

# Industrial Market Czech Republic







Q4 2023

A regular update of logistics and industrial market in the Czech Republic

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Total stock		11.9 m sq m
New supply Q4 2023		287,300 sq m
Under construction		1.3 m sq m
Vacancy rate		2.6%

In Q4 2023, the total lettable modern warehouse and industrial area exceeded 11.9 million sq m.

287,300 sq m were newly completed, the most in the Ústí nad Labem Region (36%) and the Moravian-Silesian Region (20%).

Almost 1.3 million sq m were under construction, with the largest construction taking place in the Karlovy Vary Region (31%).

The vacancy rate increased again to 2.6% in Q4 2023. The vacancy rate also increased slightly in the Greater Prague area but remained at a very low level of 0.8%.

The prime headline rent or warehouse and industrial premises stayed unchanged at the level of €6.50 - 7.50 sq m/month.

In Q4 2023, gross take-up reached almost 400,000 sq m, 44% of which were renegotiations.

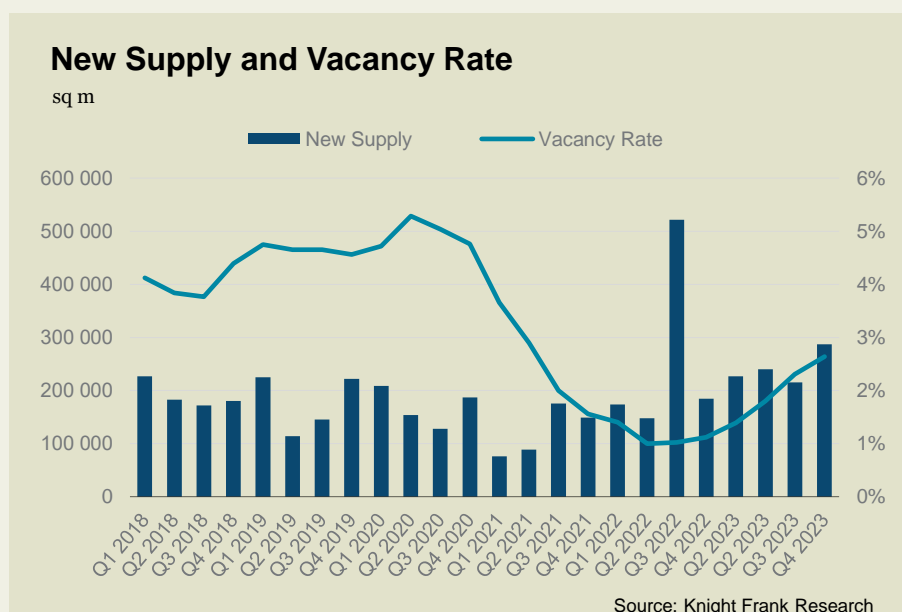
„Prices for construction materials and rents for class A industrial premises have stabilised compared to last year. On average, current rents have increased by almost 5%, but in some regions, including the Greater Prague area, we have seen a decline.

We believe that 2024 will be further characterised by investment in the latest technologies, robotics and warehouse automation. Only now will the predicted nearshoring, i.e. the shift of supply chains to Central Europe, fully develop, creating a new wave of demand for production and warehouse space.

There will continue to be a focus on efficient warehousing and minimising stock in warehouses, coupled with lower rental costs. Developers who own land with building permit or at least zoning permit will have a competitive advantage from their position. Other older industrial buildings will be gradually re-developed as a part of the renegotiation process.

Locations close to major highways and major cities with a readily available workforce and a focus on ESG standards will continue to be attractive to investors.“

**MARKÉTA VRBASOVÁ**  
**DIRECTOR, HEAD OF INDUSTRIAL & LOGISTICS**



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# 11,930,000 sq m

In Q4 2023, the total lettable modern warehouse and industrial area exceeded 11.9 million sq m.

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## ► INDUSTRIAL MARKET OVERVIEW

In Q4 2023, the total lettable modern warehouse and industrial stock exceeded 11.9 million sq m. The Greater Prague area remained the largest logistics market, accounting for 29% of the total supply. This was followed by the Plzeň Region (14%), the South Moravian Region (12%), the Moravian-Silesian Region (10%), the Central Bohemian Region and the Ústí nad Labem Region (both 7%).

