

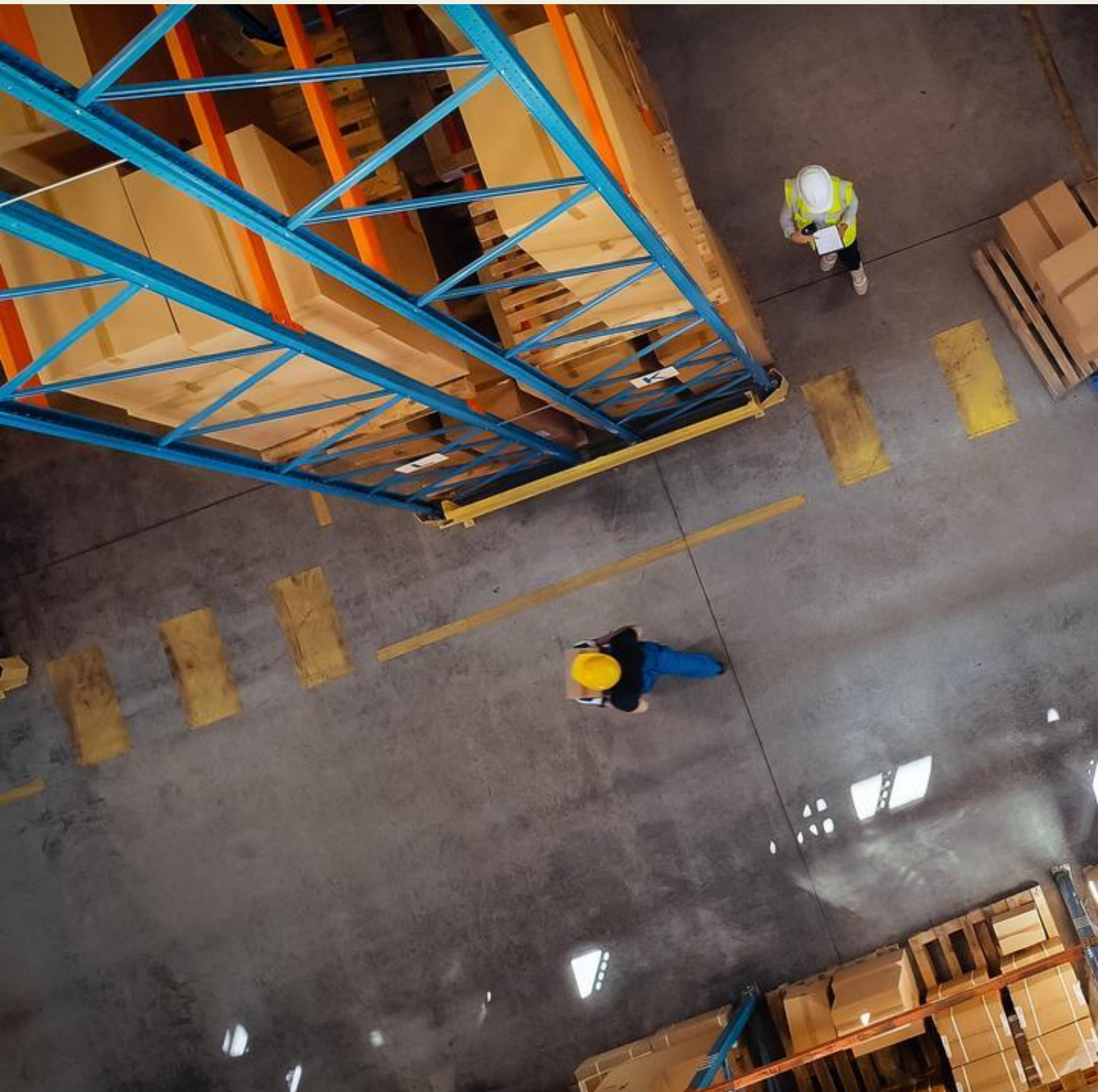
# Industrial Market Czech Republic



Q1 2024

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

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Total stock		12.1 m sq m
New supply Q1 2024		135,600 sq m
Under construction		1.2 m sq m
Vacancy rate		3.0%

In Q1 2024, the total lettable modern warehouse and industrial area exceeded 12 million sq m.

New supply reached 135,600 sq m, the highest volumes of new completions were recorded in the Karlovy Vary Region (45%) and the South Moravian Region (26%).

