

The Colliers logo is located in the top right corner. It consists of the word "Colliers" in a white serif font, centered within a dark blue rounded rectangle. Below the text are three horizontal bars in red, yellow, and blue from top to bottom.

Colliers

A white horizontal bar with the text "Capital Markets | Q4 2021" in a dark blue sans-serif font. The bar is positioned in the middle-left section of the image, overlapping the cityscape and the dark blue background area.

Capital Markets | Q4 2021

The main title "EMEA Market Snapshot" is displayed on a dark blue background. "EMEA" is in a large, bold, light blue sans-serif font, and "Market Snapshot" is in a white sans-serif font below it. The background features a cityscape with several prominent skyscrapers under a blue sky with white clouds.

EMEA Market Snapshot



Overview

It is testament to the overall resilience of European property that despite the resurgence of concerns around the pandemic, the year-end was in many markets defined by exceptional performance. Sustained and robust investment activity, and the return of big-ticket deals in some cities, indicated investors are looking beyond short-term uncertainty and entering the new year with a measure of confidence.

The year-end proved a race to the finish in many regional markets, as investors aimed to make up for lost time. In France Q4 volumes accounted for 41% of the annual total, while Germany posted its second strongest final quarter in the past ten years. Italy finished 2021 by closing its biggest deal of the last 10 years - a portfolio of office and retail assets mainly in prime Milan locations that changed hands for €1.3 billion. In the UK, total annual investment reached its highest since well before the pandemic, and investment also hovered near historical highs in Ireland.

Office and industrial assets remained the primary focus for many investors, with industrial and logistics investment volumes breaking records in the UK, the Netherlands and France. However there were also clear signs of vibrancy in the retail and hotel sectors, with the sale of numerous prime assets in Spain and retail assets accounting for almost half of investment volume for the quarter in Romania.

With investors eager to deploy capital and tight supply of investment-grade product across a wide range of markets and asset classes, we expect the regional property sector in the coming months to be characterised by heated competition, higher pricing and downwards pressure on yields, particularly as the economic outlook improves and we move to a new phase of living with COVID-19.

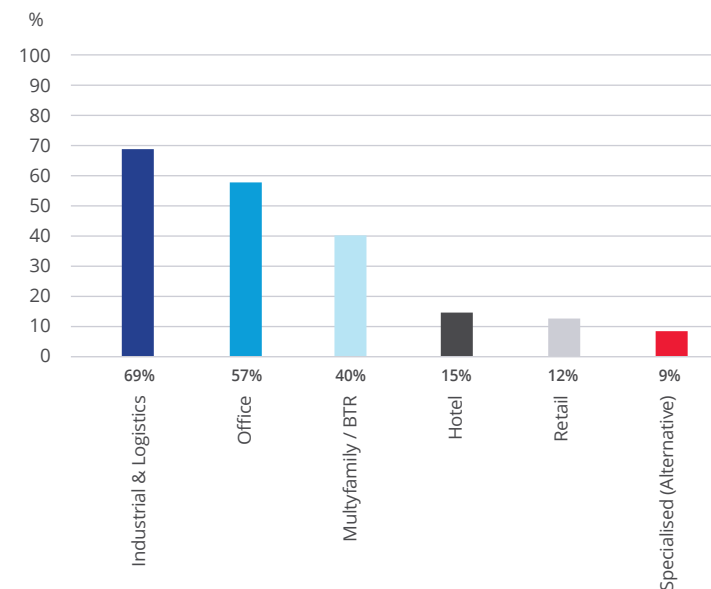
Overall consensus in our Global Investor Outlook Report for the European market is that core capital values will increase by 10% in 2022, but strong variance anticipated by sector especially for non-core assets. 81% of investors are positive about economic growth, and nearly 70% are positive about prospects for rental growth and improved liquidity. Overall, I&L is the top target followed by offices and residential (multifamily/BTR).



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	Q4 Pricing Direction	Q1 Pricing Forecast
Office	↔ / ↑	↔ / ↑
Logistics	↑	↔ / ↑
Residential	↔ / ↑	↔ / ↑
Retail	↔	↔
Hotel	↔	↔

Which asset class will investors be looking at in 2022?



Source: Colliers GIO Report



UK

Around €15.6 billion was invested in Q4, bringing the annual total to €66 billion – the highest figure since 2018 (€76.5 billion). Yields remained firm.

