MARKETBEAT

CENTRAL EUROPE

Industrial Q2 2023

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CENTRAL EUROPE

Economy Q2 2023

The economic growth outlook brightens across CEE

CEE economies are rebounding from the impacts of the shocks, mainly stemming from Russia's military aggression toward Ukraine. These shocks have caused additional disruptions in the supply chain and elevated energy prices, resulting in heightened inflation and reduced households' purchasing power.

Despite the challenges, the economies of the CEE countries showcased greater resilience than anticipated by leading think tanks in 2022. This resilience can be attributed to relatively strong consumer demand in most CEE countries due to lifted pandemic restrictions and Ukrainian refugee spending. Additionally, CEE countries maintained tight labour markets with low unemployment rates compared to the rest of the EU.

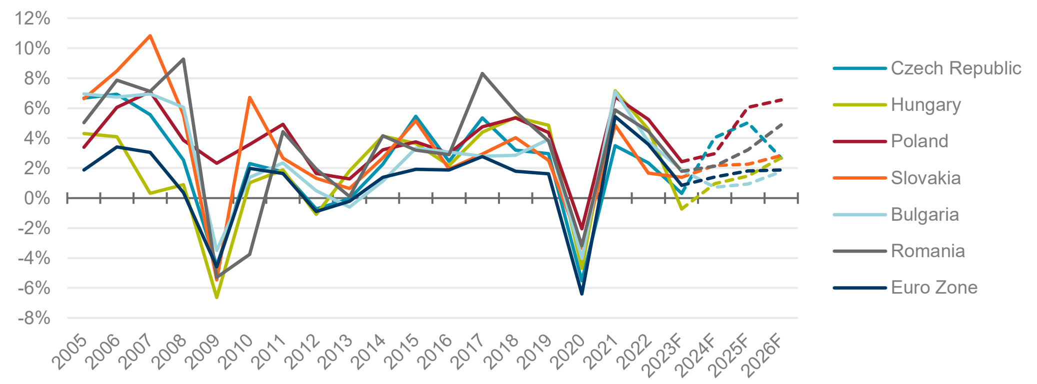
As of July 2023, according to Moody's Analytics projections, all CEE countries, except Hungary, are anticipated to demonstrate modest GDP growth in 2023, reflecting improved expectations compared to April. The region is still predicted to resume steady economic growth in 2024-2025.

CEE stands out with the highest inflation rates in the EU. Across all CEE countries, except for Hungary, the HICP is projected to decrease annually in 2023. Starting in 2024, inflation is expected to recede to single digits, providing additional relief to economies.

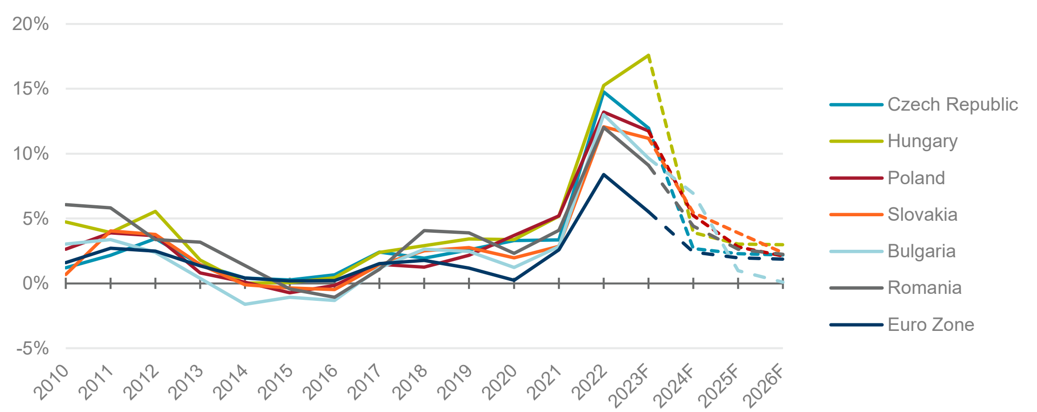
The tightening of financing conditions is expected to weigh on overall investment in CEE and the EU. Still, business investment is likely to grow but at a slower pace, while public investment will remain strong in 2023 and 2024 due to the continued deployment of the Recovery and Resilience Facility (RRF). As economic activity gradually normalises, investment growth is predicted to regain momentum.

In the property market, during H1 2023 CEE saw the lowest H1 investment volumes in a decade, as the region adjusts to the higher interest rate environment. The industrial property sector accounted for around 29% of total investments in the traditional commercial property sectors during the first 6 months of 2023. From a broader perspective, the occupational markets driving real estate income are diverging, and recent rapid rental rate increases are expected to level off.

GDP GROWTH IN CEE COUNTRIES (y/y change)

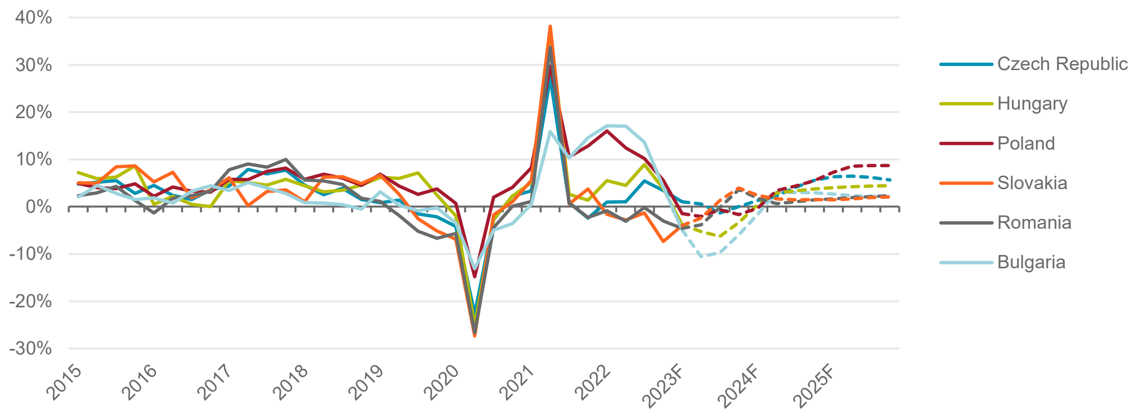


CONSUMER PRICE INDEX: EU Harmonized (Index 2015 = 100, SA, y/y change)

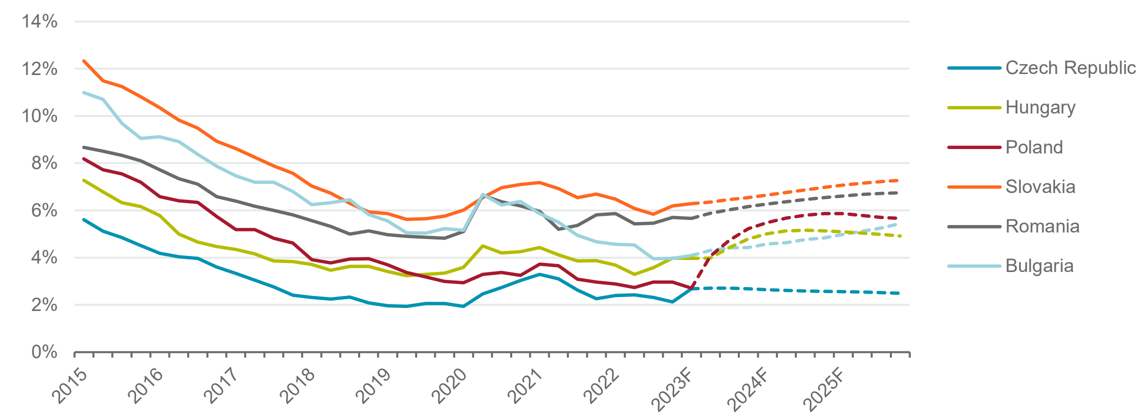


Source: Moody's Analytics (July 2023 release)

INDUSTRIAL PRODUCTION (y/y change)



UNEMPLOYMENT RATE (%)



Source: Moody's Analytics (August 2023 release)

Industrial production

In Q1 and Q2 2023, industrial production declined in all CEE-6 countries, except Czechia, where the automotive industry has propelled growth in the sector as car production rebounds to pre-pandemic levels.

The inflow of investments in the auto industry also continues in Hungary, particularly in the electric vehicle industry. While Poland's manufacturing sector is softening, notable growth areas include automotive, aerospace, and metal products, chemicals, rubber, and machinery industries. Noteworthy, Poland's large mining industry is pressured to downsize, though it generates around 70% of the national electricity and remains a vital job source outside of urban areas.

