

CEE INVESTMENT MARKET UPDATE H1 2025

CEE MARKET INSIGHTS

Better never settles

SUMMARY

Strong Recovery Momentum: CEE Markets Deliver 51% Growth in H1 2025

The CEE commercial real estate investment market delivered a robust performance in H1 2025, with total volume reaching EUR 5.36 billion across seven markets (including expanded coverage to Serbia), representing a remarkable 51% year-on-year increase. This expansion builds on the strong recovery trajectory established in 2024.

The **Czech Republic** emerged as the regional leader, capturing 39% of total investment volume with EUR 2.08 billion, a striking 187% year-on-year increase that positions the market for a potential record-breaking full year. **Poland**, while maintaining its significance with EUR 1.71 billion (32% market share), experienced a modest 5% decline as the market stabilized following its exceptional 139% growth in 2024.

Slovakia delivered the most impressive growth rate at 315%, reaching EUR 536 million and accounting for 10% of the regional volume, driven primarily by large industrial portfolio transactions, including the landmark EUR 100 million (out of a total of EUR 470 million) Contera Portfolio acquisition by Blackstone. **Hungary** demonstrated a solid recovery, with 51% growth to EUR 275 million, while **Bulgaria** achieved 70% growth to EUR 154 million.

Sector distribution remained balanced, with industrial assets leading in Slovakia (58%), offices dominating in Bulgaria (70%) and **Serbia** (41%), while retail showed particular strength in **Romania** (42%). The H1 2025 performance—reaching nearly 60% of 2024's full-year total—indicates strong momentum heading into the second half, supported by regional economic resilience, yield stabilization, and the continued return of institutional capital.



MACROECONOMIC CONTEXT

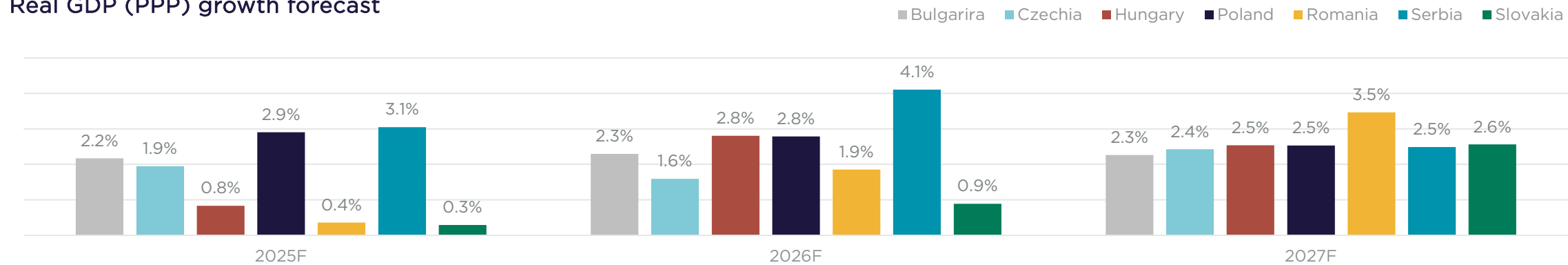
Favorable Fundamentals: Low Unemployment and Rate Cuts Support Investment Activity

The CEE region demonstrates **economic resilience amid challenging global conditions**, with moderate growth projected across all seven markets despite ongoing geopolitical tensions and trade uncertainties. GDP growth forecasts for 2025 indicate that Poland is leading at 2.9%, followed by Bulgaria at 2.2% and the Czech Republic at 1.9%. Hungary projects 0.8% growth, while Romania (0.4%) and Slovakia (0.3%) show more modest expansion. Serbia is expected to achieve 3.8% growth, supported by the "Leap into the Future—Serbia EXPO 2027" development plan. Four of the seven CEE markets are projected to outperform the Euro Area growth of 1.04%, with the region showing varied but generally positive momentum. **The region's domestic fundamentals remain solid**, with unemployment rates staying low across markets—ranging from 2.5% in the Czech Republic to 6.1% in Romania and 8.9% in Serbia—supporting consumer confidence despite external headwinds. Inflation pressures, although elevated in some markets, are showing signs of moderation as central banks continue to maintain accommodative monetary policies.

Interest rate cuts by regional central banks continue to support investment activity, with financing conditions becoming increasingly favorable for real estate transactions despite global monetary policy uncertainties. This regional easing cycle is expected to drive yield compression and enhance the attractiveness of real estate as an asset class throughout 2025.

While external challenges persist, including the ongoing conflict in Ukraine, Middle East tensions, and potential trade disruptions from new US tariff policies, the CEE region's EU membership and diversified trade relationships provide relative insulation. The implementation of the National Recovery and Resilience Plan funds offers additional economic stimulus, particularly supporting infrastructure development and modernization efforts. **The region's position as a "safe haven" within emerging Europe** continues to attract investors seeking growth opportunities with manageable risk profiles, despite the broader challenging global environment.

Real GDP (PPP) growth forecast



Source: Moody's Analytics

CEE REGION

Investment Market H1 2025

Prime yields, Q2 2025



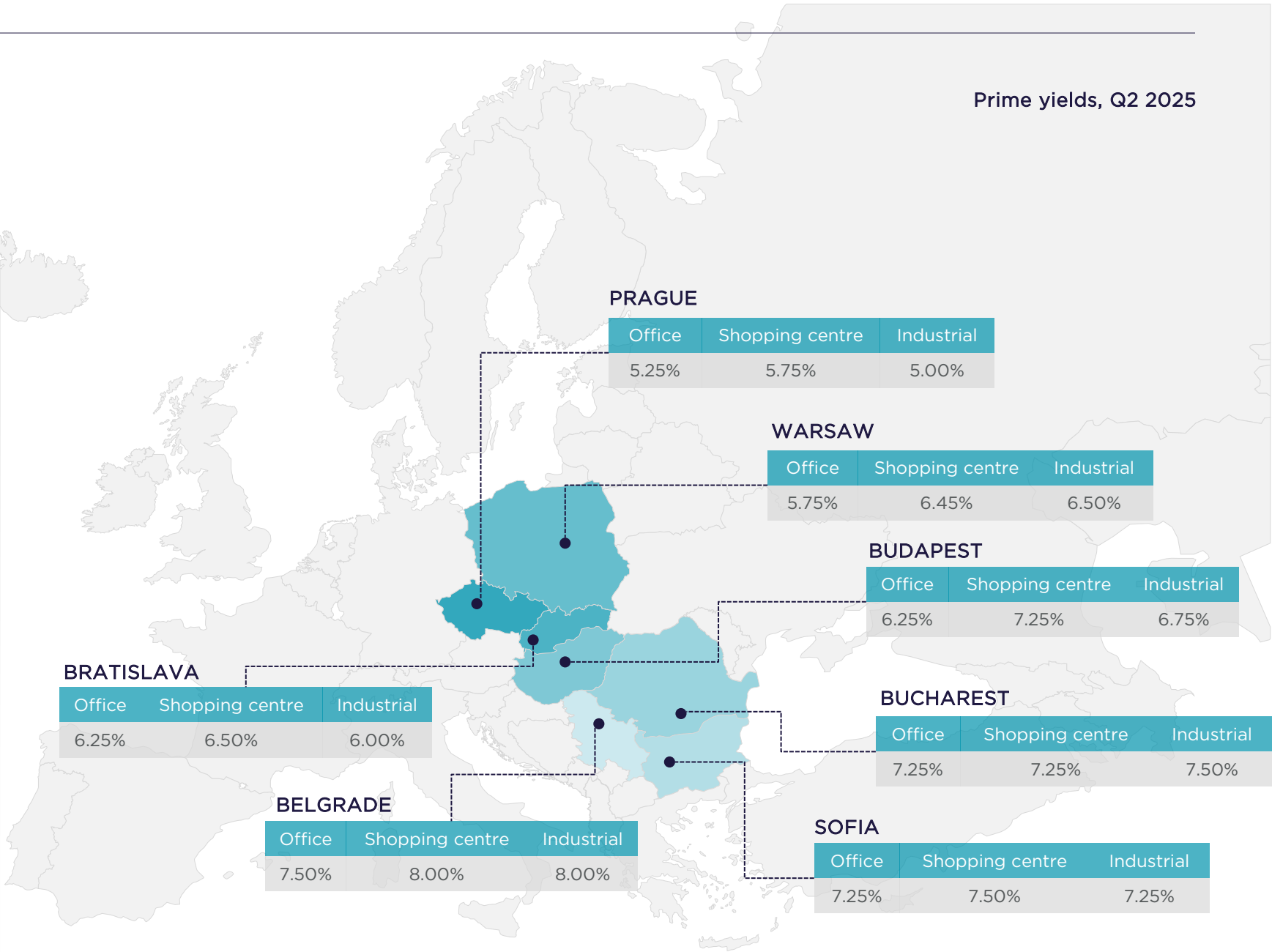
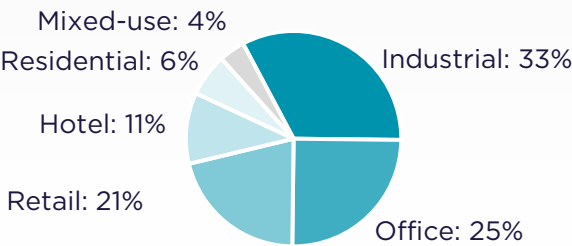
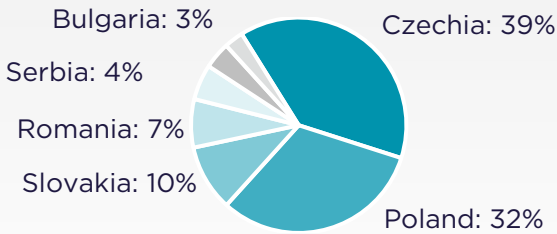
5.4 B

