

Industrial real estate market in Slovakia revived

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Slovak industrial real estate market which froze during the crisis, started again. This is clear from the data by the real estate consulting firm CB Richard Ellis (CBRE), while construction in the second quarter of this year rose to 47.8 thousand sqm, accounted mainly for custom-made spaces in the regional capitals. At the end of the second quarter, the total area of modern industrial space in Slovakia reached 1.04 million sqm while no new warehouse space was added. 85% of them are concentrated in Bratislava and its surroundings. Vacancy rate remains low at 4.4%, it fell yoy by 1.11 percentage points, but increased by 0.4 percentage points quarterly.

“Slovakia currently has the lowest vacancy rate in industrial and logistics spaces in the entire CEE region. In the next 12 to 18 months, we expect an influx of new projects onto the market, however, pre-leases will play an important role“ Peter Jánoši, head of industrial real estate at CBRE, assessed the current market situation. Given the overall trend in Central and Eastern European region, experts from CB Richard Ellis expect at least one major investment transaction in the industrial market in Slovakia in the coming months.

Since the beginning of the crisis, property development activities significantly declined, while last year, there was almost zero activity. Over the past three quarters, CBRE recorded no significant new industrial and logistics buildings in the Slovak industrial market. This year construction of two new projects has started that will bring further 47.8 thousand sqm of space. It is the construction of a logistics park Goodman Groop in Košice with an area of 21,000 sqm and storage halls of ProLogis in Galanta, which will cover an area of 18,000 sqm.

Local distribution of the Slovak industrial market in the second quarter meant that all leases in the field of logistics were in the broader area of Bratislava. In general, the activity over the previous quarter doubled, to an area of 59.2 thousand sqm. Renegotiations comprised approximately 37% of the total rents which is in line with the market development in Central Europe. Despite lack of rental space, rent has not changed and remained stable. CBRE doesn't expect a change in the coming months. The highest achievable rent in Slovakia now is between EUR 3.30 and 4.20 per sqm per month while landlords are willing to short-term leases.

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