Slovakia continues to adapt to a reduced supply of key commodities from Russia and Ukraine. Moody's Analytics expects energy-intensive sectors to rebound as energy prices decrease. Romania's industry will be sustained by defence and energy investments, while broader regional factors also contribute.

In the context of the nearshoring trend, CEE countries offer an appealing landscape for investments in manufacturing and logistics. This attractiveness is especially notable for nearshore operations in sectors like automotive, machinery and equipment, apparel, and consumer goods.

Labour market

The unemployment rates in the EU and Eurozone are currently at their levels close to historic lows.

Despite signs of a slowdown in some industries, the countries across CEE have sustained tight labour markets, with unemployment rates below those of the EU and Eurozone in Q1 and Q2 2023. Notably, Czechia and Poland exhibit the EU's lowest unemployment rates, even amid a substantial influx of displaced persons from Ukraine (extending to 2.5% of Poland's total population and 3.4% in the Czech Republic as of August 2023).

In most CEE countries, real wages have failed to keep up with inflation, which will remain a weight on consumption in 2023.

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CENTRAL EUROPE

Industrial Q2 2023

The fundamentals of the industrial property market in CEE remain strong. Nearshoring offers further opportunities for the region, particularly in the automotive, machinery and equipment, apparel, and consumer goods sectors.

In June 2023, the **total stock** of modern industrial and warehouse space in CEE surpassed 59 million sq m. Poland accounts for 52% of this figure, followed by the Czech Republic with a 19% share.

The H1 **new supply** amounted to ca. 3.8 million sq m, with over 7.6 million sq m of space delivered in the past 12 months, resulting in the market's expansion of 16%. Approximately 5 million sq m are **under construction** in the region, of which 42% is in Poland and 27% in Czechia. At the aggregate level, there has been a gradual decline in the **share of pre-leased space under construction**, from 61% in Q2 2021 to 44% in Q2 2023. However, in Czechia and Romania, only about 39% of space under construction was available for occupation.

Occupier demand diverged across CEE in Q2 2023. Regional **gross take-up** remained steady compared to the previous quarter but decreased by 32% y/y; however, demand was very robust in Czechia and Slovakia. **Net absorption** stayed positive for CEE as a whole and in each country except Hungary, although it was below Q1 performance and the 5-year quarterly average.

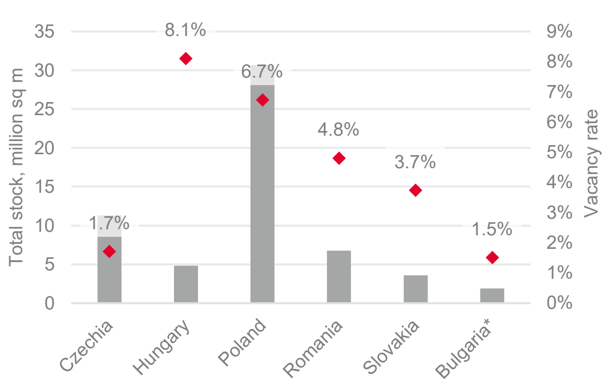
Despite slight upward corrections in Hungary, Poland, and the Czech Republic, **vacancy rates** stayed single-digit across all markets, notably remaining below 2% in Czechia and Bulgaria.

In Q2 2023, **prime industrial rents** rose in all CEE markets except Romania, compared to Q2 2022. Despite a 5% quarterly decline in Q2, the most substantial rental growth over the past 12 months occurred in Poland (+35% y/y). The highest prime rent for ambient warehousing space remains in Czechia at €7.75 per sq m per month.

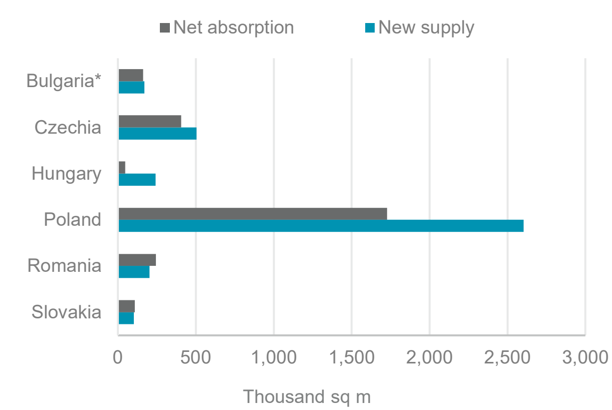
Following a 12% y/y increase in Q1, **total investment volumes** in the CEE's industrial real estate plummeted nearly 94% in Q2 on an annual basis. Throughout H1 2023, the industrial property sector attracted around €630 million, constituting 29% of the total investments in the region's traditional commercial property sectors.

In Q1 2023, **prime industrial yields** softened in all the CEE-6 countries except Bulgaria. Apart from Bulgaria, the region experienced an annual increase in prime yields in the sector, ranging from a 25 b.p. rise in Romania to a substantial 150 b.p. increase in the Czech Republic. Prime industrial yield dynamics are anticipated to vary across CEE in the coming months. Still, the sector's healthy vacancy rates, robust demand driven by nearshoring trends, and the deceleration of development activity will remain essential factors attracting investors to the industrial and logistics sector in the region.

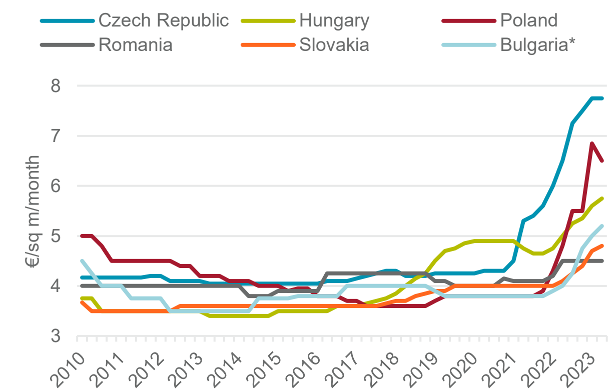
TOTAL STOCK AND VACANCY



NEW SUPPLY AND DEMAND, H1 2023



PRIME RENTS



** Data for Bulgaria covers Sofia only.*
*** Instead of net absorption, a net take-up figure is provided for Slovakia.*

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CENTRAL EUROPE

Industrial Q2 2023

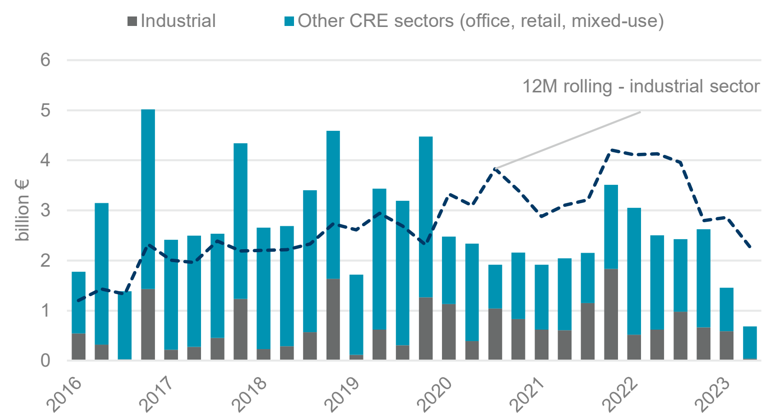
€ 0.63 B
Investment Volume H1 2023

- 45%
Change y/y

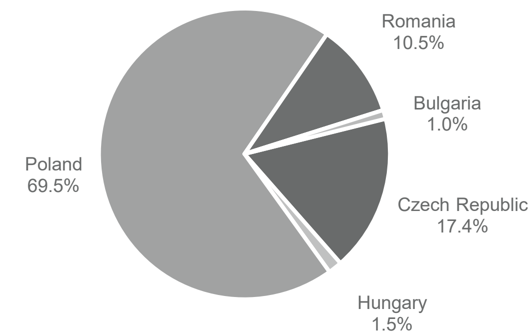
€ 1.14 B
Investment Volume H1 2022

Data includes transactions of office properties (excluding deals of less than €1 million total value) in Czechia, Hungary, Poland, Romania, Slovakia, and Bulgaria.

