



AT A GLANCE Q1 2021

CZECH REAL ESTATE INVESTMENT MARKET

UNCERTAINTY DUE TO THE COVID-19 PANDEMIC AND LACK OF SUPPLY OF QUALITY ASSETS SLOWED DOWN INVESTMENT ACTIVITY

- The lowest volume of Investments in the first quarter since 2013
- Investment boom in the regions

INVESTMENT

In Q1 2021, the **total volume** of real estate investments reached **€ 310 million**, which was 81% less year-on-year and 44% less than in the previous quarter. This was the lowest volume of investments in the 1st quarter since 2013.

Investments in **offices** (58%) accounted for more than half of the total quarterly volume, followed by investments in **industrial assets** (21%).

Among the largest transactions in this quarter was the acquisition of the new administrative building **Parkview** (16,600 sq m) in Prague 4 by the German fund Deka Immobilien. The value of the transaction exceeded € 70 mil. In addition, the **Arete** investment group completed the sale of its portfolio of 11 Czech and Slovak **logistics and industrial parks** (125,000 sq m) to the Cromwell European Real Estate, with a total transaction price of € 113 mil.

Czech investors dominated the total volume of investments (49%), followed by German (25%) and Singaporean (18%) capital.

Investor interest in the first quarter of 2021 shifted to the **regions**. Almost € 200 million was traded in the regions, and investments were made in both the office (€ 90 million) and industrial segments (almost € 65 million). In Prague, investments were made mainly in offices (€ 90 million).

Prime yields in all sectors remained unchanged.

Logistics prime yields are expected to **compress** during 2021; on the contrary, there could be a slight increase in shopping centres yields, while in offices and high streets, yields should remain stable.

PRIME YIELDS



4.5%



OFFICE



4.25%



HIGH STREET



5.25%



SHOPPING CENTRES



5.0%



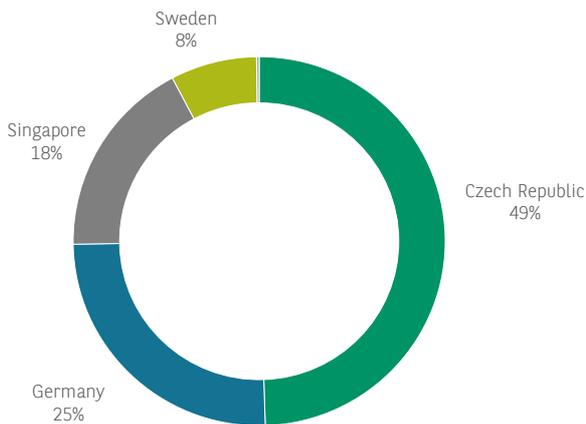
LOGISTICS

QUARTERLY INVESTMENT VOLUME
(€ million)



Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SOURCE OF CAPITAL IN Q1 2021
(%)



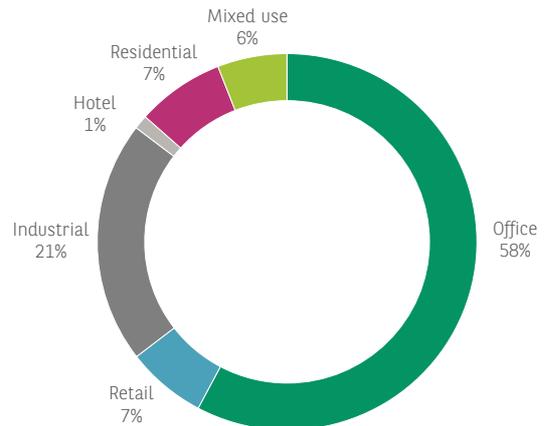
Source: BNP Paribas Real Estate

DEVELOPMENT OF YIELDS
(%)



Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SECTOR IN Q1 2021
(%)



Source: BNP Paribas Real Estate

MAJOR INVESTMENT TRANSACTIONS IN Q1 2021

PROPERTY	INVESTOR	PRICE (€m)
Nová Karolina Park	RT Torax Group	Confidential
Parkview	Deka Immobilien	78
Arete Industrial portfolio	Cromwell Property Group	54

ECONOMIC OVERVIEW

- The Czech **economy fell** by **5.6%** last year – the largest decline since the establishment of the independent Czech Republic. In Q4, GDP fell by 4.8 percent year on year, compared to Q3 2020 by 0.6 percent. The overall economic downturn in 2020 was driven mainly by the negative development of domestic demand; due to restrictions households could not spend as they did in previous years. According to the CNB's forecast, the economy should grow by more than 2% this year, driven by household consumption.
- The **unemployment** rate fell in March from 4.3% in February to 4.2%. Thanks to government support programs and the start of seasonal work, the unemployment rate has been maintained. However, economists estimate that unemployment will continue to rise until at least the end of the first half of 2021.
- Year-on-year **inflation** rose to 2.3% in March. The driver of price growth was the rise in fuel prices in response to developments in oil prices on world markets. The CNB forecast expects inflation to fluctuate around the inflation target for the rest of this year.
- At its March meeting, the Board of the Czech National Bank (CNB) **retained** the **2-week repo rate at 0.25%**. Rates were last changed in May to mitigate the economic impact of the spread of coronavirus. CNB expects interest rates to rise in the second half of this year, but the increase will depend on the development of the pandemic situation.

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SWITZERLAND | USA**

* Coverage In Transaction, Valuation & Consulting

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