



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Czech Recovery Gains Speed

Czech Republic

Q2 2025

Market Outlook

The Czech economy accelerated in Q4, posting GDP growth of 0.7% q-o-q and 1.8% y-o-y, driven by strong household consumption and substantial inventory restocking, which offset the drag from net exports and weak investment. Private consumption rose by 3.2% y-o-y, supported by recovering disposable income and robust wage growth. The labour market remained solid, with unemployment steady at 2.6% and wages increasing by 7.1% for the full year. Though inflation edged up to 2.9% in Q4, driven by rising housing costs and service prices, the average rate is expected to stay within the central bank's target range in 2025. While industrial production stayed subdued, the services sector continued to deliver strong growth. Looking ahead, the outlook remains positive, with GDP growth projected to rise to 2.3% in 2025, supported by sustained consumption and a recovery in investment, underpinned by improved financial conditions, inventory rebuilding, and EU fund inflows.

The Czech logistics real estate sector demonstrated a robust recovery in 2024, driven by resilient demand and a rebound in investment activity. Leasing activity in Q4 increased by 4% y-o-y and 30% q-o-q, reaching 434,200 sqm, with an annual gross take-up of 1.4 million sqm. Total logistics stock grew by 4.9% y-o-y to 12.28 million sqm, with completions for the year at approximately 536,000 sqm. The national vacancy rate edged up slightly to 3.13%, remaining the lowest in the CEE region. Investment rebounded in Q4, surging by 41% y-o-y to €702 million, bringing the annual total to around €1.85 billion. Logistics remained a core asset class, accounting for 14% (€259 million) of total investment in 2024. While emerging regions with ample new supply may face rental pressure, core logistics hubs are expected to sustain stable rents, fueled by tight market fundamentals. Looking ahead, both demand and investment is poised for resurgence in 2025...

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