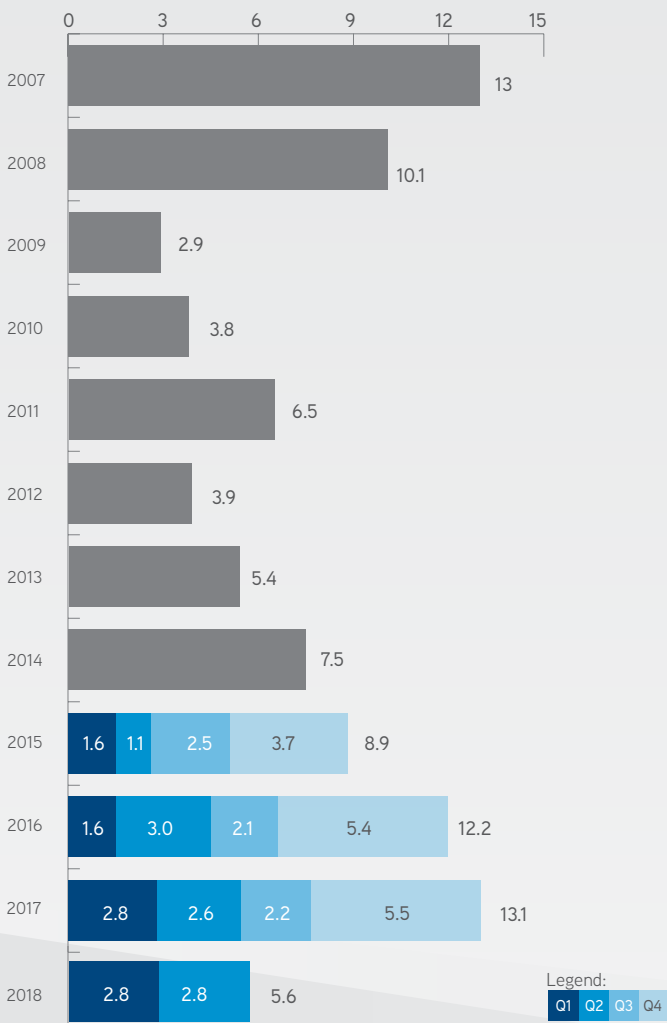


The CEE Investment scene – Q2 2018 CEE flows and drivers



HISTORICAL CEE INVESTMENT VOLUMES (EUR BN, ANNUAL/ QUARTERLY)

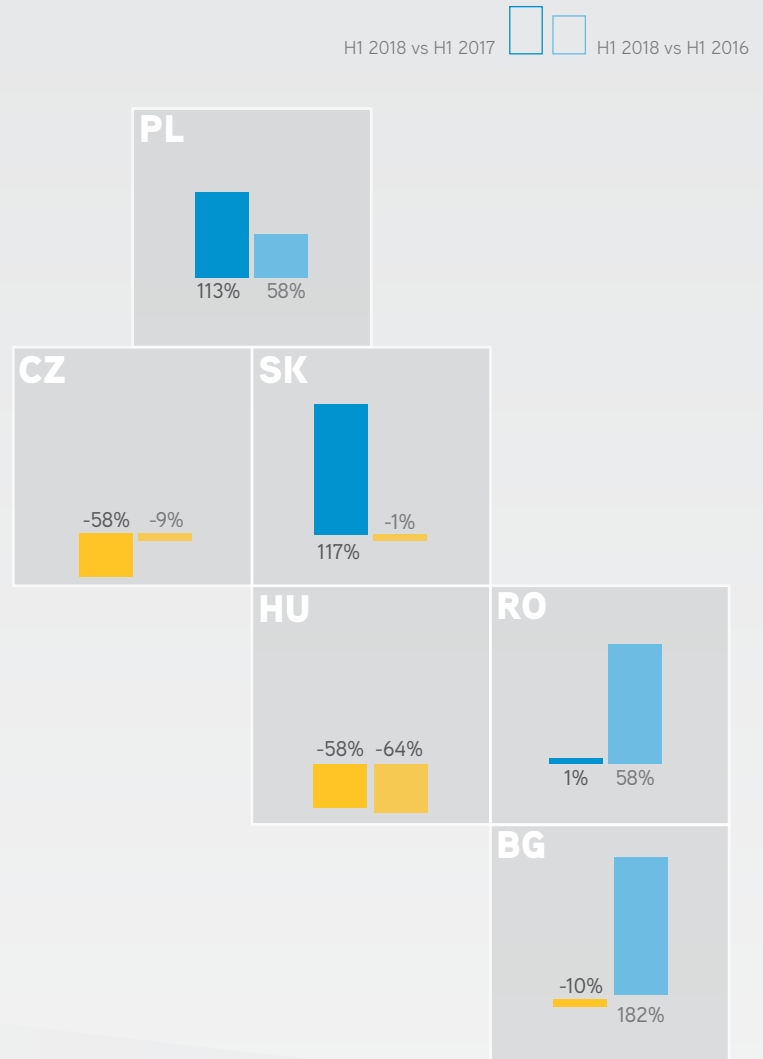
Investment flow of EUR 2.8bn in each of Q1 and Q2 2018. The EUR 5.6bn total for H1 is 4% ahead of H1 2017