In total 1.2 million sq m were under construction, with the largest construction taking place in the Karlovy Vary Region (29%).

The vacancy rate increased again to 3.0% in Q1 2024. The vacancy rate in the Greater Prague area also increased but remained at a low level of 1.2%.

In Q1 2024, the current rental range for warehouse and industrial premises was at the level of €5.00 - 7.70 sq m/month.

In Q1 2024, gross take-up reached almost 160,000 sq m, 35% of which were renegotiations.

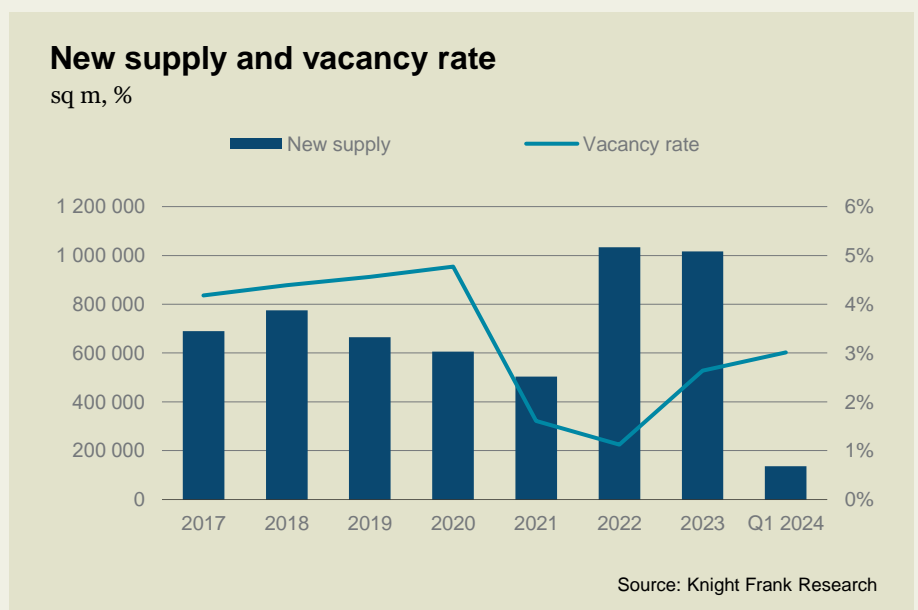
„In the first quarter of this year, we recorded the lowest take-up in the last 15 years. Year-on-year it decreased by 54%, and quarter-on-quarter by 61%. The strongest demand remained in the Greater Prague area, with only 100,000 sq m of new lease agreements signed across the Czech Republic.

The standard duration of new contracts remains at a five-year period, with continued primary emphasis from both tenants and landlords on securing sustainable and energy self-sufficient properties.

Only 136,500 sq m of new space was completed, representing a year-on-year decrease of 47%, however, there is an increase in buildings in the shell and core state. Developers are moving away from speculative construction and are fully focused on occupying new, previously unoccupied spaces. In this regard, their flexibility in terms of incentives and unit prices is increasing.

The current rent level of €5.00 – 7.70 sq m/month represents a year-on-year decrease of 4%, and although vacancy is increasing due to the drop in take-up, it is still at a very healthy level. The market continues to add more subleasing options even in units of 10,000 sq m sizes. There is a market correction evident back to the pre-COVID levels.

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



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# 12,070,000 sq m

In Q1 2024, the total lettable modern warehouse and industrial area exceeded 12 million sq m.

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## INDUSTRIAL MARKET OVERVIEW

In Q1 2024, the total lettable modern warehouse and industrial stock exceeded 12 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 Q1 2024, 135,600 sq m of new space was completed in 6 industrial parks, 53% less than in the previous quarter. In a year-on-year comparison, it was 47% less. New premises were completed in only four regions. The most in the Karlovy Vary Region (45%), followed by the South Moravian Region (26%), the Moravian-Silesian Region (16%) and the Plzeň Region (13%). However, there is an increase in buildings in the shell & core state.

The largest completed project in Q1 2024 was a 60,900 sq m hall in Panattoni Park Cheb, fully let to an undisclosed manufacturing company at the time of completion. This was followed by a 29,700 sq m hall in CTPark Brno let to multiple companies. The third largest completed project was a hall in Contera Park Ostrava D1 with a lettable area of 21,600 sq m, which was partially leased to Sportisimo.

