

CEE INVESTMENT MARKET UPDATE H2 2024

CEE MARKET INSIGHTS

Better never settles

SUMMARY

CEE Investment Market Update H2 2024

The CEE commercial real estate market demonstrated exceptional recovery and growth in 2024, with total investment volume reaching EUR 8.6 billion, representing a substantial **66% increase year-on-year**. Poland emerged as the dominant market, accounting for 59% of total regional volume with EUR 5 billion in investments, followed by the Czech Republic at 19% with EUR 1.7 billion. The investment activity across the region showed balanced sector distribution, with retail leading at 33%, office following at 31%, and industrial comprising 24% of total volumes.

Poland's remarkable performance, showing a 139% increase from 2023, was complemented by significant growth in other markets, including **Romania's** 53% increase to EUR 747 million and the **Czech Republic's** 46% year-on-year growth. **Bulgaria** achieved its highest investment volume since 2018 at EUR 366 million, while **Slovakia** experienced a market rebound in H2 2024 after a subdued first half. **Hungary**, however, faced challenges with investment volumes reaching their lowest level of the decade, primarily concentrated in properties valued under EUR 30 million.

The market showed clear signs of **stabilization in property values** and increased investor confidence, particularly in the latter half of 2024, driven by more favorable financing conditions and narrowing gaps between buyer and seller expectations. This recovery was further supported by the **return of institutional investors** and increased cross-border investment activity, though performance varied significantly across different countries and sectors.



CEE REGION

Investment Market 2024

Prime yields, Q4 2024



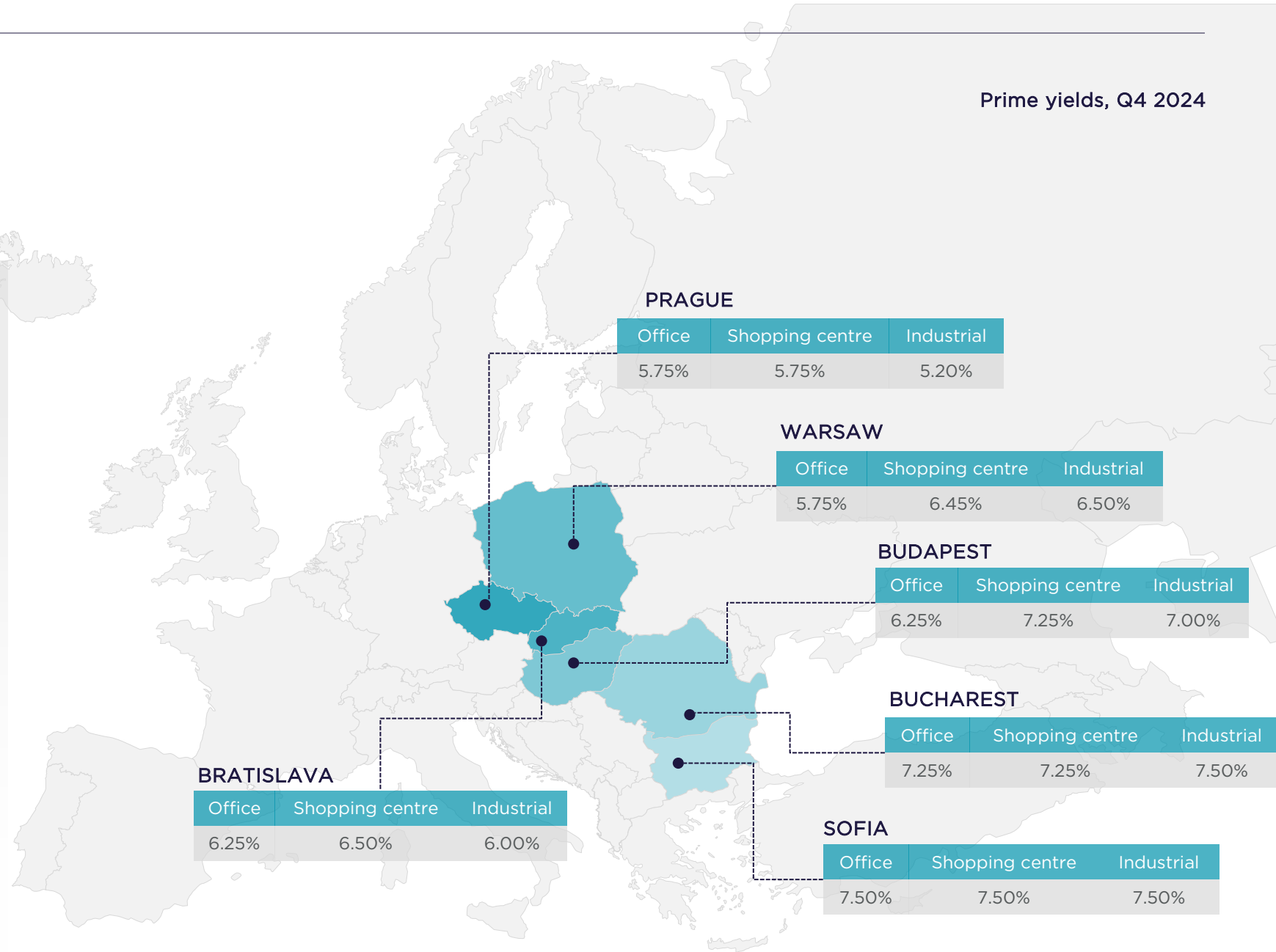
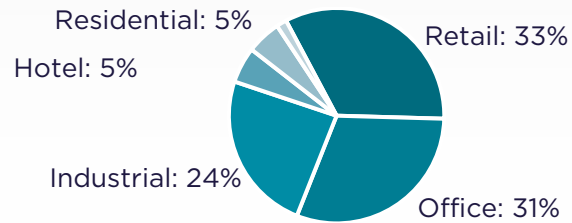
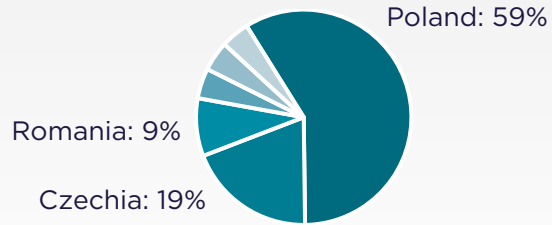
8.6 B

