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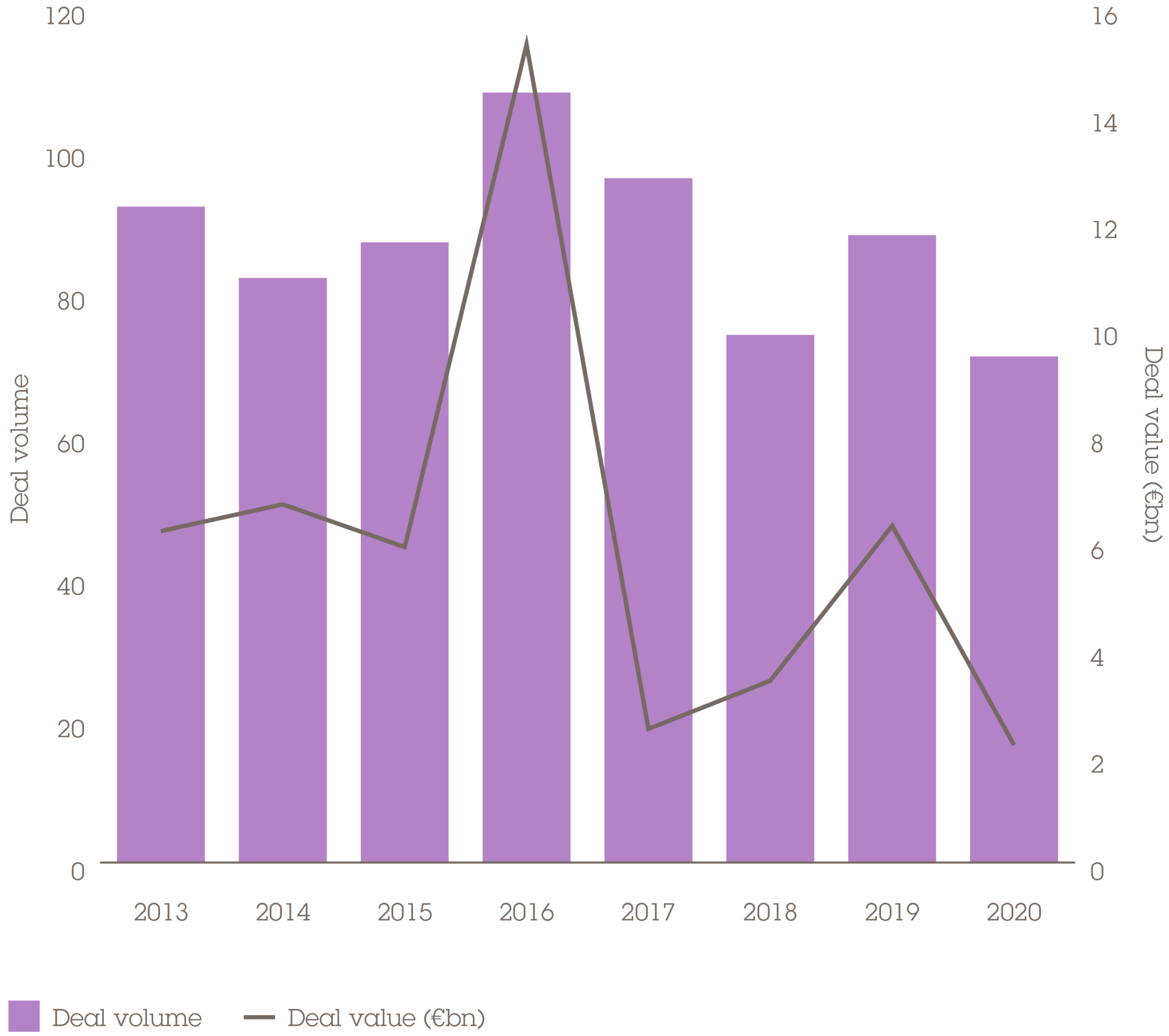
Czech Republic M&A market looks to bounce back in 2021 after COVID hit

In our series focusing on key markets in the CEE/SEE, we look at the Czech Republic, where dealmaking has been relatively stable despite the pandemic

The Czech Republic was the third-largest M&A market in 2019-20, with €8.5bn worth of deal activity recorded. The biggest deal of the year, and fifth highest in the region saw Swedish group Heimstaden buy the property portfolio of Residomo for €1.3bn.

Czech Republic M&A, 2013-2020



Investors are drawn to the country for its relatively high GDP per capita, around 50% higher than in Poland, giving Czechs greater spending power and exposes sectors to consumer demand, which is in turn attractive from an investment perspective.

The pandemic has presented a major setback for the country. With 54,150 cases per million as of 13 December, the Czech Republic has been one of the worst-hit countries in Europe, the second wave proving especially challenging. This has coincided with GDP falling by -6.9% in 2020, one of the largest contractions of the five countries covered in this section. Growth of 3.1% is forecast in 2021.

Higher rates of foreign investment could be achieved with reforms to improve the country's complex and sometimes slow judicial processes. Labour shortages have been another concern. However, the affluence of the country and its relative political stability should maintain its position among the top three deal markets in CEE.