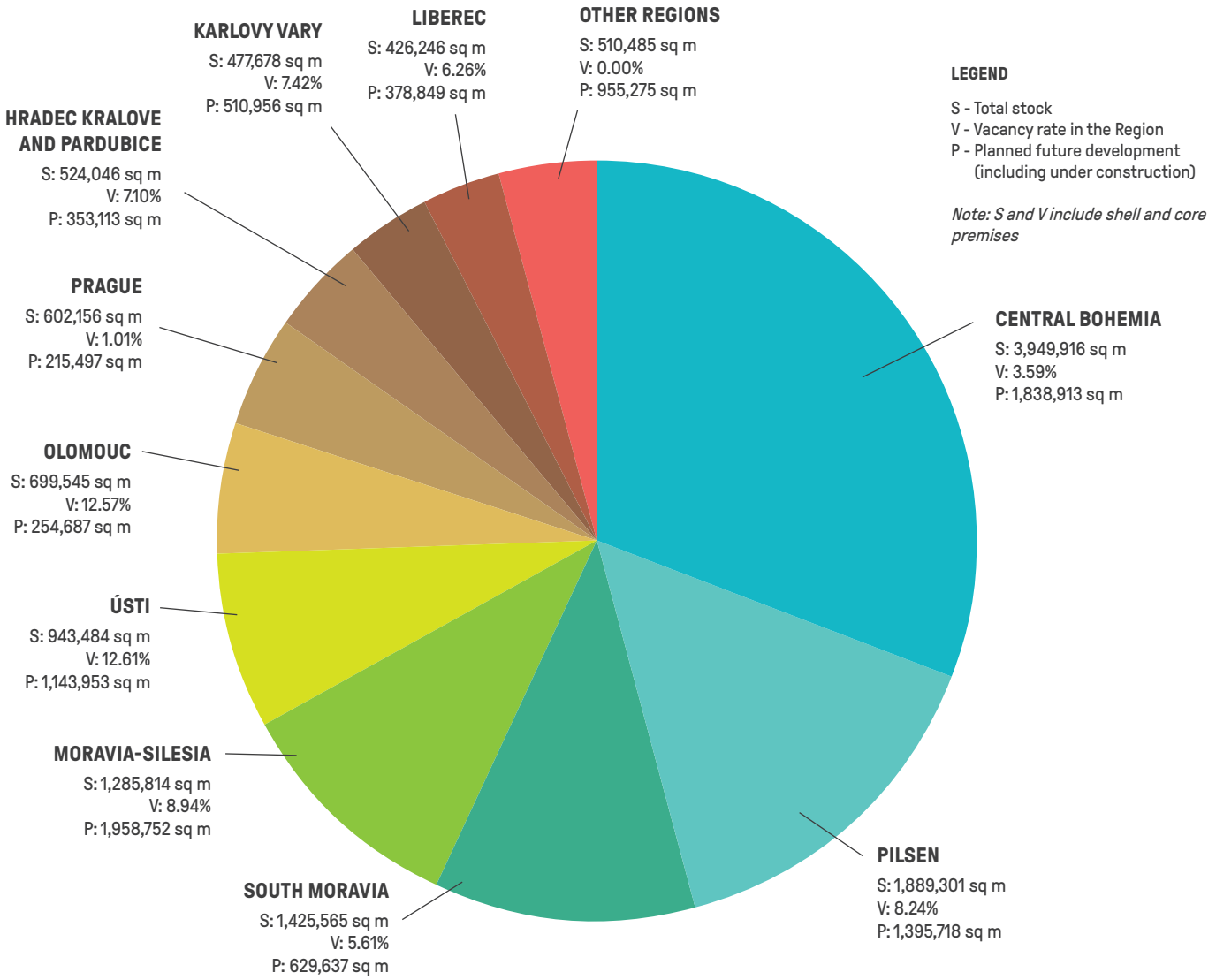
MICHAL BÍLÝ
Head of Research CEE



MARKET OVERVIEW Q3/2024
REGIONAL OVERVIEW

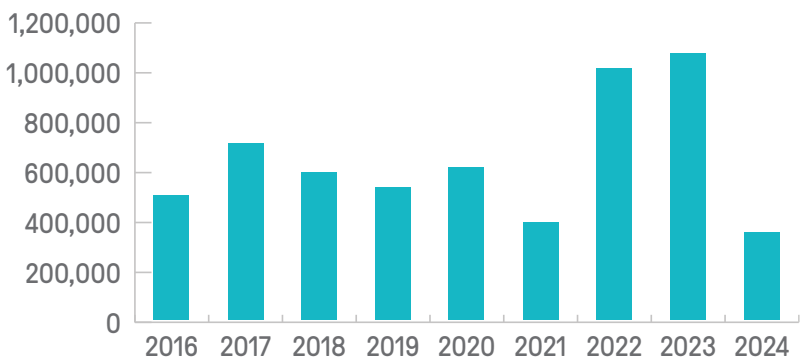
STOCK OF "A" CLASS PREMISES FOR LEASE IN THE CZECH REPUBLIC BY Region

The largest stock of industrial premises for lease is situated 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 of total stock are combined together in other Regions category (South Bohemian Region, Zlin Region and Vysočina Region).



At the end of Q3/2024, 1,203,952 sq m was under construction. 161,572 sq m of new premises were delivered to the market which is again lower than expected for third quarter of the year. Originally 1.15 mil. sq m should have been delivered to the market this year, but now it is apparent, that it will be much lower. A lot of premises end up in S&C state just before completion and waiting for tenant. Further 8.3 mil. sq m of land is being prepared for further development.

COMPLETED CONSTRUCTION IN SQ M (2016 - Q3/2024)