Investment volume
2024



+ 66.0 %

Volume change
y/y

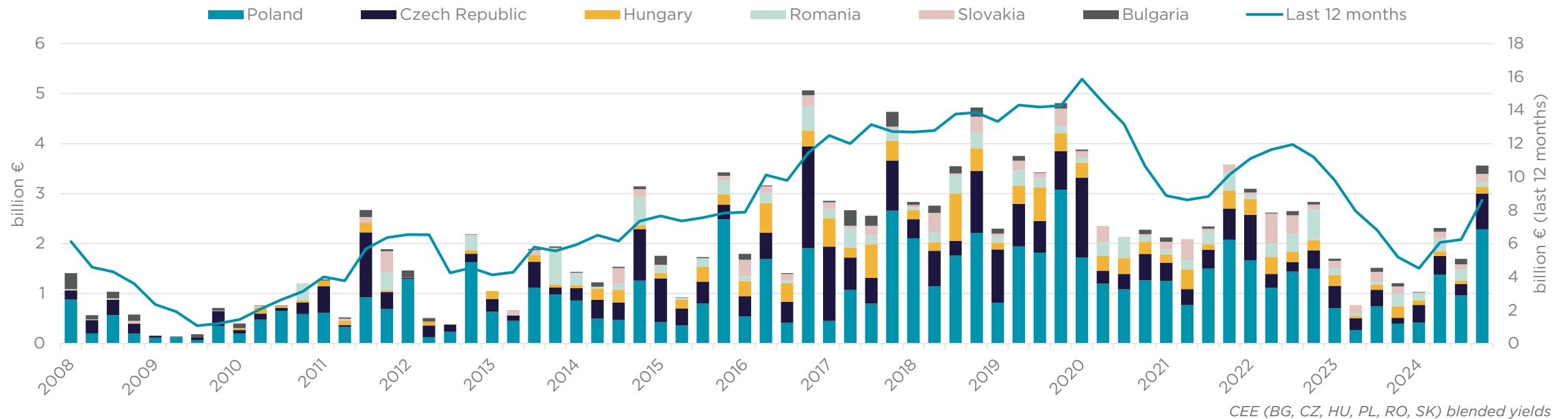


INVESTMENT TRENDS

Investment Volume in CEE

The investment activity across CEE demonstrated distinct patterns throughout 2024, with transaction momentum gaining particular strength in the second half of the year. Deal flow accelerated notably in Q4, suggesting renewed market confidence. The average transaction size ranged between EUR 35-40 million, though there was significant variation across markets. Smaller ticket sizes (below EUR 20 million) saw increased liquidity and attracted new domestic investors, while larger transactions exceeding EUR 100 million faced more challenging market conditions.

Several landmark portfolio deals contributed significantly to the annual figures, particularly in the industrial and retail sectors. The market also witnessed the emergence of conversion projects, especially in the office segment, where older buildings were repositioned for residential use. Looking ahead to 2025, the pipeline appears robust, with several significant transactions already in advanced stages of negotiation, particularly in the Czech market where Q1 volume is expected to exceed EUR 700 million.



INVESTMENT TRENDS

Prime Yields in CEE



Yield trends across the CEE region began to stabilize in H2 2024, following a period of decompression earlier in the year.

Romania maintained relatively stable yields across all segments, with a notable 100-200 basis point gap compared to other CEE countries, suggesting potential for compression in 2025. The Czech market showed signs of yield stabilization, particularly in prime assets, as interest rates began to moderate. Poland expects downward pressure on yields for assets with strong fundamentals, while Slovakia anticipates minimal yield movements in 2025, contingent upon ECB interest rate decisions.

The overall yield outlook appears more favorable for 2025, supported by improving financing conditions and stronger investor confidence.

