

Overview

Despite some concerns surrounding Brexit, high demand is still observed across most industrial sectors including logistics. The new Jaguar Land Rover (JLR) plant in Nitra represents the most significant development in the market, construction having formally commenced at the end of Q3.

Rents and yields remained stable throughout 2016, but with more good quality investment product expected to come to the market in 2017, some yield compression in the sector is anticipated. The stable economic performance in Slovakia continues to underpin healthy industrial activity.

Occupier focus

The main driver of the industrial market remains the flourishing automotive sector but additionally a growing retail segment. The Bratislava region as usual shows higher activity, but demand in the regions is also strong and is beginning to outstrip supply in some locations. Pre-lets continue to be popular and the majority of properties in the pipeline are already committed to future occupiers.

JLR continues to have a significant influence on the market. The Nitra region in particular is expected to develop over the course of 2017, with surrounding regions also likely to see a rise in demand for both land and developed premises.

Investment focus

Due to a lack of available product there have been no investment transactions in the industrial market since Q2 2016. However, there is an expectation that prime investment opportunities will come to the market in 2017, and that future transactions are likely to demonstrate yield compression in the sector.

Outlook

Demand from occupiers is strong with new supply being quickly absorbed by the market. Most ongoing developments are already subject to pre-leases. Investment activity, which has been limited by a lack of product in 2016, is likely to strengthen during 2017.

MARKET INDICATORS

Market Outlook

Prime Rents:	Stable rent with expectation to rise in following periods.	▶
Prime Yields:	Stable yields, expected to become stronger as new products is announced for sale.	▶
Supply:	Development is active and the vacant become leased very quickly.	▶
Demand:	Positive changes in industrial sector continue to contribute to high levels of demand.	▶

Prime Industrial Rents – December 2016

LOGISTICS LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Bratislava	3.60	43.2	4.86	0.0	0.6

Prime Industrial Yields – December 2016

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Bratislava	7.75	7.75	7.75	9.00	7.00

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance

