

Quick Stats

	Change from	
	H1 2009	H2 2009
Investment Volume	↑	↓
Number of Transactions	↑	↑

Hot Topics

- Investment turnover in Q2 reached €969 million in 28 transactions.
- The €1.7 billion turnover achieved in H1 2010 was close to triple the volume achieved in H1 2009.
- Prime office yields compressed in the majority of markets at varying rates. The compression remains mostly sentiment driven.

CEE Research & Consulting

Jos Tromp - Director

DDI: +49 (0) 89 24 20 60 18

e: jos.tromp@cbre.com

Chairman CEE

Andreas Ridder

Office: + 43 15 33 40 80

e: andreas.ridder@cbre.com

OVERVIEW

• CEE property investment turnover H1 2010 close to 200% higher compared to H1 2009

The Central and Eastern European (CEE) property investment market registered 28 transactions with a total volume of €969 million in Q2 2010, a growth of 34% in volume compared to Q1 2010. Despite remaining at a considerably lower level than the period before Q4 2008, turnover in H1 2010 was up by 190% compared to the same period in 2009. H1 2010 property investment turnover totalled €1.7 billion.

• Sale of Europolis announced

Last month CA Immo announced the takeover of the entire Europolis portfolio in the CEE. According to the buyer's announcement, the portfolio has a value of €1.5 billion spread across the CEE region. The closure of the transaction is expected early in 2011*.

• GOEFs remain active, despite turbulence in the sector

Out of the €1.7 billion transacted, German Open Ended Funds (GOEFs) have accounted for €300 million (or 17%) so far this year. Despite only four transactions closing in H1 2010, the amount is quite surprising in the light of the turbulence in the GOEF sector. RREEFs acquisition of the Grunwaldzki Center in Wroclaw, Poland, provides the most recent evidence of continued GOEF interest in Central Europe (CE) and represents the first office acquisition by a GOEF in a regional CEE city in 2010.

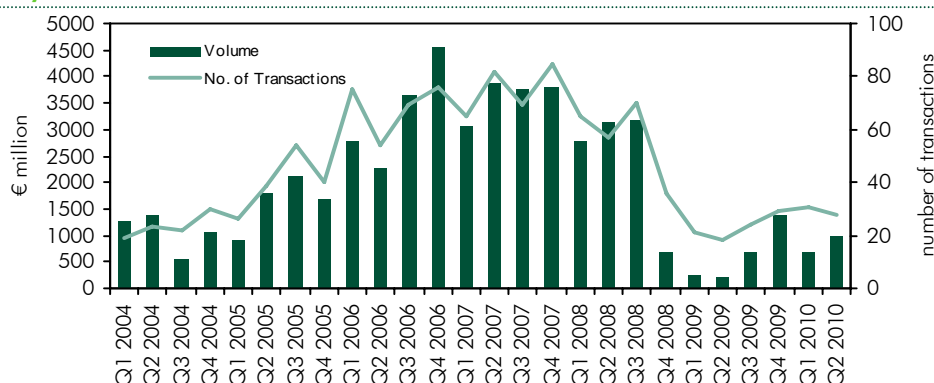
• Prime yield compression in the majority of CEE markets

Following a trend that started in Western Europe in recent months, yields in the CEE have come under downward pressure again. Some markets have already registered compression in prime shopping centre yields in Q1 on the back of increased confidence for retail investment products in the CEE. The office segment followed in Q2 with prime yield compression in many markets. Transactions taking place in Poland, the Czech Republic and Russia are providing some highly needed transaction evidence in these markets, mainly outside the prime segment. The majority of variations in prime yields, however, reflect a change in sentiment. Despite the current shift in prime yields there is a difference in the trend for pricing between prime and secondary properties. The yield gap between asset classes has remained mostly unchanged. Prime yields for industrial assets generally are 150-200 basis points higher than for offices and shopping centres.

• Different market fundamentals resulting in diverging trends for capital values

Significant differences are emerging across the region as market fundamentals are starting to indicate the future of capital value movements. CE markets seem to have left the worst of the downturn behind. Changes in prime yields are positively influencing capital values in this part of the region. Capital values grew even more in Eastern European cities q-o-q where the compression in prime yields was coupled with an increase in prime rents. Conversely, some cities in SEE have seen decreasing prime rents and stable prime yields resulting in a decline of prime capital values compared to the previous quarter.

Property Investment Transaction Turnover and Number of Transactions



Source: CB Richard Ellis. * All investment volumes reported in this MarketView exclude the Europolis portfolio.

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