Industrial Market Czech Republic

Q3 2024

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

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Total stock	12.4 m sq m
New supply Q3 2024	186,900 sq m
Under construction	1.3 m sq m
Vacancy rate	4.5%

In Q3 2024, the total lettable modern warehouse and industrial area reached 12.4 million sq m.

New supply reached 186,900 sq m, the highest volume of new completions was recorded in the South Moravian Region (27%).

In total 1.3 million sq m were under construction, with the largest construction taking place in the Karlovy Vary Region (30%).

The vacancy rate increased again to 4.5% in Q3 2024. This brings the vacancy rate back to pre-Covid levels.

In Q3 2024, the current rental range for warehouse and industrial premises was at the level of €4.50 - 7.50 sq m/month.

In Q3 2024, gross take-up reached 335,300 sq m, 39% of which were renegotiations.

„The industrial real estate market in the third quarter of 2024 could be characterised by a slowdown in speculative development, an increase in vacancy rates to pre-Covid levels, pressure from tenants to reduce rental prices, and fewer large-scale logistics tenders.

Companies continue to focus on optimising warehousing processes and exploring the potential of modern technologies, including artificial intelligence. There is growing demand for the necessary revitalisation of warehouses that are over 10 years old.

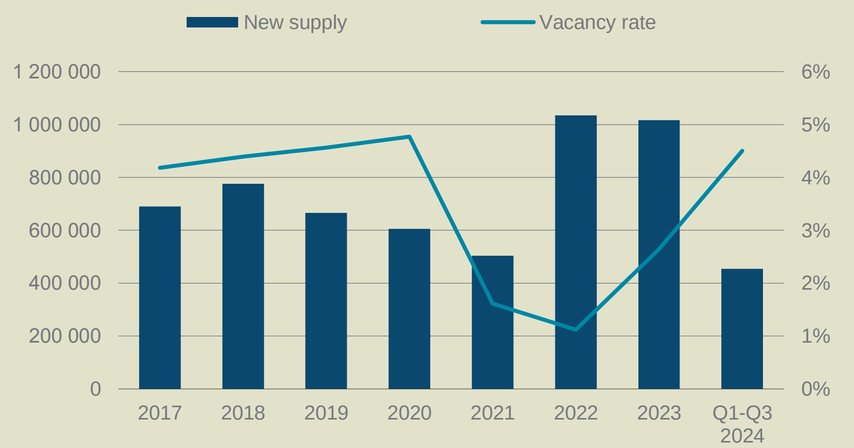
Following a healthy correction of asking rents around Prague, older "A-grade" spaces on major motorway routes are now being rented at approximately 7.00 – 7.20 EUR/sq m/month, with additional incentives such as rent-free periods or other types of financial contributions. However, vacancy rates in Prague itself remain very low, at 2.3%. Newly speculatively built warehouses in Prague are achieving rental levels of up to 7.50 EUR/sq m/month.

Some landlords are also once again offering the option to fix the level of indexation, which was a major concern for many tenants during the Covid period, as the increase had a significant impact on their operating costs.“

MARKÉTA VRBASOVÁ
DIRECTOR, HEAD OF INDUSTRIAL & LOGISTICS

New supply and vacancy rate

sq m, %



Source: Knight Frank Research

12,400,000 sq m

In Q3 2024, the total lettable modern warehouse and industrial area exceeded 12.4 million sq m.

INDUSTRIAL MARKET OVERVIEW

In Q3 2024, the total lettable modern warehouse and industrial stock exceeded 12.4 million sq m. The largest logistics market remained the Greater Prague area, which represented 29% of the total supply. Greater Prague remained the largest logistics market, representing 29% of the total offer. In second place was the Plzeň Region with 14% and in third place was the South Moravian Region with 12%. This was followed by the Moravian-Silesian Region with more than 10% and the Central Bohemian Region with 8%.