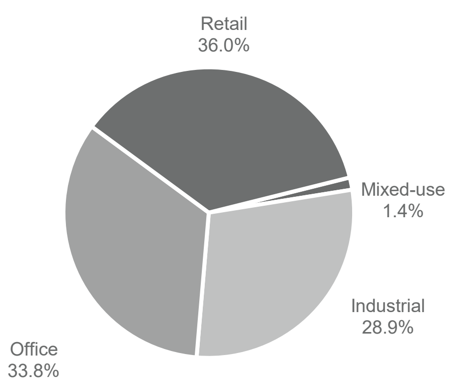
INVESTMENT VOLUMES IN CEE



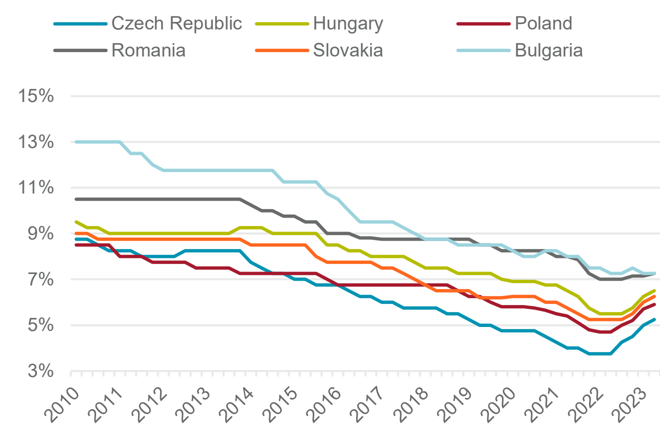
INDUSTRIAL INVESTMENT VOLUMES, H1 2023



INVESTMENT VOLUMES IN CEE, H1 2023



PRIME INDUSTRIAL YIELD (%)



Q2 2023

City / Country	INDUSTRIAL ASSETS	
	Prime rent, €/sqm/month	Prime yield, %
Bulgaria	€5.20	7.25%
Czech Republic	€7.75	5.25%
Hungary	€5.75	6.50%
Poland	€6.50	5.90%
Romania	€4.50	7.25%
Slovakia	€4.80	6.25%

Shade showing y-o-y trend: red – negative, green – positive, white – no change.

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Industrial Q2 2023

CUSHMAN & WAKEFIELD

KEY MARKET TRENDS

The industrial and logistics property markets in Central and Eastern Europe exhibited robust performance during H1 2023. Despite substantial new supply, the sector maintained healthy single-digit vacancy rates across CEE countries, supported by consistent occupier demand. Strong demand for space is projected to endure in the long term, driven by the ongoing supply chain transformation and the region's high appeal for businesses adopting nearshoring strategies.

Occupier demand dynamics varies

Occupier demand dynamics diverged across CEE in Q2 2023, with some notable moderation during H1. Although it remained positive in Q2 2023 for CEE at the aggregate level and in each country except Hungary, it was below Q1 and the 5-year quarterly average.

The growth of e-commerce will continue to be the primary driver of demand for logistics space in CEE, not only sustained by domestic purchasing capacity but also due to the region‘s increasing importance as a logistics hub. Additionally, the increased importance of CEE as a nearshoring destination also requires logistics facilities.

Besides the earlier market drivers, additional demand for industrial space may increasingly originate from the businesses aiming to proceed with re- or nearshoring their operations.

CEE is a high-potential destination for nearshoring

The report on Nearshoring produced by Cushman & Wakefield suggests that CEE countries enjoy increasing interest from businesses considering nearshoring across various sectors, including automotive, machinery and equipment, apparel, and consumer goods.

Major advantages of the CEE countries for nearshoring include:

- Relatively low labour costs,
- Close geographical proximity to markets of consumption and strong transport links to them,
- Little to no import costs or limitations related to moving goods.

In CEE, key locations for nearshoring are those near the border with Western Europe (particularly Germany and Austria) and those with access to major transport corridors.

Labour availability and cost are still important

Labour market dynamics, specifically staff availability and costs, continue to be of key consideration for businesses when locating and operating their facilities in various jurisdictions. For 3PL companies, shortages of skilled blue-collar workers, such as truck drivers and warehouse staff, can disrupt operations and escalate expenses.

Although new supply remains considerable, the signs of development slowdown are visible for the longer term

Around 7.6 million sq m of new industrial and warehousing space were delivered in CEE during the past 12 months, with an additional 5 million sq m under construction.

Developers in the sector increasingly favour a build-to-suit (BTS) approach for new developments in the sector to minimise investment risks. Although in Czechia and Romania, only 39% of the space under construction has been available for occupation, at the aggregate level, the share of pre-occupied space has decreased from 61% in Q2 2021 to 44% in Q2 2023.

The businesses implementing nearshoring strategies will focus more on newer budlings, likely to be built-to-suit, especially when high levels of automation are designed. To take advantage of nearshoring, securing land positions in key geographies within CEE is important.

Such issues as the availability and cost of energy, climate change, and natural disaster risks are now more pronounced, along with increased concerns over the operational cost efficiency of the properties. All this, combined with regulatory changes, puts ESG aspects at the forefront of the decisions made in the sector by its players.

Increasing evidence of rental stabilization

Throughout 2022 and Q1 2023, prime industrial rents in CEE witnessed an upward trend. This surge was mainly propelled by elevated construction costs and consistently low vacancy rates, with Poland and Czechia most notably impacted. In Q2 2023, the pace of rental growth decelerated, while prime rents remained stable in Czechia and Romania, softening in Poland. In most countries across CEE, industrial market forces are likely to achieve equilibrium in pricing soon.

	Supply	Demand	Vacancy rate	Rents
Bulgaria (Sofia)	New supply hit a 3-year quarterly peak at 87,800 sq m in Q1 2023, with an additional 82,000 sq m delivered in Q2. The pipeline stock under construction narrowed to around 290,000 sq m, which is the lowest in 11 quarters.	In Q2 2023, gross take-up nearly reached 61,000 sq m, marking a 25% decrease from the previous quarter but still over twice the level of Q2 last year. Net absorption for the past quarter stood at around 81,000 sq m, consistent with Q1. Demand for light industrial and warehousing space softened but remained robust for urban logistics.	Space availability saw a minor uptick, with only approximately 28,400 sq m proposed for occupation, while the vacancy rate remained unchanged at 1.5%.	Prime rent was subject to a further slight increase in Q2 2023, which primarily resulted from price indexation and supply shortages expected to persist in the short term.
Czech Republic	About 286,600 sq m of modern industrial space were delivered in 19 projects during Q2 2023, with 83% already pre-leased. The H1 figure surpassed 0.5 million sq m. Currently, 1.3 million sq m is under construction, but only 39% of it is available for occupation. Over 600,000 sq m is projected for delivery by the end of 2023.	The occupier demand was mainly driven by logistics & transportation companies, and producers. Gross take-up reached 597,000 sq m in Q2, marking a 73% q/q increase. Net take-up was 284,900 sq m in Q1 2023, with a share of pre-leases of around 72%.	Despite an increase of 42 bps compared to the previous quarter, the vacancy rate in Czechia remained low at 1.7% in Q2 2023.	In Q2 2023, prime rent has remained unchanged from the previous quarter, maintaining historic highs. Rental growth is unlikely in the short term, and there is a possibility of its reversal.
Hungary (Budapest)	During H1 2023, the new supply reached over 241,000 sq m, marking a new record. A substantial influx of new space is expected for the rest of 2023 and 2024, totaling around 500,600 sq m; half of this pipeline stock is already pre-let.	The H1 gross take-up in Hungary amounted to 356,870 sq m, increasing by 29% y/y. Pre-leases were pivotal both nationally and regionally in Greater Budapest, contributing to 51% and 41% of the respective gross take-up figures.	Vacancy rates increased in both Hungary and Greater Budapest due to subdued pre-leasing levels in recently delivered properties compared to the prior period, leading to negative net absorption in Q2 2023.	Prime rent has increased both from Q1 and compared to Q1 of the previous quarter. Persistent inflation, combined with a weak currency and shifts in financing structures are expected to contribute to higher construction costs, potentially escalating rents for BTS properties.

