

	YoY Chg.	12-Mo. Forecast
<b>3.75%</b> Prime Yield (IND)	▼	▬
<b>€ 883 M</b> YTD Total Volume	▲	▲
<b>€ 306 M</b> YTD Office Volume	▲	▬
<b>€ 256 M</b> YTD Retail Volume	▲	▬
<b>€ 116 M</b> YTD Industrial Volume	▲	▲

(All Property Classes)

**ECONOMIC INDICATORS**  
Q1 2022

	YoY Chg.	12-Mo. Forecast
<b>4.0%</b> GDP*	▲	▼
<b>2.4%</b> Unemployment Rate	▼	▼
<b>0.7%</b> 10-Yr EUR Swap	▲	▬
<b>3.1%</b> 10-Yr Interest Rate	▲	▲

\* Annual growth forecast  
Source: Moody's Analytics

**ECONOMY: Czech economic outlook is worsening due to the war in Ukraine**

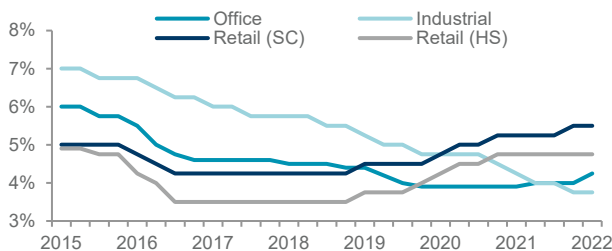
According to the latest IMF outlook, the Czech economy will slow to 2.3% after the previous year's growth of 3.3%. The annual inflation should reach 9% in 2022, while it should fall again in 2023 to an estimated 2.3%. Russia's invasion of Ukraine is being felt throughout the region: in addition to surging energy prices, the Czech economy will be hurt by renewed supply shortages in manufacturing, loss of access to Russian markets, currency depreciation, and the refugee crisis. The Czech National Bank continues to intervene in the FX market but sell-off pressures are likely to continue despite the rate differential to the eurozone. About 350,000 Ukrainian refugees, out of the estimated 5.7 million that fled the home country, officially registered in the Czech Republic as of the beginning of May, primarily women and children. The refugees can boost the Czech consumption and should manage to integrate well; however, there will be some fiscal cost.

**INVESTMENT OVERVIEW: Several significant deals were closed in Q1 2022**

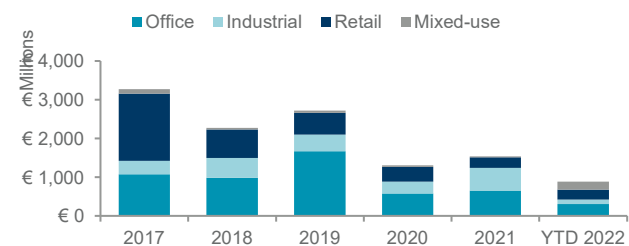
The Czech property market is still defined by the limited number of properties available for sale. This leads to limited overall activity at present. There is no clear direction apparent on the market, though industrial properties are the most popular. Due to ongoing evolution in critical parameters like rental levels, expected indexation, as well as financing, operating, and construction costs, the market is facing a high level of uncertainty. This is impacting deals in progress, as well as the willingness of buyers and sellers to enter new transactions. However, sectors, submarkets, and properties whose downsides are naturally hedged by the upsides (i.e., those with low vacancy and a low level of competitive threats) are resilient even amid this volatility.

The total volume of investments in the traditional real estate sectors reached €883 million, 2.5 times higher than in the same period last year but still about 15% lower than in 2019. The most significant closed transactions include Prague mixed-use scheme Bořislavka bought by local fund REICO, two successful regional shopping centres, IGY České Budějovice and Citypark Jihlava, acquired by J&T Bank, CPI industrial portfolio in Central Bohemia, and four office buildings in Prague: Coral Office Park, Charles Square Centre, BB Centrum E (the ČEZ building), and SmichOFF. Offices accounted for about 35% of the investment volume.

**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	4	306	4,200	4.25%
Industrial	3	116	1,400	3.75%
Retail	3	256	2,900	4.75%
Mixed-use	1	205	n/a	n/a
<b>TOTAL</b>	<b>11</b>	<b>883</b>		

## ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019	2020	2021	2022 <sup>F</sup>	2023 <sup>F</sup>	2024 <sup>F</sup>
GDP Growth	3.2%	3.0%	-5.8%	3.3%	2.6%	4.7%	5.8%
Private consumption expenditure	3.5%	2.6%	-6.8%	4.3%	2.6%	1.7%	4.5%
Unemployment rate	2.2%	2.0%	2.5%	2.8%	2.5%	2.2%	2.2%
Inflation	2.2%	2.8%	3.2%	3.8%	13.1%	3.1%	1.3%
CZK/EUR (average)	25.65	25.67	26.46	25.65	24.34	23.75	23.58
CZK/USD (average)	21.73	22.93	23.21	21.68	21.29	19.05	18.55
Interest Rates: 3-month (%)	1.3%	2.1%	0.9%	1.1%	5.7%	4.4%	3.3%
Interest Rates: 10-year bond yield (%)	2.0%	1.5%	1.1%	1.9%	3.8%	3.5%	3.5%

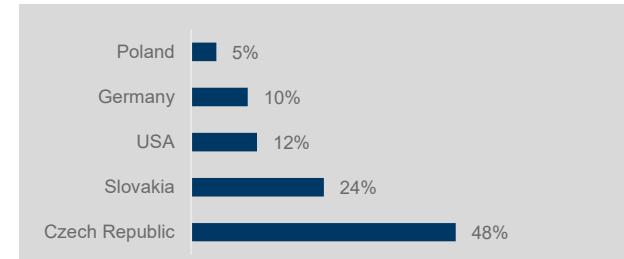
Annual % growth unless otherwise indicated. Source: Moody's Analytics

## SIGNIFICANT SALES Q1 2022

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
Bořislavka	Mixed-use	REICO	KKCG Real Estate	40,000	Prague
IGY České Budějovice	Retail	J&T Bank	CPI Property Group	29,300	České Budějovice
Citypark Jihlava	Retail	J&T Bank	CPI Property Group	28,500	Jihlava
CPI industrial portfolio	Industrial	Hines	CPI Property Group	66,000	Central Bohemia
Coral Office Park	Office	Mint Investments	Ares Management	35,300	Prague
Charles Square Centre	Office	KGAL	Commerz Real	19,800	Prague
BB Centrum E	Office	RSBC Group	CPi Property Group	15,700	Prague
SmichOFF	Office	Portiva	Penta Investments	11,500	Prague
Avion Shopping Park Brno	Retail	Merkury Market	INGKA Centres	27,400	Brno

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

## YTD 2022 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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