In Q3 2024, 186,900 sq m was newly completed in 11 industrial parks, 16% less year-on-year. In comparison to the previous quarter, however, there was an increase of 43%. New premises were completed in seven regions, most in the South Moravian Region (27%). This was followed by the Liberec and the Ústí nad Labem regions, each accounting for 20% of the total new supply.

The largest completed projects in Q3 2024 was a 51,100 sq m hall in CTPark Blučina, which was fully let at the time of completion to Inventec company, that manufactures and develops electronic and information technology products. This was followed by a hall in Panattoni Park Kladno South with a lettable area of 20,900 sq m, let to Hanon Systems company and a hall in CTPark Žatec with 18,500 sq m let to FIEGE company.

At the end of Q3 2024, 1.3 million sq m of warehouse and industrial space (including projects in the shell & core state) were under construction. Construction took place on the territory of most regions, with the exception of the Hradec Králové, the Pardubice and the Zlín regions. The highest shares of construction were in the Karlovy Vary Region (30%), the Plzeň Region (15%) and the Moravian-Silesian Region (14%). The Greater Prague area accounted for 8%.

The vacancy rate rose again to 4.5% in Q3 2024, up from 3.5% in the previous quarter. This brings the vacancy rate back to pre-Covid levels, when it reached 4.8% at the end of 2020, after which it declined (influenced by the high demand caused by Covid) until the end of 2022, when it started to gradually increase again. In Q3 2024, the quarter-on-quarter vacancy rate increased the most in the Plzeň Region by 4.2 percentage points, the Liberec Region by 3.4 percentage points and the Ústí nad Labem Region by 2.2 percentage points. It also increased slightly in the Olomouc / Zlín Region by 1.0 percentage points and in the Moravian-Silesian Region by 0.7 percentage points. The vacancy rate in the Greater Prague area also increased slightly to 2.3%. The vacancy decreased slightly in two regions, namely in the Central Bohemian Region and the South Moravian Region. In the other regions it remained unchanged.

RENTS

In Q3 2024, the current rent range for warehouse and industrial premises in the Czech Republic was at the level of €4.50 - 7.50 sq m/month. Rents are decreasing slightly as the availability rises and demand returns to pre-Covid levels.

The average current rent decreased by 5% year-on-year in Q3 2024. We recorded a year-on-year decrease in all regions except the South Moravian Region, where rent remained stable. The average current rent decreased most in the Olomouc / Zlín Region by 14%, in the Greater Prague area by 9% and the Moravian-Silesian Region by 7%. In the Ústí nad Labem Region, the Plzeň Region and the Vysočina Region, rents decreased by 6%.

