

# Rental Housing in Prague

savills



**THE PRIVATE RENTED SECTOR (PRS)** refers to a segment of the housing market where residential properties are owned by private or institutional landlords and rented out to tenant occupiers. This sector plays a crucial role in providing housing options for individuals and families who do not own their homes and are not eligible for social housing. As such, the sector is a critical component of the overall housing market, providing essential housing solutions for a significant portion of the population, helping to meet the demand for housing in urban areas, supporting labour mobility, and offering alternatives to home ownership and social housing.

In the Czech Republic, homeownership has long been preferred, with around 78% of households owning their homes (Census 2021 data). The majority of rental properties are owned by private individuals and consist of apartments that were originally designed for sale rather than rent. These apartments are mostly located in standard residential buildings where tenants and homeowners live side by side.

Modern Built-to-Rent (BTR) stock is primarily developing in larger Czech regional cities, particularly in Prague, where this sector has seen substantial growth since 2017.

## Key Statistics - Prague

### Modern BTR Stock

**4,130**  
units

### PBSA Stock

**3,000**  
beds

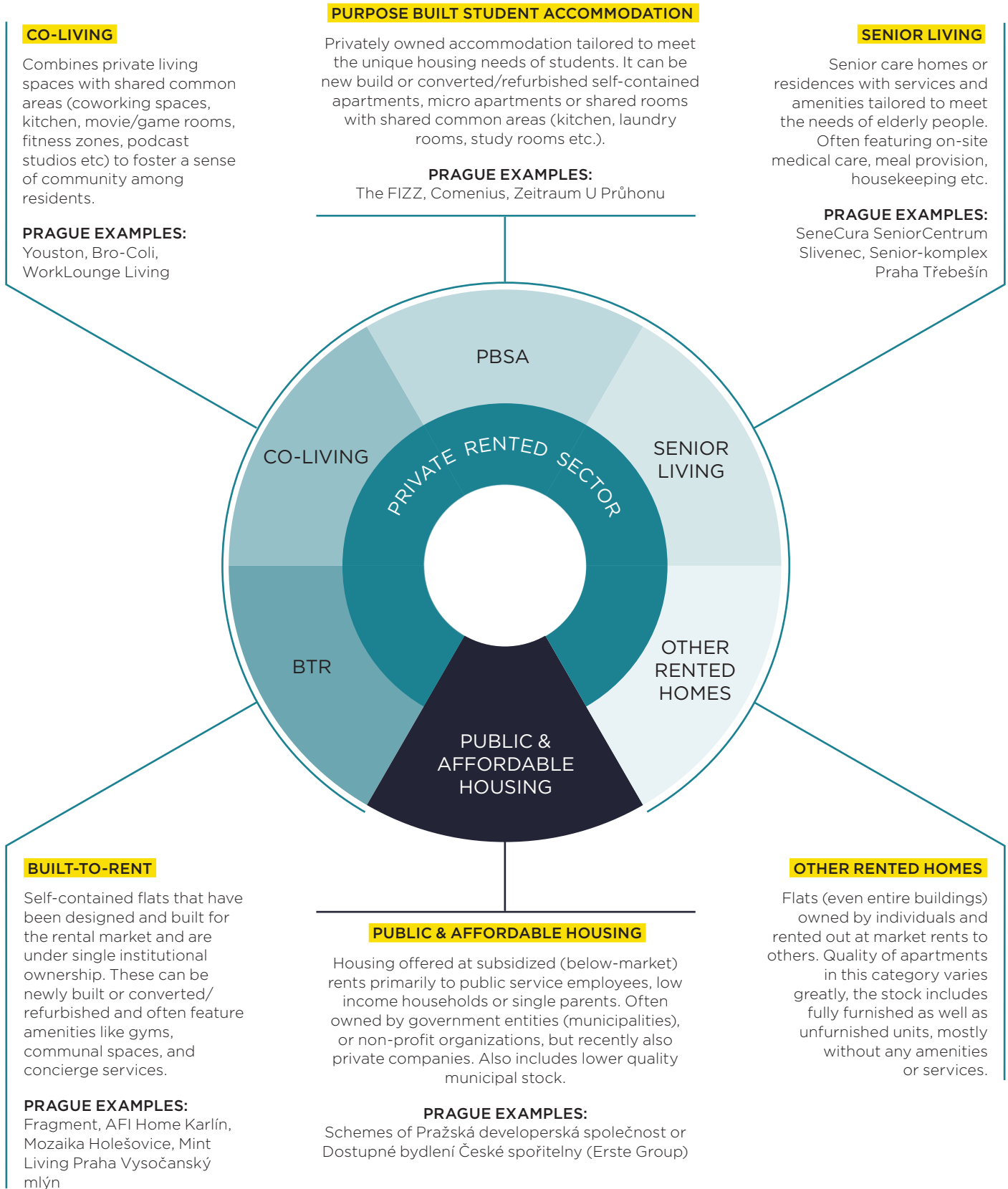
### CO-LIVING Stock

**355**  
units

### Prime BTR Yield

**4.00-4.50**  
%

# Rental housing segments



# BTR demand drivers

## AFFORDABILITY

- High property sales prices, especially in relation to disposable incomes.
- High mortgage rates and maximum LTV of 80% (90% for applicants under the age of 36).
- As a result, people are forced to rent what they cannot afford to buy.