Market Review

- Q4's investment volumes of €15.5 billion were slightly weaker than the Q4 2020 figure of €19 billion. However, the Q4 2021 total is expected to rise as more deals are updated in the database.
- Transactional activity in the industrial sector reached €18 billion in 2021 - by far the highest annual figure on record (the previous record of €13 billion was achieved in 2017). Despite reaching record lows, industrial yields are still compressing.
- There are signs that demand for offices is picking up again, with over €18 billion invested during 2021. This is an improvement on the €15.5 billion transacted in 2020. Several London assets traded at sub-4% yields.
- Retail warehouses attracted almost €3.6 billion in 2021, one of the strongest annual totals ever and up on the €2.3 billion transacted in 2020. Columbia Threadneedle, M7 Real Estate and Realty Income Corporation were the most active investors by number of deals.
- Shopping centre investment broke through the €1.2 billion mark for the first time since 2018.
- Cross-border capital accounted for just under half of all activity in 2021, down slightly from the 51% share recorded in 2020. US investors were particularly active, deploying a total of €15 billion.



Highlighted Top Three Deals

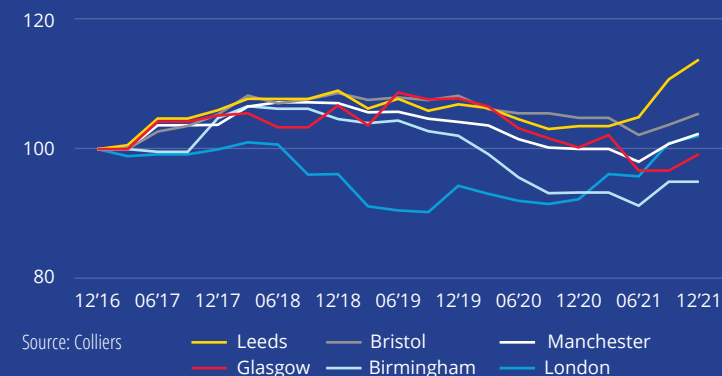
Largest Q4 deal: Hotel portfolio (12 Hilton hotels). Bought by **Henderson Park** for **€657.5 million**. Largest hotel deal in 2021.

Second-largest Q4 deal: 2&3 Bankside, London SE1 (416,000 sq ft of office space). Bought by **Omnicom** for **€526 million**, reflecting a net initial yield of 4.52%.

Third-largest Q4 deal: MediaCityUK, Salford (37-acre media, digital and tech hub). **Landsec** acquired a 75% stake for **€509 million**.

Sectors to watch	Q4 Pricing Direction	Q1 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 second strongest final quarter in the past ten years drove commercial real estate transaction volumes for the year to over €60 billion.

Market Review

- More risk-averse buying behaviour was evident in 2021. Type of use, property quality and underlying tenancy agreements were the main factors behind purchases. Core properties in prime locations in major investment centres, especially offices, are more the focus of investors than ever before. However, core-plus or value-add properties with a secure rental situation or rent increase potential still have very good sale prospects in the prevailing buyer's market. With ESG becoming a greater priority, more and more potential buyers will evaluate existing properties for potential to 'manage to green' and incorporate this into purchase and pricing decisions.
- Portfolio deals played a smaller role than in previous years, but remain in demand if they meet investor needs for security. Retail portfolios with food anchors are particularly popular, evidenced by the new market entries of Sonae Sierra and the New Zealand sovereign wealth fund via participation in Slate.
- Landmark deals led to a renewed decline in prime yields for office properties, logistics properties and specialist markets with a food focus. This trend will continue in 2022.
- Numerous transactions postponed to 2022 and continued liquidity pressure will again ensure transaction volumes of €55-60 billion by the end of the year. This amount could even be significantly exceeded in the event of above-average economic growth and the absence of prolonged lockdowns.



Highlighted Top Three Deals

Health Care Portfolio Deal – Part of company takeover of **Deutsche Wohnen** by **Vonovia**, 76 assets Germany-wide, approx. > **€1 billion**

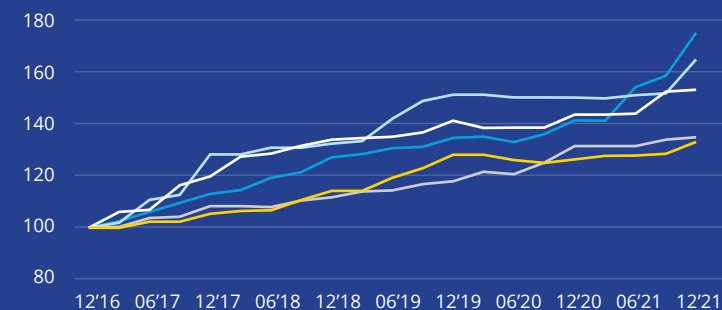
Mixed-use Portfolio Deal – 35 assets Berlin (15 residential, 20 office), **Optimum AM/EB Group** (seller), **Blackstone/Quincap** (purchaser), approx. **€800 million**

Office Single Deal – **PANDION soul Munich, Pandion** (seller), **Union Investment** open-ended fund, approx. **€650 million**, GIY 2.85%

Sectors to watch	Q4 Pricing Direction	Q1 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

Total commercial real estate investment volume in France reached €24.9 billion in 2021, a decrease of 8% compared to 2020. Q4 saw some clear catching up with investment volume reaching €10.3 billion, or 41% of the annual total.

