

Logistics: demand growing, construction reviving



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The domestic logistics property market reached a total of nearly 3.62 million sqm in Q1 of 2011, according to data by Industrial Research Forum. Only 18,500 new sqm were marketed, however, in excess of 200,000 extra sqm are now under construction, 90 % of which have pre-leased tenants. The continuing trend of minimal speculative construction and the continuing solid demand contributed to further decline in vacancy rate from 10.4 % in December 2010 to less than 9 % at the end of March 2011. The vacancy rate already indicates lack of available space in some locations and it may be behind the growing rents in sought-after locations (e.g. South Moravia and Eastern Bohemia). The rents now range from EUR 4 - 4.75 per sqm per month.

“The recovery of the Czech industrial and logistics property market shows a steady decline in the average vacancy rate, continuing strong demand and renewed construction of warehouses on the basis of pre-lease. An important signal for market stabilization is one of the largest transactions over the past few years - sale of 80 % of VGP portfolio which is one of the most attractive in the market. We are now negotiating the sale of more storage space (of other developers),“ Milan Korbelář, head of industrial real estate at King Sturge, says.

The most significant completed leases were the following transactions: 25,000 sqm by Kompan in CTPark Brno phase II; 13,000 sqm for Penny Market in VGPark Nýřany and an undisclosed logistics company with pre-lease for 12,600 sqm in ProLogis Park D8 Úžice in the north of Prague. CTP Invest, ProLogis and Heitman were the most successful in obtaining tenants.

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