

Quick Stats

Change from
Avg month in Q1 2009

Investment volume	↗
Number of deals	→

Hot Topics

- Around €100 million was invested in institutional property in CEE in April 2009.
- Further outward movement of yields is expected, but now that yields in markets such as London, Paris and Madrid seem to be bottoming out, a foundation is being laid on which property values in CEE can build.

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OVERVIEW

• Property investment still low in April, but higher than monthly average in Q1 2009

Around €100 million was invested in property in Central & Eastern Europe (CEE) in April 2009 in five recorded transactions. This brings the year-to-date total to €320 million. April's volume was 32% higher than the average for the first three months of 2009, but most markets remain relatively illiquid especially outside the prime segment. The core Central European (CE) markets of the Czech Republic and Poland remain the most active not only in terms of transactions closed, but also in terms of investor interest. They accounted for four of the five transactions; three in the retail and one in the office segment. The industrial segment remains the least liquid of the commercial sectors with only one closed transaction, in Romania.

Overall, though, institutional property investment volume remained low across CEE in April. Besides some local investors, activity on the market is currently reliant on German Open Ended Funds. Opportunistic buyers continue to express interest in the region but have not yet become active as prices have not moved to the extent they feel is appropriate.

The most active institutional investor in CEE in 2009 so far has been DEKA with the acquisitions of Jungmannova Plaza in Prague and Grzybowska Park in Warsaw.

• Changing levels of pricing make CEE markets more attractive

Equity rich investors are in a unique position: there is limited competition and buildings that previously would never have come onto the market are now up for sale. Unilmmo, DEKA and CGI managed funds continue to see high net inflows and are likely (to continue) to be the most active investors for the remainder of 2009.

These traditional investors realise that they have potentially unique opportunities to purchase top-flight properties with strong income-generating potential. Now that yields have increased rapidly and rents are getting close to sustainable levels in certain markets, capital values are much more sustainable than they were a year ago.

Further outward movement of yields (from q1 2009 levels) is expected, but now that yields in markets such as London, Paris and Madrid seem to be bottoming out, a foundation is being laid on which property values in CEE can build.

Property Investment Deal Volume and Number of Transactions