*Source: Colliers International

CEE-6 COUNTRY INVESTMENT VOLUME GROWTH RATES (H1 2018 VS. H1 2017 & H1 2016)

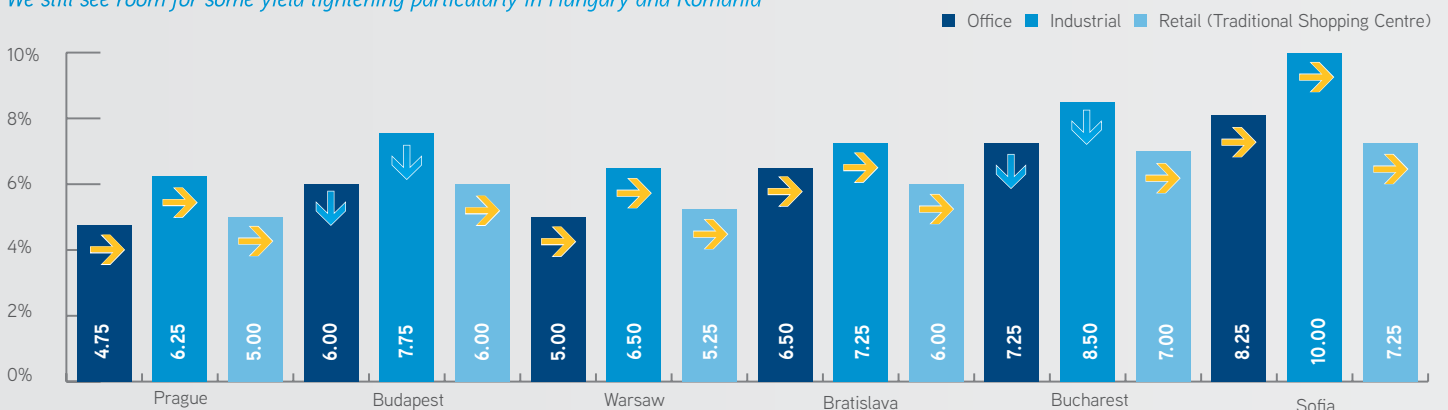
Poland growing steadily, comparing with H1 last year and two years ago. Czech and Hungarian volumes noticeably weak, due to low supply



