

Intelligent Investment

CEE Investor Intentions Survey 2024

REPORT

CBRE RESEARCH
FEBRUARY 2024



Summary

01 **Purchasers and Sellers**

Over half of the investors who are interested in CEE believe that investment activity will be markedly increase in coming 6-12 months. Third of them plans more acquisition this year than last year.

02 **Fears and Intentions**

Apart from the financial environment, the mismatch between buyers and sellers' expectations creates the biggest challenge for any deal in 2024. Investors still face higher lending costs and longer approval processes. They are more concerned about global politics than economic outlook in the region.

03 **Asset Class Preferences**

Investors favor I&L assets, which are at the same time one of the two most stable sectors (besides hotels) in terms of pricing. More discounts are expected of office and retail assets. Residential investment opportunities seem interesting to a growing share of CEE investors.

04 **Countries and Capitals**

Surveyed investors indicated Poland as the 3rd most lucrative investment destination in Europe, while Warsaw made to the TOP10 most desirable city to invest in. Czech Republic and Prague stand out as second most interesting investment target in the region – by a considerable margin to the rest.



01

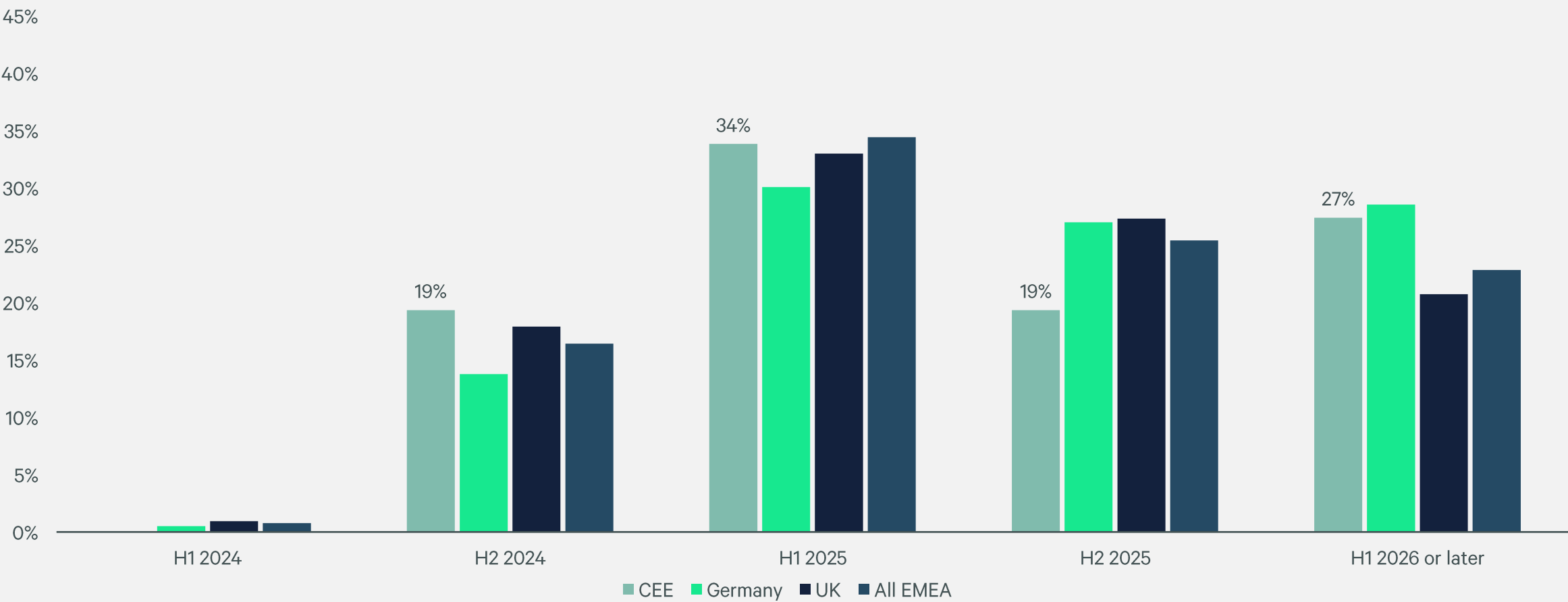
Purchasers and Sellers

- Slight majority of investors in EMEA and CEE expect volumes to recover within next 12-18 months;
- 81% of Investors plan to maintain or increase their purchasing activity in 2024 in CEE;
- CEE has the highest share of property owners with no sales intention in 2024.



Slight majority of investors in EMEA and CEE expect volumes to recover within next 12-18 months

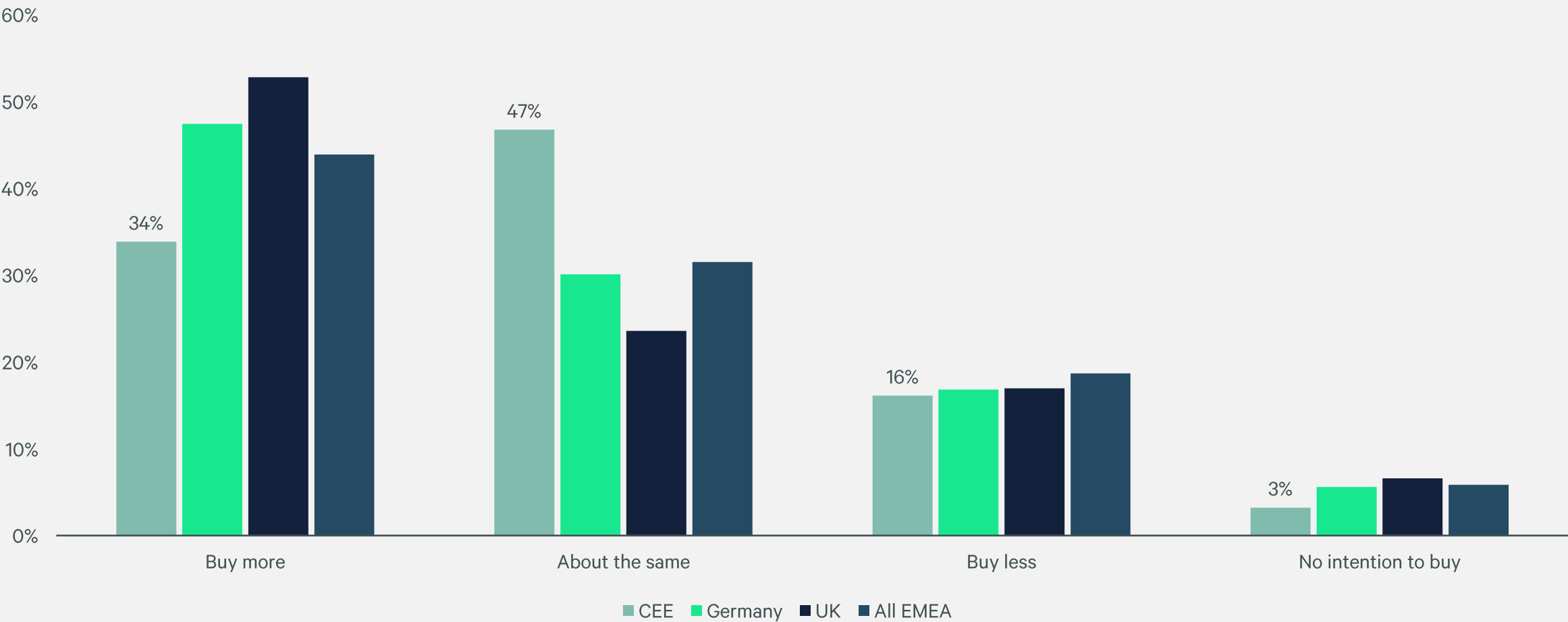
Question 1: When do you expect overall market activity to return to levels registered before the rise in global interest rates?