Investment volume
H1 2025



+ 51.2 %

Volume change
y/y

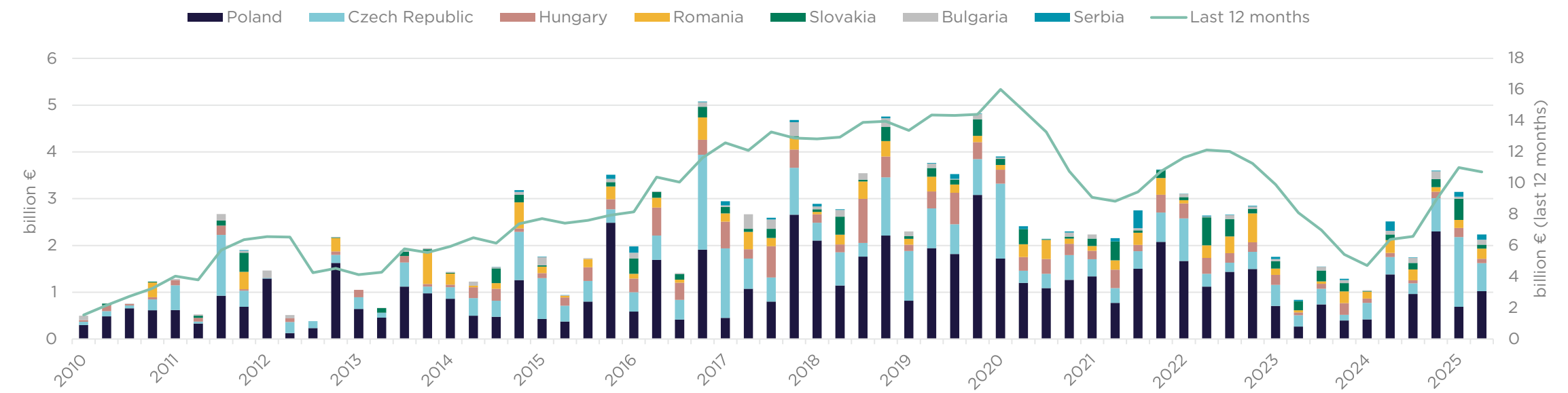


INVESTMENT VOLUMES IN CEE

Czech Republic Takes Regional Lead as Slovakia Posts Record 315% Growth

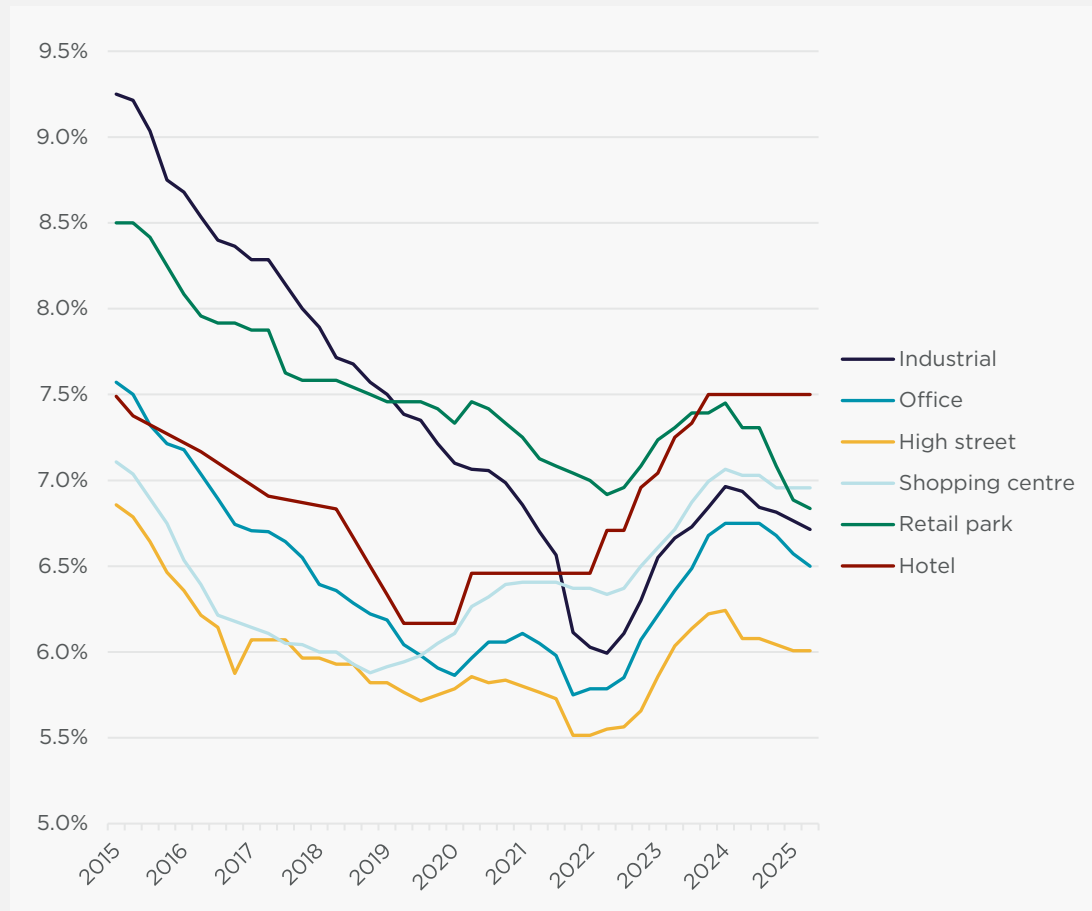
H1 2025 investment volumes demonstrate the maturation and diversification of the CEE investment landscape, with total regional volume of EUR 5.36 billion representing the strongest first-half performance in recent years. The 51% year-on-year growth reflects not only market recovery but also the structural evolution of the region’s investment market. Market leadership has shifted decisively to the **Czech Republic**, which captured EUR 2.08 billion (39% of regional volume) with an extraordinary 187% year-on-year increase. This surge was driven by renewed investor confidence, attractive pricing relative to

