



**CZECH REPUBLIC**

# OUTLOOK

**2025**

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# CZECH INVESTMENT MARKET

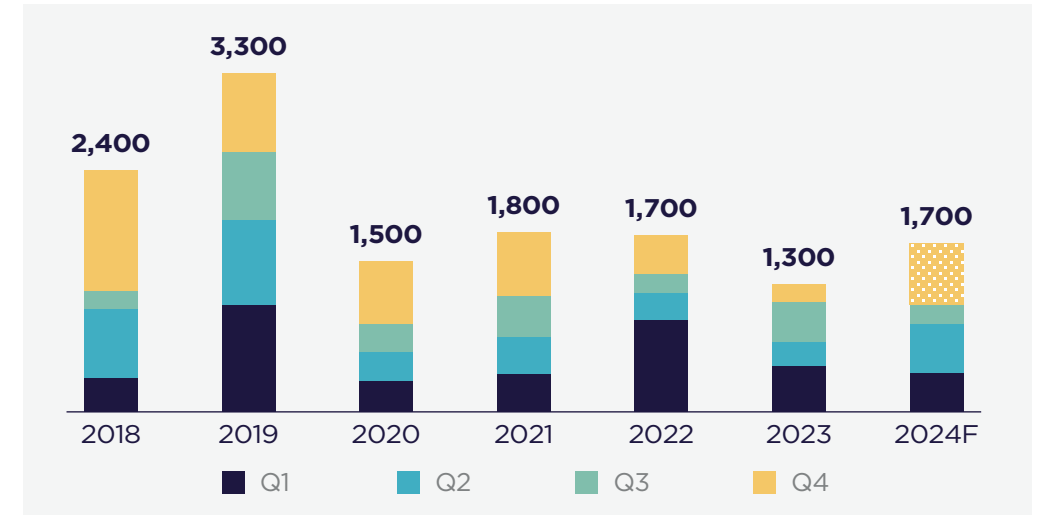


# CZECH INVESTMENT MARKET

		Q3 2024	OUTLOOK 2025
	<b>OFFICE PRIME YIELD</b>	<b>5.75%</b>	➔
	<b>INDUSTRIAL PRIME YIELD</b>	<b>5.15%</b>	➔
	<b>HIGH STREET PRIME YIELD</b>	<b>4.50%</b>	⬇️
	<b>HOTEL PRIME YIELD (MA)</b>	<b>6.50%</b>	⬇️

- Transaction volumes are beginning to stabilize, with prices leveling off following sharp declines and interest rate fluctuations.
- Investors are increasingly prioritizing operational real estate, particularly in the living sector, over cyclical assets like offices, with this trend expected to grow in 2025.
- Prime yields are expected to remain broadly stable until the end of the year, while yields on secondary assets may continue to increase.