## DEMOGRAPHY

- Increase in single-person households due to rising number of singles, divorced and seniors living alone.
- Baby boomers (born between 1945-1964) entering the empty nester phase of life and seeking to downsize yet still wanting to enjoy the comforts they grew accustomed to.
- Millennial's (born in 1981-1995) often do not have sufficient resources to make a down payment on their own single-family home and tend to wait longer to get married or start a family - as a result they end up staying in a rental housing for longer.

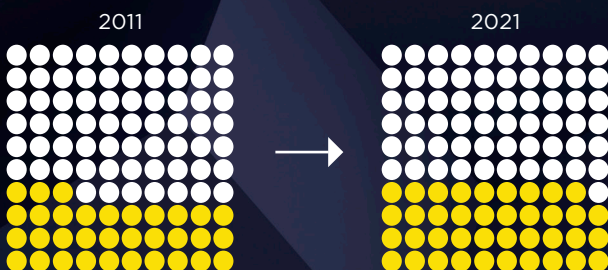
## HOUSING SHORTAGE

- Insufficient new supply not matching demand levels.
- Population growth due to inflows from rural areas, inflows of foreigners and students (both Czech and from abroad) and overall growth in the number of households (see Demography).
- Investors buying up parts of the housing stock that individuals once would have. And private individuals or families buying a second or third apartment as an investment.
- Buying homes to rent means there are fewer to buy to live in, leading more potential buyers to rent.

## LIFESTYLE TRENDS

- Changing trends that give greater priority to lifestyle (even work-life balance) and flexibility over home ownership.
- Increasing desire to "not be tied down" by a mortgage or one place, and the desire for the best (location, property standard, etc.), which often can be unrealistic requirements when buying an apartment, but are becoming more achievable with the use of rental housing.

In 2011, a single person was living in 33% of occupied flats or houses in the Czech Republic, while in 2021 the figure was up to 39%.



In Prague, the share of the population living in rental accommodation has significantly increased for people aged under 40, and declined for those aged 40 and over.

