

Czech Investment Market

Q4 2024

A regular investment market update on the Czech real estate market

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In the final months of 2024, the revival of investment activity became fully evident and is expected to continue in 2025.

A significant reduction in financial costs is no longer likely.

A larger pool of assets is being put on the market. ESG continues to play an increasingly important role in acquisition negotiations.

- We anticipate only marginal changes in yield levels throughout 2025. Further ECB rate cuts will depend on inflation trends and economic growth, with analysts projecting potential reductions of up to 100 basis points during the year.

CZECH INVESTMENT MARKET

In the final quarter of 2024, investments reached almost €700 million, representing a year-on-year increase of 232%. For the entire year, real estate investments totalled €1.79 billion, up by 23% y-o-y.

In Q4 2024 retail investment dominated (34%), followed by transactions involving properties of mixed uses (28%).

Retail properties accounted for the largest share of the total annual investment volume last year, primarily due to two transactions: Arkády Pankrác and Centrum Černý Most. These were followed by offices and mixed-use.

Up to 90% of the total investment volume was carried out by Czech investors. However, foreign institutional investors are starting to re-enter.

Overview

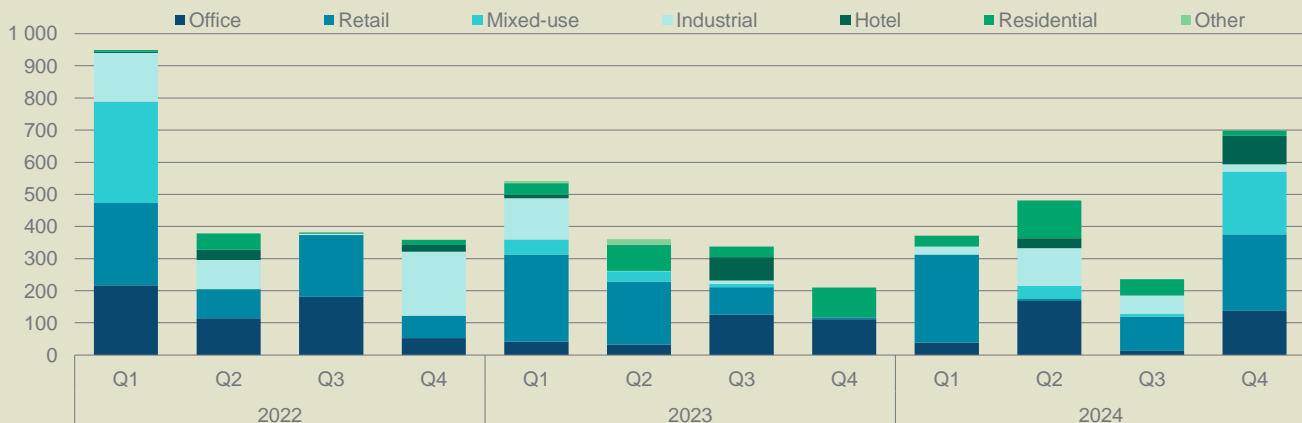
Q4 2024

Prime Yields

Offices	5.50%
Shopping Centres	6.00%
Retail Parks	6.00%
High Streets	4.75%
Industrial & Logistics	5.00%

Investment volume

€ mln.



Source: Knight Frank Research

INVESTMENT MARKET

Among the most significant transactions of the 4th quarter was the acquisition of the Nova Real Estate portfolio, including 5 office buildings in Prague, and 11 retail parks in the regions. The buyer was Českomoravská Nemovitostní (ČMN). The total value of the transaction was approx. 5 billion CZK according to the press.

Another significant deal was the transfer of a 25% stake in the shopping centre Centrum Černý Most to Upvest.

We have recorded a transaction of a trophy asset on the Prague high street. The investment company Amundi Czech Republic announced the sale of a building at Pařížská Street 3, housing the luxury brand Louis Vuitton. The property was purchased by the Raiffeisen Real Estate Fund, managed by Raiffeisen Investiční společnost.

The investment groups SPM together with SCF became the new owners of the Palác Křižík office building in Prague 5.

The Knight Frank data include investment transactions of income-generating properties including forward purchase transactions.

We are passionate about answering your questions. If you've got one about our research or you would like some property advice, we would love to hear from you.



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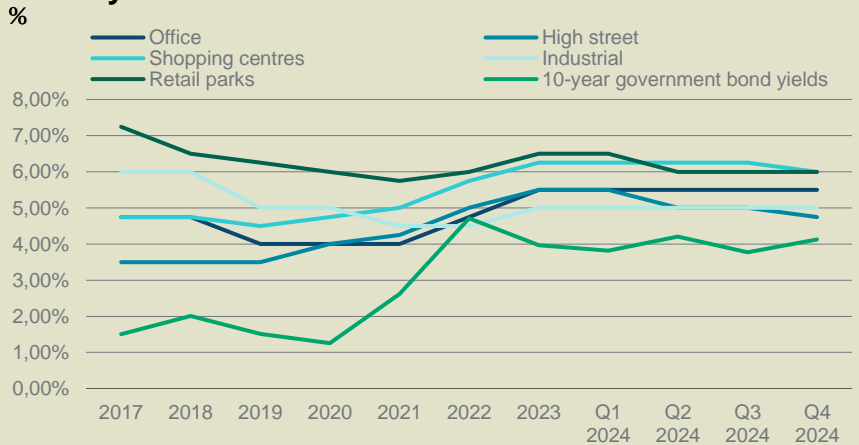


Investment
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- Yield rates slightly compressed during the 4th quarter for prime properties on high streets and top shopping centres by 25 basis points. Yield rates for office and industrial assets remained stable.

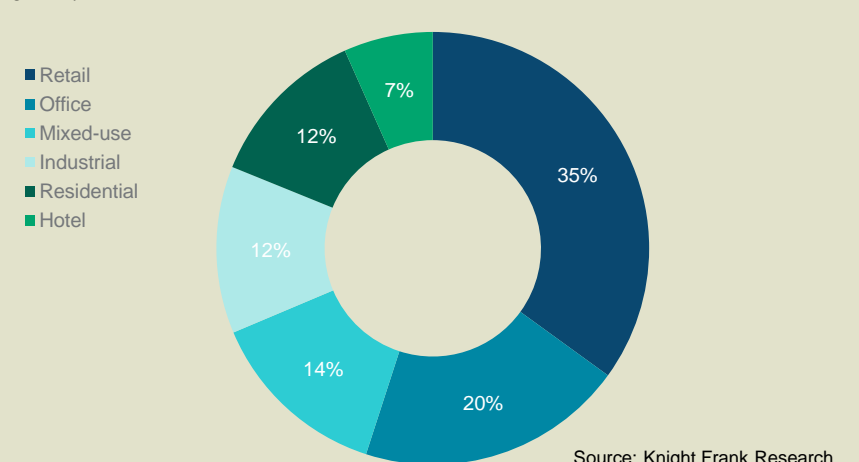
During the second half of the year, and particularly towards the end of the year, investment activity in the Czech market increased significantly. The total investment volume in 2024 exceeded the previous year's figure, when investments amounted to €1.45 billion. Transactions currently in the final stages of negotiations across all segments suggest that 2025 should also be a strong year. Investment volumes could potentially approach the long-term annual average of approximately €2.5 billion in real estate investments.

Prime yields



Source: Knight Frank Research

Investment by sector in 2024



Source: Knight Frank Research