



CZECH REPUBLIC

# INVESTMENT OVERVIEW

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QUARTER 1 | 2020



# COVID – 19

## Proclaimer

We are carefully monitoring the Covid-19 crisis and its impact on the CRE sector. In these unprecedented times, we expect to have a clearer view on the market situation by the end of Q2 2020.

# INVESTMENT MARKET

## Q1 2020 Overview

Investment volumes for Q1 2020 were dominated by the Swedish investor Heimstaden's acquisition of the Residomo residential portfolio, in the region of Ostrava and its surrounding, with a transaction volume of almost €1.3 billion. Largely thanks to this deal, the total investment volume for Q1 2020 exceeded €1.65 billion. When speaking about other transactions, there are a further two that exceeded €100 million, namely the Carlo IV Hotel which was sold to French investors Covivio and the Kotva department store in Prague 1 which was acquired by the real estate fund of Generali. There were plans for the complete closure and extensive refurbishment of Kotva by the former owner, which the new

owner still plans to carry out although the exact timeline and plans are currently unclear. The office and industrial sectors, with typically strong investment volumes, were rather quiet during first quarter of 2020. This underlines the recent shortage of available assets in the Czech Republic. Owners have also been less willing to dispose of assets unless they have another opportunity to place their capital. In terms of capital origin, European players were responsible for all activity on the Czech market so far. Yields remained stable during the first period of 2020.

# OUTLOOK

Despite a strong opening quarter in terms of transaction volumes, we saw less transactions in general. We expect a more cautious approach from investors from Q2 and believe this should

pick up again towards the final quarter of 2020 and into 2021. All this will be possible only with lowering the restrictions which currently choke the country's economy.

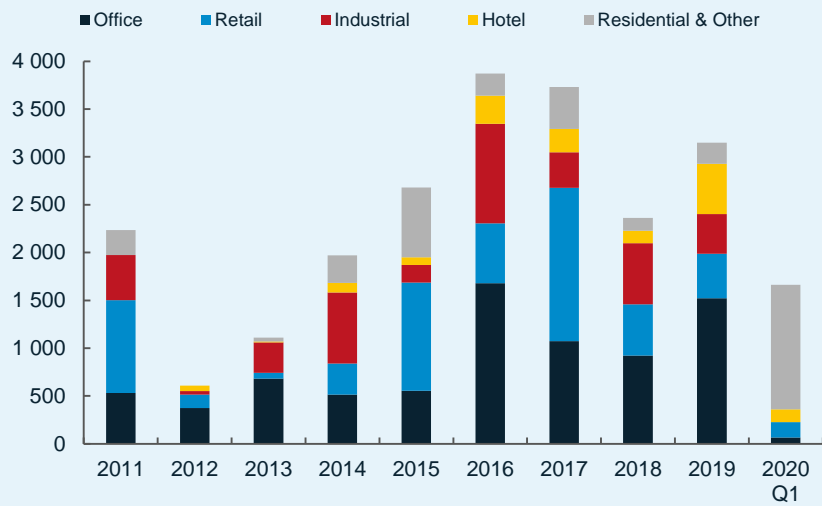


*It is clear that we are and will be in a different business environment for 2020 and beyond. We see a number of challenges impacting on investment but also some specific positive opportunities in respect of the Czech Republic and wider CEE. There is still plenty of activity and those that take advantage of the reduced competition are likely to be the winners in the next 2-3 years.*

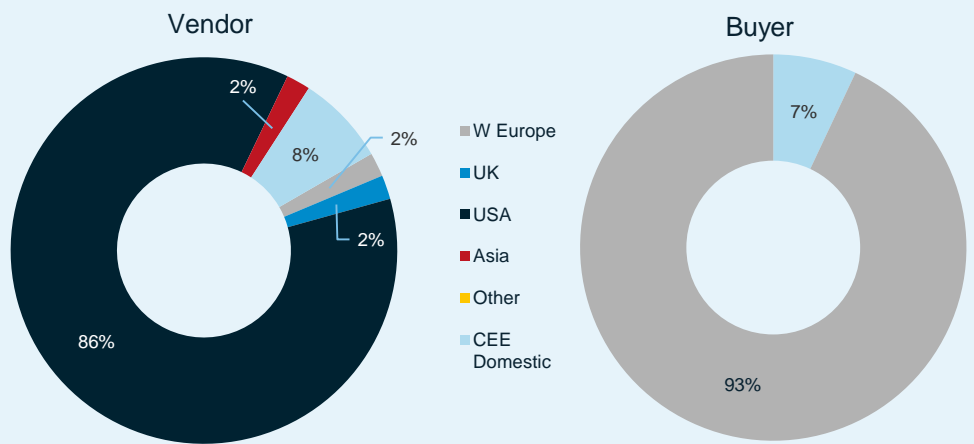
Andy Thompson | Director | Czech & Slovak Republics



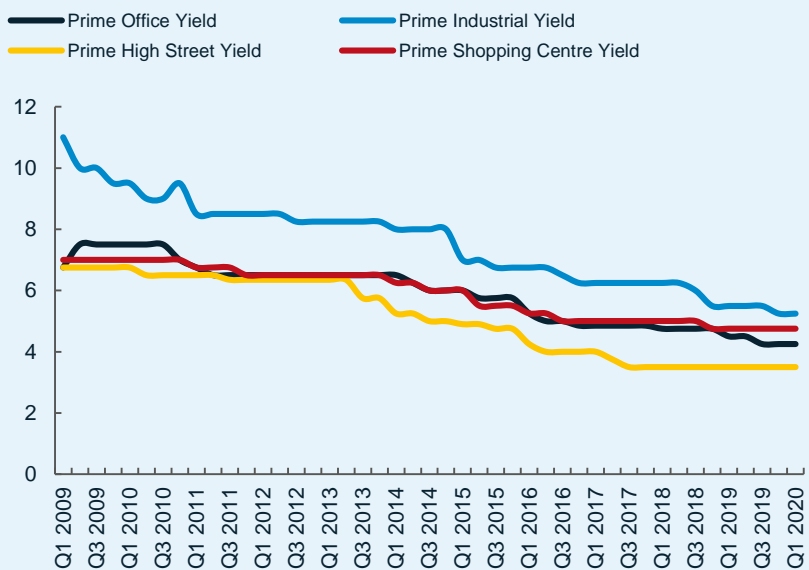
**FIGURE 1: INVESTMENT VOLUMES IN THE CZECH REPUBLIC (€ millions)**



**FIGURE 2: INVESTMENT SHARE PER COUNTRY ORIGIN OF BUYERS AND VENDORS IN Q1**



**FIGURE 3: PRIME YIELDS (%)**



Sources: Figures 1 – 3: Colliers International

## FOR MORE INFORMATION

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