At a glance Q1 2019
Czech Republic Industrial

Prime headline rent increased in Q1 2019

ECONOMIC OVERVIEW

• The economy is forecast to grow by about 2.4% this year and in 2020 according to the Ministry of Finance. It can be expected that the forecasts will be adjusted downwards this year with the expected slowdown in the external economic environment. The German economy, the Czech Republic’s key trading partner, stagnated in the fourth quarter of 2018 after a 0.2 percent contraction in the July-September period, which was the first time GDP shrank since 2015. The German GDP growth is forecast to slow down to 1% in 2019. Business confidence indicators both in the Czech Republic and Germany show a declining tendency.

• The shape of the Brexit, via its impact on the EZ economy, will ultimately weigh on the economic performance of the Czech economy and also impact the currency direction.

• Latest unemployment rate reached 2%. This will continue to push wages up, although at a slower pace than last year. Consumption growth should decelerate to 3.3% in 2019. CPI inflation reached 2.8% in April.

SUPPLY & VACANCY

Total stock 8.08 m sq m

522,000 sq m
Under construction 22% in Greater Prague

4.75%
Vacancy rate
Czech Republic
2.9%
Prague

MAJOR NEW COMPLETIONS

• Ostrava Airport Multimodal Park C (57,130 sq m)
• Goodman Mladá Boleslav B2 (22,200 sq m)
• Panattoni Park Prague Airport II L2 – part 2 (21,170 sq m)

Nominal wage growth
Q4 2018
6.9%

Consumer price index
04/2019
2.8%

Unemployment rate
03/2019
2.0%

GDP at constant prices
% y/y

Source: BNP Paribas RE

New supply, vacancy rate
sq m, %

Source: BNP Paribas RE

ČR Eurozóna
DEMAND

Take-up
Q1 2019
Gross: 353,900 sq m
Net: 236,800 sq m
Y/Y -2% Q/Q -2%

MAJOR NEW LEASES

<table>
<thead>
<tr>
<th>TENANT</th>
<th>PROPERTY</th>
<th>SIZE (sq m)</th>
<th>DEAL TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB Schenker</td>
<td>Industrial park Mnichovo Hradiště</td>
<td>18,500</td>
<td>Pre-lease</td>
</tr>
<tr>
<td>DHL</td>
<td>Prologis Park Prague D1 West II</td>
<td>16,200</td>
<td>New lease</td>
</tr>
<tr>
<td>Confidential</td>
<td>Prologis Park Prague D1 West</td>
<td>22,000</td>
<td>Renegotiation</td>
</tr>
</tbody>
</table>

Q1 2019 net take-up by region %

<table>
<thead>
<tr>
<th>Region</th>
<th>Gross take up</th>
<th>Net take up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Prague</td>
<td>36%</td>
<td>19%</td>
</tr>
<tr>
<td>Moravia-Silesia region</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Pilsen region</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td>Central Bohemia</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td>Liberec region</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td>Olomouc region</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>South Moravia region</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td>Hradec Králové region</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

SUMMARY AND OUTLOOK

- The vacancy rate increased due to higher development activity on speculative basis. The majority of space under construction is still pre-let.
- In Q1 2019, more than 200,000 sq m of modern industrial premises were added to the market.
- Occupier demand remained broadly stable in comparison to previous quarter but, compared to the same period last year, net take up increased by 37%.
- Demand is still focused heavily around Prague, followed by Moravia-Silesia and the Píseň region.
- In Q1 2019 rents increased slightly to 4.60 EUR/sq m/month and we expect continued pressure for rental increase given rising construction and land costs.

Prime headline rents
€3.60-4.60 per sq m per month

Prime yield
5.50%
DEFINITIONS

**Stock**: Modern developer-led warehouse and industrial production space of A class quality, 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 excluding space that is under offer and owner occupied space. A property is taken up when the future lease contract is signed. Gross take-up includes renegotiations, lease extensions, net take-up excludes these.

**Prime headline rent**: Achieved rents that relate to new prime, high specification units of 4,000-5,000 sq m in prime locations. Effective rents represent the achievable average rents including rent free period.

About BNP Paribas Real Estate

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BNP Paribas Real Estate has local expertise on a global scale through its presence in 37 countries with approximately 180 offices and 3,800 employees. BNP Paribas Real Estate is a subsidiary of BNP Paribas.


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6 BUSINESS LINES in Europe
A 360° vision