

Investment Q3 2021

	YoY Chg.	12-Mo. Forecast
4.0% Prime Yield	▼	▬
€ 934 M YTD Total Volume	▲	▬
€ 402 M YTD Office Volume	▲	▬
€ 187 M YTD Retail Volume	▼	▬
€ 327 M YTD Industrial Volume	▲	▲

(All Property Classes)

ECONOMIC INDICATORS Q3 2021

	YoY Chg.	12-Mo. Forecast
2.7% GDP*	▲	▲
2.6% Unemployment Rate	▼	▼
-0.01% 10-Yr EUR Swap	▲	▬
1.8% 10-Yr Interest Rate	▲	▲

* Annual growth forecast
Source: Moody's Analytics

ECONOMY: Economic recovery slower than expected

Czechia's economy is on its way to recovery from the pandemic-induced recession. After a record-breaking contraction, which continued into the spring because of a severe third wave of Covid-19, the economy is set to recover to its pre-pandemic levels by the end of this year. Moody's analytics estimate GDP growth at 2.6% for the entire 2021 and 5.4% for 2022.

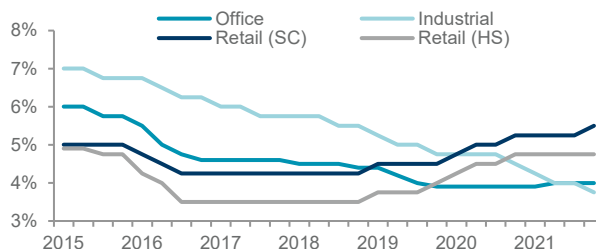
By the end of October, about 57% of the population was fully vaccinated. However, the number of cases has been growing exponentially in the past several weeks with the arrival of the new Covid-19 variant. It is still to be seen whether the widespread vaccination and the large previous waves will reflect in much lower hospitalizations and fatalities in the months to come. In any case, it seems unlikely that the newly formed liberal Government will impose further global restrictions or country lockdown.

INVESTMENT OVERVIEW: Limited activity due to lack of product persists

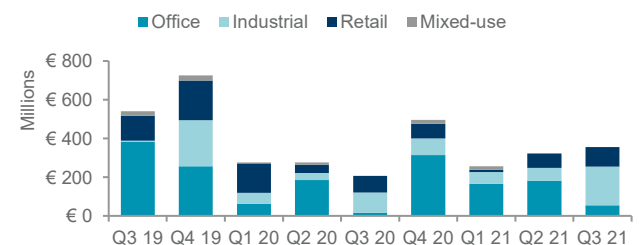
The total volume of investments in commercial real estate reached € 934 million year-to-date, which is about 23% more than in the same period last year, yet nearly 53% behind the level achieved in 2019. Most of the investments flew to office schemes (43%), while industrial assets share in the total volume accounted for 35%. More than 50% of the capital invested in commercial real estate in 2021 originated in the Czech Republic.

The office pipeline for 2022 is relatively weak, and the currently most attractive logistics product remains scarce due to the consolidated and geographically small local industrial market. Therefore, we do not expect the investment activity in the Czech Republic to increase significantly in the next year. Local investors instead consider expansion to the foreign markets, especially neighbouring Poland or Germany.

PRIME YIELD TREND



INVESTMENT SALES VOLUME BY SECTOR



INVESTMENT ACTIVITY YTD 2021

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVG PRICE / SQ M (€)	PRIME YIELD
Office	16	402	2,200	4.00%
Industrial	14	327	950	4.00%
Retail	17	187	2,200	4.75%
Mixed-use	2	18	n/a	n/a
TOTAL	49	934		

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2016	2017	2018	2019	2020	2021 ^F	2022 ^F
GDP Growth	2.4%	5.4%	3.2%	3.0%	-5.8%	2.6%	5.4%
Private consumption expenditure	3.7%	4.2%	3.5%	2.6%	-6.8%	4.7%	5.3%
Unemployment rate	4.0%	2.9%	2.2%	2.0%	2.5%	2.9%	2.6%
Inflation	0.7%	2.5%	2.2%	2.8%	3.2%	3.7%	4.5%
CZK/EUR (average)	27.04	26.34	25.65	25.67	26.46	25.61	23.62
CZK/USD (average)	24.44	23.38	21.73	22.93	23.21	21.51	18.88
Interest Rates: 3-month (%)	0.3%	0.4%	1.3%	2.1%	0.9%	1.0%	3.7%
Interest Rates: 10-year bond yield (%)	0.4%	1.0%	2.0%	1.5%	1.1%	1.9%	3.0%

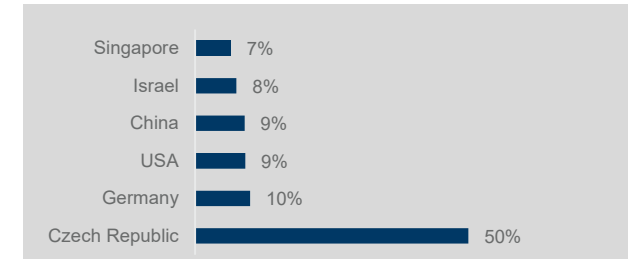
Annual % growth unless otherwise indicated. Source: Moody's Analytics

SIGNIFICANT SALES YTD 2021

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
APEX Portfolio	Industrial	CNIC Corporation	P3 Properties	87,000	Multiple locations
Avenir Business Park A, D	Office	AFI Europe	Tristan Capital Partners / Mint Investments	25,600	Prague
Explora Business Centre	Office	Trigea	Golden Star Group	21,400	Prague
Parkview	Office	DEKA	Skanska Property	16,600	Prague
Retail park portfolio	Retail	Trigea	Standard Life Aberdeen	29,600	Olomouc, Ostrava
Korso Karviná	Retail	Conseq	Bluehouse Capital	13,200	Karviná
Nová Karolina Park	Office	RT Torax Group	Paaserinvest	30,400	Ostrava

Closed transactions over € 10 million. Source: Real Capital Analytics, Cushman & Wakefield Research

YTD 2021 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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