Source: Colliers International

PRIME YIELDS Q2 2018 & COLLIERS 12MTH FORECAST

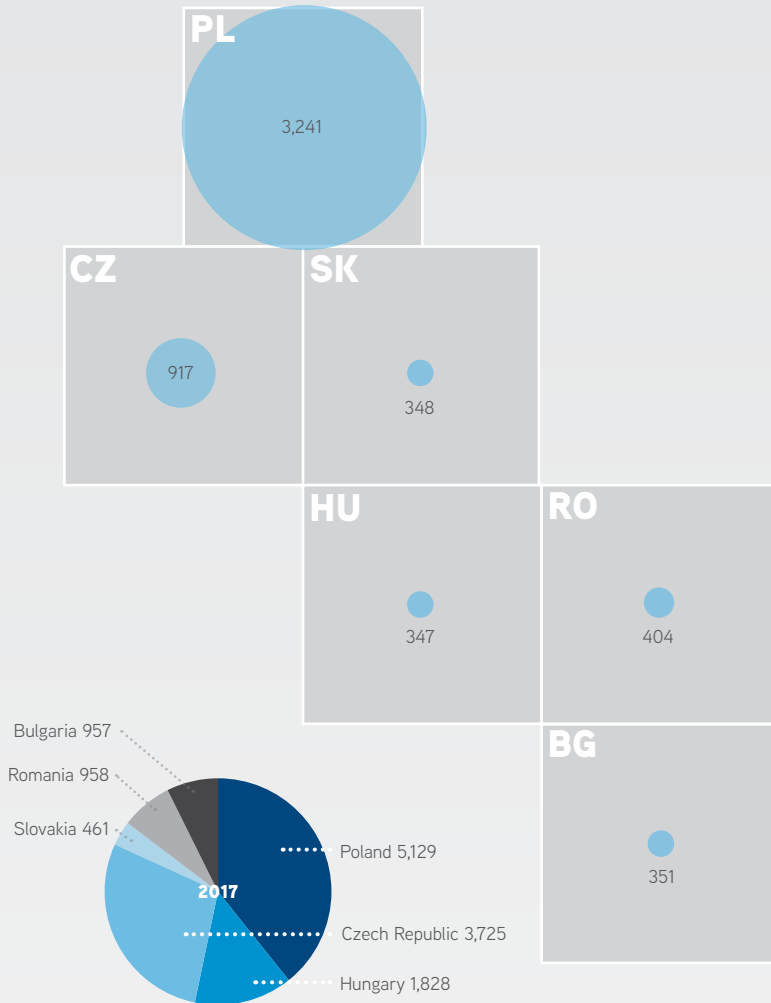
Yields compressing very moderately in office sectors of key capital cities presently. We still see room for some yield tightening particularly in Hungary and Romania



Source: Colliers International

FLOWS BY COUNTRY (H1 2018 | EUR MN)

Polish volumes driving the region, on the back of the strong economy
Slovak, Romanian and Bulgarian numbers rebounded in Q2 compared with a sparse Q1

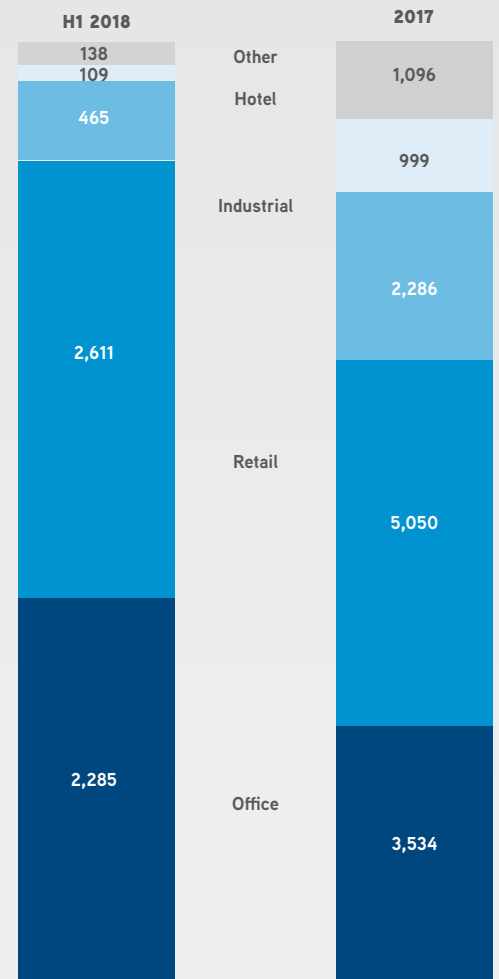


Source: Colliers International

FLOWS BY SECTOR (EUR MN)

Office sector catching up with retail sector, in line with our expectations of increased developer-supplied investment activity

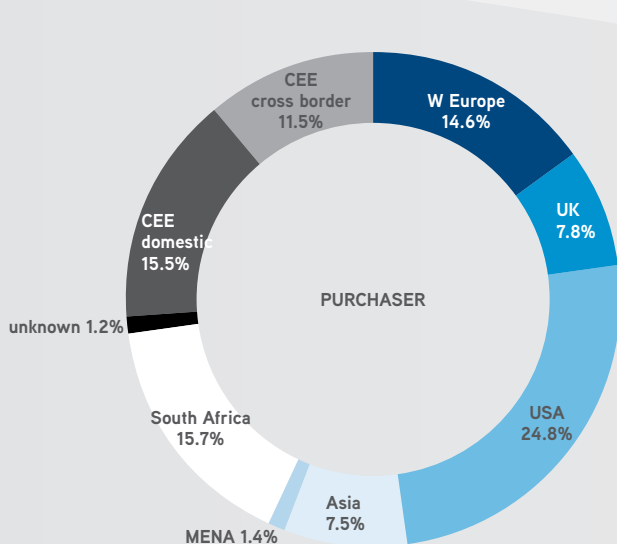
More capital city activity noticeable relative to regions in Q2 2018 than in previous quarters



