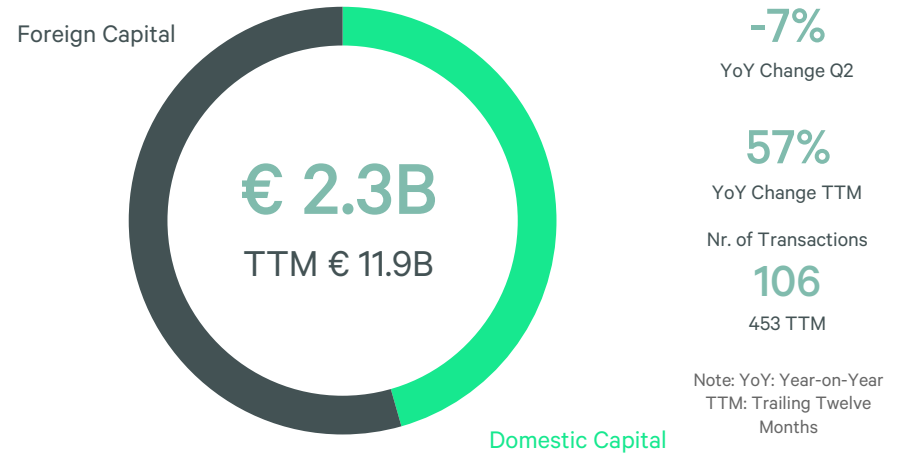


CEE Real Estate Investment Volumes Q2 2025

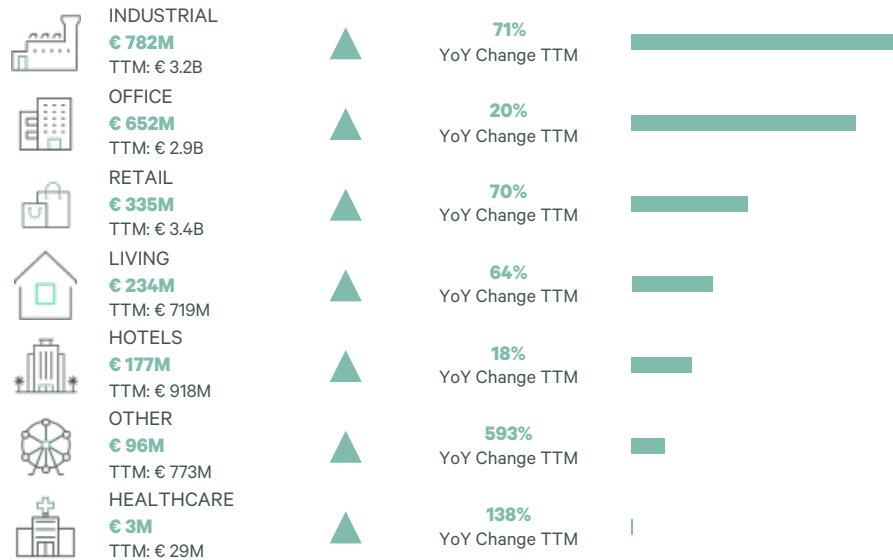
Investment volume down by a third on previous quarter

The outstandingly strong investment momentum of the past two quarters was noticeably broken in Q2 due to uncertainties surrounding the future of the international trading system. The turbulence has impacted capital flows between regions negatively, but at the same time it has hardly hindered the activities of domestic and CEE investors. CEE markets registered ca. 2.3 B EUR investment turnover in Q2, down by 34% on the previous quarter and down by 6% on Q2 2024. The largest market in Q2 was Poland (1.0 B), followed by Czech Republic (640 M EUR) and Romania (225 M EUR). Baltics and SEE contributed to the overall volume with 160 M EUR and 140 M EUR, respectively, while Hungary (80 M EUR) and Slovakia (25 M EUR) accounted for the smallest shares in total. On a quarterly basis, volume increased in Poland and Romania only.

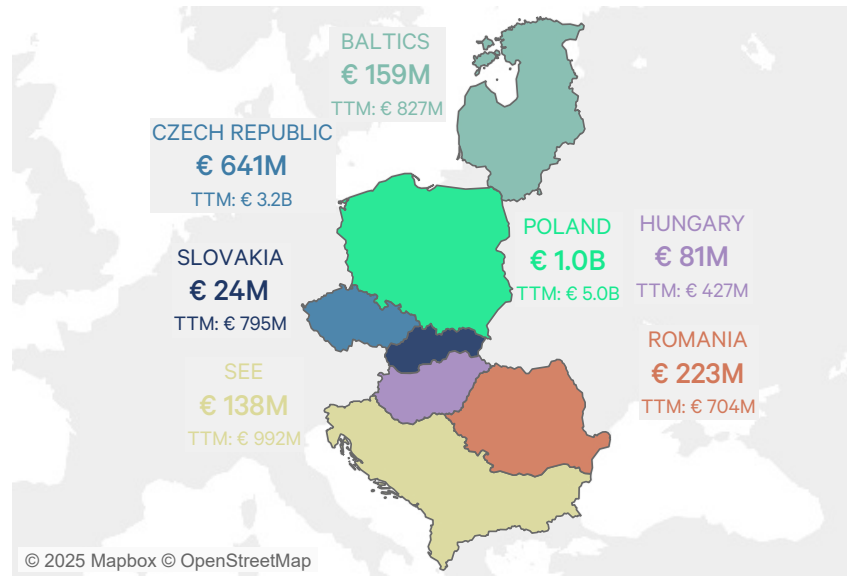
Industrial proved to be the most attractive asset class for investors with a share of 34% in total; however, this was mostly due to one large manufacturing sale & lease-back in Poland while overall volume declined q-o-q. Office volume also declined as less transactions closed than a quarter ago; however, the average deal size has grown hence the share of offices also went up to 29%. Residential continued the upward trend and carved out 10% in overall CEE volume. On the other hand, retail and hotel volumes contracted compared to their peak levels in previous quarters.



