







Market report 2023/2024 · Prague

RESIDENTIAL REAL ESTATE | RENT



Prague | Czech Republic



 <p>1 365 642 Population Prague +0,6 % (03/2023)</p>	 <p>17 183 EUR Prague purchasing power per capita (national index 132,5 – year 2022)</p>	 <p>4 600 - 9 000 EUR/sqm Price margin 2023 (good location)</p>	 <p>14 - 26 EUR/sqm Rental price margin 2023 (good location)</p>
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Present situation on the Prague real estate market

In recent years, we have had to become accustomed to a challenging economic environment. For the moment, some of the framework conditions continue to remain bad (interest rates, the price of construction work and materials), some appear to be relatively stable (the labour market, the exchange rate) and some are slowly improving (e.g. the inflation rate, energy prices). Forecasting further developments isn't straightforward.

To make things more complicated, economic changes have led to the development of different dynamics in each of Prague's real estate segments. For example, the residential rental market is currently very much alive, with strong demand and prices at pre-pandemic highs. The commercial market, both in terms of office and other kinds of commercial leases, are developing at a relatively constant rate. Interest in investing into residential or commercial real estate is, however, growing slowly. Buyers thus have a wide range of offers to choose from, and often finance purchased property using their own funds, and pay prices that are typically around 20 % lower than they were in the 1st half of 2022. We don't expect these trends to change much in the foreseeable future, but even today,

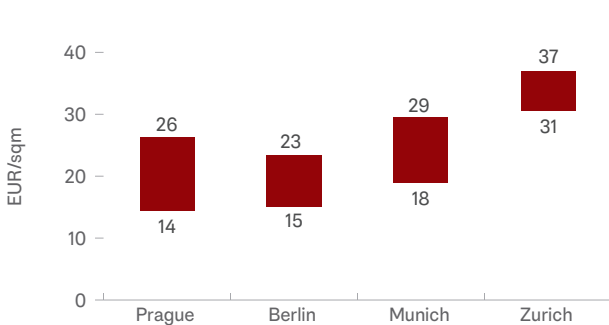
if the selling price is set correctly, it is possible to complete transactions in a matter of weeks.

In order for us to see further positive developments on the Prague real estate market, we will also need to see overall stability across the world, European and Czech political and economic environments. In the meantime, we believe that continuity on the local market will be ensured by the long-term Prague shortage of apartments and other investment real estate, the growth of the city's population, and investor's interest in stable investments.

At the same time, compared to cities such as Munich, Vienna or Zurich, Prague still has great potential for real estate market price growth, as well as for increase in the purchasing power per inhabitant.

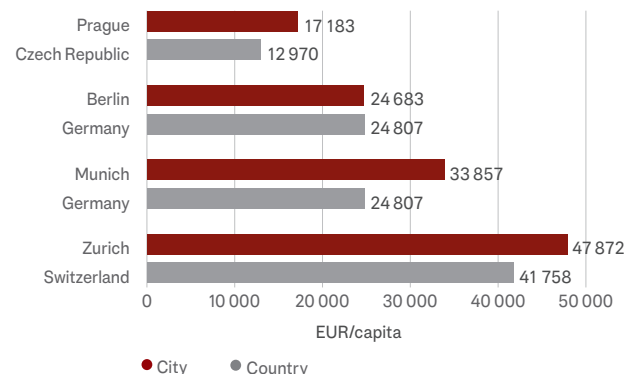
Today, perhaps more than ever, as far as real estate matters are concerned, each person has to take several factors into account: not only their personal circumstance, but a quality analysis of the market and the property are invaluable in reaching the right decision. We are happy to help and are at your disposal with our teams of dedicated real estate specialists.

