

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy and Logistics See Upward Trajectory

Czech Republic

Q3 2024

Market Outlook

The Czech economy resumed growth in Q1, with GDP increasing by 0.3% q-o-q and 0.2% y-o-y, driven by robust household consumption, public spending, and positive net exports. Household consumption surged by 2.1% on the back of strong real wage growth. The labor market remained tight, with the unemployment rate steady at 2.7%. Inflation continued to ease, reaching 2.6% in May 2024, allowing the central bank to cautiously reduce interest rates. Looking ahead, the Czech economy is projected to grow between 1.4% and 2.0% in 2024, with further acceleration to 2.6%-2.8% in 2025, driven by renewed private consumption, improved financial conditions, and recovering external demand amid economic resurgence.

In Q1 2024, the Czech logistics market continued to expand, reaching a total stock of 11.87 million sqm and sustaining robust investment activities. The national vacancy rate slightly increased to 2.0%, reflecting a tight supply-demand balance, especially in traditional markets. Prime rents plateaued after rapid growth over the past two years, while demand remained resilient, particularly from the manufacturing and logistics sectors. Benefiting from nearshoring, supply-chain reorganization, and strategic location, the Czech logistics market stands as a competitive and attractive option for investors and tenants. Looking ahead to 2024, we remain optimistic as both investment and demand are expected to increase, supported by improving financial conditions and economic recovery throughout the year...

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