Western European markets, and the growing role of Czech qualified investor funds (FKI) and family offices seeking long-term asset protection. **Poland**, historically the dominant market, stabilized at EUR 1.71 billion, indicating market maturation rather than decline. **Slovakia’s** remarkable 315% growth to EUR 536 million was driven by large-scale industrial transactions, particularly the Blackstone acquisition of the Contera Portfolio, which spans the Czech Republic and Slovakia. This cross-border institutional activity signals the increasing integration of CEE markets and the return of global capital.



PRIME YIELDS

Prime Yield Stability Signals Market Equilibrium with Selective Compression Ahead



CEE (BG, CZ, HU, PL, RO, RS, SK) blended yields

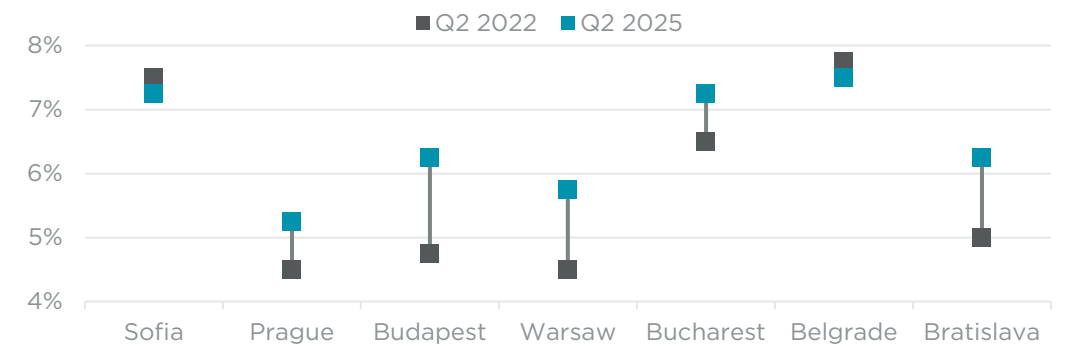
Prime yields across CEE markets demonstrated stability in H1 2025, reflecting equilibrium between investor demand and asset pricing following the yield expansion cycle of 2022-2023. This stabilization indicates that markets have successfully adjusted to the higher interest rate environment and that further yield decompression expectations are largely priced in.

Office yields remained steady across major markets, with Prague, Warsaw, and Budapest maintaining their respective levels. However, modest compression is anticipated in the Czech office segment, particularly for core assets in prime locations, driven by the limited supply of institutional-grade properties and sustained demand from quality-focused investors. **Industrial** yields showed selective tightening, most notably in Hungary, where logistics yields compressed by 25 basis points, reflecting strong fundamentals in the sector and continued investor appetite for modern distribution facilities. **Retail** yields demonstrated sector-specific dynamics, with shopping centers maintaining stability while retail parks in several markets showed compression potential. The resilience of dominant shopping centers and the growing appreciation for convenience retail formats contributed to yield stability. **Hotel** yields varied by market and asset quality, with prime hotel assets in gateway cities maintaining investor interest despite operational challenges in some segments. The EUR 300 million Hilton Prague transaction by PPF Real Estate exemplified continued appetite for trophy hotel assets.

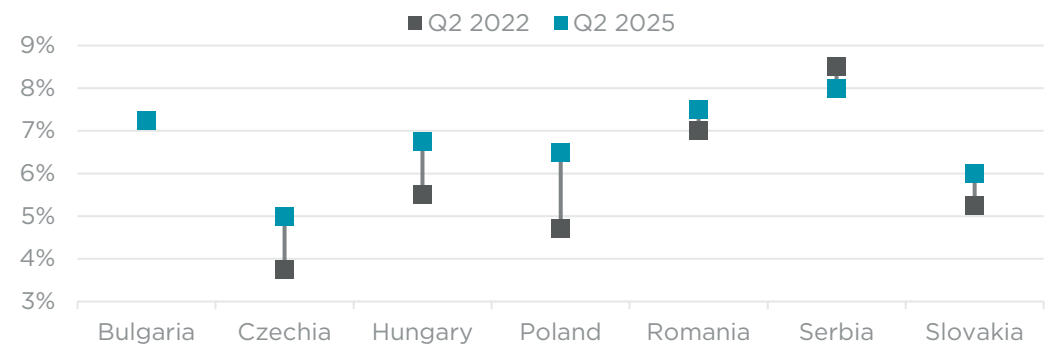
The absence of significant yield decompression suggests that market expectations are for further declines in financing costs, with current yield levels already incorporating anticipated interest rate cuts. Prime yields are expected to remain stable through year-end, though selective compression may occur in sectors and locations with the strongest fundamentals.

PRIME INVESTMENT YIELDS

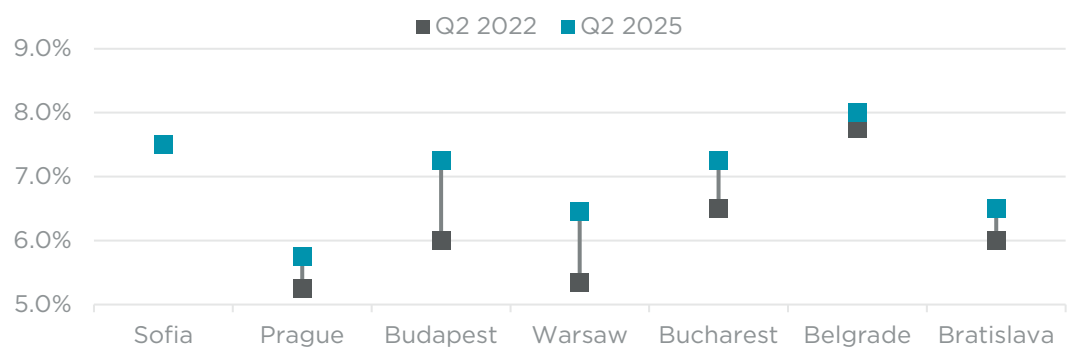
Office



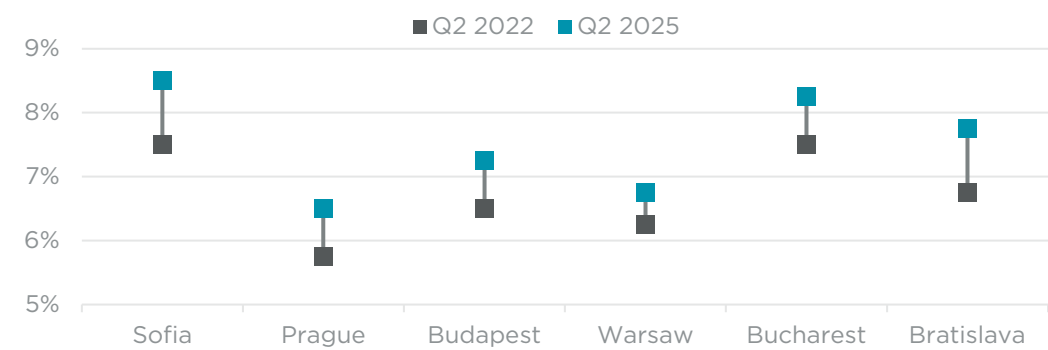
Logistics & Industrial



Retail (Shopping centres)