In Q4 2023, 287,300 sq m of new space was completed in 16 industrial parks, 33% more than in the previous quarter. Most space was completed in the Ústí nad Labem Region (31%), the Moravian-Silesian Region (20%) and the Plzeň Region (18%). During 2023, almost 970,000 sq m of modern industrial space was completed, 6% less than in 2022.

The largest completed project in Q4 2023 was a 37,600 sq m hall in CTPark Ostrava Hrušov, which was fully let at the time of completion. This was followed by a 29,100 sq m hall for Fielmann in Garbe Park Chomutov. Other large buildings completed were a hall in the Arete Park Rokycany II (25,900 sq m) and a hall in the VGP Park Ústí nad Labem City (22,000 sq m), both of which were fully let at the time of completion.

At the end of 2023, 1.27 million sq m of warehouse and industrial space was under construction, compared to 1.20 million sq m at the end of 2022. In Q4 2023, the Karlovy Vary Region had the largest share of area under construction (31%), followed by the South Moravian Region (17%) and the Plzeň Region (15%). There has been an increase in the number of shell & core buildings, where the external structure and utilities are completed without a fully equipped interior, which the tenants can complete according to their needs. However, we have also seen cases where the construction of warehouses has been suspended even earlier than in the shell & core stage. The owners plan to complete them once the premises have been let.

The vacancy rate rose again to 2.6% in Q4 2023, from 2.3% in the previous quarter. The vacancy rate also increased slightly in the Greater Prague area but remained at a very low level of 0.8%. The largest quarter-on-quarter increase in the vacancy rate was recorded in the South Bohemian Region (plus 7.0 percentage points), where newly completed vacant space contributed to the rise. Vacancy rate also increased in the Plzeň Region (plus 2.6 percentage points). A more significant decrease in vacancy was recorded in the Central Bohemian Region (minus 1.5 percentage points). In the other regions vacancy rates remained more or less unchanged.

## RENTS

In Q4 2023, the prime headline rent for warehouse and industrial premises stayed unchanged at the level of €6.50 - 7.50 sq m/month.

The average current rent also remained stable in Q4 2023 in all regions. There was no significant increase or rent correction.

During 2023, current rent in the Czech Republic rose by almost 5% on average. The largest increases were recorded in the Olomouc / Zlín Region (19%), the Vysočina Region (17%), the Plzeň Region (16%), the Liberec Region (8%) and the South Moravian Region (6%). However, four regions recorded a correction in rents during the year, the largest being the Ústí nad Labem Region (-5%). A slight correction (up to 2%) was also recorded in the Greater Prague area, the Moravian-Silesian Region and the Karlovy Vary Region.

### Prime Headline Rent



**€6.50 – 7.50** sq m/month

## INVESTMENT

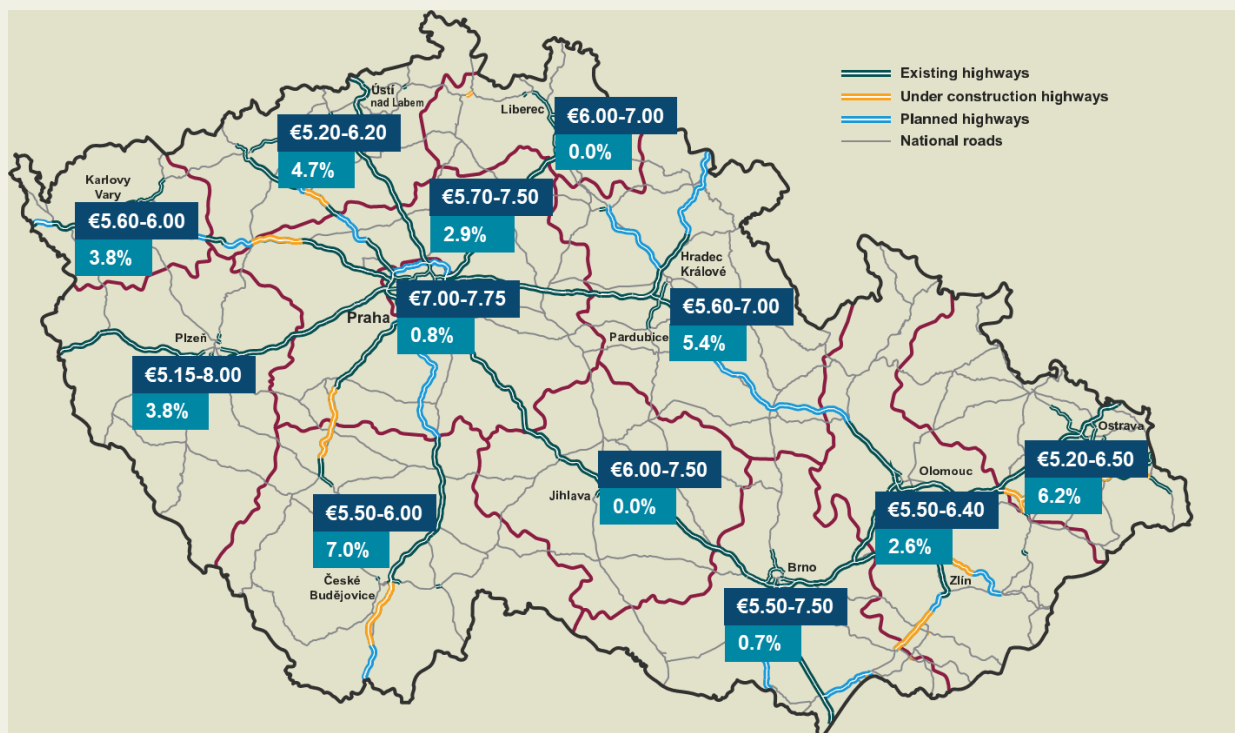
The prime industrial yield stayed unchanged in 2023. In 2023, industrial properties accounted for 10% of the total annual investment volume. The demand for logistics real estate remains, but the availability of this product on the investment market is still very limited.