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CENTRAL EUROPE

Industrial Q2 2023

	Supply	Demand	Vacancy rate	Rents
Poland	Total warehousing stock amounted to ca. 30.7 million sq m, marking a 19% y/y increase. In Q2, the new supply was approximately 710,000 sq m, of which 35% was delivered speculatively. Around 2.1 million sq m was under construction, with of it 61% available for occupation.	In Q2 2023, gross take-up amounted to 1.04 million sq m, with a share of new leases at 66%. Leasing volumes have decreased, which is matched by a comparable slowdown in development activity in the sector. The medium-term demand outlook remains positive.	The vacancy rate increased to 7.6%, extending to around 2.03 million sq m and reaching its highest point since December 2020.	In Q2 2023, by and large, rents for warehousing space exhibited stability across most regional markets. However, notable quarterly growth of 8% was noted in prime rents in Katowice and Łódź. The rents in the sector are expected to remain relatively unchanged in the short term.
Romania	At the end of June 2023, the total modern stock amounted to 6.77 million sq m, including 104,000 sq m which was delivered in Q2. Overall development activity slowed, decreasing from 300,000 sq m in H1 2022, while around 250,000 sq m are planned for delivery by the year-end.	The market witnessed another robust quarter in terms of leasing activity in Q2 2023, with a gross take-up exceeding 215,000 sq m. New demand remained the primary catalyst for the leasing market, constituting 90% and 72% of the gross take-up in Q2 2023 and H1 2023, respectively. Also, pre-leases signed in H1 2023 contributed to over 40% of the net take-up and were mainly related to the projects planned for delivery in 2024.	The overall vacancy rate decreased to 4.8% and its further decline is expected by year-end due to cautious developers' strategies.	In Q2 2023, prime monthly rents remained mostly steady, although new projects near Bucharest commanded higher rates. Given confined supply and consistent demand, asking rents might continue to experience upward adjustments until the end of H1 2024.
Slovakia	In Q 2023, the new supply surpassed 40,000 sq m across 5 buildings, mainly located in Eastern Slovakia. Presently, 19 buildings totaling 321,300 sq m are under construction. Around half of this pipeline stock is situated in Western Slovakia, while Central Slovakia, gaining popularity despite being historically underdeveloped, makes up an additional 21%. Despite heightened caution, developers are willing to embrace speculative development risk in regions with limited space availability.	Demand remains strong, as evidenced by a 60% q/q increase in overall gross and net take-up figures. Key demand drivers include the automotive industry, 3PLs, and FMCG companies. Notably, there is growing interest in solar panel and heat pump production.	The combination of strong demand and limited supply lowered the vacancy rate to 3.7%, projected to linger around 4% for the rest of the year.	Inflation, higher input costs, and strong demand have prompted additional hikes in headline rents across all submarkets, while landlords are requiring lease lengths of over 5 years. Notably, locations such as Trenčín, Dunajská Streda, Žilina, and Prešov are experiencing higher headline rents due to restricted space availability.

BULGARIA (SOFIA)

MARKETBEAT

BULGARIA (SOFIA)

Industrial Q2 2023

	YoY Chg.	12-Mo. Forecast
1.5% Vacancy Rate	▬	▬
€5.20 Prime Rent, Sq m/month	▲	▲
7.25% Prime Yield	▬	▬

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
2.1% GDP*	▼	▼
4.3% Unemployment Rate	▼	▲
-10.5% Industrial Production*	▼	▲
8.8% HICP	▼	▼

**Annual growth estimates*

Source: Moody's Analytics (August 2023 release)

ECONOMY: Strong Q1 performance amid near-term uncertainty

All things considered, halfway through 2023, Bulgaria's economy is performing relatively well. Inflation, which had posed a significant challenge for most CEE countries, has receded to single digits, reaching 7.5% in June, just above the Eurozone average of 5.5%. Additionally, the country's GDP grew by 2.1% y/y, surpassing the EU average growth rate by more than double. However, three important indicators have turned negative, prompting concerns about the mid-term outlook. Manufacturing production has declined every month since February, while the value of imports and exports has decreased steadily since March. Furthermore, the index of wholesale trade (at constant prices) has remained negative for 11 consecutive months, starting from July 2022.

SUPPLY AND DEMAND: Solid results with an impeding slowdown

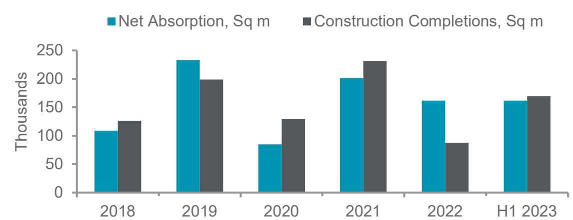
Lately, the supply of light industrial and warehousing space has been constrained due to significant increases in construction costs and sporadic shortages of construction materials. This has resulted in project delays, prolonged construction timelines, and complications with build-to-suit schemes. Despite these challenges, the past quarter witnessed the completion of 82,000 sq m in new projects, with almost half being owner-occupied. In Q2 2023, gross take-up reached almost 61,000 sq m, and net absorption was at around 81,000 sq m. Space availability experienced a negligible increase, while the vacancy rate remained steady at 1.5%.

Given the struggles of manufacturing and trade to achieve business growth, the demand for light industrial and warehouse space has softened overall. A notable exception is a demand for medium-sized urban logistics schemes, where retailers and couriers are actively seeking space that is scarcely available. Anticipating fewer construction starts and permits, as well as narrowed pipeline stock of 290,000 sqm (the lowest in 11 quarters), the prevailing expectation points toward a forthcoming slowdown in leasing activity.

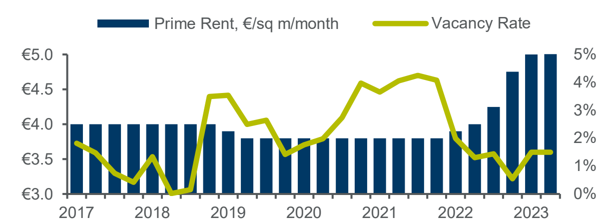
PRICING: Creeping upwards

Prime monthly rent inched up by 4% from Q1 2023, reaching € 5.2 per sq m for premises of area over 10,000 sq m, while rents for small to mid-sized properties rose slightly by 3.7% q/q to € 5.60 per sq m. This upward trend primarily resulted from price indexation and supply shortages, expected to persist in the short term. Prime yields remained steady at 7.25% during the quarter. Looking forward, the anticipation is that weaker demand and increasing interest rates will push prime yield upward to 7.50%.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

BULGARIA (SOFIA)

Industrial Q2 2023

CUSHMAN & WAKEFIELD | FORTON

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Sofia	1,893,143	28,400	1.5%	60,789	142,010	289,577	€ 5.20
TOTAL	**1,893,143**	**28,400**	**1.5%**	**60,789**	**142,010**	**289,577**	**€ 5.20**

**Rental rates reflect weighted net asking in EUR per sq m per month*

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SIZE (SQ M)	OWNER/DEVELOPER
CTPark Sofia West – SOW1	Sofia	no	41,152	CTP Bulgaria
Zora Logistics Park – Phase 1	Sofia	Owner occupation	15,000	Zora MMC
Turbo Garant	Sofia	Owner occupation	3,216	Turbo Garant

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CZECH REPUBLIC

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Industrial Q2 2023

CUSHMAN & WAKEFIELD

	YoY Chg.	12-Mo. Forecast
1.7% Vacancy Rate	▼	▲
€7.75 Prime Rent, Sq m/month	▲	▬
5.00% Prime Yield	▲	▬

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
-0.6% GDP*	▼	▲
2.7% Unemployment Rate	▲	▼
0.5% Industrial Production*	▼	▲
12.6% HICP	▼	▼

*Annual growth estimates

Source: Moody's Analytics (August 2023 release)

ECONOMY: The automotive sector has driven growth in the industrial production

Czechia's economy has experienced three consecutive quarters of mild contraction, while Q1 2023 saw the first year-on-year decrease in GDP since early 2021, primarily due to a sharp decline in private consumption and reduced inventories. However, Moody's Analytics suggests that the decline in household consumption may have bottomed out in Q1 2023, with indications of improving disposable income as inflation declines. Despite the economic slowdown, Czechia's labour market has shown resilience, boasting one of the lowest unemployment rates in the EU, which is expected to remain near historic lows in the near future.

Czechia's large manufacturing industry has weathered recent economic and political challenges relatively well, with the automotive industry making a notable contribution as car production bounces back to pre-pandemic levels. While supply chain disruptions have eased, Moody's Analytics highlights the persistent concerns of many industrial companies regarding insufficient materials and equipment as a s barrier to further growth.

SUPPLY AND DEMAND: Over 0.5 million sq m were delivered in H1 2023, yet vacancy stayed below 2%

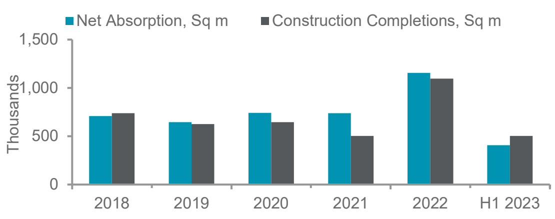
In Q2 2023, approximately 286,600 sq m of modern industrial space were delivered to the market across 19 projects, with 83% already pre-leased. The new supply in H1 2023 surpassed 0.5 million sq m, elevating the total industrial stock in Czechia to nearly 11.3 million sq m. Construction began on projects totalling 397,700 sq m in Q2 2023, and over 1.3 million sq m is presently under construction in the country, 61% of which is pre-leased. Most pipeline projects under construction are in the Karlovy Vary, Pilsen, and South Moravia regions. Over 600,000 sq m of industrial space is set for delivery by the end of 2023.