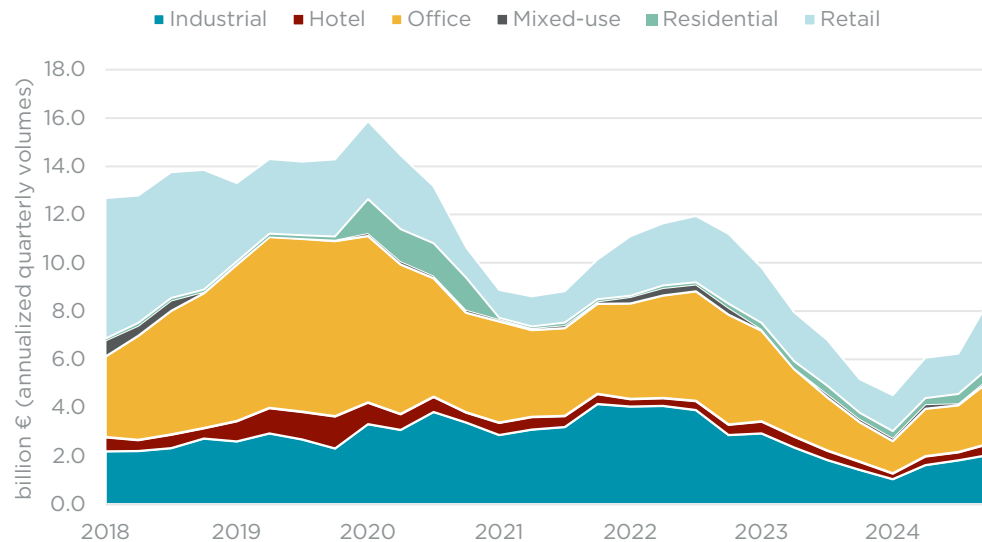
INVESTMENT TRENDS

Sector Performance and Capital Sources

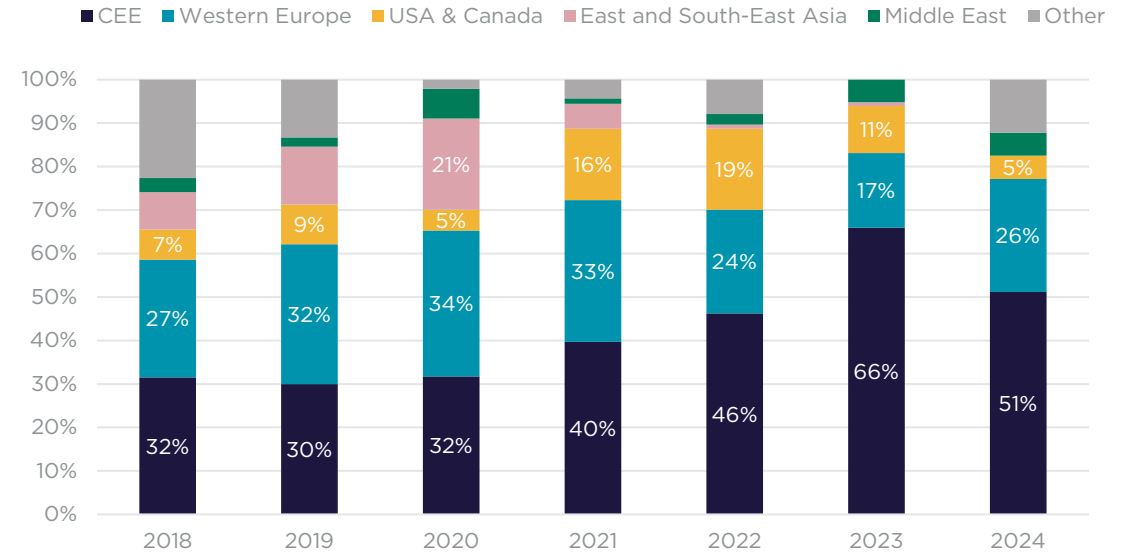
The industrial and logistics sector emerged as a consistent performer across the region. Retail showed remarkable resilience, leading the sector mix in Hungary and maintaining strong performance in the Czech Republic. The office sector demonstrated varied performance, with strong showings in Poland (EUR 1.6 billion) but decreased activity in Hungary. The residential sector gained increased attention, particularly in Slovakia, where conversion of older office buildings to residential use became a notable trend.

Domestic capital maintained a strong presence across the region, particularly in the Czech Republic where local investors represented 94% of total investment volume. Western European investors showed renewed interest, especially in Poland and Romania, where they accounted for 34% of transactions. Czech investors emerged as significant cross-border players, completing large-scale transactions across multiple sectors, while US and UK capital focused primarily on logistics assets. South African investors demonstrated particular interest in retail properties, though global institutional capital generally remained selective in their CEE investments.