### INVESTMENT VOLUME (MIL. EUR)



### PRIME YIELDS (%)



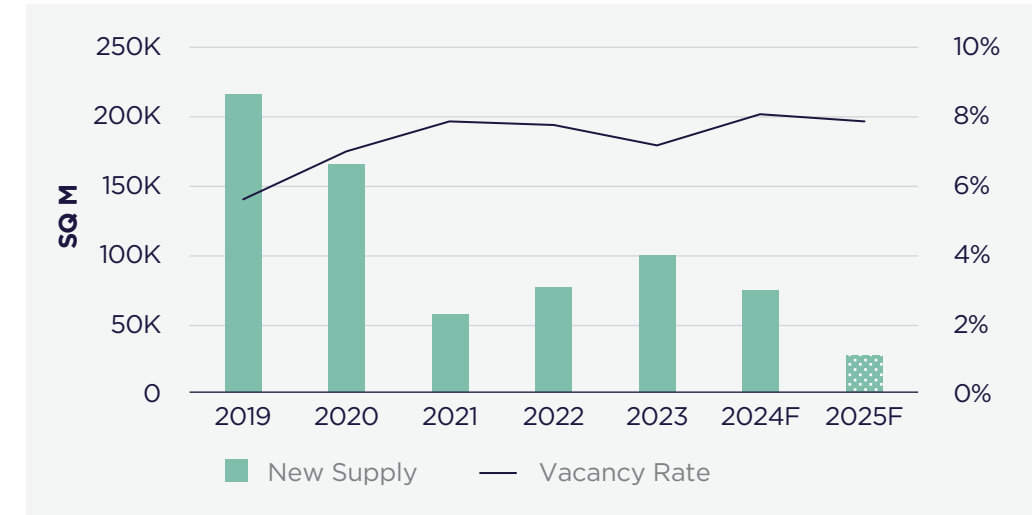


# PRAGUE OFFICE MARKET

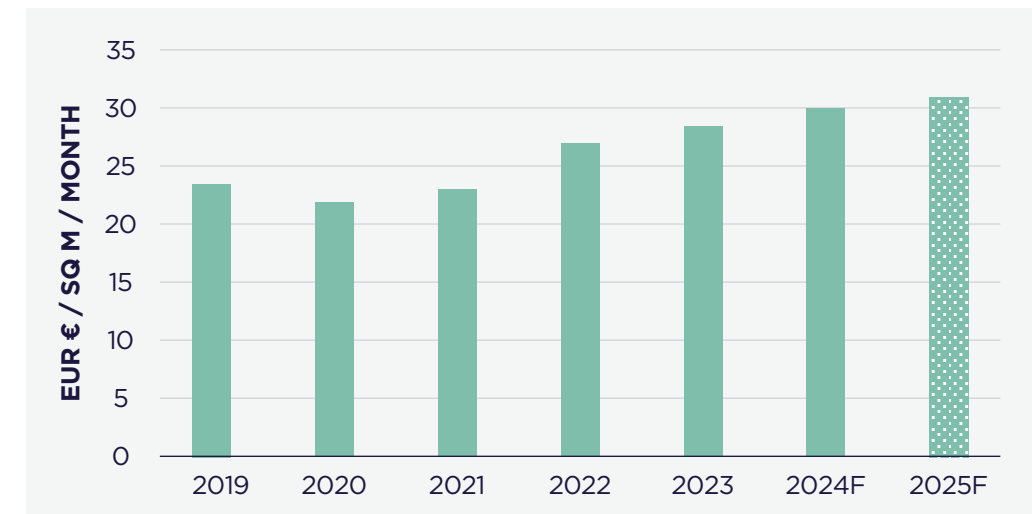





# PRAGUE OFFICE MARKET

## NEW SUPPLY AND VACANCY RATE



## PRIME RENT



	Q3 2024	OUTLOOK 2025
 <b>NEW SUPPLY</b> (SQ M, YTD)	<b>69,500</b> (-29% y/y)	↓
 <b>VACANCY RATE</b>	<b>8.10%</b> (+78 bps y/y)	→
 <b>PRIME RENT</b> (SQ M/MONTH)	<b>30 EUR</b> (+5% y/y)	↑

- Quality remains crucial for achieving premium office rents, with modern units expected to become increasingly scarce. Many large requirements may take longer to complete.
- The future of secondary properties is uncertain, as many older buildings are difficult to adapt and may need to be repurposed or attract a different tenant profile to remain viable.
- Despite growing demand for prime office space amid limited construction, average rental growth in Prague is expected to moderate in the coming year.