### Prime Industrial Yield

**5.00%**

## VACANCY RATE AND CURRENT RENT\*



\*Rent / price range offered on the market in class A premises for an area of 4,000 - 5,000 sq m in Q4 2023.

## TAKE-UP

In Q4 2023, the gross take-up reached almost 400,000 sq m. Compared to the previous quarter, this is a 127% increase.

In a year-on-year comparison, it increased by 12%. The share of renegotiations amounted to 44%. The largest renegotiation was concluded in P3 Prague D1 industrial park with company Yusen Logistics for 24,800 sq m.

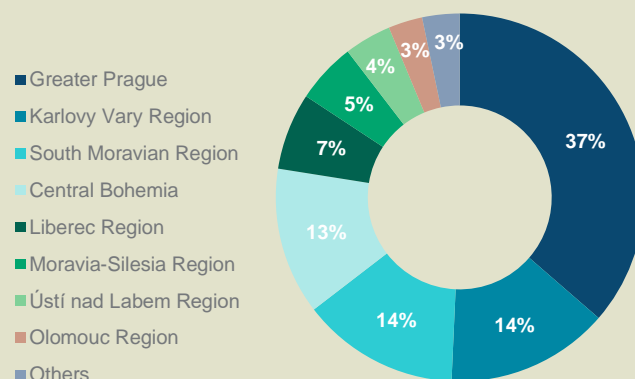
The largest share (37%) of Q4 2023 gross take-up was recorded in the Greater Prague area, mainly due to a high share of renegotiations (81%). The Karlovy Vary Region followed with 14%, where only pre-leases were concluded, and the South Moravian Region also with 14%, where the share of renegotiations prevailed (53%).

In Q4 2023, net take-up fell by 9% year-on-year to 223,300 sq m. Compared to the previous quarter, it increased by 74%. Net take-up was spread across all regions, with the Karlovy Vary Region being the largest contributor at 26%.

In 2023, the full-year gross take-up reached more than 1.5 million sq m, with a 29% decrease compared to 2022. The highest gross take-up in 2023 was recorded in the Greater Prague area (33%). In 2023, the share of renegotiations was 41%, in 2022 it was 36%.

## Gross Take-up by Regions

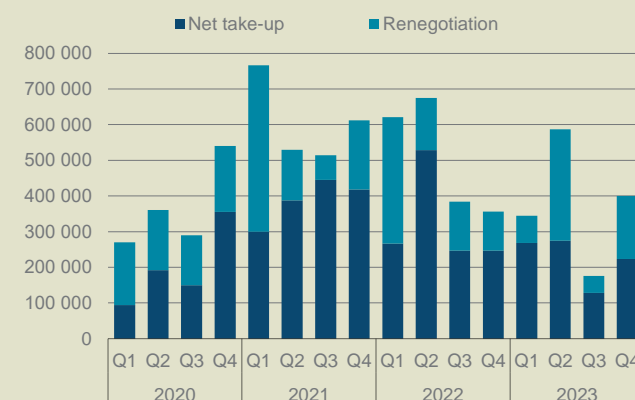
Q4 2023, %



Source: Knight Frank Research

## Quarterly Take-up

sq m



Source: Knight Frank Research

TAKE-UP		CHANGE	
Q4 2023		Y/Y	Q/Q
Gross	399,900 sq m	+12%	+127%
Net	223,300 sq m	-9%	+74%