Market Review

- The year-end improvement in investment activity was due to greater dynamism in large (over €100 million) transactions, even though volumes remain significantly lower than in previous years.
- Offices remain the most popular asset class, but saw volumes fall by around 17%, a sign of investors' caution on the future outlook following the health crisis and an increased risk of rental vacancies. Consequently, there is a refocusing on prime and core assets, where competition has increased and yields remain very low.
- I&L assets posted a historic performance with volume reaching nearly €6.7 billion, an unprecedented 25% of the volumes invested in commercial real estate. Portfolio sales, often pan-European, continue to drive this market.
- After a difficult start to the year, retail investment volumes recovered in the second half to reach €3 billion in 2021, with an emphasis on high street prime assets and retail parks.
- Residential investment should reach €5 billion in 2021 - also a historic level.
- Investors are in a wait-and-see phase in considering the best strategy to adopt given the disruptive force of the pandemic. Offices remain the focus of acquisitions, with logistics, industrial and residential assets outperforming, and retail lagging.
- These lines could move given capital investment pressures in 2022. Bond yields remain very low, and the risk/return balance benefits commercial property. In addition to the improvement in the health situation, the intensity and speed of the recovery of the rental market will in be a key factor in the redeployment of capital to the office and retail segments the year ahead.



Highlighted Top Three Deals

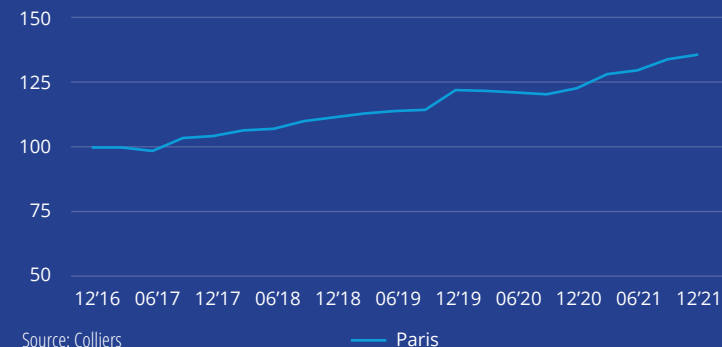
Office: Window – La Défense – 44,200 sq m - **€520 million** – 3.92% NIY – sold by **Oxford Properties** – bought by **Primonial Reim & Sogecap** – Core

Office: Métronome – Paris 13th – 21,835 sq m - **€340 million** – 3.35% NIY – sold by **Oxford Properties** – bought by **Generali Real Estate & EDF Invest** – Core

Office: Maison Bayard – Paris 8th – 8,165 sq m - **€293 million** – 2.7% NIY – sold by **LaSalle IM** – bought by **La Française REM** – Core

Sectors to watch		Q4 Pricing Direction	Q1 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

Around €4.4 billion was invested in Q4, which though below the annual average, was 37% more than the same quarter last year. Total investments for 2021 came to approximately €16 billion.

Market Review

- The last quarter saw a clear recovery in the office market. Growing confidence was confirmed by a number of major deals, such as the purchase of the ABN AMRO bank head office by Victory Advisors.
- Investment demand for logistics centres remained high, leading to an all-time record investment volume for the year. Demand for healthcare and residential was also strong. However, available investment product, especially in the residential sector, is very limited. As a result, volume is declining and prices continue to rise.
- The retail market had a strong quarter, mainly due to Somerset purchasing a large supermarket portfolio. Nevertheless, retail investment volume for the whole year was at one of the lowest levels of the past decade.
- In 2021 the residential market was marked by a limited supply of existing investment opportunities but a lot of new developments. Many portfolios were sold in Q4 to mainly foreign investors with a long-term strategy. Despite the spate of activity in Q4, investment volume for the whole year was down approximately 35% compared to 2020.



