

Quick Stats

	Change from	
	Q-o-Q	Y-o-Y
Investment Volume	↑	↑
Number of Transactions	↑	↑

Hot Topics

- Investment activity in CEE reaches €5.0 billion in 2010, a 90% increase on 2009.
- Renewed interest in portfolios and large single assets.
- Overall slowing investment activity from GOEFs; one sale recorded in 2010.
- Prime yield compression continued in most of CE and Romania.

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OVERVIEW

- Investment activity in CEE reaches €5.0 billion in 2010, a 90% increase on 2009

The Central and Eastern European (CEE) property investment market has continued its recovery in 2010 after reaching a cyclical low in Q1 2009. Total transaction volume in 2010 reached €5.0* billion, representing a 90% increase compared to 2009. Russia overtook Poland, the market with the highest investment activity levels, as a result of a large portfolio sale taking place in Moscow in Q4 2010. Overall, Russia and Poland together accounted for 74% of CEE's 2010 volume. Despite showing signs of increased activity, liquidity has remained low in most other CEE markets. Main activity was focused on the office segment where about 46% of the total volume was registered, the highest share in five years, partly driven by limited prime product availability in the retail sector.

- Renewed interest in portfolios and large single assets

2010 marked the return of interest in property portfolios and large single assets. Out of the total volume around 45% was related to investments of €100 million and more. The largest retail transaction in CEE during 2010 by far was closed in Warsaw, where Unibail – Rodamco acquired the Arkadia and Wilenska shopping centres as part of a European portfolio. The largest office transaction - again by far - in 2010 took place in Russia, where a portfolio of five office buildings was acquired by Lenmar Capital for a price of around €690 million. Amongst the remaining €100+ million transactions the purchase of the Intercontinental hotel in Prague by Westmont Hospitality Group was the most remarkable as it was the first 5-star hotel transaction in CEE since the crisis hit the market.

- Overall slowing investment activity from GOEFs; one sale recorded in 2010

Following increased turbulence in the sector in 2010, German Open-Ended Funds (GOEFs) have slowed down investment activity in CEE, especially in H2 2010. RREEF was the only fund manager closing transactions in H2 2010, in Poland. Deka sold a building it acquired in 2004 on behalf of its Deka - Immobilien Europa fund. For 2011 it is expected that the large funds will continue to undertake selected investments in the core markets in the region. A wave of portfolio sell offs is not expected since book values are relatively high in most cases as the majority of properties were acquired in recent years.

- Prime yield compression continued in most of CE and Romania

Most of Central Europe (CE) has seen prime yields compressing between 10 and 25 basis points (bps) across all major commercial sectors in Q4 2010. Despite being the most active market in CE, Warsaw registered stable prime yields in Q4 2010 compared to Q3 2010. However, the prime yield gap between Warsaw and Prague remains significant at 50 bps, reflecting the higher liquidity of the Warsaw market compared to Prague. Compression registered in Bucharest ranged from 25 bps for prime logistics schemes to 50 bps for prime Bucharest offices. The significant adjustment of the prime office yield can be explained by increased investor confidence in the prime end of the market supported by transactions closing.

Property Investment Transaction Turnover and Number of Transactions

