



Capital Markets | Q1 2022

EMEA Market Snapshot



Overview

Russia's indefensible invasion of Ukraine cast a cloud over the post-pandemic recovery that was continuing into first quarter of 2022. The sanctions imposed on Russia and knock-on effects on global commodities, further disrupted global supply chain issues driving higher inflation and interest rates. However, investment appetite and capital has remained resilient with both transactions and new fund-raising continuing.

For now, analysing Q1 2022 activity, we are encouraged to see that investor confidence in the region's CRE fundamentals and future prospects remains strong. Provisional figures for Q1 2022 put European volumes up 5% over Q1 2021, and rolling 12-month volumes up by 7%, with many investors continuing to view commercial real estate as a hedge against rising prices. The bidding landscape remains highly competitive with investors looking to deploy available capital that is nearing 2019 levels again.

In the major markets of Western Europe, overall performance was robust. Germany saw a record opening quarter as investment flocked into crisis-resistant segments such as DIY and food-anchored

specialist retail stores. Italy also posted an exceptional Q1 and the UK saw a 10% year-on-year rise in volumes. Activity in France was more subdued, with a 7% decline in activity from the previous year.

One company stood out over the quarter. Google and its parent group Alphabet have reaffirmed their commitment to the physical office, with Alphabet CEO Sundar Pichai increasingly vocal about the importance of office investment. This intent was on full display in Europe in Q1, with Google closing deals on campuses in London (€879 million) and Warsaw (€583 million). This bodes well for the vibrancy of Europe's prime office markets even amid the uncertain months ahead.



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	Q1 Pricing Direction	Q2 Pricing Forecast
Office	↔	↔
Logistics	↑	↔ / ↑
Residential	↔ / ↑	↔ / ↑
Retail	↔ / ↓	↔
Hotel	↔	↔

European investment volumes by sector: Quarterly





UK

There are mountains of capital for every sector with some headwinds from build costs, interest rates and ESG. Pricing remains firm.

Market Review

- Investment volumes reached €15.6 billion in Q1 2022, up by 10% on the €14 billion transacted in Q1 2021 and in line with the 10-year Q1 average.
- The number of +€100 million transactions stood at 28 in Q1 2022, up from 19 in Q1 2021 and 22 in Q1 2020.
- Over €6 billion was transacted in the office sector, more than double the corresponding 2021 figure of €2.5 billion. Most of the activity was recorded in London (€5.6 billion). US and Asia-Pacific investors were particularly acquisitive as the easing of travel restrictions brought global capital into the market.
- Despite a quiet January, quarterly investment volumes in the industrial sector reached €3 billion. Several assets sold at sub-4% yields.
- Investors are looking at shopping centres again. The sector witnessed transactions worth €889 million, the highest quarterly figure in over five years. Yields have started to compress.
- The purpose-built student accommodation sector attracted €1.8 billion, making it the fourth-best quarter on record. Six deals were larger than €60 million. Residential volumes were close to €1.2 billion.
- Yields are compressing across most sectors, especially for prime assets in prime locations. MSCI all-property yields are at a record low. Despite narrowing, the all-property yield/gilt spread will settle at around 275 basis points.



Highlighted Top Three Deals

Largest Q1 deal:

5 Broadgate, London EC2 (710,000 sq ft of office space). Bought by **NPS of South Korea** for **€1.4 billion**. Largest office deal since 2017.

Second-largest Q1 deal:

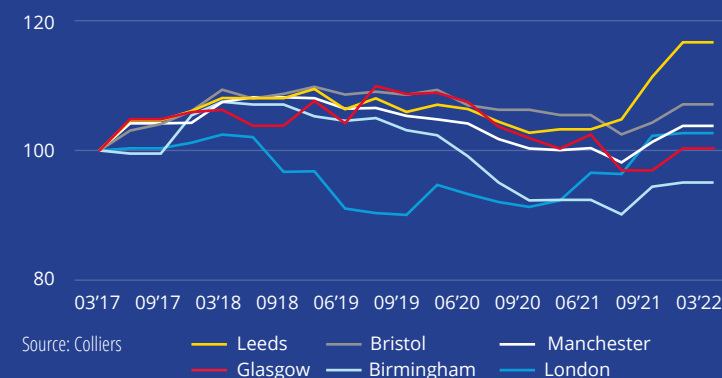
Central St Giles, London WC2 (710,000 sq ft of office space). Bought by **Google** for **€879 million** in an off-market transaction, at a net initial yield of 3.91%.