Current Rent Range

€4.50 – 7.50 sq m/month

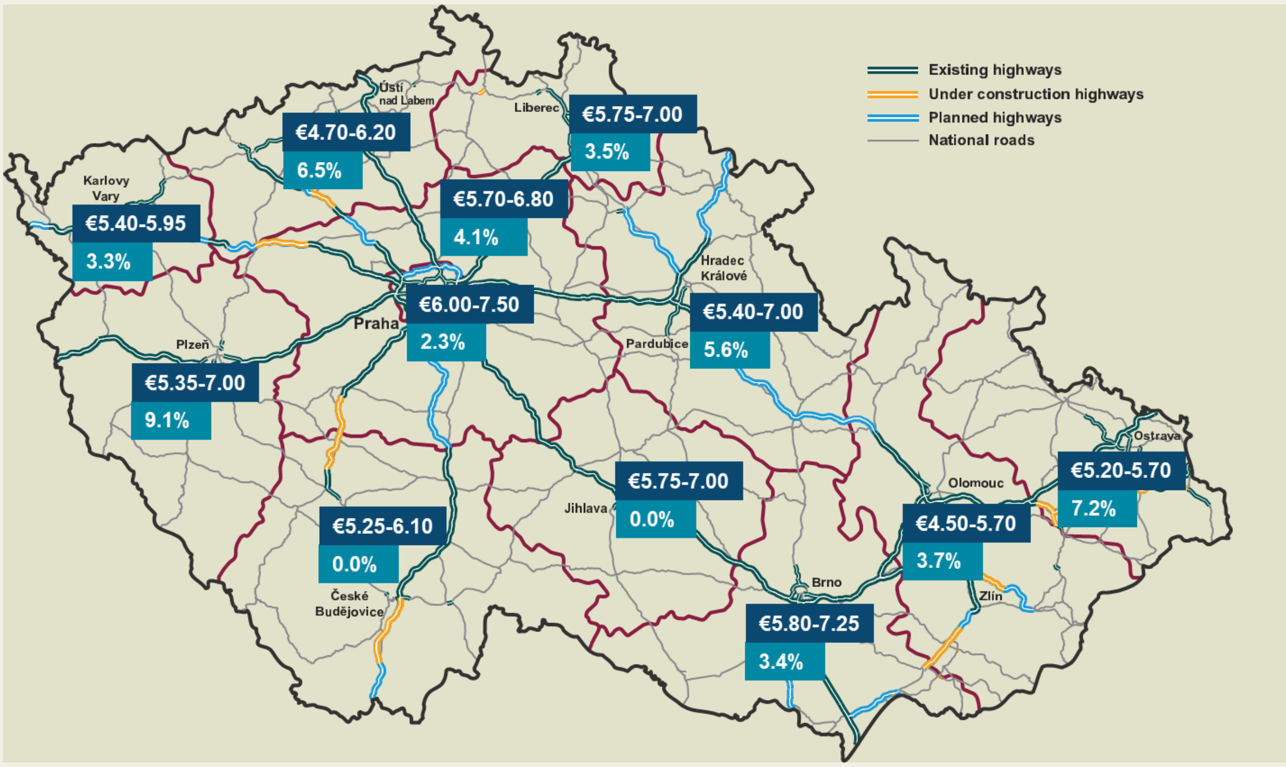
INVESTMENT

The prime industrial yield remained unchanged at 5.00% in Q3 2024. Industrial properties accounted for 29% of the total investment volume.

Prime Industrial Yield

5.00%

VACANCY RATE AND CURRENT RENT*



*Rent offered on the market in class A premises for an area of 4,000 - 5,000 sq m in Q3 2024 prior to incentives application

TAKE-UP

In Q3 2024, the gross take-up reached 335,300 sq m. Compared to same period of last year it increased by 91%, in quarter-to-quarter comparison it decreased by 23%. Compared to previous years, however, it is obvious that take-up is returning to pre-Covid levels after a significant increase in the Covid years, when it was mainly driven by e-commerce companies.

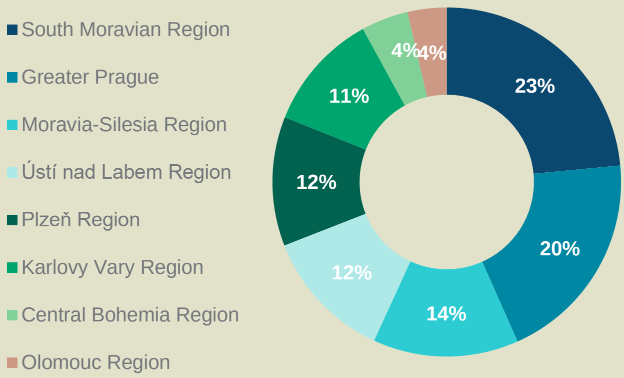
The share of renegotiations represented 39%. The largest renegotiation was concluded with GRUPO ANTOLIN OSTRAVA company in the CTPark Ostrava industrial park for 20,300 sq m, followed by a renegotiation with logistic company Raben Logistics Czech in CTPark Brno for 16,000 sq m.

In Q3 2024, the largest volume of gross take-up was recorded in eight regions. The most in the South Moravian Region (23%), mainly due to the most important lease mentioned below, then in the Greater Prague area (20%) and in the Moravian-Silesian Region (14%).

In Q3 2024, net take-up increased by 58% year-on-year and reached 203,200 sq m. Compared to the previous quarter, it decreased by 31%. The South Moravian Region (27%), the Ústí nad Labem Region (20%) and the Greater Prague area (15%) contributed the most to net demand.

