Prague Fund Plans €300 Million Property Acquisitions in Europe

- Investika eyes German, Austrian assets at reduced valuations
- CEO Says Czech rate cuts, new investment rules driving inflows

Apartment blocks in Berlin.
Photographer: Krisztian Bocsi/Bloomberg

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Real estate fund Investika plans to buy more properties across Europe, taking advantage of compressed valuations as high interest rates are forcing over-leveraged owners to sell.

The Czech company managing more than €1 billion ($1.1 billion) of assets will spend as much as €300 million on real estate over the next 12 months, according to co-founder and Chief Executive Officer Petr Cizek. Investika, which already owns 50 commercial properties in the Czech Republic, Poland, Croatia and Spain, plans to also make acquisitions in Germany and Austria.

“We are now seeing opportunities that haven’t been there for years,” Cizek said in an interview in Prague. “Germany and Austria used to be beyond our reach, but that has changed now, with a lot of over-leveraged landlords who are hurting from high interest rates and are forced to divest on the cheap.”

Cizek’s company is expanding into new markets following a period of tight monetary policy that put pressure on European commercial real estate with high debt. Elevated borrowing costs and a drop in values triggered a collapse of Rene Benko’s Signa conglomerate. Meanwhile, Czech billionaire Radovan Vitek’s CPI Property Group SA is seeking to sell billions of euros of assets.

Investika’s property portfolio is less exposed because its loan-to-value ratio is just 33%, compared with more than 52% reported by the much larger CPI Property. Cizek’s company is also benefiting from fresh inflows equivalent to about €10 million per month, helped partly by the Czech National Bank’s interest-rate cuts.

Founded in 2015, Investika’s flagship real-estate fund serves Czech and Slovak retail investors, although the CEO plans to also start attracting clients from some of the other countries where his company owns assets.

Starting this year, Czech money managers are also benefiting from legislative changes that boost tax deductions for retirement savings, and make them available for more investment products beyond traditional pension funds.

“This is an important structural change that could significantly boost investment volumes,” Cizek said. “That extra capital could also help the government finance all the infrastructure projects that are long overdue.”

— With assistance from Jack Sidders