

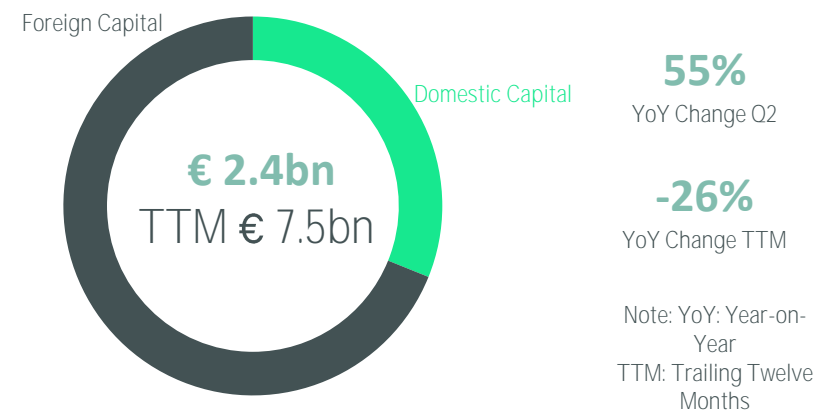
CEE Real Estate Investment Volumes Q2 2024

2.4bn. EUR transacted during Q2 2024 in CEE

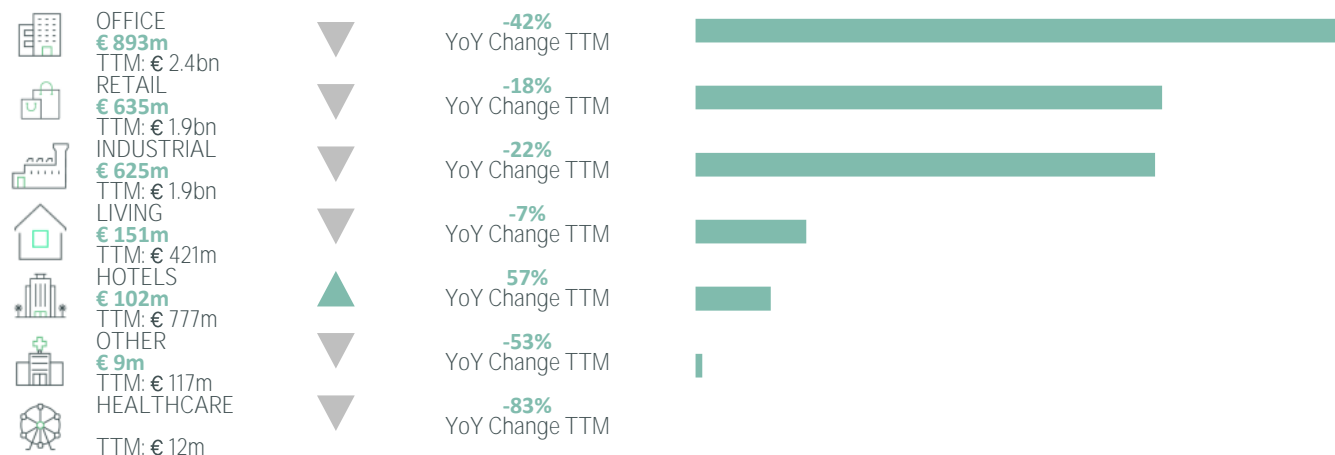
The CEE (including CEE core 5, SEE, and Baltics) real estate market showed an increase in investment volume of 55% compared YoY and 35% QoQ, after a period of slowdown the investment market is revived by several major transactions. A consistent impact on the upward trend of the mid-year investment volume was generated by major portfolio transactions. Notably, Poland and Romania saw the most substantial YoY changes, with transaction volumes approx. four times higher. Some landmark transactions in Poland helped to anchor pricing expectations and provide benchmark for further deals in making. In Q2 2024, a total of 96 transactions were concluded, slightly more than in Q2 2023 (93). Although the difference is not significant in total, the average ticket size increased from 17m. EUR in Q2 2023 to 25m. EUR in Q2 2024.

As the same as in corresponding period of the previous year, only four transactions had a value above 100m. EUR located in 3 different countries (Poland, Romania and Czech Republic) concerning office, retail, and industrial properties. Portfolio transactions also saw growth, increasing from two in Q2 2023 to eight in Q2 2024. With an overwhelming joint share of 89%, office, I&L, and retail concluded the largest amount of the total volume spent by investors. Specifically, the office sector led with 37%, followed by I&L and retail at 26% each. The distribution of investment volume between hotel and residential sectors shifted in Q2 2024 compared to Q1 2024, with residential claiming 6% and hotel properties 4%.