## SIGNIFICANT NEW LEASES IN Q4 2023

PROPERTY	TENANT	SIZE (sq m)	DEAL TYPE
Panattoni Park Karlovy Vary	Wacker	30,000	Pre-lease
Panattoni Park Ostrov South	Confidential	27,000	Pre-lease
CTPark Cerhovice	Confidential	21,000	New lease

## MARKET NEWS

- ✓ The modern industrial hall in Panattoni Park Cheb South has become the most environmentally friendly industrial building in the world. It has achieved an Outstanding rating and a record score of 94.2 per cent according to the prestigious BREEAM 2016 New Construction sustainability certification. The hall has a total area of over 40,000 sq m, the majority of which is leased by German online automotive parts retailer AUTODOC.
- ✓ ČEZ Esco and CTP have launched a strategic cooperation in the field of modern energy and renewable energy. They intend to equip the roofs of selected CTP parks with photovoltaic power plants in the coming years. The first joint photovoltaic plant with a capacity of 2 MW has already been built in CTPark Prague East in Nupaky near Prague on the roofs of the halls where the logistics company Raben is located. A test run of this rooftop PV system is currently underway.
- ✓ Urbanity Real Estate Group has become the first real estate company to be ranked in the ESG rating published by the Association for Corporate Social Responsibility. It was ranked in the top 10 in the Small and Medium Enterprises category, thanks to its focus on building sustainable manufacturing campuses that use recycled building materials, reduce energy intensity and rely on renewable energy technologies.
- ✓ Logikor has started construction of its first regional logistics park in the Czech Republic. Located on a brownfield site close to the main roads linking Prague and Liberec, two modern warehouses totalling 20,000 sq m, including 1,800 sq m of office space, will be built in two phases. The buildings will be designed to high sustainability standards, including BREEAM Very Good certification and energy efficient technologies such as photovoltaic panels.
- ✓ A new trend is emerging in the leasing of logistics and industrial real estate. Low energy costs and carbon footprints are becoming key criteria when choosing a long-term lease. Energy class B is becoming the standard, and in a few years, it will be class A.



The modern industrial hall in Panattoni Park Cheb South has become the greenest industrial building in the world. (Source: Panattoni)

## GREATER PRAGUE



TOTAL STOCK

**3.51 m sq m**



NEW SUPPLY Q4 2023

**0 sq m**



UNDER CONSTRUCTION

**125,800 sq m**



VACANCY RATE

**0.8%**

- Prague is a central point of all highway routes and is also an important international railway junction. Air transport including freight is provided mainly by the Václav Havel Airport Prague.
- The Greater Prague area is the largest ware-house and industrial market in the Czech Republic, it accounts for 29% of the country's total stock.
- The unemployment rate was 2.8% in December 2023.
- In Q4 2023, gross take-up amounted to 145,500 sq m, out of which net take-up represented 19%.



**Current Rent**

**€7.00 – 7.75 sq m/month**

## CENTRAL BOHEMIAN REGION



TOTAL STOCK

**889,900 sq m**



NEW SUPPLY Q4 2023

**0 sq m**



UNDER CONSTRUCTION

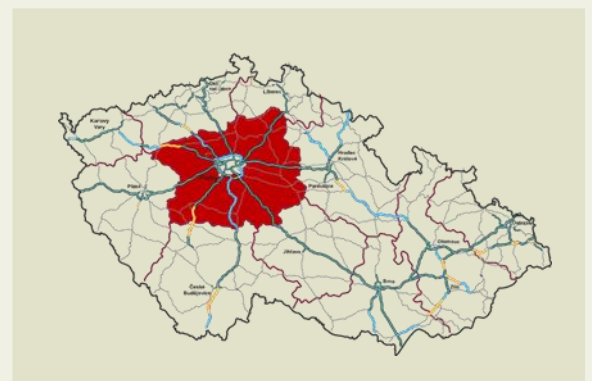
**71,900 sq m**



VACANCY RATE

**2.9%**

- The Central Bohemian Region has the second densest (after Prague), but also the most overloaded, transport network in the Czech Republic. Main railway and road transit networks run through the region leading to the Capital City. Water transport is also present in the region.
- The unemployment rate was 3.2% in December 2023.
- In Q4 2023, gross take-up amounted to 51,700 sq m, out of which net take-up represented 18%.



