

	YoY Chg.	12-Mo. Forecast
<b>4.25%</b> Prime Yield (IND)	▲	▲
<b>€ 1,233 M</b> YTD Total Volume	▲	▼
<b>€ 511 M</b> YTD Office Volume	▲	▼
<b>€ 337 M</b> YTD Retail Volume	▲	▼
<b>€ 181 M</b> YTD Industrial Volume	▼	▼

*(The total volume includes only office, retail, industrial and mixed-use properties.)*

### ECONOMIC INDICATORS Q3 2022

	YoY Chg.	12-Mo. Forecast
<b>2.3%</b> GDP*	▼	▼
<b>2.4%</b> Unemployment Rate	▼	▼
<b>3.0%</b> 5-Yr EUR Swap**	▲	▲
<b>4.4%</b> 10-Yr Czech Government Bonds	▲	▲

\* Annual growth forecast

\*\* End of period

Source: Moody's Analytics

### ECONOMY: Czechia's economy is heading for stagnation

The Czech economy is experiencing inflationary pressures from various sources, causing prices to rise rapidly. Domestic and foreign factors such as higher energy prices and increased producer margins are pushing consumer prices. Despite this, household incomes remain solid. The Czech economy will continue to operate despite ongoing problems with global logistics and supplies of materials and components for production. Given its significant industrial orientation, these problems will slow growth in total domestic economic activity until mid-2023. However, their impact on GDP will be smaller than last year and gradually disappear next year.

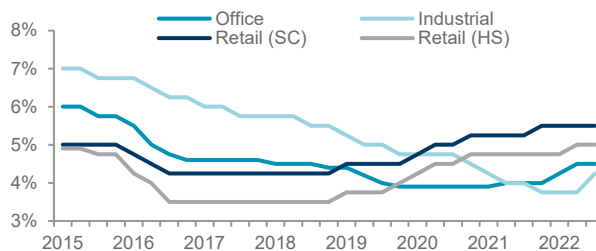
Inflation peaked during the summer and will slowly decline, especially once the energy price cap comes into effect. However, this does not mean that a return to 2% inflation will be quick, given how broad-based inflation is. The central bank has switched to a wait-and-see mode and will not implement any further rate hikes. Instead, it expects to start cutting rates in the spring of 2023. Still, the return of short-term and long-term interest rates to their equilibrium values will take until 2024.

### INVESTMENT OVERVIEW: Faced with a challenging market outlook, investors remain cautious

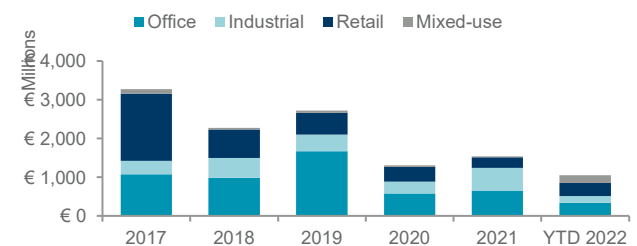
The total volume of investments in the traditional real estate sectors accounted for €146 million in Q3 2022, predominantly in Prague office transactions, totalling €1.2 billion year-to-date, which is still about 33% more than the volume reached in the same period last year. Four office transactions were closed last quarter, including BB Centrum Gamma, Green Point, Immoreal office portfolio and Lannův Palác, all in Prague.

Still, the significant activity in 2022 in the Czech Republic was reflective of the 2021 market, as most of the closed deals were completions from the previous year. Due to the constant flux in all key price-creating parameters, such as interest rates, inflation, rental growth, operating costs, and construction costs, we expect the activity on the market to slow down significantly in the rest of 2022 and 2023.

### 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	10	511	3,400	4.50%
Industrial	11	181	1,300	4.00%
Retail	9	337	1,400	4.50%
Mixed-use	1	205	n/a	n/a
<b>TOTAL</b>	<b>31</b>	<b>1,233</b>		

## ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019	2020	2021	2022 <sup>F</sup>	2023 <sup>F</sup>	2024 <sup>F</sup>
GDP growth (PPP)	3.2%	3.0%	-5.5%	3.5%	3.0%	1.6%	4.1%
Private consumption expenditure	3.5%	2.6%	-7.2%	4.0%	1.2%	1.4%	3.7%
Unemployment rate	2.2%	2.0%	2.5%	2.8%	2.4%	2.4%	2.3%
Inflation (CPI index)	2.2%	2.8%	3.2%	3.8%	15.3%	7.0%	2.3%
CZK/EUR (average)	25.66	25.67	26.46	25.65	24.63	24.72	24.88
CZK/USD (average)	21.74	22.93	23.21	21.68	23.71	23.93	22.54
5-year EUR Swap	0.4%	-0.1%	-0.4%	-0.3%	1.5%	3.6%	3.0%
Interest Rates: 10-year bond yield (%)	2.0%	1.5%	1.1%	1.9%	4.4%	4.8%	3.9%

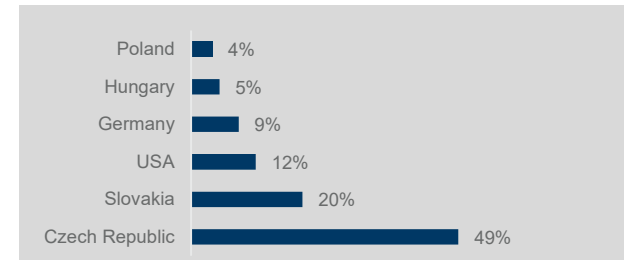
Annual % growth unless otherwise indicated. Source: Moody's Analytics

## SIGNIFICANT SALES Q3 2022

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
BB Centrum Gamma	Office	Passerinvest	Immofinanz	31,200	Prague
Green Point	Office	Wood & Company	Ronaldsay	7,500	Prague
Immoreal office portfolio	Office	DDK Real	Immoreal	12,400	Prague

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

## YTD 2022 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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