At the end of Q1 2024, there were 1.2 million sq m of warehouse and production space under construction (including projects in shell & core state), compared to 1.3 million sq m in the same period last year. The largest construction took place in the Karlovy Vary Region (29%), followed by the Plzeň Region (15%), South Moravian Region (11%) and Greater Prague area (also 11%).

The vacancy rate rose again to 3.0% in Q1 2024, from 2.6% in the previous quarter. The vacancy rate also increased in the Greater Prague area but remained at a low level of 1.2%. Quarter-on-quarter vacancy increased slightly in six regions, the most in the Central Bohemian Region (plus 1.6 percentage points) and the Pilsen Region (plus 1.0 percentage points). A slight decrease in vacancy (minus 0.7 percentage points) was recorded in the Ústí nad Labem Region and in the Karlovy Vary Region (minus 0.5 percentage points). In the other regions, the vacancy rate remained more or less unchanged.



## RENTS

In Q1 2024, the current rent range for warehouse and industrial premises in the Czech Republic was at the level of €5.00 - 7.70 sq m/month.

The average current rent decreased by 4% year-on-year in Q1 2024. We recorded a year-on-year correction in six regions, the largest in the Plzeň Region (-11%), the Vysočina Region (-10%), the Olomouc / Zlín Region (-9%) and the Moravian-Silesian Region (-7%). A slight year-on-year increase was recorded only in the Hradec Králové / Pardubice region (+3%).

### Current Rent Range



**€5.00 – 7.70** sq m/month

## INVESTMENT

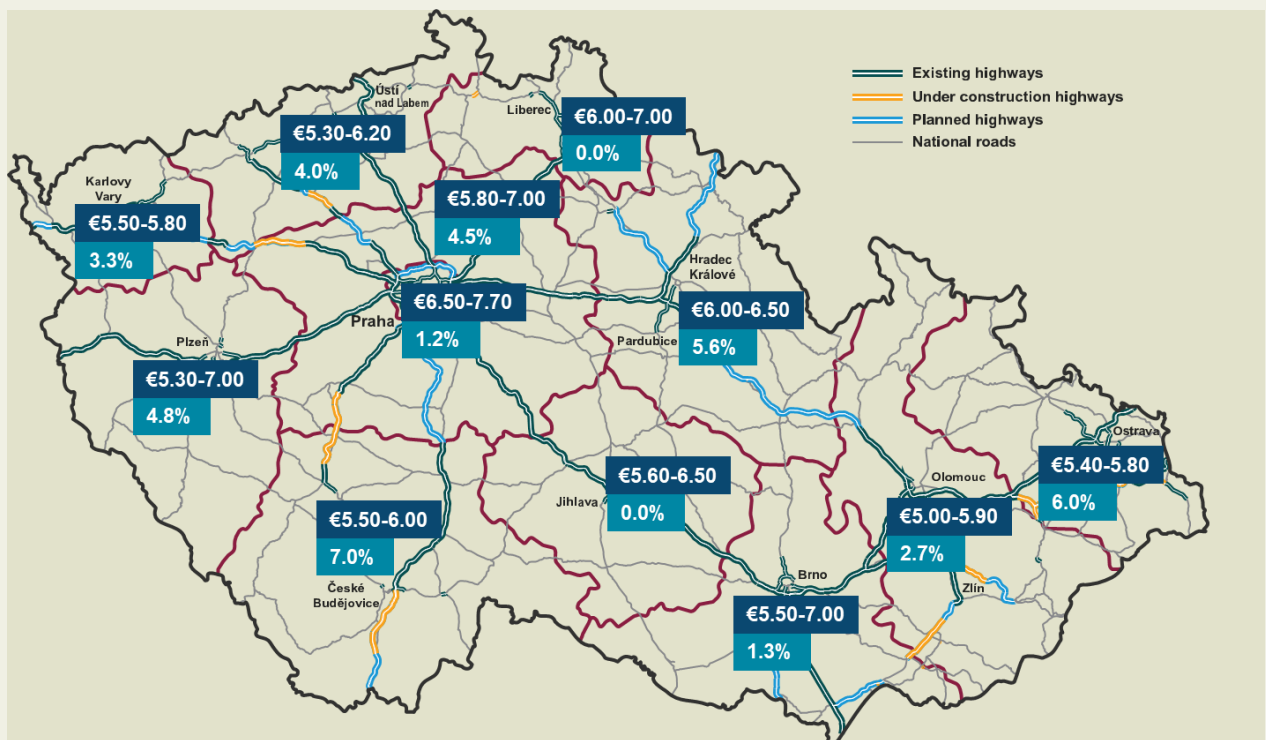
In 2023 and also in Q1 2024, the prime industrial yield stayed unchanged at 5.00%. However, we may still see some minor yield decompression until the end of this year. In Q1 2024, industrial properties accounted for 4% of the total investment volume.



