

# CEE INVESTMENT MARKET UPDATE H1 2024

CEE MARKET INSIGHTS

Better never settles

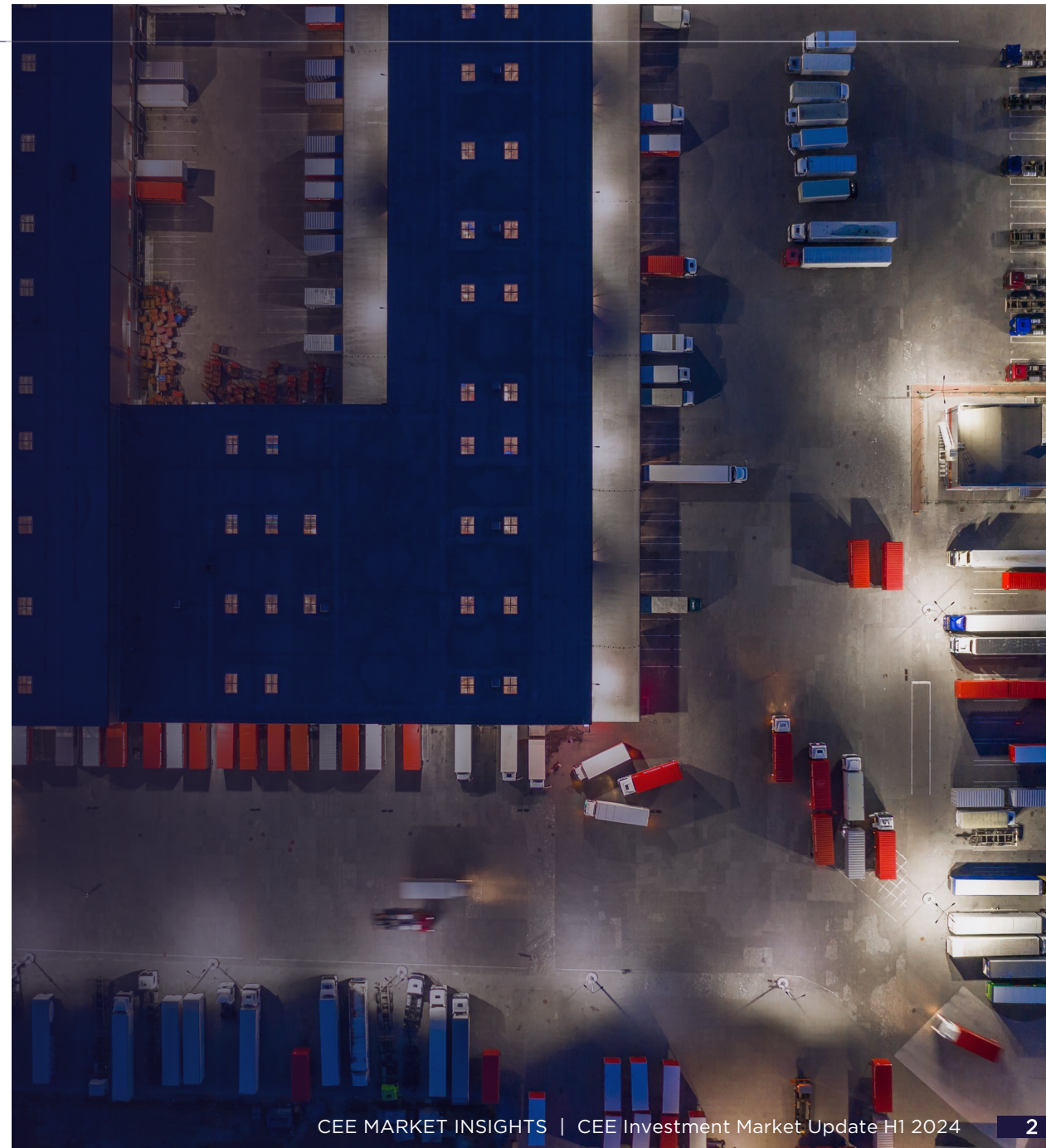
# EXECUTIVE SUMMARY

## CEE Investment Market Update H1 2024

In H1 2024, Central Europe's\* commercial real estate market is experiencing a **cautious yet measurable recovery**, highlighted by a 43.4% year-over-year increase in investment volumes, particularly driven by a resurgence in Poland. Despite the ongoing economic challenges, sectors such as logistics and industrial real estate are showing strong resilience.

Looking forward, the CEE commercial real estate market is anticipated to continue its recovery trajectory and likely to converge to pre-Covid levels of activity in 2025. The industrial and retail sectors are expected to outperform, while office spaces may see a slight decline. The anticipated return of international capital could further strengthen the market, though local investors are likely to remain key players in the interim.

\* In this report, Central European region includes Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia.



