

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Sustained Growth in Czech Economy and Logistics Market

Czech Republic

Q1 2025

### Market Outlook

The Czech economy gained momentum in Q3, registering GDP growth of 0.4% q-o-q and 1.3% y-o-y. This increase was primarily fueled by robust household consumption, positive government spending, and net exports. Private consumption continues to be the powerhouse behind GDP growth, bolstered by sustained wage increases. The labor market remains strong, with the unemployment rate dropping to a historic low of 2.6% in October. Industrial production rebounded by 0.5% y-o-y in Q3 after a year of lackluster performance. Inflation rose slightly to 2.8% in October and is expected to hover near the upper limit of the CNB's target range. Looking ahead, GDP growth is forecast to reach 1.0% in 2024 and 2.4% in 2025, driven by sustained private consumption, renewed growth in investment stimulated by EU funds, and lower interest costs.

The Czech logistics real estate market remained resilient, with leasing activity reaching 335,000 sqm in Q3, a 61% increase y-o-y, driving total demand to 958,000 sqm for Q1-Q3 2024. The total stock of logistics assets expanded to 12.16 million sqm, with 163,000 sqm completed in Q3. New completions moderated by 29% compared with the five-year average, totaling 429,000 sqm by the end of Q3. Vacancy rates inched up slightly to 3.11% in Q3 but remain the lowest in the CEE region. Total investment in the logistics sector reached €58 million in Q3, accounting for 29.5% of Czech commercial real estate investment, underscoring the sector's continued appeal to investors. Looking ahead, prime rents are expected to remain stable, with demand and investment continuing to recover, driven by broader economic resurgence...

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