### 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 Q1 2024.

## TAKE-UP

In Q1 2024, the gross take-up reached record low volume of 157,400 sq m. This is the lowest level of quarterly gross take-up since the end of 2009.

Compared to the previous quarter, gross take-up fell by 61%. In a year-on-year comparison, it decreased by 54%.

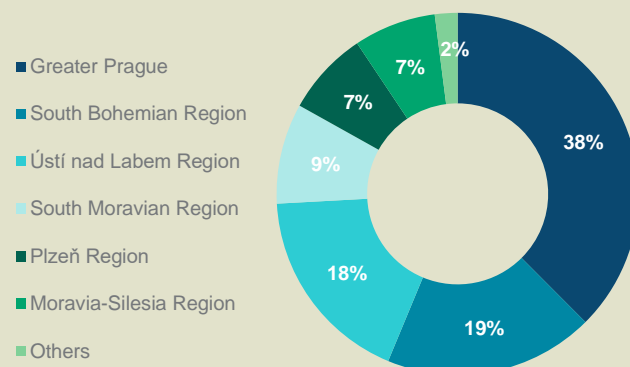
The share of renegotiations represented 35%. The largest renegotiation was concluded with CzechPak Manufacturing in CTPark Teplice for 12,400 sq m, followed by a renegotiation with Barvy Laky in the P3 Prague Horní Počernice industrial park for 10,500 sq m.

In Q1 2024, the largest gross take-up occurred in eight regions, most in the Greater Prague area (38%), the South Bohemian Region (19%) and the Ústí nad Labem Region (18%).

In Q1 2024, net take-up fell by 62% year-on-year to 102,500 sq m. Compared to the previous quarter, it decreased by 55%. The South Moravian Region (29%) and Greater Prague (26%) contributed the most to net demand.

## Gross Take-up by Regions

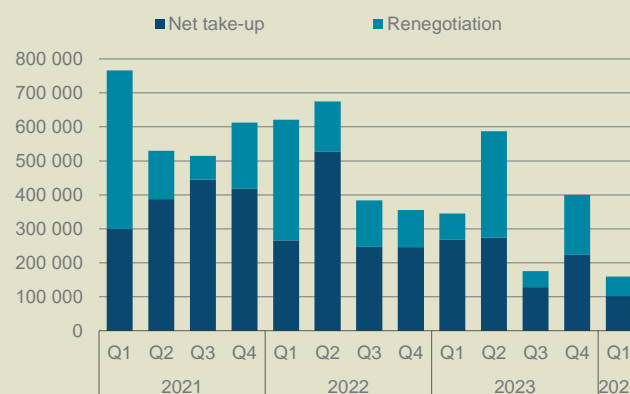
Q1 2024, %



Source: Knight Frank Research

## Quarterly Take-up

sq m



Source: Knight Frank Research

TAKE-UP		CHANGE	
Q1 2024		Y/Y	Q/Q
Gross	157,400 sq m	-54%	-61%
Net	102,500 sq m	-62%	-55%

## SIGNIFICANT NEW LEASES IN Q1 2024

PROPERTY	TENANT	SIZE (sq m)	DEAL TYPE
Garbe Park České Budějovice	Confidential	29,500	Pre-lease
Prologis Park Pilsen-Štěnovice	Confidential	11,800	New lease
CTPark Prague North	Fulfillment	8,400	Pre-lease

## MARKET NEWS

- ✓ 7R company is entering the Czech market as part of its strategic expansion. This is the company's first foreign project. It has been growing rapidly on the Polish market for 15 years. 7R specializes in the construction of innovative, environmentally friendly warehouse and production facilities adapted to the needs of customers. It has already obtained a building permit for its first project R7 Park Lavičky (26,000 sq m).
- ✓ VGP NV and Areim Pan-European Logistics Fund signed the first seed closing between VGP and their 50:50 joint venture, Saga. The transaction comprises 17 logistics buildings in 10 VGP Parks. The properties are located in Germany (6 parks, 8 buildings), the Czech Republic (3 parks, 5 buildings) and Slovakia (1 park, 4 buildings).
- ✓ The cornerstone was laid for the new AIR DEPO Tuchoměřice logistics complex, developed by KKIG Holding, located in close proximity to Václav Havel Airport. The complex will comprise of more than 40,000 sq m lettable area in eight buildings.
- ✓ Next year P3 Logistic Parks will introduce a new facility capable of housing an entire train set. P3 Lovosice Cargo (42,300 sq m) was designed for transshipment between road and rail transport, an enticing prospect amidst the heightened urgency to curb emissions within supply chains. Loading and unloading takes place under the roof as in any other cross dock.