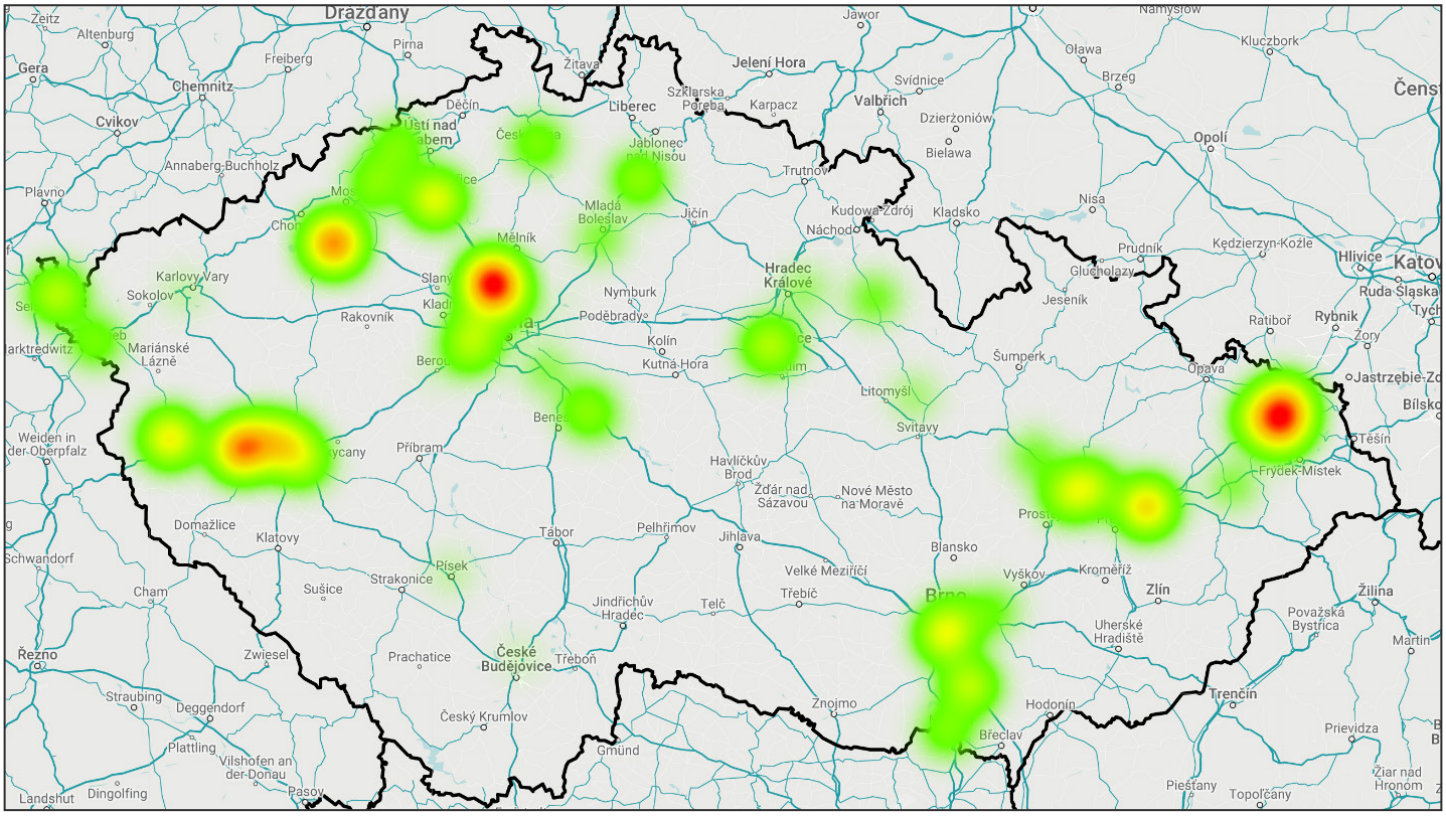


MARKET OVERVIEW Q3/2024

VACANCY WITH SHELL AND CORE INCLUDED

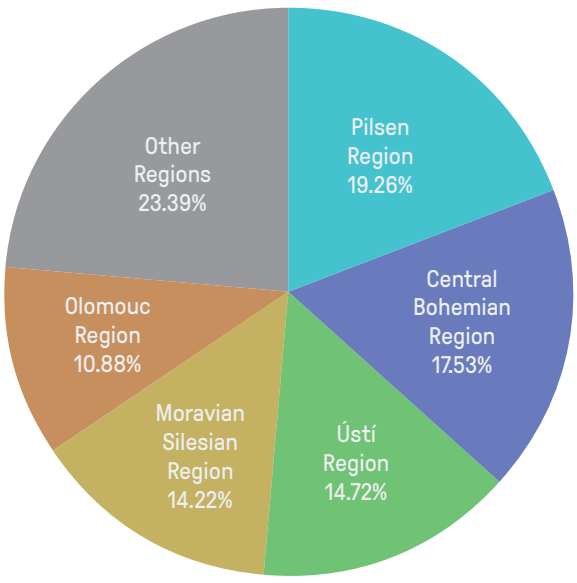
VACANCY IN THE CZECH REPUBLIC - HEATMAP OF AVAILABLE PREMISES

In Q3/2024 the total amount of available industrial premises decreased slightly. Vacancy in Czechia reached 6.35% (808,105 sq m) with S&C premises included. Total of 528,989 sq m was in S&C state at the end of Q3/24. 381,811 sq m were available to potential clients. S&C can be finished relatively quickly after signing the contract and it gives options to the clients in terms of building modifications. The growing number of available premises in shell and core state provides