Investments in CEE by sector

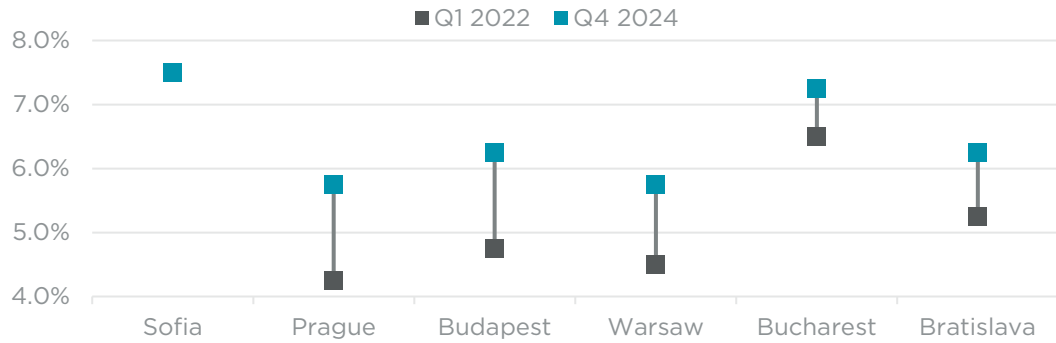


Investments in CEE by capital origin

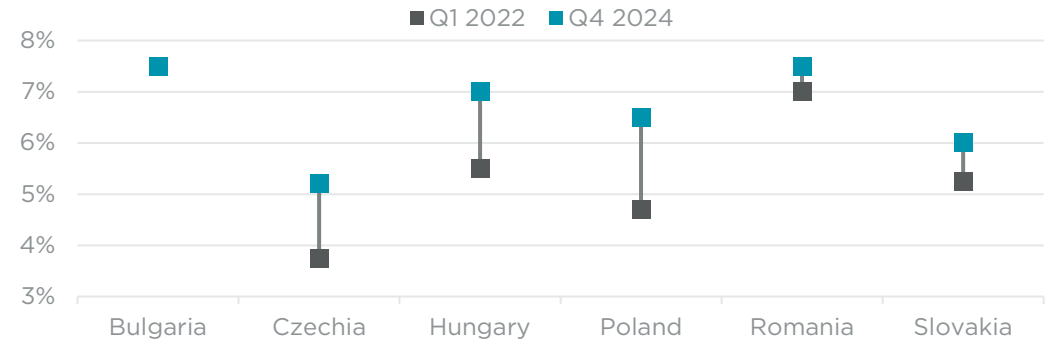


PRIME INVESTMENT YIELDS

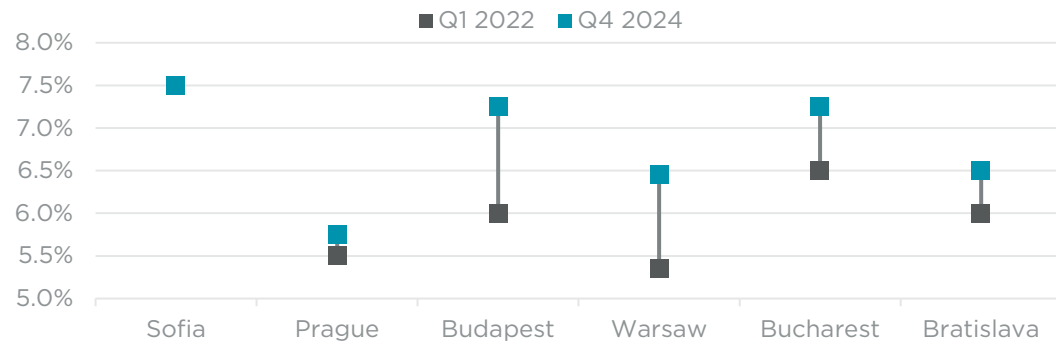
Office



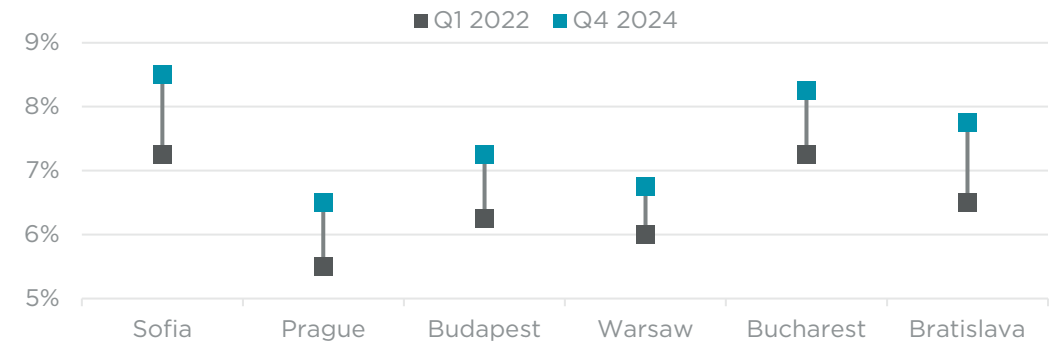
Logistics & Industrial



Retail (Shopping centres)

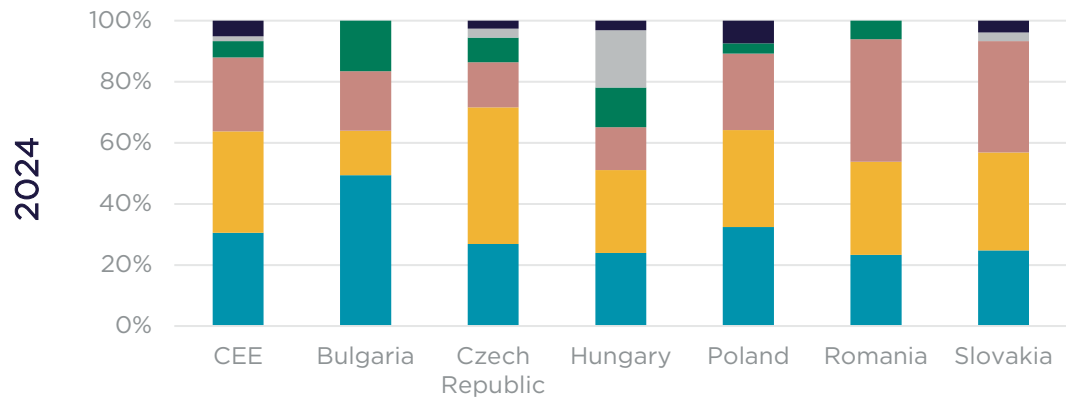
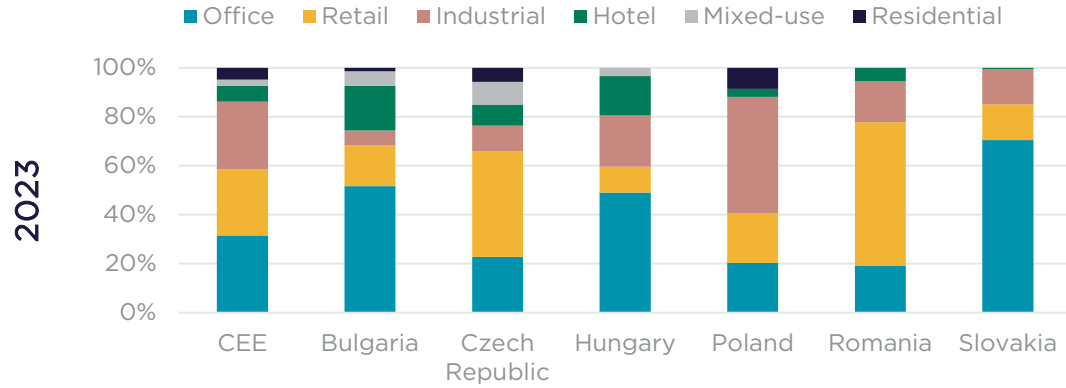