Occupier demand in Q2 2023 in the sector was primarily driven by logistics & transportation companies (40% of gross take-up) and producers (31%). Gross take-up reached 597,000 sq m in Q2 2023, marking a 73% increase from the previous quarter. Renegotiations constituted 52% of gross take-up, while pre-leases accounted for around 34%, being below the 3-year quarterly average. Net take-up amounted to 284,900 sq m, with pre-leases making up approximately 72% of the total. Despite an increase of 42 bps compared to the previous quarter, the vacancy rate in Czechia remained low at 1.7% in Q2 2023.

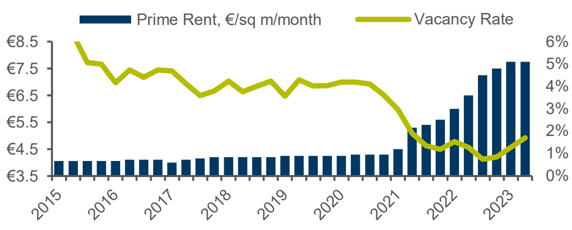
PRICING: Prime rent stabilises in Q2 2023 after increasing for nine consecutive quarters

In Q2 2023, the headline monthly rents for a 10,000 sq m ambient warehouse unit remained at historic highs, standing at €7.75/sq m in Prague, €6.50/sq m in Brno, and €6.00 in Pilsen. The rental growth is unlikely to take place during the remainder of 2023, and its reversal is possible in the longer term.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

CZECH REPUBLIC

Industrial Q2 2023

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague	3,449,900	28,500	0.8%	260,600	302,100	16,400	54,900	€ 7.75
Pilsen	1,695,600	33,400	2.0%	71,200	134,500	63,200	189,400	€ 6.00
Brno (South Moravia)	1,361,800	1,700	0.1%	54,700	147,800	52,400	167,000	€ 6.50
Ostrava (Moravia-Silesia)	1,091,800	40,100	3.7%	67,400	89,300	48,500	164,400	€ 5.75
Central Bohemia	863,200	40,100	4.6%	36,900	58,200	96,100	45,300	
Ústí nad Labem	758,300	13,100	1.7%	30,500	68,800	97,700	164,400	
Olomouc	592,700	19,000	3.2%	8,200	8,200	13,000	47,600	
Karlovy Vary	377,200	11,500	3.0%	57,200	57,200	84,400	333,900	
Liberec	367,200	0	0.0%	0	26,500	17,500	18,000	
Hradec Králové	219,400	5,000	2.3%	0	0	15,300	12,800	
Pardubice	216,200	0	0.0%	0	24,500	0	81,300	
Jihlava (Vysočina)	189,200	0	0.0%	0	0	0	6,200	
České Budějovice (South Bohemia)	74,500	0	0.0%	0	14,100	0	34,100	
Zlín	29,100	0	0.0%	10,200	10,200	0	21,100	
CZECH REPUBLIC TOTAL	**11,286,200**	**192,400**	**1.7%**	**597,000**	**941,400**	**504,400**	**1,340,300**	**€ 7.75**

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Prologis Park Prague – Jirny	Prague	confidential	136,900	Renegotiation
Panattoni Park Ostrov – North	Karlovy Vary	confidential	57,200	Pre-lease
CTPark Bor	Pilsen	confidential	53,300	Renegotiation
Business Park Kladno South	Central Bohemia	Hanon Systems	36,900	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Panattoni Park Pilsen West II	Pilsen	Shape Corp	36,400	Panattoni
CTPark Brno Líšeň	Brno (South Moravia)	ViaPharma	34,000	CTP Invest
Prologis Park D1 Ostredek	Central Bohemia	vacant	21,300	Prologis
Uno Park Mladá Boleslav	Central Bohemia	confidential	19,600	UNO

Source: Cushman & Wakefield, Industrial Research Forum

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HUNGARY

MARKETBEAT

HUNGARY

Industrial Q2 2023

	YoY Chg.	12-Mo. Forecast
8.1% Vacancy Rate	▲	▼
€5.75 Prime Rent, Sq m/month	▲	▲
6.50% Prime Yield	▲	▲

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
-1.4% GDP*	▼	▲
4.0% Unemployment Rate	▲	▲
-5.3% Industrial Production*	▼	▲
22.1% HICP	▲	▼

**Annual growth estimates*

Source: Moody's Analytics (August 2023 release)

ECONOMY: Rebounding from recession, growth outlook from 2024 onwards

Hungary's economy outperformed most EU countries in H1 2022. However, by early 2023, its growth rate slowed down, leading to a mild recession by the end of Q1. Moody's Analytics predicts Hungary's economy bouncing back from this recession by Q3 2023. After reaching its peak in Q1, inflation has now subsided to around 22%, and it is projected to decrease further to single digits by the end of 2024. As supply-chain constraints ease, energy prices continue declining, and interest rates decrease, economic output will gain momentum. Although industrial production saw improvement in May, the overall output for the year is projected to remain subdued due to significant reliance on crucial raw materials. Despite a challenging outlook for 2023, there is a recent uptick in consumer confidence in the Hungarian economy following a year of decline. Moreover, investments in Hungary's automotive sector, particularly in the electric vehicle industry, are expected to persist.

Investment activity experienced a notable decline from the second half of 2022, mirroring global trends, and has since remained subdued. Throughout the first half of 2023, only one minor investment transaction occurred in the logistics property sector, and we anticipate continued restrained activity.

SUPPLY AND DEMAND: The record annual number of new completions during an active leasing period

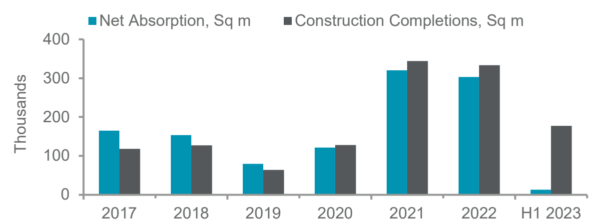
In H1 2023, gross industrial take-up in Hungary amounted to 356,870 sq m, marking a 29% increase from the previous year. Pre-leases were pivotal both nationally and regionally, contributing to 51% of total national demand and 41% of gross take-up in the Greater Budapest region. Renewals accounted for 36% in the Greater Budapest region, while new leases comprised 21% and expansions only 2%. Vacancy rates increased in both Hungary and Budapest due to subdued pre-leasing levels in recently delivered properties compared to the prior period, leading to negative net absorption in Q2 2023.

Throughout H1 2023, the total stock in Hungary saw an addition of 241,225 sq m of new logistics space, setting a new record. Still, a substantial influx of new supply is anticipated: 343,400 sq m of logistics space is under construction and planned for delivery in 2023, along with 157,200 sq m for 2024. However, half of this pipeline is already pre-let.

PRICING: Potential for further rental growth

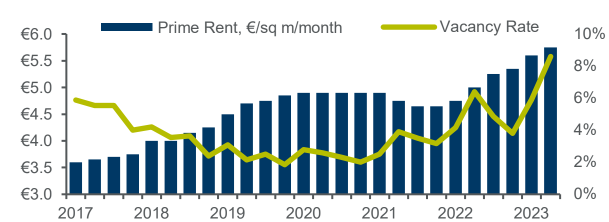
In Greater Budapest, prime rents have risen by 2.7% quarter-on-quarter and 15% year-on-year, reaching €5.75 per sq m. Ongoing robust inflationary pressures, combined with a weak currency and shifts in financing structures, are anticipated to contribute to escalated construction costs. This situation could potentially result in additional increases in rents for BTS properties.

