

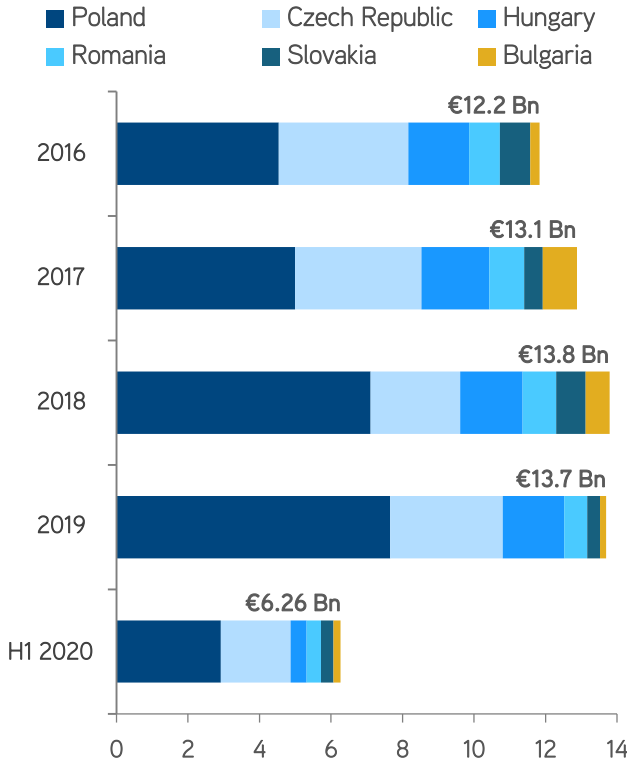
# The CEE Investment Scene

## H1 2020



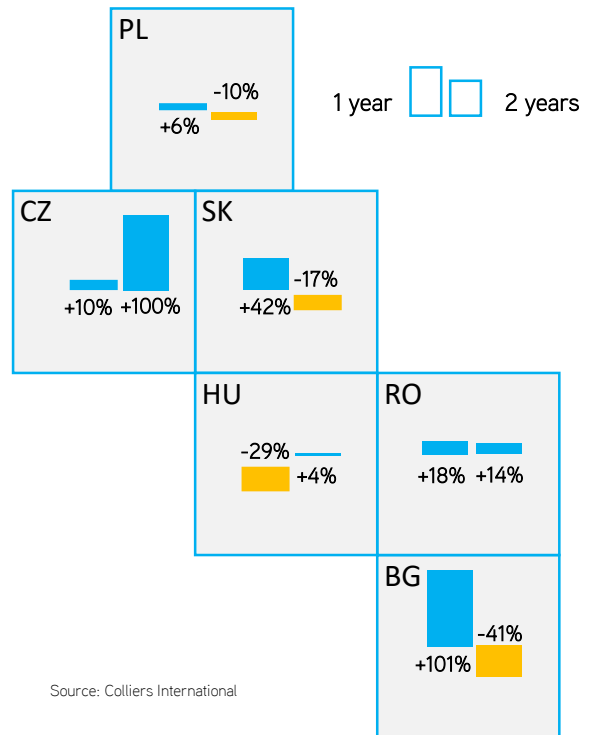
### CEE INVESTMENT VOLUMES BY COUNTRY 2016– H1 2020 (€ BILLION)

Despite the shockwaves of COVID, volumes for the first half of 2020 increased by 7% YoY, closing at ca. **€6.26 billion**. Poland and the Czech Republic took a 78% share of the total.



