

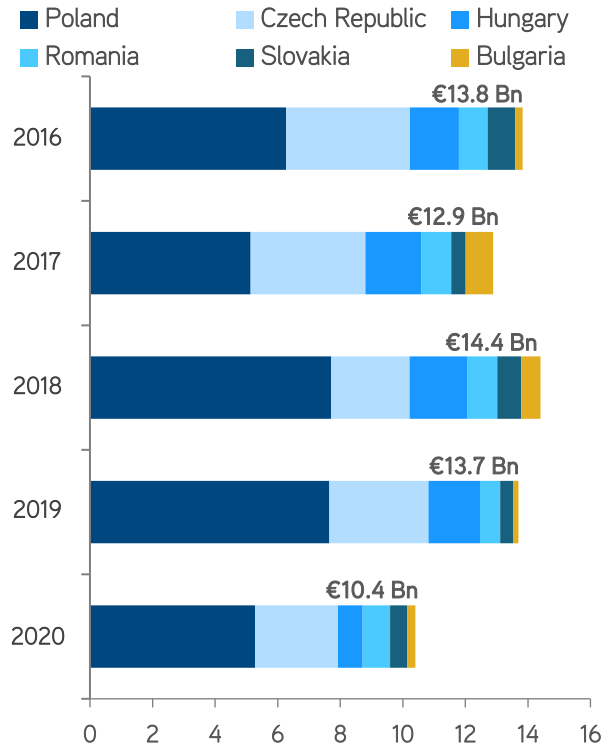
The CEE Investment Scene

Q1-Q4 2020



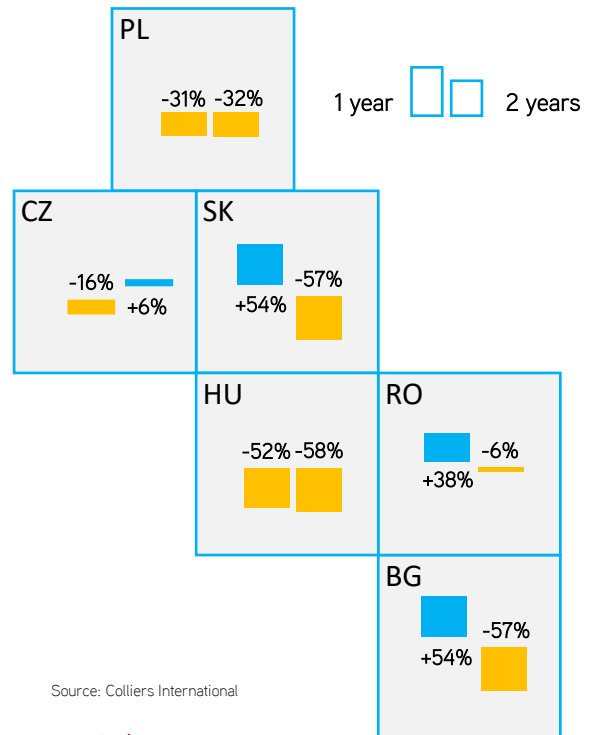
CEE INVESTMENT VOLUMES BY COUNTRY 2016-2020 (€ BILLION)

Volumes in 2020 decrease 24% compared to 2019 with the year closing at ca. €10.4 billion. Investor appetite remains strong for 2021 but will continue to be challenged by available product and COVID impact.