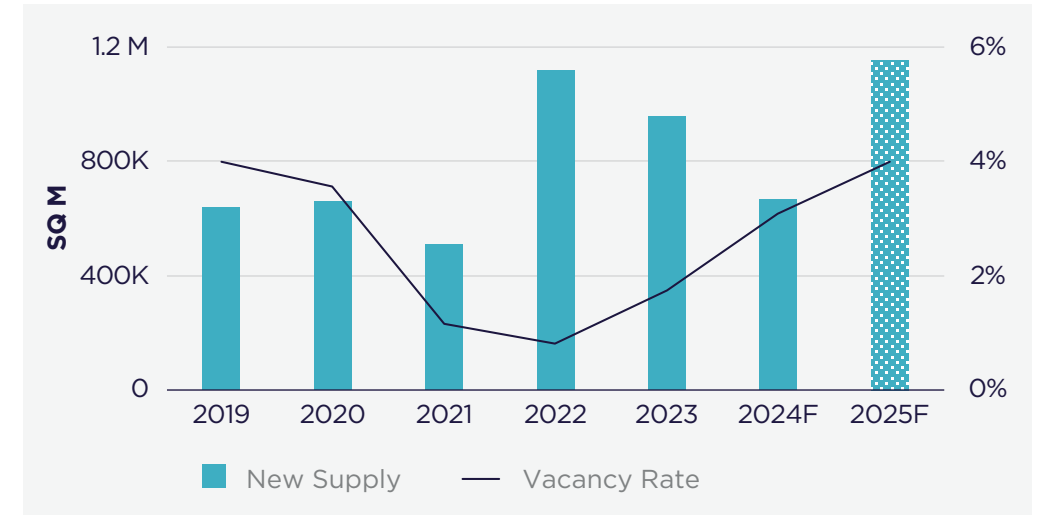


# CZECH INDUSTRIAL MARKET

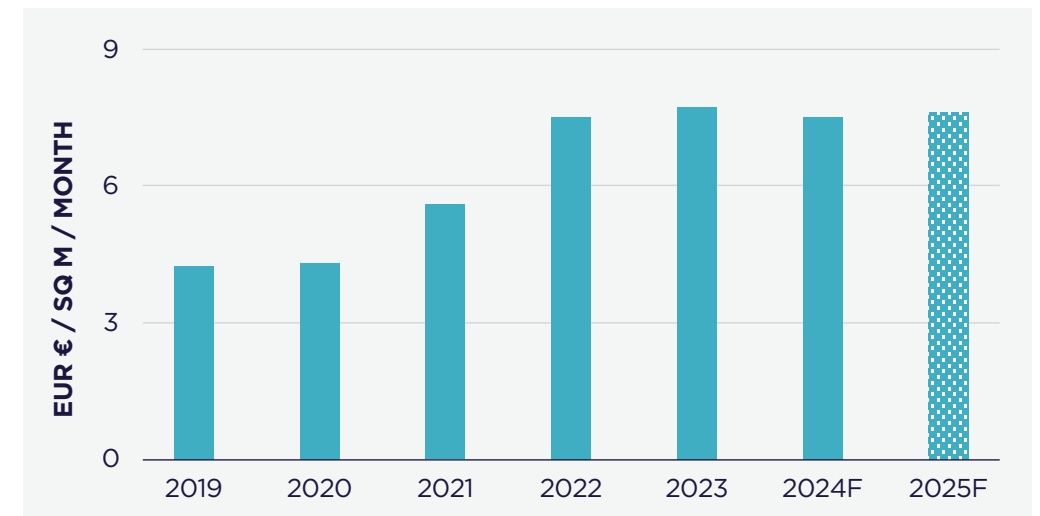


# CZECH INDUSTRIAL MARKET

## NEW SUPPLY AND VACANCY RATE



## PRIME RENT



Q3 2024

OUTLOOK 2025

	<b>NEW SUPPLY</b> (SQ M, YTD)	<b>411,200</b> (-37% y/y)	↑
	<b>VACANCY RATE</b>	<b>3.10%</b> (+170 bps y/y)	↑
	<b>PRIME RENT</b> (SQ M/MONTH)	<b>7.50 EUR</b> (-3% y/y)	→

- Demand for logistics space remains robust, although leasing activity has softened slightly due to weaker economic conditions.
- The ongoing reorientation of supply chains continues to drive strong interest in the Czech market.
- For 2025, we anticipate that prime rents will remain stable next year, maintaining approximately the same levels observed during the pandemic. This stability is supported by strong demand and the limited availability of space.