companies with a wide range of options for signing a lease and better planning their supply chains. Most available premises in S&C state was Central Bohemian Region.



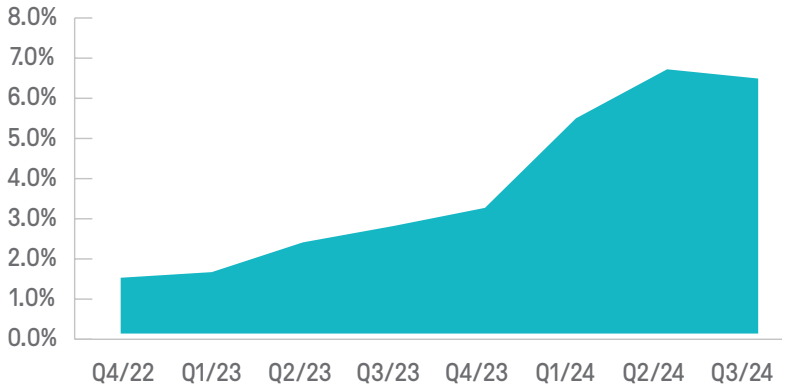
SHARE ON TOTAL VACANCY BY Region

Share on total vacancy in the Czech Republic, S&C included



S&C PREMISES WIDELY AVAILABLE

The vacancy rate of “A” class premises slighttly decreased to 6.35%. Even though the vacancy rate decreased, there are still many projects under construction and large number of them will reach S&C state soon. Vacancy with S&C included is therefore expected to more or less stagnate or rise slowly. Everything will depend on client's interest.t