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

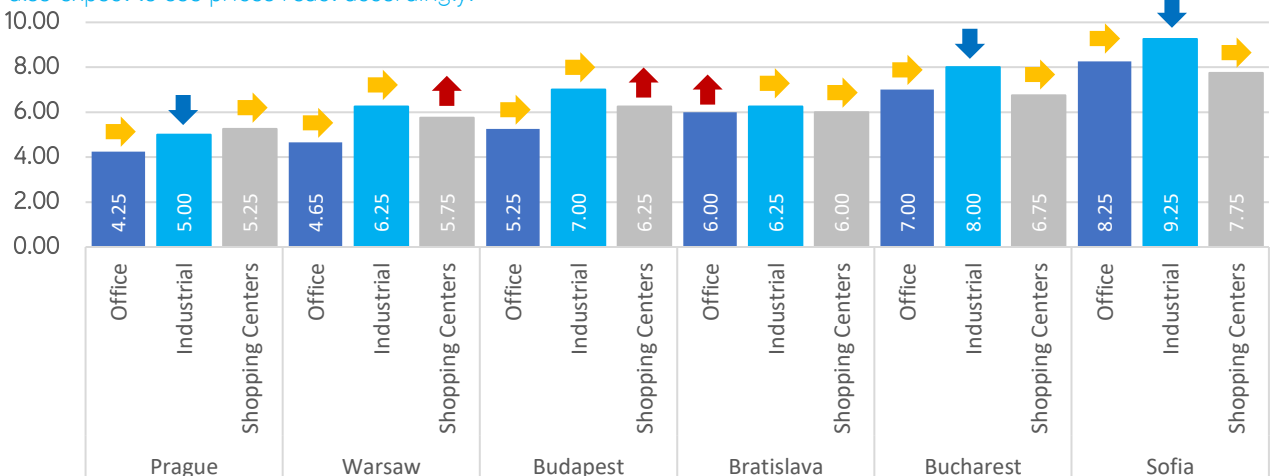
Poland, Czech Republic and Hungary all saw YoY declines in volumes. Romania, Slovakia and Bulgaria all see increases. By comparison, EMEA volumes are estimated to be down by ca. 27% YoY. Colliers Global investor survey indicates a strong rebound in 2021.



Source: Colliers International

PRIME YIELDS (%) Q4 2020 & COLLIERS 12MTH FORECAST

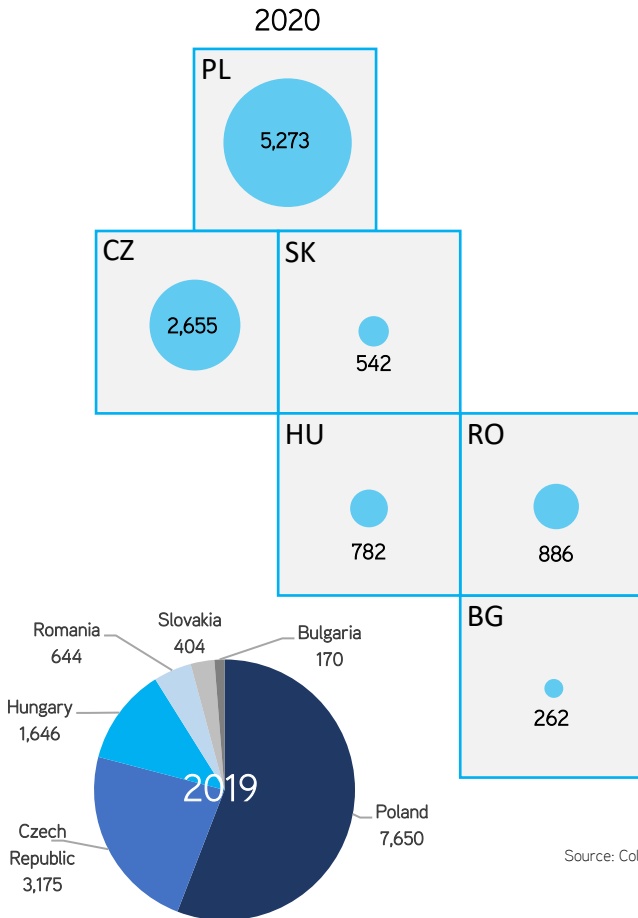
Since Q2 we have recorded very little movement in prime yields, primarily due to the lack of transactional evidence to support further shifts. Our view remains that while some shifts are inevitable, core, well performing assets should hold up well, with more pressure on secondary product. Due to the shift in interest of investors to logistics we can also expect to see prices react accordingly.