Source: European Investor Intentions Survey, CBRE Research, December 2023

81% of Investors plan to maintain or increase their purchasing activity in 2024 in CEE

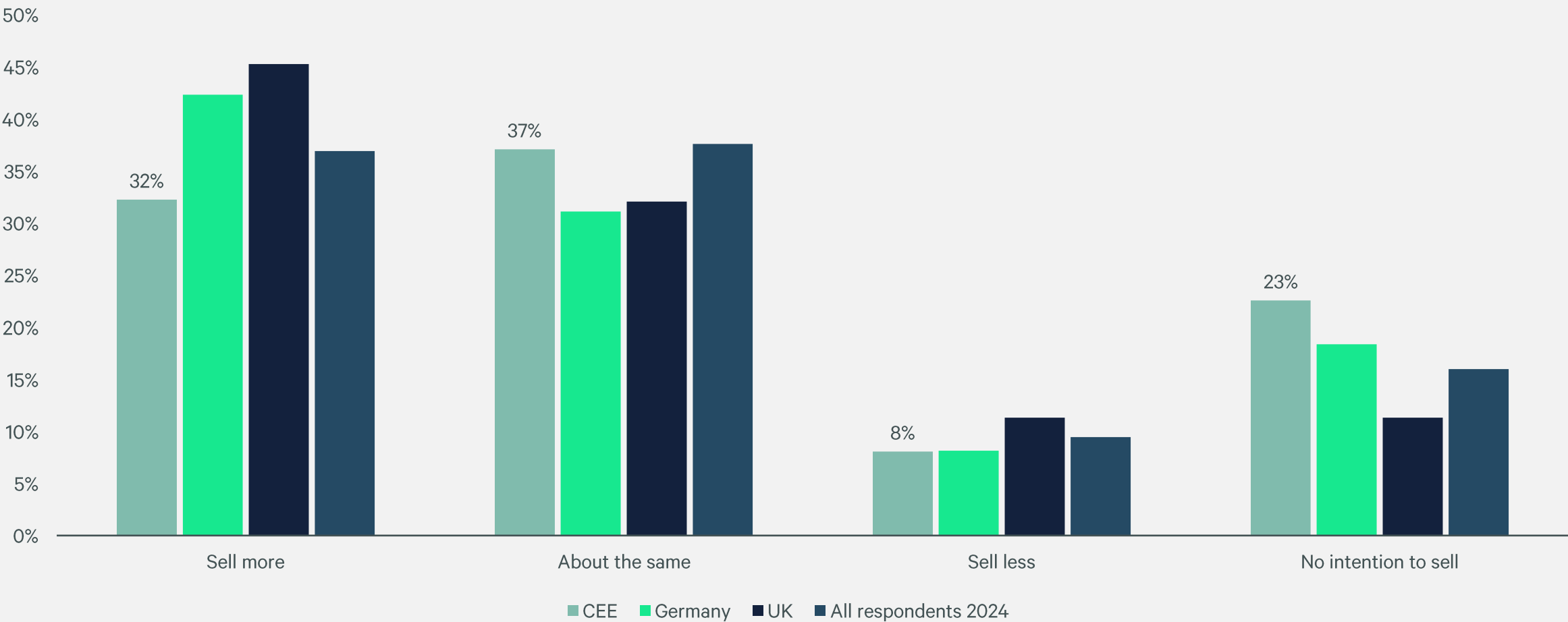
Question 2: Compared to 2023, do you expect purchasing activity in 2024 to be higher, lower, or the same?



Source: European Investor Intentions Survey, CBRE Research, December 2023

CEE has the highest share of property owners with no sales intention in 2024

Question 3: Compared to 2023, do you expect selling activity in 2024 to be higher, lower, or the same?

