**CBRE: Transaction volume in commercial real estate in 2020 will reach in the Czech Republic €3 billion**

Prague, 18th December 2019 – CBRE, the world leader in real estate services, predicts a positive trend in commercial real estate investments for 2020. Next year investments in hotels will continue to grow, and office buildings will be the most demanded.

‘*The interest of investors in Czech commercial real estate remains high; we’re monitoring more than twenty running negotiations at the moment, that some of them still may be closed before end year or will be closed during 2020. For the upcoming year, we predict a total transaction volume of around €3 billion. We believe that this will continue into 2020 where offices will be a key target sector but that also alternative sectors such as hotels and commercial residential will be in demand. We have already seen a shift towards hotels during 2019 with properties such as the Carlo IV, Intercontinental and Don Giovanni hotels, trading for example,*’ says **Chris Sheils, Head of Investment Properties at CBRE.**

Prime yields in the office sector and high street will remain at the same level — 4.25 % and 3.5 %, respectively. Prime yields in the industrial sector will drop to 5 %, and slightly grow to 5 % in retail.

**Vítězslav Doležal, Associate Director Investment Properties at CBRE**, adds: *‘Central banks are set to keep pumping money into financial markets and economies next year. Besides the favorable debt financing conditions, funds constantly receive strong inflows. Therefore, prices of office and logistics buildings on the Czech market went up by approximately 10% in 2019, and we do not expect these segments to be cheaper next year.’*

CBRE expects the total volume of 2019 investments in retail, office, industrial & mixed-use sectors to be approximately €3 billion, which includes 65 closed transactions. In 2019, transactions in the office sector are expected to reach €1.2 billion, which is approximately 40% of the total volume. The hotel sector follows with 20% of volumes, which this year showed a significant increase. Retail is expected to also account for around a 20% share of the overall investments and the industrial sector should be around 10%.

‘*Investment volume in the retail sector have suffered slightly due to the decline in demand of foreign investors. This is part of a wider global trend reflecting problems in the retail sector in the US, UK and other western European countries. However, the retail market in the Czech Republic is very healthy and powerful. Turnovers in shopping centres grew by some 35% during the last five years, which is an exceptionally positive result and why we continue to recommend investments in retail real estate,*’ comments **Katarína Brydone, Head of Retail at CBRE.**

**Jakub Stanislav, Investment Properties & CEE Hotels Director**, adds: *“We have seen strong interest across the risk profile in the hotel sector in the region from the core leased hotel product to properties with the potential to unlock upside through renegotiating management agreements and rebranding. In the residential sector, we have seen transaction volumes triple across Europe in just over 10 years and that demand is finally starting to hit the Czech market.  We expect the hotel sector and residential investment to grow significantly in 2020.”*

**5 biggest transactions in the Czech Republic in 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Quarter** | **Name of real estate** | **Price (millions EUR)** | **Buyer** | **Seller** |
| 1 | Waltrovka | 250-260 | Hanwha Investment & Securities (GLL) | Penta |
| 1 | Hotel Intercontinental | 220-230 | R2G | Best Hotel Properties/ J&T |
| 2 | Rustonka | 160-170 | Hana Financial Investment (White Star) | J&T Real Estate |
| 4 | Amazon Dobrovíz | 140-150 | Samsung Securities (Roebuck Asset Mgmt) | AEW Europe |
| 2 | Main Point Pankrác | 130-140 | Hana Financial investment (Mint Investments) | PSJ Invest |

The greatest volume of investments in commercial real estate during the past five years was in Prague, accounting for 62% of the total volume. In 2019 alone, investors showed even a higher-than-average interest in Prague reaching as high as about 80% of closed transactions.

**Czech investors have continued to grow their influence on the domestic market and in 2019, they were the most active single nationality active in the Czech market.**

The share of Czech investors is growing: while in 2015, the share of Czech investors in the total volume of transactions was about 23%, in 2019 Czech capital had around 40% of the total volume. South Korean investors were also very active this year, having almost a 20% share, followed by Germans with 10%.

**Vítězslav Doležal, Associate Director Investment Properties at CBRE** says about Czech investors: ‘*During the past three years, CBRE closed almost 30 transactions with top Czech investors in the total volume of more than 30 billion crowns, which makes it the market leader. These investors are REICO, CPI, WOOD & Co, ZFP, DRFG, Investika, Raiffeisen’s reality fund or Trigea, to name but a few. Investments in Czech retail was dominated in 2019 by Czech capital with more than a 65% share.*’

**Share of Czech investors in 2019 in particular sectors**

|  |  |  |
| --- | --- | --- |
|  | **Price (millions EUR)** | **%** |
| Industrial | 58 | 5 % |
| Office | 280 | 22 % |
| Retail | 819 | 65 % |
| Mixed Use | 107 | 8 % |
| Celkem | 1 289 | 100 % |

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**About CBRE**

CBRE Group, a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world’s largest commercial real estate services and investment firm (based on 2018 revenue). The company has more than 90,000 employees and serves real estate investors and occupiers through approximately 480 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services including project management; property management; investment management; valuation; property leasing; strategic consulting and research and consulting. In the Czech Republic, CBRE has almost 350 employees and manages nearly 75 commercial premises with a total area nearly 1,4 mil. sq. m. Read more at www.cbre.cz.