Highlighted Top Three Deals

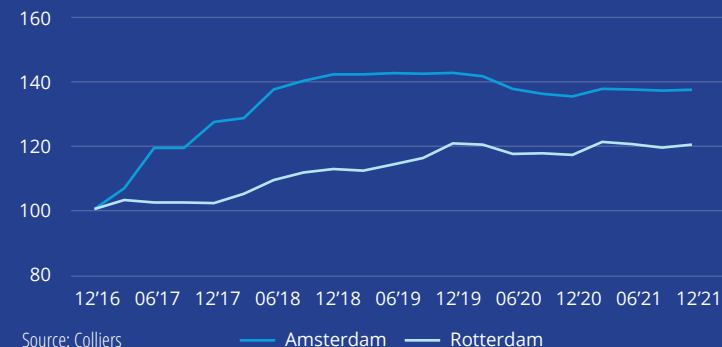
Logistics – Blackstone acquired four regional distribution centres of the supermarket Plus. The portfolio is 75,000 sq m in size and was acquired for **€46.25 million**. It was sold through a short-term sale-and-leaseback transaction.

Residential – European Residential Real Estate Investment Trust (ERES), a Canadian REIT, purchased a residential portfolio from **Syntrus Achmea** for a combined price of **€36.3 million**. The Octo Portfolio consists of 137 single-family homes across eight localities throughout the Netherlands.

Offices – Victory Advisors acquired the ABN AMRO HQ in Amsterdam for **€765 million**. Seller **ABN AMRO** will lease back the whole 70,000 sq m property until 2025, after which Victory will implement a mixed-use redevelopment strategy.

Sectors to watch	Q4 Pricing Direction	Q1 Pricing Forecast
Logistics, residential and office	Office ↔	↔
	Logistics ↑	↑
	Residential ↔	↔
	Retail ↔	↔
	Hotel ↔	↔

All sector capital value index



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Ireland

Investment volumes hit €2 billion in Q4 2021, up 59% versus Q4 2020. Core office and industrial assets are attracting strong competition and pricing, with yields for both now sub-4%.

Market Review

- The Q4 outturn brought total investment for the year to €5.5 billion, making 2021 Ireland's second-best year on record for CRE investment.
- The largest transactions of Q4 included Blackstone's acquisition of a portion of Facebook/Meta's new office campus in Ballsbridge along with two logistics portfolios. Interestingly, PRS did not feature among Q4's top five deals, a change from previous quarters when residential predominated.
- US funds are becoming more prominent again, representing 22% of Q4 turnover. German funds remain committed to Ireland, with Patrizia, Real IS, Deka Immobilien and Commerz Real investing a combined €393.8 million in Q4 alone to bring German investment to €1.1 billion for the year.
- With close to €1 billion worth of assets on the market moving into 2022, investment activity is expected to remain brisk, with demand supported by continued low interest rates.



Highlighted Top Three Deals

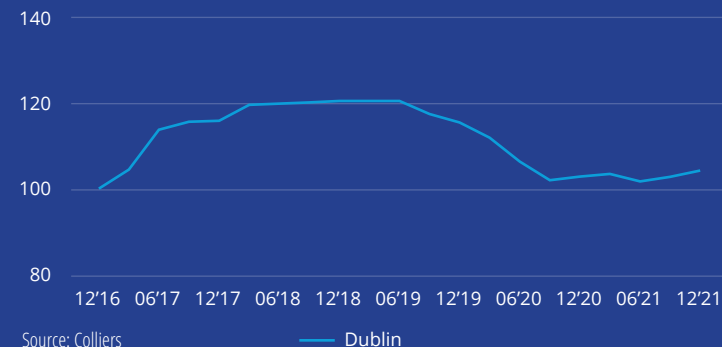
Office - Blackstone acquired the Serpentine Buildings, Ballsbridge, Dublin 4 for **€395 million** / c. 3.9% NIY from a consortium. These are four refurbished buildings extending to 31,536 sq m which form part of Meta's new 83,613 sq m Dublin office campus.

Industrial & Logistics - GIC acquired a portfolio of Irish logistics assets from **EQT Exeter** for a price in the region of **€285 million**. These form part of the wider €3.1 billion EQT Exeter portfolio which included 132 assets across Europe.

Industrial & Logistics - KKR / Palm Capital acquired the Core Industrial portfolio, which includes 114 assets and a landbank in various locations, mostly in the Greater Dublin Area. The portfolio was sold for **€196 million** with all existing assets fully leased at the time of sale.

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Residential, healthcare, industrial and office	Office	↑	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



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Spain

Abundant market liquidity and strong interest in the Spanish real estate sector continued in Q4. Investors are very attentive to the few opportunities which emerge due to lack of product. There is also a gradual opening of bank financing to core product after the financing squeeze earlier in the pandemic. Total 2021 investment volume reached €12.7 billion (+34% year-on-year), with hotels accounting for €3.18 billion, industrial and logistics €2.8 billion, residential €2.5 billion, offices €2.47 billion, retail €1.05 billion and other assets €700 million.