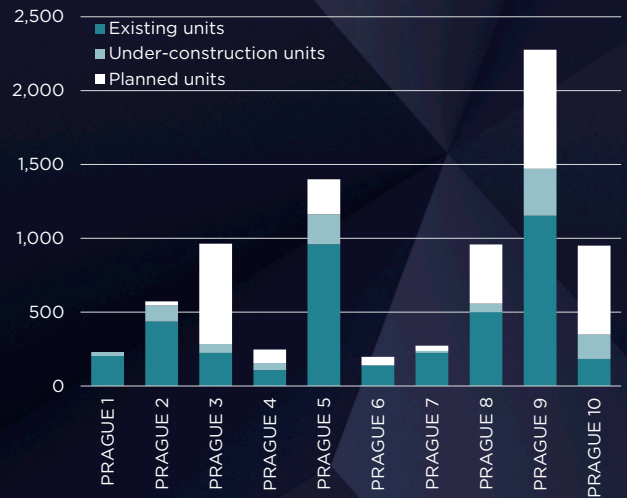


# Sector overview: **BTR**

## STOCK AND SUPPLY

- Considering all completed projects, regardless of the number of units contained, there are a total of **4,130 rental units in 81 schemes** in Prague that qualify as modern build-to-rent (BTR) stock and as such are of comparable quality. More than 65% of these units were added to the BTR stock between 2021 and 2024.
- Despite its rapid growth over the past few years, the modern BTR sector in Prague is still relatively young and quite fragmented, with a high number of smaller residences. Only **10 of the existing schemes feature more than 100 units**, while 62 projects have fewer than 50 units. The largest number of existing units are owned by AFI Europe and Zeitgeist Asset Management.
- The existing modern stock predominantly consists of studio (single-bedroom) and two-bedroom apartments, which together make up over 80% of the units. While larger apartments are also available, they represent a much smaller portion of the total stock.
- Looking at future pipeline, an additional **1,000 rental apartments are already either under construction or undergoing refurbishment**, and **more than 3,000 units are planned**. However, it is important to note that developers' intentions in this sector often change, making it difficult to predict the future pipeline in terms of timing or the exact number of units. Additionally, some developers are experimenting with new models, offering portions of buildings as rentals or selling individual flats and then managing their rentals without owning them.
- In addition to the modern BTR stock described above, Prague has more than 2,500 existing rental units that are also owned by private investors but are of lower quality and offered at more affordable rents, making them suitable for lower-income households.

## STOCK AND SUPPLY



## RENT LEVELS

Per month for a fully furnished apartment, utilities and service fees excluded

1-BED APARTMENT  
**CZK 20,004 / €800**

2-BED APARTMENT  
**CZK 26,551 / €1,062**

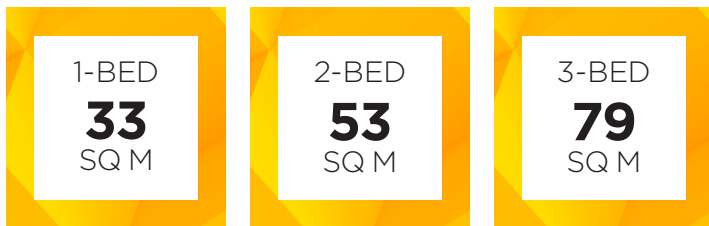
3-BED APARTMENT  
**CZK 36,657 / €1,466**

# Sector overview: **BTR**

## TYPICAL BTR PRODUCT

- Modern newly built, fully refurbished or converted building under single institutional ownership.
- Intended for long-term rent (at least 6 months).
- Lease contract for a definite term (often 1 year).
- Mostly studio apartments, one-bed apartments or two-bed apartments.
- Fully furnished in most cases, but unfurnished apartments are also available.
- Professional property management.

## AVERAGE APARTMENT FLOOR AREA



## SELECTION CRITERIA

When prospective tenants decide on rental housing, the most significant factors are usually:

<p><b>LOCATION</b></p> <p>Proximity (easy commute) to work / university.</p>	<p><b>RENT &amp; TERM</b></p> <p>Affordability and a balance between the security (possibility of a longer lease) and flexibility to respond to changing circumstances.</p>
<p><b>EXTRAS</b></p> <p>The availability of garage parking, terrace or a garden is rated positively.</p>	<p><b>QUALITY</b></p> <p>The quality of the property and its associated services.</p>



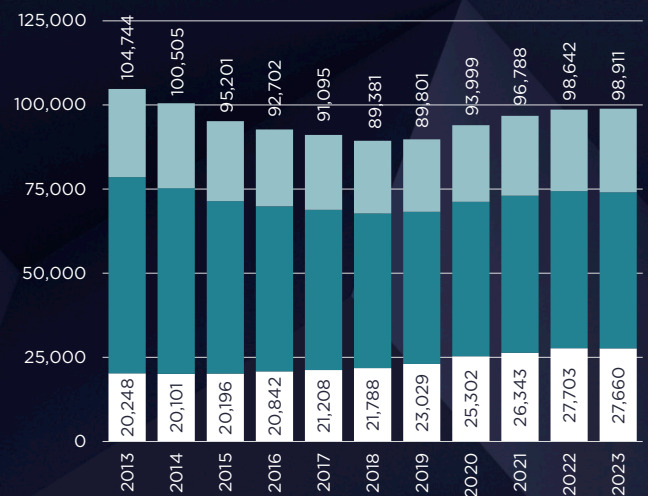
# Sector overview: **PBSA**

## STUDENT POPULATION

- Of all the university students in Prague, 71,200 are Czech nationals with permanent residence outside of the capital city. The largest number of these students reside in the Central Bohemia region, which surrounds Prague and is close enough to allow daily commuting. However, the remaining 46,400 Czech students are likely to seek accommodation in Prague.
- Adding in the 27,660 international students enrolled at Prague universities, there are **between 74,000 and 99,000 university students seeking accommodation in Prague each academic year.**