Hotels

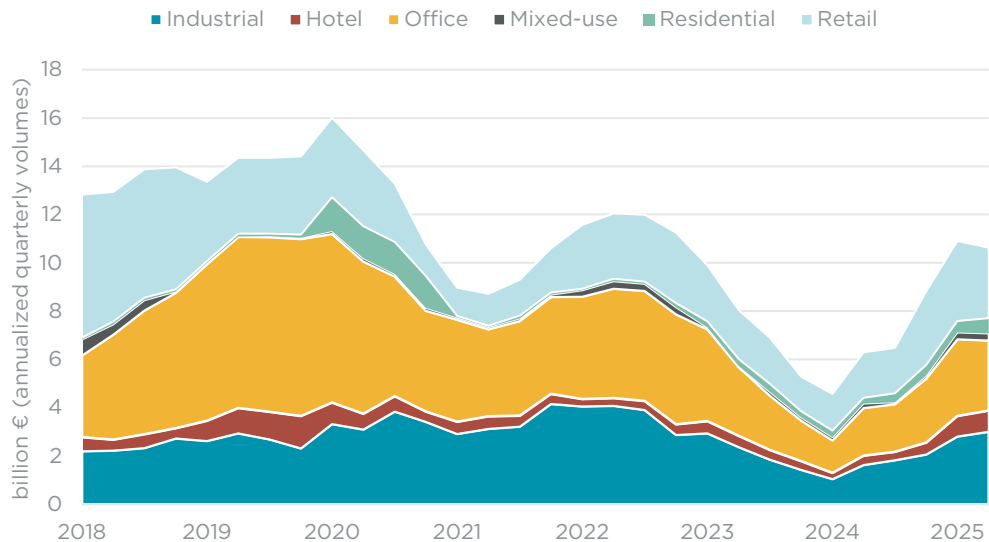


SECTOR PERFORMANCE

Industrial Dominance Transform Market Dynamics

Industrial assets maintained strong representation across all markets, driven by continued e-commerce expansion, supply chain optimization, and the reshoring trend. The sector benefited from large portfolio transactions, including the landmark Blackstone Contera acquisition, demonstrating institutional investors' confidence in CEE logistics fundamentals.

Investments in CEE by sector



Office investment showed market-specific dynamics, accounting for 70% of Bulgarian volume, 51% in Hungary, and 42% in Serbia. Despite hybrid working impacts, premium office assets in prime locations continued to attract capital, with investors focusing on ESG-compliant, modern buildings with strong tenant covenants. Polish office investment was notably driven by domestic capital, accounting for 40% of office transactions.

Retail investment demonstrated selective recovery, representing 42% of Romanian volume and 27% in Slovakia. Shopping centers in dominant locations maintained investor appeal, while retail parks showed particular strength in markets with expanding consumer spending. The sector benefits from operational recovery and growing recognition of resilient retail formats.

Mixed-use and residential sectors showed steady growth, particularly in Poland and the Czech Republic, underpinned by solid market fundamentals and demographic trends. The living sector's 18% share in Serbia reflects the market's development stage and investor diversification strategies.

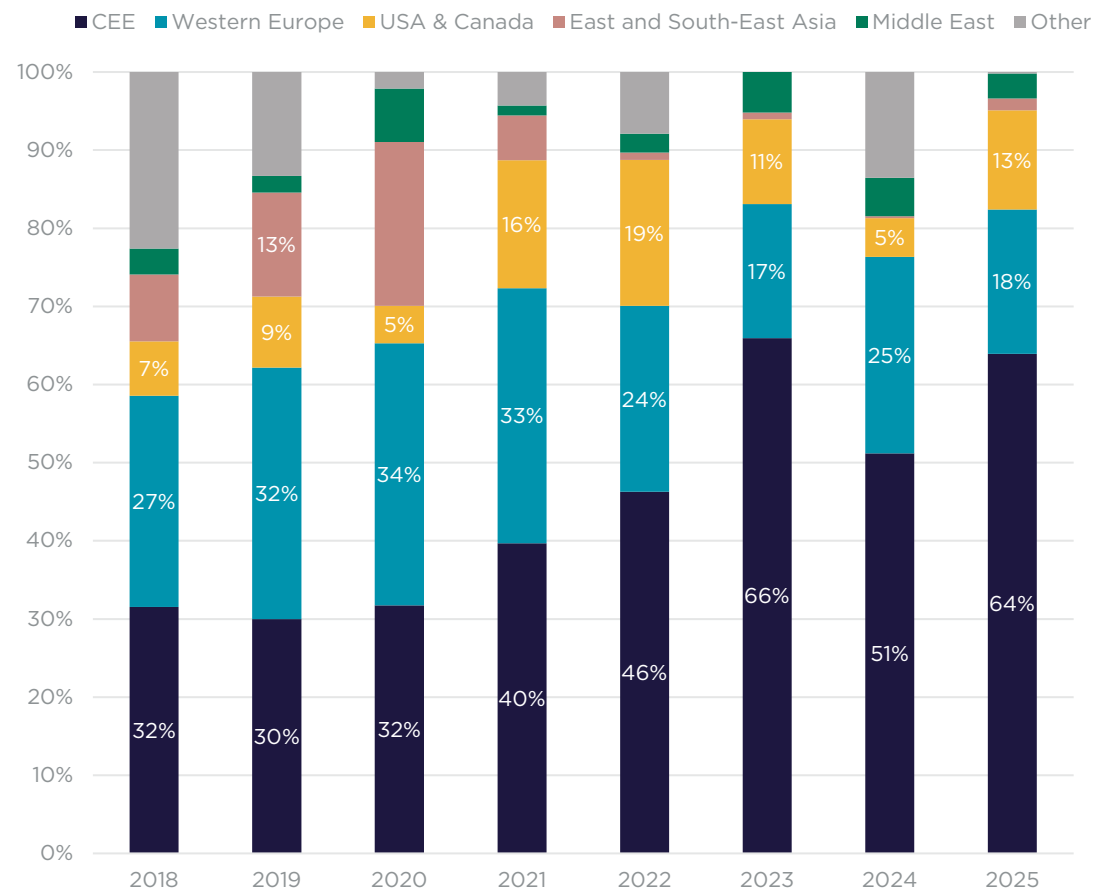
CAPITAL SOURCES

Domestic Capital is Still on the Rise

Capital source evolution represents a key market development, with domestic investors significantly increasing their market presence. Czech and Hungarian domestic capital reached 78% and 80% respectively of their local markets, while Polish domestic investment rose to 15%, a dramatic increase from marginal levels five years ago. This trend reflects growing local investor sophistication, improved access to capital, and confidence in home market fundamentals.