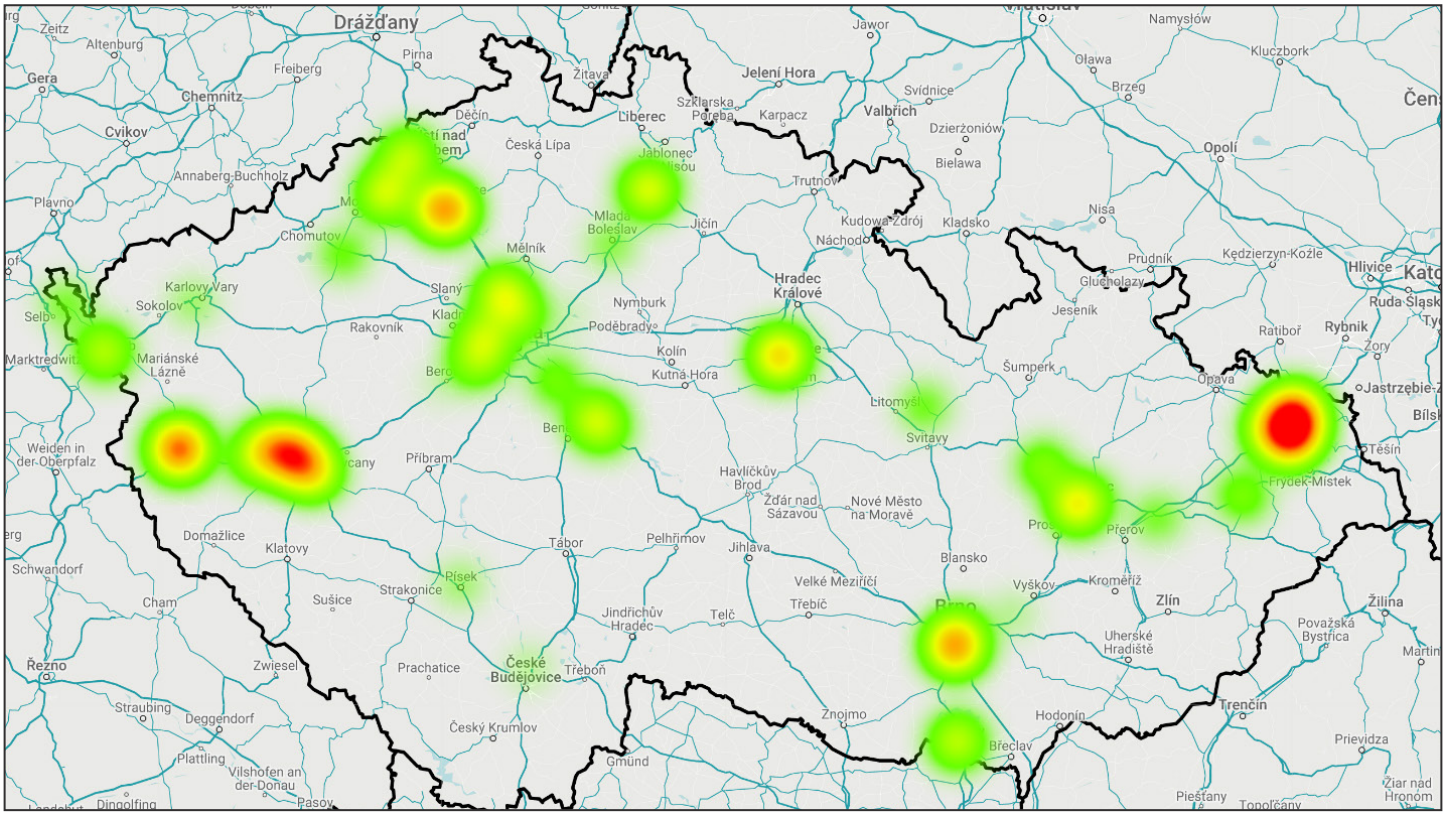


MARKET OVERVIEW Q3/2024

VACANCY ONLY WITHIN FULLY COMPLETED PREMISES

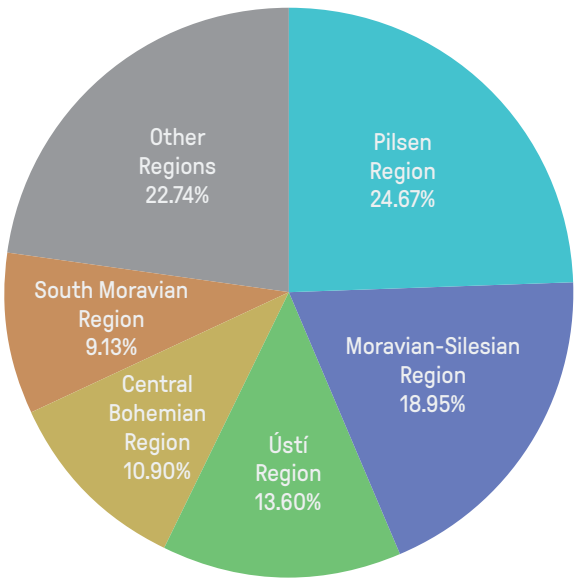
VACANCY IN THE CZECH REPUBLIC - HEATMAP OF AVAILABLE PREMISES IN COMPLETED PROJECTS

In Q3/2024 the total amount of available industrial premises decreased. The vacancy rate for fully completed premises reached 3.49% which represents 426,294 sq m. In completed premises the vacancy rate was slowly growing for almost two years until this quarter. Most available premises offered at the end of Q3 Pilsen Region with over 105k sq m. Moravian-Silesian Region is second with 80k sq m and third largest stock of available space