

PRAGUE

Key Investment Trends

Investment volumes almost doubled in Q2 2018 when compared with Q1 2018. By mid-year, the total investment volume reached some €917 mn. Investment in the retail sector, historically strong, was subdued. The majority of investment activity targeted office properties, with a 55% share.

After a dominance of domestic investors in Q1 2018, new foreign capital inflows were a highlight of the market in Q2. However, the share of domestic investors remains high with 77%, followed by Austrian capital with 7%. Dutch/Israeli capital took third place due to the market entry of Golden Star Estate BV.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
19	Utrecht	4.55	-35
20	Barcelona	4.58	-8
21	Brussels	4.61	57
22	Manchester	4.66	0
23	Birmingham	4.68	-16
24	Prague	4.70	-15
25	Aarhus	4.75	24
26	Leeds	4.94	-6
27	Rotterdam	4.98	-35
28	Bristol	5.05	5

Note: Lowest scoring yield ranks highest.

Yield Outlook

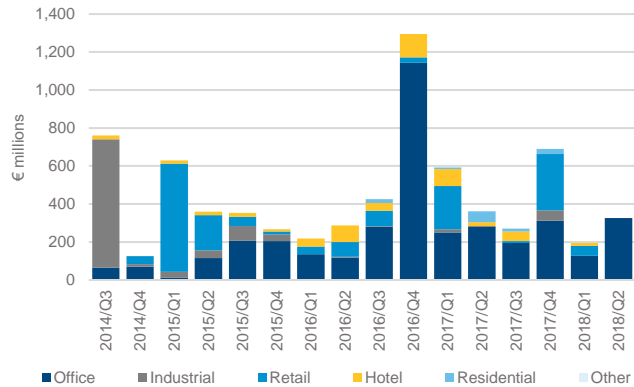


Sectors to watch out for in the next 12M

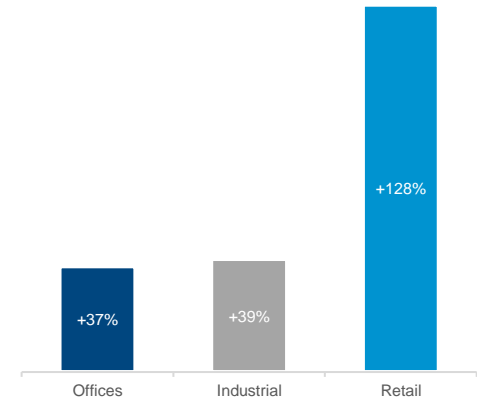


Source: Colliers International, Oxford Economics.

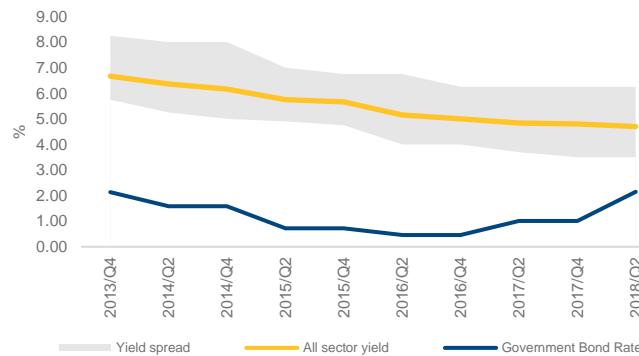
Quarterly investment volumes by sector (City & catchment)



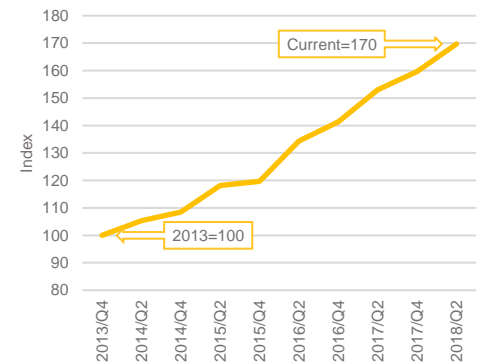
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

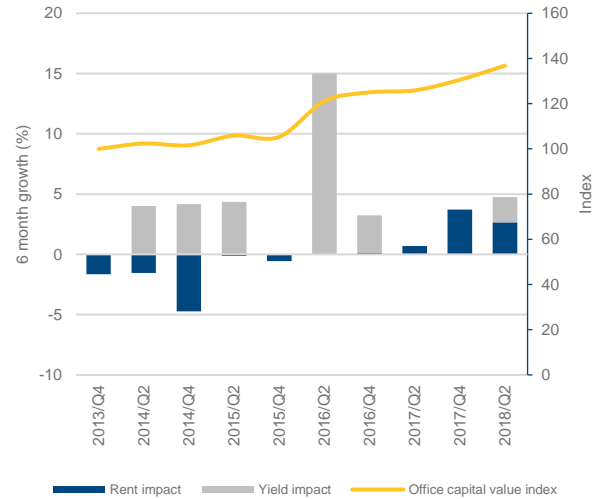


Andy Thompson
 Director | Czech & Slovak Republics
 | CEE Investment Services
 +420 731 151 279
Andy.Thompson@colliers.com