Price margin of flats in good location Q2/2023*

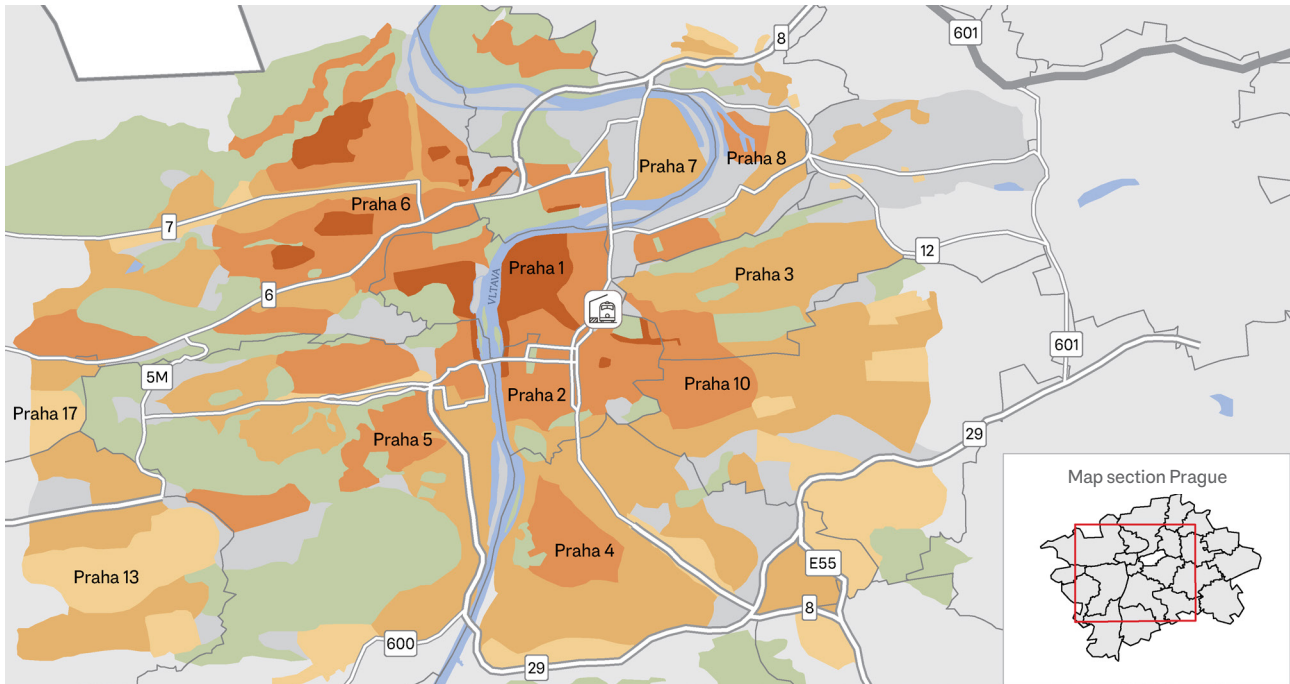


*Good location

Purchasing power in 2022:



Prague - location and selling prices of residential real estate



- ◆ Prime location 1,5% - 4,1%
- ◆ Good location 2,7% - 4,9%
- ◆ Average location 4,0% - 5,7%
- ◆ Basic location 4,8% - 5,7%
- ◆ Commercial area
- ◆ Waters
- ◆ Green area

Prices and rents of residential real estate in Prague

		2021	2022	2023	Trend
Rents in EUR/sqm	◆	12 – 29	17 – 36	17 – 34	→
	◆	10 – 16	14 – 27	14 – 26	→
	◆	10 – 14	13 – 22	13 – 21	→
	◆	7 – 12	11 – 16	11 – 16	→
Prices in EUR/sqm	◆	4 800 – 17 000	6 500 – 17 000	6 000 – 17 500	→
	◆	4 000 – 6 400	4 200 – 8 800	4 600 – 9 000	→
	◆	3 600 – 5 200	3 800 – 6 000	3 600 – 6 200	→
	◆	2 800 – 4 800	3 400 – 5 200	3 200 – 5 300	→



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Heads of Residential Rentals Engel & Völkers Prague

In 2022, residential rentals prices in Prague returned to their pre-2020 levels. The situation on the domestic and global scene and the associated effects on the economy and population migration had, and continue to have, an influence on market development. Towards the end of 2022, rental price growth again accelerated,

but with the arrival of 2023 this growth stopped, mainly due to increases in energy prices and the record number of newly finished apartments. In the 1st quarter of 2023, we observed a slight price correction from the previous growth, and in the 2nd quarter, prices again stabilized, among other things due to reduced numbers of foreign clients relocating to Prague. Despite that we have been observing this trend since the beginning of the year, we await a gradual increase in the number of relocations and associated demand for vacant apartments in the second half of 2023, with rental price remaining unchanged for now. However, unless the market is affected by some new, unexpected challenge, we expect rental prices to gradually increase by 5-10 % In the first half of 2024.

All information has been compiled with the greatest possible care. The provided information regarding the site and market development refer to: Population (31.03.2023, CZSO), purchasing power (2022, Gfk Growth from Knowledge). We cannot accept any liability for the accuracy and completeness of this information. We shall not be held responsible for damage of any kind whatsoever incurred either directly or indirectly through the use of this information, with the exception of liability for intent or gross negligence.
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