

Lowest Property Volumes Seen In CEE Since Q3 2009

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Commercial property investment volumes in Central and Eastern Europe (CEE) amounted to €900 million during the first quarter of 2012 (Q1 2012) - the lowest volume seen since Q3 2009 - according to the latest data from CBRE.

The underlying factors behind the lower volumes relate to less financing being available and narrowing investor requirements. Most property transaction activity occurred in Poland during the quarter, a continuation of the overall trend seen so far in 2012. One notable exception to this trend was the sale of City Business Centre in Timisoara to New Europe Property Investment (NEPI), representing the first significant regional office transaction in Romania since the market started recovering from the trough reached during 2009. Another significant transaction was the closing of a ProLogis portfolio acquired by Hines Global REIT including Polish assets.

Property deal flow in Slovakia, and especially in Hungary, is expected to be mostly dependent on existing client relations as well as equity buyers moving into these markets where interesting capital growth potential is offered. Unless new types of financiers come forward a significant increase of liquidity is not expected soon and these markets will remain dependent on one-off property transactions.

CBRE's Investor Intention Survey 2012 confirms this sentiment. CEE was confirmed as being one of the top three most interesting European locations for investment during 2012 based on a survey done around 340 investors and asset managers. Prime yields have remained stable in most capital cities in the region. Beyond prime some softening of yields is starting to become visible in the office segment based on the reasons described above.

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