

## Quick Stats Economy

	Change from	
	q-o-q	y-o-y
GDP growth	↑	↓
Unemployment	↑	↑

• Forecast for GDP contraction in 2009 according to National Bank of Slovakia is -5.7%. Current GDP prediction for 2010 is 2.1%.

• The average annual inflation rate in 2009 decreased to 1.6%, historically the lowest level recorded in Slovakia.

## Quick Stats Big Box

Change from Q3 2009

	Greater BA Area	Pan Slovakia
Take-up	↑	→
Vacancy	↓	↓
Rents	→	→
New Supply	↓	↓

## Hot Topics

- In terms of supply, no new projects were delivered to the market this quarter. Total supply in 2009 reached 99,579 sq m in Slovakia.
- The total leasing activity in 2009 reached ca. 128,000 sq m; a decrease of 57% compared to 2008.
- Decreased new supply brought the vacancy rate down to 8.33%

## OVERVIEW OF WAREHOUSING AND LOGISTICS IN SLOVAKIA

The pipeline of space continued to slow, in light of the recent challenging credit market as well as slower take-up and rental pressure. There were no new units constructed in Q4 2009, and only one unit in the pipeline. Take-up continued to absorb the pipeline this quarter with no new supply and an increased take up for the last quarter.

Annual take-up in 2009 decreased alongside the new logistic supply, which has brought the vacancy rate to the lowest levels seen, since Q3 2008.

There is only one speculative construction currently in light of; week demand, continued rental pressure, continuing financing concerns and a general hesitancy in terms of real estate development currently. There were no projects brought to the market this quarter. In terms of the future pipeline, the only unit under construction is 2,800 sq m.

### Take-up

Take up for Q4 2009 reached 25,300 sq m representing an increase on Q3 of 80% and representing a decrease of 38% on the same quarter last year. Take up for the year reached 128,000 which was a decrease of 57% on last year.

The Greater Bratislava Area continued to dominate the market and accounted for ca. 80% of leasing activity this quarter. Take up in the Greater Bratislava Area decreased by 56%, and take up in the regional market decreased by 61% comparing 2009 to 2008.

In terms of market share in Q4 2009, ProLogis signed 67% of the space this quarter, continuing to dominate take-up. The leading developer in terms of take up for the year was ProLogis who signed 54% of the space.

### Space Under Construction

In the last quarter of 2009, space under construction remained static with only one property being constructed (2,800 sq m), as in Q3 2009, this represents a significant decrease on 2008. The unit currently under construction is a speculative project in the Greater Bratislava Area. Date of the completion of the project is currently unknown.

### New Supply

There was no completed space this quarter, our historically lowest recorded figure in Slovakia. The total amount of new supply in 2009 reached 99,579 sq m which was a decrease of ca. 62% when compared to the previous year. This is mainly attributed to the amount of new industrial space that was delivered to the market in 2008.

### Q4 2009 Indicators

	Total	Greater Bratislava Area	Pan-Regional Slovakia
Stock (sq m)	1,015,345	880,828	134,517
Space under construction (sq m)	2,800	2,800	0
Take-up (sq m)	25,300	20,300	5,000
Vacancy	8.33%	6.94%	17.47%
New completions (sq m)	0	0	0
Net effective rent (EUR/sq m/month)	3.00-4.50	3.00-4.50	3.80-4.50

**Stock**

Total modern developer led warehouse space in Slovakia remained at 1,015,345 sq m at the end of 2009. Approximately 87% of this is located in the Greater Bratislava Area.

**Vacancy & Rents**

Lower take-up combined with low levels of new supply led to a decreasing vacancy rate which reached 8.33% (a decrease of 2.7 p.p. q-o-q).

Net effective rents across all of Slovakia remained relatively stable and currently stand between ca. 3.00 – 4.50 €/sq m/month, although there is some evidence that incentives have been increasing and tenants are signing shorter lease terms. This could be seen to suit both landlords and tenants in the current market.

**SUBMARKET 1 – GREATER BRATISLAVA AREA**

The amount of modern developer-led warehouse stock in Bratislava remained at the same level as last quarter and amounted to 880,828 sq m, most of which is located in schemes along the D1 and D2 motorways.