**Current Rent**

**€5.70 – 7.50 sq m/month**

## SOUTH BOHEMIAN REGION



TOTAL STOCK

**135,300 sq m**



NEW SUPPLY Q4 2023

**37,900 sq m**



UNDER CONSTRUCTION

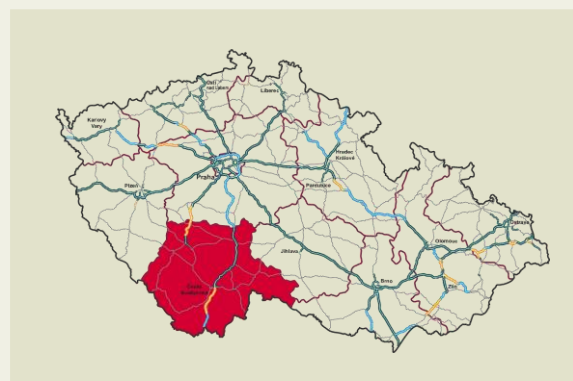
**8,600 sq m**



VACANCY RATE

**7.0%**

- The region has been reporting an ever-increasing volume of traffic, particularly on the road. However, the region's territory is not connected to the network of highways within the CR. The planned and partly under construction D3 highway will connect Prague with the South Bohemian Region and further will join the highway network in neighboring Austria. The South Bohemian Region - Austrian Border section should be completed by 2026 and completion in the Central Bohemian Region by 2028.
- The unemployment rate was 3.1% in December 2023.
- In Q4 2023, gross take-up amounted to 8,600 sq m in a single new lease.



Current Rent

**€5.50 – 6.00 sq m/month**

## SOUTH MORAVIAN REGION



TOTAL STOCK

**1.39 m sq m**



NEW SUPPLY Q4 2023

**1,500 sq m**



UNDER CONSTRUCTION

**212,700 sq m**



VACANCY RATE

**0.7%**

- The South Moravian Region has an important transit function. An important regional transport hub in the case of road, motorway, railway and air transport is the city Brno, which is situated at the highway intersection in the direction of Prague (D1), Bratislava (D2), Olomouc (D46) and Vienna (D52). However, the D52 motorway is still incomplete, and the expected opening date cannot be determined.
- The South Moravian Region is the third largest logistics market in the Czech Republic after Prague and Plzeň.
- The unemployment rate was 4.4% in December 2023.
- In Q4 2023, gross take-up amounted to 55,400 sq m, out of which net take-up represented 47%.



Current Rent

**€5.50 – 7.50 sq m/month**



## HRADEC KRÁLOVÉ AND PARDUBICE REGIONS



TOTAL STOCK

**471,300 sq m**



NEW SUPPLY Q4 2023

**15,000 sq m**



UNDER CONSTRUCTION

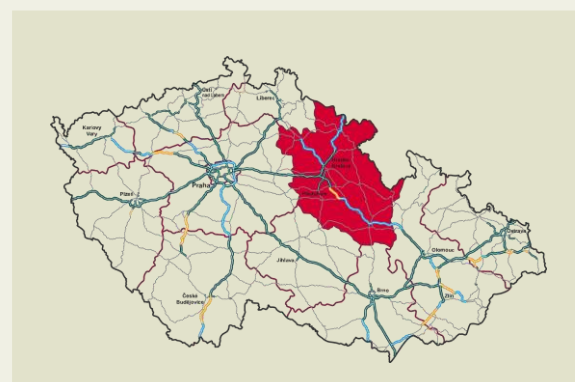
**0 sq m**



VACANCY RATE

**5.4%**

- The Hradec Králové Region is connected to Prague by the unfinished D11 highway, which, after its completion in 2028, will connect the region with Poland. The Pardubice and Hradec Králové Regions are also crossed by two European long-distance roads E67 (Prague-Warsaw) and E442 (Liberec-Olomouc). The planned and now partially under construction D35 highway will also pass through the regions.
- In December 2023, the unemployment rate was 3.1% in Pardubice Region and 3.2% in Hradec Králové Region.
- In Q4 2023, gross take-up amounted to 2,700 sq m, out of which net take-up represented 25%.



