

SLOVAKIA

Industrial Market Snapshot

Fourth Quarter | 2017



MARKET INDICATORS

Market Outlook

- Prime Rents:** A slow growth of prime rents is anticipated at the industrial market in 2018.
- Prime Yields:** Prime yields are stable and are expected to remain at their current levels in the short term.
- 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 – December 2017

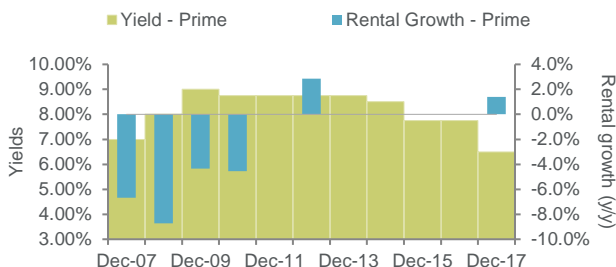
LOGISTICS LOCATIONS	€		US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Bratislava	3.65	43.8	4.88	1.4	0.3

Prime Industrial Yields – December 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Bratislava	6.50	6.50	7.75	9.00	6.50

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

Slovakia remains one of the fastest growing economies in the Eurozone with GDP growth forecasted to reach 3.4% in 2017. The automotive industry and its suppliers still drive the current demand for new industrial premises.

Occupier focus

The vacancy rate in the logistics market continues to be low, attracting further construction, whereas the greater Bratislava region remains the dominant location of new development. Market conditions favour landlords in the attempt to increase rents, meaning that prime rents have been growing slowly over the last period. However, this growth is not expected to continue over the long-term, as new completions are delivered to the industrial stock.

Investment focus

The lack of modern industrial facilities occupied by strong covenants has recently led to a yield compression. The increasing popularity of logistic centres by e-commerce organisations increases the investors' interest in this market. We envisage a stable yield level in a short to medium term.

Outlook

The positive trend in the Slovak industrial market will continue further in 2018. Given the favourable strategic location of the Slovak market, there are still opportunities for new development projects. With a growing supply, rents will remain stable in the short term.

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Marie Baláčová
 Head of Research CZ & SK
 Quadrio Offices
 Purkyňova 3, 110 00 Praha 1, Czech Republic
 Tel: +420 234 603 740
marie.balacova@cushwake.com
cushmanwakefield.cz