## GREATER PRAGUE



TOTAL STOCK

**3.51 m sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

**140,000 sq m**



VACANCY RATE

**1.2%**

- 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 2.9% in March 2024.
- In Q1 2024, gross take-up amounted to 59,100 sq m, out of which net take-up represented 46%.



**Current Rent**

**€6.50 – 7.70 sq m/month**

## CENTRAL BOHEMIAN REGION



TOTAL STOCK

**889,900 sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

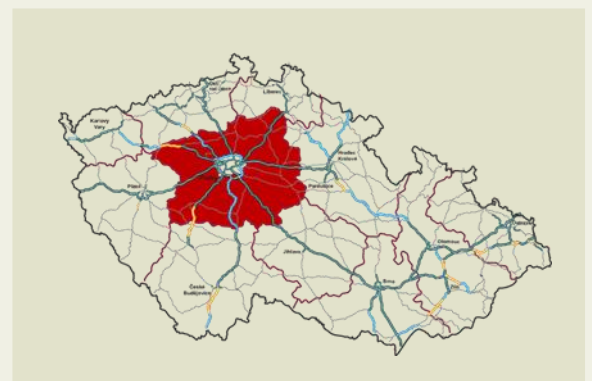
**83,700 sq m**



VACANCY RATE

**4.5%**

- 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 March 2024.
- No new take-up was realized in Q1 2024.



**Current Rent**

**€5.80 – 7.00 sq m/month**



## SOUTH BOHEMIAN REGION



TOTAL STOCK

**135,300 sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

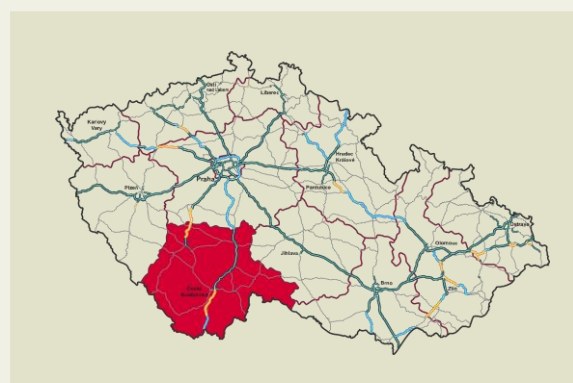
**38,100 sq m**



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 3.3% in March 2024.
- In Q1 2024, gross take-up amounted to 29,500 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 Q1 2024

**35,700 sq m**



UNDER CONSTRUCTION

**141,400 sq m**



VACANCY RATE

**1.3%**

- 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 March 2024.
- In Q1 2024, gross take-up amounted to 14,100 sq m, out of which net take-up represented 42%.



Current Rent

**€5.50 – 7.00 sq m/month**



## HRADEC KRÁLOVÉ AND PARDUBICE REGIONS



TOTAL STOCK

**471,300 sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

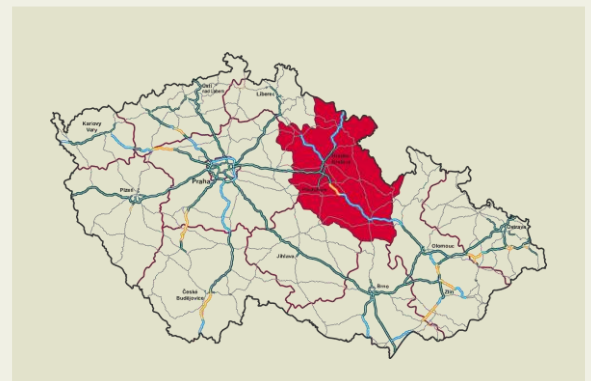
**0 sq m**



VACANCY RATE

**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 March 2024, the unemployment rate was 3.1% in Pardubice Region and 3.3% in Hradec Králové Region.
- In Q1 2024, gross take-up amounted to 2,300 sq m in a single new lease.