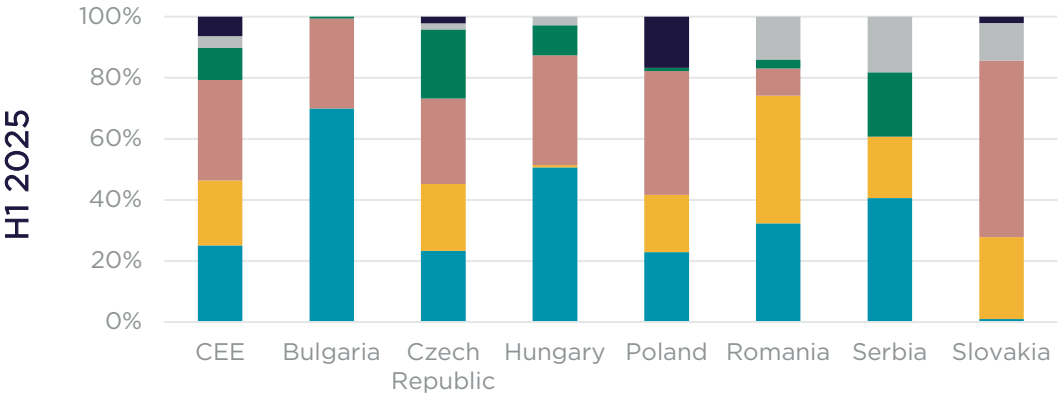
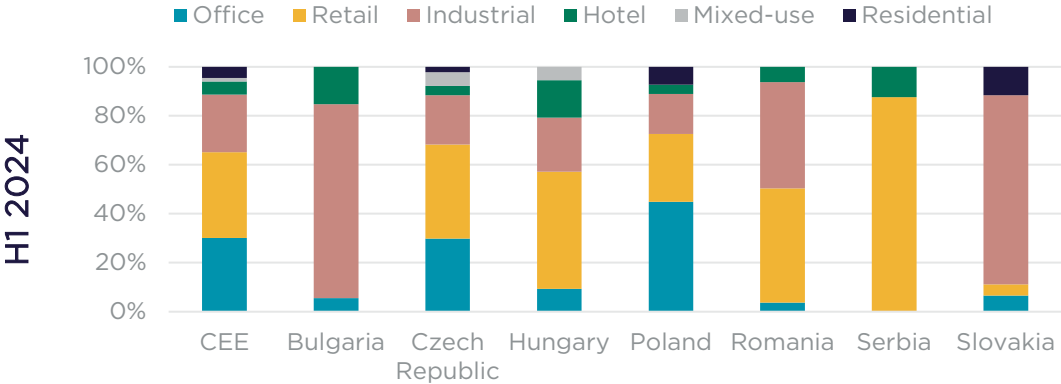
Cross-border CEE investment activity intensified, with Czech capital responsible for 51% of Slovakian investment volume and 11% in Poland, demonstrating regional integration and the emergence of CEE-based international investors.

Investments in CEE by capital origin

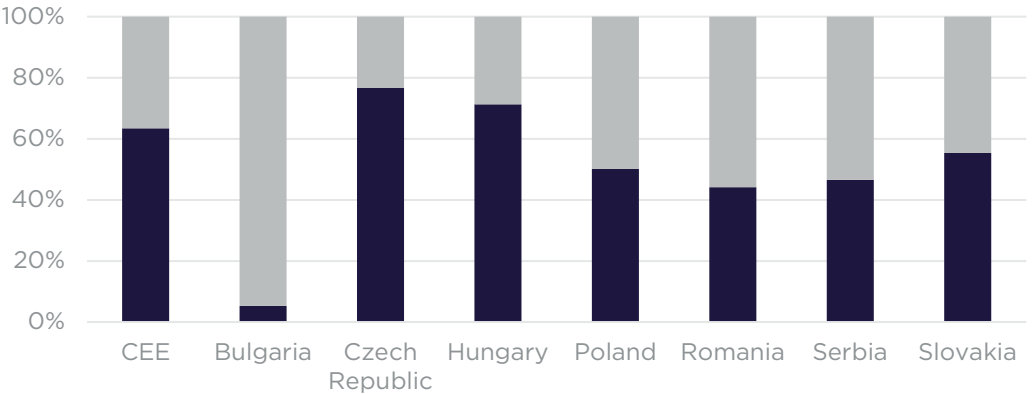
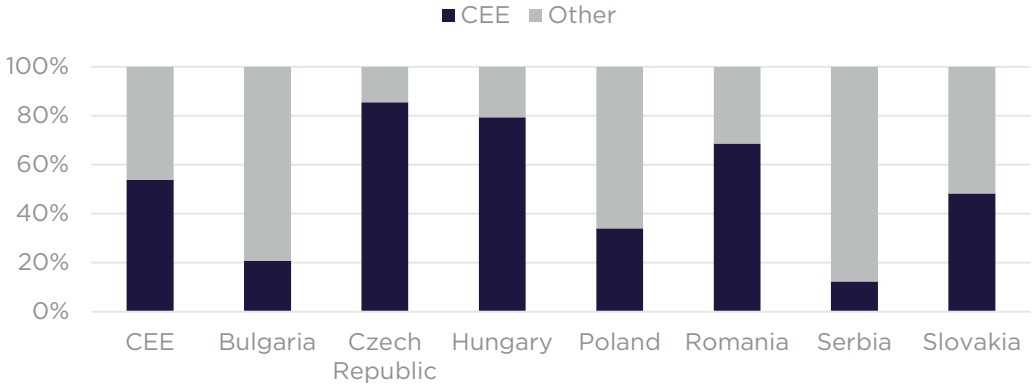


SECTOR SHARE AND CAPITAL SOURCES

Sector Share



Share of CEE Capital



OUTLOOK

Positive Trajectory Continues: Record Years Expected Across Key Markets

The **CEE investment market trajectory remains decidedly positive** for the remainder of 2025, supported by yield stabilization, regional economic resilience, and the continued return of institutional capital. The region's structural advantages, including EU membership, economic convergence potential, and attractive risk-adjusted returns, position it well for sustained investment flows.

Yield compression expectations across multiple markets, driven by anticipated interest rate cuts, should enhance asset values and support transaction volumes. Retail park yields in Slovakia and office yields in the Czech Republic are most likely to experience compression.

The growing participation of domestic capital represents a structural shift that should provide market stability and reduce dependence on international capital flows. This trend, combined with increasing CEE cross-border investment activity, suggests the emergence of a more mature and integrated regional market.

Risks to the outlook include potential geopolitical developments, changes in global monetary policy, and sector-specific challenges. However, the region's diversified economic base, EU integration, and attractive fundamentals provide resilience against external shocks.





COUNTRY INVESTMENT MARKET TRENDS IN CEE

BULGARIA

Investment Market H1 2025



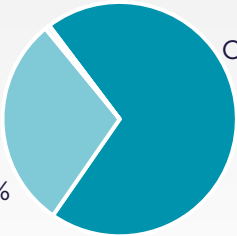
154 M

Investment volume
H1 2025



+70 %

Volume change
y/y

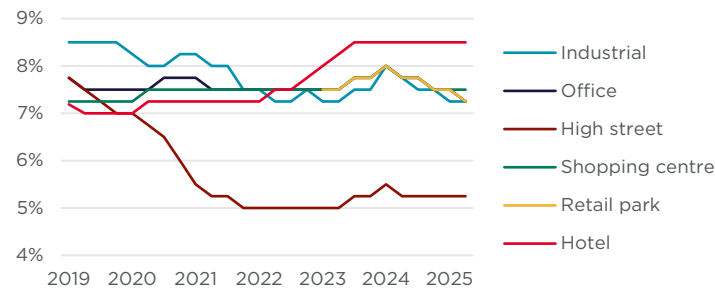


Office: 70%

Industrial: 29%

Bulgaria delivered strong recovery, driven primarily by office investments and select industrial transactions. The market showed renewed interest from both domestic and international investors, with key deals including Business Park Building 15 and Business Center Oskar acquisitions.

