

Czech Investment Market



Q2 2024

A regular investment market update on the Czech real estate market

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There is a noticeable revival in investment activity, with an increase in the number of ongoing transactions. Domestic investor activity continues to dominate, both from Czech funds as well as private investors and investment groups. Meanwhile, foreign investors have also increased their activity after an extended period in waiting mode.

- In June, the European Central Bank reduced the key interest rate by 25 basis points for the first time since 2019 to 4.25%.

Overview

Q2 2024 Prime Yields

 Offices	5.50%
 Shopping Centres	6.25%
 Retail Parks	6.00%
 High Streets	5.00%
 Industrial & Logistics	5.00%

CZECH INVESTMENT MARKET

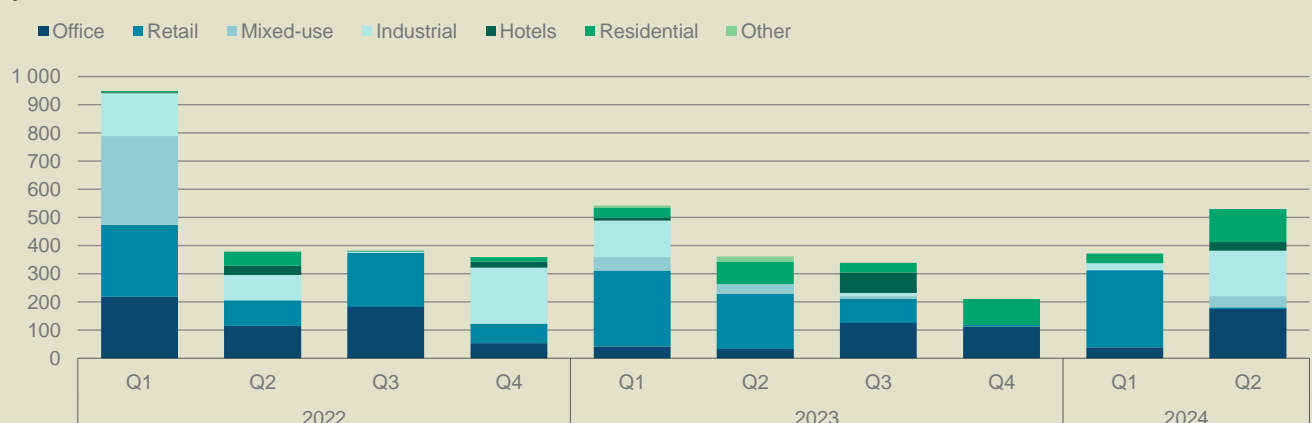
In Q2, 2024, investments reaching almost €530 million were concluded (up by 47% y-o-y), bringing the total investment volume to €900 million for the first six months of this year. Investments in offices predominated in the second quarter with 33%, mainly due to the sale of the VN 42 building, led by the Knight Frank team.

Industrial properties had a 30% share on quarterly investment.

A high interest in the residential sector was confirmed, as the share of investments into build-to-rent reached 26% out of the total volume in Q2.

Up to 81% of all investments this year were made by Czech entities, followed by Swedish and Israeli capital.

Investment volume



Source: Knight Frank Research

INVESTMENT MARKET

The most significant transaction in Q2 was the sale of the VN 42 building, led by Knight Frank. The building was purchased from Komerční banka by the Prague City Council for CZK3.5 billion (€140 million).

The MINT residential fund acquired 306 apartments from Metrostav Development as part of the third phase of the Vysočanský mlýn complex. FINEP and AFI Europe announced that FINEP will build two new residential buildings with 291 rental apartments for AFI Europe in the Nová Elektra project in Prague 9 – Hloubětín.

Patria investiční společnost acquired a production facility of Jungheinrich within the Panattoni Park Chomutov North. VGP and Areim signed a portfolio JV, including also several parks in the Czech Republic.

Negotiations are underway for portfolio transactions, as well as premium office, hotel, and retail properties in Prague. Therefore, we can expect an increase in investment volumes by the end of this year.

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

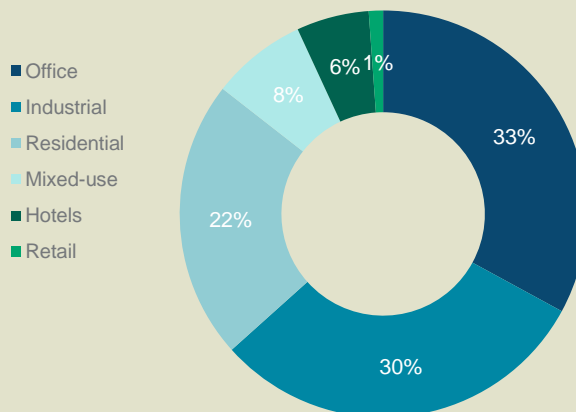
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- Prime yields remained stable for office, industrial and shopping centres. A slight compression was recorded for high street retail to 5% and retail parks to 6%. Further development of yield rates will depend on the speed and intensity of the ECB's interest rate reductions. Given that a slower pace of reduction is expected, yield rates should remain relatively stable this year.

We expect that the total investment volume could reach up to €1.6-1.8 billion this year. Last year, €1.45 billion worth of real estate was traded. However, the long-term annual average of investment volumes is higher, at €2.6 billion.

Investment by sector Q2 2024

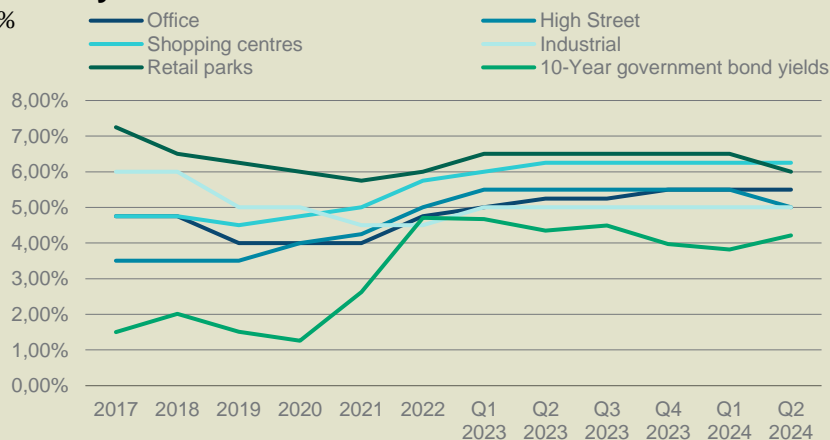
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Source: Knight Frank Research

Prime yields

%



Source: Knight Frank Research