Market Review

- There was strong investment activity in the hotel sector in Q4, with volume amounting to €733 million. Investor appetite and liquidity stood at record highs, after a period of reduced activity and fund raising.
- Over €1 billion was invested in logistics in Q4. Transactions included large logistics portfolios such as the platform acquired by Aberdeen from Davidson Kempner and Palm Capital for €227 million, comprising 122,000 sqm including seven newly built warehouses and a warehouse under development.
- Interest in the office market remains strong, with Barcelona still the leading player in major investment operations. Benchmark transactions took place including Hines' acquisition of the Barcelona headquarters of Banco Sabadell for €90 million, and the acquisition by Bain Capital and FREO of the iconic Estel building in central Barcelona for €120 million.
- Build to rent and PRS remain the focus of institutional investors and Spanish real estate developers. Developers and investors are starting to take positions in land assets at less mature development stages due to the lack of ready to build land.
- Increasing interest is evident in data centres, with leading investment funds, developers and REITs exploring potential opportunities including greenfields, existing assets, JVs, and M&A, and needing to partner with specialised operators to strike deals.
- The living sector remains in high demand, led by long-term international investors focused on nursing homes, and student housing turnkey and sale and leaseback transactions throughout Spain.



Highlighted Top Three Deals

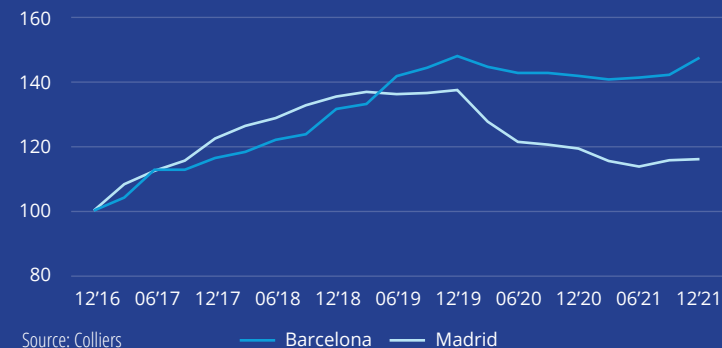
Hotels Portfolio: Sixth Street entered the Spanish hotel market, advised by Colliers, with the acquisition of five vacation hotels worth **€85 million** including refurbishment.

Industrial & Logistics: Aberdeen bought a logistics portfolio from **Davidson Kempner** and **Palm Capital** comprising eight logistics warehouses in Madrid. Volume: **€227 million**

Offices: Hines acquired the former Banco Sabadell Tower in Barcelona. Volume: **€90 million**.

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Leisure hotels, logistics, residential multifamily, office and alternatives	Office	↔	↔
	Logistics	↑	↔/↑
	Residential	↔/↑	↔/↑
	Retail	↔	↔
Hotel		↔	↔

All sector capital value index



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Italy

Following strong Q4 activity, including one major deal (€1.3 billion+) and continued interest in the logistics sector, investment volume in 2021 exceeded that of 2020.

Market Review

- Investment activity was relatively high in 2021 in comparison to 2020, a year heavily disrupted by the pandemic. Investor interest in the Italian market is strong, with capital seeking out new opportunities.
- Interest in logistics assets remains very high, as highlighted by Q4's Amazon Civitate deal at a yield slightly below 4%. Other deals were closed around 4%, such as Project Star, bought by Starwood for €131 million. Logistics are now the most popular asset class in the Italian market, taking the podium occupied by offices for many years.
- Another important deal was the Reale portfolio, the largest deal closed in the Italian market in the last decade. The most prominent asset in the portfolio stands on Milan's Via Montenapoleone, a high street retail core building. However, there are some assets within the portfolio that will need intensive management activity, such as the Galleria Subalpina in Turin.
- An office deal in central Verona's Corso Porta Nuova underlined new interest in value-add opportunities, after the halt observed since the start of the pandemic. However, office investment deals in Rome are still mainly driven by core product.
- In the hospitality sector investor appetite is high, despite no significant price reduction observed over the last two years. The operations profile will remain value-add/built-to-core. The focus appears to be increasingly oriented towards leisure, and luxury and ultra-luxury hotels, with new models continuing to enter the market, such as serviced apartments and hybrid hotels.



