



**AT A GLANCE
Q4 2019**

CZECH REPUBLIC INVESTMENT MARKET

€ 3.1 BILLION TRANSACTED IN REAL ESTATE IN 2019

- **Industrial yield dropped to 5% in Q4 2019**
- **Prime yields in other sectors remained stable**

INVESTMENT

Investment volume in real estate totalled more than €3.1 billion in 2019, 21% up year on year. It is the third highest annual investment volume after 2016 and 2017. In Q4 2019 **investment volume** exceeded €650 million, which equates to the lowest volume of all quarters in year 2019.

Offices (48%) were the most traded asset class in 2019, followed by **hotels** (17%), **retail** (17%) and **industrial** (12%). Industrial had the strongest presence in volume in Q4 2019 (36%) due to the largest transaction of the last quarter, the sale of DC Amazon in Dobroviz of total volume of €135 million. This transaction was concluded for

record low yield of 4.25%. In Q4 2019, **prime yield** have compressed in industrial sector to 5.5%. Prime yields in other sectors remained stable.

In 2019, **Czech buyers** dominated overall investment (41%), followed by **South Korean funds** (22%).

For the upcoming year, we predict a **total transaction volume** of circa €3 billion EUR. With rising interest rates, we expect prime yields will remain broadly stable.

PRIME YIELDS



4.0% →
OFFICE



3.25% →
HIGH STREET

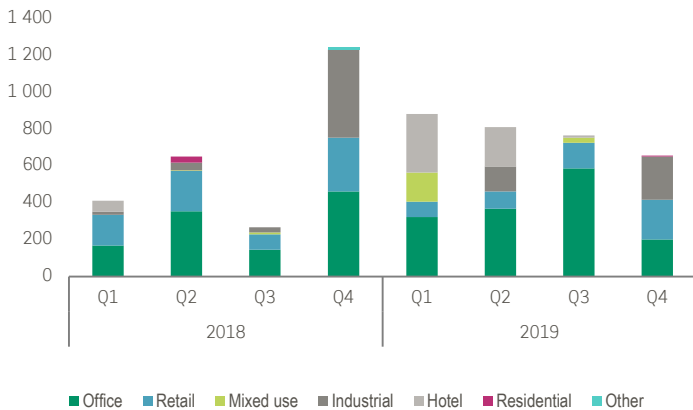


4.25% →
SHOPPING CENTRES



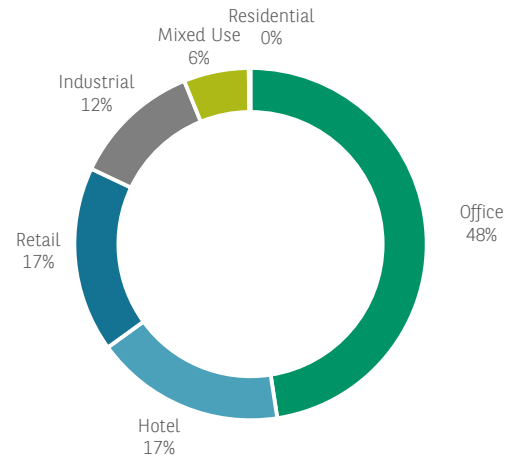
5.0% ↻
LOGISTICS

QUARTERLY INVESTMENT VOLUME
€ million



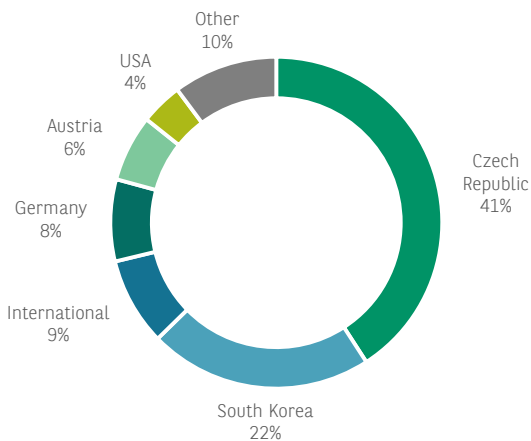
Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SECTOR Q1-Q4 2019
%



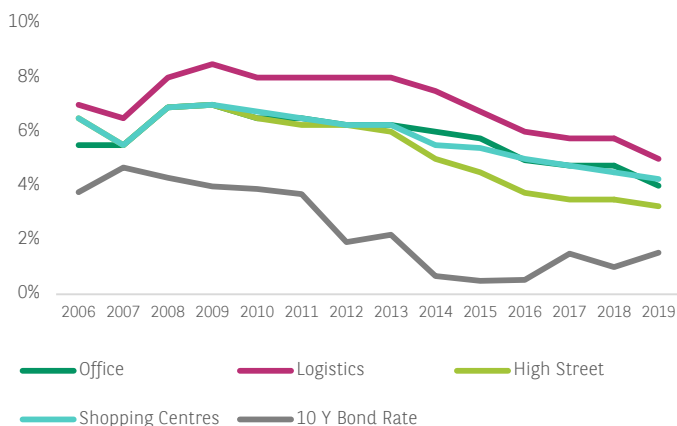
Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SOURCE OF CAPITAL IN Q1-Q4 2019
%