# CEE REGION

## Investment Market H1 2024

Prime yields, Q2 2024



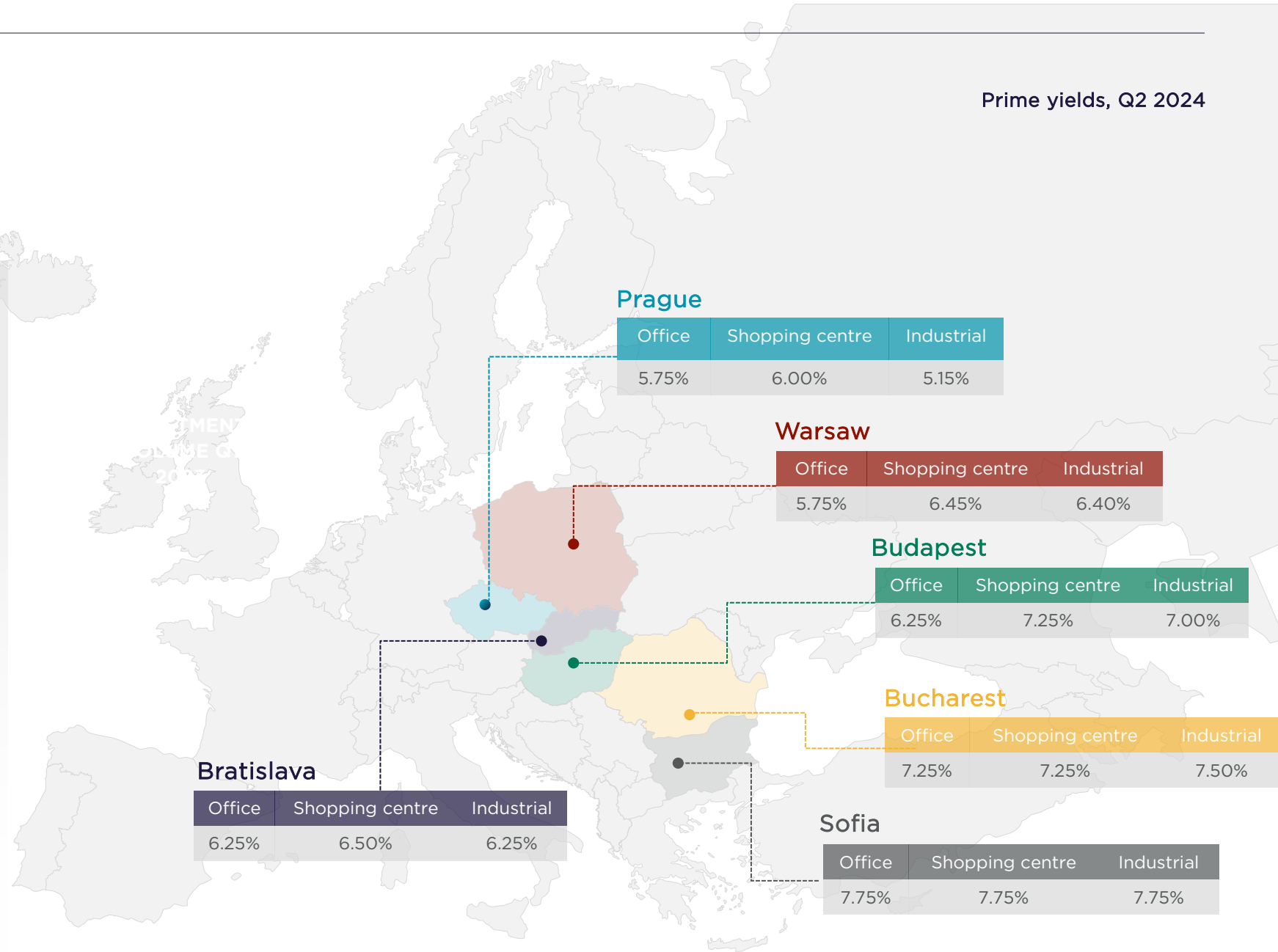
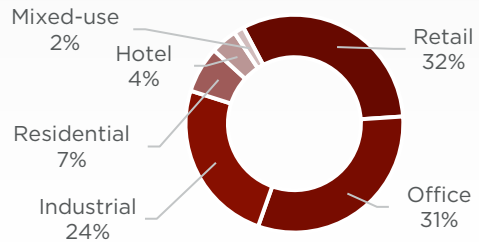
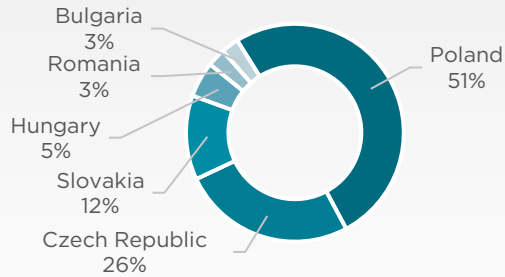
**3.3 B**