Current Rent

**€5.60 – 7.00 sq m/month**

## KARLOVY VARY REGION



TOTAL STOCK

**395,000 sq m**



NEW SUPPLY Q4 2023

**410 sq m**



UNDER CONSTRUCTION

**389,500 sq m**



VACANCY RATE

**3.8%**

- The main road of the Karlovy Vary Region is the unfinished D6 highway (Cheb - Sokolov - Karlovy Vary), which should be completed in 2027. Currently, the highway is connected to Germany by road I/6.
- Most of the existing warehouse space is located the vicinity of Cheb, close to the D6 highway.
- The unemployment rate was 4.4% in December 2023.
- In Q4 2023, gross take-up amounted to 57,300 sq m, pre-leases only.



Current Rent

**€5.60 – 6.00 sq m/month**

## LIBEREC REGION



TOTAL STOCK

**398,000 sq m**



NEW SUPPLY Q4 2023

**17,900 sq m**



UNDER CONSTRUCTION

**48,500 sq m**



VACANCY RATE

**0.0%**

- The region is connected to Prague via the D10 highway, which leads from Prague to Turnov, where it terminates and connects to the I / 35 expressway, which continues to the regional city of Liberec. Passing through the region is the European route E65 running in the direction, Prague, Harrachov, Poland. There are other first-class roads which connect the region with Germany.
- The unemployment rate was 3.9% in December 2023.
- In Q4 2023, gross take-up amounted to 27,000 sq m, out of which net take-up represented 62%.



Current Rent

**€6.00 – 7.00 sq m/month**

## OLOMOUC AND ZLÍN REGIONS



TOTAL STOCK

**678,000 sq m**



NEW SUPPLY Q4 2023

**11,500 sq m**



UNDER CONSTRUCTION

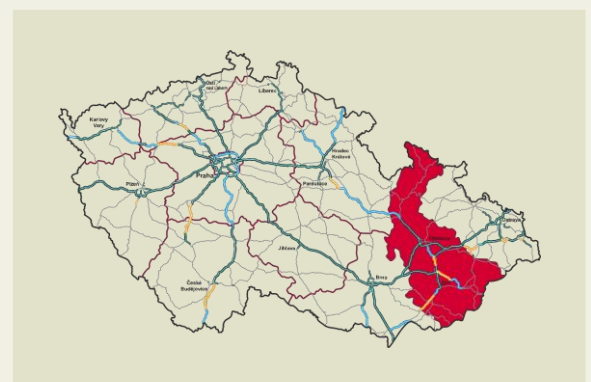
**70,200 sq m**



VACANCY RATE

**2.6%**

- The unfinished D1 highway passes through the region but is connected to the regional city of Olomouc by the fully completed D46 highway and the unfinished D35 highway (the so-called northern backbone route, which will connect Bohemia with Moravia). The main highway of the Zlín Region will be the D55 highway, which is under construction and after its completion in 2031 will connect Olomouc with the South Moravian Region through the territory of the Zlín Region. The D49 motorway, which will connect eastern Moravia with western Slovakia, is also under construction.
- In December 2023, the unemployment rate was 3.8% in Olomouc Region and 2.9% in Zlín Region.
- In Q4 2023, gross take-up amounted to 12,000 sq m represented by new leases only.



Current Rent

**€5.50 – 6.40 sq m/month**

## MORAVIA-SILESIA REGION



TOTAL STOCK

**1.23 m sq m**



NEW SUPPLY Q4 2023

**56,600 sq m**



UNDER CONSTRUCTION

**52,200 sq m**



VACANCY RATE

**6.2%**

- The main regional road is the D1 highway, which connects the region with the entire country and Polish A1 highway. The unfinished D48 motorway also passes through the region. After its completion will form part of the third capacity connection between the Czech Republic and Slovakia.
- The unemployment rate was 5.2% in December 2023.
- In Q4 2023, gross take-up amounted to 21,200 sq m, out of which net take-up represented 72%.