Gross Take-up by Regions

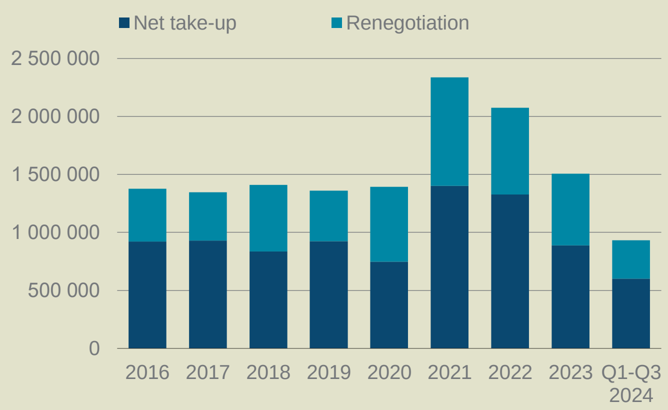
Q3 2024, %



Source: Knight Frank Research

Annual Take-up

sq m



Source: Knight Frank Research

TAKE-UP		CHANGE	
Q3 2024		Y/Y	Q/Q
Gross	335,300 sq m	+91%	-23%
Net	203,200 sq m	+58%	-31%

SIGNIFICANT NEW LEASES IN Q3 2024

PROPERTY	TENANT	SIZE (sq m)	DEAL TYPE
DMC Park Brno	ThermoFisher Scientific	54,000	Pre-lease
CTPark Žatec	Confidential	39,500	Pre-lease
CTPark Blatnice	Confidential	29,300	Pre-lease

MARKET NEWS

- ✓ CTP company has started the construction of the Zátiší Barracks project in Plzeň. On an area of almost 65,000 sq m, it plans to construct 6 buildings with a built-up area of almost 32,000 sq m. As part of the project, he will build the CTWorkshop concept, which is a new type of multi-storey building designed specifically for smaller businesses and the self-employed. The revitalisation will take place in several phases, with the first phase expected to be completed by mid-2025.

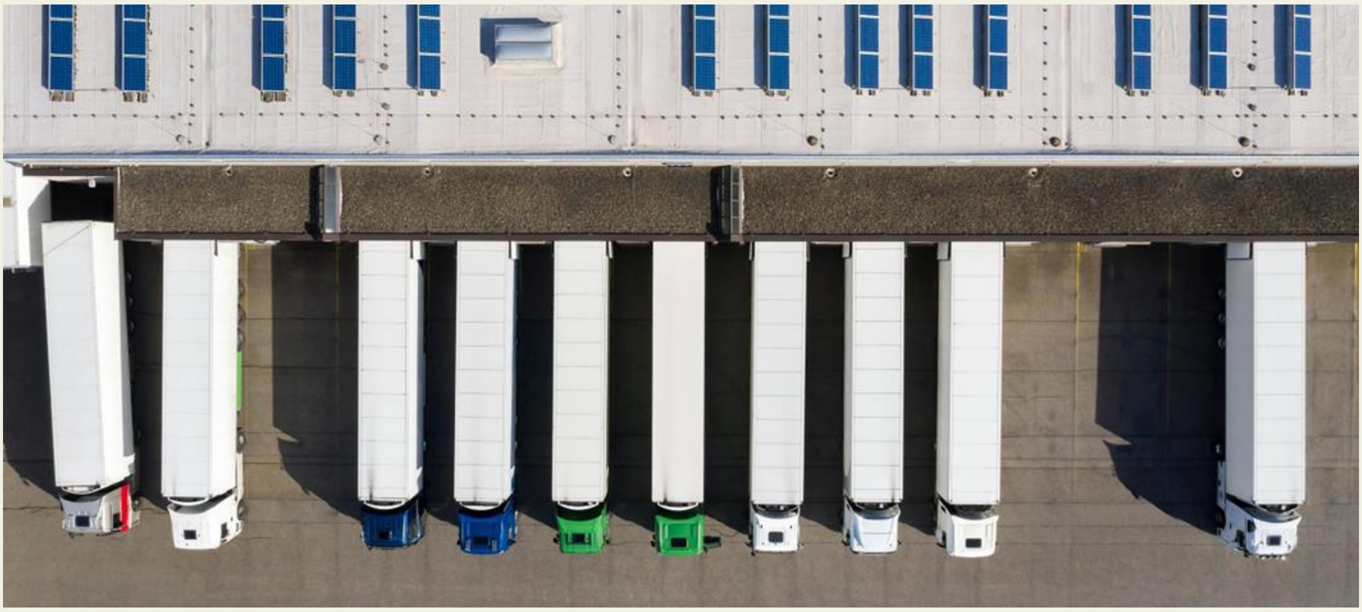
- ✓ The real estate group Urbanity has obtained a building permit for the construction of an industrial campus in Bruntál. It will be the second manufacturing campus of the Urbanity Group. It includes four extremely efficient buildings that will provide a total of 53,600 sq m of space for rent.