was located in Ústí Region with over 57k sq m. The highest vacancy in relation to its Regional stock has Pardubice Region with 8.19%, Ústí Region with 6.83% and Moravian-Silesian Region with 6.71%.



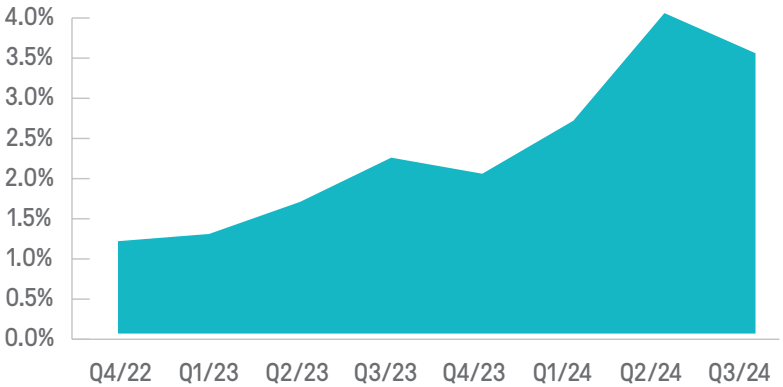
SHARE ON TOTAL VACANCY BY Region

Share on total vacancy in the Czech Republic, S&C not included



VACANCY RATE DECREASED!

The vacancy rate of completed "A" class premises decreased for the first time since Q3/22 when it dropped to 3.49%. With a slow reignition of activity on the market we can expect slow and steady decrease. At the end of the year the vacancy rate in completed premises is expected anywhere between 3.00 to 4.00%.