Prime Yields

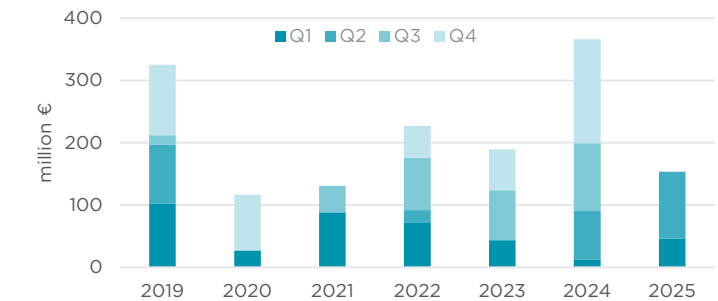


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	2.7%	2.2%	2.3%	2.3%
Inflation rate (HICP)	2.5%	2.7%	1.9%	2.6%
Unemployment rate	4.2%	4.1%	4.5%	4.6%

Source: Moody's Analytics

Investment Volumes



Key Transactions H1 2025

Transaction name	Buyer	Type
Business Park Building 15	Divela Offices EOOD	Office
Business Center Oskar	Eurobank Bulgaria	Office
Bicycles factory	Liebherr Transportation Systems	Industrial
Fairplay Business Hub	First Big Orange Garden	Office

CZECH REPUBLIC

Investment Market H1 2025



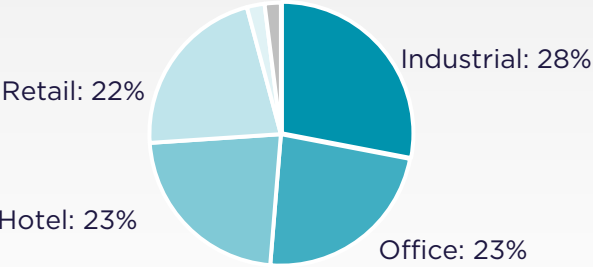
2.1 B

Investment volume
H1 2025



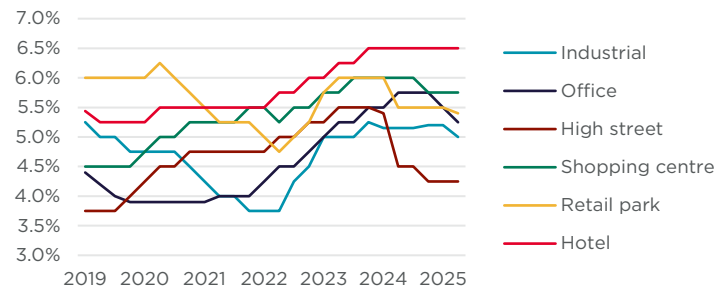
+187 %

Volume change
y/y



The Czech Republic emerged as the regional powerhouse, positioning for a potential record-breaking year. Domestic investors dominated the market with a 78% market share, while the market benefited from strong institutional interest across the retail, office, and logistics segments. Major transactions included the Hilton Prague hotel deal and significant portfolio activity in the logistics sector.

Prime Yields

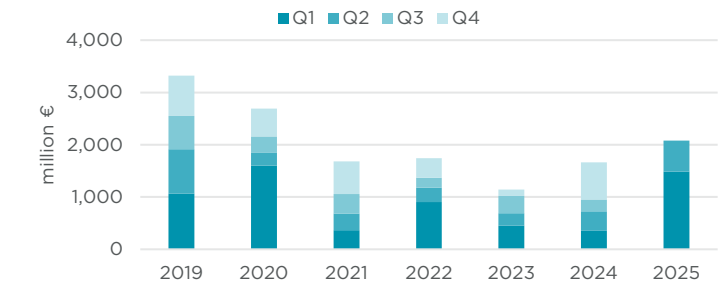


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	1.1%	1.9%	1.6%	2.4%
Inflation rate (HICP)	2.6%	2.3%	2.3%	2.0%
Unemployment rate	2.6%	2.5%	2.5%	2.6%

Source: Moody's Analytics

Investment Volumes

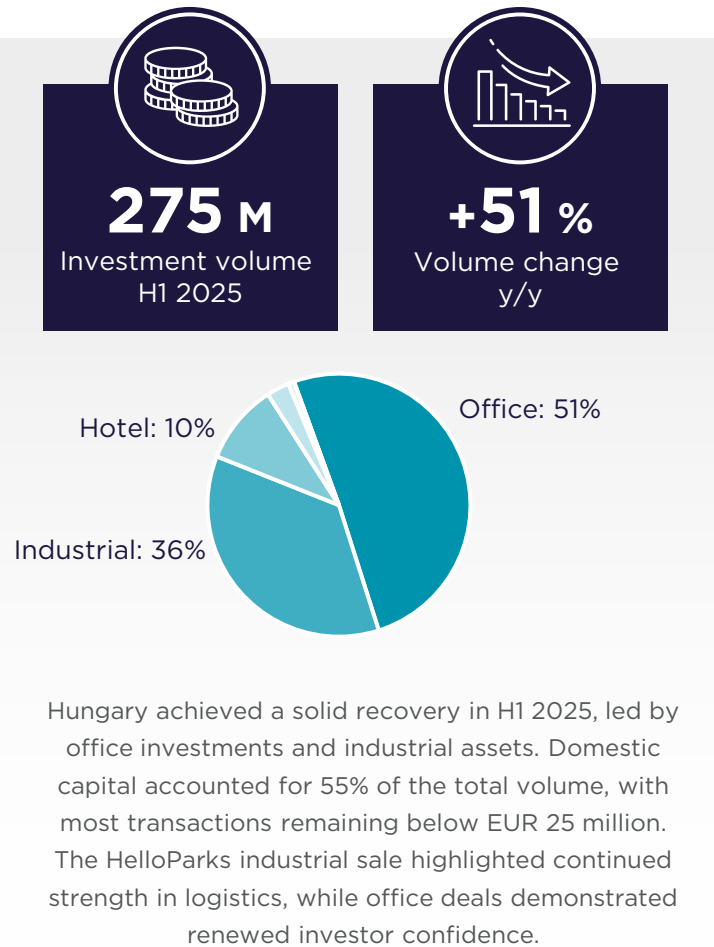


Key Transactions H1 2025

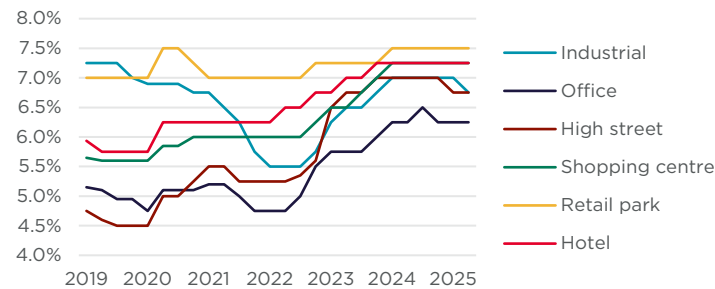
Transaction name	Buyer	Type
Contera Portfolio	Blackstone	Industrial
Hilton Prague	PPF Real Estate	Hotel
Atrium Flora	Redstone Real Estate	Retail
Four Seasons Prague	PPF Real Estate/Noble Hospitality	Hotel
Visionary	Conseq	Office

