

	YoY Chg.	12-Mo. Forecast
<b>3.9%</b> Prime Yield	▼	▬
<b>€ 760 M</b> YTD Total Volume	▼	▼
<b>€ 264 M</b> YTD Office Volume	▼	▼
<b>€ 285 M</b> YTD Retail Volume	▼	▬
<b>€ 196 M</b> YTD Industrial Volume	▲	▬

(All Property Classes)

### ECONOMIC INDICATORS Q3 2020

	YoY Chg.	12-Mo. Forecast
<b>-6.7%</b> GDP*	▼	▲
<b>3.8%</b> Unemployment Rate	▲	▲
<b>-0.39%</b> 5-Yr EUR Swap	▬	▼
<b>0.86%</b> 10-Yr Interest Rate	▼	▲

\* Annual growth forecasts  
Source: Oxford Economics, Czech Ministry of Labour and Social Affairs

### ECONOMY: Second wave of Covid-19 likely to hit the Czech economy even harder

Second wave of Covid-19 has forced the government to re-impose strict containment measures to curb the spread of the virus and just as during the first wave, bringing the outbreak under control is essential for any lasting recovery in economic activity. Retail sales grew during the summer as they reached pre-pandemic levels. However, consumer confidence fell for a second consecutive month in September, while a worsening labour market outlook and a resurgence of new infections will mean households keep more precautionary savings as well as denting income. On the other hand, industrial production resumed growth in September and is likely to underpin economic growth as it is less exposed to the pandemic. But due to its deep integration with the European automotive supply chain and large share of total GVA, Czech industry, exports and the economy overall remain vulnerable to weakness in external demand.

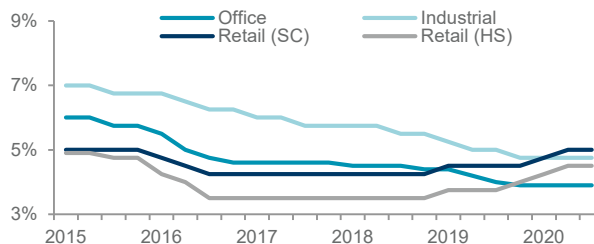
### INVESTMENT OVERVIEW: Investors in wait-and-see mode

The sentiment on the market has improved significantly during the summer months, with the Covid-19 situation in the Czech Republic seemingly under control. On the back of this, several transactions have been pushed forward or finalized, including Prague office scheme IBC, shopping centre Central Kladno or Petainer production space. Nevertheless, the sentiment started to worsen gradually in September with the exponential growth in new Covid-19 cases. Following re-imposition of containment measures most investors are now in wait-and-see mode.

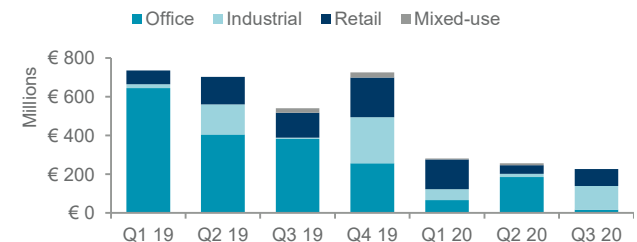
Current uncertainty impacts all sectors. The most significant and direct effect is on hospitality and high street assets where the road to recovery is seen as the most complicated. Office, logistics and retail warehouse schemes are perceived more resilient, whereas selected local and western investors recently started to be increasingly interested in residential for rent opportunities. Yet, full country lock-down, which is imminent, would certainly slow down further transactional activity, which we now expect to be significantly depressed in both 2020 and 2021.

Aside from hospitality and high street, we do not see or expect a significant impact of the Covid-19 pandemic on pricing, as evidenced by all the transactions closed after the first wave. Prime yields therefore keep stable so far.

### PRIME YIELD TREND



### INVESTMENT SALES VOLUME BY SECTOR



## INVESTMENT ACTIVITY

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVG PRICE / SQ M (€)	PRIME YIELD
Office	9	264	1,700	3.90%
Industrial	7	196	900	4.75%
Retail	10	285	1,800	4.50%
Mixed-use	2	15	N/A	N/A
<b>TOTAL</b>	<b>28</b>	<b>760</b>		

## ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2016	2017	2018	2019	2020 <sup>F</sup>	2021 <sup>F</sup>	2022 <sup>F</sup>
GDP Growth	2.5%	5.4%	3.2%	2.3%	-6.3%	5.7%	5.0%
Consumer Spending	4.1%	6.6%	5.2%	6.0%	-3.3%	7.9%	5.5%
Unemployment rate	5.5%	4.2%	3.2%	2.8%	3.7%	4.2%	3.6%
Inflation	0.7%	2.5%	2.2%	2.8%	3.1%	2.4%	2.0%
CZK/EUR (average)	27.03	26.33	25.64	25.67	26.30	24.55	23.90
CZK/USD (average)	24.44	23.38	21.73	22.93	23.16	20.75	20.13
Interest Rates: 3-month (%)	0.3%	0.8%	2.0%	2.1%	0.9%	0.4%	0.7%
Interest Rates: 10-year (%)	0.5%	1.0%	2.0%	1.6%	1.1%	1.1%	1.5%

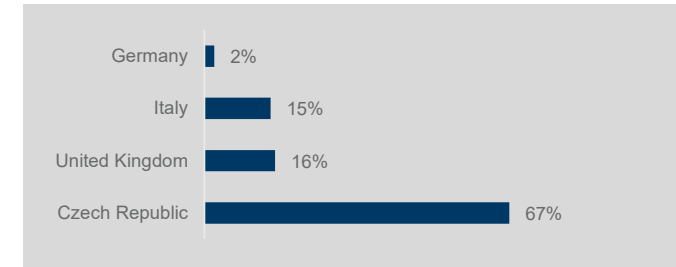
Annual % growth unless otherwise indicated. Source: Oxford Economics Ltd.

## SIGNIFICANT SALES YTD 2020

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ROOMS)	MARKET
OD Kotva	Retail	Generali Group	PSN	33,000	Prague
Goodman portfolio	Industrial	GLP / Gazeley	Goodman	249,200	Multi-city
City Empiria	Office	PSN	Generali Group	28,260	Prague
City West C1 + C2	Office	Českomoravská nemovitostní	CFH Group	20,417	Prague
Central Kladno	Retail	Portiva / Micronix	Crestyl	29,400	Kladno
OC Čestlice	Retail	HSTN Holding	Ahold	17,400	Central Bohemia
Technologický park Brno	Office	City of Brno	n/a	63,400	Brno
Petainer production space	Industrial	CTP Invest	Petainer	11,600	Cheb

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

## YTD 2020 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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