Highlighted Top Three Deals

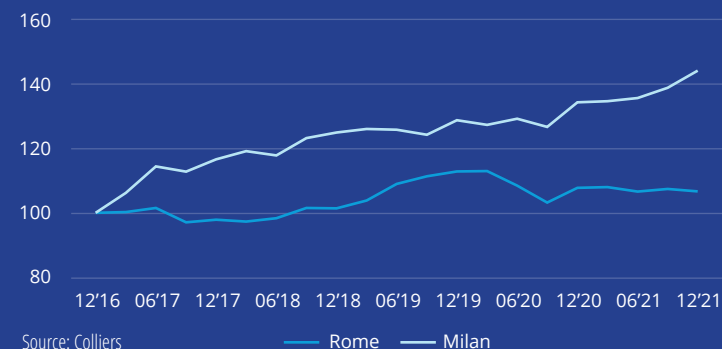
Retail/Office/Residential
- Reale Portfolio bought by **Blackstone** for **€1.3 billion**

Logistics - Amazon Civitate bought by **Midas** for **€190 million**

Office - Corso di Porta Nuova in Milan bought by **Allianz** for **€120 million**

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Logistics (Southern Italy)	Office	↔	↑
Residential (main large cities)	Logistics	↑	↑
	Residential	↔	↑
	Retail	↓	↔
	Hotel	↔	↔

All sector capital value index



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Sweden

Q4 proved to be another strong quarter for the investment market, with a total investment volume of €12 billion* that included Sweden's two largest transactions of 2021.

*Including Heimstaden's acquisition of the Akelius portfolio.

Market Review

- Logistics, residential and public-sector properties remained the strongest and most sought-after segments, and yields continued to compress throughout the fourth quarter. While sectors such as retail and hotels have struggled throughout the year due to COVID-related uncertainty, the office sector finally seems to have recovered, with noticeable interest from investors, yield compression and rising rental rates, especially in areas with core office locations.
- Capital continues to flow into the property sector and competition between investors is fierce, especially in 'hot' sectors. With so much money chasing too few deals, the shortfall in inventory available for investment is resulting in continued, rapid, yield compression. This is causing difficulties for investors, especially those from overseas looking to enter the Swedish market and those with higher yield requirements. As a result of frustrated capital, we expect more investors to look at sectors such as office and retail going into 2022.
- Q4 was the strongest of 2021 due to the year's two largest transactions both closing in the quarter: Castellum's acquisition of 91.9 per cent of Kungsleden (€4.2 billion) and Heimstaden's acquisition of the Akelius portfolio (€3.5 billion), which together added more than half of the quarter's total investment volume.



Highlighted Top Three Deals

Mixed portfolio – Castellum acquired 91.9% of **Kungsleden**, including 210 assets with a total value of **€4.2 billion**. The mixed portfolio has a total area of approximately 2 million sq m. This transaction was Sweden's largest of 2021.

Logistics portfolio – AXA acquired 20 logistics properties in the Nordics from **NREP (Logicenters)**. The portfolio sold at a total value of **€872 million**, with 57% of the properties located in Sweden with a total value of approx. €485 million. The area totals approximately 515,000 sq m.

Mixed portfolio – Randviken acquired six properties and a site-leasehold right from **Landia** and **Freyja Norwegian Holdco** for approximately **€271 million**. The portfolio included strong tenants with warehouse/light industrial, healthcare, education, and office as the main uses.

Sectors to watch	Q4 Pricing Direction	Q1 Pricing Forecast
Logistics, Residential, Office and public sector properties.	Office	↑
	Logistics	↑
	Residential	↑
	Retail	↔
	Hotel	↔

All sector capital value index



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Denmark

Momentum in the investment market continued into Q4, helping total investment activity in 2021 exceed 2020 levels by almost 50%. The total transaction volume for the year reached €14.1 billion.

Market Review

- Although Q4 2021 ended with restrictions and lockdowns due to COVID-19, investment market activity still prospered. Substantial placement requirements, stronger international investor interest and an increasing number of sellers in the market drove up transaction volumes.
- Despite an increase in the number of sellers, supply was still unable to keep up with investment demand. Mainly foreign investors continued to place a high proportion of capital allocations earmarked for investments in Scandinavia and Denmark, slightly decreasing yield levels further.
- Competition between investors in the biggest cities remained fierce, prompting both Danish and international investors to seek investment opportunities in the municipalities surrounding Copenhagen, or in provincial towns on Fyn and in Jutland with rising populations.



Highlighted Top Three Deals

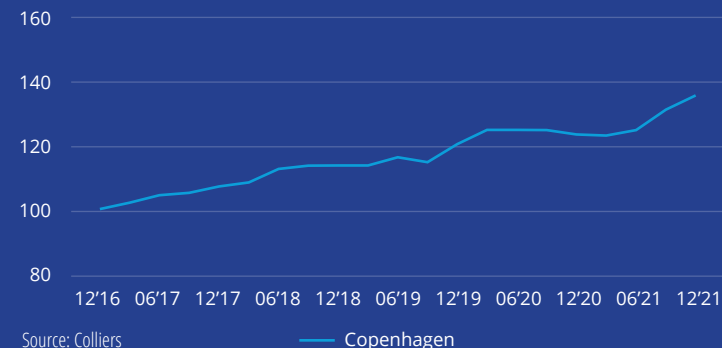
AP Pension acquired a 163,000 sq m residential portfolio with 70 properties, which was sold by **Castlelake** at a price of **€175 million**.

