ASIAN INVESTMENT IN CEE
- THE RISING SUN?

INFLOW FROM EAST ASIA INTO CEE-6
COMMERCIAL REAL ESTATE 2013-18 [EURMN]

Money from East Asia burst on to the CEE scene in 2016-17, mainly via large industrial sector portfolio deals

Source: Colliers International

FLOW BY SECTOR
2018 [EURMN]

Purchases in the industrial sector formed the majority of 2018’s flow as well, though diversification is beginning

Source: Colliers International

FLOWS BY EAST ASIAN COUNTRY OF ORIGIN
2013-18 [EURMN]

Singapore remains a prime source of capital into CEE. Malaysia, South Korea and the Philippines are new buyers in 2018. Chinese flow diminished to just EUR 60mn in 2018, due to capital flow restrictions. Real Capital Analytics estimate a -60% year-on-year drop in cross-border flow out of China in 2018

Source: Colliers International

TOP DEALS* BY EAST ASIAN INVESTORS IN THE CEE-6

Large single asset deals are appearing in the top echelons

* deal values are for completed operating assets, excluding development land. Portfolio deal totals include only assets located in the CEE-6 region.

Source: media reporting, Colliers International

FLOWS BY CEE-6 COUNTRY
2018 [EURMN]

Asian investors appear to need liquidity. looking by CEE-6 destination, Poland presently dominates

Source: Colliers International

EAST ASIAN FLOWS BY CEE-6 COUNTRY
2018 [EURMN]

Vietnam 2,000
Thailand 1,500
South Korea 1,000
Singapore 500
Japan 50
Indonesia 0
China 0

Source: Colliers International

FLOW BY EAST ASIAN INVESTOR
IN THE CEE-6

Purchases in the industrial sector formed the majority of 2018’s flow as well, though diversification is beginning

Source: Colliers International

ASSET SECTOR COUNTRY BUYER ORIGIN SIZE (mn) YEAR
P3 portfolio Industrial PL, CZ, SK, RO GIC Singapore €1,549 2016
Logicor portfolio Industrial PL, CZ, SK, RO, HU CIC China €898 2017
Prologis portfolio Industrial PL, HU Mapletree Singapore €335 2018
Galeria Katowicka Retail PL EPF Malaysia €300 2018
Florentinum Office CZ CECB China €218 2016
Warimpex portfolio Hotel PL, CZ, RO U City Thailand €116 2017
Amazon Szczecin Industrial PL Vestas S Korea €110 2018

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Source: media reporting, Colliers International
High valuation of real estate per capita in Asia’s “city states” suggests excess capital for export. Japan, Taiwan and South Korea’s GDP per capita levels are similar to Western European sources of capital for CEE. MSCI-tracked Asian real estate was valued at almost USD 2,000bn in 2017, suggesting large firepower for investment elsewhere in the world.

Funding rates used: for CEE-6, 2018 KPMG mid range of bank funding rates for income-producing real estate transactions; for Asia, premium over 10-year local currency bond yield

Source: MSCI, Oxford Economics, World Bank, Colliers International

Lower prime yield premiums in East Asia encourage locally-based investors to look at higher yield-premium destinations such as CEE

Since 2015, the relative strength of the Euro vs. Asian currencies has added to returns on CEE-6 investment assets. We believe a moderate EUR appreciation will continue in 2019

Source: Oxford Economics, Colliers International