Investment volume  
H1 2024



**+ 43.4 %**

Volume change  
y/y



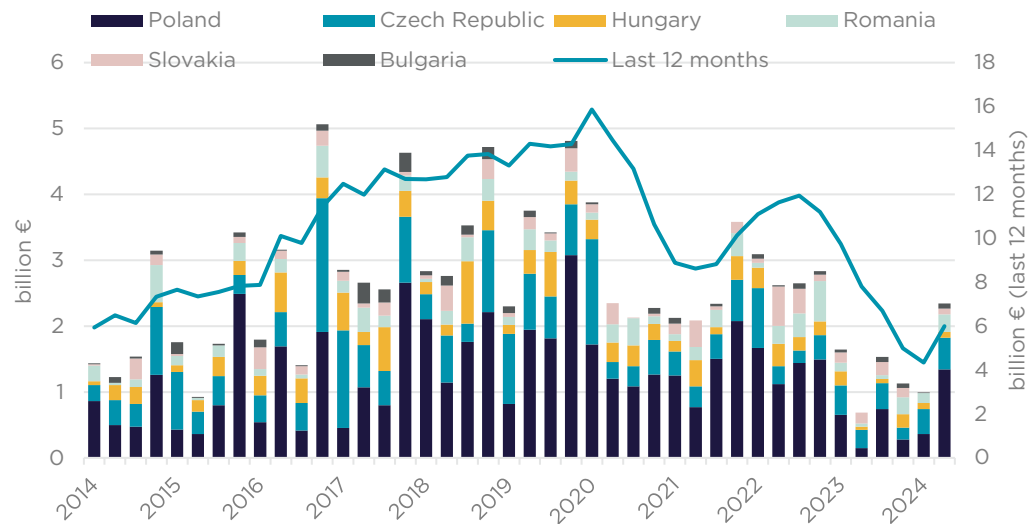
# INVESTMENT TRENDS

## Investment Volumes and Prime Yields

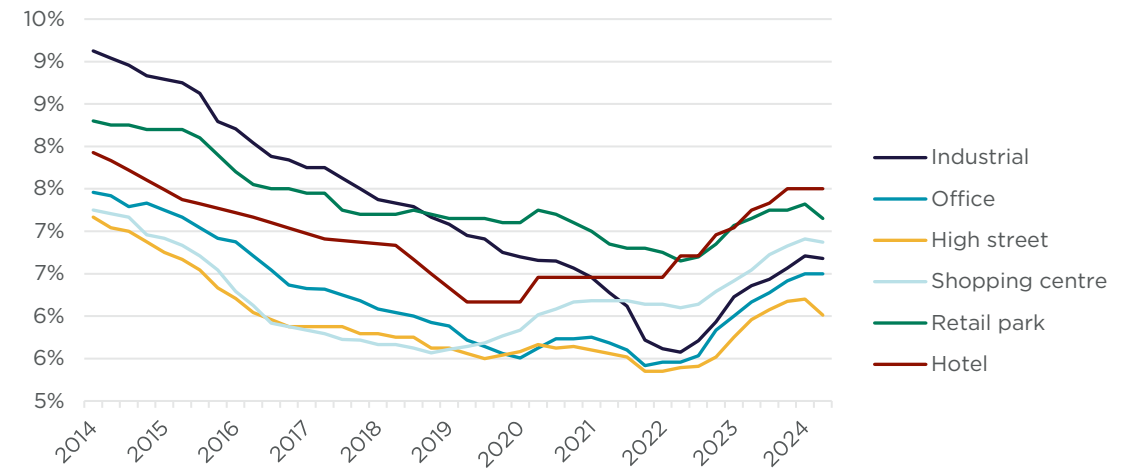
Investment volumes across Central Europe have shown a significant recovery in H1 2024, with Poland witnessing a remarkable 113% year-over-year increase, reinforcing the region's ability to rebound from prior downturns. This recovery is primarily attributed to the increased activity in the industrial and retail sectors, which continue to attract substantial investor interest.

In H1 2024, prime yields across the CEE region have started to stabilize after a period of steady increases since beginning of 2022. This shift suggests that price adjustments may have taken place, aligning yields more closely with current market conditions. The moderation in yield movements indicates that the market could be approaching a new equilibrium, with investors reassessing their risk-return profiles in light of the evolving economic landscape.

### Investment Volumes in CEE



### Prime Yields



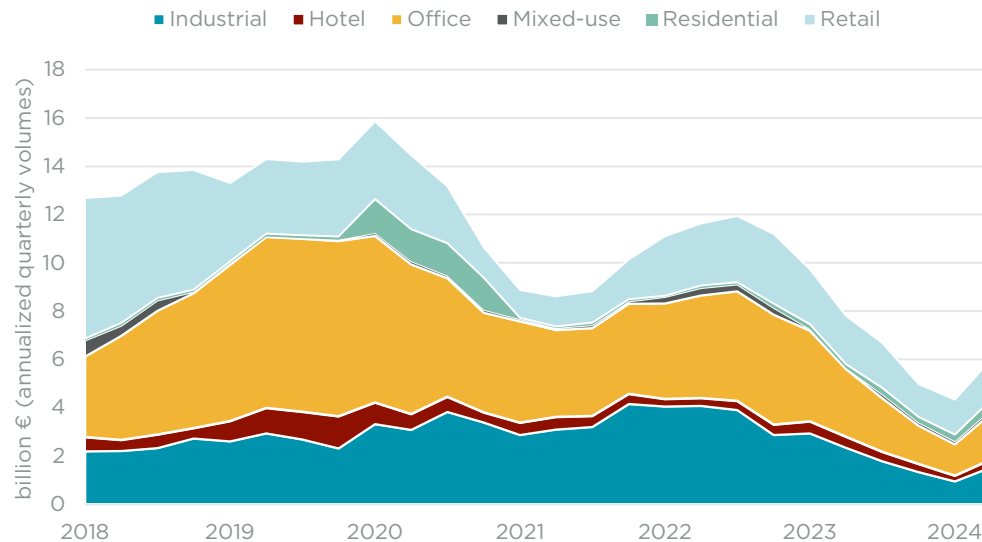
CEE (BG, CZ, HU, PL, RO, SK) blended yields