Source: BNP Paribas Real Estate

DEVELOPMENT OF YIELDS
%



Source: BNP Paribas Real Estate

MAJOR INVESTMENT TRANSACTIONS IN Q4 2019

PROPERTY	INVESTOR	PRICE (€m)
DC Amazon	Samsung Securities Limited	135
Galerie Butovice	Investika	86
Lighthouse	Star Capital Investments	54
The Greenline	Wood&Co	50

ECONOMIC OVERVIEW

- The Czech national bank raised interest rates in February 2020. The basic **interest rate** rose by 0.25% to 2.25%. After a surprising rate hike, the Czech koruna appreciated to CZK 24.90 /EUR.
- According to preliminary data, the Czech economy grew by 2.4% in 2019. The **Czech economic growth** is projected to slow down to 2.0% in 2020 and to reach 2.2% in 2021. Despite a slight slowdown, private consumption will remain the main driver of economic growth.
- The **unemployment rate** reached 2.0% at the end of 2019, down by 0.1 percentage point year on year. Unemployment is expected to rise by around 2.2% in 2020 and around 2.4% in 2021.
- CPI rose in the last months of 2019, reaching 2.8%. The forecast for **inflation** in 2020 rose to 2.8% as a result of price development at the end of last year and higher expected oil prices. In 2021, the inflation is estimated to fall to 2.2%.

6 BUSINESS LINES in Europe

A 360° vision

Main Locations

EUROPE

FRANCE
Headquarters
167, Quai de la Bataille de
Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

BELGIUM
Boulevard Louis Schmidtlaan 2
B3
1040 Brussels
Tel.: +32 2 290 59 59

CZECH REPUBLIC
Ovocný trh 8
110 00 Prague 1
Tel.: +420 224 835 000

GERMANY
Goetheplatz 4
60311 Frankfurt
Tel.: +49 69 2 98 99 0

HUNGARY
Alkotás u. 53.
H-1123 Budapest,
Tel.: +36 1 487 5501

IRELAND
20 Merrion Road, Ballsbridge,
Dublin 4
Tel.: +353 1 66 11 233

ITALY
Via Carlo Bo, 11
20143 Milan
Tel.: +39 02 58 33 141

JERSEY
3 Floor, Dialogue House
2 - 6 Anley Street
St Helier, Jersey JE4 8RD
Tel.: +44 (0)1 534 629 001

LUXEMBOURG
Axento Building
Avenue J.F. Kennedy 44
1855 Luxembourg
Tel.: +352 34 94 84

Investment Management
Tel.: +352 26 26 06 06

NETHERLANDS
Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND
Al. Jana Pawła II 25 Atrium
Tower
00-854 Warsaw
Tel.: +48 22 653 44 00

ROMANIA
Banul Antonache
Street n°40-44
Bucharest 011665
Tel.: +40 21 312 7000

SPAIN
C/ Génova 17
28004 Madrid
Tel.: +34 91 454 96 00

UNITED KINGDOM
5 Aldermanbury Square
London EC2V 7BP
Tel.: +44 20 7338 4000

MIDDLE EAST / ASIA

ABU DHABI
Hazza'a Bin Zayed Street
Area 19/02 plot n°186
P.O. Box 2742 Abu Dhabi
Tél. : +971 44 248 277

DUBAI
Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubai
Tel.: +971 44 248 277

HONG KONG
25 /F Three Exchange Square,
8 Connaught Place, Central,
Hong Kong
Tel.: +852 2909 2806

Alliances

ALGERIA *
AUSTRIA
CYPRUS
ESTONIA
FINLAND
GREECE
HUNGARY **
IVORY COAST *
LATVIA
LITHUANIA
MOROCCO
NORTHERN IRELAND
NORWAY
RUSSIA

SERBIA
SWEDEN
SWITZERLAND
TUNISIA *
TURKEY
UKRAINE
USA

* Coverage via our alliance in Morocco

** Covering Transaction,
Valuation & Consulting

Contacts

**Consultancy & Research
Czech Republic**
Kamila Breen
Tel.: +420 702 296 904
kamila.breen@realestate.bnpparibas

CEE Research
Patrycja Dzikowska
Tel.: +48 22 653 44 00
patrycja.dzikowska@realestate.bnpparibas



www.realestate.bnpparibas.com



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