There is currently only one scheme under construction of 2,800 sq m, representing a significant decrease of ca. 97% comparing with the same period last year. There are currently a number of projects which have been postponed, and could be constructed if the right pre-lease was in place. The unit under construction is the Logistic Center Bratislava-Ivanka which is being developed by Profinal (2,800 sq m), although the completion date for this is not known currently.

In the last quarter of 2009, we recorded two leasing transactions in the Greater Bratislava Area, totaling 20,300 sq m. This is at approximately the same level compared to the same period of last year (-8%). This brings the take up for the year to 117,341 sq m, which is a decrease of 56% on 2008.

With no new projects completing in Q4 2009 the vacancy rate decreased slightly q-o-q reaching 6.94% for the Greater Bratislava Area. This shows a reduction of 150 bp over 2009; the vacancy rate in Q4 2008 was 8.44%.

Headline industrial rents in the Greater Bratislava Area are remained relatively stable and now range from 3.00 – 4.50€/sq m/month (depending on location, lease length and competition in the area).

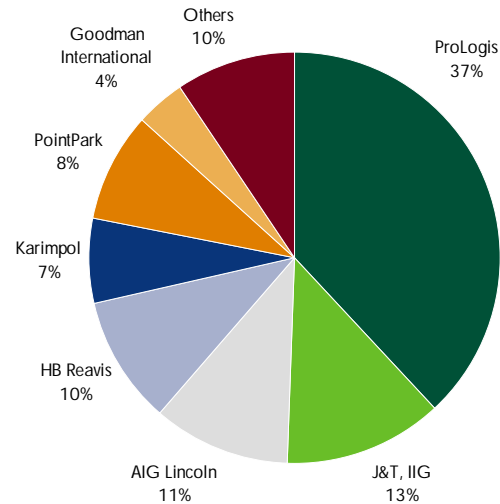
**SUBMARKET 2 – PAN-REGIONAL SLOVAKIA**

By the end of Q4 2009, the amount of modern developer-led warehouse stock outside of the Greater Bratislava Area remained at the same level as last quarter at ca. 134,517 sq m. There were no new completions in the Pan Slovakia Area.

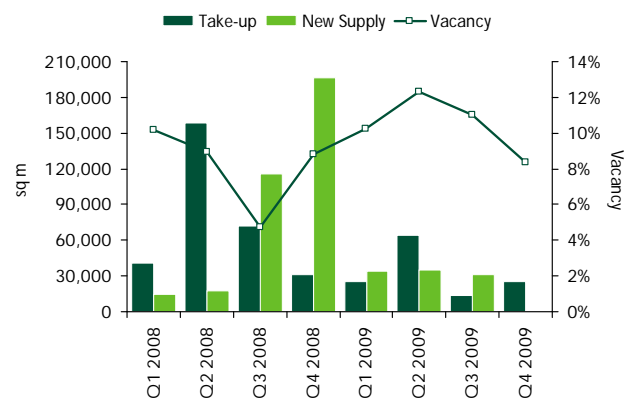
There was one lease transaction of 5,000 sq m signed in Nove Mesto nad Vahom in the last quarter of 2009. This brings total take up for 2009 to 11,000 sq m which reflects a decrease in take up of 61% on 2008.

There are no units under construction currently in the Pan Slovakian submarket.

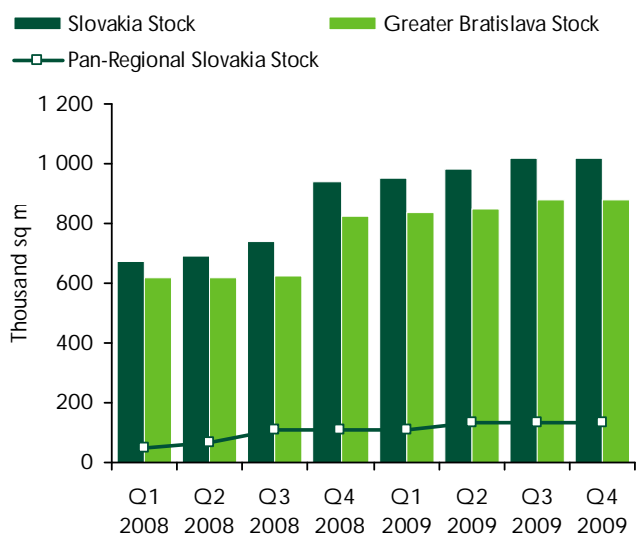
**Developer Market Share in Slovakia by Stock – Q4 2009**