HUNGARY

Investment Market H1 2025



Prime Yields

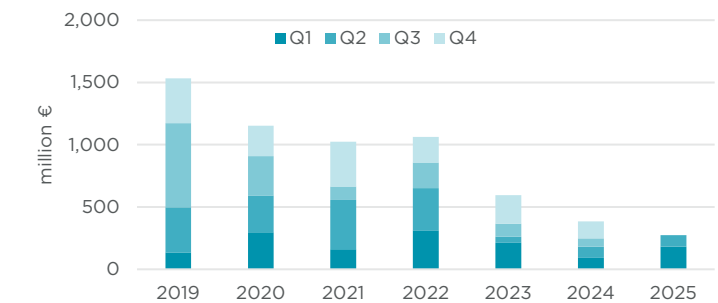


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	0.5%	0.8%	2.8%	2.5%
Inflation rate (HICP)	3.7%	4.8%	4.5%	5.1%
Unemployment rate	4.5%	4.6%	4.6%	4.6%

Source: Moody's Analytics

Investment Volumes



Key Transactions H1 2025

Transaction name	Buyer	Type
Hello Parks Páty	Erste RE Fund	Industrial
Bakerstreet 1	Confidential (Turkey)	Office
IP West	BYD	Office

POLAND

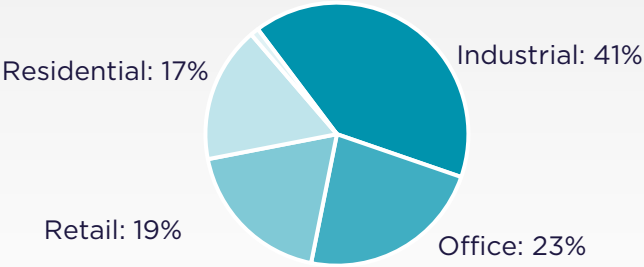
Investment Market H1 2025



1.7 B
Investment volume
H1 2025



- 5 %
Volume change
y/y



Poland stabilized at EUR 1.71 billion (-5% growth) following an exceptional 2024 performance.

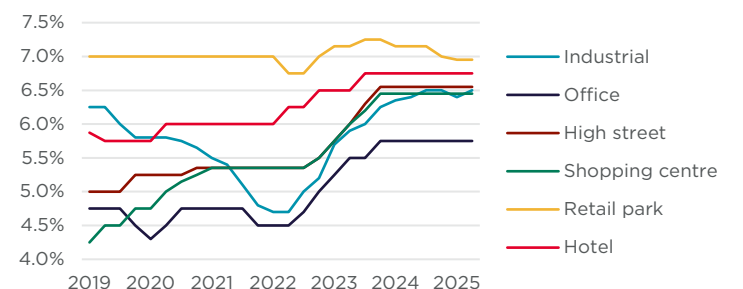
Industrial assets led activity, with the landmark EUR 253 million Eko-Okna sale-and-leaseback to

Realty Income marking the return of major US institutional capital. Domestic investor participation

rose to 15%, continuing a multi-year upward trend and is increasingly concentrated in the office

sector, reaching a 40% share in total office investment volume.

Prime Yields

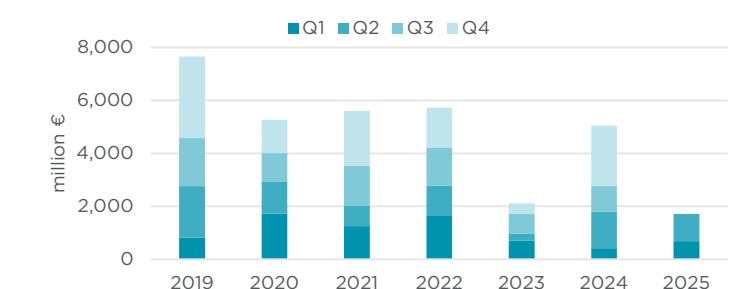


Economic Forecast

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

Source: Moody's Analytics

Investment Volumes



Key Transactions H1 2025

Transaction name	Buyer	Type
Eko Okna SL&B	Realty Income	Industrial
AFI Home Metro Szwedzka	AFI Europe	Residential
LPP Distribution Center	Reico IS EAM	Industrial
Tenneco PL Portfolio SL&B	Adventum	Industrial
Wronia 31	Uniqa Real Estate	Office
High Five I & II	Stena Real Estate AB	Office

ROMANIA

Investment Market H1 2025



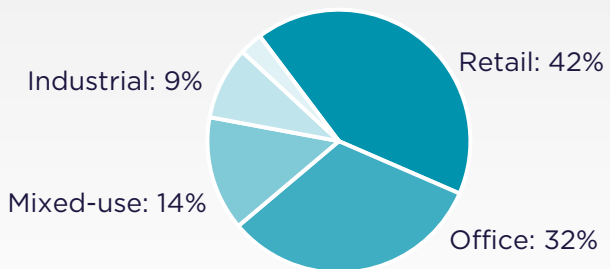
391 M

Investment volume
H1 2025



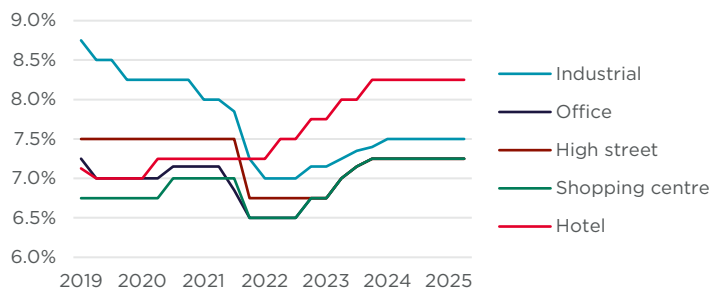
- 7 %

Volume change
y/y



Romania experienced a modest decline to EUR 391 million, with retail investments accounting for 42% of volume through shopping center and retail park transactions. Domestic capital represented 35% of activity, while the market showed particular strength in secondary cities and value-add opportunities.

Prime Yields

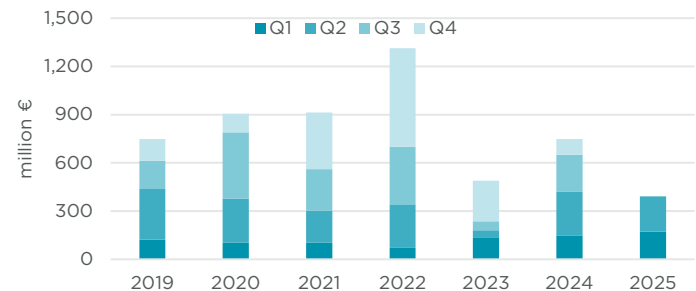


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	0.8%	0.4%	1.9%	3.5%
Inflation rate (HICP)	5.8%	6.1%	5.2%	2.8%
Unemployment rate	5.4%	6.1%	6.1%	6.2%