Third-largest Q1 deal:

Retail portfolio (Cheshire Oaks Designer Outlet and Swindon Designer Outlet). Bought by **LaSalle Investment Management** for **€721 million**.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Industrial across all submarkets, PRS residential, long-income, life sciences, data centres, offices in the right location	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↑	↑
	Hotel	↔	↔

All sector capital value index



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Germany

The German investment market posted a record start to 2022 despite the ongoing effects of the pandemic and geopolitical tensions.

Market Review

- Q1 2022 saw record investment of €18.2 billion. Three quarters of the volume was attributable to strategic corporate acquisitions in crisis-resistant sectors and markets. Most notable were the takeover of the alstria Office REIT by Brookfield and the 60% takeover of VIB by DIC Asset.
- Worth €4.8 billion, alstria's portfolio comprises over 110 office properties in the country's major investment hubs. DIC's interest was focused in particular on industrial and logistics (I&L) properties particularly in southern Germany, as well as around 40 retail properties from crisis-resistant sectors (DIY, food-anchored specialist retail stores). Both major deals contributed significantly to a reinvigorated portfolio share of volumes (44%). However, trophy buildings such as the Marienturm office tower in Frankfurt's banking district also remain highly popular with investors.
- Demand for industrial and logistics assets and portfolios was again strong (21% market share) and took second place behind offices (51%). While prime office yields in the BIG 7 cities remained at the low level of the previous quarter, logistics yields continued their downward slide, further approaching office yields.
- Overall, despite the geopolitical crisis, market momentum suggests another strong investment year, in which interest in real estate as a hedge against inflation will continue to grow.



Highlighted Top Three Deals

Office portfolio: 91.6% company takeover of **alstria Office REIT** by **Brookfield**, 110 assets in major investment hubs, **€4.3 billion**.

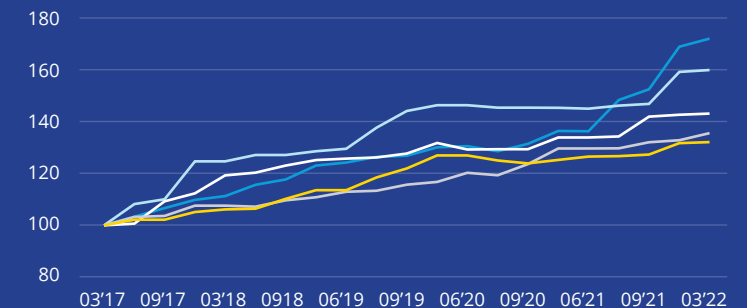
Mixed-use portfolio (I&L, retail): 60% company takeover of VIB by **DIC Asset**, 110 assets; approx. **€900 million**.

Office single deal: Marienturm Frankfurt, Aermont Capital/Pecan (seller), DWS on behalf of **National Pension Service** of Korea, **€800 million**.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Food-anchored retail, logistics, trophy office buildings, ESG-compliant assets across all asset classes	Office	↔/↑	↔/↑
	Logistics	↑	↑
	Residential	↑	↑
	Retail*	↑	↑
	Hotel	↔	↔

*Retail: Grocery ↑, Shopping centres & High street ↓

All sector capital value index



Source: Colliers

— Berlin — Dusseldorf — Hamburg
— Frankfurt — Munich



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France

2022 started on a quiet note in the French market with €4.6 billion of transactions recorded in Q1, down 7% on Q1 2021. The slowdown was even more pronounced in the Greater Paris Region (€2.9 billion invested, down 19% year-on-year).

Market Review

- While investment activity is still subdued the office sector has continued to be the driving force of the market, accounting for nearly 80% of Q1 investment volume.
- On the back of solid fundamentals and increasing rental values, the logistics sector attracted around €1 billion of deals, including the sales of several pan-European or country-level portfolios.
- The largest deals of the quarter involved a diverse range of buyers and sellers with a majority of domestic players, including Primonial REIM and BNP Paribas REIM, as well as European investment funds such as AEW Europe or Principal Real Estate Europe.
- Amid strong uncertainty linked to the geopolitical situation and the French presidential elections, prime yields have remained stable, at record levels for Paris CBD office prime yields (2.70%) and prime logistics assets (3.00% for warehouses located in the Greater Paris Region). The upward trend for rental values for these specific asset classes may lead to further yield compression in the coming quarters.