- ✓ The development company Panattoni has started the construction of the Panattoni Business Park Kladno for the RSJ investment group. The modern industrial complex will be built on the site of the former Poldi Kladno steelworks. Panattoni Business Park Kladno will consist of two modern halls with a total area of 88,500 sq m, of which hall A will be 55,500 sq m and hall B 33,000 sq m.

- ✓ Seven years ago, the industrial developer P3 Logistic Parks started the construction of an area for light manufacturing, assembly and logistics on the outskirts of Lovosice. The last building has now been completed there. All buildings in the park are BREEAM Excellent certified.

- ✓ VGP company continues to install rooftop photovoltaic power plants on buildings in its existing portfolio. It recently approved the second one, on the Faiveley Transport Czech company hall on the outskirts of the West Bohemian metropolis. At VGP Park Plzeň, a photovoltaic power plant with a surface area of 3,794 sq m and an output of 799.94 kWp was commissioned. Its connection to the public distribution network took place at the beginning of September.

- ✓ GLP will start the construction of the GLP Park Prague Kozomín with a total area of 7,600 sqm. Completion is planned for mid-2025. The building is aiming for BREEAM Excellent certification and will feature a number of low-energy and low-emission solutions and technologies.



GREATER PRAGUE

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
3.57 m sq m	0 sq m	107,400 sq m	2.3%

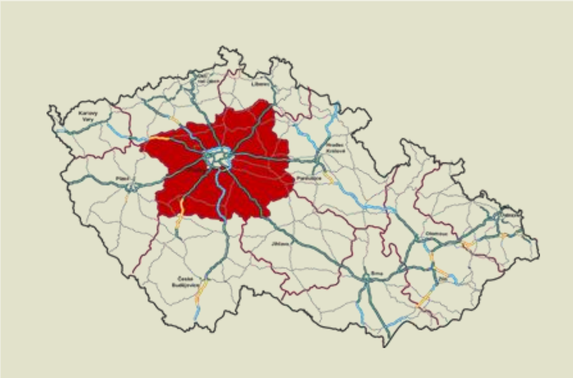
- Prague is a central point of all highway routes and is also an important international railway junction. Air transport including freight is provided mainly by the Václav Havel Airport Prague.
- The Greater Prague area is the largest warehouse and industrial market in the Czech Republic, it accounts for 29% of the country‘s total stock.
- The unemployment rate was 2.9% in September 2024.
- In Q3 2024, gross take-up amounted to 66,600 sq m, out of which net take-up represented 47%.

Current Rent
€6.00 – 7.50 **sq m/month**

CENTRAL BOHEMIAN REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
972,800 sq m	33,200 sq m	88,000 sq m	4.1%

- 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 September 2024.
- In Q3 2024, gross take-up amounted to 14,700 sq m in a single new lease.

