

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy and Logistics Set for Continued Expansion

Czech Republic

Q4 2024

Market Outlook

The Czech economy sustained modest growth in Q2, with GDP increasing by 0.4% q-o-q and 0.6% y-o-y, driven by robust final consumption, recovering investment, and a positive trade balance. Private consumption remains the primary driver of GDP growth, bolstered by strong wage increases. The labor market stayed tight, with the unemployment rate holding steady at 2.7% in July. Inflation continued its downward trajectory, easing to 2.2% in July 2024. Looking forward, GDP growth is projected to reach 1.2% for 2024, accelerating to between 2.6% and 2.8% in 2025, fueled by sustained private consumption, enhanced investment amid improved financial conditions and EU funding, and a global economic rebound.

The Czech logistics market has experienced substantial growth, with demand surging 191% q-o-q to 464k sqm in Q2, aligning with the five-year average and signaling a revival in leasing activity. Additionally, new completions totaled 117k sqm in Q2, elevating the total stock to a milestone of 12.02 million sqm. By the end of Q2, projects under construction totaled 969,800 sqm, with 32% speculatively built. The previously tight supply has eased slightly, with the national vacancy rate rising to 2.92% in Q2. Logistics assets remain a primary focus among investors, capturing 17% of total investment in Q2, second only to office sectors. The outlook for the logistics market is optimistic, with both demand and investment anticipated to pick up, driven by improving financial conditions, broader economic recovery, and long-term trends like nearshoring...

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