

ESTON Market Report

Industrial and logistics property market 2018 H1

Handovers

Until the middle of 2018 new halls were handed over in three logistics parks with a total area of over 30 thousand square metres (out of which 25,691 m² is warehouse and 4564 m² offices). The size of the area handed over is significantly smaller (30%) than it was a year ago, but the completion of more, big sized units is being planned until the end of the year. The biggest new handed over building is located in Inpark Páty, and is used as a warehouse by Euronics (12,200 m²).

Developments

The major part of the 113 thousand square metre logistics property (100 thousand m²), which is being developed, is expected to be handed over this year. By this the annual development volume will grow by 11% compared to 2017. The biggest growth can be expected in Úllő Airport Logistics Center; here 85 thousand square metres can be used by tenants in the two halls before the end of the year.

Demand

In the first half of the year lease contracts for areas of 163,529 m² were made; which is a significant decrease (42%) in comparison with last year. The volume of transactions was remarkably low in the second quarter (59.7 thousand m²); this is probably a short halt in the market, since the quarterly demand data of the past four years were usually more positive. As for the type of transactions, only the area extensions were higher than in the same period of the previous year (+36%); prelease agreement was not registered.

The biggest lease agreement was a lease extension signed in the Gyál Logistics Center of Goodman.

Vacancy

The ratio of vacant areas continued to decrease. At the end of June 2018 only 3.54% of the whole stock was vacant.

Net absorption measured until the middle of the year was positive again (34,755 m²), which together with the record low vacancy encourages developers to start new development projects.

Rental fees, yields

Rental fees continued to grow more dynamically in the first half of 2018; the offering price of modern industrial / logistics halls rarely goes under 4.3-4.5 EUR/m². The average of registered rental fees is 4 EUR/m². Yield expectation of investors has not changed in comparison with the end of last year, it stands at around 7.7%.

Forecast

As a result of the extremely low vacancy rate rental fees will increase more significantly and developers will be encouraged to start new development projects. According to our expectations demand will take up in the second half of the year, and the ratio of vacant areas will not increase noticeably in spite of the increased supply. We forecast that investment yields will remain on the same level in the logistics market.

Industrial / logistics property market H1 2018	
Stock	2 081 120 sq m
Logistics parks	1 882 358 sq m
City logistics	198 762 sq m
Take up	163 529 sq m
Vacancy	3.5%
Net absorption	34 755 sq m
Average rents	EUR 4.3 - 4.5
Prime yield	7.7%