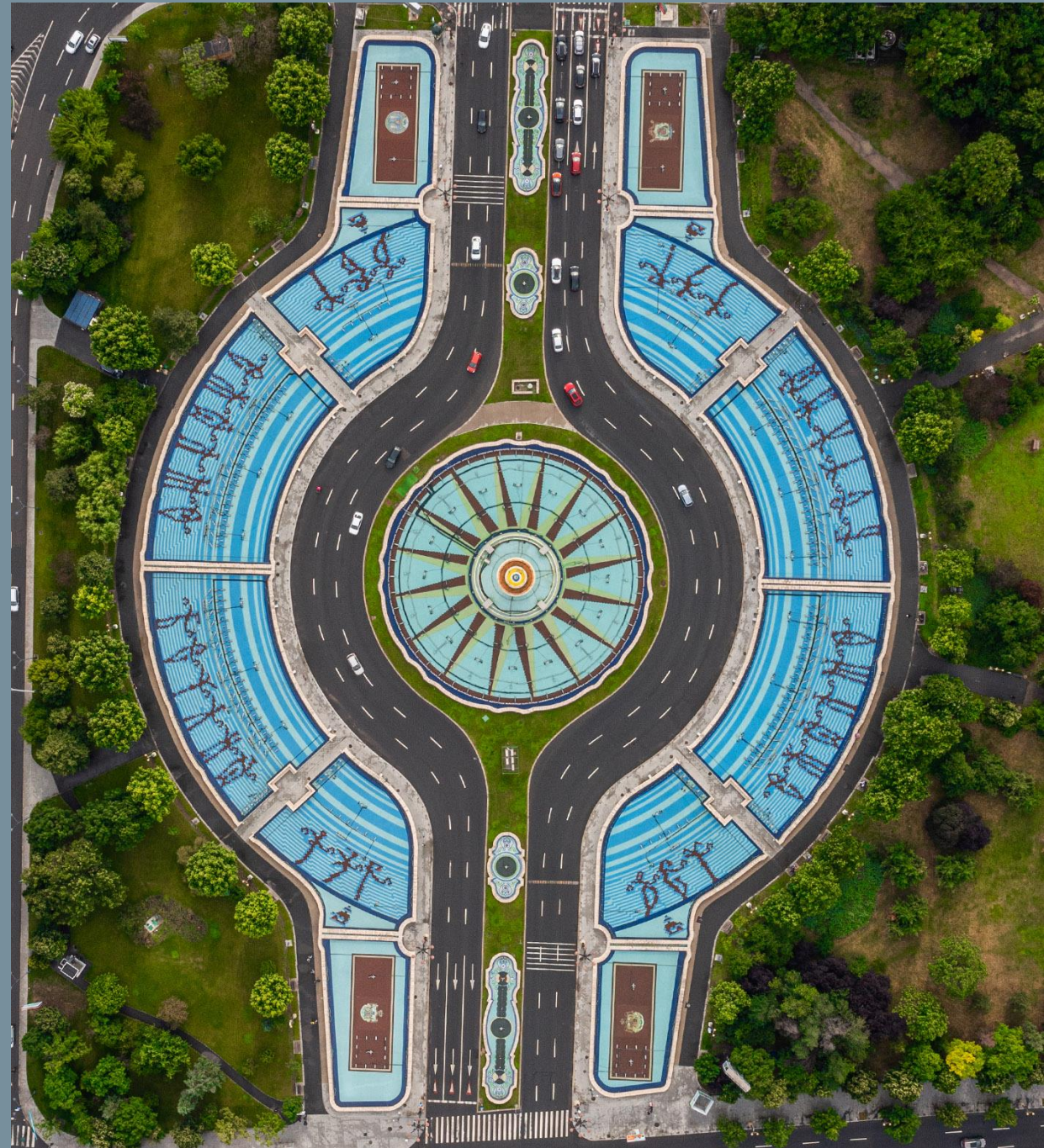


Source: European Investor Intentions Survey, CBRE Research, December 2023

02

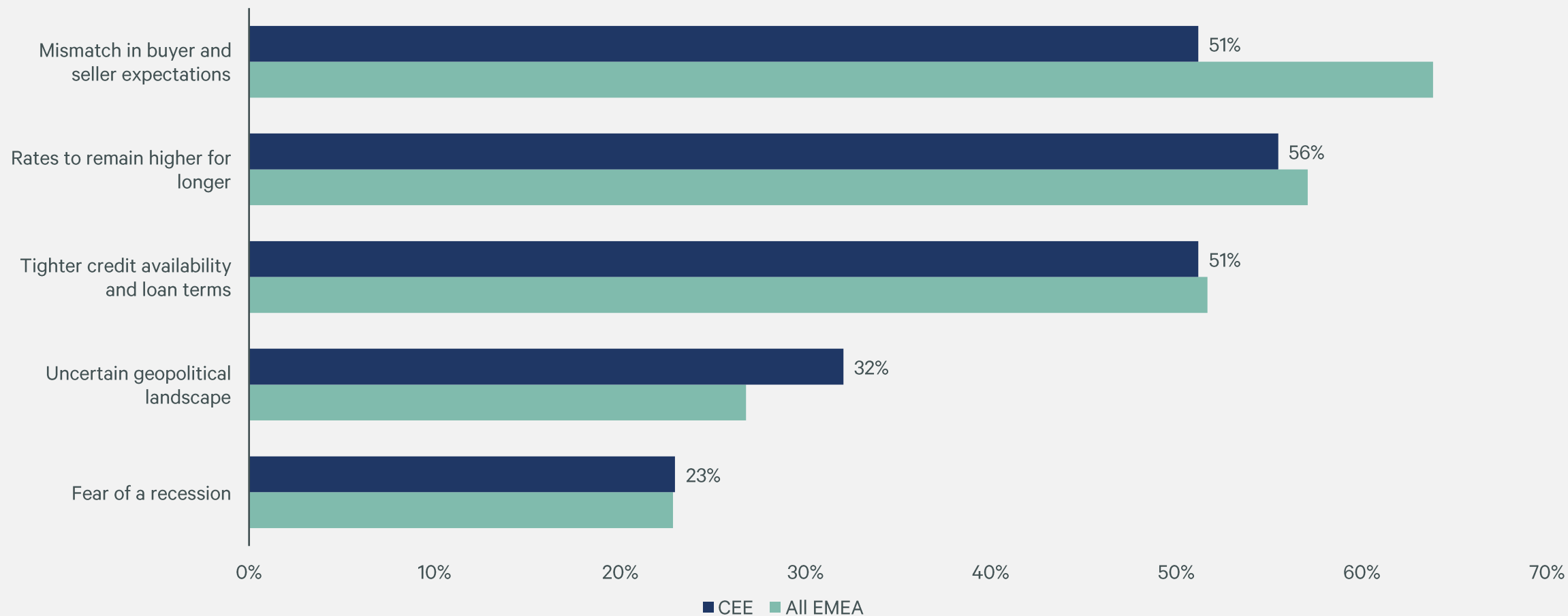
Fears and Intentions

- Persistently high rates and tight loan terms remain the major challenges for 2024 investment market;
- 84% investors plan to maintain or increase their RE allocation in 2024;
- Value-add and core plus assets remain on the radar in CEE.



CEE: Fear of economy, financing and geopolitics top the agenda for investors – inflation is less a concern

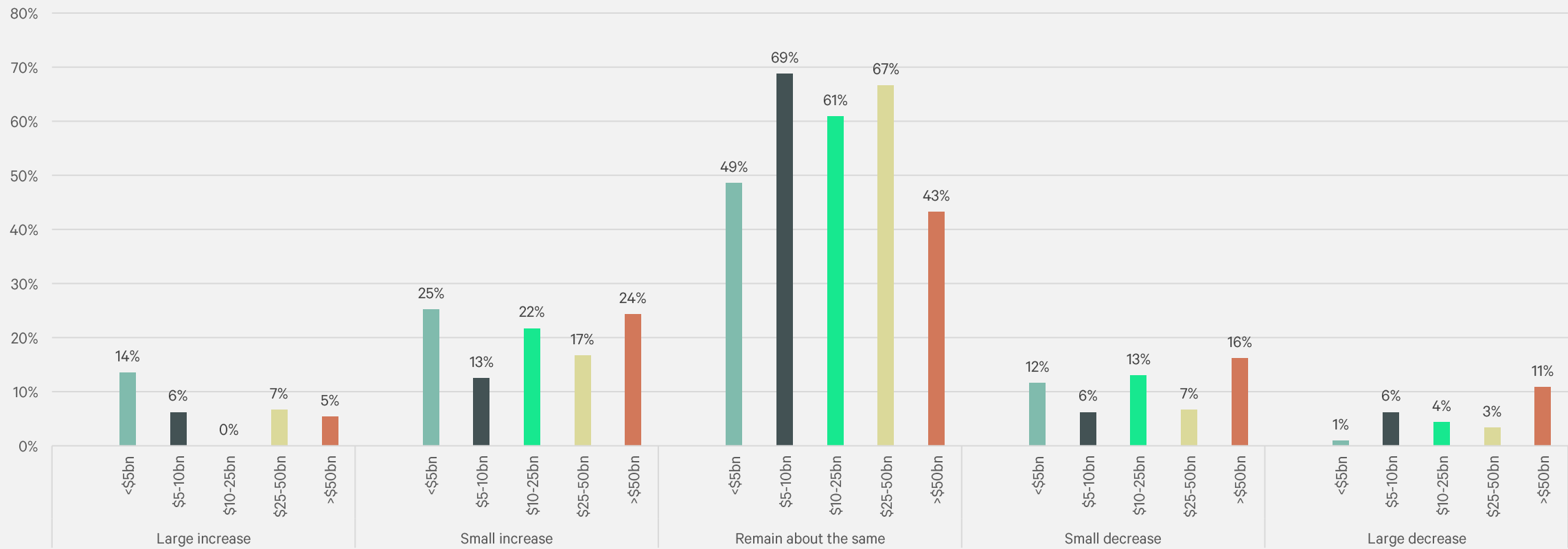
Question 4: What are the major challenges facing real estate investment in 2024?