Catella acquired a 42,560 sq m residential portfolio with 11 properties primarily in Copenhagen and Aarhus from **Formuepleje** at a price of **€255 million**. The net initial yield was 3.18%.

Oxford Properties Group acquired the M7 Logistics Portfolio from **M7** at a price of **€161 million**. The portfolio consists of 27 logistics and light industrial properties at a total of 223,800 sq m.

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Residential – in particular affordable housing and micro living	Office	↔	↔
	Logistics	↔	↔
Prime core and value-add office	Residential	↔	↔
	Retail	↑	↑
Logistics	Hotel	↑	↑

All sector capital value index



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Czech Republic

Czechs are expecting some challenges in the year ahead. These include; a brand new multi-party coalition government in place, continued challenges with covid, inflation, rising interest rates, a lack of available workforce and supply chain bottlenecks. Despite this, pressure on real estate pricing (particularly in EUR denominated income) remains as investors desperately seek to place available capital.

Market Review

- The final quarter of 2021 was very active with numerous properties put on the market, especially in Prague. Whilst not all of the transactions were finalised, we see the market getting back up to speed, with diminishing effects of travel restrictions and covid countermeasures. Thanks to the activity in Q4, our previous estimations for year-end volumes €1.5 billion, may well be exceeded by the hundreds of millions.
- The primary focus of investors remains on industrial, PRS and office assets. As prime product in these asset classes is in limited supply, investors who are eager to deploy capital either need to be aggressive in pricing and/or have to broaden their criteria. This may include the conditions of the property, or in some cases, different asset classes altogether.
- We anticipate that Czech income denominated properties could struggle to attract willing buyers at the same pricing as last year as base interest rates have moved by 225 basis points since October 2021 and are expected to move out further, making debt much more expensive. This will impact Grade B properties, supermarkets, retail parks and PRS. In respect of PRS, this sector already had some challenges from spiralling construction costs, leading several would-be sellers to take the decision to develop out the property for sale to individual end users, rather than to institutional investors. On the other hand, with residential pricing and mortgage rates increasingly moving away from buyers, the rental market may finally realise the rental growth that it has been promising to deliver.



Highlighted Top Three Deals

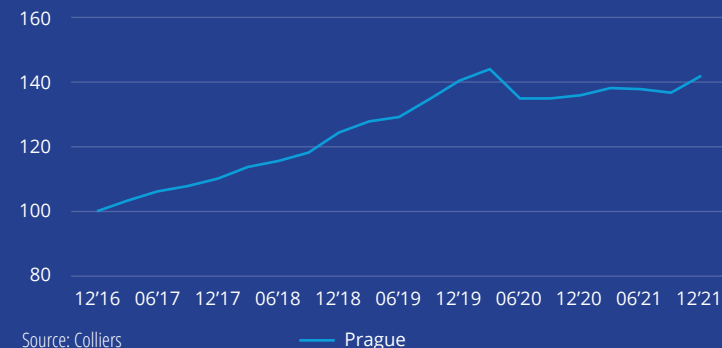
Industrial – EQT Exeter acquired an industrial portfolio from **Concens** for estimated **€150 million**.

Office – Revetas Capital sold three office properties in Prague 8 to local investor **Českomoravská Nemovitostní (ČMN)** for approx. **€80 million**.

Office – Generali acquired their own HQ in Prague 4 from **CPI PG** and announced plans to fully refurbish it to the highest ESG standards.

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Residential - PRS, Industrial, Core offices	Office	↑	↔
	Logistics	↑	↔
	Residential	↑	↓
Retail		↔	↔
Hotel		↔	↔

All sector capital value index



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Romania

Q4 2021 turned out to be one of the better quarters in recent history, with investment volumes reaching €342 million, compared to just €70 million a year earlier. The retail, industrial and office sectors all contributed substantially to this result.

Market Review

- Q4 was fairly balanced, with the three major real estate segments all pulling their weight. Retail was the most active, with two deals bringing in almost 48% of total volumes, including several Cora supermarkets purchased by Austrian investor Supernova, one of the biggest such deals in recent years. Industrial and logistics accounted for almost 29% of volumes with market leaders CTP and WDP closing deals, while the office sector contributed 17%.
 - Some yields continue to face downward pressure, notably in industrial and office assets. The prime I&L yield saw another 25bp decrease, to 7.50%, down 50bp from a year ago. We quote prime office yields at 6.5%, down another 25bp versus Q3 2021. Atenor's office project Dacia One sold to Romanian investors at below this level, marking a new post-2007 low, but this transaction was sweetened by a WAULT well above the industry average.
- Volumes, though robust, failed to underscore the true scope of demand, as investor interest is meeting limited supply. This is true for all major asset classes. Several big-ticket deals (notably offices) remain on the agenda, contributing to a bright outlook for the coming quarters.
 - The full year investment tally for 2021 reached €891 million, similar to 2020 (€886 million), in line with a very solid year.



