

**9.14%**  
Vacancy Rate

YoY Chg  
12-Mo. Forecast



**€4.00**  
Prime Rent, PSM



**6.25%**  
Prime Yield



(Class A stock only)

## ECONOMIC INDICATORS Q2 2020

**-11.4%**  
GDP  
(real)

YoY Chg  
12-Mo. Forecast



**7.4%**  
Unemployment Rate  
(June 2020)



**-27.3%**  
Industrial Production  
(seasonally adjusted)



**-12.8%**  
Private Consumption  
(real)



Measurement: Annual growth, unless indicated otherwise.  
Source: Oxford Economics, ÚSVaR  
Note: Figures are estimates except for unemployment rate.

## ECONOMY: Slovakia Among the First Countries to Reopen, Economy in Recovery Phase

Slovakia's economy has been hit by the domestic, as well as international restrictive measures which have been implemented to minimize the impact of the coronavirus pandemic on public health. According to Oxford Economics data, Slovakia's real GDP should see a year-over-year drop in all four quarters of 2020. Prices should continue to rise, although by a smaller rate. The trough of the economic activity was reached in Q2 and most of the economy should now be in a recovery phase, including domestic demand, private sector revenues, industrial production, exports and retail sales. Due to a relatively mild course of the pandemic, Slovakia enjoyed one of the fastest reopenings of the economy in the world. The sentiment in private sector has grown less tense as evidenced by the month-over-month increase in industrial turnovers, construction output and real estate activities (based on the Statistical Office of the Slovak Republic data).

## SUPPLY & DEMAND: Net Demand on an Uptrend Despite Vacancy Rate Spike

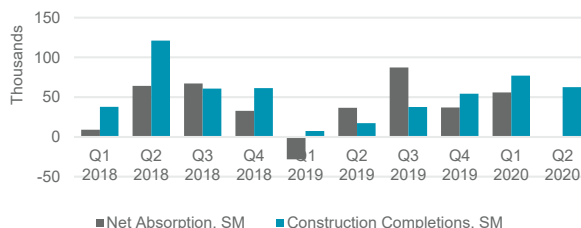
The industrial real estate sector remains the least affected commercial real estate sector in Slovakia. Rent forgiveness is rather the exception, especially in the area of logistics and distribution. In the second quarter, we record a solid leasing activity reaching almost 120,000 sq m of industrial space. The majority of gross take-up occurred in Bratislava and Western Slovakia regions and the most demand came from distribution, specifically in the e-commerce companies. Although all take-up fell under net demand, the net absorption was essentially flat in the second quarter.

The spike in vacancy rate by 2.3 percentage points can be attributed to the speculative new stock delivered in Q2 which is expected to be occupied in a relatively flexible manner. Therefore, we are inclined to reject the notion of a structural shift in the industrial vacancy rate. We expect the completion of additional 177,000 sq m of stock by the end of this year, most of which has been already pre-leased.

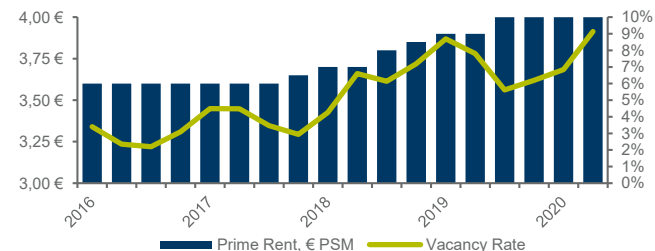
## PRICING: Asking Rents Remain Mostly Unaffected

In the industrial real estate market, we record stable price levels across all submarkets. Prime logistics rent remains resilient at 4 EUR/sq m/month. Prime logistics yield is stable at 6.25%. Vast stock, newly emerging industrial zones, strong investment demand and positive leasing development in the industrial real estate cause a convergence of prime industrial yield with prime shopping centre yield.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & PRIME RENT



### MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP(SM)	UNDER CONSTRUCTION (SM)
Bratislava Region	1,327,600	84,700	6.4%	66,100	133,900	120,000
Western Slovakia	1,037,500	107,400	10.4%	53,500	78,500	7,600
Central Slovakia	108,300	25,300	23.4%	0	1,900	12,100
Eastern Slovakia	121,000	19,600	16.2%	0	6,500	37,100
<b>SLOVAKIA TOTALS</b>	<b>2,594,300</b>	<b>237,000</b>	<b>9.1%</b>	<b>119,700</b>	<b>220,800</b>	<b>176,700</b>

*The data is based on class A, non-owner occupied leasable stock.*

### KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	REGION	AREA (SM)	OWNER
PNK Park Sered' – DC 33.1	Trnava region	43,276	PNK
P3 Bratislava Airport – DC B	Bratislava region	19,210	GIC (P3)

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