### CEE INVESTMENT VOLUME GROWTH RATES (H1 2020 vs. H1 2019 & H1 2018)

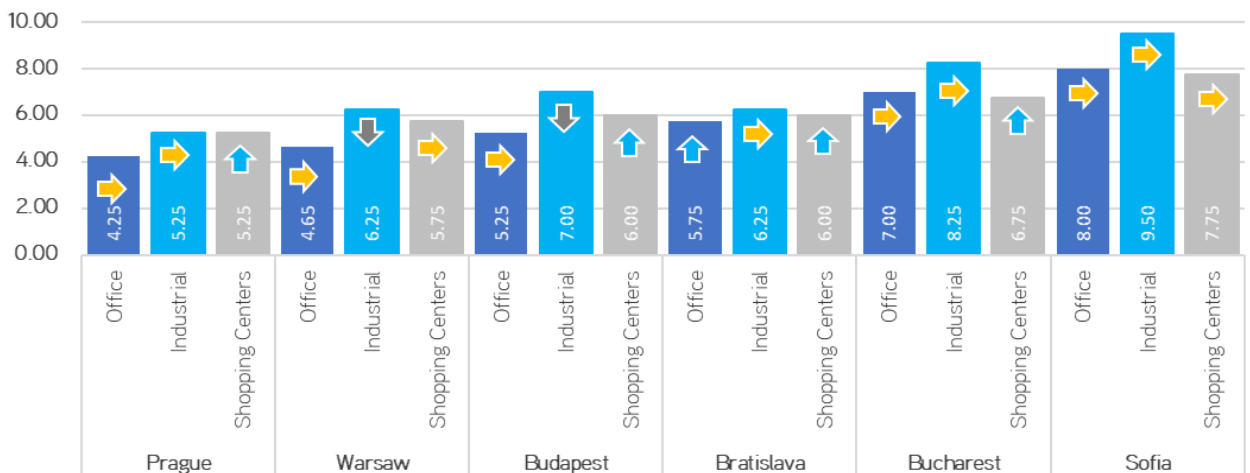
The majority of individual market volumes are up year on year. The H1 volumes were supported by 2 large portfolio deals totalling over €2.2 billion. If these transactions had not closed, the regional volumes would have been down by ca. 30%, inline with the drop seen across the wider EMEA region.



Source: Colliers International

### PRIME YIELDS (%) Q2 2020 & COLLIERS 12MTH FORECAST

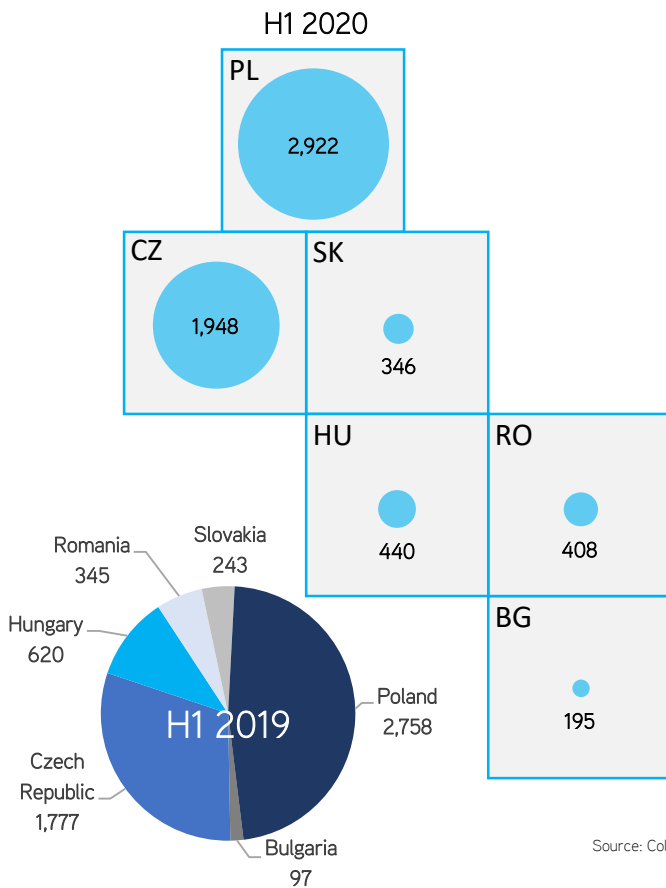
Despite a certain lack of transactions to re-benchmark prime yields, most markets have reflected on current market conditions with a 25 bps outward movement for Offices and up to 50 bps outward movement for Shopping Centres, Prime Industrial & Logistics yields have largely remained stable with some compression in Warsaw and Budapest.



Source: Colliers International

CEE FLOWS BY COUNTRY (€ Million)

