

Industrial Real Estate Market Update

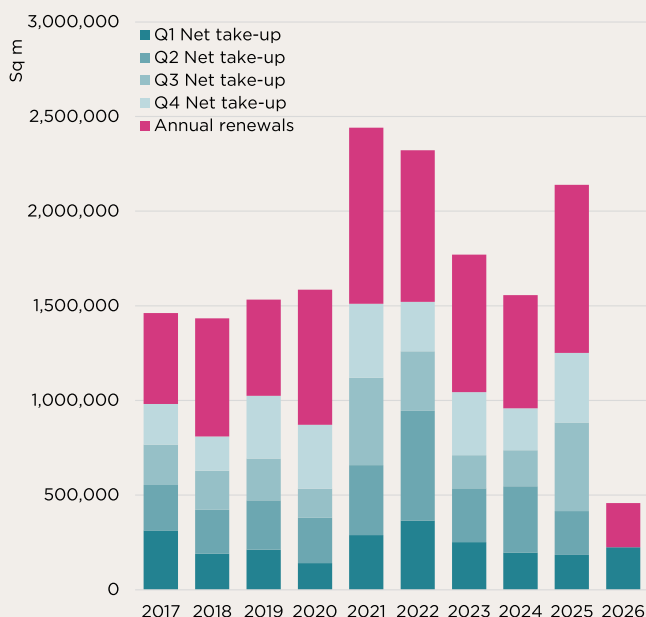
Czech Republic - Q1 2026



Market highlights

- The year started with a high volume of new development completions, which totalled 358,000 sq m in Q1 2026, representing a 14% year-on-year increase and the strongest first-quarter result in the market's history. Full-year completions are expected to slightly exceed 1 million sq m of GLA in 2026.
- Total modern industrial stock in the country intended for lease expanded to 14.07 million sq m. The market vacancy rate decreased only marginally, from 5.2% in December 2025 to 5.1% in March 2026, with the Pilsen and Moravian-Silesian regions recording the highest levels of vacant space.
- Demand for industrial space moderated following two exceptionally strong quarters, both in terms of total leasing activity and net demand. Compared to the previous two quarters, gross take-up declined by 29%, totalling 461,100 sq m in Q1 2026. Despite the slowdown, overall demand remained broadly in line with the ten-year Q1 average.
- Net take-up also declined from the elevated levels recorded in the final two quarters of 2025. In Q1 2026, new lease commitments reached 224,900 sq m, only 5% below the ten-year Q1 average. South Moravia accounted for the highest share of net demand during the quarter, capturing 26% of total volume.

LEASING ACTIVITY



KEY STATISTICS

<p>COMPLETIONS YEAR-TO-DATE</p> <p>358,000</p> <p>SQ M</p> <p>Y-O-Y CHANGE: +14%</p>	<p>VACANCY RATE (MARCH 2026)</p> <p>5.1</p> <p>%</p> <p>Y-O-Y CHANGE: -23 bps</p>	<p>GROSS TAKE-UP YEAR-TO-DATE</p> <p>461,100</p> <p>SQ M</p> <p>Y-O-Y CHANGE: -7%</p>	<p>NET TAKE-UP YEAR-TO-DATE</p> <p>224,900</p> <p>SQ M</p> <p>Y-O-Y CHANGE: +22%</p>
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Net demand up 22% year-on-year

NEW CONSTRUCTION

- The industrial market in the Czech Republic recorded 358,000 sq m of newly completed space in Q1 2026, with H&M's distribution centre in Cheb accounting for 59% of these deliveries. This is the largest industrial property in the country by GLA, as well as the largest and most highly automated distribution centre within H&M's global network.
- The volume of new space completed in Q1 2026 was the highest since Q3 2022, when Amazon's distribution centre in Kojetín was delivered. Only 1% of the construction completions remained vacant.
- New projects continued to break ground in Q1 2026, primarily in the Greater Prague area and the Central Bohemia region. However, following the substantial volume of completions delivered during the quarter, the total construction pipeline declined from 1.66 million sq m to 1.41 million sq m, reaching its lowest level in the past two years.