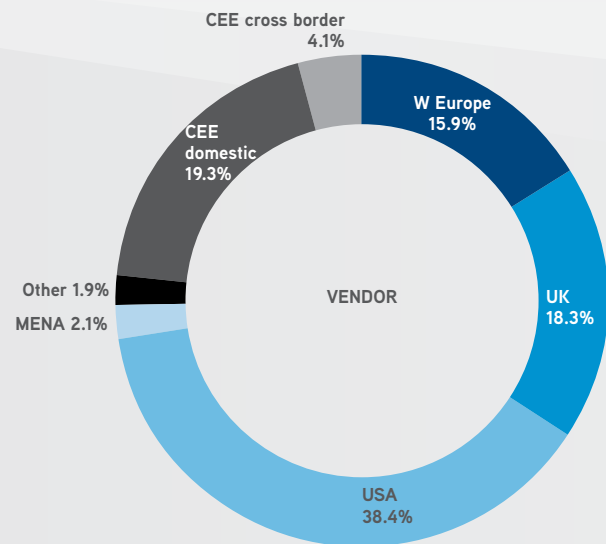
Source: Colliers International

FLOWS BY ORIGIN OF PURCHASER AND ORIGIN OF VENDOR, H1 2018 (%)

CEE cross-border, W European and S African purchase flows noticeable in Q2 2018 especially
US, UK and W European funds were all net sellers in H1 2018