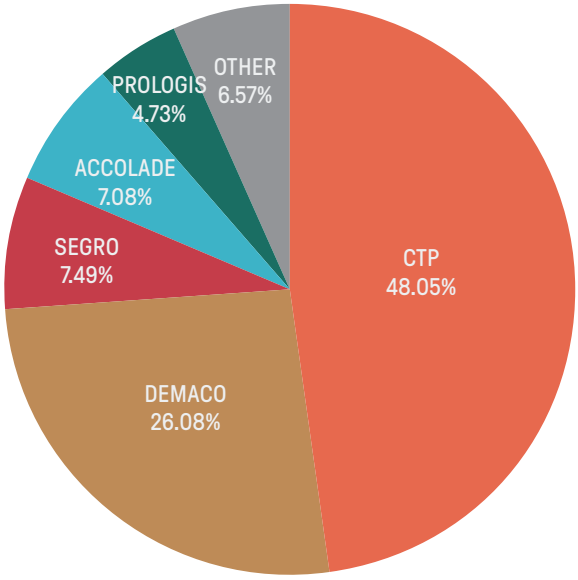


MARKET OVERVIEW Q3/2024

TAKE-UP, SIGNIFICANT DEALS AND AVERAGE RENTS

NET TAKE-UP BY OWNER OF PREMISES

According to real estate cadastre as of 30/09/2024



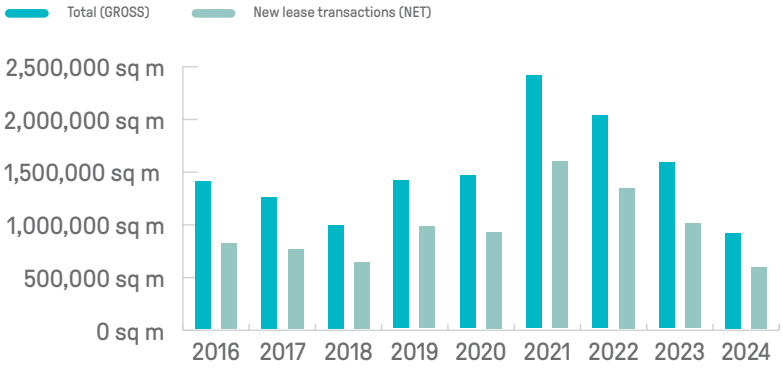
CTP tops the take-up chart with 99k sq m. DEMACO is 2nd with 54k sq m and 3rd is SEGRO with 15k sq m. New leases in premises of these 3 owners make 81.62% of all new leases in Q3/2024. Subleases are not part of this statistic.

Gross take-up in the Czech Republic in Q3/2024 reached 335,950 sq m and NET take-up (excluding prolongations) 207,046 sq m. The largest new lease was signed in DEMACO project in Brno where Thermo Fischer Scientific leased 54k sq m of modern industrial premises. 2nd is a new lease of 39k sq m by an undisclosed automotive sector company in the CTPark Žatec. 3rd largest transaction of over 29k sq m was a new lease signed by an undisclosed company in the CTPark Blatnice. Five largest deals account for 80% of all new leases in Q3/2024.

Highest NET take-up was recorded in the Central Bohemian Region with over 99k sq m, in the South Moravian Region with over 77k sq m and in the Ústí nad Labem Region with over 45k sq m.

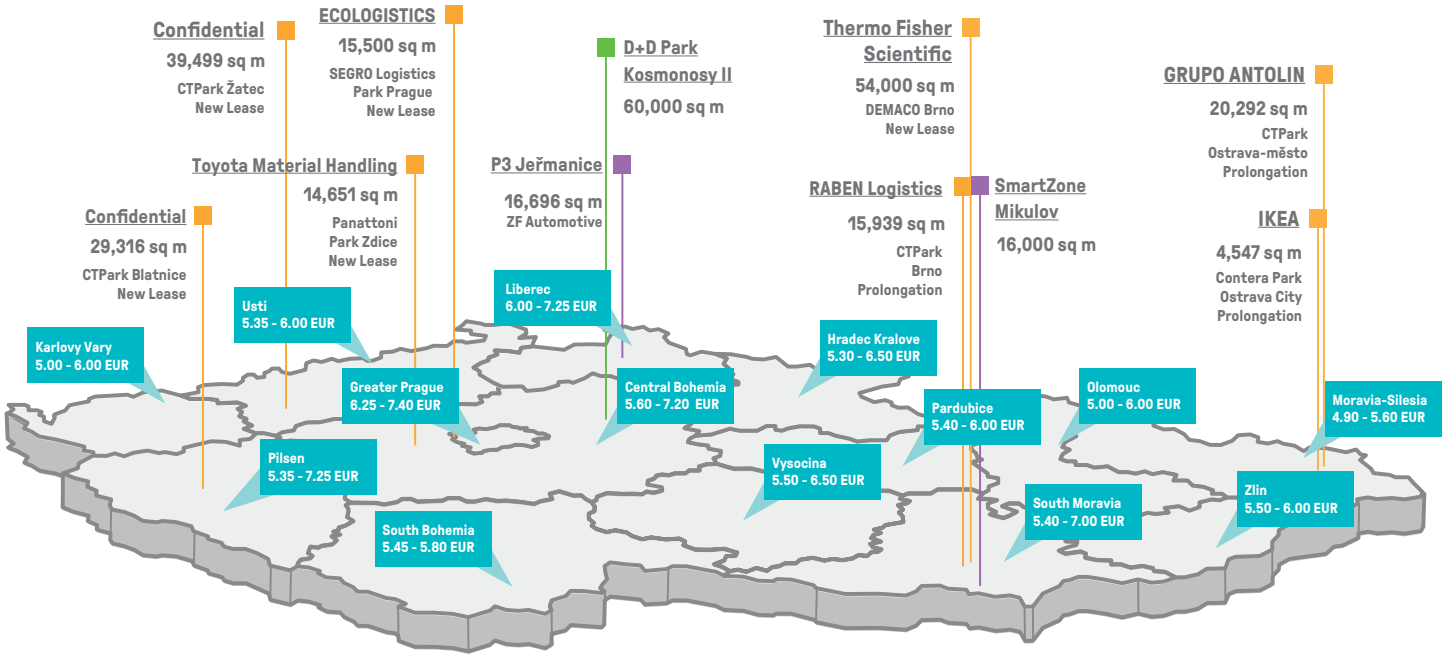
TAKE UP (2015 - 2024)

