

Investment Q4 2021

	YoY Chg.	12-Mo. Forecast
3.8% Prime Yield (IND)	▼	▬
€ 1,542 M YTD Total Volume	▲	▲
€ 656 M YTD Office Volume	▲	▬
€ 278 M YTD Retail Volume	▼	▬
€ 581 M YTD Industrial Volume	▲	▲

(All Property Classes)

ECONOMIC INDICATORS Q4 2021

	YoY Chg.	12-Mo. Forecast
3.0% GDP*	▲	▲
2.6% Unemployment Rate	▼	▼
-0.01% 10-Yr EUR Swap	▲	▬
2.5% 10-Yr Interest Rate	▲	▲

* Annual growth forecast
Source: Moody's Analytics

ECONOMY: Return to the pre-pandemic performance expected in the second half of 2022

The recovery of the Czech economy from the pandemic-induced recession is proceeding. However, supply-related issues continue to constrain the pace of the recovery. Output in the auto sector, which is currently highly depressed and on which Czechia's economy relies, is not expected to recover fully until the second half of 2022. According to Moody's forecast, the GDP growth could reach 5.2% in 2022, supported mainly by increasing household consumption and improving the foreign trade balance.

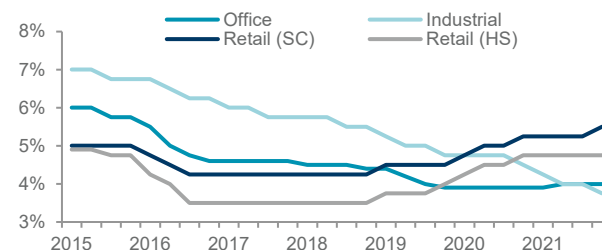
Inflation is expected to increase from already high values for several more months, reflecting global factors and domestic price pressures. The labour market, which was barely affected by the pandemic recession, is tightening again. The absence of migrant workers creates additional pressure for wage inflation. The central bank has responded with rapid tightening, increasing the policy rates by 3.0 percentage points in the last six months.

INVESTMENT OVERVIEW: Limited activity due to lack of product persists

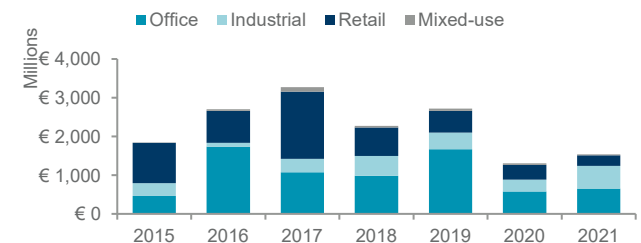
2021 has seen a slightly increased investment activity in the Czech Republic compared to the previous year, with office, retail and industrial properties transactions reaching EUR 1.5 billion. The investment volume increased by 18% year-on-year, primarily due to several significant industrial deals, including logistics portfolios of P3, Arete Invest and Concens. The total value of sold offices grew by 13%, while there were significantly fewer retail purchases. The investment activity was 43% lower compared to the pre-pandemic year 2019. Moderate development on the market is expected in 2022 when the transaction volume could reach EUR 2 billion.

Available products for sale will determine development on the Czech capital markets. Currently, there is a minimal level of these compared to Poland, for example, and Western Europe in general. Due to minimal activity levels, the market will not have a clear overall direction – excluding the apparent popularity of industrial properties.

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	23	656	2,350	4.00%
Industrial	26	581	1,150	3.80%
Retail	25	278	2,200	4.75%
Mixed-use	5	26	n/a	n/a
TOTAL	79	1,542		

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2017	2018	2019	2020	2021	2022F	2023F
GDP Growth	5.4%	3.2%	3.0%	-5.8%	3.1%	5.2%	6.0%
Private consumption expenditure	4.2%	3.5%	2.6%	-6.8%	4.6%	5.7%	2.3%
Unemployment rate	2.9%	2.2%	2.0%	2.5%	2.8%	2.0%	1.9%
Inflation	2.5%	2.2%	2.8%	3.2%	3.8%	6.7%	1.9%
CZK/EUR (average)	26.34	25.65	25.67	26.46	25.65	23.98	22.31
CZK/USD (average)	23.38	21.73	22.93	23.21	21.68	20.85	18.31
Interest Rates: 3-month (%)	0.4%	1.3%	2.1%	0.9%	1.1%	5.0%	3.8%
Interest Rates: 10-year bond yield (%)	1.0%	2.0%	1.5%	1.1%	1.9%	3.6%	3.4%

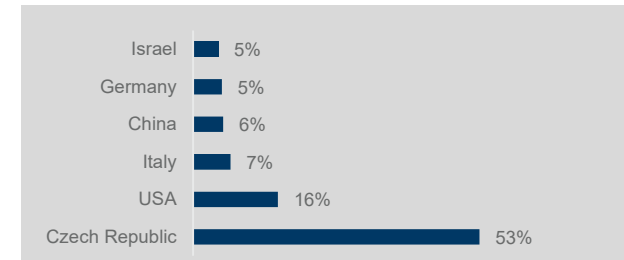
Annual % growth unless otherwise indicated. Source: Moody's Analytics

SIGNIFICANT SALES Q4 2021

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
Česká Pojišťovna Pankrác	Office	Generali Group	CPI Property Group	35,900	Prague
Revetas office portfolio	Office	Českomoravská nemovitostní	Revetas Capital Advisors	33,300	Prague
Concens Logistics Portfolio 2021	Industrial	Exeter	J&T Real Estate / Concens	76,500	Nový Jičín
Eastgate Park Prague	Industrial	Hines	Charmwood	17,000	Prague
Skyport	Industrial	Blackstone	Ventus Group / Elite Partners Capital	19,300	Prague
British Corner	Office	Amundi Czech Republic	Generali Group	5,400	Prague

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

YTD 2021 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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