CGL IM Financial Management Limited

Integrity, Collaboration and Commitment

CGL IM

Economic Recovery in Sight and Logistics Resilience

Czech Republic   **Q2 2024**

Market Outlook

The Czech economy teetered on the brink of recession, experiencing a 0.2% y-o-y GDP decline in Q4 and a 0.4% contraction for 2023. However, signs of recovery emerged in Q4 with GDP increased by 0.2% q-o-q, buoyed by increased household consumption and robust investment and export growth. Inflation steadily declined, reaching 2.0% in Q4, while the labor market remained resilient, with unemployment holding steady at 2.7% in Q4. Looking ahead, GDP growth is projected to range between 1.4% and 2.0% in 2024, driven by domestic demand and improving investment dynamics, with further acceleration anticipated in 2025 due to enhanced external demand and broader economic recovery.

The Czech logistics market displayed substantial growth and resilience in 2023, with a 9% increase in total stock and significant new supply, defying a broader economic slowdown. By year-end, total take-up reached 1.52 million sqm, aligning with sustainable levels seen in the pre-pandemic period. The national vacancy rate remained low at 1.8%, reflecting tight supply conditions. The sector garnered €137 million in investment through 10 deals. Thanks to the geographic advantages and a skilled workforce at a relatively low cost, the Czech logistics market stands as a competitive and attractive option for both tenants and investors. Looking ahead to 2024, we remain optimistic, anticipating stable prime rents throughout the year…

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