**Industrial Take-up, Supply and Vacancy**



**Industrial Market Development in Slovakia**



## OUTLOOK

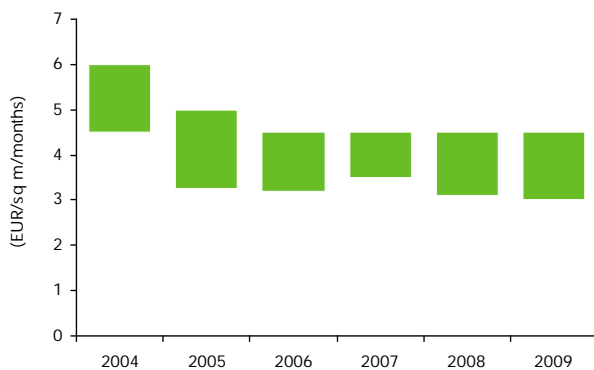
The economic outlook in Slovakia is more positive than most of Europe within the CE. Slovakia and Poland expect higher growth rates than the major Western European countries in 2010 and 2011. This is expected to have positive effects on the logistic market.

As financing is still restricted and rental rates are low, it is expected that the vacancy rate will continue to decrease within the first half of 2010 and that some rental increase will be required in order to justify build-to-suit construction.

### Selected Industrial Transactions in Q4 2009

Tenant name	Project name	Take-up (sq m)
Kolormax	Log Center Nove Mesto	5,000
Agility	Bratislava Logistic Park, Senec	3,300
Confidential	ProLogis Park Galanta	17,000

### Average Rental Levels in Slovakia



Source: CB Richard Ellis

### Definitions

**STOCK** – warehousing space in modern, Class-A, developer-led schemes

**VACANCY RATE** – a ratio of vacant warehouse space to total stock

**TAKE-UP** – net warehouse space that has been leased in a given period (does not include temporary deals which are shorter than one year).

**UNDER CONSTRUCTION** – developer-led warehouse space currently being developed.

### Disclaimer 2010 CB Richard Ellis

Information herein has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by CB Richard Ellis clients, and cannot be reproduced without prior written permission of CB Richard Ellis. © Copyright 2009 CB Richard Ellis

CB Richard Ellis is the market leading commercial real estate adviser worldwide - an adviser strategically dedicated to providing cross-border advice to corporates and investment clients immediately and at the highest level. We have 400 offices in 58 countries across the globe, and employ 24,000 people worldwide. Our network of local expertise, combined with our international perspective, ensures that we are able to offer a consistently high standard of service across the world. For full list of CB Richard Ellis offices and details of services, visit [www.cbre.com](http://www.cbre.com)

For more information regarding the BigBox, please contact:

Jörg Kreindl  
 Managing Director  
 CB Richard Ellis  
 Park One,  
 Nám. 1 Mája  
 Bratislava  
 t: + 421 2 3255 3302  
 e: [joerg.kreindl@cbre.com](mailto:joerg.kreindl@cbre.com)

Peter Janosi  
 Head of Industrial  
 CB Richard Ellis  
 Park One,  
 Nám. 1 Mája  
 Bratislava  
 T: + 421 2 32 55 3 311  
 e: [peter.janos@cbre.com](mailto:peter.janos@cbre.com)

Jana Kováčová  
 Research  
 CB Richard Ellis  
 Park One  
 Nám. 1 Mája  
 Bratislava  
 T: + 421 2 32 55 3 329  
 e: [jana.kovacova@cbre.com](mailto:jana.kovacova@cbre.com)

Victoria Miller MRICS  
 Head of Valuation and Consultancy  
 CB Richard Ellis  
 Park One  
 Nám. 1 Mája  
 Bratislava  
 T: + 421 2 32 55 3 310  
 e: [victoria.miller@cbre.com](mailto:victoria.miller@cbre.com)