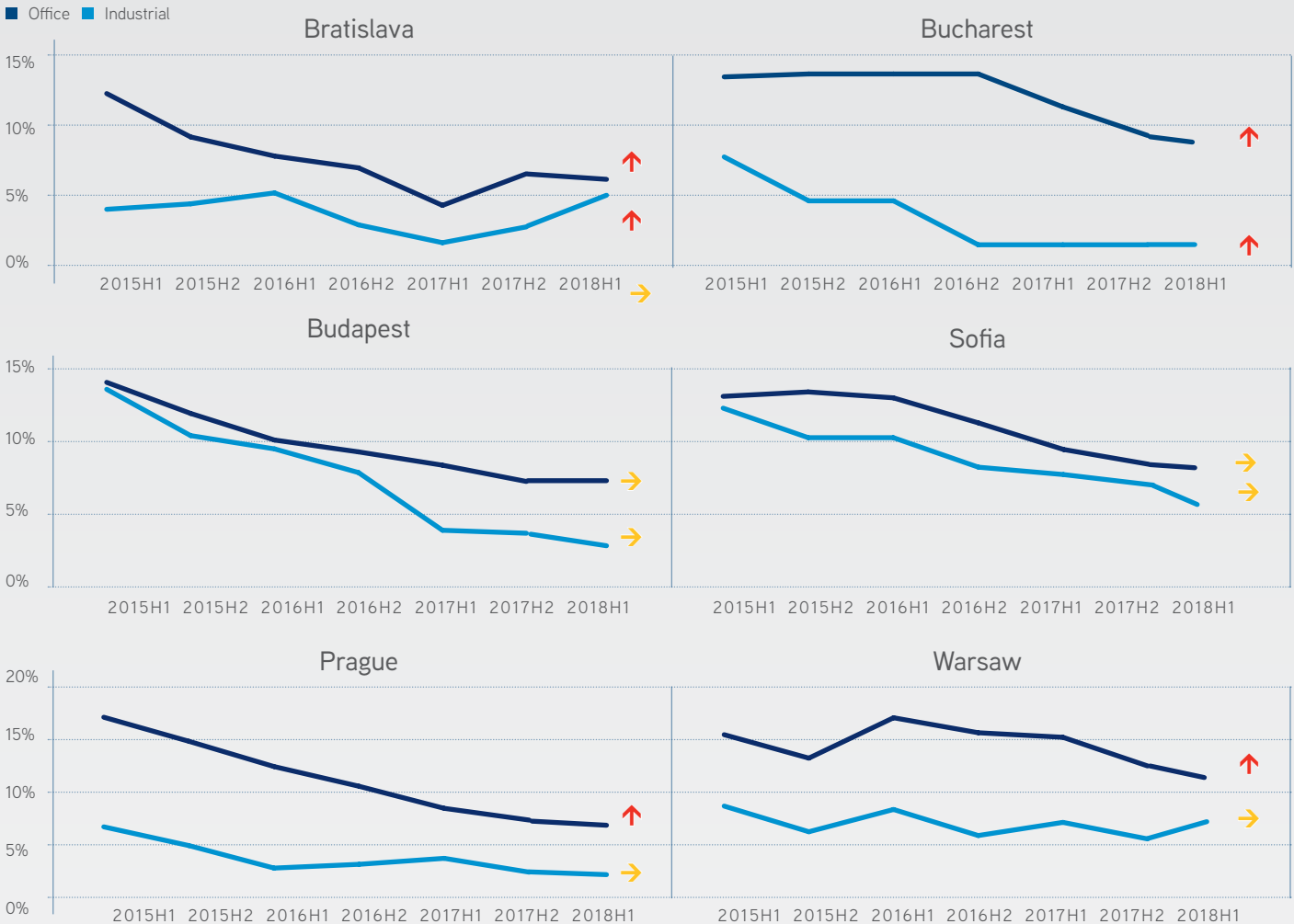
Source: Colliers International



Demand and supply data

OFFICE AND INDUSTRIAL VACANCY DYNAMICS AND FORECASTS IN CEE CAPITALS 2015 - 2018

After significant falls in vacancy rates in recent quarters, we see rises in 6 out of 12 key CEE capital city categories in the next 12 months. Vacancy rates look most likely to rise in Bucharest, Bratislava and in the Prague and Warsaw office sectors, due to likely increased supply.



Source: Colliers International

RENT LEVELS, RENTAL GROWTH AND COLLIERS FORECASTS FOR H2 2018

Our teams in the region foresee more rent hikes over the coming quarters than we did at the start of 2018.

Rent hikes look most likely to us in industrial, especially in Bucharest, Bratislava, Budapest and Warsaw. Office rents could go up in Prague and Budapest.

OFFICE INDUSTRIAL RETAIL	PRIME RENT (EUR/SQM/MTH)	PRIME RENT GROWTH (% YOY)	PRIME RENT 12M FORECAST	AVERAGE RENT (EUR/SQM/MTH)	AVERAGE RENT GROWTH (% YOY)	AVERAGE RENT 12M FORECAST	PRIME W/H RENT (EUR/SQM/MTH)	PRIME W/H RENT GROWTH (% YOY)	PRIME W/H RENT 12M FORECAST	PRIME LOGISTICS RENT (EUR/SQM/MTH)	PRIME LOGISTICS RENT GROWTH (% YOY)	PRIME LOGISTICS RENT 12M FORECAST	PRIME TSC RENT (EUR/SQM/MTH)	PRIME TSC RENT GROWTH (% YOY)	PRIME TSC RENT 12M FORECAST
	Warsaw	22.0	0.0%	▶	18.0	0.0%	▼	5.0	0.0%	▲	4.0	0.0%	▲	119.0	-0.8%
Bucharest	19.0	0.0%	▶	14.5	0.0%	▶	4.1	2.5%	▲	4.1	2.5%	▲	65.0	0.0%	▶
Bratislava	15.5	-6.1%	▶	13.5	8.0%	▶	4.7	4.4%	▲	4.0	0.0%	▶	38.5	0.0%	▶
Prague	21.5	7.5%	▲	14.0	6.1%	▲	4.5	5.9%	▶	4.0	0.0%	▶	135.0	17.4%	▶
Budapest	24.0	20.0%	▲	16.0	14.3%	▶	5.0	0.0%	▲	3.9	4.0%	▲	77.0	0.0%	▲
Sofia	16.0	0.0%	▶	15.0	7.1%	▶	4.7	11.9%	▶	5.2	10.6%	▶	39.0	11.4%	▶

Source: Colliers International

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