

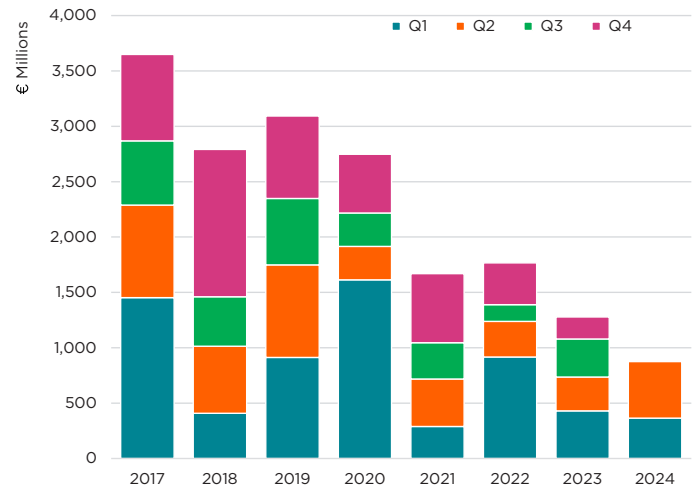
Czech Republic Investment Market



Investment Market Highlights

- The total transaction volume for H1 2024 reached €874 million¹, reflecting a 20% increase y-o-y. Despite these initial positive signs, the figure is still 45% below the H1 5-year average volume.
- Domestic investors maintained dominance, accounting for 82% of the H1 volume, but the market also saw acquisitions by investors from the more distant regions of the Middle East and Asia Pacific.
- Owing mainly to the sale of Arkády Pankrác in Q1, the retail sector captured the largest share of investment volume in H1 (31%). Offices followed with 24% and industrial premises with 20%. The residential sector saw a significant increase, accounting for 18% of the investment volume recorded so far this year.
- Yields for prime offices remained stable at 5.25% in Q2 2024. Meanwhile, other core sectors experienced slight declines: prime yields for industrial assets decreased from 5.25% to 5.20%, and prime shopping centre yields fell from 6.50% to 6.25%.

Transaction Volumes



Quarterly Statistics

Investment Volume

€511M

YoY change: +68%

Office Yield

5.25%

YoY change: none

Industrial Yield

5.20%

YoY change: -5 bps

Retail Yield

6.25%

YoY change: -25 bps

Economic Indicators²

GDP Growth

1.4%

(2024 Forecast)

Inflation

2.0%

(in June 2024, YoY)

Policy Rates

3.8%

3M EURIBOR³

Policy Rates - ČNB

4.75%

2-WEEK REPO RATE

¹) Following a downward revision of Q1 volume to €364 million; ²) Based on the data available on 15/07/2024 (Source: Czech Statistical Office, Czech National Bank, Ministry of Finance, European Central Bank); ³) Q2 2024 average

Market Review Q2 2024

Investment Activity

- In Q2 2024, 12 investment transactions were concluded with a total value of €511 million, which was 68% higher compared to the same period last year. After two weaker quarters, the share of cross-border capital rose to 31% this quarter, with transactions totalling nearly €159 million, a 103% y-o-y increase. Retail transactions were muted in Q2, with the majority of the volume coming from office building sales (34%), industrial asset sales (28%), and residential transactions (23%).
- Prague attracted 62% of the Q2 2024 investment volume. However, the number of deals involving Prague-based assets was equal to those with regional assets. Aside from one portfolio transaction, the quarter primarily consisted of single-asset sales, with an average transaction size of €40 million and only one deal exceeding €100 million.

Forecast

- Our expectation that the total volume in 2024 will show an increase over that in 2023 continues to play out in the improving transactional activity in the market. At the year's halfway point, we are already 20% up on H1 2023, with €874 million recorded in 19 transactions. We are seeing a number of ongoing deals, indicating that our €1.5 billion prediction for the year's total volume may even be slightly surpassed. There is a tangible increase in investor appetite and we are experiencing healthy engagement from investors with real commitment to deploy equity. It is generally believed that we are past the bottom of the market and there are already enough benchmark transactions completed that provide a comparable basis from which to evaluate pricing. This is giving comfort to investors and allowing them to confidently underwrite opportunities.

Glossary of used terms



Investment team

Fraser Watson

Head of Investment Advisory
+420 776 286 685
fraser.watson@savills.cz

Vojtěch Wolf

Senior Investment Analyst
+420 732 106 598
vojtech.wolf@savills.cz

Research team

Lenka Pechová

Senior Research Analyst
+420 604 387 407
lenka.pechova@savills.cz

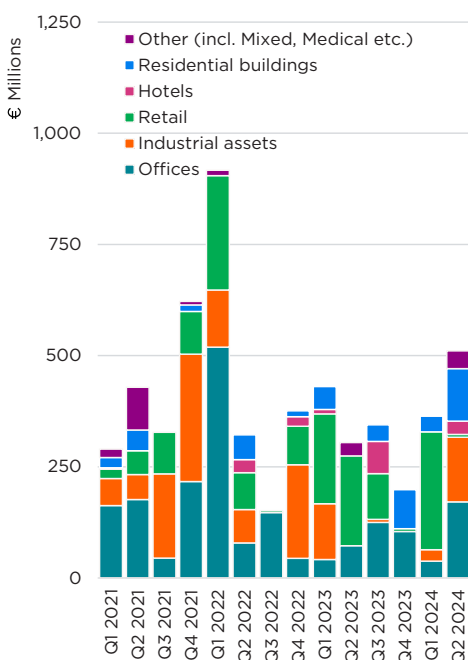
Veronika Králová

Research Analyst
+420 775 308 015
veronika.kralova@savills.cz

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Investment Volume by Sectors



Prime Yields

