

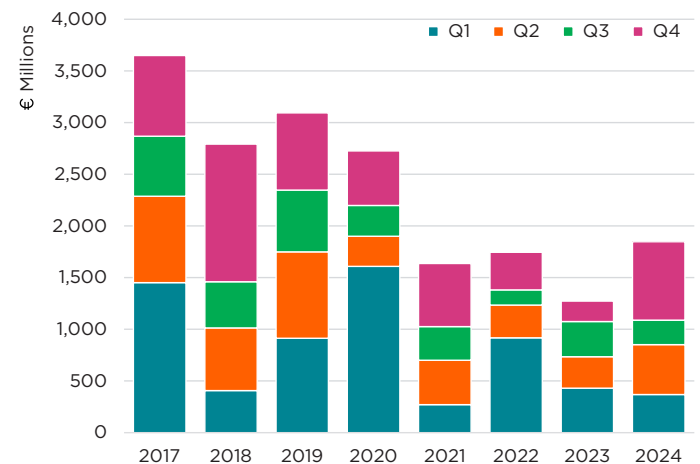
Czech Republic Investment Market



Investment Market Highlights

- Czech real estate investment reached €1.85 billion in 2024, reflecting a 45% y-o-y growth. While this figure was 12% below the five-year annual average, it still represented the strongest performance since 2020.
- Annual transaction volumes increased across all five core real estate sectors, while their proportional shares of the total volume remained largely consistent with 2023. Retail assets accounted for the largest share at 40% (same as in 2023), followed by the office sector at 25% (down from 27% in 2023). Industrial properties represented 14% (up from 10% in 2023), residential schemes made up 12% in 2024 (down from 14% in 2023), and hotels maintained a steady 6% of the total volume, unchanged from the previous year.
- The share of transaction volumes driven by Czech investors continued its upward trend for the fourth consecutive year, reaching an impressive 92% in 2024.
- For the third straight quarter, yields for prime offices, industrial assets, and shopping centres remained stable.

Transaction Volumes



Annual Statistics

Investment Volume

€1.85B

YoY change: +45%

Office Yield

5.25%

YoY change: none

Industrial Yield

5.20%

YoY change: -5 bps

Retail Yield

6.25%

YoY change: -25 bps

Economic Indicators¹

GDP Growth

1.1%

(2024 Forecast)

Inflation

2.4%

(2024, YoY)

Policy Rates

3.0%

3M EURIBOR²

Policy Rates - ČNB

4.00%

2-WEEK REPO RATE

¹) Based on the data available on 16/1/2025 (Source: Czech Statistical Office, Czech National Bank, Ministry of Finance, European Central Bank);

²) Q4 2024 average

Market Review Q4 2024

Investment Activity

- The investment market in the Czech Republic has begun to show early signs of recovery, with both the number of transactions and the total investment volume increasing compared to the previous quarter. The final quarter of 2024 marked a significant milestone, recording the highest transaction volume of the year, with nearly €758 million invested in commercial real estate, including two transactions that exceeded €100 million. This also represented the strongest quarterly activity since Q1 2022.
- The market remains predominantly driven by domestic capital. Of the 18 transactions completed in Q4 2024, all but one were acquisitions by Czech investors. Collectively, these investors acquired assets worth more than €743 million.
- The retail* sector recorded the highest investment volume in Q4 2024, accounting for 47% of the quarter's total. Offices* followed, contributing 32%, while hotels represented the third-largest share at 12%.

Forecast

- We are entering 2025 on the back of a strong 2024 that saw >30% increase in transaction volumes y-o-y. A number of (sizeable) deals have carried into 2025 which will immediately kick-start the year at full speed; a pace that we can foresee continuing beyond just the first quarter. Whilst further interest rate decreases may slow down or even stop altogether and won't provide the 'deal gasoline' that many had expected, there are a variety of other factors and economic indicators that are prompting those investors who have been waiting on the sidelines to get back into the game. We expect that the transaction volume for 2025 will exceed the €2 billion mark, for the first time since 2020.

Glossary of used terms



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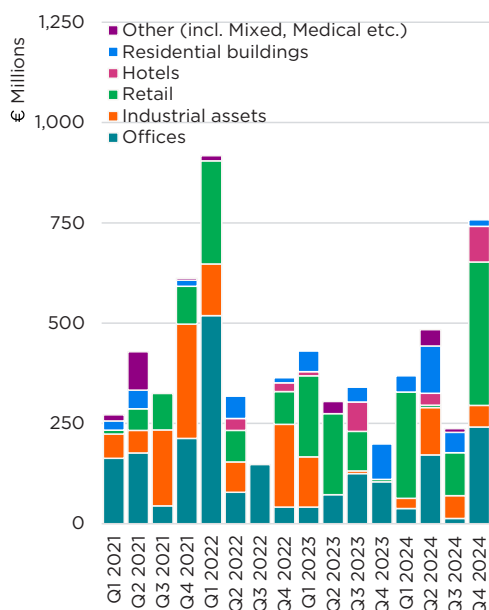
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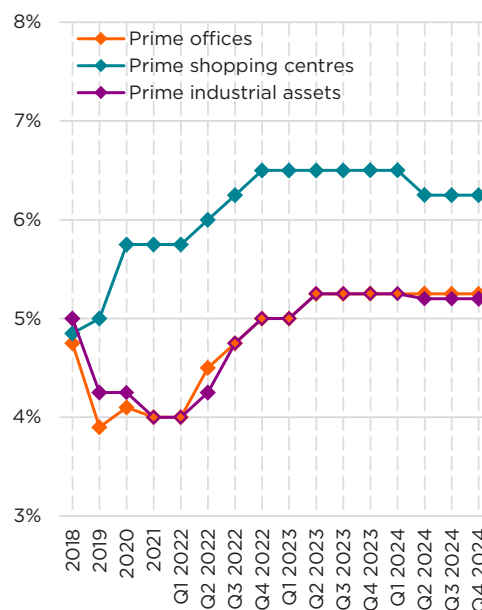
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Investment Volume by Sectors



Prime Yields



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