Highlighted Top Three Deals

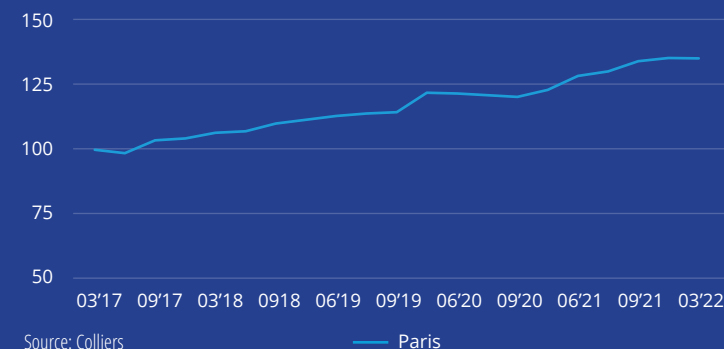
Office single asset: €500 million, below 4% – 90 boulevard Pasteur Paris 15th let to **Amundi**. 12-year leasing contract, sold by Primonial Real Estate Investment Management to **Société Foncière Lyonnaise**.

French part of a pan-European logistics asset portfolio: €375 million, approx. 3.70%. 320,000 sqm of warehouses sold by Blackstone to **GLP Europe**.

Office single asset: €256 million Prime office asset in Paris CBD. 10 000 sqm. Bought by **Financière Dassault** from a JV (AXA IM/NBIM) – let to Le Figaro.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Office core and value-add (in Paris)	Office	↔	↔
	Logistics	↔	↑
Residential			
Logistics	Residential	↔	↑
Healthcare			
	Retail	↓	↓
	Hotel	↑	↔

All sector capital value index



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Netherlands

The war in Ukraine and resulting inflationary pressures are creating a lot of uncertainty for the real estate sector in the Netherlands, which benefited from low interest rates in previous years.

Market Review

- After a recovery in the previous two quarters, dynamics in the office market in Q1 were somewhat more subdued again. This is also related to a lack of supply, as demand for core investment product remains high and there are no yield shifts visible. However, in late Q1 and early Q2, marketing campaigns for several large core offices were launched in Amsterdam and Rotterdam.
- Demand for logistic assets remains high and large deals are still prevalent. The bid of Prologis on Mileway (€21 billion) is underlining this. Investment volumes for healthcare and residential were rather low. Residential investments rely mainly on new developments which are limited in number.
- Retail and hotels showed quite low activity. Good quality retail investments are scarce but we do see interest returning, and even yield compression for the best product as a result. The low volume of hotel transactions is also caused by a limited number of offerings. Owners are not willing to sell their hotels with a discount, despite the impact of COVID-19 over the last two years.



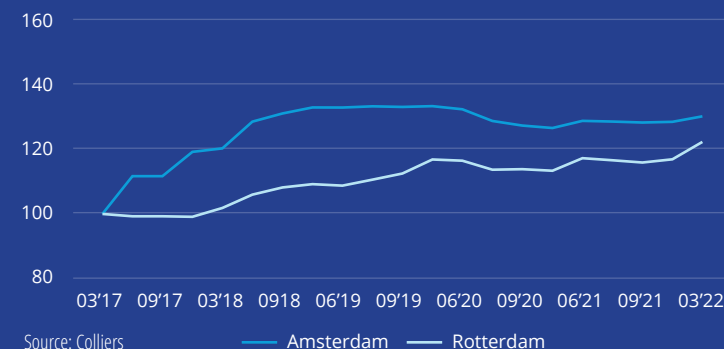
Highlighted Top Deals

Logistics: **Mirastar** acquired a value-add industrial portfolio of 7 assets in the Netherlands, with a total size of 69,000 sqm LFA. The properties are partially leased. The acquisition price was **€47 million**.

Retail: **Mitiska REIM** acquired the 35,000 sqm LFA convenience centre Makado in Beek for **€56 million** from Syntrus Achmea. This was the largest shopping centre transaction in the Netherlands in 2.5 years.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Logistics, residential and office	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



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Ireland

Ireland is a core market for international investors, who are competing for limited opportunities across the PRS, office and logistics sectors. €762 million was invested in Q1 with 50% attributable to residential.

Market Review

- The Q1 outturn of €762 million represents a decline of 37% relative to Q1 2021, a result of limited opportunities and slower completion time rather than decreased demand.
- Residential is the dominant asset class but there is also strong demand for offices, particularly in the €40-60 million price range. Investors are attracted by an increasingly international tenant base that is taking up new, world-class offices in Dublin. The limited supply of Grade A offices available for investment is driving strong pricing.
- Capital allocations to industrial & logistics are increasing and yields have now moved sub-4%. Demand has been driven by the growth of e-commerce, particularly in the context of Brexit, and there is very low supply which is driving rental growth. The second-largest deal of the quarter saw Union Investment acquiring Primark's new 595,000 sq. ft. distribution centre by way of a forward funding deal.
- We have seen several new investors entering the market which demonstrates confidence. An example is French fund Sofidy which has acquired three office properties since Q3 2021 with a total spend of €69 million.
- Investor sentiment towards Ireland remains extremely positive and strong activity is expected throughout 2022, despite inflationary headwinds and geopolitical turbulence.



