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Integrity, Collaboration and Commitment



Momentum Builds in Czech Economy and Logistics Market

Czech Republic

Q3 2025

Market Outlook

The Czech economy began 2025 with solid momentum, posting GDP growth of 0.8% q-o-q and 2.2% y-o-y in Q1, driven primarily by strong domestic demand that offset the drag from net foreign trade. Household consumption remained the key driver, rising 2.3% y-o-y, supported by real income gains and easing inflation. The labor market stayed tight with unemployment at 2.7%, among the lowest in the EU, and gross wages increasing by 6.7% y-o-y in Q1. Inflation eased to 2.7% in Q1, driven by lower energy prices despite rising service costs, and is forecast to average 2.5% in 2025. Industrial production showed a moderate recovery, rising by 1.4% y-o-y in Q1 2025. GDP is set to reach 1.7–2.0% in 2025, bolstered by domestic demand and EU funds. Net exports are expected to remain a drag in 2025 due to geopolitical tensions and tariffs, but are projected to turn neutral in 2026. Czech economy is expected to strengthen to 2.1–2.4%, supported by improving financial conditions and global recovery.

The Czech logistics real estate market sustained momentum in Q1 2025, with robust growth in both demand and investment activity. New completions expanded total stock to 12.44 million sqm, up 4.8% y-o-y, while the active pipeline reached over 1 million sqm, with most projects already pre-leased. Leasing activity surged 17% q-o-q to 511,600 sqm, marking the highest level since H1 2022, as logistics operators, manufacturers, and 3PLs led demand. Vacancy rates remained tight at 3.1% nationally, though regional differences persisted, and prime rents held steady in major hubs. Czech Republic regaining its top spot at CEE region with a total investment up to €1.6 billion, of which logistics assets accounted for €370 million, or 24% of national volume, surpassing the entire 2024 total. Looking ahead, ongoing e-commerce expansion and nearshoring trend, infrastructure upgrades, and broader economy recovery are set to boost the Czech logistics market's development...

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