Hotels

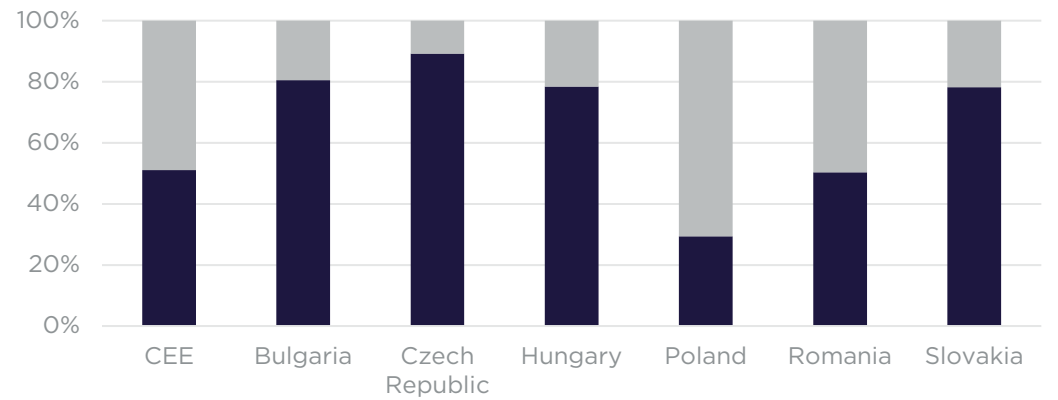
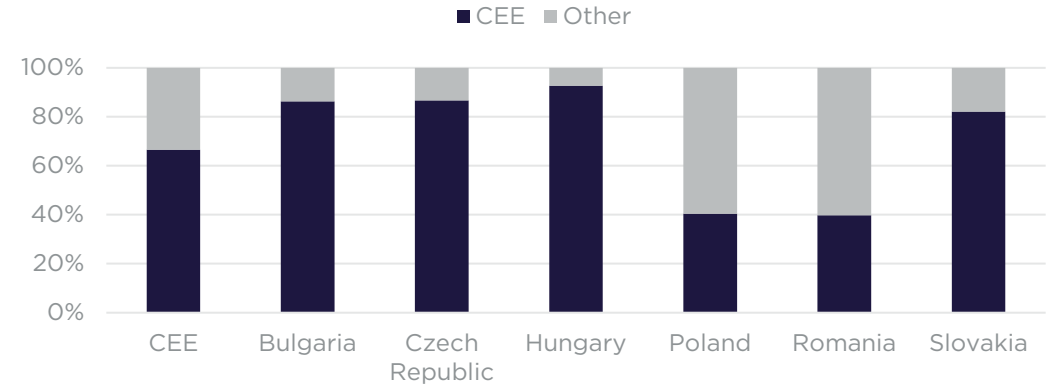


MARKET COMPARISON

Sector Share



Share of CEE Capital



BULGARIA

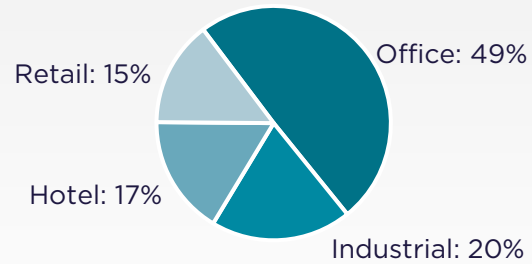
Investment Market 2024



366 M
Investment volume
2024

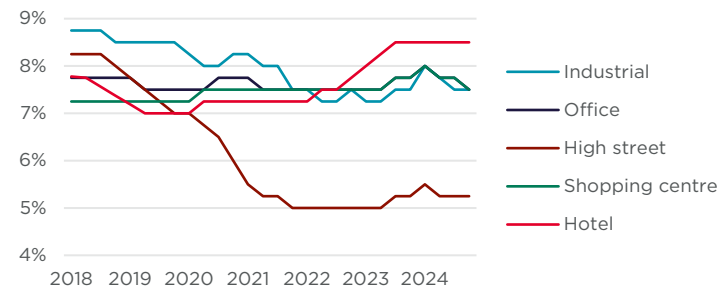


+105 %
Volume change
y/y



Reached highest investment volume since 2018 at EUR 366 million, with significant South African investment contribution (20%). Strong domestic investor activity continues across all asset classes.