Source: European Investor Intentions Survey, CBRE Research, December 2023

84% of CEE investors plan to maintain or to increase their allocatin to RE; small-cap players are more agile in CEE and also Europe-wide

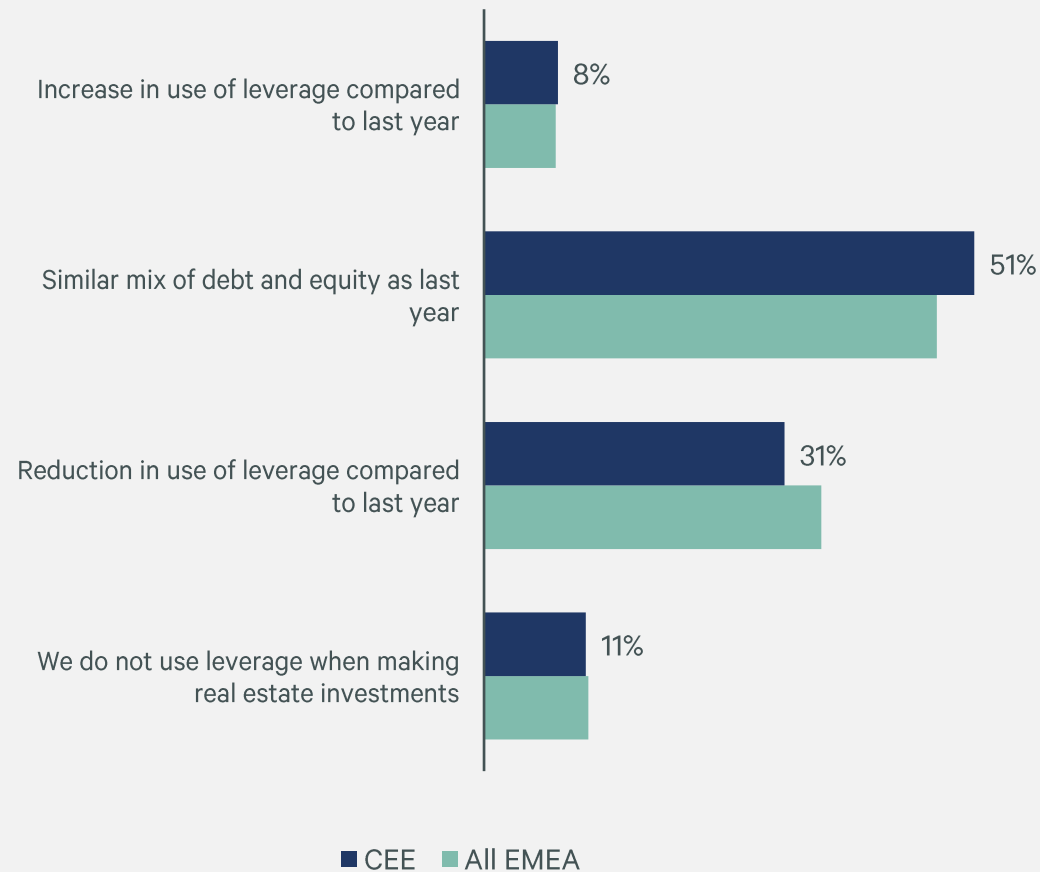
Question 5: Overall, how do you expect your allocation to real estate to change in 2024?



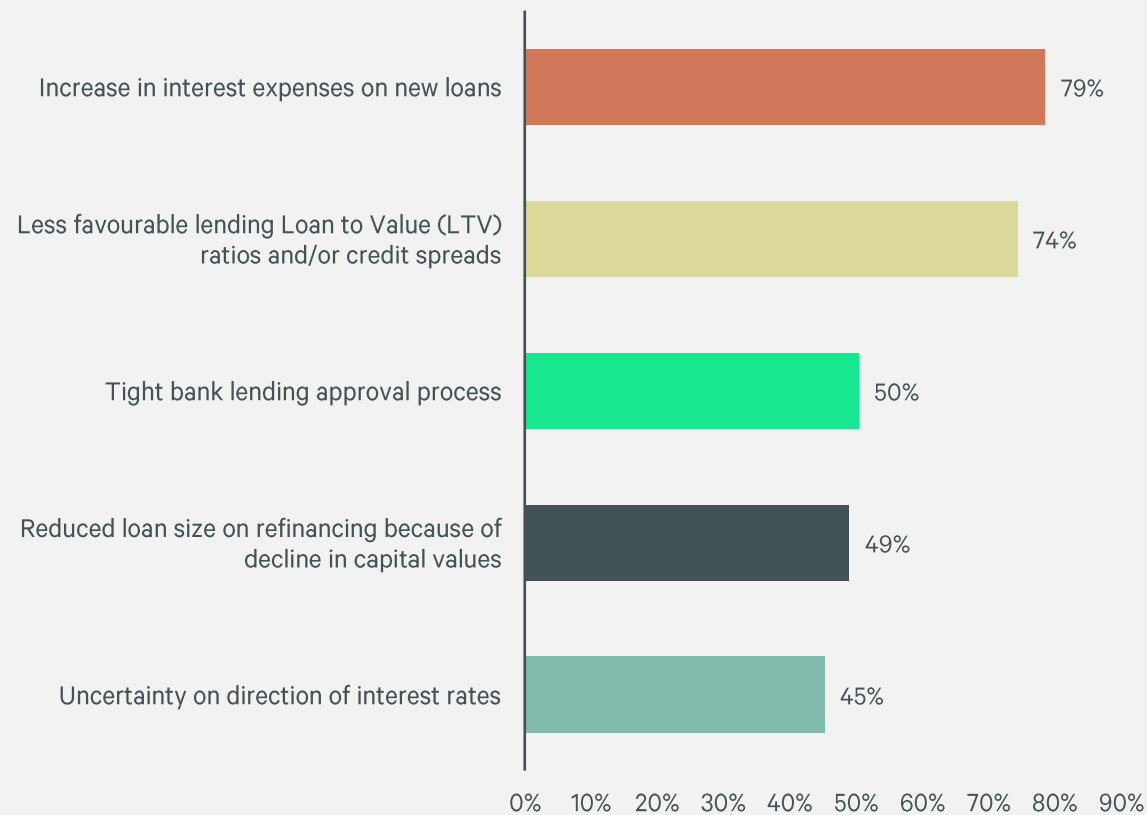
Source: European Investor Intentions Survey, CBRE Research, December 2023

Similar debt strategies or reduced leverage expected in 2024; slightly more active financing outlook in CEE

Question 6: How do you expect your use of debt financing to change in 2024?