Current Rent

**€5.20 – 6.50 sq m/month**

## PLZEŇ REGION



TOTAL STOCK

**1.73 m sq m**



NEW SUPPLY Q4 2023

**50,600 sq m**



UNDER CONSTRUCTION

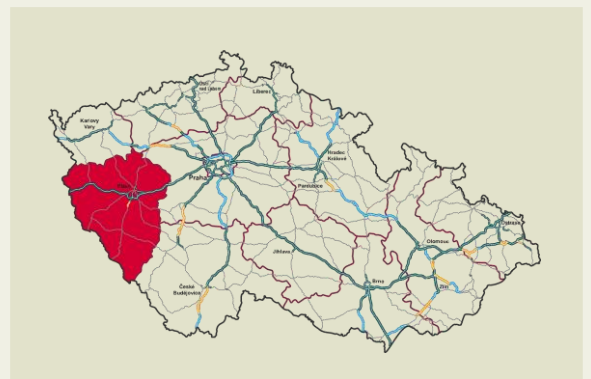
**194,800 sq m**



VACANCY RATE

**3.8%**

- An important D5 highway is passing through the region. It leads from Prague around Plzeň to Germany.
- The Plzeň Region is the second largest logistics market in the Czech Republic after Prague, most of the existing warehouse space is located around the regional city of Plzeň.
- The unemployment rate was 2.9% in December 2023.
- In Q4 2023, gross take-up amounted to 1,800 sq m represented by renegotiations only.



Current Rent

**€5.15 – 8.00 sq m/month**

## ÚSTÍ NAD LABEM REGION



TOTAL STOCK

**841,900 sq m**



NEW SUPPLY Q4 2023

**89,800 sq m**



UNDER CONSTRUCTION

**97,600 sq m**



VACANCY RATE

**4.7%**

- The region has an important transport position given by the link to the European Union. The D8 highway is passing through the region. It leads from Prague to the state border with Germany, where it links to the German A17 highway. Another strategic communication is the planned, partly under construction and operational D7 highway leading from Prague to Chomutov and further to the border with Germany. The Labe (Elbe) River is an important artery of shipping that connects the inland Czech Republic with the North Sea.
- The unemployment rate was 5.7% in December 2023.
- In Q4 2023, gross take-up amounted to 16,500 sq m represented by new leases only.



**Current Rent**

**€5.20 – 6.20 sq m/month**

## VYSOČINA REGION



TOTAL STOCK

**260,200 sq m**



NEW SUPPLY Q4 2023

**6,200 sq m**



UNDER CONSTRUCTION

**0 sq m**



VACANCY RATE

**0.0%**

- The road and railway network in the region is strategic from the national as well as European point of view. The territory is a part of Central-European urbanised axis (Berlin – Prague - Vienna / Bratislava - Budapest). The D1 highway thus serves both the national and European transport.
- The unemployment rate was 3.1% in December 2023.
- No new take-up was realized in Q4 2023.



**Current Rent**

**€6.00 – 7.50 sq m/month**

## DEFINITIONS

**Total stock:** Modern developer-led warehouse and industrial production space of A class quality (including built-in offices) owned by a developer or investor for lease excluding owner-occupied stock.

**New supply:** Completed newly built buildings that obtained a use permit in the given period.

**Take-up:** Total floor space let or pre-let to tenants over a specified period of time for a period longer than one year. Gross take-up also includes renegotiations and contract extensions. Net take-up includes new contracts, expansion of existing premises or pre-leases.

**Prime headline rent:** Achieved rents that relate to new prime, high specification units of 4,000-5,000 sq m in prime locations. Effective rents represent the achievable average rents including rent free period.

**Current rent:** Rent offered on the market in class A premises with an area of 4,000 - 5,000 sq m in a given period.

**Unemployment rate:** Share of unemployed persons (per population aged 15-64) .

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We are passionate about answering your questions. If you've got one about our research or you would like some property advice, we would love to hear from you.



**Lenka Šindelářová**  
Head of Research and Consultancy  
+420 602 773 592  
[lenka.sindelarova@cz.knightfrank.com](mailto:lenka.sindelarova@cz.knightfrank.com)



**Pavla Kubíková**  
Senior Researcher  
+420 720 028 221  
[pavla.kubikova@cz.knightfrank.com](mailto:pavla.kubikova@cz.knightfrank.com)



**Markéta Vrbasová**  
Director | Head of Industrial & Logistics  
+420 724 325 331  
[marketa.vrbasova@cz.knightfrank.com](mailto:marketa.vrbasova@cz.knightfrank.com)