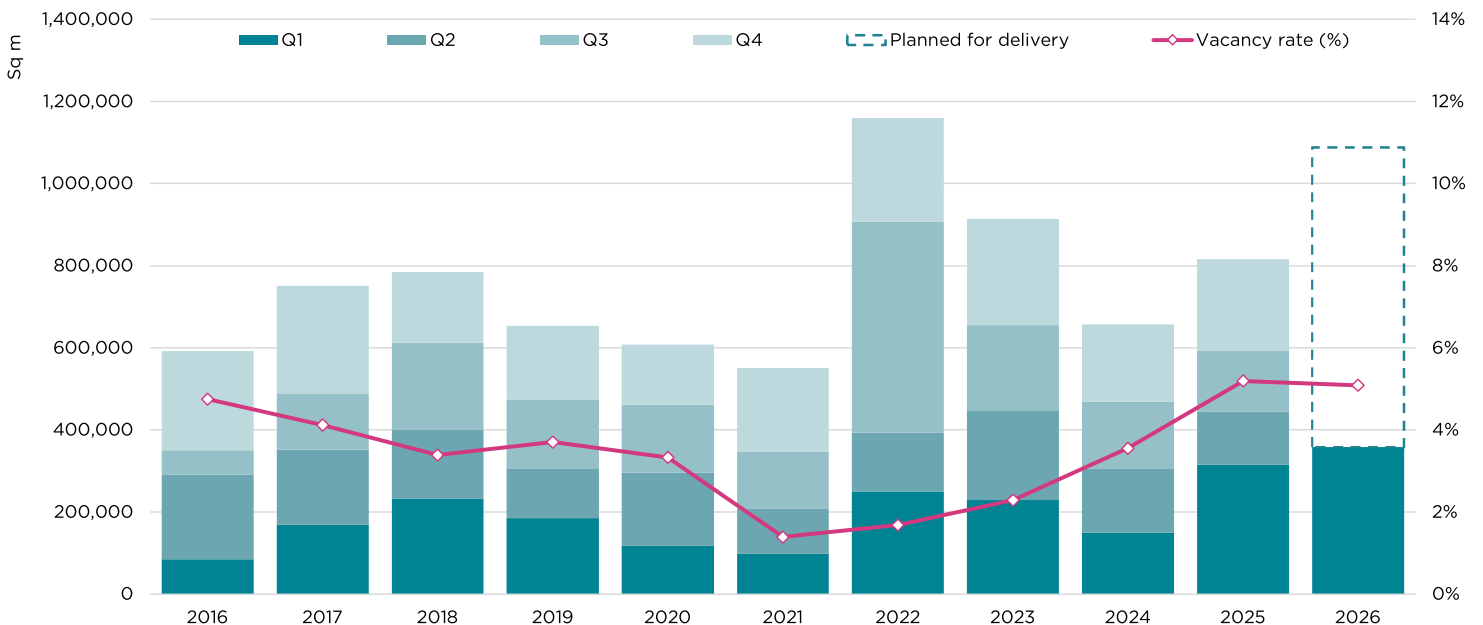
- More than half (51%) of all space currently under construction has already been pre-leased. In addition, 28% of the pipeline consists of shell & core premises, where final completion typically requires a further three to six months.
- The most active submarkets in terms of total GLA under development are Greater Prague (18%), the Ústí nad Labem region (15%), and the South Moravian region (14%).

51%
of space under construction is already pre-let.

OCCUPIER DEMAND

- Gross take-up declined to 461,100 sq m in Q1 2026, but remained well above the levels seen in Q1 2023 or Q1 2024 and also above the historical Q1 average. Supported by the regular renewal of a large lease agreement, the Greater Prague submarket accounted for 49% of gross take-up during the quarter, while South Moravia ranked second with a 19% share.
- Lease renewals represented 50% of gross leasing activity this quarter, the highest share recorded since Q1 2025.
- Net take-up totalled 224,900 sq m, representing a 22% year-on-year increase. The average transaction size declined to 5,000 sq m, although it remained above the 4,280 sq m recorded in Q1 2025. Ten new lease commitments exceeded 10,000 sq m, while the majority of transactions continued to comprise units below 2,000 sq m, consistent with the prevailing market structure. The logistics and manufacturing sectors were the strongest demand drivers this quarter, together accounting for more than 70% of total net take-up.