# INVESTMENT TRENDS

## Sector Performance and Capital Sources

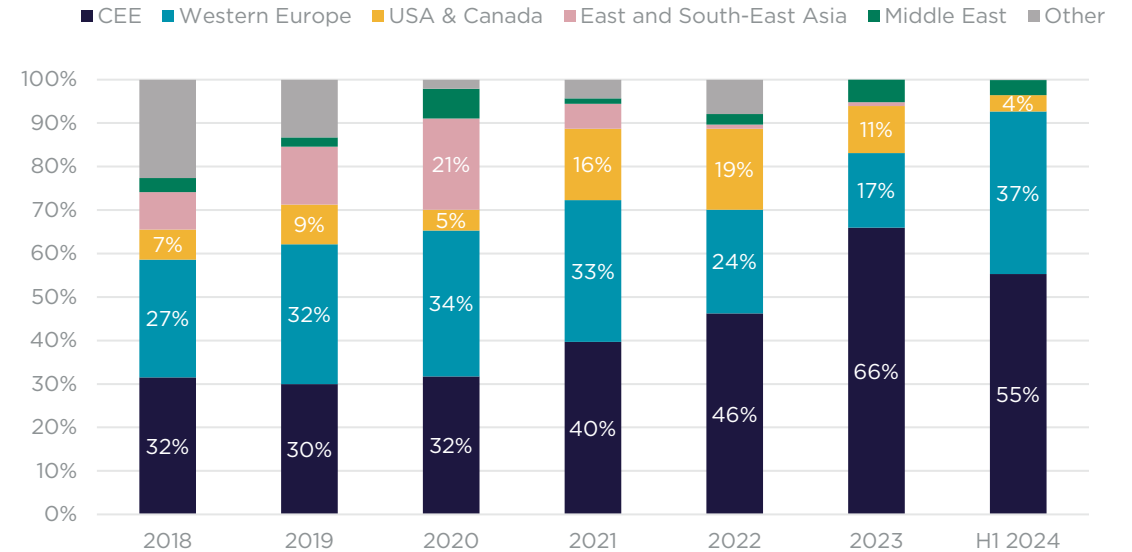
In H1 2024, the logistics and industrial sectors continued to lead the commercial property market in Central Europe. The ongoing evolution of supply chains, combined with a stabilizing e-commerce environment, has bolstered demand. However, the office sector remains under pressure, not only from the persistent shift towards remote work but increasingly due to challenges related to ESG compliance and the risk of obsolescence for older or poorly located properties, which make up a significant portion of the market.

### Investments in CEE by sector



The trend towards local capital sources has continued in H1 2024, with regional investors accounting for a growing share of total investment volumes. This shift highlights the strategic importance of local knowledge in navigating the current market conditions, especially as Western capital remains cautious amidst global economic uncertainties. While this trend could partly reflect the retreat of Western investors, it also underscores the increasing confidence and capacity of CEE capital to take a more prominent role in driving investment activity across the region.

### Investments in CEE by capital origin



## BULGARIA

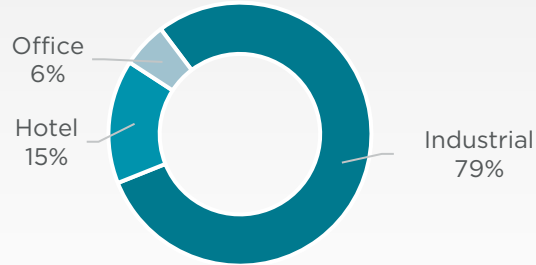
### Investment Market H1 2024



**90 M**  
Investment volume  
H1 2024

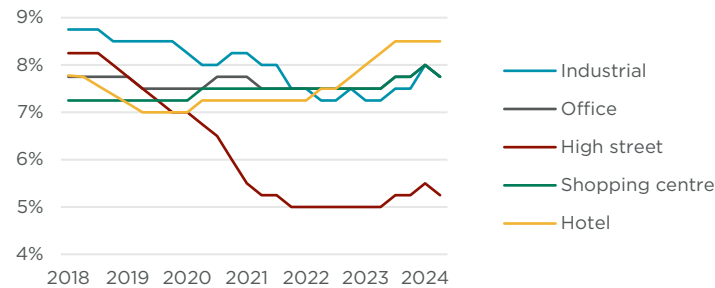


**+106 %**  
Volume change  
y/y



The significant 106% rise in investment volumes in H1 2024 was driven by a single logistics portfolio deal, seeking to benefit from the geographic location of the country along the South-North transport axis of the continent. The rest of the volume was comprised of a handful of small hotel and office assets acquired by domestic players.