Question 7: When sourcing debt for investment or refinance, what are the major challenges you are facing?*

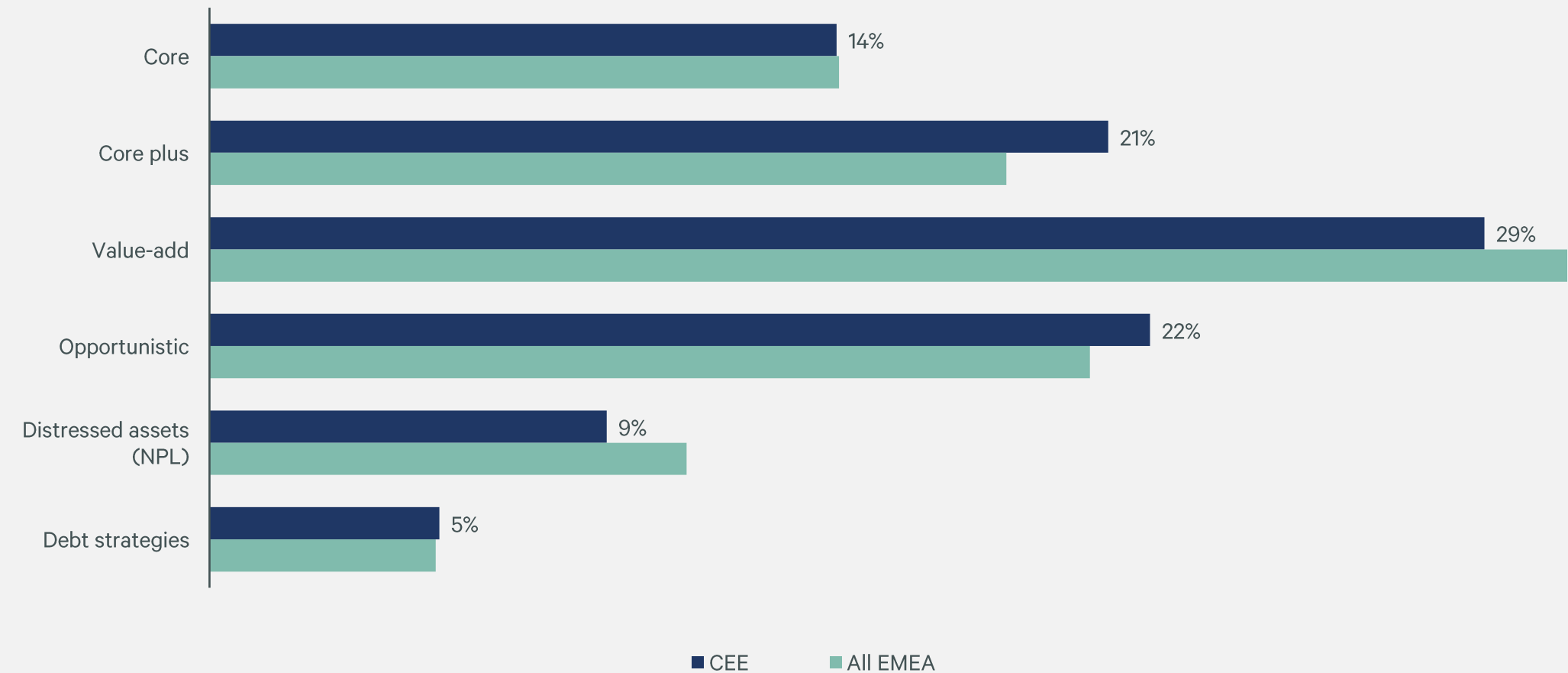


Sources: European Investor Intentions Survey, CBRE Research, December 2023

*Note: Only responses collected from those who use debt – All EMEA sample

European investors move towards higher risk profile; NPL & debt is less a target in CEE

Question 8: What type of strategy do you believe will be the most attractive for your organisation in 2024?



Source: European Investor Intentions Survey, CBRE Research, December 2023

03

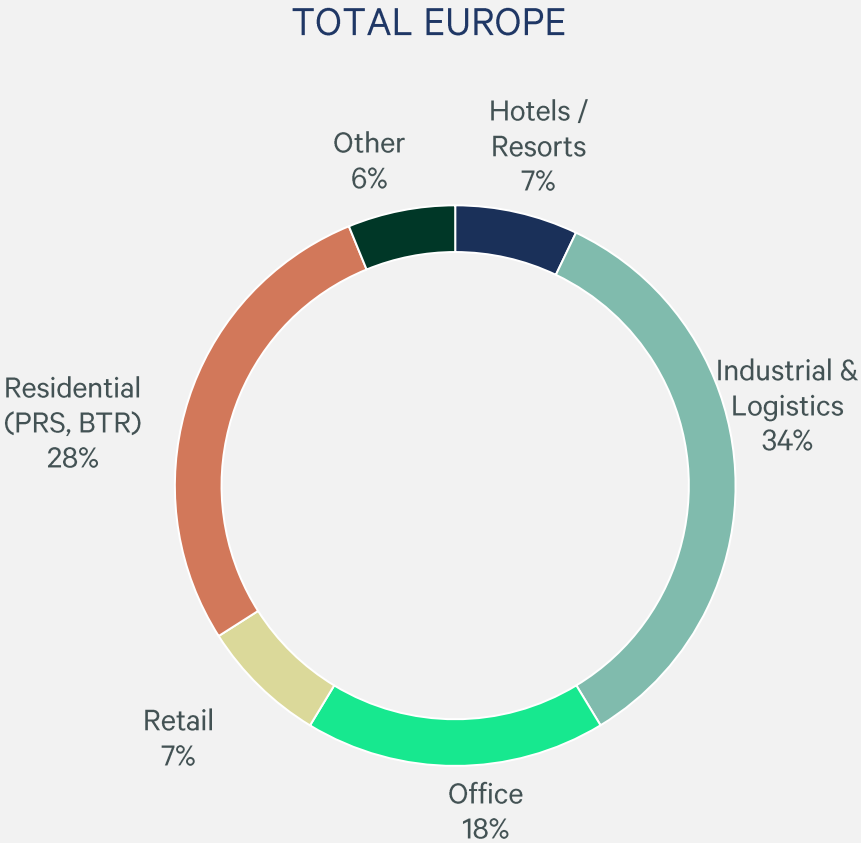
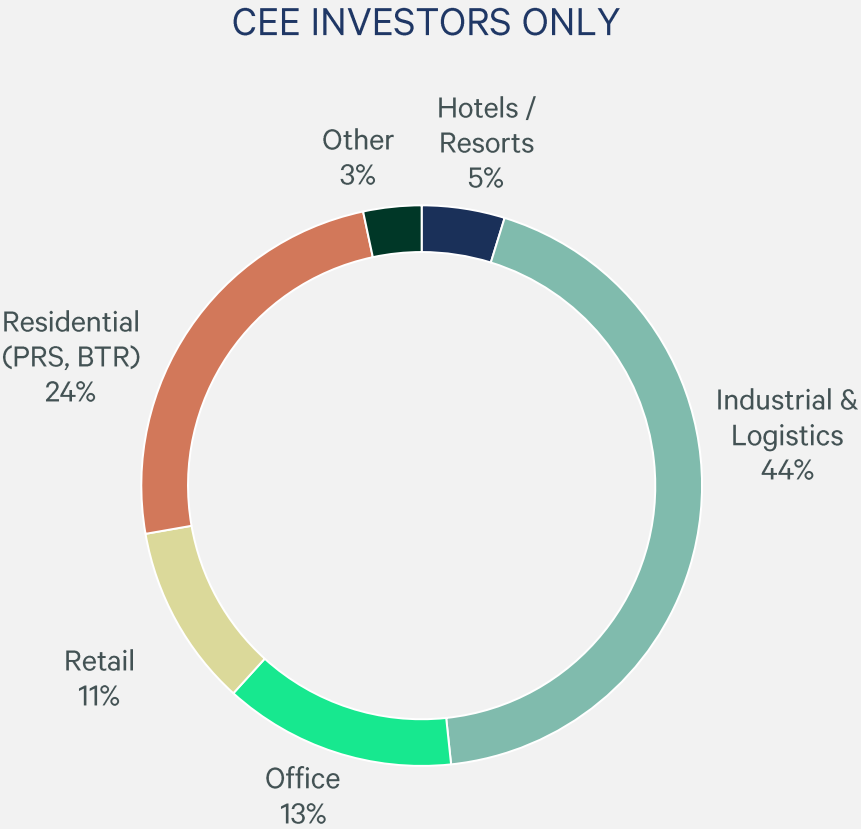
Asset Class Preferences

- I&L assets are distinctively being favoured as the most attractive asset class for 2024 investment (44% in CEE);
- Residential assets remain the second most targeted type of investments for 2024;
- Most substantial discounts are expected in office and retail asset classes.