Highlighted Top Three Deals

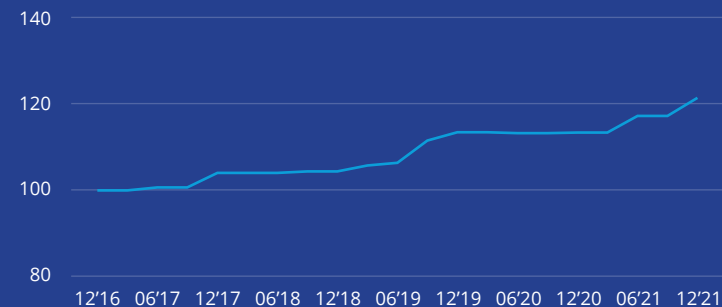
The sale and leaseback of several Cora supermarkets to Austrian investor **Supernova** was one of the biggest retail sector deals in recent years (no public info available).

CTP's purchase of **Helios Phoenix's** industrial portfolio (150,000 sqm) for around **€75 million** was one of the bigger recent I&L deals.

The owners of Romanian DIY chain Dedeman purchased **Atenor's** latest office project, Dacia One, for around **€50 million**, with the yield dropping towards 6% amid exceptional leasing terms.

Sectors to watch		Q4 Pricing Direction	Q1 Pricing Forecast
Prime offices, industrial assets	Office	↑	↑
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



Source: Colliers

— Bucharest



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Hungary

Total investment volume reached €482 million (+38% year-on-year) in Q4 2021, or 41% of total annual investment volume. The office sector continued to attract the majority of investment with a total of €343 million, a 71% share of quarterly investment volume.

Market Review

- Beyond the high share of the office sector, the industrial and logistics sector reached 11% of quarterly transaction volume, the hotel sector 9% and development transactions 9%. The average deal size in Q4 was €40 million. Approximately half of the volume came from local investors.
- Chinese and South Korean investors are especially interested in the industrial and logistics, as well as office, sectors. A major push is expected to develop industrial and logistics facilities in 2022. Some new offices will also be handed over and we therefore expect new deals in the office sector as well this year. Prime offices values have remained mostly stable, while prime logistics pricing has increased further. Typical prime yields at the end of 2021 were 4.8-5.0% in the office sector and 5.75-6.0% in the modern industrial/logistics sector.
- Pricing of non-prime assets will likely remain under pressure, given increased vacancy rates among Grade B properties, stagnating rents and higher fit-out costs, which have a negative impact on net effective rents.
- The market has been increasingly characterised by a strengthening of sales positions in recent years, especially for prime office investment products. This trend was temporarily halted due to the pandemic, but in 2021 demand largely rebounded in the office sector, with bid-ask spreads normalising.



Highlighted Top Three Deals

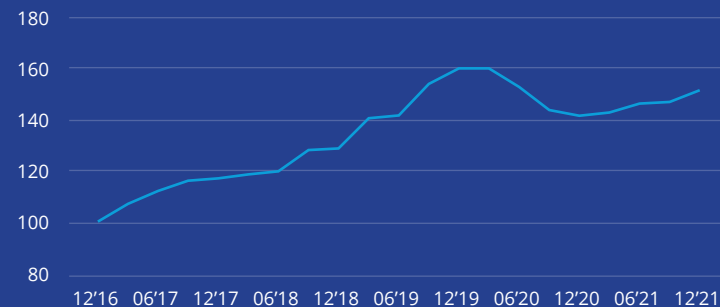
Office – Acquisition of a portfolio of four Grade A office buildings in the South Buda submarket of Budapest with total GLA of 48,000 sq m by a Hungarian fund. The vendor was **Wing**, a Hungarian developer, which sold the property for **€129 million**.

Mix-used – Union Investment acquired Szervita Square (10,300 sq m) from **Horizon Development** in a prime location of Budapest for **€80 million**. The building includes mainly offices.

Industrial – CTP purchased industrial properties (44,500 sq m) in Nagytarcsa (Budapest environs) from **Weerts** for **€44.5 million**.

Sectors to watch	Q4 Pricing Direction	Q1 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



Source: Colliers

— Budapest



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All stats are for 2020, are in U.S. dollars and include affiliates

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