Highlighted Top Three Deals

Student

Accommodation: **Ares Real Estate Group** and **Generation Partners** acquired the 'Project Ruby' student accommodation portfolio for **€150 million** / c. 5% NIY. The deal included two assets in Dublin and one in Cork with a combined total of 664 student beds.

Industrial & Logistics:

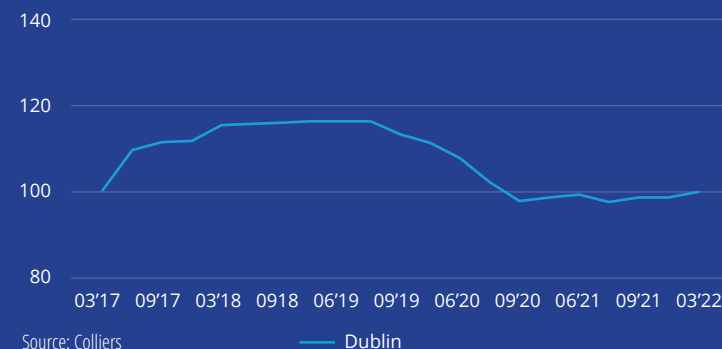
Union Investment agreed a deal with **Primark** to forward fund the planned 595,000 sq. ft. Penneys warehousing and distribution facility in Newbridge, Co. Kildare for **€128.7 million** / 3.6% NIY.

Mixed-Use:

Irish fund **Ballybunion Capital** acquired a mixed-use retail and office asset at Point Square, Dublin 1 for **€85 million** / 5.2% NIY. This asset includes a 103,000 sq. ft. office block and a 242,000 sq. ft. shopping centre anchored by Dunnes Stores (not included in the sale).

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Residential, healthcare, industrial and office	Office	↑	↑
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



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Spain

In Q1 2022 the volume of investment reached €4.16 billion, 27.9% above the quarterly average of 2021, maintaining the good pace of Q4 2021 (€4.26 billion). Yields have remained stable with slight compressions in the logistics and living sectors. Yields remain low due to high CPI inflation and significant liquidity seeking opportunities in the real estate sector.

Market Review

- Investment in the first quarter break down as follows: the hotel and living sectors with more than €1 billion (26% share) apiece, industrial & logistics (I&L) with €784 million (18.9%), offices with €675 million (16.2%), retail with €375 million (9%) and other at €159 million (3.8%).
- The I&L sector continues to be one of the most attractive for investors in Spain. With yields at record lows and construction prices soaring, some land price containment may allow for development deals. For assets in rent, the strong CPI inflation will help to increase their profitability.
- In the living sector, residential developers are concerned about construction cost increases and c. 50% state that they have already been forced to suspend construction work or to put off the launch of some of their projects. More positively, PRS buildings are in very strong demand and BTR products can be sold with very attractive conditions on a speculative basis.
- With almost €1.1 billion of hotel investment, Q1 set an investment record for the first quarter of the year and exceeded the investment volume for the whole of 2020. Both investor appetite and market liquidity are at record levels, contributing to price sustainability. Investors continue to focus on resort hotels.
- Investor interest in the office market remains at record levels, though there are very few products on the market. Madrid and Barcelona continue to be the preferred destinations for investors, with more than 68% of investment.



Highlighted Top Three Deals

Hotels Portfolio:

Eurazeo acquired five Ayres Hotels from Palladium and El Corte Inglés for **€135 million**.

Industrial & Logistics:

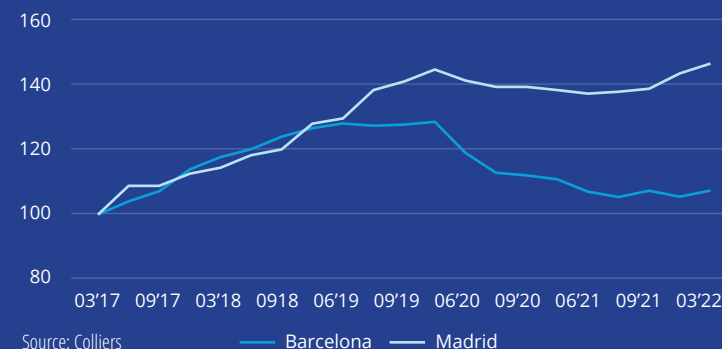
EQT Exeter bought a logistics portfolio from Logisor comprising a portfolio of six logistics warehouses in Madrid. Volume **€295 million**, yield close to 4%.