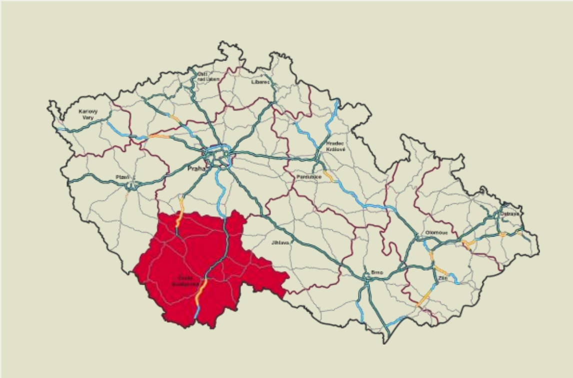


Current Rent
€5.70 –6.80 **sq m/month**

SOUTH BOHEMIAN REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
143,900 sq m	8,600 sq m	38,300 sq m	0.0%

- 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 September 2024.
- No new take-up was realized in Q3 2024.



Current Rent
€5.25 – 6.10 sq m/month

SOUTH MORAVIAN REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
1.51 m sq m	51,100 sq m	81,000 sq m	3.4%

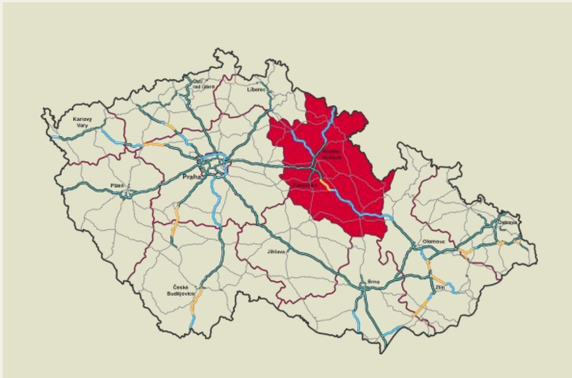
- The South Moravian Region has an important transit function. An important regional transport hub in the case of road, motorway, railway and air transport is the city Brno, which is situated at the highway intersection in the direction of Prague (D1), Bratislava (D2), Olomouc (D46) and Vienna (D52). 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 September 2024.
- In Q3 2024, gross take-up amounted to 54,500 sq m, out of which net take-up represented 69%.

Current Rent
€5.80 –7. 25 sq m/month

HRADEC KRÁLOVÉ AND PARDUBICE REGIONS

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
471,300 sq m	0 sq m	0 sq m	5.6%

- 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 September 2024, the unemployment rate was 3.2% in Pardubice Region and 3.3% in Hradec Králové Region.
- No new take-up was realized in Q3 2024.



Current Rent
€5.40 – 7.00 sq m/month

KARLOVY VARY REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
455,900 sq m	0 sq m	386,200 sq m	3.3%

- 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 4.6% in September 2024.
- In Q3 2024, gross take-up amounted to 36,800 sq m, out of which net take-up represented 56%.

Current Rent
€5.40 –5.95 sq m/month

LIBEREC REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
434,700 sq m	36,800 sq m	11,700 sq m	3.5%

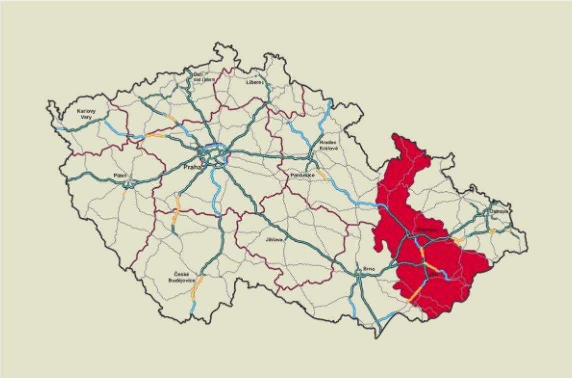
- The region is connected to Prague via the D10 highway, which leads from Prague to Turnov, where it terminates and connects to the I / 35 expressway, which continues to the regional city of Liberec. Passing through the region is the European route E65 running in the direction, Prague, Harrachov, Poland. There are other first-class roads which connect the region with Germany.
- The unemployment rate was 4.2% in September 2024.
- No new take-up was realized in Q3 2024.

