

## Press Release

Prague, 28th January 2025

# New supply dropped below the 5 year average due to construction delays and developers intentionally delaying completion when a suitable pre-lease is not found.

*Industrial Research Forum Announces Industrial Market Figures for Q4 2024*

- The total amount of industrial space reached 12.3 million sq m, of that 106,700 sq m were delivered in Q4 2024
- Speculative development decreased for the first time since Q1 2024. Of the 978,300 sq m currently under construction, 31% is being built speculatively
- Net take-up for industrial space reached 217,700 sq m in line with the quarterly average of this year.
- The vacancy rate increased by 3 basis points compared to the previous quarter, reaching 3.13%
- Prague's average highest achievable rent stayed stable, reaching around €7.00-7.50 per sq m per month

## COMMENTARY

Jan Hrivnacky, *Head of Industrial Agency, CBRE:*

*“Despite expectations, automotive companies became the driving force of demand in 2024. Currently, we are experiencing a revival in the E-commerce sector, which may not impact real transactions this year, but we perceive it as a positive signal for the market.”*

## TOTAL STOCK & NEW SUPPLY

The modern, developer-led warehouse stock in the Czech Republic reached almost 12.3 million sq m in the fourth quarter of 2024. Approximately 106,700 sq m were delivered to the market within 4 industrial parks across the country. This represents an 63% decrease compared to the same period last year and a decrease of 35% quarter-on-quarter. At the time of completion, 100% of the projects were already pre-leased.

The largest completion in Q4 2024 was located in CTPark Ostrava Hrušov (25,500 sq m), which was at the time of completion fully leased to an Automotive company Vitesco Technologies. This was followed by a new building in CTPark Ostrava Poruba (23,600 sq m) which was fully leased to 3PL companies Geis and Raben. The third largest completed project was in CTPark Cerhovice (21,000 sq m), which was at the time of completion fully leased to an undisclosed tenant from the Automotive sector.

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For the entire year of 2024 the largest new completion was in Panattoni Park Cheb East, which was completed at the beginning of the year. Upon completion, the building was fully leased to Goodyear Operations.

## PROJECTS UNDER CONSTRUCTION

At the end of Q4 2024, approximately 978,300 sq m of industrial space was under construction in the Czech Republic, representing a decrease of 10% compared to the previous quarter and an increase of 3% compared to the same period last year. Over 601,700 of this space is scheduled for delivery in Q1 2025 as ca. 75% of this space is already pre-leased (233,700 sq m is under 1 building).

The share of speculative space under construction decreased to 31%. At the same time, developers commenced new construction of only 69,200 sq m of modern industrial space in Q4 2024 (the lowest volume in the past 3 years), with 42% of this space speculative.

## INDUSTRIAL TAKE-UP

During Q4 2024, gross take-up, including renegotiations, reached 434,200 sq m. This represents an increase of 30% compared to the previous quarter and a 9% decrease compared to Q4 2023. The share of renegotiations increased by 13 percentage points compared to the last quarter, accounting for the largest share of gross take-up (50%).

Net take-up in Q4 2024 totalled 217,700 sq m, showing an increase of 7% quarter-on-quarter and a decrease of 30% year-on-year. Pre-leases accounted for 26% of the gross take-up.

The largest transaction of Q4 2024 was the pre-lease of 52,000 sq m in CTPark Brno, the space was leased by Electronics manufacturer Hitachi Energy. The second largest transaction was renegotiation (21,300 sq m) by an undisclosed 3PL company in Prologis Park Prague D1 East. The third largest transaction was also a renegotiation by an undisclosed manufacturing company (21,300 sq m) in Prologis Park Pilsen II.

For the entire year, Gross take-up reached 1,435,000 sq m. This represents a decrease of 12% compared to 2023 and a 35% decrease compared to 2022. In terms of net take up, we can see a 14% decrease compared to 2023 and a 40% decrease in comparison to 2022. For the entire year of 2024, the market was driven by pre-leases, which accounted for 41% of the total gross take-up, followed by renegotiations with a 38% share.

Net demand (excluding undisclosed deals) was driven by manufacturing companies, which accounted for 60%, followed by 3PL (21%). The largest new transaction in 2024 was the pre-lease of BMW in Mošnov, where the company leased 3 halls with a total size of 127,700 sq m.

## VACANCY

At the end of Q4 2024, the vacancy rate in the Czech Republic reached 3.13%, representing an increase of only 3 basis points quarter-on-quarter. Compared to Q4 2023, the vacancy rate increased by 139 bps. A total of 384,700 sq m of modern industrial premises is available for immediate occupation. This is the highest volume of vacant space on the market in 5 years. The vacancy in modern industrial space in Prague & Central Bohemia is lower than the national rate, reaching 2.6% at the end of Q4 2024.

## RENT

Prime headline rents stayed stable at the level of around €7.00 - €7.50 sq m/month in the Czech Republic in Q4 2024. Selected prime locations outside of Prague remained stable, achieving around €5.70-6.60 sq m/month. Rents for offices with the industrial space stand between €9.50 - €12.50 sq m/month. Service charges are typically around €0.75-1.00 sq m/month.

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## Industrial Research Forum

The Industrial Research Forum was established in 2010 with its aim to provide clients with consistent, accurate and transparent data about the Czech Republic industrial real estate market. The members of the Industrial Research Forum, CBRE, Colliers, Cushman & Wakefield and iO Partners, share non-sensitive information and believe the establishment of the Industrial Research Forum will enhance transparency on the Czech industrial market.

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**Definitions:****Total stock and new supply:**

Modern developer-led warehouse and industrial production space of A class quality owned by a developer or investor for lease to third parties. It does not include owner-occupied stock. New supply includes the above-mentioned space completed during the given period including office space.

**Take-up:**

Take-up represents the total floor space that was let or pre-let over the specified period of time. A property is taken-up when the lease or future lease contract is signed. This includes only long-term leases of a period longer than one year. Gross take-up includes renegotiations and sub-leases. Net take-up excludes these and includes only new leases, pre-leases, and expansions of space within existing lease contracts.

**Vacancy rate:**

Ratio of physically vacant space in completed buildings on the total stock of warehouse and industrial space including office areas.

**Prime rent:**

Represents the top open market rent that could be expected for a notional distribution warehousing unit of the highest quality and specification in the prime location within a market, as at the survey date (normally at the end of each quarterly period). The rent quoted is based on a prime unit of 5,000 sq m gross internal leased for a period of five years, with ceiling heights of over 8 metres, used primarily for distribution/warehousing uses. Selected prime locations outside of Prague includes the 3 major hubs (Pilsen, Brno and Ostrava)

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