

# Czech Investment Market

Q3 2023

A regular investment market update on the Czech real estate market

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Investment activity remained subdued throughout the summer. On the other hand, a transaction involving a trophy asset demonstrates the resilience of domestic capital.

- Prime yields stayed stable quarter on quarter, some minor upward adjustment could still be expected towards the end of the year depending on the development of interest rates.

## CZECH INVESTMENT MARKET

In Q3 2023 real estate investment volumes totalled almost €245 million, representing a 75% increase year on year, but a 32% drop quarter on quarter. The quarterly results were significantly influenced by the sale of Via Una Na Příkopě 33, which was responsible for 35% of the quarterly volume. It also represents a unique transaction of a trophy asset acquired by domestic investors and the third largest deal so far this year.

Czech investors accounted for more than 80% of deals in Q1-Q3 2023. Also thanks to the above mentioned deal offices had a 51% share of quarterly investment, followed by retail with 35%, mainly retail parks and hypermarkets. The investment volume year to date amounted to € 1.15 billion, down by 22% y-o-y. Almost half of the investment activity was directed towards retail, followed by offices at 18%.

## Overview

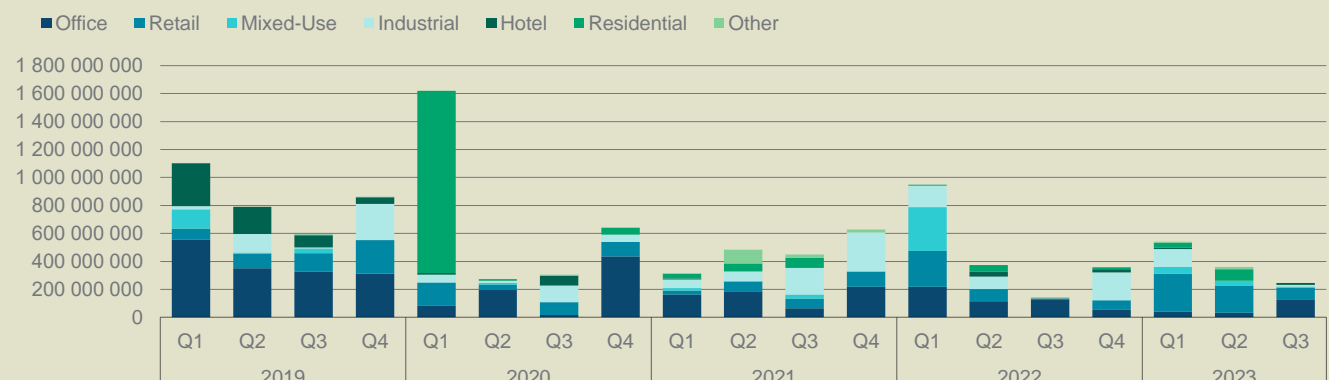
Q3 2023

Prime Yields

	Offices	5,25%
	Shopping Centres	6,25%
	Retail Parks	6,50%
	High Streets	5,50%
	Industrial & Logistics	5,00%

## Investment volume

€



Source: Knight Frank Research

## INVESTMENT MARKET

Apart from the Via Una building, other major deals in Q3 2023 included the acquisition of Retail Park Trutnov by Fidurock, Zirkon Office Centre by ČMN or Albert in Česká Lípa.

The Czech National Bank kept its basic interest rate unchanged at 7%. Nevertheless, the European Central Bank increased its base rate at its latest session in September to 4.5%, for the tenth time in a row by 25 basis points. The ECB also worsened its GDP and inflation outlook for the Eurozone for this year. The Eurozone economy is forecast to grow only by 0.7%, while HICP inflation should average 5.6% this year according to the ECB predictions.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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- ▶ The latest quarterly investment statistics show that investment activity remains subdued. On the other hand, the strength of domestic capital is outstanding within the CEE context and demonstrates the healthy fundamentals of the Czech investment market.

Lately we also see some signs of gradual aligning of seller and buyer expectations.

In the last quarter of the year we anticipate some larger investment transactions to close, mainly within the office and retail sector which could bring the annual investment volumes closer to last year's levels.