Source: Colliers International

CEE FLOWS BY COUNTRY (€ Million)

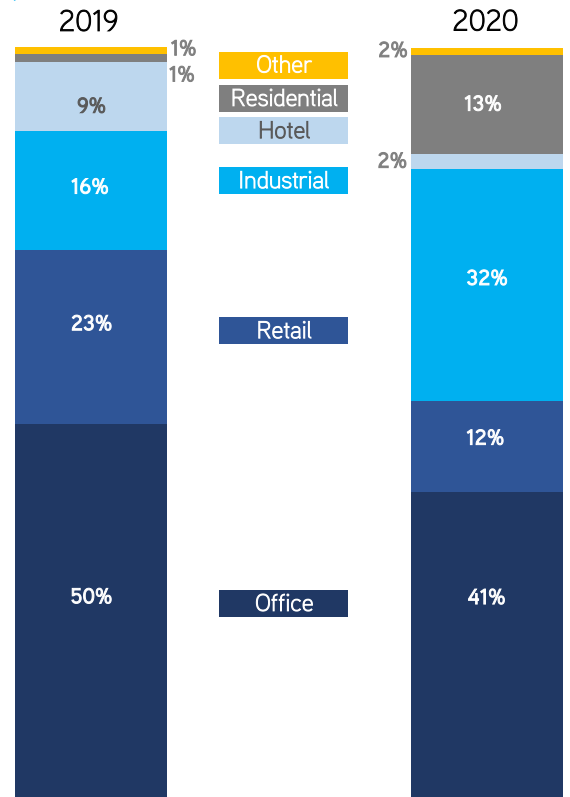
Investment volumes in Poland accounted for 51% of the overall CEE-6 total. The Czech Republic followed with a 26% share thanks to a large residential portfolio sale. Many markets face a lack of available product as owners of the most sought-after assets are either long term holders or, are waiting for markets to settle, rather than selling at a discount.



Source: Colliers International

CEE FLOWS BY SECTOR (%)

The office sector maintains its top spot in terms of transactional activity, however Industrial volumes are up significantly as investors diversify into this seemingly COVID-proof sector and away from the more challenged Retail and Hospitality sectors. PRS is another sector watch and is of high interest, but product remains limited across much of the region.

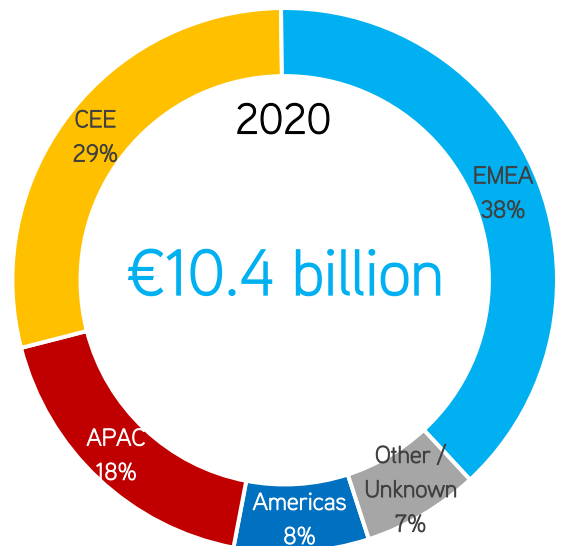


CEE FLOWS BY ORIGIN OF PURCHASER (%)

European and MENA capital (excl. CEE) led the investment volumes in 2020. The most notable deal was the acquisition of the Residomo residential portfolio by Heimstaden of Sweden. German, Israeli and Austrian capital also placed sizeable volumes of capital throughout the year.

CEE domestic investors have again been very active during 2020, particularly Hungarian and Czech capital. Notably, Optima from Hungary acquired the Lonestar shares of the GTC portfolio and the CPI Group continued the growth of its regional office portfolio with multiple acquisitions in Poland.

