

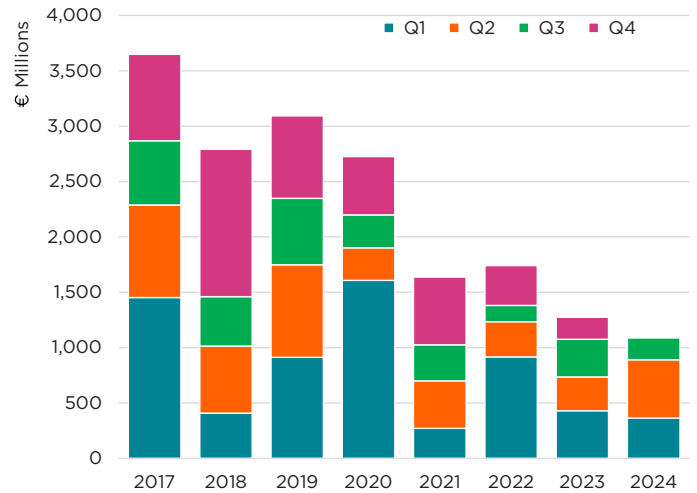
# Czech Republic Investment Market



## Investment Market Highlights

- The total transaction volume for the first three quarters of 2024 reached €1.09 billion. While this is on par (+1%) with the same period last year, it remains 33% below the 5-year three-quarter average.
- Year-to-date, transactions in the core real estate sectors accounted for 74% of the total volume. Retail led with 31%, followed by industrial assets at 22% and office properties at 20%. The residential sector has maintained strong momentum, with more deals closing in Q3 2024, and so far this year contributed 19% to the total volume, marking a 131% y-o-y increase in transaction volume.
- The share of transaction volume driven by Czech investors in the first three quarters of the year has increased for the fourth consecutive year, reaching 85% year-to-date, up from 78% during the same period in 2023.
- Yields for prime offices, industrial assets and also shopping centres remained unchanged from the previous quarter.

## Transaction Volumes



## Quarterly Statistics

### Investment Volume

**€197M**

YoY change: -42%

### Office Yield

**5.25%**

YoY change: none

### Industrial Yield

**5.20%**

YoY change: -5 bps

### Retail Yield

**6.25%**

YoY change: -25 bps

## Economic Indicators<sup>1</sup>

### GDP Growth

**1.1%**

(2024 Forecast)

### Inflation

**2.6%**

(in Sept 2024, YoY)

### Policy Rates

**3.6%**

3M EURIBOR<sup>2</sup>

### Policy Rates - ČNB

**4.25%**

2-WEEK REPO RATE

<sup>1</sup> Based on the data available on 10/10/2024 (Source: Czech Statistical Office, Czech National Bank, Ministry of Finance, European Central Bank);

<sup>2</sup> Q3 2024 average

# Market Review Q3 2024

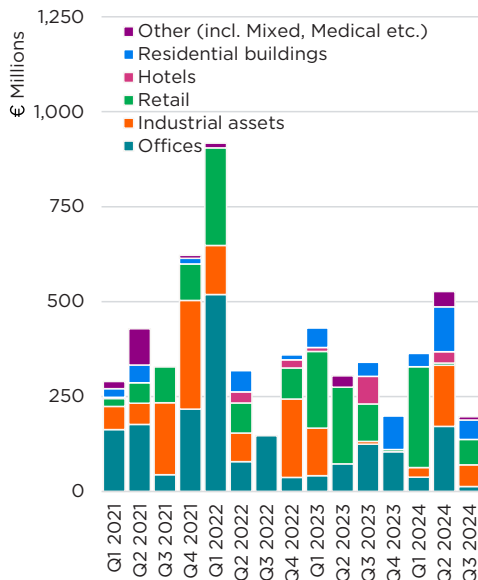
## Investment Activity

- In line with the previous quarter, the Czech real estate market recorded 12 investment deals exceeding €5 million in Q3 2024. However, transaction volume saw a significant decline, dropping 63% from the previous quarter and 42% y-o-y, totalling €197 million for the quarter. All transactions concluded this quarter were acquisitions by domestic investors, with no involvement from cross-border capital.
- This quarter, the retail sector saw the highest number of asset sales, with five transactions totalling nearly €67 million. In the industrial sector, two A-class assets were sold, collectively worth €57 million. The residential sector ranked third in transaction volume, achieving just over €51 million. Sales activity in the office sector, however, remained subdued after its strong performance in the previous quarter.
- For the fifth consecutive quarter, Prague outperformed regional cities in terms of investment volume. This quarter, 58% of the total volume was attributed to assets located in Prague, with all asset classes represented across the five transactions. In smaller regional cities, the assets sold predominantly consisted of retail and industrial buildings.

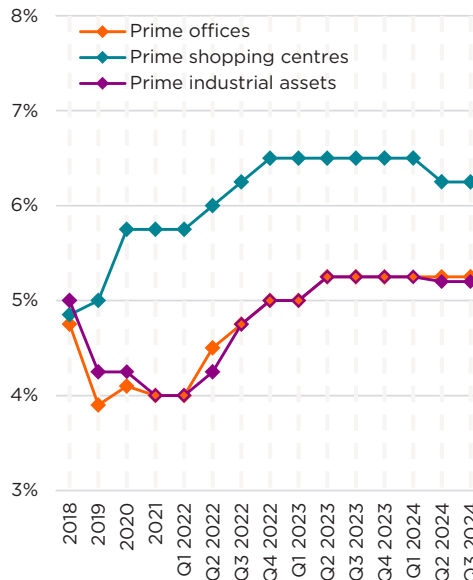
## Forecast

- A fairly quiet Q3 prepares us well for what should be a more transaction-heavy end to the year. Deals that are well underway and scheduled to close by the end of 2024 will boost the total volume for the year by up to another 40%, leaving us on track to exceed the 2023 total by some margin as we had predicted earlier this year. Looking forward further into 2025, we remain confident that the momentum from the end of 2024 will carry over. There are a number of owners coming forwards as potential sellers, and we are seeing rapidly growing interest coming back to Czech from foreign buyers, setting the scene for a more competitive deal-making environment.

## Investment Volume by Sectors



## Prime Yields



## Glossary of used terms



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