Source: Moody's Analytics

Investment Volumes



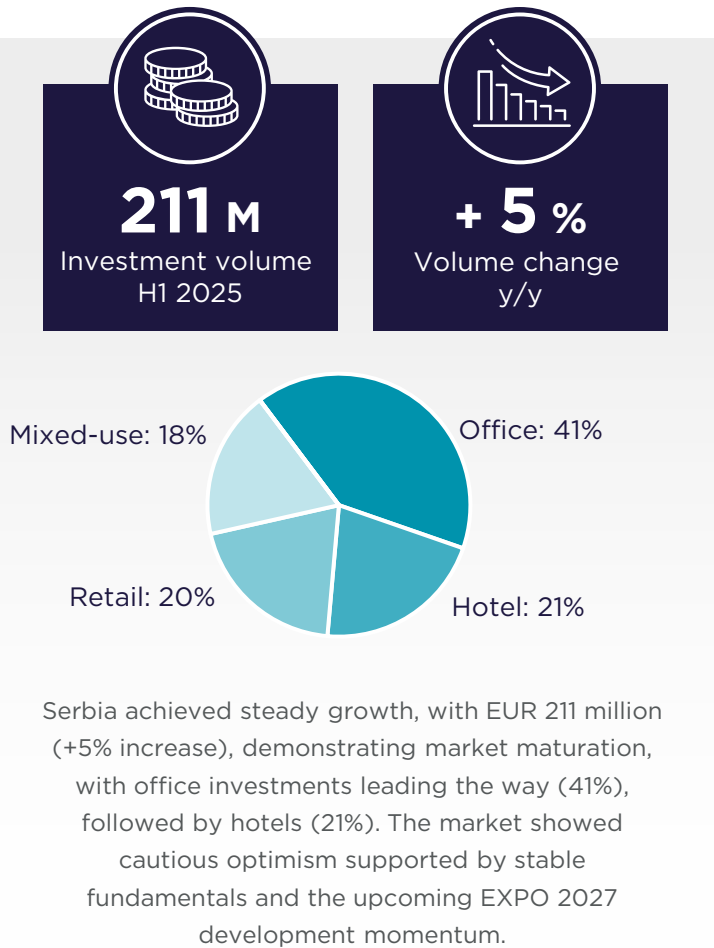
Key Transactions H1 2025

Transaction name	Buyer	Type
MAS RE - Prime Kapital Strip Mall Portfolio	M Core	Retail
Part of IRIDE Business Park	Alfa Group	Mixed-use
Equilibrium 1	Granit Asset Management	Office
Shopping City Suceava	M Core	Retail
Focsani Mall	M Core	Retail

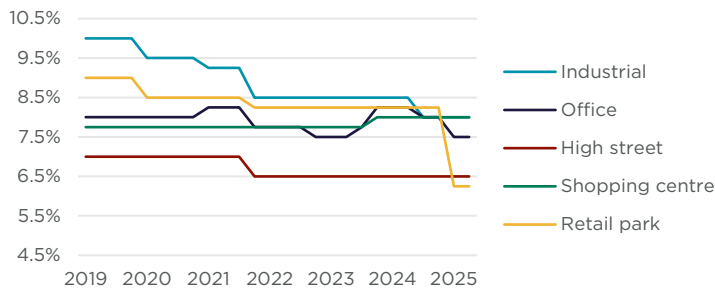
SERBIA

Investment Market H1 2025

SERBIA



Prime Yields

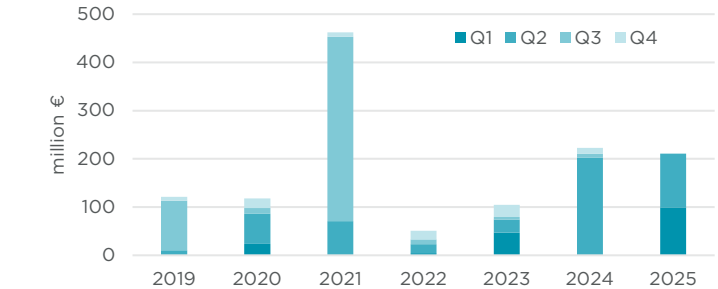


Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	3.9%	3.1%	4.1%	2.5%
Inflation rate (CPI)	4.7%	3.7%	3.2%	2.7%
Unemployment rate	7.9%	8.9%	8.2%	7.9%

Source: Moody's Analytics

Investment Volumes



Key Transactions H1 2025

Project name	Buyer	Type
GTC X	Forstone Realty	Office
Falkensteiner Hotel & Danube BC	Zijin Mining doo Bor	Mixed-use
Aviv Park Zvezdara	MAT Real Estate	Retail

SLOVAKIA

Investment Market H1 2025



536 M

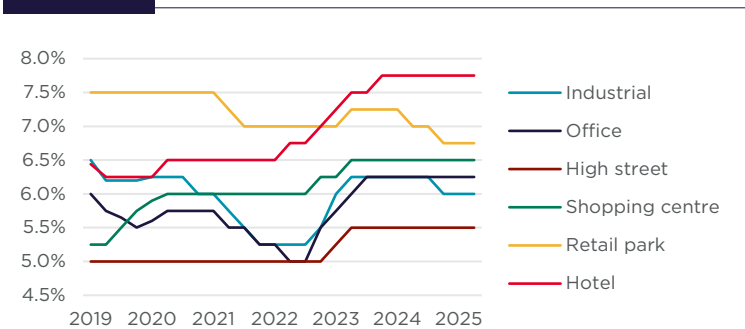
Investment volume
H1 2025



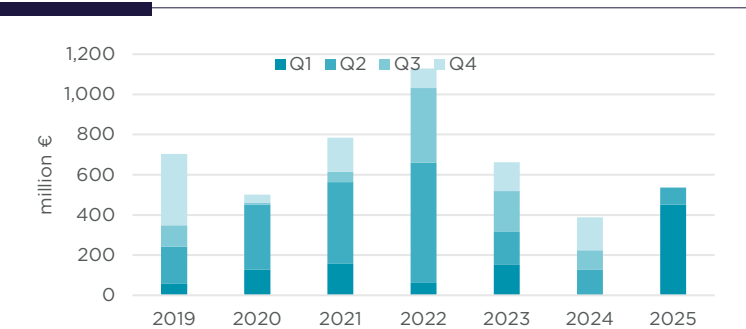
+ 315 %

Volume change
y/y

Prime Yields



Investment Volumes



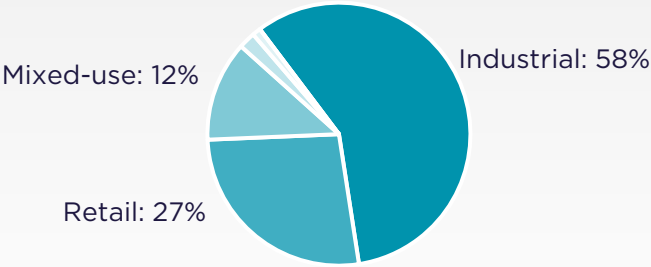
Economic Forecast

Economic indicator	2024	2025	2026	2027
GDP growth	2.1%	0.3%	0.9%	2.6%
Inflation rate (HICP)	3.2%	3.9%	2.5%	2.0%
Unemployment rate	5.3%	5.3%	5.9%	6.5%

Source: Moody's Analytics

Key Transactions H1 2025

Project name	Buyer	Type
Contera Portfolio	Blackstone	Industrial
Tesco Galleries Portfolio	Adventum	Retail
Cromwell Industrial Park Portfolio	Stoneweg	Industrial
VIVO Portfolio (49%)	Wood & Company	Mixed-use
DSV Senec	REICO	Industrial



Slovakia delivered an exceptional performance in H1 2025 with EUR 536 million (+315% growth), driven by large-scale industrial transactions including the cross-border Blackstone Contera Portfolio deal. Foreign institutional capital accounted for 47% of volume, while industrial assets dominated (58%) alongside retail investments (27%).

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