SPACE DEMAND / DELIVERIES*



** The data for the Greater Budapest Area only*

OVERALL VACANCY & PRIME RENT*



MARKETBEAT

HUNGARY

Industrial Q2 2023

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Budapest North	376,205	59,140	15.7%	7,885	27,835	46,450	56,770	€ 5.75
Budapest South	1,222,490	80,315	6.6%	15,545	17,980	18,590	132,170	€ 5.75
Budapest East	815,105	115,390	14.2%	19,405	55,800	94,455	88,535	€ 5.75
Budapest West	892,935	28,890	3.2%	81,935	130,180	17,415	161,190	€ 5.75
BUDAPEST TOTAL	**3,306,735**	**283,735**	**8.6%**	**124,770**	**231,795**	**176,910**	**438,665**	**€ 5.75**
Central Hungary	32,800	1,025	3.1%	-	-	-	-	€ 5.75
Central Transdanubia	428,570	49,700	11.6%	-	18,320	8,900	33,590	€ 5.75
Northern Great Plain	248,375	12,005	4.8%	-	16,000	-	11,810	€ 5.75
Northern Hungary	213,585	24,040	11.3%	16,000	6,000	44,480	-	€ 5.75
Southern Great Plain	146,955	3,900	2.7%	33,700	44,630	-	54,700	€ 5.75
Southern Transdanubia	52,950	2,010	3.8%	-	-	-	-	€ 4.95
Western Transdanubia	384,025	11,460	3.0%	12,000	40,125	10,935	37,000	€ 5.50
COUNTRYSIDE TOTAL	**1,507,260**	**104,140**	**6.9%**	**61,700**	**125,075**	**64,315**	**137,100**	**€ 5.75**
TOTAL HUNGARY	**4,813,995**	**387,875**	**8.1%**	**186,470**	**356,870**	**241,225**	**575,765**	**€ 5.75**

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	PROPERTY TYPE	TENANT	SIZE (SQ M)	TYPE
VGP Park Kecskemét	Logistics park	Confidential	32,000	Pre-lease
HelloParks Páty – PT2	Logistics park	Gebrüder Weiss	22,800	Pre-lease
HelloParks Páty – PT1	Logistics park	Confidential	17,800	Pre-lease
VGP Park Győr Beta A	Logistics park	Confidential	12,000	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	LOCATION	PROPERTY TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/ DEVELOPER
CTPark Ecser – ECS1	Ecser	Logistics park	Confidential	42,500	CTPark
IGPark Miskolc – Phase 1	Miskolc	Logistics park	International company	18,500	Infogroup
Panattoni City Dock	Törökbálint	City logistics	Pharma Pack, Bidfood Hungary	17,400	Panattoni
LogStar Park Budapest M0-M3 - A	Budapest	City logistics	Ecool	18,600	Biggeorge

Source: Cushman & Wakefield Research, Budapest Research Forum

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POLAND

CUSHMAN & WAKEFIELD

MARKETBEAT

POLAND

Industrial Q2 2023

	YoY Chg.	12-Mo. Forecast
6.7% Vacancy Rate	▲	▬
€6.50 Prime Rent*, Sq m/month	▲	▬
5.90% Prime Yield	▲	▲

** Indicated for big box format*

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
2.6% GDP*	▼	▼
4.1% Unemployment Rate	▲	▲
-2.1% Industrial Production*	▼	▲
12.5% HICP	▼	▼

**Annual growth estimates*

Source: Moody's Analytics (August 2023 release)

ECONOMY: Economic conditions should improve in 2024-2025

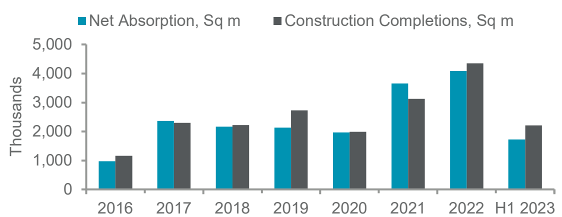
According to the National Bank of Poland (NBP), Poland's GDP will rise by 0.6% in 2023 and is expected to increase to 2.4% and 3.3% in 2024 and 2025 respectively. Although inflationary pressure is gradually easing, this year's average annual inflation rate will remain high - 11.9%. Furthermore, the current consumer price index is calculated against last year's high base values, indicating an above-normal price growth in recent years. On the positive side, Poland's currency - the zloty - has been gaining ground since the beginning of the year, and this is likely to reduce inflationary pressure – inflation is expected to drop to 5.2% in 2024 before falling further to 3.6% in 2025. According to recent data from Statistics Poland (GUS), Poland's unemployment rate is currently at 5% - the lowest level since August 1990 - and is expected to hover around this level through the remainder of this year. Poland's manufacturing is slowing with the normalisation of inventories following the pandemic and the slowing demand for goods, which is causing industrial production to adjust accordingly. Fortunately, producer prices are easing as energy prices decelerate and supply chains normalise.

DEMAND: Leasing activity lower than a year ago but stable compared to Q1 2023

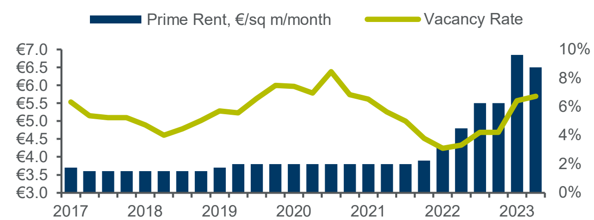
Industrial gross take-up reached 1.04 million sq m in the second quarter of 2023 with 66% leased under new transactions and the remaining 34% renegotiated. BestSecret concluded the largest transactions signed in Q2 with their expansion in the Lubuskie region (46,000 sq m), a logistics provider in the Lower Silesia region (43,000 sq m) and the Fortaco Group as they signed an agreement for the BTS project in Silesia (35,000 sq m).

At the end of the first half of the year, there was more than 2.2 million sq m of leased warehouse space (-39% y/y) and net take-up was at 1.32 million sq m (-49% y/y). A decrease in leasing volumes is evident this year; however, it has been accompanied by a comparable downturn in development activity, which should keep the industrial market relatively stable in the short term. The outlook for demand in the medium term remains optimistic thanks to several factors: the anticipated recovery in consumer sentiment, further growth in the logistics industry servicing e-commerce, and nearshoring processes implemented to secure and shorten supply chains amid economic, geopolitical and environmental risks.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

POLAND

Industrial Q2 2023

SUPPLY: Speculative development is still popular despite increased vacancy

As of June 2023, the total warehouse stock in Poland stood at 30.66 million sq m (+19% y-o-y). New supply reached almost 710,000 sq m in the second quarter with 35% delivered speculatively, resulting in a further increase of vacant space, reaching a total of 2.03 million sq m. The vacancy rate increased to 7.6% (+3.4 pp. y-o-y; +0.3 pp. q-o-q) - its highest level since December 2020.

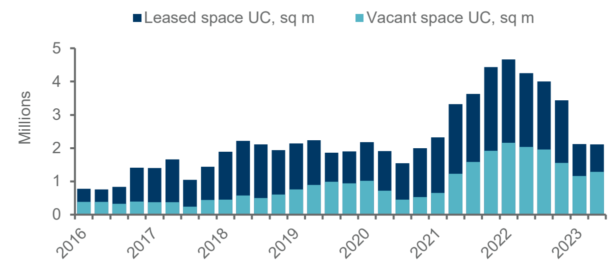
In Q2, the construction of 670,000 sq m of warehouse space was commenced, the majority of these projects being built speculatively (480,000 sq m). This represents a healthy level of activity, perhaps driven by higher rents, which justified new development. At the end of June 2023, a total of 2.1 million sq m of warehouse space was under construction, 61% of which was available for lease mainly in core markets such as Mazovia (327,000 sq m), Łódzkie (240,000 sq m) and Lower Silesia (227,000 sq m). Panattoni Europe remained the most active developer with its 32% share of the total development volume in Poland, followed by CTP (17%), Hillwood (16%), P3 Logistic Park (9%) and MDC² (8%).

RENTS: Warehouse rents remain stable in most regional markets

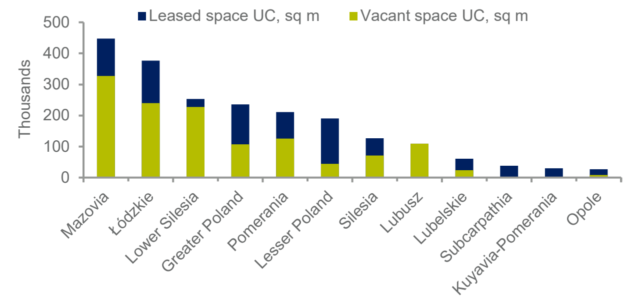
Warehouse rents remained stable in most regional markets in Q2 2023. Only for Katowice and Łódź was there noted prime rent growth by 8% q-o-q. Despite the fact that general contracting costs decreased in 2023, warehouse rents are unlikely to change significantly over the near-term, as a result of the continued higher costs of development financing.

