

ENGEL & VÖLKERS

COMMERCIAL



Market report 2024/2025 · Prague

RESIDENTIAL & COMMERCIAL INVESTMENT

Prague | Czech Republic



The Current Prague Real Estate Market

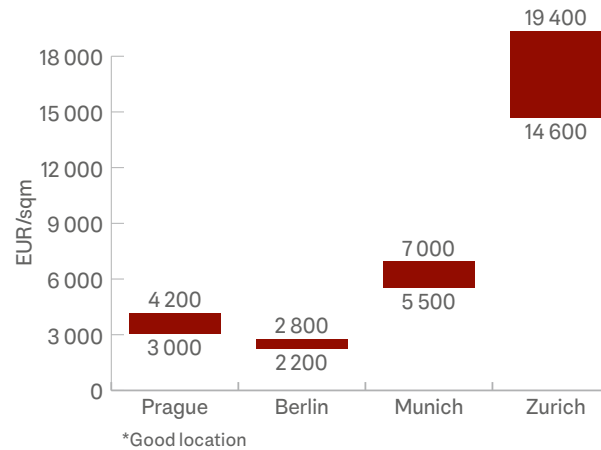
In recent years, we have had to become used to the ups and downs of a challenging economic environment. So far, certain framework market conditions continue to be difficult (financing conditions, the price of construction materials and labour), while some appear to be relatively stable (the labour market and exchange rate); some market conditions, on the other hand, are slowly improving (e.g. falling interest and inflation rates, energy prices). Forecasting further developments is not a simple matter.

To make things more complicated, each segment of the Prague real estate market is currently experiencing a different dynamic. For example, the residential rental market is still lively, with prices at pre-pandemic highs and with high buyer demand. The office and commercial rentals segment has been revived; we are seeing a great interest in premises for restaurants. On the other hand, interest in the purchase of both residential and commercial real estate is growing only slowly. Those buyers that are interested can choose from a wider offer than before, and often finance the property using their own funds; the percentage of debt-financed acquisitions is now however starting to rise.

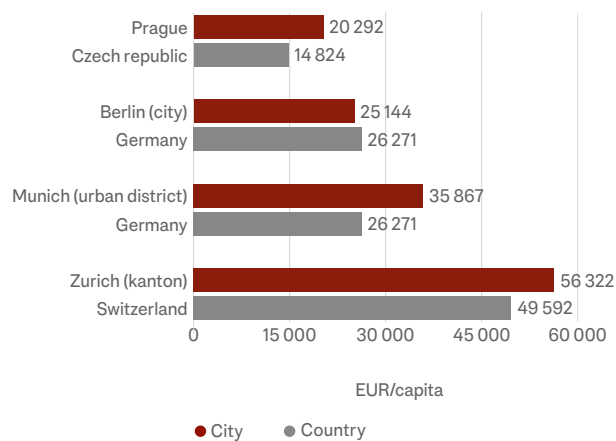
In terms of prices, properties are generally selling for around 10-30% less than in the 1st half of 2022. Although we don't expect this to change much in the foreseeable future, it is still true that if a property is marketed at the right price, a sale can be completed within a matter of weeks.

In order to see further positive developments on the real estate market, we would need to have overall stability of the political environment on the world, European and Czech stage, as well as of their economies. For the time being, we see and believe that the long-term shortage of residential apartments and other investment properties, the growth of Prague's population, and interest in stable investments will continue to ensure continuity on the market. Additionally, compared to cities such as Munich, Vienna or Zurich, Prague still has great potential for growth in terms of price on the real estate market, as well as in terms of purchasing power per inhabitant. Today, perhaps more than ever, a detailed and quality analysis of both the property and one's personal situation is needed in order to come to the right decision in real estate matters. We are happy to be at your disposal with our teams of competent real estate specialists.

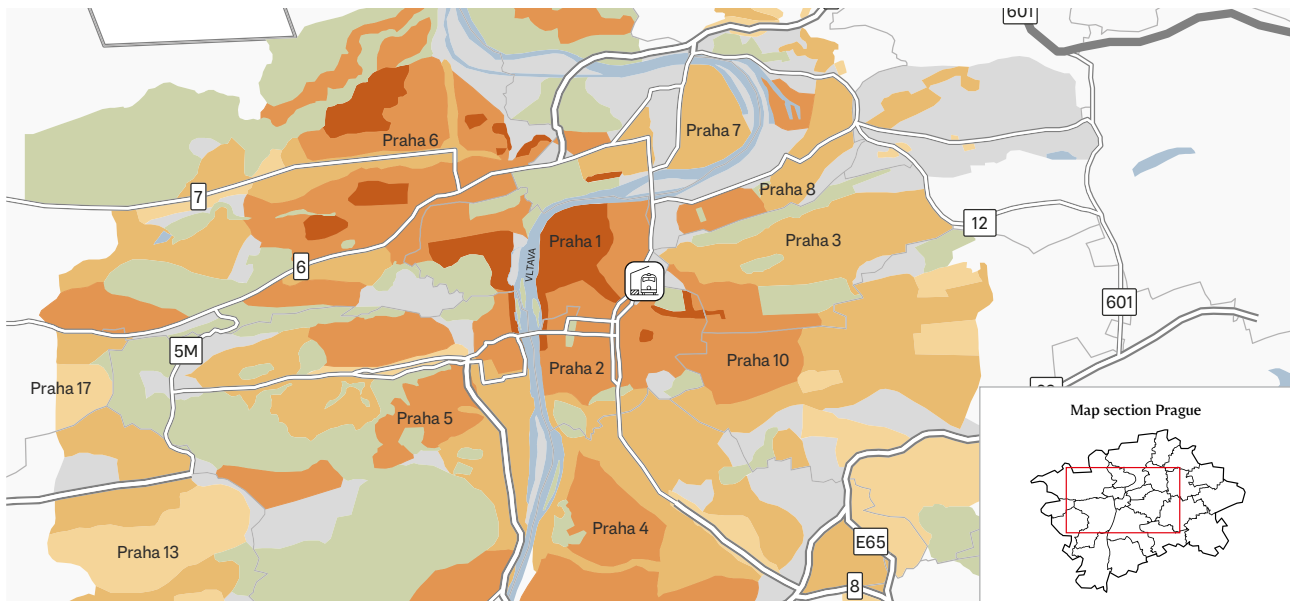
Price margin of residential investment Q2/2024*



