

Czech Investment Market

Q1 2025

A regular investment market update
on the Czech real estate market

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Q1 2025 was the strongest quarter since Q1 2020.

The recovery in investment activity is broad-based across all sectors.

Additionally, there are more properties on the market for sale,
creating new opportunities for both domestic and international
buyers throughout the remainder of the year.

- It remains to be seen how the current uncertainty related to trade wars will affect the behavior of real estate investors. In general, real estate is perceived as an asset with a low level of risk, and the current situation could therefore favour real estate investments.

CZECH INVESTMENT MARKET

In the first quarter of 2024, investments reached €1.47 billion, three times the level of Q1 2023. This is also the highest quarterly result since Q1 2020, when the Residomo residential portfolio was traded, which alone represented €1.3 billion.

Industrial properties accounted for the largest share of the investment volume (25%) due to the Contera portfolio deal, followed by mixed-use assets (24%), such as Atrium Flóra, Myslbek, and hotels (23%).

Czech buyers were responsible for more than 70% of all deals, while international investors accounted for 30% of the share in Q1 2025.

Overview

Q1 2025

Prime Yields

 Offices 5.25%

 Shopping Centres 6.00%

 Retail Parks 6.00%

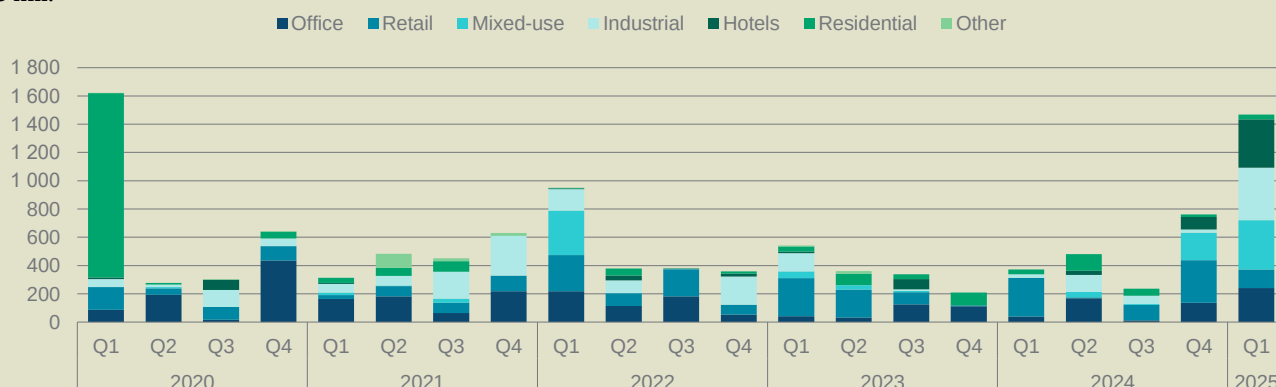
 High Streets 4.5%

 BTR 4.50%

 Industrial & Logistics 5.00%

Investment volume

€ mil.



MAJOR INVESTMENT TRANSACTIONS

Blackstone, the American private equity firm, has agreed to acquire CT Real Estate, a portfolio of 10 logistics parks, 7 of which are located in the Czech Republic, from TPG Real Estate/Contera. Additionally, Blackstone has committed to buying a stake directly from Contera, which will give Blackstone a majority stake in Contera's industrial portfolio. Contera will remain a minority shareholder, property manager, and developer.

PPF Hospitality has acquired the Hilton Prague (791 rooms), underscoring the growing demand from investors for prime hotel assets.

Redstone concluded two major transactions in Q1 2025 for its newly created fund, Max Fond: the acquisition of Atrium Flóra in Prague 3 and Myslbek in Prague 1. Both properties combine retail and office functions.

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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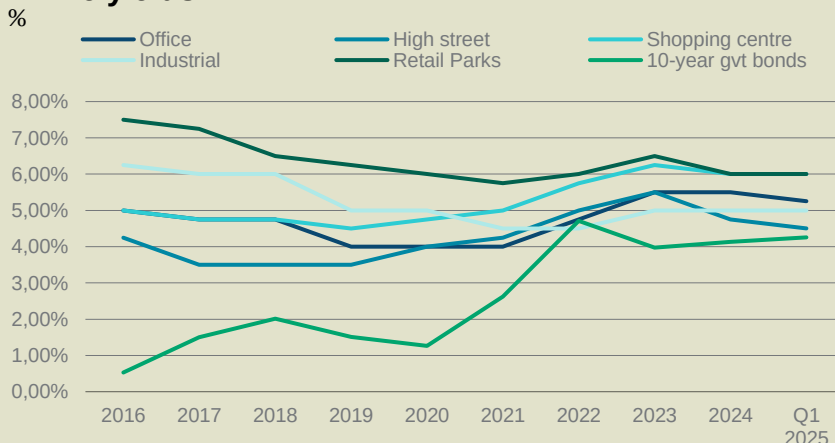
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- Yield rates for prime office and high street assets moved in by 25 bps, while all other asset classes remained stable quarter-on-quarter (q-o-q).

The Fed kept its policy rate steady at 4.25–4.50% in March, reflecting a heightened US inflation outlook and elevated uncertainty, while the ECB lowered its deposit rate to 2.50% and the main refinancing operations rate to 2.65%. The widening gap enhances the relative appeal of European real estate for inbound capital.

The Czech National Bank maintained the 2W Repo rate at 3.75% in March.

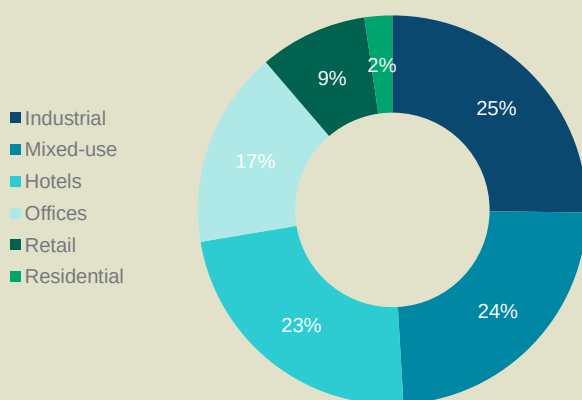
Prime yields



Source: Knight Frank Research

Investment volume by sector in Q1 2025

€ mil.



Source: Knight Frank Research