

## Investment Q3 2023

YoY Chg. 12-Mo. Forecast

**5.00%**

Prime Yield (IND)



**€ 1,026 M**

YTD Total Volume



**-25%**

YTD Volume y/y Change



### ECONOMIC INDICATORS Q3 2023

YoY Chg. 12-Mo. Forecast

**-0.2%**

GDP (y/y growth)\*



**2.7%**

Unemployment Rate\*



**3.1%**

5-Yr EUR Swap\*\*



**4.6%**

10-Yr Czech Government Bonds\*



\* Forecast. \*\* End of period  
Source: Moody's Analytics

### ECONOMY: Czechia's economy is slowly recovering from a period of stagnation

Recent data indicates that the economy has emerged from a minor contraction, but challenges in the industrial sector and among Czechia's trading partners, especially Germany, may limit immediate growth prospects. While the first half of 2023 saw a nearly stagnant Czech economy due to weak domestic demand, stronger exports, and increased fixed investments, it is uncertain whether this rebound will be sustained.

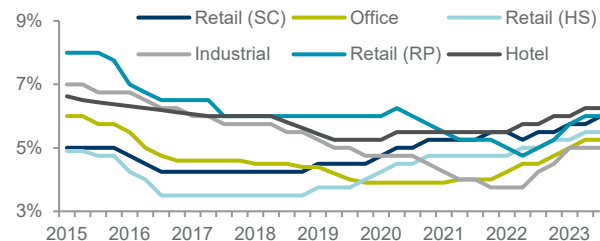
High interest rates have hampered private consumption and fixed investments, particularly in residential real estate. Government spending, which previously supported the economy, is expected to shift towards fiscal consolidation as energy prices stabilise. The labour market remains robust, with only a slight uptick in unemployment, and a moderation in inflation is expected. The central bank is currently in a wait-and-see mode, and it's hoped that current policy rates will be sufficient to bring inflation back to target levels. Policy rates are expected to decrease gradually next year.

### INVESTMENT OVERVIEW: Investment activity slips in Q3 2023, with signs of recovery

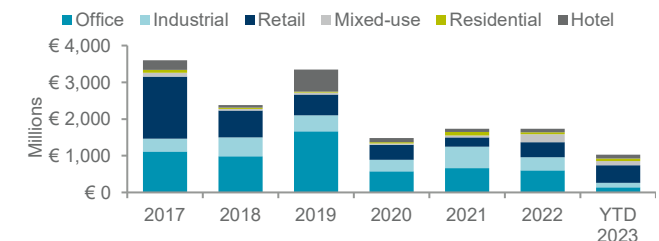
In Q3 2023, the volume of investment transactions in commercial real estate, including offices, industrial and logistics parks, retail projects, hotels, and residential commercial projects, totalled approximately €300 million, representing an 11% increase compared to the previous quarter and 58% increase compared to the third quarter of the previous year, which was the weakest since 2013. The total transaction volume for the first nine months of this year reached around €1,026 million, marking a 25% decrease compared to the previous year. A similar pattern of weak performance was observed in 2020, which was heavily affected by the COVID-19 pandemic.

The most significant transaction in the third quarter was the sale of the Via Una banking palace on Na Příkopě Street 33 in Prague, acquired by Trinity Bank from a fund within the Commerzbank group. So far this year, the retail building category accounts for 46% of the transactions, including the sale of the Trei retail portfolio, the partial sale of the Arkády Pankrác shopping centre, and the sale of the Atrium Palác Pardubice centre. In total, there were 11 transactions in this sector during the first three quarters.

### PRIME YIELDS



### INVESTMENT SALES VOLUME BY SECTOR



## INVESTMENT ACTIVITY YTD 2023

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	PRIME RENT (SQ M / MONTH) / RevPAR (PER ROOM)	PRIME YIELD	
Office	7	143	€ 28.50	5.25%	
Industrial	8	120	€ 7.75	5.00%	
Retail	11	475	High Street	€ 225.00	5.50%
			Shopping Centre	€ 142.00	5.75%
			Retail Park	€ 13.50	6.00%
Mixed-use	3	120	n/a	n/a	
Residential	6	70	n/a	n/a	
Hotel	7	98	€ 69.00	6.25%	
<b>TOTAL</b>	<b>26</b>	<b>1,026</b>			

## KEY ECONOMIC INDICATORS

ECONOMIC INDICATORS*	2019	2020	2021	2022	2023 <sup>F</sup>	2024 <sup>F</sup>	2025 <sup>F</sup>
GDP growth (PPP)	3.0%	-5.5%	3.5%	2.4%	-0.2%	1.9%	3.7%
Private consumption expenditure	2.6%	-7.2%	4.1%	-0.7%	-2.9%	3.5%	4.6%
Unemployment rate	2.0%	2.5%	2.8%	2.3%	2.6%	2.6%	2.5%
Inflation (CPI index)	2.8%	3.2%	3.8%	15.2%	10.5%	2.5%	2.0%
CZK/EUR (average)	25.67	26.46	25.65	24.58	23.95	23.62	23.09
CZK/USD (average)	22.93	23.21	21.68	23.37	22.48	22.04	21.00
5-year EUR Swap	-0.2%	-0.4%	-0.3%	1.7%	3.2%	3.2%	2.7%
Interest Rates: 10-year bond yield (%)	1.5%	1.1%	1.9%	4.3%	4.5%	4.1%	3.6%

Source: Moody's Analytics

\*\* Annual % growth unless otherwise indicated.

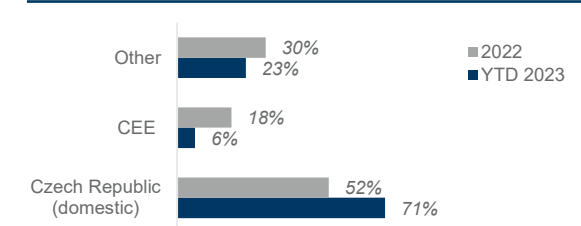
## MAJOR INVESTMENT DEALS YTD 2023 \*\*\*

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M)	MARKET
Trei Portfolio	Retail	Star Capital Finance	TREI Real Estate	93,800	Multiple cities
Atrium Palác Pardubice	Retail	Redstone Real Estate	G City Europe	26,300	Pardubice
Via Una	Mixed use	Trinity Bank	Commerz Real	16,000	Prague
Arkády Pankrác (25%)	Retail	G City Europe	ECE	40,000	Prague
Hotel Augustine (55%)	Hotel	Private investor (UA)	Gleden Invest	101 rooms	Prague

Source: Real Capital Analytics, Cushman &amp; Wakefield

\*\*\* Selected closed transactions over € 10 million.

## ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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