### Prime Yields

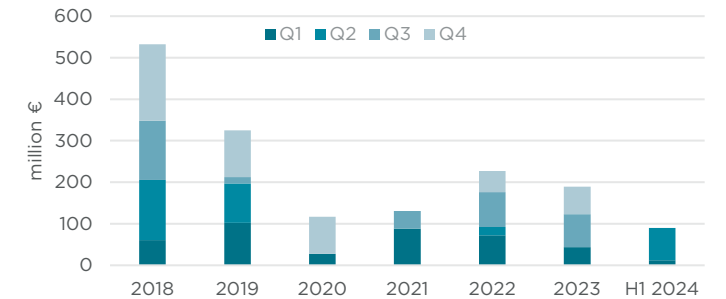


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	2.0%	2.5%	3.0%	2.2%
Inflation rate (HICP)	8.6%	2.5%	2.7%	2.7%
Unemployment rate	4.3%	4.7%	4.6%	4.7%

Source: Moody's Analytics

### Investment Volumes



### Key Transactions YTD

Transaction name	Buyer	Type
BPD Portfolio	Lion's Head Investment	Industrial
Elitsa Shalet	Every Sofia Center	Hotel

# CZECH REPUBLIC

## Investment Market H1 2024



**862 M**

Investment volume  
H1 2024



**+19 %**

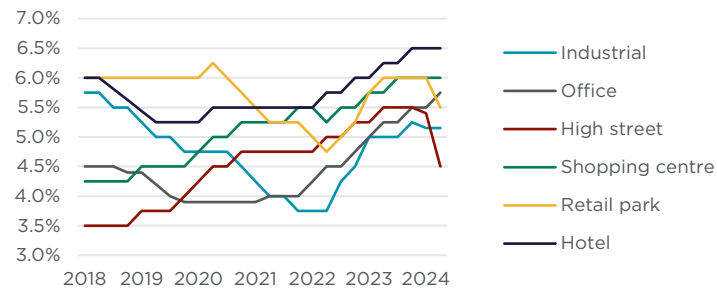
Volume change  
y/y



The 19% year-over-year increase in investment volumes in H1 2024 was largely driven by activity in the industrial and retail sectors, which have continued to attract significant investor interest.

The office sector, while stable, faces ongoing challenges due to evolving workplace dynamics.

### Prime Yields

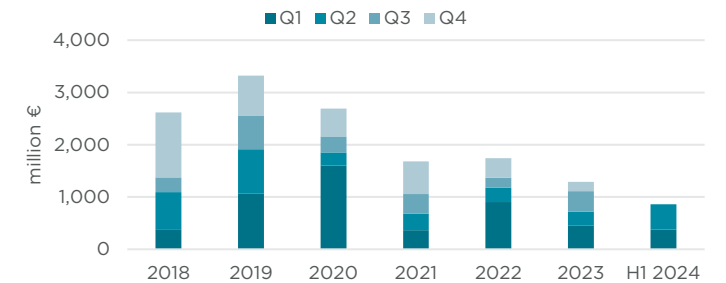


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	0.0%	1.1%	3.4%	2.1%
Inflation rate (HICP)	11.9%	2.3%	2.1%	2.0%
Unemployment rate	2.6%	2.7%	2.7%	2.7%

Source: Moody's Analytics

### Investment Volumes

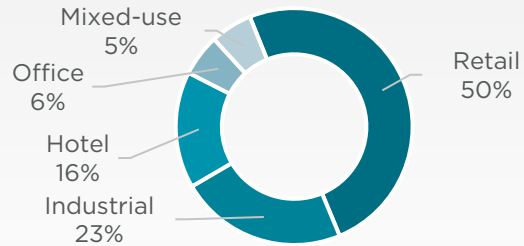
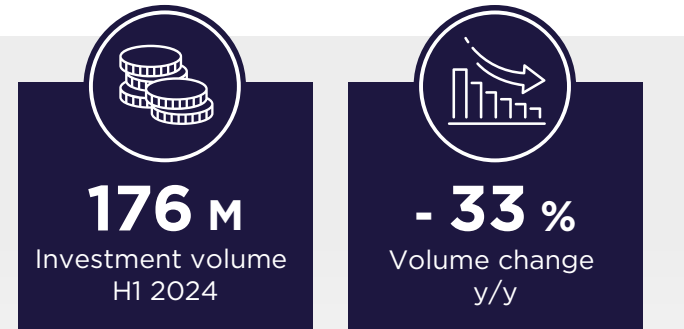


### Key Transactions YTD

Transaction name	Buyer	Type
Vysočanský Mlýn	Mint Investment	Residential
VGP logistics parks (50%)	Areim	Industrial
Václavské nám. 42	City of Prague	Office
Arkády Pankrác	Trigea	Retail
Black & Decker	Creditas Nemovitostní	Industrial

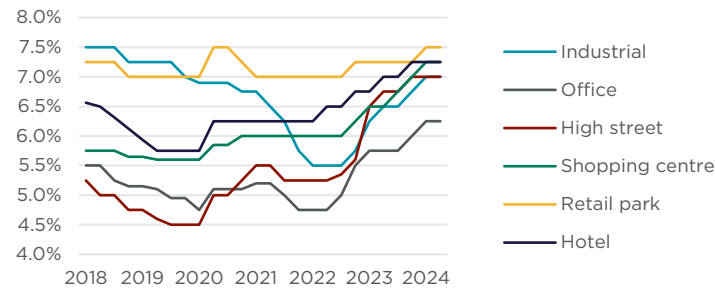
# HUNGARY

## Investment Market H1 2024



Hungary's investment market recorded a 33% year-on-year decrease, though this is largely due to the distortion caused by last year's Sofitel transaction. Excluding that, volumes were relatively stable, with most transactions under €20m. The industrial sector continues to be a key focus for future growth.