Purchasing power in 2023:



Prague - location and initial gross yields of residential investment (multi-tenant houses)



◆ Prime location 2,6 % - 4,3 %	◆ Good location 3,3 % - 4,9 %	◆ Average location 4,0 % - 5,7 %	◆ Basic location 4,8 % - 5,7 %	◆ Commercial area	◆ Waters	◆ Green area
-----------------------------------	----------------------------------	-------------------------------------	-----------------------------------	-------------------	----------	--------------

Prices and rents of residential investment in Prague

		2022	2023	2024	Trend
Rents in EUR/sqm	◆	17 – 36	17 – 34	18 – 35	→
	◆	14 – 27	14 – 26	15 – 27	→
	◆	13 – 22	13 – 21	14 – 22	→
	◆	11 – 16	11 – 16	12 – 17	→
Prices in EUR/sqm	◆	4 200 – 9 000	3 800 – 7 500	3 800 – 7 500	→
	◆	3 100 – 4 700	3 000 – 4 200	3 000 – 4 200	→
	◆	2 600 – 3 600	2 400 – 3 300	2 400 – 3 300	→
	◆	2 200 – 3 000	2 100 – 2 800	2 100 – 2 800	→



Ing. Lukáš Křenek

Heads of Residential and Commercial Investment



Ing. Tomáš Levinský

2023 led to a partial recovery of the real estate market, mainly thanks to buyers who were happy to take advantage of the relatively more favorable prices as compared to a few years earlier, and who had access to cash. Presently, the standard expected return on investment properties is between 4-5% for apartment buildings, and 5-7% for office buildings. Investors are currently showing greatest interest in renovated homes in good locations, and in purchasing buildings with small residential units. In the case of development projects,

investor interest remains lower due to continuing high construction costs and interest rates, especially for projects that don't have the required permits; when a positive zoning decision, and ideally a building permit have been issued, the chances of a sale increase significantly. At the moment, the commercial real estate market lacks momentum. Both sellers and buyers are putting plans on hold right now. Realizing a sale is possible, however, if the seller takes advantage of a good market value evaluation, and subsequently sets the price at the property's true market value right from the beginning. True market prices are currently hovering around the values seen at the end of 2020, and we do not expect a significant change in the coming months. However, within the timeframe of a few years, we are preparing for a significant market recovery, and a rise in prices. For this reason, it appears that now is a good time to invest in commercial real estate.

ENGEL & VÖLKERS

COMMERCIAL

ENGEL & VÖLKERS
COMMERCIAL



Market report 2024/2025 · Prague
RESIDENTIAL & COMMERCIAL INVESTMENT



ENGEL & VÖLKERS
COMMERCIAL



Market report 2024/2025 · Prague
COMMERCIAL SPACE | RENT



ENGEL & VÖLKERS
COMMERCIAL



Market report 2024/2025 · Pilsen



ENGEL & VÖLKERS



Market report 2024/2025 · Prague
RESIDENTIAL REAL ESTATE | SALES



ENGEL & VÖLKERS



Market report 2024/2025 · Prague
RESIDENTIAL REAL ESTATE | RENT



ENGEL & VÖLKERS



Become a Successful Real Estate Agent
JOIN OUR TEAM



All information has been compiled with the greatest possible care. The provided information regarding the site and market development refer to: Population (31.03.2024, CZSO), purchasing power (2023 GfK An NIQ Company). We cannot accept any liability for the accuracy and completeness of this information. We shall not be held responsible for damage of any kind whatsoever incurred either directly or indirectly through the use of this information, with the exception of liability for intent or gross negligence.

Last update of information and data published: August 2024. Duplication only with reference to source. Source: Engel & Völkers Residential GmbH

ENGEL & VÖLKERS COMMERCIAL PRAGUE

+420 233 091011 | PragueCommercial@engelvoelkers.com | www.engelvoelkers.com/praguecommercial

Česká EuV Commercial s.r.o. | Licensee of Engel & Völkers Commercial GmbH

Janáčkovo nábřeží 1101/23 | CZ-150 00 Praha 5 | Real estate agent