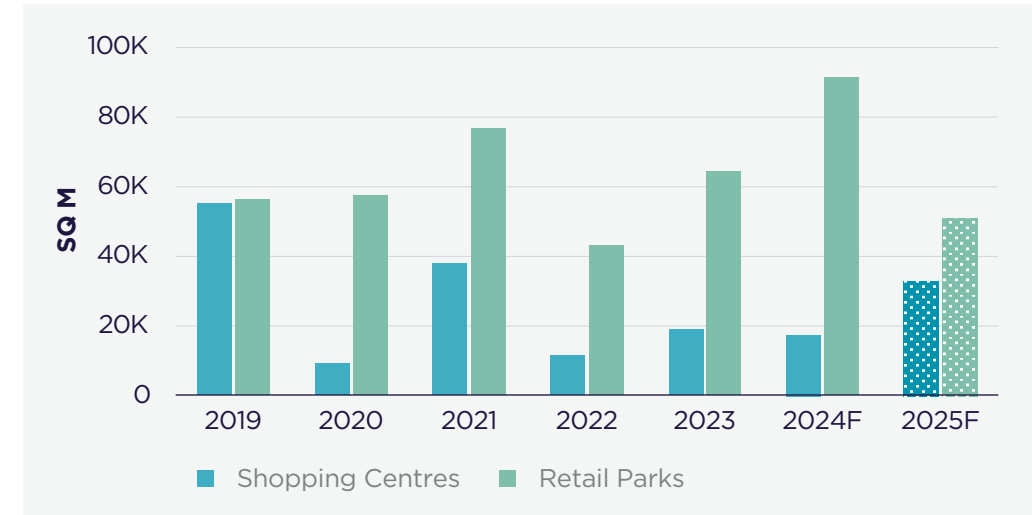


# CZECH RETAIL MARKET

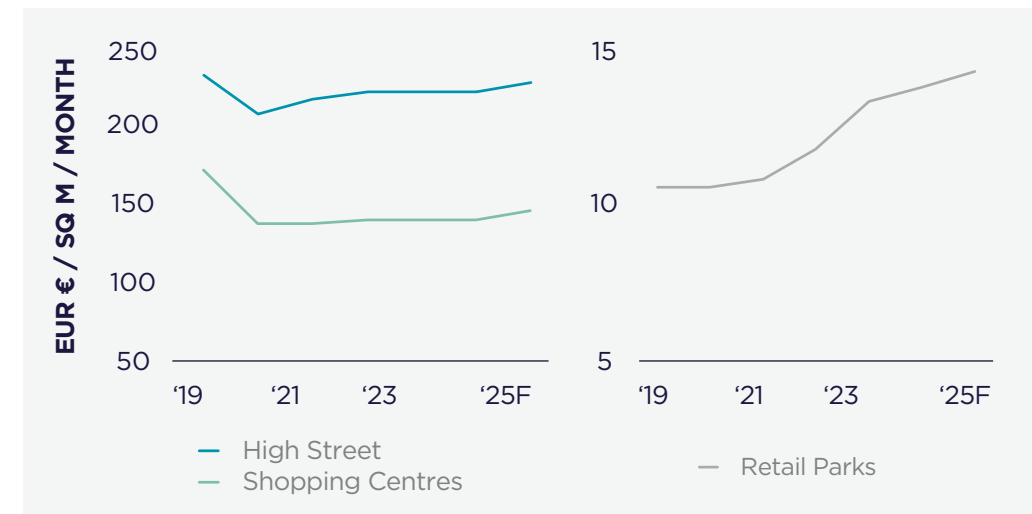


# CZECH RETAIL MARKET

## NEW SUPPLY



## PRIME RENT



### Q3 2024

### OUTLOOK 2025







	<b>TOTAL RETAIL STOCK</b> (SQ M)	<b>3.9 MIL.</b> (+1% y/y)	↑
	<b>RETAIL SALES</b> (Y/Y CHANGE)	<b>5.1%</b>	↓
	<b>HS PRIME RENT</b> (SQ M/MONTH)	<b>225 EUR</b> (0% y/y)	↑

- Consumer confidence hit its lowest point in late 2022 and has since been recovering slowly to -10.9% as of October 2024.
- Discounters will keep benefiting from this trend, however we expect a slow recovery of the midmarket segment.
- The revival of tourism is driving growth in the luxury sector, its consumer base is less impacted by rising prices.
- We anticipate moderate growth in High Street rents in Prague next year, with Shopping Centre rents also likely to experience a positive increase.