Offices: Beraunberri/

Onchena family offices acquired Vizcaya Tower in Bilbao for **€170 million**.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Leisure hotels, logistics, residential multifamily, office and alternatives	Office	↔	↔
	Logistics	↔/↑	↔/↑
	Residential	↔/↑	↔/↑
	Retail	↔	↔
	Hotel	↔	↔

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Italy

Activity in Q1 reached a record volume of €3.1 billion. This was achieved largely thanks to the closing of the Project Dream portfolio, but was also driven by increasing activity in all asset classes, especially the office sector.

Market Review

- The Italian market started to post strong performance in H2 2021 and this trend is continuing in 2022. Activity in Q1 was high and we expect other deals to be closed in the coming months.
- All asset classes registered higher volumes compared to Q1 2021. The office sector again took first place with important deals closed in Milan and Rome. Logistics remained a sought-after asset class, with deals closed in the Centre-North. Investors are still looking at assets in the South, without closing any deals yet.
- Core opportunities are preferred but value-add operations have started to close again. Two office deals are noteworthy: Project Dream and the A2A portfolio. The first is a mixed portfolio with assets mainly in Milan, but also Rome, Florence and Latina. The second consists of three offices that will be liberated in the next two years and boast strong refurbishment potential.
- Other deals included important value-add operations in the living asset class. Institutional investors are beginning to enter this market, traditionally dominated by local players focused on build to sell (BTS), and private landlords renting units to students/young professionals or local families.



Highlighted Top Three Deals

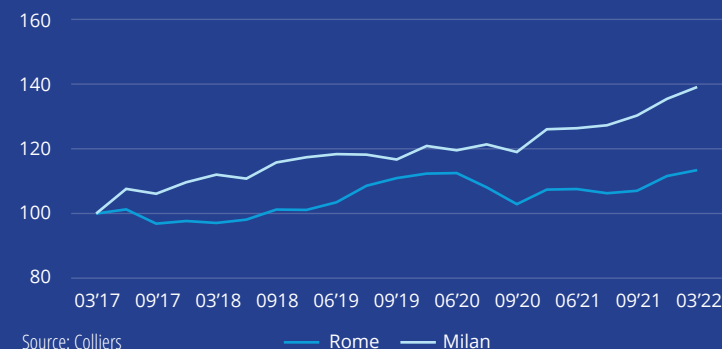
Office/Retail/I&L/Hotel/Living: Project Dream – €842m, 68 assets bought by **Apollo** (mainly value-add).

Logistics: Verona DC1 in Nogarole Rocca (VR) – €117m, bought by **LaSalle** Investment (core at 4%).

Office: A2A portfolio – €221m, 3 assets bought by **Henderson Park** (Value-add).

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Logistics (Southern Italy)	Office	↔	↑
Residential (main large cities)	Logistics	↑	↑
	Residential	↔	↑
	Retail	↓	↔
	Hotel	↔	↔

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Sweden

As of early 2022, the Swedish market remains strong in terms of both volume and pricing. Total transaction volume for Q1 2022 amounted to €4 billion, a 22% increase from the same quarter of the previous year.

Market Review

- Although Sweden had a slow start to 2022, with another stay-at-home order and geopolitical uncertainty amongst our European neighbours, we have continued to see a performing and transacting investment market. We expect the next quarter to remain strong, but potentially not as strong as the second quarter of 2021 since interest rates have started to rise. Interest rate considerations have yet to really impact and flatten the price growth.
- The industrial and logistics sector continues to be a focus of intense investor interest. In addition, there is solid and most likely growing investor interest in offices and defensive retail subsectors such as grocery stores and big box budget retail. Residential remains the most expensive property type as yields have continued to compress, deterring some investors.
- Social infrastructure company SBB continues its growth. It signed as the buyer in two of the largest transactions in Sweden during the first quarter of 2022. SBB ranked as the fifth largest property owner in Sweden in 2022.



Highlighted Top Three Deals

Portfolio deal: SBB sold three properties to **Swedish Government Buildings**, a JV that SBB owns in equal parts with Kåpan Pensions. The properties include tenants such as the Police Authority and the Swedish Courts Administration. The properties sold for **€261 million**.