Prime Yields

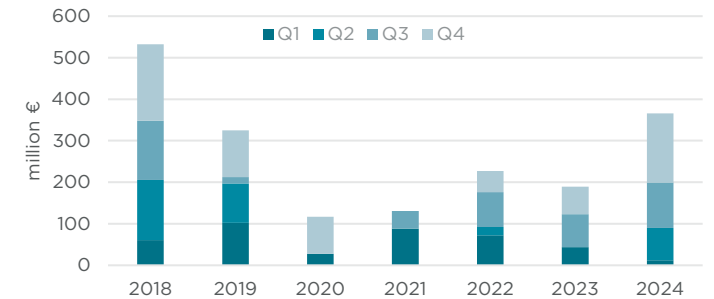


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	2.4%	2.8%	2.1%	2.3%
Inflation rate (HICP)	2.6%	2.9%	2.2%	2.5%
Unemployment rate	4.2%	4.4%	4.4%	4.6%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Transaction name	Buyer	Type
BPD Portfolio	Lion's Head Investment	Industrial
Riviera Group hotels	HVD Hotels	Hotel
Landmark Office Center	Arsenal 2000	Office
Park Center	TSH Investment	Retail
Alphabank ex-headquarter	Space Estates	Office

CZECH REPUBLIC

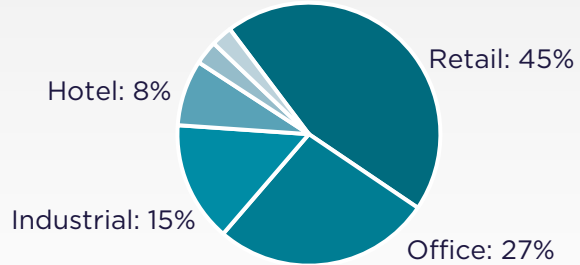
Investment Market 2024



1.7 B
Investment volume
2024

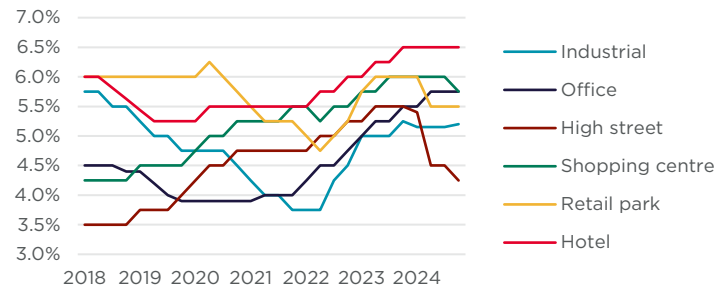


+46 %
Volume change
y/y



Recorded EUR 1.67 billion in investments (40% growth), dominated by domestic investors (94%). Market shows strong recovery signs with significant activity across retail, office, and hospitality sectors, supported by improving financing conditions.

Prime Yields

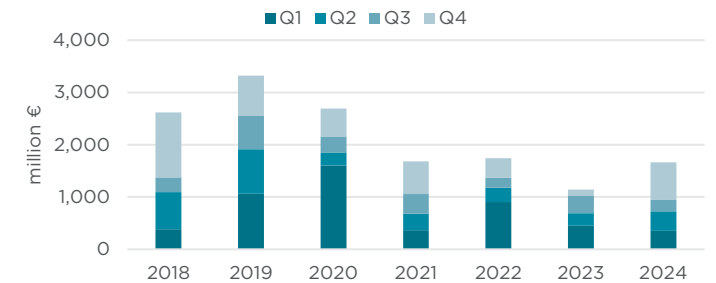


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	1.0%	2.3%	2.4%	2.2%
Inflation rate (HICP)	2.6%	2.6%	2.1%	2.0%
Unemployment rate	2.6%	2.5%	2.5%	2.6%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Transaction name	Buyer	Type
Vysočanský Mlýn	Mint Investment	Residential
Nova Real Estate Portfolio	Českomoravská nemovitostní	Office/Retail
Václavské nám. 42	City of Prague	Office
Arkády Pankrác	Trigea	Retail
Centrum Černý Most (25% share)	RSJ Investments	Retail
VGP logistics parks (50%)	Areim	Industrial

HUNGARY

Investment Market 2024



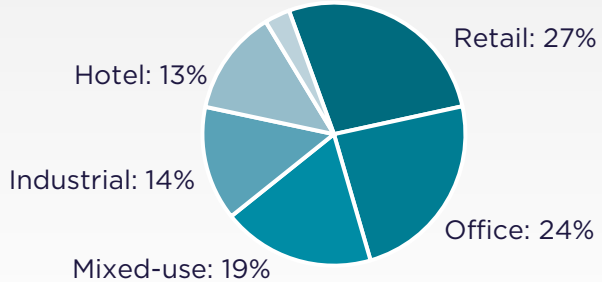
385 M

Investment volume
2024



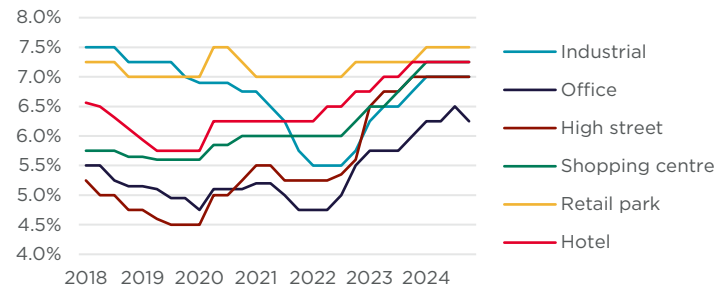
- 35 %

Volume change
y/y



The absence of large-scale transactions resulted in lowest investment volumes since 2012. Market activity remained concentrated in the sub-EUR 30 million segment. The retail sector led sectoral activity, while the office segment experienced a notable decline. The market continued to be driven primarily by domestic investors.

