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Integrity, Collaboration and Commitment



Czech Growth Endures Despite Challenges

Czech Republic

Q4 2025

Market Outlook

The Czech economy gained momentum in Q2 2025, with GDP rising 0.5% q-o-q and 2.6% y-o-y, marking its strongest performance in three years. Growth was anchored by robust domestic demand, as household consumption surged 3.4% y-o-y, supported by solid real wage gains, while public consumption and inventory buildup added further support. The labor market remained strong, with unemployment at 2.8% and real wages up 5.3% y-o-y, boosting household purchasing power. Investment showed signs of recovery, with EU-funded projects offsetting weak private investment. Net exports remained a mild drag as imports outpaced exports. Inflation eased to 2.4% in Q2, with further moderation expected in 2026. Looking ahead, GDP is forecast to grow 2.1% in 2025, supported by robust consumption and EU-backed investment, accelerating to 2.2%–2.6% in 2026 as private investment and exports gain momentum, driven by improved external demand alongside Germany's fiscal expansion and improving global economic recovery.

Czech logistics remains robust, with surging investment and resilient demand. Leasing activity moderated to 304,900 sqm in Q2, while H1 gross take-up climbed 31.2% y-o-y to 816,500 sqm. New supply climbed 11.9% y-o-y to 131,600 sqm in Q2, with total stock expanding 4.6% y-o-y to 12.68 million sqm, while the national vacancy rate inched up to 4.0% by Q2's end. Prime rents held firm at €7.00–€7.50/sqm/month in Q2, though emerging submarkets with rising supply may face downward pressure. The Czech Republic remains the CEE's investment hub, with Q2 volumes soaring 47% y-o-y to €642 million, totaling €2.2 billion in H1 2025. Logistics led with 26% of H1 investment, equating €581 million and outpacing full-year volumes in 2024. Looking ahead, the Czech logistics market is set to strengthen further, driven by improved financial conditions, structural tailwinds from e-commerce growth and nearshoring, infrastructure upgrades and economic recovery...

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