### Prime Yields

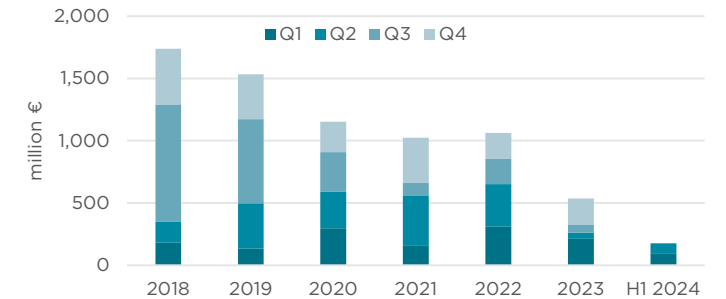


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	-0.7%	2.3%	3.2%	3.2%
Inflation rate (HICP)	17.1%	3.9%	3.5%	3.0%
Unemployment rate	4.1%	4.7%	4.9%	4.6%

Source: Moody's Analytics

### Investment Volumes



### Key Transactions YTD

Transaction name	Buyer	Type
DS Smith warehouse	DS Smith	Industrial
Interspar retail units	Unione Befektetési Csoport	Retail
Faedra22 Park	Undisclosed	Industrial
Vörösmarty 1	Indotek	Retail



# POLAND

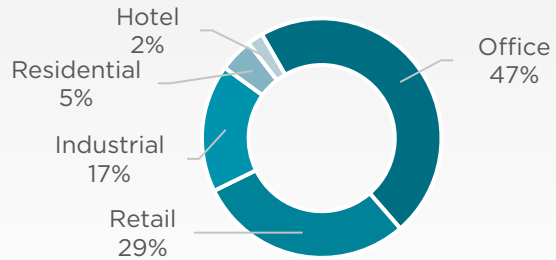
## Investment Market H1 2024



**1.7 B**  
Investment volume  
H1 2024

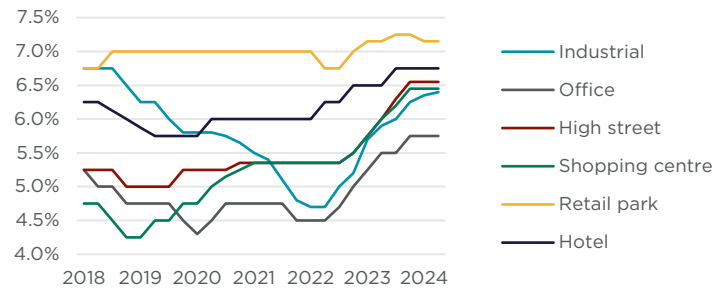


**+ 113 %**  
Volume change  
y/y



Poland's investment market saw a strong increase in volumes in H1 2024, particularly within the industrial sector, driven by high demand for logistics spaces. The market is also witnessing a revival in the office sector, with renewed interest in high-quality, modern properties, signaling a broader recovery in investor confidence.

### Prime Yields

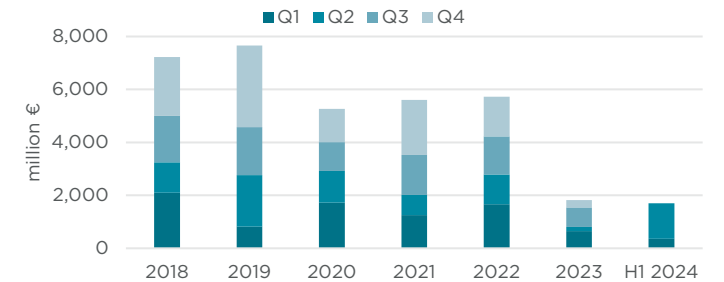


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	0.0%	2.4%	3.9%	3.9%
Inflation rate (HICP)	10.8%	3.9%	4.5%	3.1%
Unemployment rate	2.8%	3.0%	3.1%	4.1%

Source: Moody's Analytics

### Investment Volumes

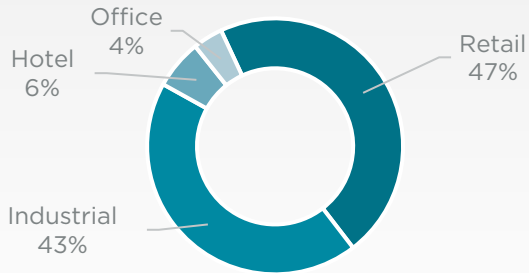
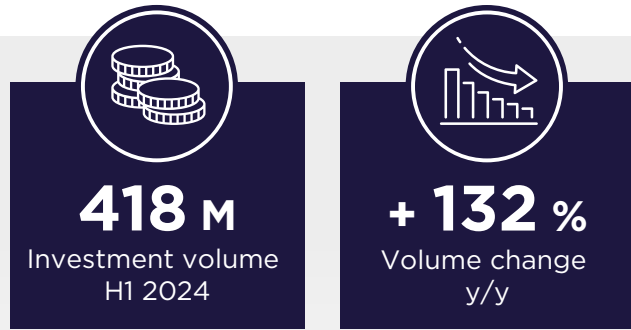


### Key Transactions YTD

Transaction name	Buyer	Type
Cromwell Portfolio	Star Capital Finance	Retail
Nowy Rynek E	Eastnine	Office
Panattoni Park Poznań	EQT Exeter	Industrial
Centrum Ursynów	Unibail-Rodamco-Westfield	Retail
MDC2 Park Krakow South	Generali Real Estate	Industrial
Format Gdańsk	Greenstone	Office

