

SLOVAKIA

Industrial Market Snapshot

Second Quarter | 2017



MARKET INDICATORS

Market Outlook

- Prime Rents: Prime rents remain stable in all submarkets. ▶
- Prime Yields: Prime yields are stable and are expected to remain at their current levels throughout the rest of 2017. ▶
- Supply: New projects in construction are quickly pre-leased. ▶
- Demand: Slovakia continues to enjoy a high level of demand in its industrial sector. ▶

Prime Industrial Rents – June 2017

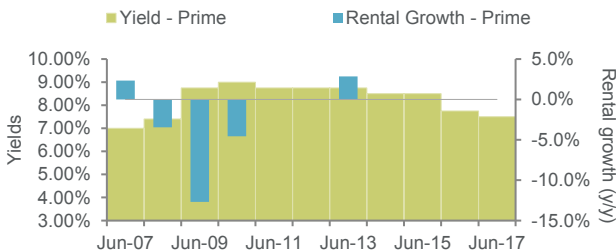
LOGISTICS LOCATIONS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Bratislava	3.60	43.2	4.48	0.0	0.6

Prime Industrial Yields – June 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR	
				HIGH	LOW
Bratislava	7.50	7.50	7.75	9.00	7.00

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Overview

Due to positive economic trends in both Slovakia and the wider Eurozone, the Slovakian industrial market continues to expand. GDP growth of 3.3% in 2016 was amongst the strongest in the Eurozone. GDP growth is expected to continue its robust trend and reach 3.0% in 2017.

Prime industrial rents are stable as both construction and leasing are consistent with vacancy at 5.8%.

Occupier focus

Upward pressure on demand is expected to continue with the automotive and retail sector representing a substantial portion of the market. Development opportunities outside prime locations are being presented to the market, with solid economic fundamentals fueling activity in the sector.

The Slovakian industrial market continues to see rental stability with the prime tone at around €3.60 sq.m/month. No change in this rate is expected in the short term.

Investment focus

The largest transaction in the second quarter of 2017 was the sale of Prologis Park Nove Město nad Vahom in the Trenčiansky region.

Investor appetite for prime products has compressed yields to record levels in the last few months. Ongoing interest in acquiring long leased logistics schemes suggests that investors now consider the Slovak industrial market as an integral part of the wider (CE) region.

Outlook

Sustained GDP growth is expected and will support expansion in the industrial sector. The observed construction of new premises being largely leased to the automotive sector is growing rapidly in Slovakia.