Headline rents for big-box projects range EUR 3.60-6.50/sq m/month. However, rents for SBU/City Logistics projects are higher – EUR 5.00-7.50/sq m/month. With financial incentives such as rent-free periods or space adaptation offered to tenants, effective rents are only lower than headline rental rates by a maximum of 15-20%.

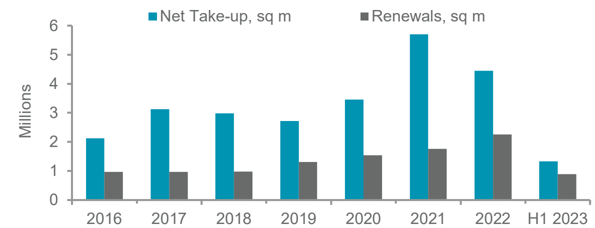
CONSTRUCTION ACTIVITY IN POLAND



INDUSTRIAL SPACE UNDER CONSTRUCTION, JUNE 2023



GROSS TAKE-UP STRUCTURE



MARKETBEAT

POLAND

Industrial Q2 2023

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Mazovia	6,269,903	390,602	6.2%	288,904	486,408	499,131	448,236	€ 5.25
Silesia	5,270,856	408,761	7.8%	166,703	352,090	414,272	126,426	€ 5.20
Łódzkie	4,326,418	330,271	7.6%	103,905	275,540	225,522	376,653	€ 4.90
Lower Silesia	4,042,839	314,640	7.8%	126,800	268,127	316,929	253,813	€ 4.50
Greater Poland	3,348,345	231,396	6.9%	64,570	193,510	279,872	235,558	€ 4.50
Lubusz	1,473,323	156,395	10.6%	74,792	91,392	355,827	109,775	€ 4.30
Pomerania	1,413,470	21,283	1.5%	77,438	185,900	54,877	211,377	€ 5.50
West Pomerania	1,239,264	91,888	7.4%	33,284	133,946	93,310	-	€ 4.40
Lesser Poland	937,418	11,419	1.2%	31,936	137,311	67,008	190,126	€ 6.50
Kuyavia-Pomerania	852,699	38,092	4.5%	1,830	4,860	207,508	30,000	€ 4.20
Subcarpathia	475,681	11,556	2.4%	11,017	21,517	49,112	38 850	€ 5.00
Lubelskie	362,575	33,139	9.1%	45,229	45,229	4,000	60,618	€ 4.40
Opolskie	245,961	7,000	2.8%	-	-	-	26,925	€ 4.30
Other	405,871	19,793	4.9%	11,088	19,981	44,548	-	€ 3.90-4.30
POLAND TOTAL	**30,664,623**	**2,066,235**	**6.7%**	**1,037,496**	**2,215,810**	**2,611,916**	**2,108,357**	€ 6.50 / **BIG-BOX**

SELECTED LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
7R Park Wrocław West	Lower Silesia	Confidential / Logistics	43,300	New lease
MDC2 Park Łódź South	Łódzkie	Notino / E-commerce	28,600	New lease
CTPark Gdańsk Port	Tricity	Confidential / Green energy	25,400	New lease

SELECTRED INVESTMENT TRANSACTIONS HH1 2023

PROPERTY	SUBMARKET	SELLER	BUYER	SIZE (SQ M)
Campus 39	Wrocław	Panattoni	P3	186,300
City Logistics Wrocław II	Wrocław	Panattoni	Trigea	38,000
Panattoni BTS Tczew	Tricity	Panattoni	LCN	30,000

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ROMANIA

MARKETBEAT

ROMANIA

Industrial Q2 2023

	YoY Chg.	12-Mo. Forecast
4.8% Vacancy Rate	▲	▼
€4.50 Prime Rent, Sq m/month	▲	▲
7.25% Prime Yield	▲	▲

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
2.3% GDP*	▼	▼
5.9% Unemployment Rate	▲	▲
-3.8% Industrial Production*	▼	▲
9.8% HICP	▼	▼

**Annual growth estimates*

Source: Moody's Analytics (August 2023 release)

ECONOMY: Decreasing inflation and steady economic growth

The inflation rate has been steadily declining in Q2, registering a year-on-year level of 10.7% at the end of H1 2023, and experts predict it to drop to single digits starting from Q3. The National Bank of Romania has refrained from raising the monetary policy rate since January, maintaining it at 7%, but there may be potential downward adjustments at the year-end. Despite facing inflationary pressure and various geopolitical challenges, the local economy has been among the best performers in Europe, with solid economic growth in both Q1 and Q2 at 3.2% and 2.3%, respectively. Looking ahead, consistent GDP growth of 2.1% is projected for 2024, which will be the year with four rounds of elections scheduled in Romania.

SUPPLY & DEMAND: Fewer available spaces and development activity is slowing down

The industrial and logistics property market witnessed another robust quarter of leasing activity in Q2 2023, with a gross take-up exceeding 215,000 sq m. This performance brings the transactional volume for the first half of the year to 547,000 sq m, showing slight growth compared to H1 2022. New demand remains the primary catalyst for the leasing market, constituting 90% and 72% of the gross take-up in Q2 2023 and H1 2023, respectively. Furthermore, pre-leases signed in H1 2023 contributed to over 40% of the net take-up, with the majority of these agreements linked to the projects planned for delivery in 2024.

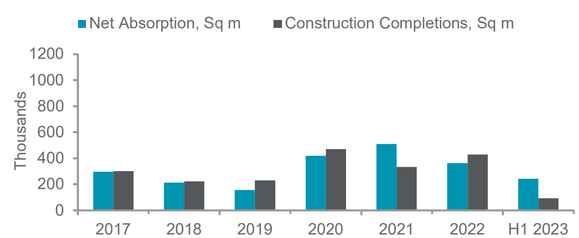
In Q2 2023, major lease transactions included a 47,000 sq m pre-lease by Intercars within VGP Park Brasov, along with a 25,000 sq m expansion by Maersk - IB Cargo (the freight forwarding and logistics provider which operating the regional IKEA distribution center) at CTPark Bucharest West, and a 12,600 sq m new lease by EKR Elektrokontakt within Mures City Logistics.

By the end of June 2023, the total modern stock stood at 6.77 million sq m. In H1 2023, new supply amounted to 202,000 sq m added across the country, of which 104,000 sq m was completed in Q2. Overall development activity in 2023 slowed, decreasing from 300,000 sq m in H1 2022, with around 250,000 sq m planned for delivery by the year-end. The overall vacancy rate decreased to 4.8% and is expected to further decline by year-end due to cautious developers' strategies.

PRICING: Rents still under pressure

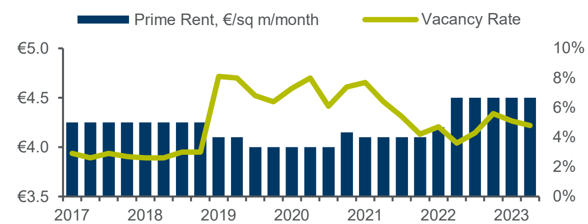
In Q2 2023, prime monthly rents in Bucharest and key industrial and logistics hubs in Romania ranged from €4.25 to €4.50 per sq m, with new projects near Bucharest commanding higher rates. Due to constrained supply and ongoing demand, asking rents are projected to continue their upward trajectory through until the end of H1 2024.