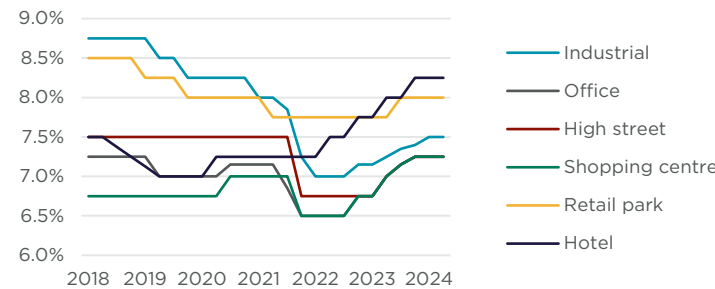
# ROMANIA

## Investment Market H1 2024



The retail sector led the 132% growth in investment volumes in H1 2024, supported by robust consumer spending and strategic acquisitions in prime locations. The industrial sector also gained traction, reflecting Romania's growing role as a logistics hub in the region.

### Prime Yields

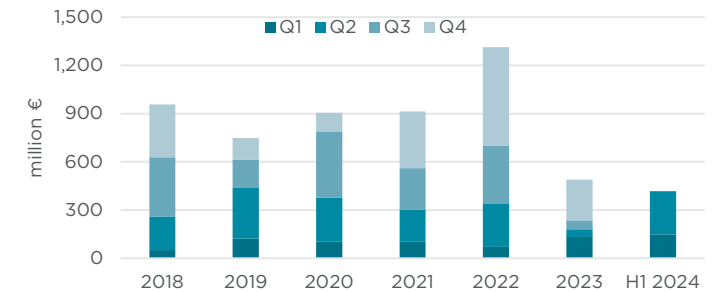


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	2.1%	3.0%	4.4%	4.1%
Inflation rate (HICP)	9.7%	5.1%	3.4%	2.9%
Unemployment rate	5.6%	5.3%	5.9%	6.3%

Source: Moody's Analytics

### Investment Volumes



### Key Transactions YTD

Transaction name	Buyer	Type
Globalworth Industrial Portfolio	CTP	Industrial
Expo Market Doraly	WDP	Retail
Brasov Retail Park	Undisclosed	Retail
Funshop Park Turda	BT Asset Management	Retail

## SLOVAKIA

### Investment Market H1 2024



**87 M**  
Investment volume  
H1 2024

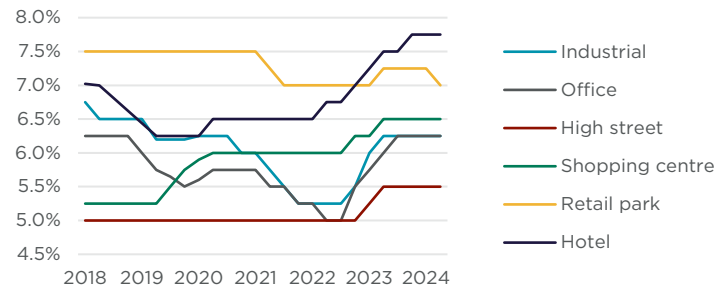


**- 73 %**  
Volume change  
y/y



The sharp decline in investment volumes in H1 2024 underscores the cautious sentiment among investors, particularly in the office and retail sectors. However, the industrial sector continues to present opportunities, driven by regional logistics demands.

### Prime Yields

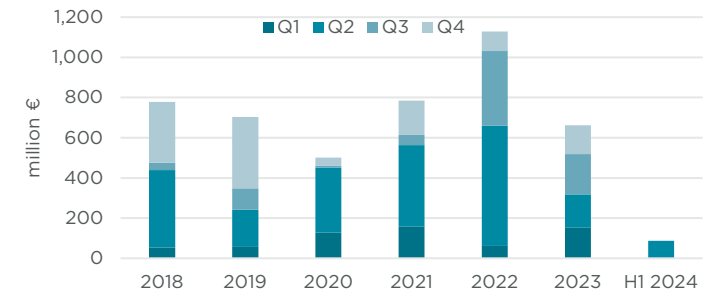


### Economic Forecast

Economic indicator	2023	2024	2025	2026
GDP growth	1.6%	2.8%	2.5%	2.4%
Inflation rate (HICP)	11.0%	3.0%	4.7%	4.7%
Unemployment rate	5.8%	6.4%	7.2%	7.4%