Prime Yields

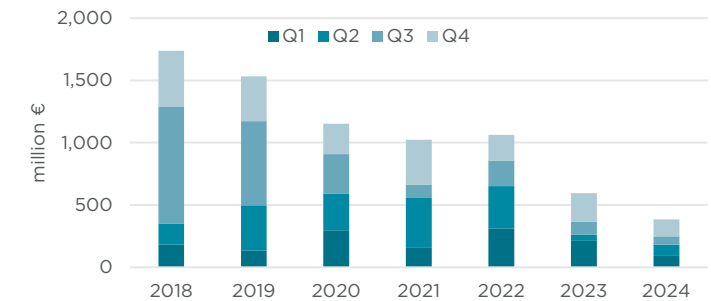


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	0.7%	2.6%	2.3%	3.1%
Inflation rate (HICP)	3.6%	3.6%	3.6%	3.4%
Unemployment rate	4.6%	5.0%	4.9%	4.8%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Transaction name	Buyer	Type
DS Smith warehouse	DS Smith	Industrial
Interspar retail units	Unione Befektetési Csoport	Retail
Faedra22 Park	Undisclosed	Industrial
Vörösmarty 1	Indotek	Retail
Exchange Palace	Gránit Asset Management	Mixed-use
Honvéd Center	Greve Group	Office

POLAND

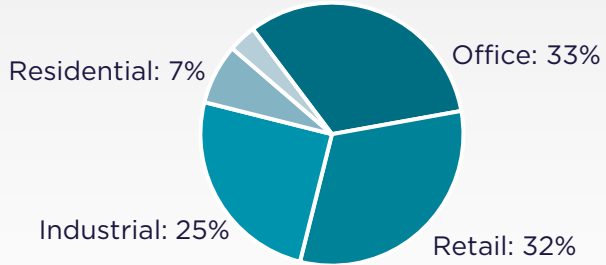
Investment Market 2024



5.0 B
Investment volume
2024

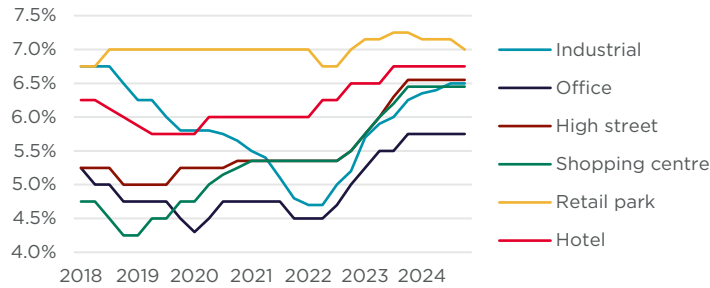


+ 139 %
Volume change
y/y



Achieved exceptional recovery with EUR 5 billion investment volume, showing balanced distribution across office, logistics, and retail sectors. Strong interest from diverse international investors and growing domestic capital participation in smaller transactions suggest sustained market strength.

Prime Yields

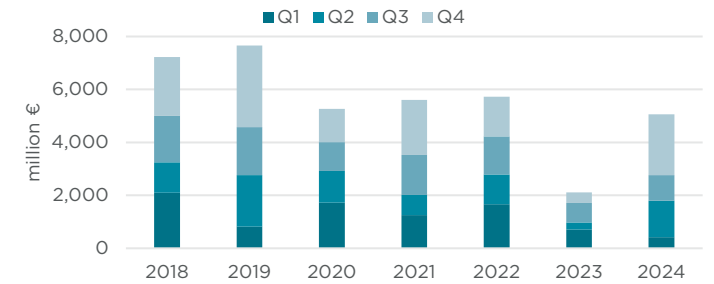


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	2.5%	3.4%	2.8%	2.4%
Inflation rate (HICP)	3.7%	4.2%	3.3%	2.9%
Unemployment rate	2.9%	3.0%	3.3%	3.7%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Transaction name	Buyer	Type
Cromwell Portfolio	Star Capital Finance	Retail
Silesia City Center	NEPI Rockcastle	Retail
Magnolia Park	NEPI Rockcastle	Retail
Warsaw UNIT	Eastnine AB	Office
7R Portfolio	Investika	Industrial
Diamond Business Parks	Greykite	Industrial