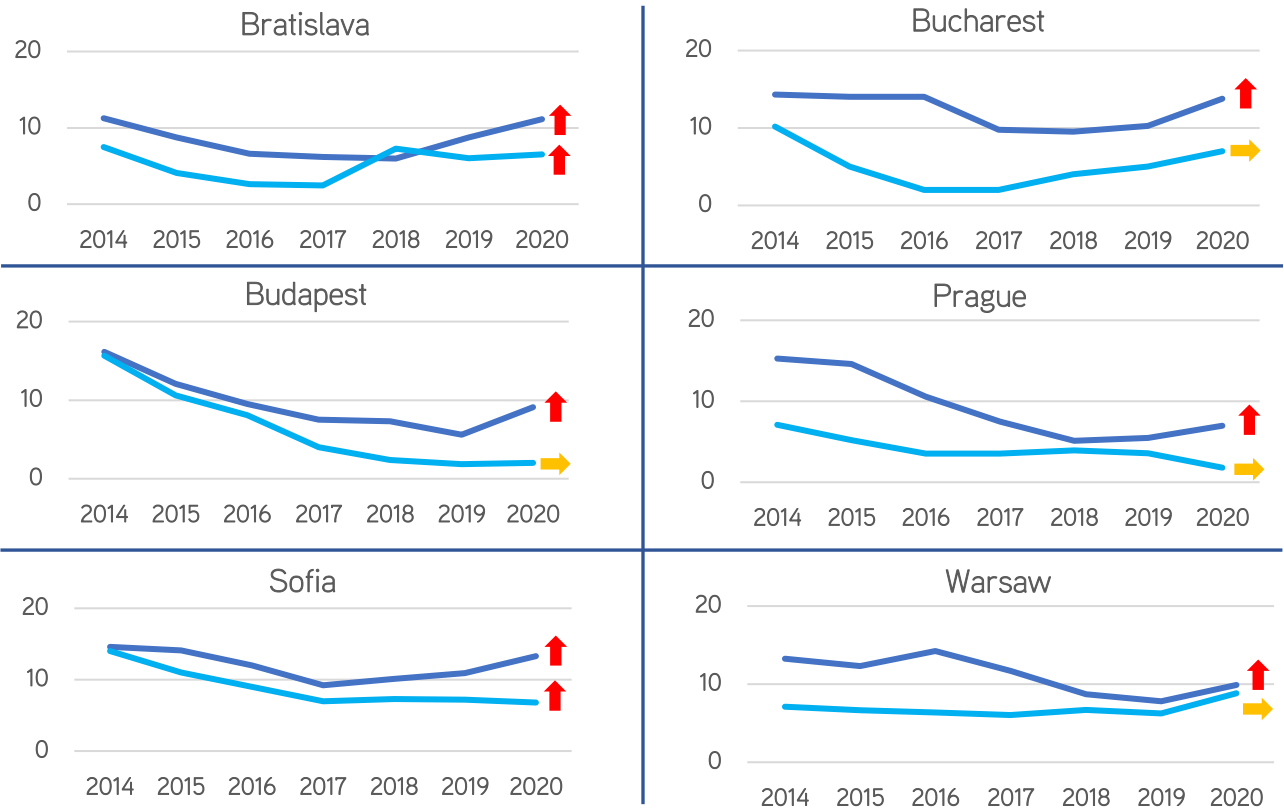
Asian capital, specifically from Singapore, maintains its interest in the region. GLP's acquisition of the Goodman industrial platform and GIC's expanded its industrial portfolio. South Korean and Chinese and have also continued their run of activity, with further acquisitions, the majority of which have also been industrial and logistics assets.



Source: Colliers International

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

■ Office ■ Industrial



Source: Colliers International

With offices vacancy rates trending upwards in many markets following low take-up in 2020, headline rents have come under downward pressure and a shift towards neutral or tenants' markets. The opposite can largely be said for the industrial and logistics markets across the region as increased demand is pushing rents upwards. Prime shopping centre rents are in decline as the sector battles the pandemic, however retail parks are performing well.

RENTAL LEVELS Q4 2020, RENTAL GROWTH AND COLLIERS FORECAST 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	15.50	-3.1%	↓	3.95	-1.3%	↓	50.00	-16.7%	→
Bucharest	18.00	0.0%	→	4.00	0.0%	→	70.00	0.0%	↓
Budapest	23.00	-4.2%	→	4.90	0.0%	→	75.00	-6.3%	↓
Prague	22.50	-2.2%	↓	4.85	14.1%	→	130.00	-3.7%	→
Sofia	13.50	-15.6%	→	5.20	0.0%	→	50.00	-9.1%	↓
Warsaw	24.50	-5.8%	↓	3.20	0.0%	→	120.00	0.0%	→

Source: Colliers International



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