

Real Estate Investment Market Update

Czech Republic – Q1 2026

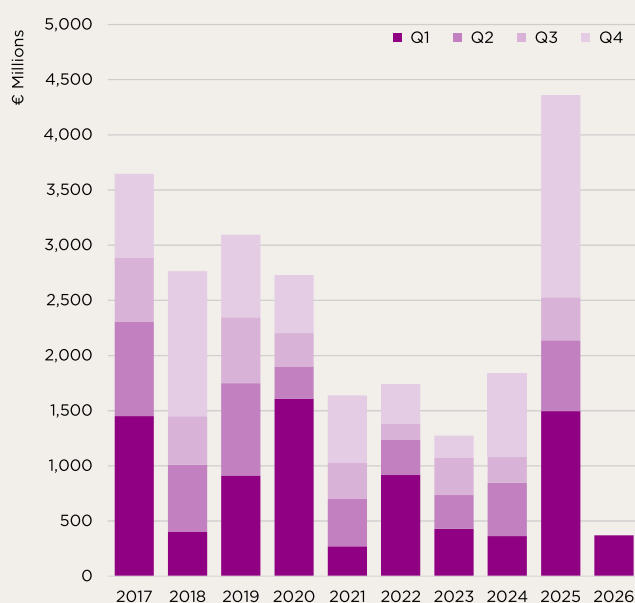
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Market highlights

- Following an exceptionally strong finish to 2025, real estate investment volumes in Q1 2026 presented a notably subdued picture. Overall transaction activity continues to be constrained by a renewed sense of caution in the market, driven primarily by geopolitical tensions and concerns over a potential energy crisis. As a result, investor sentiment has softened, with many market participants adopting a more selective and defensive approach to acquisitions.
- With €371 million transacted in Q1 2026, the start of the year is broadly in line with Q1 2024 (€364 million) and Q1 2023 (€431 million). While this does not represent a historical low, it places current activity within the lower range of historical performance. Year-on-year, Q1 2026 volumes fell by 75%, though this decline is partly attributable to the high comparison base set by the record-breaking year 2025, which saw exceptionally strong Q1 and Q4.
- In Q1 2026, transaction activity was broadly led by the hotel, retail and office sectors, each contributing close to one-third of total investment volume. The relatively balanced distribution across sectors suggests that, despite weaker overall volumes, capital remains diversified, with investors targeting opportunities across multiple asset classes rather than concentrating risk in a single segment.

TRANSACTION VOLUME DROPS TO Q1 2024 LEVELS



KEY STATISTICS

VOLUME
YEAR-TO-DATE

€371M

Y-O-Y CHANGE: -75%

PRIME YIELD
OFFICES

5.25%

Y-O-Y CHANGE: none

PRIME YIELD
INDUSTRIAL

5.15%

Y-O-Y CHANGE: none

PRIME YIELD
SHOPPING CENTRES

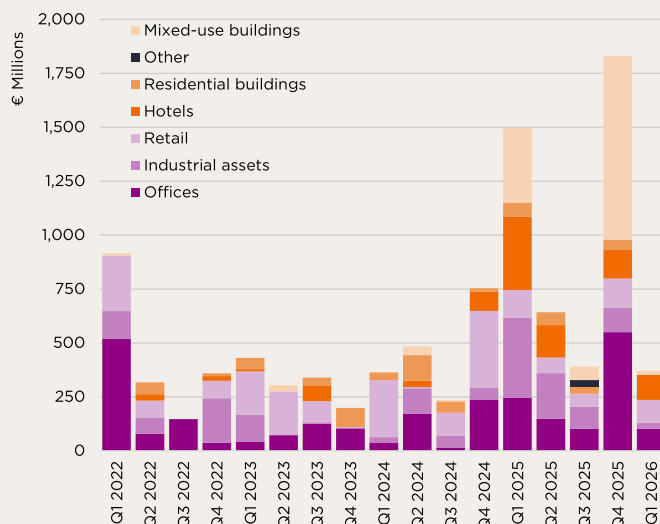
6.00%

Y-O-Y CHANGE: -25 bps

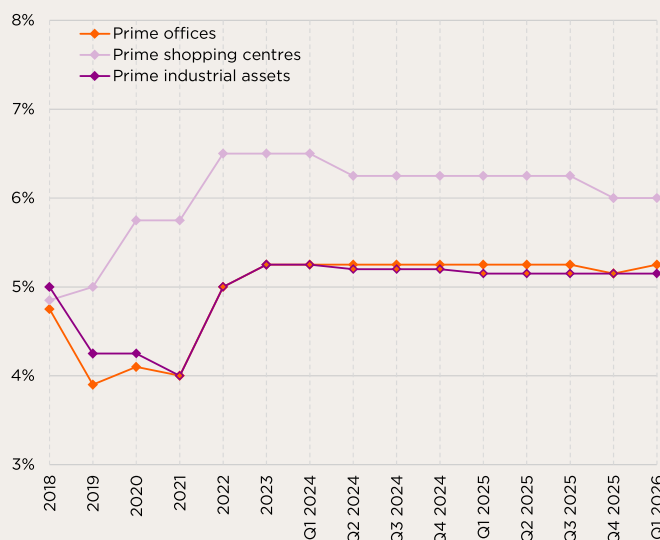
This quarter at a glance

- Hotel investment activity maintained the positive momentum seen in Q4 2025. In Q1 2026, the sector recorded over €117 million in transactions, representing 32% of the quarter's volume. Despite this, volumes were still down 66% year-on-year; however, hotels were the only sector to exceed their five-year quarterly average. Notable deals included the sale of the four-star Vienna House Andel's Prague, the largest transaction of the quarter, and the Kempinski Group's acquisition of the five-star Augustine Hotel near Prague Castle.
- The retail sector recorded €106 million in transactions in Q1 2026, including the Prague-based Novo Plaza shopping centre and two retail parks located outside Prague. Retail accounted for 29% of total Q1 2026 investment volume, declining year-on-year from €129 million in Q1 2025 and remaining 18% below the five-year quarterly average.
- Office transaction volume totalled €102 million in Q1 2026, representing a 59% year-on-year decline, with all transactions involving Prague-based assets. Taking into account deals still ongoing in March, the office sector is well positioned to dominate annual investment volume in the country this year.
- At the other end of the spectrum, the industrial sector recorded a significant year-on-year decline of 92%, with only one transaction completed during the quarter. The sector's five-year quarterly average is approximately 4.5 times higher than the Q1 2026 volume.
- Overall, Q1 saw a total of 11 transactions, including seven assets located in Prague and four in regional markets. None of the deals exceeded €100 million in value, with the majority of transactions historically falling within this sub-€100 million range.
- Domestic investors remained the dominant buyer group, although their share of quarterly volume declined to 62% in Q1. European investors ranked second, accounting for 18%. The increased presence of cross-border capital highlights continued interest in high-quality assets beyond the consistently attractive industrial sector.
- Prime yields across key asset classes remained broadly stable, with a slight upward correction observed in the office and high street retail segments. Further yield movement is possible over the course of 2026, depending on developments in the Middle East and the trajectory of financing costs.

INVESTMENT VOLUME BY SECTOR



PRIME INVESTMENT YIELDS



Source: Savills Research



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