## PRAGUE STUDENT POPULATION

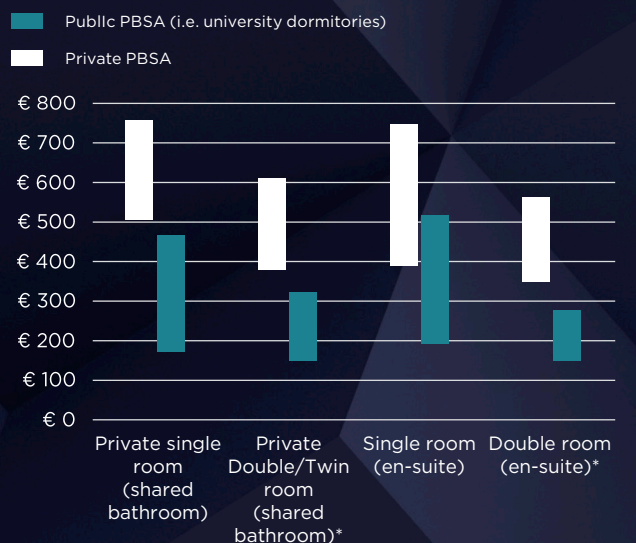
- Czech students with permanent residence in the Central Bohemian region
- Czech students with permanent residence outside of Prague (excl. Central Bohemian region)
- International students



## EXISTING STOCK

- Despite the consistent high demand over several years, the total stock of purpose-built student accommodation (PBSA) in Prague has not been growing fast enough.
- The total existing capacity of PBSA in Prague only totals 28,550 beds**, which would be insufficient anyway. Moreover, **90% of this capacity is owned by the universities** and the standard of living in these dormitories is incomparable to rooms in private PBSA.
- Currently, **Prague has 20 privately owned student residences with a total capacity of 3,000 beds.** If we were to count the capacity of existing co-living schemes, which are also very popular among students, the total rises to 3,670 beds.
- Drawing together the supply of, and demand for, student accommodation it shows that the **demand significantly outstrips supply.** This unmet demand consequently impacts the private rental sector.