SPACE DEMAND / DELIVERIES*



** The data for the Greater Bucharest Area only*

OVERALL VACANCY & PRIME RENT



MARKETBEAT

ROMANIA

Industrial Q2 2023

CUSHMAN & WAKEFIELD | Echinox

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Bucharest	3,372,800	187,700	5.6%	95,800	208,800	92,600	114,500	€ 4.50
Timisoara	732,300	50,100	6.8%	2,800	87,800	-	43,000	€ 4.25
Ploiesti	386,600	4,500	1.2%	-	-	9,000	-	€ 4.25
Cluj - Napoca	420,100	19,900	4.7%	10,400	10,400	-	-	€ 4.50
Brasov	372,000	12,500	3.4%	57,100	57,100	18,000	38,000	€ 4.25
Pitesti	283,900	0	0%	-	30,000	-	-	€ 4.25
Sibiu	160,800	7,900	4.9%	5,100	15,200	-	8,800	€ 4.25
Other cities	1,040,800	42,400	4.1%	44,600	137,700	82,600	132,000	€ 4.25
ROMANIA TOTAL	**6,769,300**	**325,000**	**4.8%**	**215,800**	**547,000**	**202,200**	**336,300**	**€ 4.50**

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
VGP Park Brasov	Brasov	Intercars	47,000	Pre - lease
CTPark Bucharest West	Bucharest	Maersk - IB Cargo	25,000	Expansion
Mures City Logistics	Targu Mures	EKR Elektrokontakt	12,600	New lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	SIZE (SQ M)	OWNER/DEVELOPER
CTPark Oradea (cargo)	Oradea	39,400	CTP
WDP Park Slatina	Slatina	25,000	WDP
CTPark Bucharest South	Bucharest	16,700	CTP
CTPark Bucharest Chitila (extension)	Bucharest	12,700	CTP

PIPELINE PROJECTS SCHEDULED FOR COMPLETION IN 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
ELI Park Bacau	Bacau	-	37,000	Element Development
ELI Park 4	Bucharest	-	21,000	Element Development
VGP Park Brasov	Brasov	-	20,000	VGP
MLP Bucharest Park II	Bucharest	-	15,000	MLP Group

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SLOVAKIA

CUSHMAN & WAKEFIELD

MARKETBEAT

SLOVAKIA

Industrial Q2 2023

	YoY Chg.	12-Mo. Forecast
3.7% Vacancy Rate	▼	▬
€4.80 Prime Rent, Sq m/month	▲	▲
6.25% Prime Yield	▲	▲

(Class A stock only)

ECONOMIC INDICATORS Q2 2023

	YoY Chg.	12-Mo. Forecast
1.1% GDP*	▼	▲
6.4% Unemployment Rate	▲	▲
-2.4% Industrial Production*	▲	▲
12.5% HICP	▲	▼

**Annual growth estimates*
Source: Moody's Analytics (August 2023 release)

ECONOMY: Rebounding industrial production and easing inflation are helping the economy to avoid recession

Slovakia's economy is recovering from a prolonged period of weak growth as the effects of adverse shocks are starting to diminish. Despite facing challenges, it has shown resilience, especially when compared to major economic partners like Germany and Czechia. Industrial production experienced a mild Q2 decline, but recovery is underway. A stronger positive trend is expected in H2 2023, favoring economic expansion and mitigating recession risk due to the country's industrial focus. Inflation, though still double-digit in June, decreased by around 3% in Q2, mainly driven by slowing food and energy price rises. The labor market remains robust in Slovakia, further enhanced by the country's competitive cost benefits, which continue to lure companies seeking outsourcing, expansion, or relocation opportunities, especially during periods of tight profit margins.

In Q2 2023, prime yield increased in Q2 2023 to over 6%, reflecting yield shifts in neighboring countries and Europe.

SUPPLY & DEMAND: Robust construction growth and surging demand

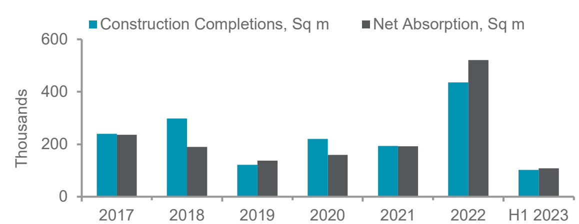
The industrial property market is developing robustly, bolstered by resilient demand and the most substantial pipeline in the past year. Currently, 19 buildings totaling 321,300 sq m are under construction. Western Slovakia accounts for half of this activity, while Central Slovakia, historically underdeveloped yet increasingly popular, contributes 67,400 sq m. While two-thirds of the stock under construction has been speculative, developers are cautious due to financing costs. However, the regions with scarce space availability and persistent demand, especially due to nearshoring trends, see developers embracing speculative development risk.

Demand remains strong, as evidenced by a 60% q/q increase in overall gross and net take-up figures, reaching 186,300 sq m and 125,700 sq m, respectively. Key demand drivers include the automotive industry (40%), 3PLs (25%), and FMCG (19%). Notably, there is growing interest in solar panel and heat pump production. In Q2 2023, new supply amounted to 40,100 sq m across 5 buildings, primarily in Eastern Slovakia. The combination of strong demand and limited supply lowered the vacancy rate to 3.7%, projected to linger around 4% for the rest of the year.

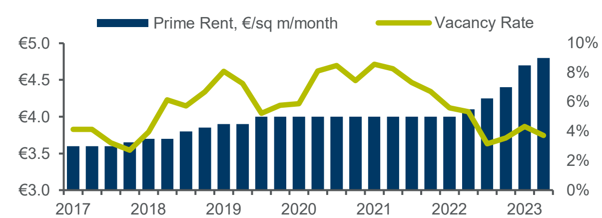
PRICING: Demand and nearshoring trends boost industrial rents

Amid the evolving real estate landscape, land banks are acquired for future pipeline projects, particularly in areas with limited space availability. Inflation, higher input costs, and strong demand have prompted further increases in headline rents in all submarkets, while landlords are requiring lease lengths of over 5 years. Locations like Trenčín, Dunajská Streda, Žilina, and Prešov see higher headline rents due to limited vacancies. Despite a 25 bps rise in prime yields, Slovakia's industrial sector remains attractive due to lower rates and the growing nearshoring trend. Ongoing transactions, set to finalize by year-end, are robust.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

SLOVAKIA

Industrial Q2 2023

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Bratislava Region	1,705,100	87,000	5.1%	82,700	145,200	19,800	51,200	€ 4.80
Western Slovakia	1,391,400	11,100	0.8%	100,600	150,200	52,000	164,700	€ 4.35
Central Slovakia	285,000	22,900	8.1%	3,000	8,000	3,500	67,400	€ 4.70
Eastern Slovakia	215,900	13,100	6.1%	-	-	26,900	38,000	€ 4.70
SLOVAKIA TOTAL	**3,597,900**	**134,100**	**3.7%**	**186,300**	**303,400**	**102,100**	**321,300**	**€ 4.80**

The data is based on class A, speculatively delivered and leasable stock

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	AREA (SM)	OWNER
CTPark Prešov South PRP1	Prešov	16,900	CTP
CTPark Trnava TRN 9B,C	Trnava	10,000	CTP
Prologis Park Bratislava DC 9B	Bratislava	9,800	Prologis

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of $9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

INDUSTRIAL MARKET DEFINITIONS

Stock (Total stock): Total Gross Lettable Area of completed space (occupied and vacant) in all types of buildings regardless of quality and age, excluding owner-occupied properties. The figure includes an ancillary office and mezzanine space.

Note: In the Czech Republic, Poland and Slovakia, only class A logistics and industrial schemes are included.

Under construction: The total amount of logistics/industrial space currently under construction at the end of a specified period. It includes new development, expansion of an existing scheme and comprehensive refurbishment.

(a) Speculative – space under construction that is available (or will be available upon completion) for lease on the open market.

(b) Pre-let – space under construction that has already been pre-committed with the lease agreement and is not marketed as available on the open market.

Gross take-up: A figure representing the total floorspace known to have been let or pre-let (for pipeline properties), sold or pre-sold (for pipeline properties) to tenants or owner-occupiers in existing buildings and pipeline schemes to be included in 'Stock'. Data includes new leases, pre-leases, sub-leases, owner occupation and expansions, and lease renewals. Space is considered 'taken up' only when contracts are signed.

Note: Sub-leases are excluded from gross take-up in Hungary and Poland.

Net take-up: A figure is distinct from gross take-up, as lease renewals and sub-leases are excluded.

Net absorption: The net change in physically occupied space over a given period, considering vacated and newly constructed space during a definite time.

Vacant space (Vacancy): The vacancy is deemed the total Gross Lettable Area in an existing property included in stock, which is vacant and actively marketed at the time. Space available for future occupation and sub-lease space opportunities are not included.

Vacancy rate: The amount of vacant space as a proportion of stock.

Prime rent: Consistently achievable headline rental rate related to a modern warehousing space unit of a minimum size of 1,000 sq m in a modern logistics scheme located in a prime out-of-city location close to communication links. If not indicated otherwise, prime rent is given as a base rent, i.e. no service charge, utilities and tax is included. It is quoted for warehousing space within the scheme, i.e. it is not a 'blended rent', and rents for office and mezzanine components of the property are not included.

The prime rent reflects the market's tone at the top end, even if no new leases have been signed within the survey period. One-off deals that do not represent the market are disregarded.

Prime yield: The initial yield is estimated to be consistently achievable as an annual percentage income return for a property of the highest quality and specification, in the best location, fully let long term to a strong covenant/s, and immediately income-producing on present market terms at the survey date.

It is an indicator of the tone in the market and the associated level of risk attached to that investment.

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