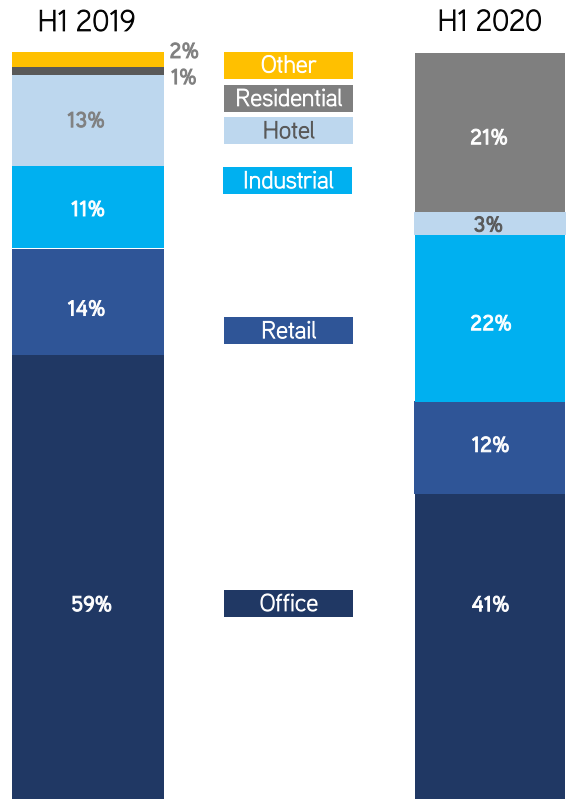
Investment volumes in Poland and the Czech Republic accounted for 78% of the overall CEE6 total. The large residential portfolio transaction by Heimstaden represents 67% of the total volume traded in the Czech Republic and ca. 21% of total volumes. The acquisition of the GTC portfolio shares from Lonestar by Optima across CEE represents 15% of total CEE6 volumes.



Source: Colliers International

CEE FLOWS BY SECTOR (%)

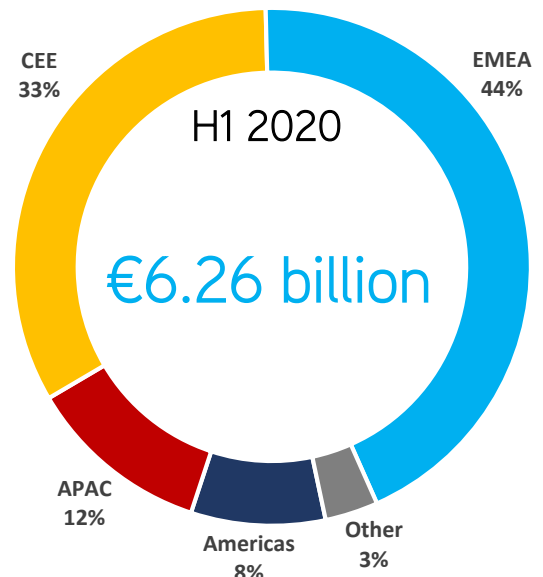
The office sector has dominated H1 2020 activity, accounting for 41% of all volumes. Industrial and Logistics came in second place with 22% and is still limited by available product. Retail and Hotel transaction volumes were both subdued as investors hold back on the hardest hit sectors of the pandemic.



CEE FLOWS BY ORIGIN OF PURCHASER (%)

EMEA investors (excluding CEE) have been the most active during H1 2020, particularly Sweden with the large €1.3 billion Czech residential portfolio, followed by German and French capital, each with ca. €250 million of acquisitions. As in previous years, CEE domestic capital was also very active securing a third of all volumes. Hungary's Optima acquired the 61.5% shares of GTC from Lonestar, across various CEE6 markets, for just under €1 billion and CPI Property Group acquired over €220 million in assets in Poland and the Czech Republic.