CONSTRUCTION PIPELINE SHRINKS, BUT 2026 COMPLETIONS SET TO EXCEED 1 MILLION SQ M



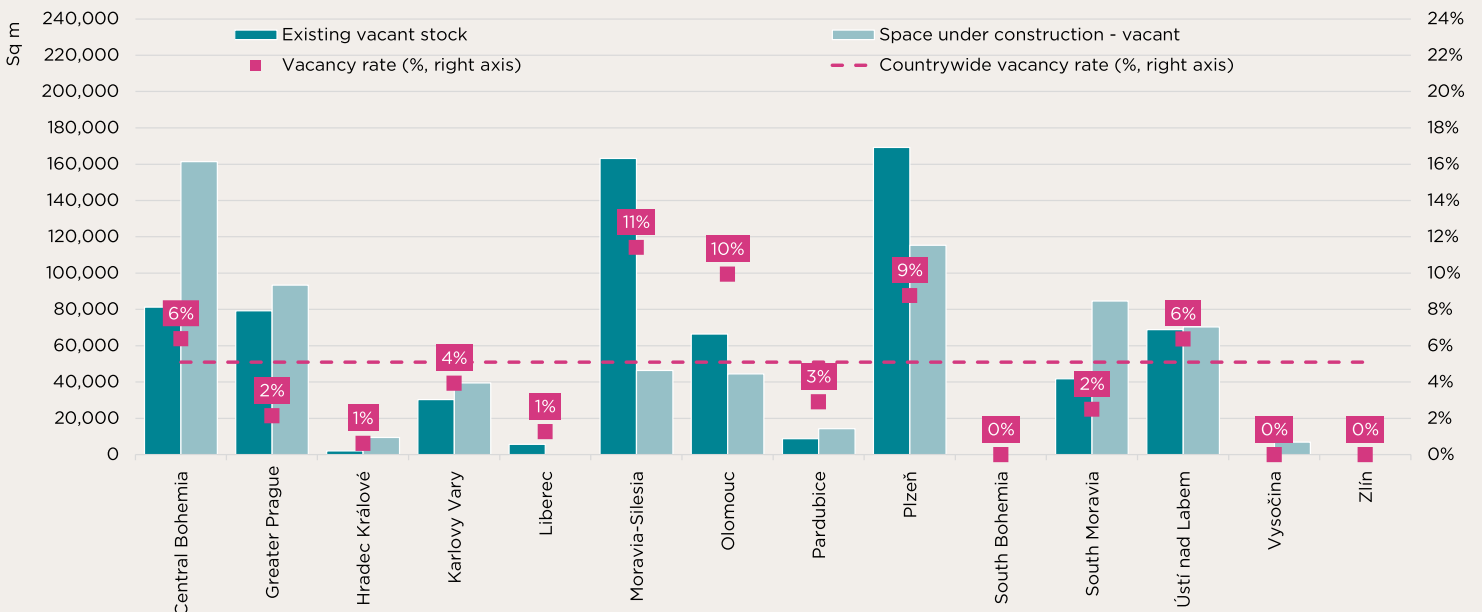
Vacancy stays above 5%

VACANCY

- Over Q1, the national vacancy rate declined modestly to 5.1%, largely reflecting minimal speculative development completions and sustained demand. On a year-on-year basis, the national vacancy rate decreased by 23 bps, with the most significant reductions in vacant existing stock recorded in the South Moravian and Moravian-Silesian regions.
- Across individual submarkets, vacancy rates remained broadly in line with December levels, although with a significant range, from 11% and 10% in the Moravian-Silesian and Olomouc regions, respectively, to 0% in Zlín, South Bohemia, and Vysočina. The vacancy rate in Prague remained at 2%, while the Pilsen region recorded a slight quarter-on-quarter increase from 8% to 9%.
- In total, 716,700 sq m was vacant nationwide in March, with nearly half (46%) concentrated in just two regions - Moravia-Silesia and Pilsen. These two submarkets have consistently recorded the highest levels of vacant existing stock since the end of 2024.
- In terms of large-unit availability, there are currently eight immediately available units in the country offering industrial space of 20,000 sq m or more under a single roof.



THE PILSEN REGION AND CENTRAL BOHEMIA HAVE THE HIGHEST SPACE AVAILABILITY



Rental ranges remain wide but stable

RENT LEVELS

- Headline rents in modern Grade A parks surrounding Prague remained stable in Q1 2026. Units of approximately 5,000 sq m are predominantly offered at €6.50–€7.50 per sq m per month, with five-year leases typically attracting rent-free incentives of 3–5 months. Small business units, which continue to be scarcely available, also maintained stable rates in Prague at €8.50–€9.50 per sq m per month.
- Rents in regional submarkets also remained unchanged quarter-on-quarter, ranging from €5.30 to €6.00 per sq m per month. In selected cases, headline rents fall below €5.00 per sq m per month. Incentive packages are generally more generous outside Prague and Brno and often comprise rent-free periods supported by fit-out (ASTI) contributions.
- Ancillary office and sanitary space within industrial halls continues to be priced at €10.50–€12.00 per sq m per month. In new developments within the Prague City submarket, rents for such office space are higher, reaching €14.00–€15.00 per sq m per month (while warehouse rents are also higher compared to units located on the outskirts of Prague).
- With regard to monthly service charges, the upper end of the previously stated range increased. For a comparable scope of services, these charges now generally range between €0.95 and €1.30 per sq m per month.

Year-on-year, effective rents for units above 10,000 sq m declined by 4%.

Source: Savills Research



Savills Research

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Glossary of used terms