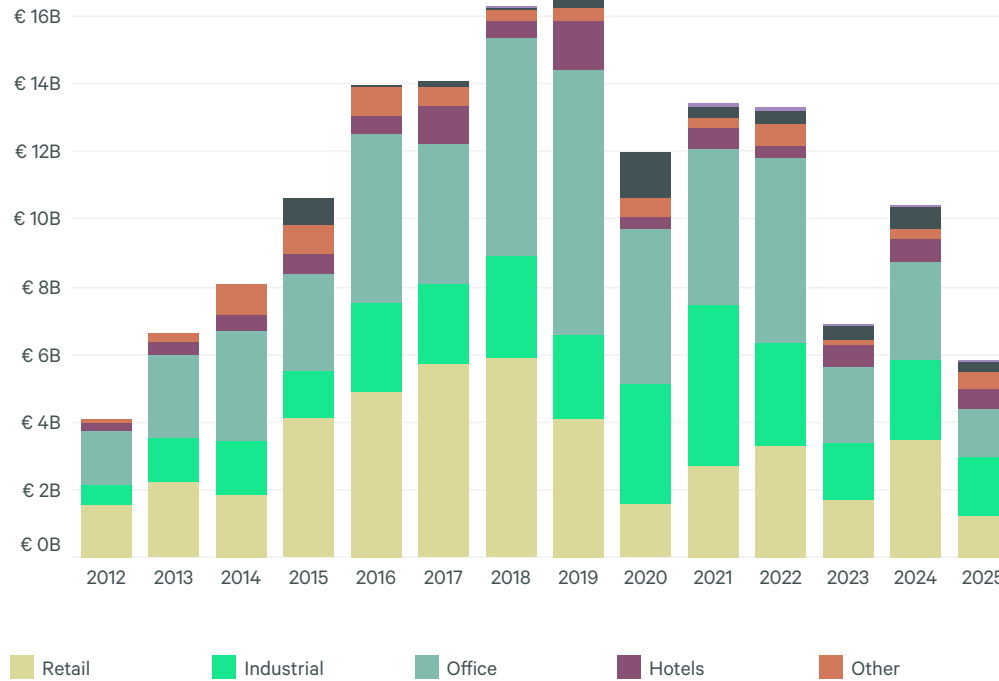
Investment by sector



Investment by market



Investment Volumes (annual by sector)



5.7 B EUR investment reflects 34% increase on previous year

Investment volume in H1 2025 was up by 34% on the same period last year, reaching 5.7 B EUR. This reinforces our forecast that annual CEE investment volume should reach 11.5-12 B EUR turnover for the entire year, up from 10.4 B EUR in 2024. Looking at year-to-date volumes, Czech Republic (2.2 B EUR) is on a good track to mark one of the strongest years in terms of total volume this year, while Poland (1.7 B EUR in H1) is in line with long-term average and final annual figure also might exceed last year's level. Other markets have accounted for 1.8 B EUR in H1 and await some large tickets to close in H2, promising a notable volume increase by year-end.

In terms of asset class split, I&L volume reached 1.7 B EUR in H1 (up by 96% y/y), followed by 1.4 B investment into offices (flat y/y) and 1.2 B EUR retail (-10% y/y). Capital flow into hotels increased considerably (by 55%) to 600 M EUR in H1. Czech investors continued to deploy the most capital – preferably in their home market. Local investors are becoming more and more relevant also for markets where international capital has been the dominant driver. CEE investment volume in H1 was driven by 50% domestic, 10% intra-regional investors with a shrinking share of money coming from other European markets (18%) and from out of Europe (20%).

Despite the volatility in overall turnover, trend of compressing yields remained unbroken for a number of markets. While retail prime yields compressed in Q1 across a handful of countries, this was followed by a contraction of logistics and office primes yields in most of SEE by an average 25bps during Q2. CEE prime yield for offices also moved in based on a recent transaction to 5.30% in Prague whereas it remained flat at 5.15% for I&L and 6.00% for shopping centres – both quoted for Czech assets. Yield gap in the region has somewhat narrowed due to general yield compression in softer-priced SEE markets driven partially by evidence, partially by strong sentiment.

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Countries considered: Baltics (Latvia, Lithuania, Estonia) Czech Republic, Hungary, Poland, Romania, SEE (Bulgaria, Croatia, Serbia, Slovenia) and Slovakia.

