

Czech Republic: record-breaking real estate investment

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Total investment in commercial real estate in the Czech Republic for the third quarter of 2011 amounted to almost EUR 1.05 billion (about CZK 25 billion) - a historical record. For comparison - transactions worth over EUR 650 million were concluded in the first half of 2011, and it was EUR 780 million for the whole of last year. Total investment in the first three quarters of 2011 thus reached the value of EUR 1.7 billion. George Lewis of Jones Lang LaSalle commented: "We are witnessing a great interest and activity continues in the fourth quarter of 2011."

Investors were most interested in the retail sector, there were four transactions worth EUR 850 million both in regional capitals and in Prague. Joint venture of the companies Rockspring and ECE bought the shopping centre Olympia Brno; Atrium Real Estate purchased Palác Flóra, Multi Development sold their remaining projects in CR - OC Forum Ústí nad Labem and Forum Nová Karolina in Ostrava - which were purchased by Canadian investors Meyer Bergman and HOOPP.

The market has also recorded acquisition of Forum Liberec by Tesco, which it had already owned partly. Similarly, investors' interest remains in well-leased offices. CPI bought portfolio of office projects from PPF Group and a historic building Na Příkopě from Unicredit Bank, and Invesco bought a small office project at Prague's Anděl from UBM. Several office projects are still on offer at the moment. While in 2009 and 2010 the share of Czech investors was around 50% on the total volume of transactions (mainly due to CPI), this share declined to approximately 20% this year. Revenues from the best offices are currently at 6.5%, however, they fell to 6.25% in retail properties. Revenues from industrial and logistics properties remained at 8%.

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