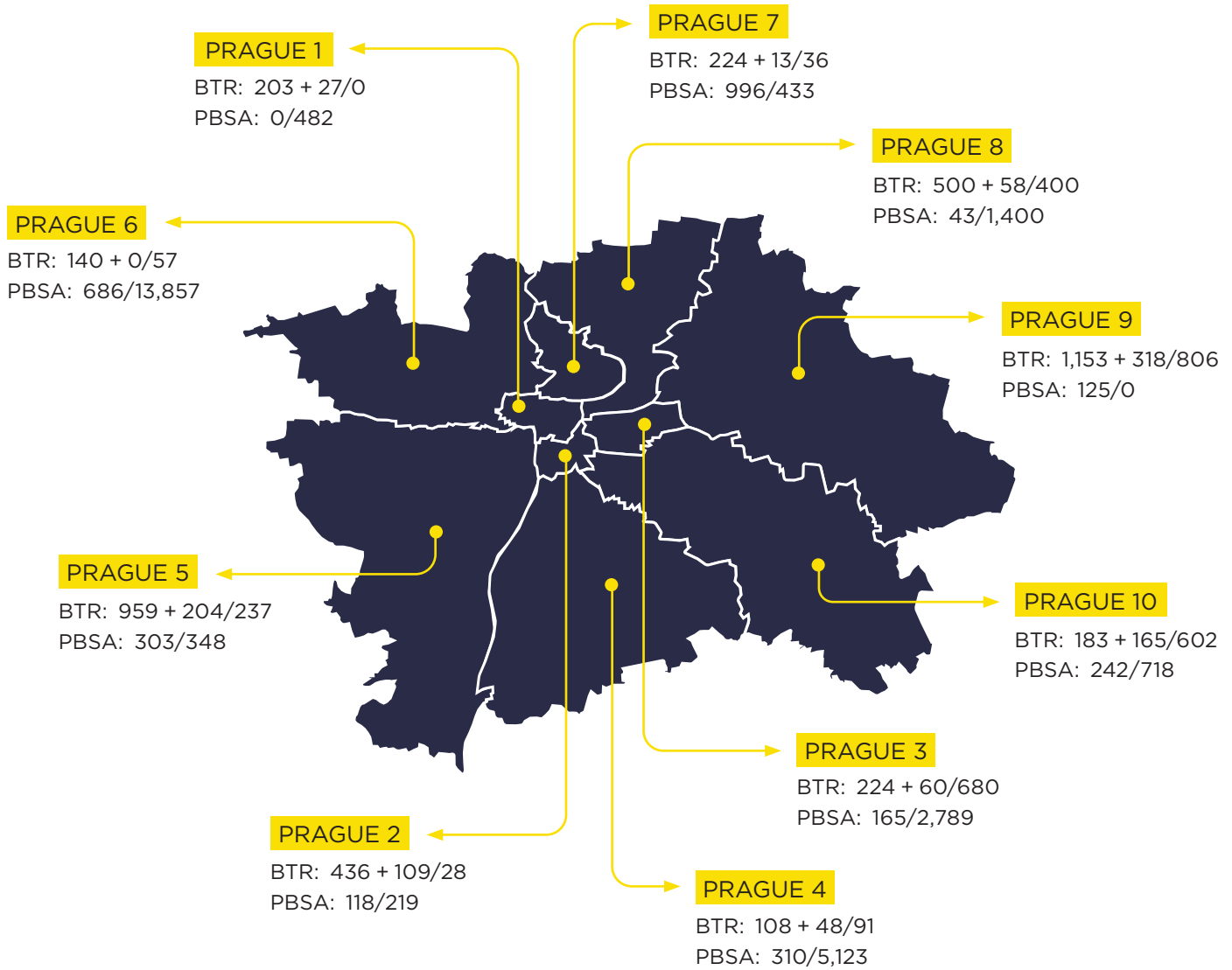
## RENT LEVELS (per person / month)



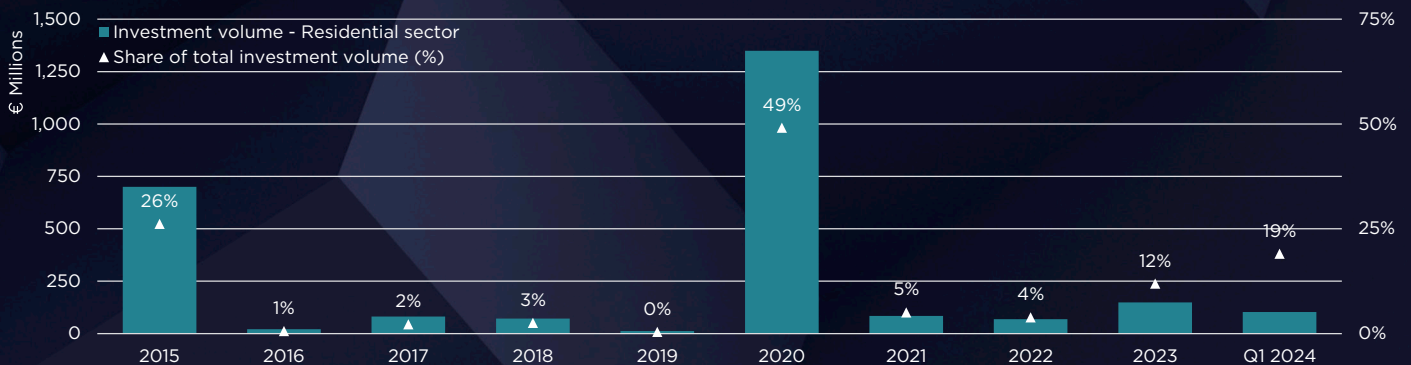
\*) price per person based on double occupancy

# Prague districts: BTR & PBSA

BTR: Existing units + Units under construction / Planned units  
 PBSA: Private beds / Public beds (existing only)



## INVESTMENT VOLUMES: CZECH REPUBLIC



Data source: Savills



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