



**RESEARCH**



**AT A GLANCE  
Q2 2021**

**CZECH REAL ESTATE INVESTMENT MARKET**

APPARENT RECOVERY OF INVESTMENT ACTIVITY - INVESTORS ARE ATTRACTED MOSTLY BY OFFICES, WAREHOUSES AND RETAIL PARKS

- **€ 800 million commercial real estate investment in the first half of 2021**
- **Offices remain the most attractive asset for investors**

**INVESTMENT**

The **total volume** of real estate investments in the **first half of 2021** reached almost **€ 800 million**, a year-on-year decline of 58%. However, it should be noted that last year the Swedish investor Heimstaden acquired a residential portfolio of Residomo apartments (comprising of 44,000 apartments) in the amount of € 1.3 billion, which was a unique transaction on the Czech residential market. In **Q2 2021** was transacted **€ 480 million**, which was 56% more than in Q1 2021 and 80% more than in the same period last year.

Almost half of the total volume of investments in the first half of 2021 was represented by investments **in offices** (46%), followed by investments in **industrial assets** (17%).

One of the most significant transactions in the second quarter of 2021 was the sale of **the Proton Therapy Center Prague**

in Prague 8, Raiffeisen Leasing became the new owner, the value of the transaction reached almost € 100 mil.. The Prague administrative buildings **Avenir Business Park** and **Explora Business Center** have also changed their owners, both office buildings are located in Prague 5.

**Domestic investors** were behind most real estate transactions in both the total volume and the number of transactions. In the first half of 2021, the share of Czech investors in the total volume of transactions was 45%.

In Q2 2021, the **prime yields** for offices and industrial fell slightly by 25 basis points. Prime yield for shopping centres increased by 25 basis points to 5.50%. For Industrial premises, we expect further yield compression, due to strong capital pressure and a limited supply of suitable real estate.

**PRIME YIELDS**



**4.25%** ↘  
OFFICE



**4.25%** →

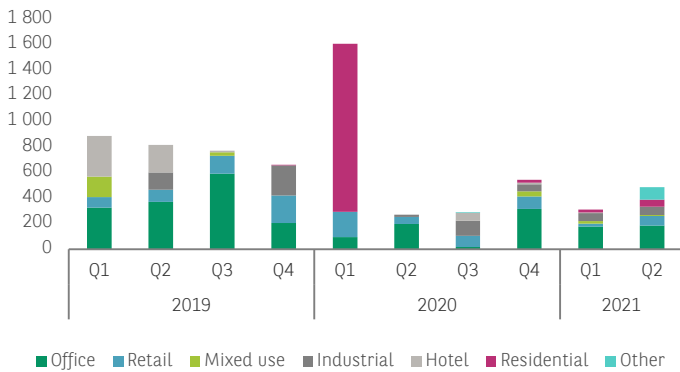


**5.50%** ↗  
SHOPPING CENTRES



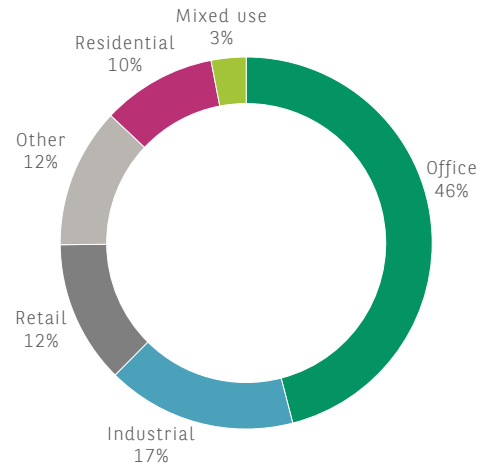
**4.75%** ↘  
LOGISTICS

QUARTERLY INVESTMENT VOLUME  
(€ million)



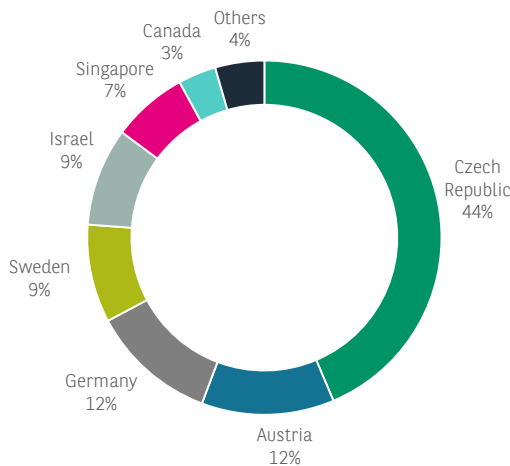
Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SECTOR IN H1 2021  
(%)



Source: BNP Paribas Real Estate

INVESTMENT VOLUME BY SOURCE OF CAPITAL IN H1 2021  
(%)



Source: BNP Paribas Real Estate

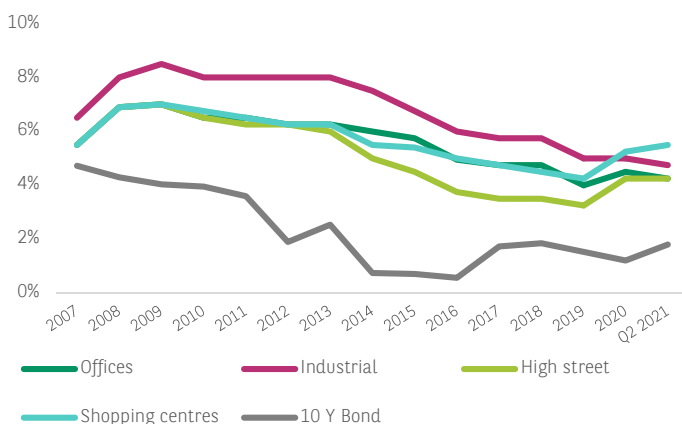
MAJOR INVESTMENT TRANSACTIONS IN Q2 2021

PROPERTY	INVESTOR	PRICE (€m)
Proton Therapy Center Prague	Raiffeisen Leasing	96
Avenir Business Park	AFI Europe	71
Explora Business Centre	Trigea	Confidential

ECONOMIC OVERVIEW

- The **performance** of the Czech **economy** was again hit by **anti-pandemic measures** in the first quarter of 2021. GDP **fell by 2.4%** year on year, the economy fell by 0.3% quarter on quarter. The decline was mainly due to a drop in domestic consumption and low investment activity. According to the current development of the pandemic, the growth of vaccination coverage, low unemployment and high savings rates, the economy is expected to **recover** in the **coming quarters**.
- The **unemployment rate** fell to 3.7% in June 2021, which was 0.2 percentage points less than in the previous month. Unemployment has been falling for the fourth month in a row, due to a shortage of workforce from abroad, the onset of seasonal work and an improvement in the pandemic situation. Analysts' expectations are also more optimistic, as they estimate an average unemployment rate of around 4% for 2021.
- According to the latest data from June 2021, the **consumer price index** reached 2.8%. The rise in June inflation was mainly driven by fuel prices, as well as alcohol and tobacco prices.
- The **Czech National Bank** tightened monetary policy. In June 2021, it **increased key interest rates** by 25 basis points and indicated an increase in rates in the second half of the year. By raising interest rates, it responded to the risk of rising inflation and a gradual economic recovery.

DEVELOPMENT OF YIELDS  
(%)



Source: BNP Paribas Real Estate

# LOCATIONS

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SWITZERLAND | USA**

\* Coverage In Transaction, Valuation & Consulting

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