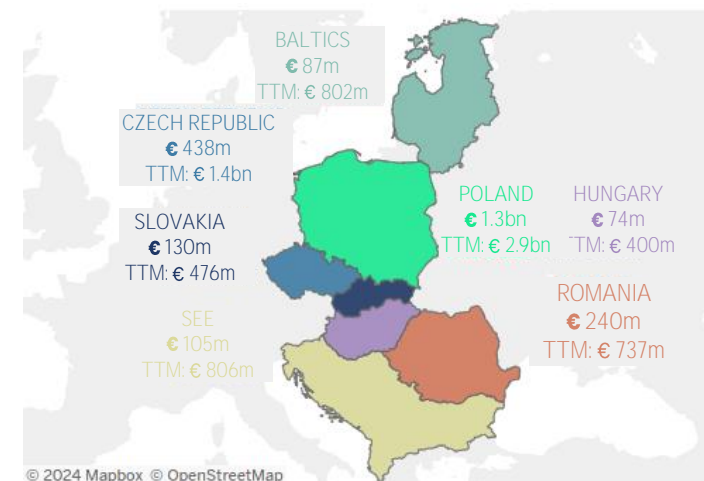
The primary source of capital in Q2 2024 was investors from CEE, with a share of 49%. The main investors outside the region were from the UK, SE, IL, US, NL, FR, DE, BE with a total share of 43%.



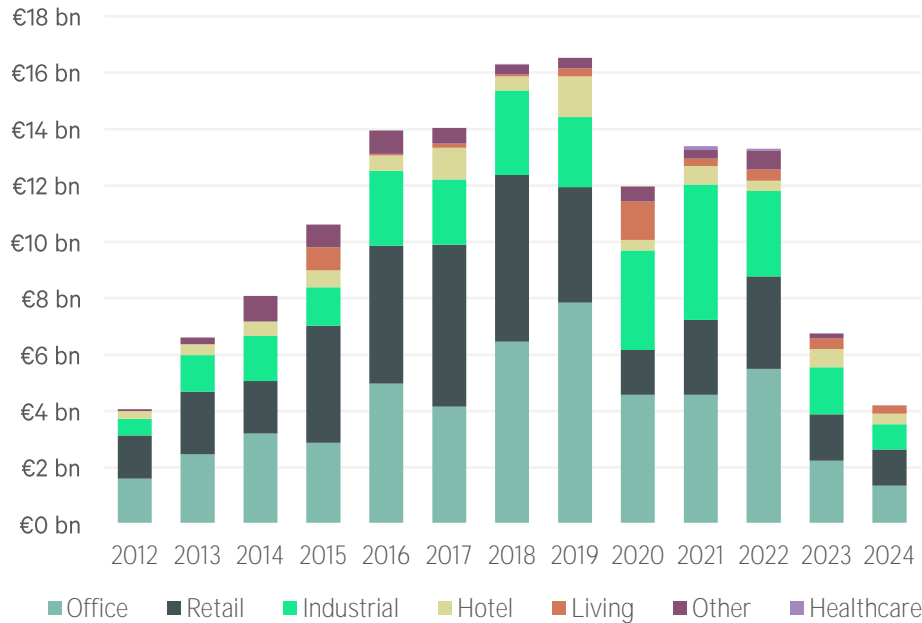
Investment by sector



Investment by markets



Investment Volumes (annual by sector)



Note: 2024 annual numbers account till 30/06/24

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Prime Yields to face a shift in evolution

The investment volume of the first half of the year had an increase of 22% compared with H1 2023, meaning 4.2 bn. EUR. Major portfolio transactions significantly influenced the upward trend in mid-year investment volume. Office, retail, and industrial properties accounted for 84% of the total volume signed in H1 2024, with shares ranging from 32% to 21%. The hotel sector contributed 9%, while residential properties represented 7% of the volume. Comparing H1 2024 to H1 2023, the hotel segment saw a substantial increase of 49%, while retail and industrial segments grew by 31% and 30%, respectively. Domestic and intra-regional (CEE) buyers remain dominant, with a share of 59%. The largest investors outside the region were from the UK, SE, BE, USA.

After the increase in investment volume, the prime yields remained stable for almost all the CEE countries. Slight increases compared with Q1 2024 could be observed in CZ for industrial and office properties with 0.15 pps and 0.20 pps and in all three Baltics countries for office with 0.25 pps and in EE and LV for residential sector as well. While the high street prime yield compressed with 0.25 pps in CZ. Despite the anticipated compression of prime yields in the coming quarters, the gap that emerged between Q2 2024 and Q2 2022 necessitates market adaptability. The challenge lies in absorbing the differences, which range from 1.00 to 2.15 pps across all CEE countries. Hotel and residential sectors are to watch, while pricing for office properties in some cases have come to a point which creates great entry point for local opportunistic buyers.

Our outlook anticipates either a similar investment volume or potentially higher compared to H1 2024. Several significant transactions are currently in the closing process and are expected to be finalized during the latter part of the year, and the actual volume in H2 2024 will depend on whether or not these transactions can close before year-end. The growing appetite of investors and a stronger bidding activity across most markets, even during the traditionally slow summer months, are likely to contribute to both investment volume growth and the compression of prime yields.