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



SELECTION OF TRANSACTIONS AND RANGE OF RENTS

significant transaction | under construction | completed construction



MACROECONOMICS Q3/2024
CURRENT SITUATION AND OUTLOOK

3.87%	1.3%	2.6%
UNEMPLOYMENT 09/2024	GDP (YoY) Q3/2024	INFLATION 09/2024

MACROECONOMIC FORECAST OF MINISTRY OF FINANCE AUGUST 2024

Indicator	2020	2021	2022	2023	2024 forecast	2025 forecast
GDP (real growth in %)	-5.3	4.0	2.8	-0.1	1.1	2.7
Average inflation rate (in %)	3.2	3.8	15.1	10.7	2.4	2.3
Unemployment rate (average in %)	2.6	2.8	2.2	2.6	2.8	2.7
Exchange rate CZK/EUR	26.4	25.6	24.6	24.0	25.1	24.9

Source: Ministry of Finance of the Czech republic, 2024
Note: Average exchange rate in Q3/2024, 1 EUR = 24.7 CZK (Czech National Bank, 2024)

SELECTION FROM FORECAST BY MINISTRY OF FINANCE - AUGUST 2024

According to the preliminary estimate of the Czech Statistical Office, **real gross domestic product of the Czech Republic, adjusted for seasonal and calendar effects, increased by 0.3% QoQ and by 0.4% YoY in Q2 2024**. In Q1 2024, for which detailed data on the structure of growth are available, GDP fell by 0.2% YoY (unadjusted). Revised national accounts data show that economic output surpassed the pre-pandemic level already in Q2 2022, but since then the Czech economy has more or less stagnated.

GDP could increase by 1.1% in 2024, mainly thanks to renewed growth in household consumption. The external trade balance should also provide a significant boost to the economy, mainly due to a weakening of import-intensive investment demand and expected inventory developments. In 2025, **the Czech economy could grow by 2.7% thanks to stronger consumption and investment dynamics and more favourable economic developments abroad**, but a more robust recovery in domestic demand will also support imports.

Annual inflation had reached the Czech National Bank's inflation target for the first time in three years at the beginning of this year and should remain within the tolerance band for the rest of the year. Inflationary external supply factors have weakened significantly while domestic demand pressures are further dampened by higher monetary policy rates, aided this year by the restrictive effects of the fiscal consolidation package. The average inflation rate could thus fall to 2.4% this year and further to 2.3% in 2025.

Source: Czech Statistical Office, Czech National Bank, 2024

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 entities 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 adress **michal.bily@108realestate.cz**.

A+		- Clear height 12 m and higher - Must meet BREEAM certification at least „Very Good“ - Direct access and hydraulic docks - Heavy load flooring: 5 ton/sq m - Built after year 2010 - Must have heating
Al (A-Logistics)		- Clear height 10 m and higher - Heavy load flooring: 5 ton/sq m - Built after year 2000 - Must have heating
Ao (A-Others)		- Clear height below 10 m - Built after year 1995 - Must have heating
B		- Height does not matter - Built before year 1995 - Must have heating
C		- Built before 1995 - Does not have heating

Standardization table on the left sets rules for assigning certain standard to an 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 transfering 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.
- Transaction dates are always based on the quarter in which it was signed and 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 and we do not get the information about the sector of the tenant, we include it into the category OTHER. Only transactions over 1,000 sq m are taken into acount.
- 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 and from direct communication with them. 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.

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ABOUT 108 REAL ESTATE

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

108 REAL ESTATE 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 10.33 million square meters, and established a strong position on the Czech, Slovak and Hungarian markets. Clients turn to 108 REAL ESTATE for leasing and sales brokerage, investment and marketing advice, and development product management. At the end of 2021, 108 REAL ESTATE became the exclusive alliance partner of BNP Paribas Real Estate for the Czech Republic. Thanks to this strategic acquisition, 108 REAL ESTATE significantly strengthened the team of consultants and the range of services.

PROUD MEMBER OF

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Spolek Kompetentních Logistiků a Dodavatelů



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