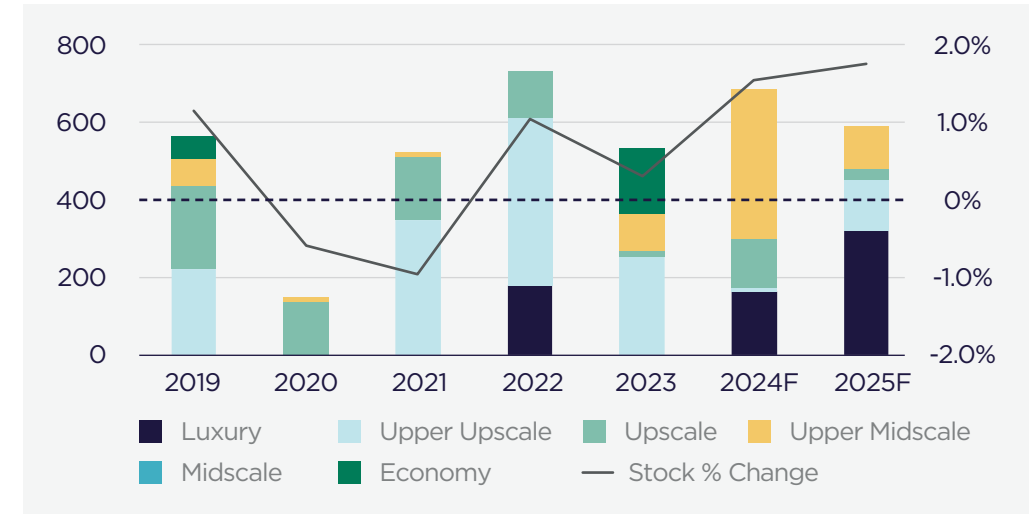
# PRAGUE HOTEL MARKET

# PRAGUE HOTEL MARKET

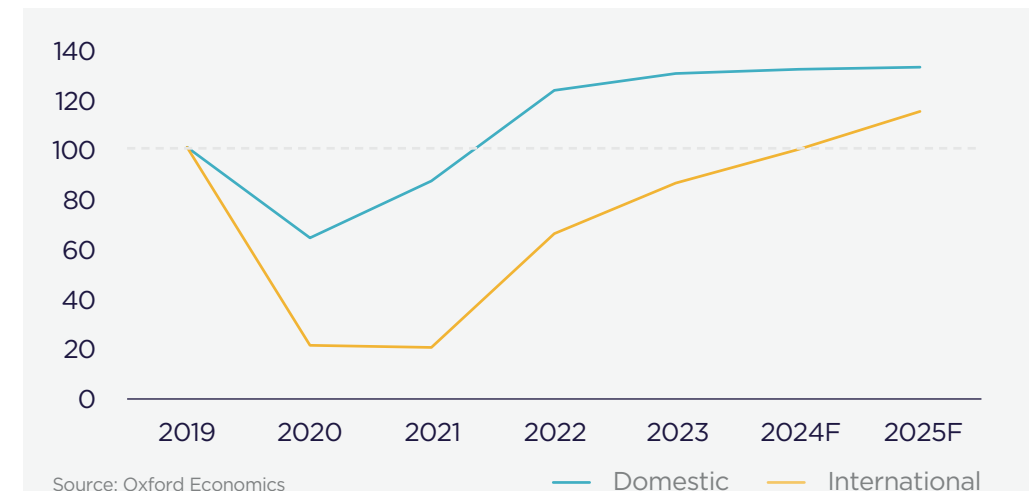
	Q3 2024	OUTLOOK 2025
	<b>NEW SUPPLY</b> (NO. OF ROOMS, YTD) <b>468</b> (+1% y/y)	
	<b>OCCUPANCY</b> (%, YTD) <b>73.5%</b> (+6% y/y)	
	<b>AVERAGE DAILY RATE</b> (YTD) <b>113.4 EUR</b> (+5% y/y)	

- Prague hotels are demonstrating one of the strongest performance growth in Europe this year, with a 11% RevPAR increase (YTD Sep 2024). This is likely to continue in 2025, albeit at a slower pace.
- The hotel supply growth remains relatively constrained, except within the luxury class, which will see 320 additional rooms by the end of 2025 (+42%). Even with this, the luxury market in Prague will remain undersupplied, representing only 2.8% of the total supply.
- Demand in 2025 is expected to surpass 2019 by over 16%, driven by the recovering corporate and group business, and expected return of visitation from Asia, underpinned by improving air connectivity.

## NEW SUPPLY, STOCK DEVELOPMENT



## DEMAND INDEX (NIGHTS IN PAID ACCOMMODATION)



Source: Oxford Economics



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