Preference for I&L recovered in Europe - in CEE in particular; Weaker preference for Office; growing appetite for Residential (incl. BTR)

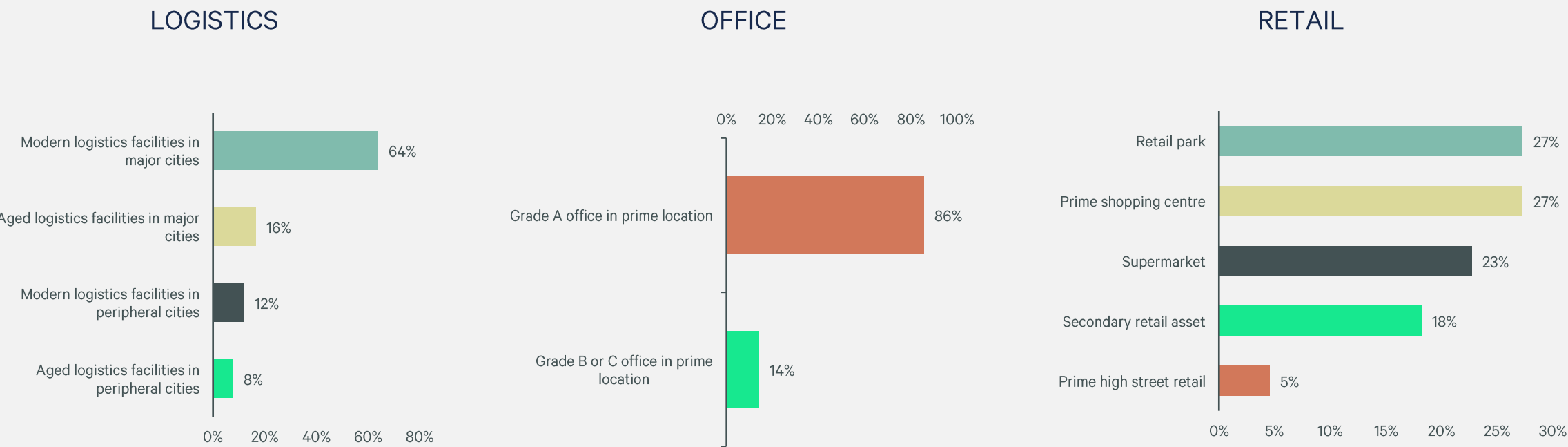
Question 9: What mainstream property sector will you primarily be targeting for investment in 2024?



Source: European Investor Intentions Survey, CBRE Research, December 2023

Interest in CEE should focus on modern, grade A assets in prime location; Multistore retail trumps high-street; interest for residential is mainly BTR

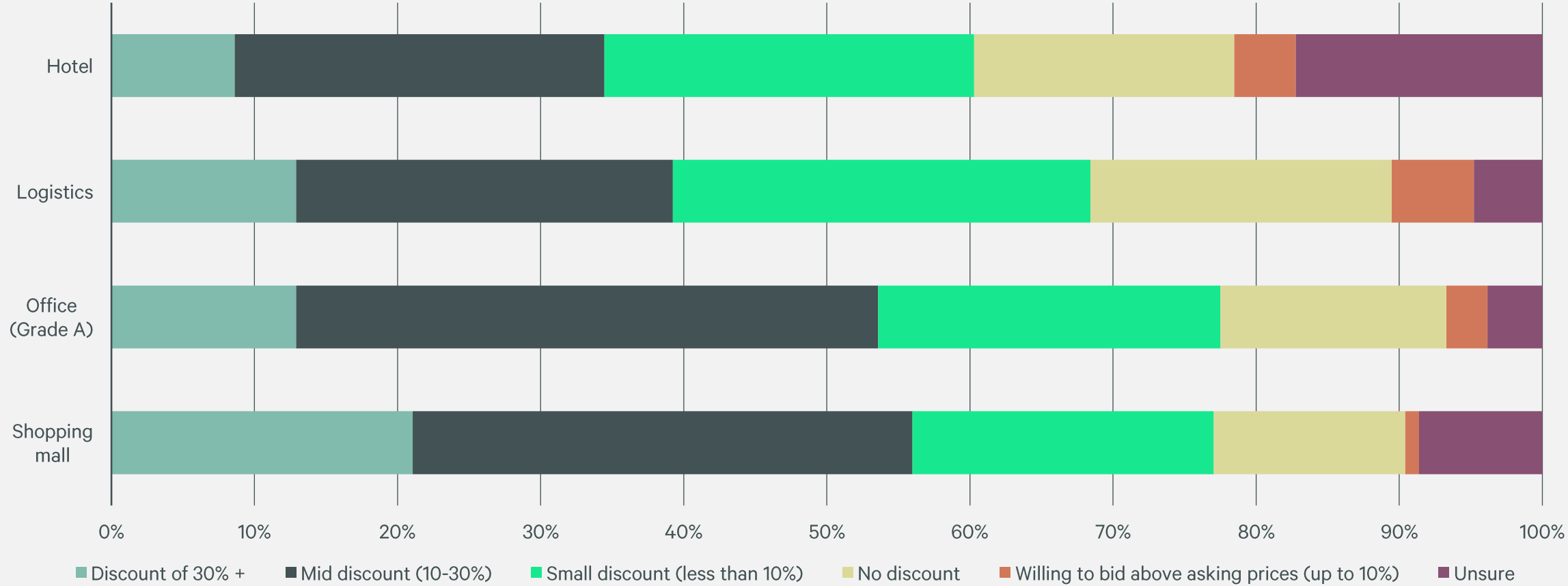
Question 10: Among assets in your preferred sector, which asset type do you focus on?



Sources: European Investor Intentions Survey, CBRE Research, December 2023

More than half of the investment community expects 10%+ price drop; Pricing strategies for hotel and logistics more diverse

Question 12: Compared to the peak in Q1 2022, what are your 2024 pricing expectations?



Source: European Investor Intentions Survey, CBRE Research, December 2023

04

Countries and Capitals

- Poland is ranked 3rd in terms countries performing strongest in 2024 return-wise;
- Retrofitting is on the agenda of 74% of CEE investors;
- ESG properties are with up to 10% more valuable in the eyes of CEE investors.