Mixed-use: SBB won the battle for a major opportunity offered by Kalmar municipality. For **€258 million**, SBB acquired 24 properties with a total of 136,000 sq m. The portfolio includes several modern office buildings, a large school, a new sports hall, and the county administrative board's beautiful office.

Office: Regio (owned by the Third AP Fund and Brunswick Real Estate) signed an agreement with **Castellum** to acquire a portfolio of 12 centrally located office properties in Gävle. The purchase price amounts to **€232 million**, which is Regio's single largest acquisition ever.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Logistics, residential, office and public sector properties.	Office	↓	↔
	Logistics	↓	↔
	Residential	↓	↔
	Retail	↔	↓
	Hotel	↔	↔

All sector capital value index



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Denmark

The property market is expected to remain relatively stable and to be characterised by continued high activity following the lifting of all COVID-19 restrictions in Denmark.

Market Review

- So far, 2022 has seen strong appetite from domestic and international investors alike. The Danish market is expected to stay buoyant despite the uncertainty caused by the war in Ukraine, given the security provided by its status as a NATO member state.
- Rising inflation and spiking interest rates have created uncertainty in the market, as has the Ukraine crisis. Despite this, activity remains exceptionally brisk in the market for Danish commercial and investment properties, with considerable demand from both domestic and international investors.
- International investors are increasing their share of investment volume as they perceive the Danish investment market to be a safe haven. Four of the five biggest transactions in the quarter stemmed from international investors.



Highlighted Top Three Deals

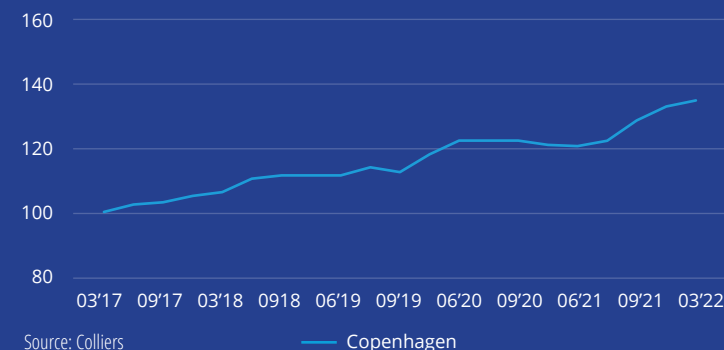
Residential: On behalf of a **sovereign wealth fund**, an international asset manager acquired a 30,000 sq m residential portfolio in suburban Copenhagen. The net initial yield was approximately 3.65%.

Retail: A **Swedish property company** acquired a portfolio of 35 retail properties, mainly supermarkets, for **€280 million**.

Industrial & logistics: The British investor **Promontoria Logistics** acquired a secondary 111,000 sq m industrial and logistics portfolio at **€80 million**, reflecting a net initial yield of approximately 6.5%.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Residential – in particular affordable housing and micro living	Office	↔	↔
	Logistics	↑	↔
	Residential	↔	↔
Prime core and value-add office	Retail	↔	↑
	Hotel	↔	↔
Logistics			

All sector capital value index



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Czech Republic

Investor sentiment and market momentum gained in Q4 of 2021 and this continued into the first quarter of 2022, with transaction volumes at a level not seen for some time. Initial indications are that recent geopolitical and economic inflationary events do not appear to have had a detrimental impact on pricing as yet, although every crisis has its winners and losers.

Market Review

- Q1 2022 saw transaction volumes of over €900 million in just one quarter, equivalent to 50% of the previous year's total volume. This is in part a result of some transactions completing later than projected, having been postponed from last year. Such levels of liquidity have not been seen since 2019. We project that investment volumes will be lower in Q2.
- Investor appetite for prime industrial assets remains unabated, but with limited suitable investment product, investors must react quickly to opportunities and where necessary be prepared to pay a premium for assets. Office schemes, as was seen this quarter, remain popular and if the asset is of good quality with a reasonable WAULT in place, then it is likely to attract strong investor interest, particularly in Prague which remains a key focus for investors.
- Surprisingly, investors returned to the retail sector in Q1. Shopping centre transactions included the disposal of Géčko in České Budějovice by CPI PG and the sale of two shopping centres in Brno Avion Shopping Park, and to Polish and Slovak investors respectively. This is the first time we have seen Polish investors acquire retail assets in the Czech Republic, reversing the trend of capital flowing from the Czech Republic to Poland.