ROMANIA

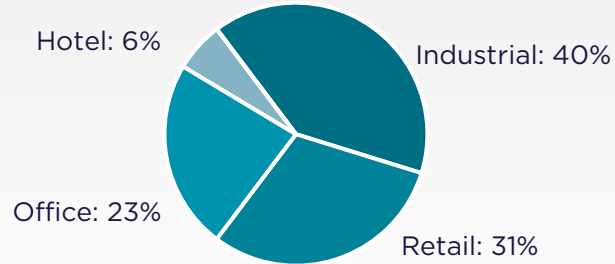
Investment Market 2024



747 M
Investment volume
2024

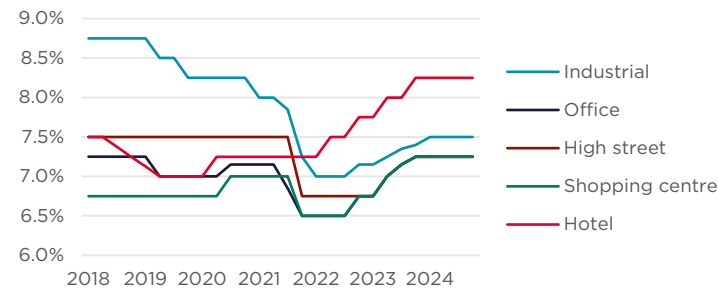


+ 53 %
Volume change
y/y



Posted strong recovery with EUR 747 million investment volume (53% increase), dominated by industrial (40%) and retail (31%) sectors. Foreign capital accounted for 77% of investments, with positive outlook for 2025.

Prime Yields

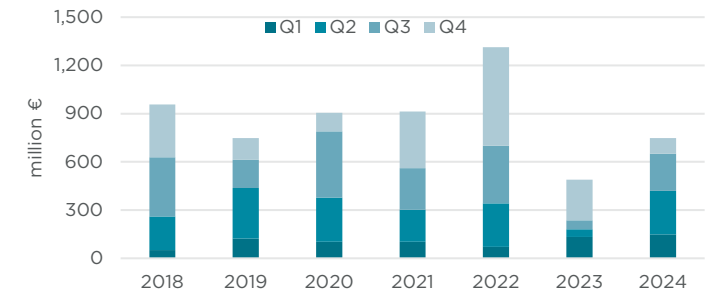


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	1.2%	2.6%	3.0%	4.2%
Inflation rate (HICP)	5.8%	4.4%	2.8%	2.0%
Unemployment rate	5.3%	6.0%	6.7%	7.2%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Transaction name	Buyer	Type
Globalworth Portfolio	CTP	Industrial
Expo Market Doraly	WDP	Retail
Globalworth & Global Vision Portfolio	WDP	Industrial
The Landmark	Vectr Realty	Office
myhive Victoriei	AFI Europe	Office
BT Property	Prima Shops	Retail

SLOVAKIA

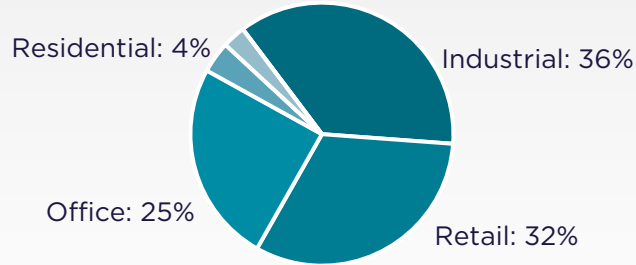
Investment Market 2024



389 M
Investment volume
2024

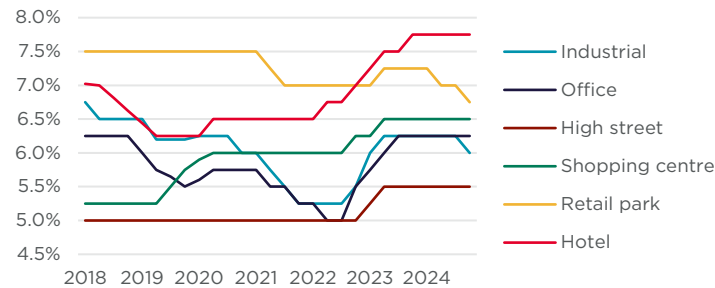


- 41 %
Volume change
y/y



Showed mixed performance with subdued H1 2024 followed by market rebound in H2. Local investors drove 65% of volume, with increased interest from international players, particularly in retail and industrial sectors.

Prime Yields

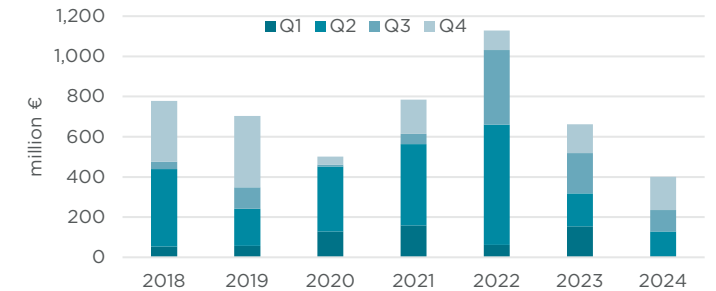


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	2.2%	2.2%	1.7%	2.4%
Inflation rate (HICP)	3.2%	5.4%	2.7%	1.8%
Unemployment rate	5.6%	7.0%	7.3%	7.4%

Source: Moody's Analytics

Investment Volumes



Key Transactions 2024

Project name	Buyer	Type
Garbe Green Park Piešťany	ČSOB Patria	Industrial
VGP Logistics Parks (50% share)	Areim	Industrial
Galvaniho Business Center V	Erste Realitná Renta	Office
KLM Portfolio	ČSOB Patria	Retail

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