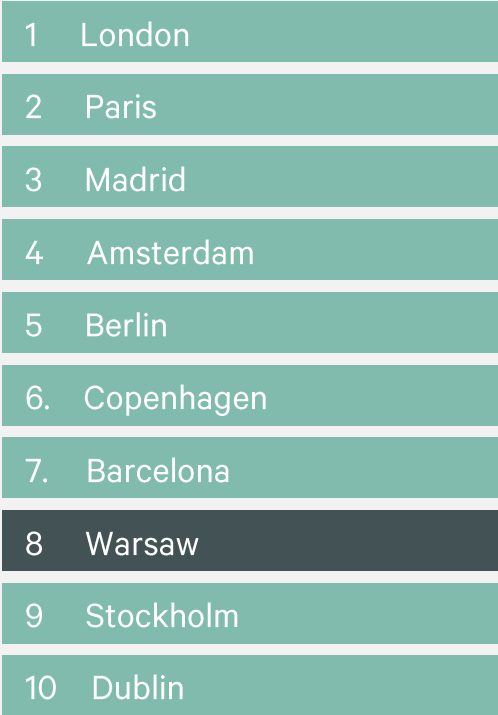
Question 14: Which market do you expect to perform the strongest in 2024 based on total property returns?*



*Please note : Rankings will be referred to as “Cross-border country level performance expectations” and “Markets expected to see highest cross-border investment interest.”

Only respondents from investors selecting markets outside of the country they are domiciled have their responses considered

Question 15: What city do you believe will be the most attractive for property investment in 2024?*

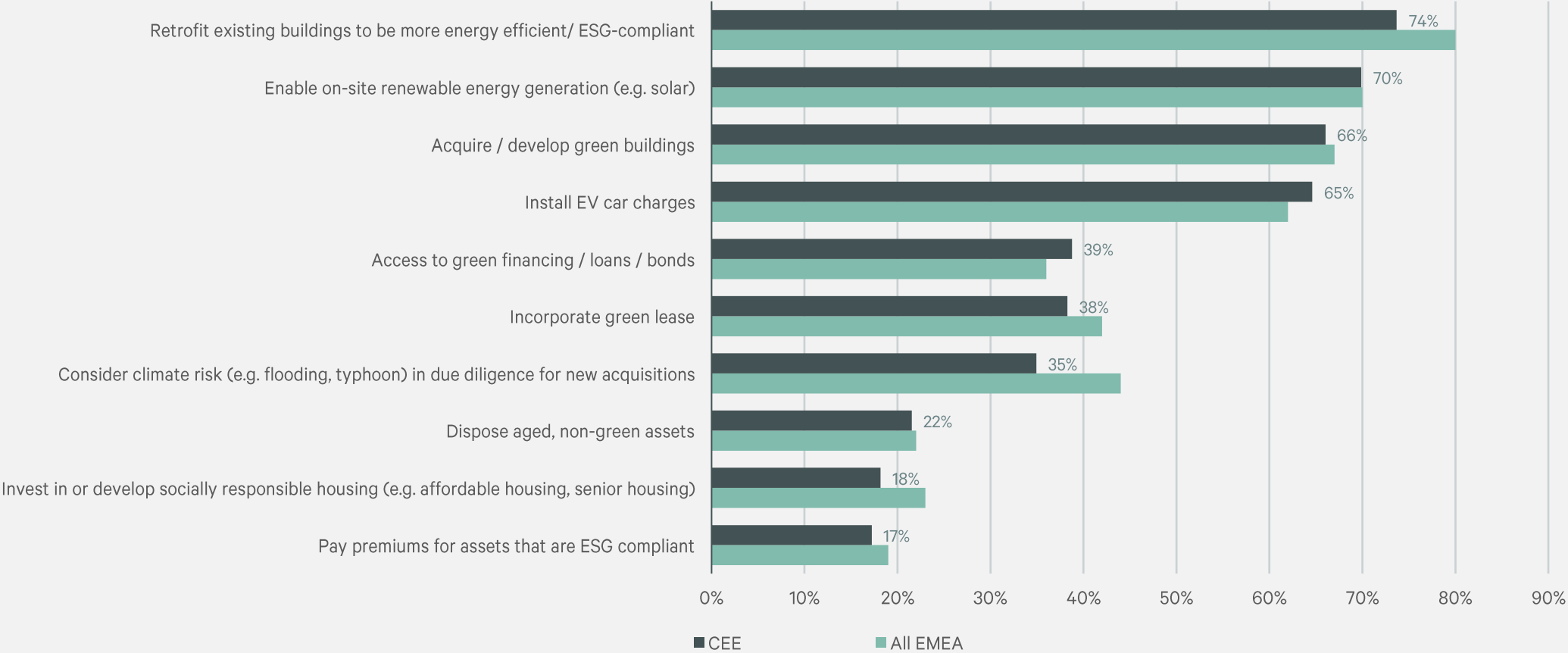


Note : Just outside of top ten - Milan, Frankfurt, Munich, Lisbon

Sources: European Investor Intentions Survey, CBRE Research, December 2023

Investors from CEE consider “Access to green financing” one of the top 5 initiatives to follow in order to become ESG compliant

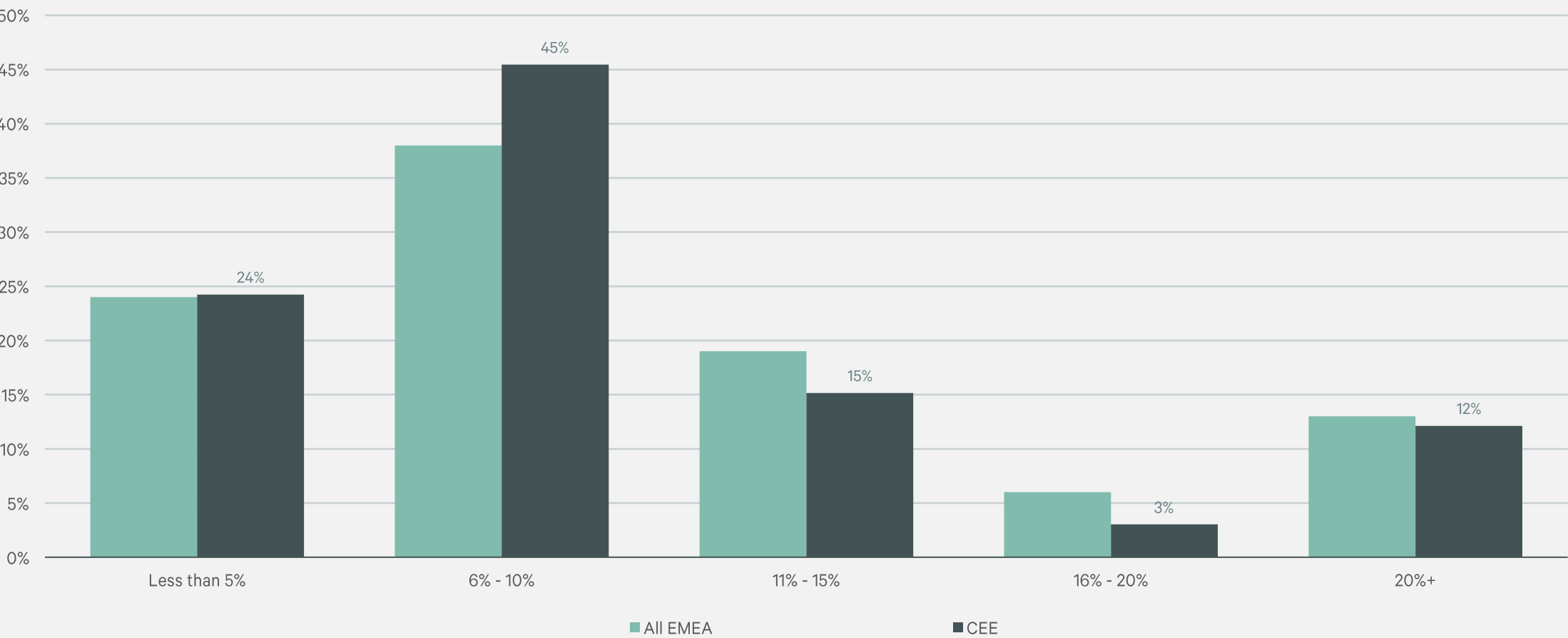
Question 14: What are the following ESG initiatives you will consider for your real estate investments?