Current Rent
€5.75 – 7.00 **sq m/month**

OLOMOUC AND ZLÍN REGIONS

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
704,900 sq m	18,500 sq m	87,100 sq m	3.7%

- 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 September 2024, the unemployment rate was 4.1% in Olomouc Region and 3.1% in Zlín Region.
- In Q3 2024, gross take-up amounted to 12,100 sq m, out of which net take-up represented 7%.



Current Rent
€4.50 –5.70 **sq m/month**

MORAVIA-SILESIA REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
1.26 m sq m	1,200 sq m	176,000 sq m	7.2%

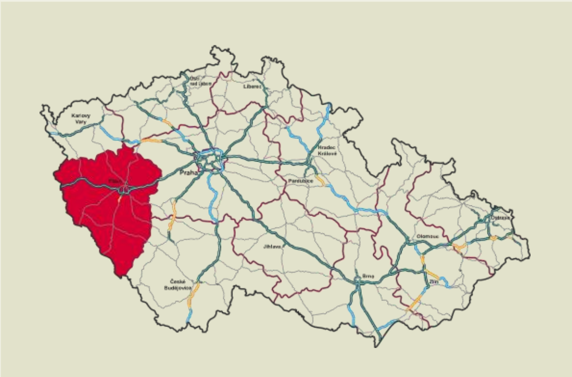
- The main regional road is the D1 highway, which connects the region with the entire country and Polish A1 highway. The unfinished D48 motorway also passes through the region. After its completion it will form part of the third capacity connection between the Czech Republic and Slovakia.
- The unemployment rate was 5.6% in September 2024.
- In Q3 2024, gross take-up amounted to 45,300 sq m, out of which net take-up represented 21%.

Current Rent
€5.20 – 5.70 sq m/month

PLZEŇ REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
1.77 m sq m	0 sq m	188,600 sq m	9.1%

- 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 3.0% in September 2024.
- In Q3 2024, gross take-up amounted to 40,100 sq m, out of which net take-up represented 76%.

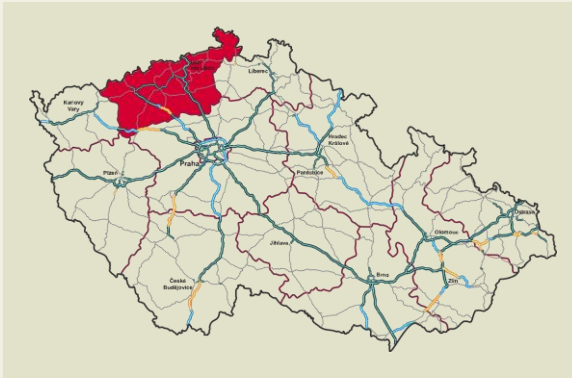


Current Rent
€5.35 –7.00 sq m/month

ÚSTÍ NAD LABEM REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
879,500 sq m	37,600 sq m	92,200 sq m	6.5%

- 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 6.2% in September 2024.
- In Q3 2024, gross take-up amounted to 41,000 sq m represented by new leases only.



Current Rent
€4.70 – 6.20 sq m/month

VYSOČINA REGION

TOTAL STOCK	NEW SUPPLY Q3 2024	UNDER CONSTRUCTION	VACANCY RATE
260,200 sq m	0 sq m	43,000 sq m	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 3.0% in September 2024.
- No new take-up was realized in Q3 2024.

Current Rent
€5.75 – 7.00 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.

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 prior to incentives application.

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

If you've got one about our research or you would like some property advice, we would love to hear from you.

Author:

Pavla Kubíková
Senior Researcher
+420 720 028 221
pavla.kubikova@cz.knightfrank.com

Lenka Šindelářová
Head of Research & Consultancy
+420 602 773 592
lenka.sindelarova@cz.knightfrank.com

Markéta Vrbasová
Director | Head of Industrial & Logistics
+420 724 325 331
marketa.vrbasova@cz.knightfrank.com