Highlighted Top Three Deals

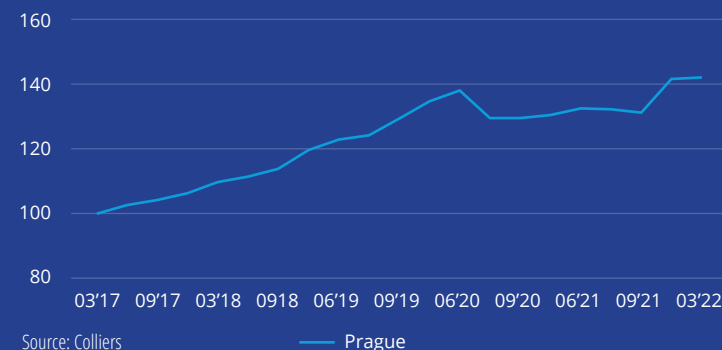
Retail: Sale of CPI PG Shopping centre portfolio (two properties) to Slovakia's **365.invest** for over **€200 million**.

Office/Retail: Bořislavka brand-new mixed-use development was sold to **Reico** for an estimated price exceeding **€180 million**.

Industrial: **Hines** acquired an industrial portfolio from CPI PG of smaller parks around Prague for over **€100 million**.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Residential - PRS, industrial, core offices	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↓	↔
	Hotel	↔	↔

All sector capital value index



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Romania

2022 started on a decent note volume-wise, with some delays to or renegotiations of large deals taking place amid the war in Ukraine, though the good news is that deal making has not stopped.

Market Review

- Close to €90 million of commercial real estate assets traded in the first quarter of 2022, down some 9% compared to a year ago. Offices accounted for over 70% of dealmaking activity, with the quarter's biggest deal seeing Speedwell selling the mixed-use Record Park in Cluj-Napoca (with offices generating the bulk of the value) to AYA Properties Fund for €35 million.
- The retail sector generated the quarter's second biggest deal, which saw Revetas Capital selling Vitantis Shopping Center, a retail park in Bucharest, to Praktiker Real Estate; this deal represented some 20% of Q1 turnover.
- The inflationary backdrop continues to favour a capital shift towards real estate in general, given its perceived status as an asset class hedged against CPI spikes. That said, the war in Ukraine is causing some issues, with some deals (particularly those involving big-ticket items) seeing delays or even renegotiations, though, positively, deal making is not frozen.
- The pipeline for Romania remains office heavy, with logistics transactions still failing to underscore the true scope of demand given that many landlords are either long-term owners or are still holding onto their assets in the hope of getting more favourable terms in the coming quarters.



Highlighted Top Three Deals

Office: Record Park, a new office project in Cluj-Napoca, was sold by its developers (Speedwell and Baltisse) to [AYA Properties Fund](#) for **€35 million**.

Retail: Revetas Capital sold Vitantis Shopping Center in Bucharest to [Praktiker Real Estate](#); ticket size estimated in the region of **€20 million**.

Office: The third biggest deal of the quarter saw Hungarian group [Indotek](#) purchase an office project in the north of Bucharest (Baneasa Business Center) in a deal estimated in the **€15 million** region.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Prime offices, industrial assets	Office	↔	↔
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



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Hungary

Total investment volume (excluding development plots) reached €142 million in Q1 2022, down 38% year-on-year. The office sector continued to attract the majority of investment volume with a total of €111 million, representing 78% of the quarter's investment volume.

Market Review

- The remainder of the activity (22%) was in the industrial & logistics sector. No transactions were registered in the hotel or retail sectors during the quarter. The average deal size was €24 million, and local investors were behind most of the volume.
- A major push is expected in the development of industrial & logistics facilities in 2022, while some new offices will also be handed over during the year, driving deals in the office sector. Prime offices remained mostly stable in value, whilst the pricing of prime logistics has risen further. Typical prime yields at the beginning of 2022 were 5-5.25% in the office sector and 5.75% in the modern industrial & logistics sector. Chinese and South-Korean investors are especially interested in the industrial & logistics sector, as well as the office sector.
- Pricing of non-prime assets will likely remain under pressure, given increased vacancy rates among B-class properties, stagnating rents and higher fit-out costs, which have a negative effect on net effective rents.
- Prime offices have demonstrated that they will remain the key drivers of Hungary's property investment market for years to come, despite the headwinds presented by new hybrid working trends within the occupier market as a result of the pandemic. The growth in demand has accelerated most markedly in the industrial & logistics sector since the onset of the pandemic, which has also resulted in strong capital appreciation in this sector.
- With Hungary's COVID-era loan moratorium expiring, we forecast more forced sales in the hotel market.