Source: European Investor Intentions Survey, CBRE Research, December 2023

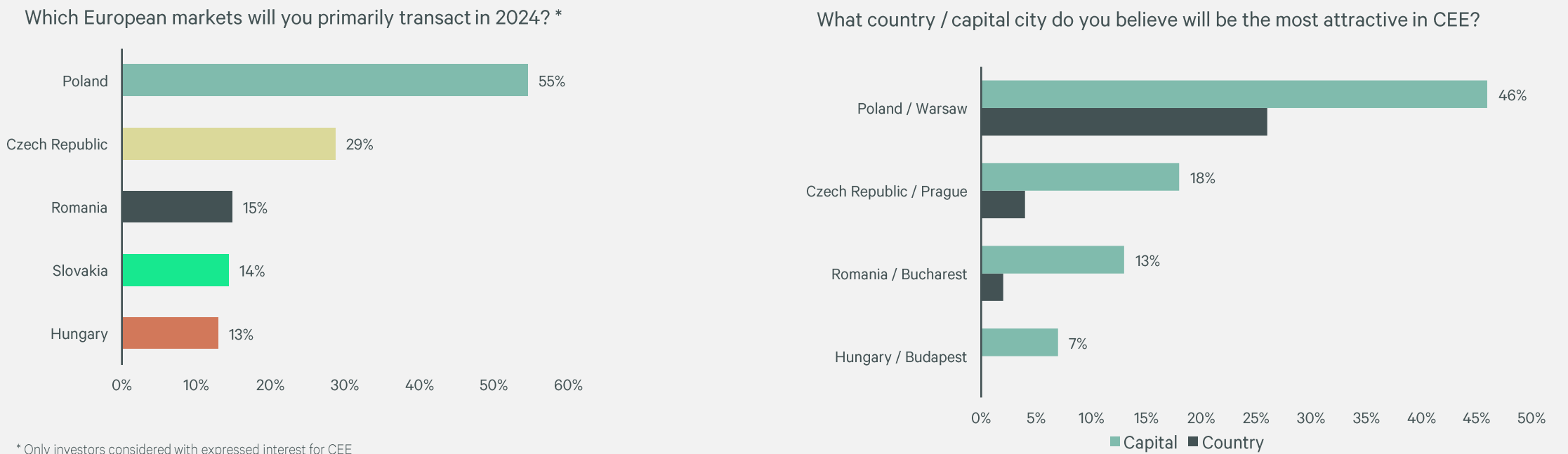
ESG properties are with up to 10% more valuable in the eyes of CEE investors

Question 15: What is the price premium would you give an ESG asset compared to a non-ESG asset?



Source: European Investor Intentions Survey, CBRE Research, December 2023

24% of all European investors expressed interest in CEE, Poland is a target market for 55% of them Warsaw and Prague named as most attractive investment destinations in the region



Sources: European Investor Intentions Survey, CBRE Research, December 2023

05

Methodology



Respondent profile - total responses for CEE: 209

Figure 1: Percentage of respondents by market

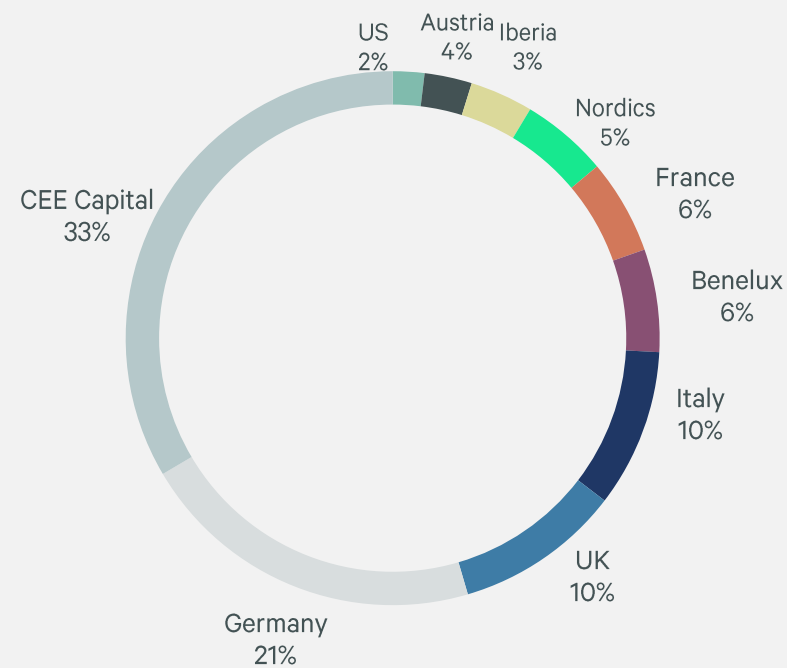
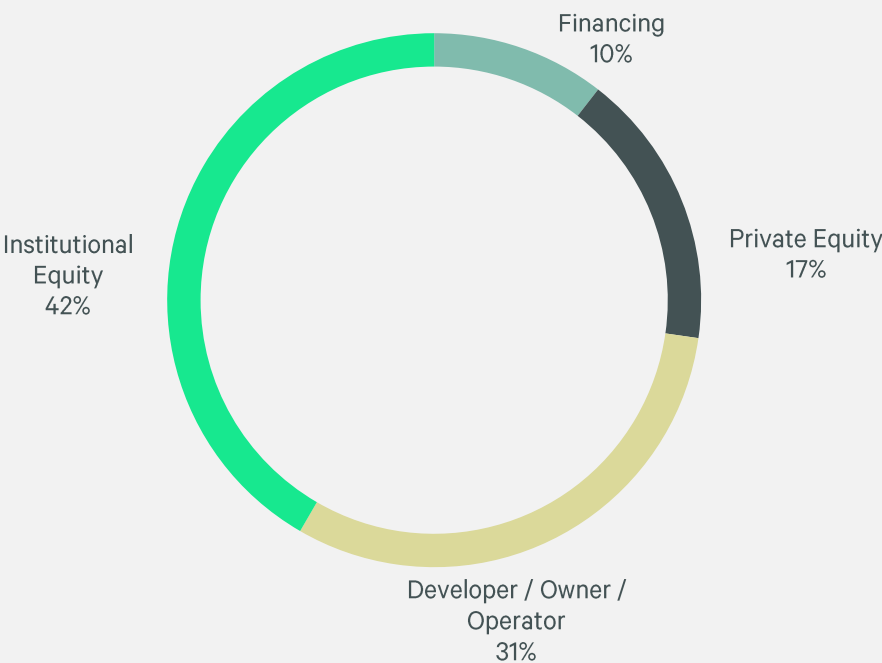


Figure 2: Percentage of respondents by investor type



Respondents included in the CEE sample are investors who are domiciled in the region, or who actively plan to invest in the region in 2024, or who consider the region as great investment opportunity (without capital allocated to the region).

Sources: European Investor Intentions Survey, CBRE Research, December 2023

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