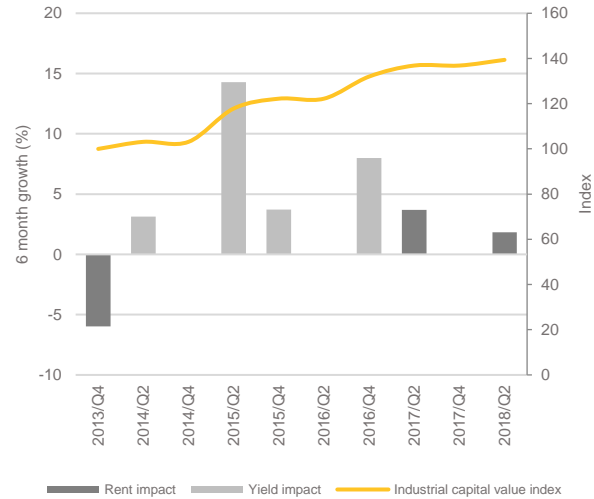
“The scarcity of available investment product at the prime end (reinforced by tight planning policies) remains a challenge for big ticket buyers in any sector. Local investors remain active across all risk spectrums and lot sizes. The office market continues to demonstrate robust demand and vacancy levels remain stable. The industrial market is also strong with rental growth evident in certain locations. Similarly, the record low unemployment rate in the country has helped improve consumer confidence and spending in retail, and hence retail performance. This aside, questions continue to be raised about the likely future of shopping centres that are not the dominant/ fashion-oriented schemes in their catchments.”

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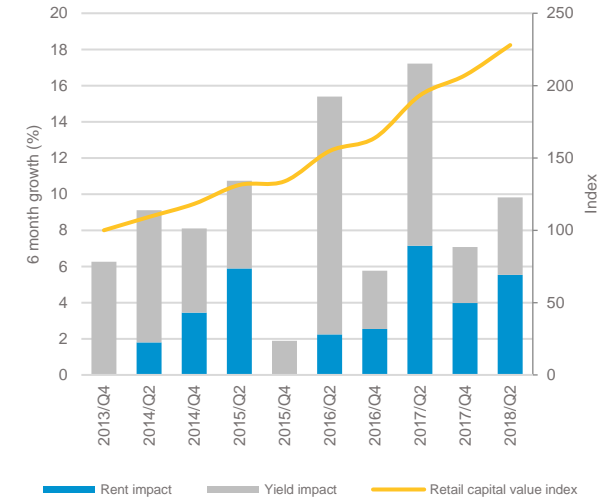
Cap. value index - rent/yield impact: Office



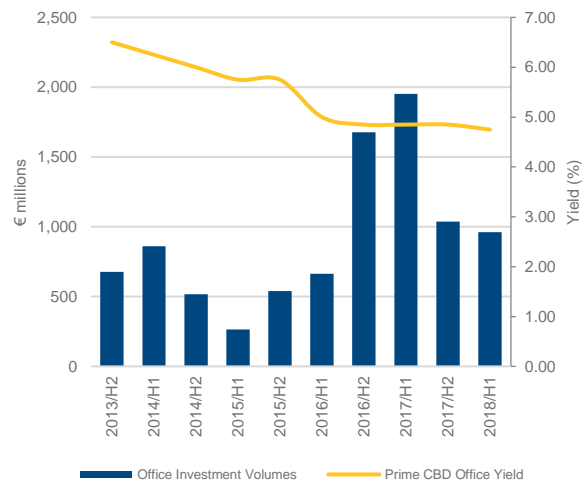
Cap. value index - rent/yield impact: Industrial



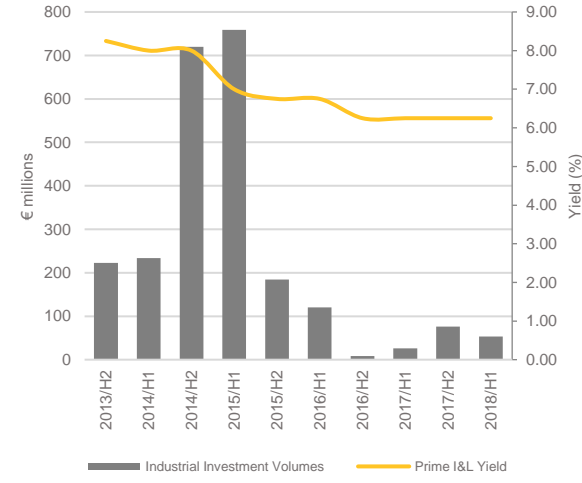
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