Highlighted Top Three Deals

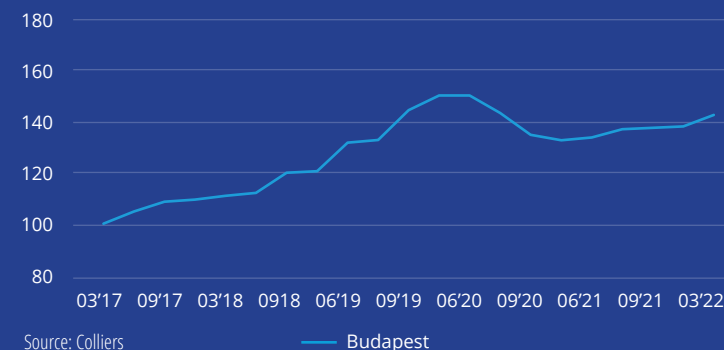
Office: Europa Capital, together with local partner ConvergenCE, acquired the Akadémia Business Center (12,500 sq m) in the CBD submarket of Budapest for €47m.

Office: R70 was acquired by Épkar Zrt. (10,300 sq m) from CA Immo in the Central Pest submarket for €30 million.

Industrial: M7 Real Estate purchased Akácliget logistics centre from Phoenix Fund (18,000 sq m) on the outskirts of Budapest.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Both core and value-add offices in the right locations, logistics and hotels	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



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Poland

With a total preliminary volume of €1.5 billion (a figure still to be adjusted upwards following the late closing of several industrial and logistics transactions) Q1 2022 represented a significantly improved performance compared to Q1 2021, with pandemic restrictions being lifted and the injection of new capital into the market. Momentum is expected to persist despite the war in Ukraine weighing on investor sentiment to some degree.

Market Review

- Despite ongoing turbulence, the market is still active with a number of new buyers entering.
- CEE-based capital is expected to be one of the market-makers in 2022 amid established Western investors adopting a more selective approach due to the Russian invasion of Ukraine.
- Industrial & logistics assets are still in the highest demand, however demand for offices is coming back due to supply and demand dynamics, in particular an inflow of new occupiers as well as rapidly increasing construction costs.
- Rental growth in both offices and logistics is finally on the horizon and the market is already witnessing first instances of developers increasing rents, as well as incentive packages decreasing.
- Several major preliminary agreements were signed for office assets in particular, which will be reflected in volumes in the following quarters.



Highlighted Top Three Deals

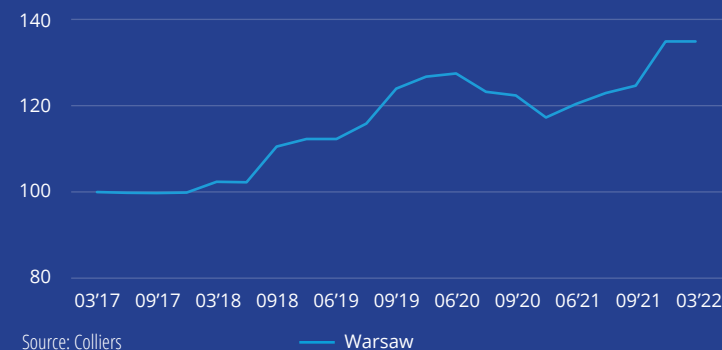
Office: €583 million / 4.5% - **Google's** acquisition of the Hub, a Class A Warsaw office tower, proved to be one of Europe's largest single-asset transactions in the last 12 months.

Retail: €650 million – A delisting of one of CEE's leading retail landlords, followed by restructuring of ownership with **Redefine Properties**, the second largest REIT listed on Johannesburg's stock exchange, taking control.

Industrial: €71 million – Acquisition by **Partners Group** and Peakside of Cromwell's prominent Warsaw portfolio.

Sectors to watch		Q1 Pricing Direction	Q2 Pricing Forecast
Office, logistics/ industrial, PRS	Office	↔	↔
	Logistics	↑	↔
	Residential	↔	↔
	Retail	↔	↔
	Hotel	↔	↑

All sector capital value index



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The world of Colliers

€3.5B

Annual revenue

62

Countries

€45B

Assets under
management

53,000

Lease/sale
transactions

185M

Square metres
managed

17,000

Professionals

Statistics are for year-end 2021 and in EUR. Number of countries includes affiliates and as of March 2022.

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APAC
Coming soon



North America
Coming soon



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