

	YoY Chg.	12-Mo. Forecast
4.50% Prime Yield (IND,OFF)	▲	▼
€ 1,461 M YTD Total Volume	▼	—
€ 559 M YTD Office Volume	▼	—
€ 405 M YTD Retail Volume	▲	▲
€ 274 M YTD Industrial Volume	▼	—

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

ECONOMIC INDICATORS Q4 2022

	YoY Chg.	12-Mo. Forecast
0.5% GDP*	▼	▲
2.4% Unemployment Rate	—	▲
3.2% 5-Yr EUR Swap**	▲	▼
5.1% 10-Yr Czech Government Bonds	▲	▼

* Annual growth forecast

** End of period

Source: Moody's Analytics

ECONOMY: Latest economic development provides a more optimistic view of future performance

Czechia's economy excelled following the pandemic-induced contraction. Investment expenditures, a rise in industrial production, and a boost in export growth drove this surge in economic activity. Household consumption, however, remained largely stagnant. Industrial production and export growth picked up sharply in recent months and are projected to support the economy in the near term. The economic growth is estimated to reach 2.6% in 2022 by Moody's Analytics. The forecast for 2023 GDP growth at 0.0% is likely to be revised upward following positive developments in global supply chains and industrial production at the end of 2022.

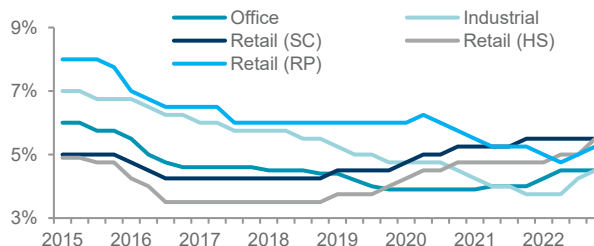
The Czech Republic experienced a sharp upswing in consumer price inflation in the summer of 2021, with prices rising to 15.1% annual CPI growth. This price rise has begun to abate, but inflation is expected to remain far above its historical average for some time. In response to the increase in inflation, the Czech central bank increased interest rates to contain further price hikes. This has resulted in a shift towards tighter monetary policy within the country, stabilising the economy. The return of interest rates to their equilibrium values is expected to occur in 2024.

INVESTMENT OVERVIEW: Investors' activity remains limited

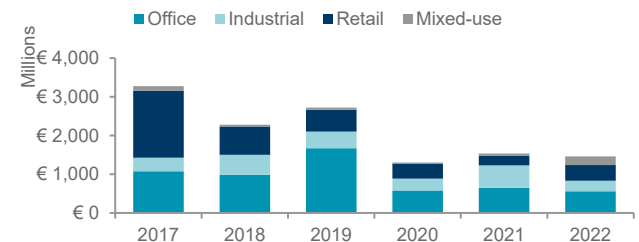
With significantly weaker investors' activity in Q4, the total volume of investments in the traditional real estate sectors accounted for €1.5 billion in 2022, mainly in the Prague office (36%) and retail (26%) transactions. The value of transacted assets was 8.2% lower compared to 2021. Several retail portfolio transactions were closed towards the end of 2022, including DRFG retail park portfolio purchased by Generali group and Ahold hypermarket portfolio acquired by ZRD Investments. Most buyers (57%) in the Czech commercial real estate transactions were of local origin.

The Czech Republic remains an attractive investment destination for domestic and international investors due to structurally lower supply, low vacancy and strong rental growth in industrial projects and office buildings in central locations. However, given the limited willingness of owners to sell in the current situation, we do not expect investment volumes to grow significantly in 2023.

PRIME YIELD TREND



INVESTMENT SALES VOLUME BY SECTOR



INVESTMENT ACTIVITY YTD 2022

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVG PRICE / SQ M (€)	PRIME YIELD
Office	16	560	3,200	4.50%
Industrial	12	274	1,200	4.50%
Retail	11	405	1,200	5.25%
Mixed-use	3	223	n/a	n/a
TOTAL	42	1,461		

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019	2020	2021	2022	2023 ^F	2024 ^F
GDP growth (PPP)	3.2%	3.0%	-5.5%	3.5%	2.6%	0.0%	2.8%
Private consumption expenditure	3.5%	2.6%	-7.2%	4.0%	-0.9%	-3.7%	3.1%
Unemployment rate	2.2%	2.0%	2.5%	2.8%	2.3%	2.4%	2.6%
Inflation (CPI index)	2.2%	2.8%	3.2%	3.8%	15.1%	7.5%	2.8%
CZK/EUR (average)	25.66	25.67	26.46	25.65	24.58	24.10	24.20
CZK/USD (average)	21.74	22.93	23.21	21.68	23.37	22.24	21.04
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%	4.3%	4.8%	4.0%

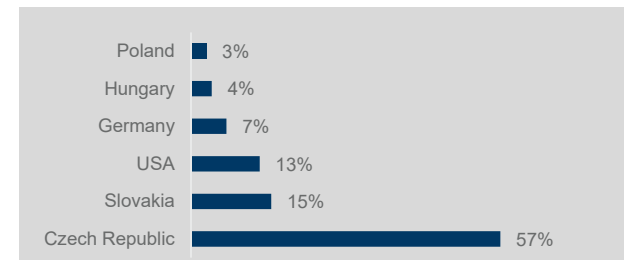
Annual % growth unless otherwise indicated. Source: Moody's Analytics

SIGNIFICANT SALES Q4 2022

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
Ostrava Airport Multimodal Park	Industrial	Exeter	J&T RE / Concens	51,000	Ostrava
DRFG RP Portfolio	Retail	Generali Group	DRFG	18,800	Multiple
Albert HM Portfolio	Retail	ZDR Investments	Ahold	28,500	Multiple

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

YTD 2022 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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