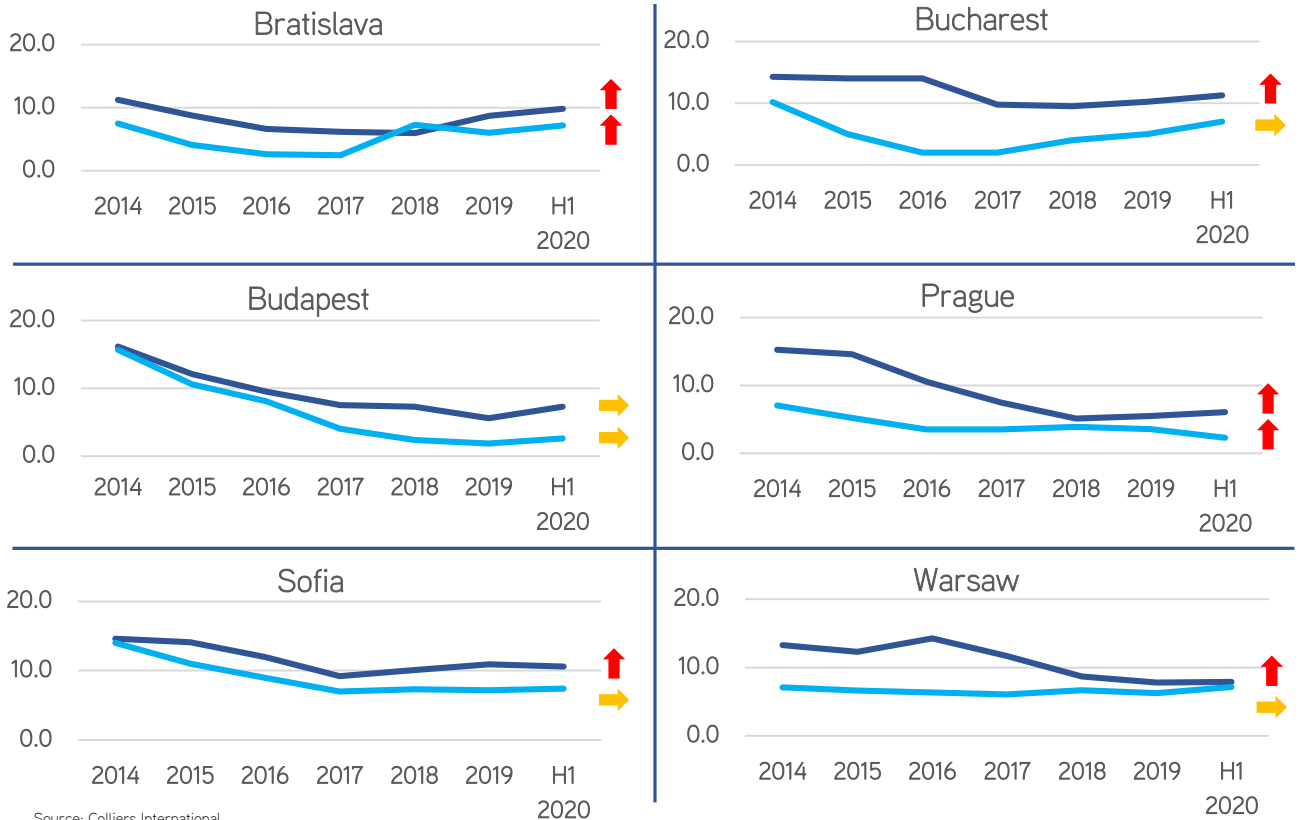
Subject to further travel disruption for international investors and waiting for markets and pricing to settle as a result of COVID, we do expect transactional activity to continue through H2 however, volumes may well fall short of previous years by upwards of 20% with the lack of available product in some markets contributing to that along with pricing mismatch between sellers and potential buyers expecting discounts.



Source: Colliers International

OFFICE AND INDUSTRIAL VACANCY DYNAMICS 2014-H1 2020 & 12MTH OUTLOOK FOR CEE CAPITALS

■ Office ■ Industrial



Source: Colliers International

Office and industrial vacancy rates in most CEE markets have been stabilizing at all-time lows over the past few years but are now starting to show some signs of mild increase. In terms of rents, property owners are trying to maintain current levels where possible and utilizing tenant incentives to both attract and retain occupiers.

RENTAL LEVELS Q2 2020, RENTAL GROWTH YOY AND COLLIERS FORECASTS FOR THE NEXT 12 MONTHS

	OFFICE PRIME RENT (€/SQM/MONTH)	OFFICE PRIME RENT GROWTH (% YOY)	OFFICE PRIME RENT 12M FORECAST	LOGISTICS PRIME RENT (€/SQM/MONTH)	LOGISTICS PRIME RENT GROWTH (% YOY)	LOGISTICS PRIME RENT 12M FORECAST	SHOPPING CENTRE PRIME RENT (€/SQM/MONTH)	SHOPPING CENTRE PRIME RENT GROWTH (% YOY)	SHOPPING CENTRE PRIME RENT 12M FORECAST
Bratislava	17.00	9.7%	↓	3.90	-2.5%	↓	55.00	-8.3%	↓
Bucharest	18.00	0.0%	↓	4.00	-3.6%	→	70.00	0.0%	→
Budapest	24.00	9.1%	→	4.90	-2.0%	→	80.0	0.0%	→
Prague	23.00	2.2%	→	4.85	21.3%	→	130.0	-3.7%	→
Sofia	15.00	-6.3%	↓	5.20	0.0%	→	50.00	-9.1%	↓
Warsaw	26.00	18.8%	↓	4.90	22.5%	→	120.00	0.0%	→

Source: Colliers International



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