Source: Moody's Analytics

### Investment Volumes



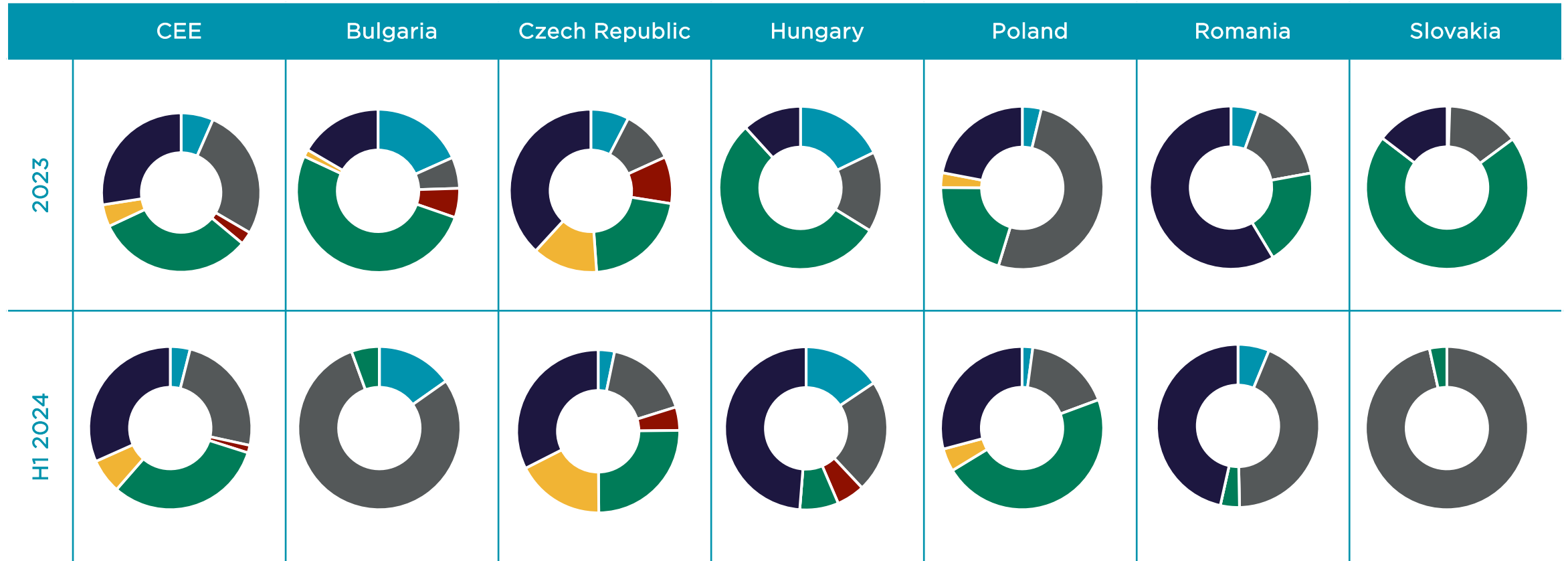
### Key Transactions H1 2024

Project name	Buyer	Type
Garbe Green Park Piešťany	ČSOB Patria	Industrial
VGP Logistics Parks (50% share)	Areim	Industrial

# MARKET COMPARISON

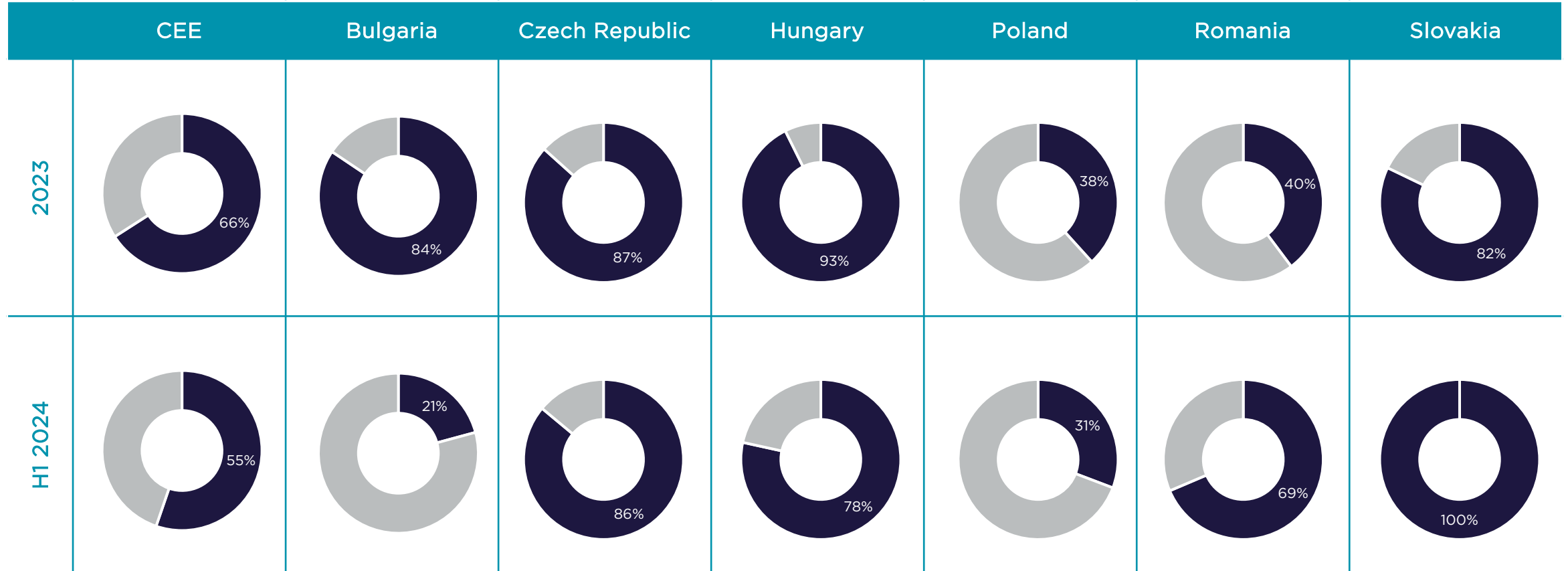
## Sector Share

■ Hotel 
 ■ Industrial 
 ■ Mixed-use 
 ■ Office 
 ■ Residential 
 ■ Retail



# MARKET COMPARISON

Share of CEE Capital



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