**Current Rent**

**€6.00 – 6.50 sq m/month**

## KARLOVY VARY REGION



TOTAL STOCK

**455,900 sq m**



NEW SUPPLY Q1 2024

**60 900 sq m**



UNDER CONSTRUCTION

**355,900 sq m**



VACANCY RATE

**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 March 2024.
- No new take-up was realized in Q1 2024.



**Current Rent**

**€5.50 – 5.80 sq m/month**

## LIBEREC REGION



TOTAL STOCK

**398,000 sq m**



NEW SUPPLY Q1 2024

**0 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 4.2% in March 2024.
- No new take-up was realized in Q1 2024.



Current Rent

**€6.00 – 7.00 sq m/month**

## OLOMOUC AND ZLÍN REGIONS



TOTAL STOCK

**678,900 sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

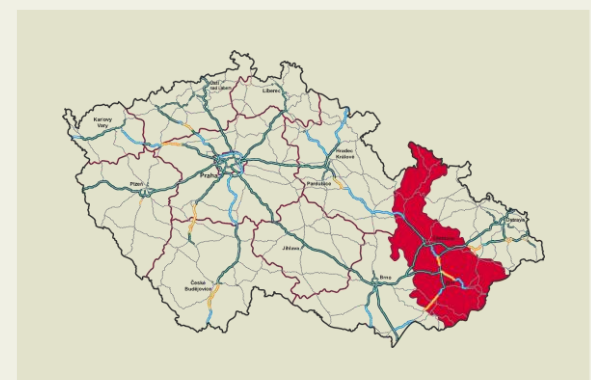
**80,300 sq m**



VACANCY RATE

**2.7%**

- 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 March 2024, the unemployment rate was 4.1% in Olomouc Region and 3.1% in Zlín Region.
- In Q1 2024, gross take-up amounted to 900 sq m represented by new leases only.



Current Rent

**€5.00 – 5.90 sq m/month**

## MORAVIA-SILESIA REGION



TOTAL STOCK

**1.25 m sq m**



NEW SUPPLY Q1 2024

**21,600 sq m**



UNDER CONSTRUCTION

**52,200 sq m**



VACANCY RATE

**6.0%**

- 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 5.4% in March 2024.
- In Q1 2024, gross take-up amounted to 11,600 sq m, out of which net take-up represented 82%.



Current Rent

**€5.40 – 5.80** sq m/month

## PLZEŇ REGION



TOTAL STOCK

**1.75 m sq m**



NEW SUPPLY Q1 2024

**17,400 sq m**



UNDER CONSTRUCTION

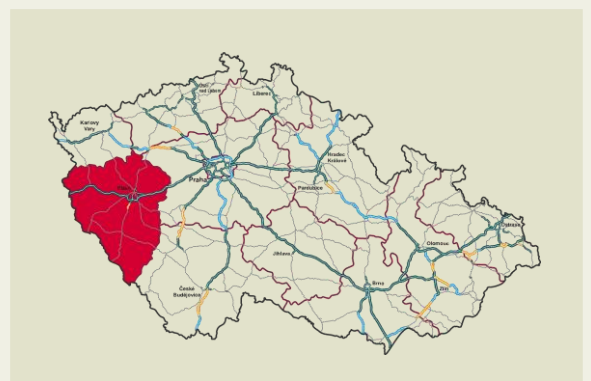
**179,400 sq m**



VACANCY RATE

**4.8%**

- 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 3.1% in March 2024.
- In Q1 2024, gross take-up amounted to 12,000 sq m in a single new lease.



Current Rent

**€5.30 – 7.00** sq m/month



## ÚSTÍ NAD LABEM REGION



TOTAL STOCK

**841,900 sq m**



NEW SUPPLY Q1 2024

**0 sq m**



UNDER CONSTRUCTION

**120,600 sq m**



VACANCY RATE

**4.0%**

- 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 6.0% in March 2024.
- In Q1 2024, gross take-up amounted to 28,100 sq m, out of which net take-up represented 56%.



**Current Rent**

**€5.30 – 6.20 sq m/month**

## VYSOČINA REGION



TOTAL STOCK

**260,200 sq m**



NEW SUPPLY Q1 2024

**0 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 March 2024.
- No new take-up was realized in Q1 2024.



**Current Rent**

**€5.60 – 6.50 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.

**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.

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