Capital Markets | Q2 2021

EMEA
Market Snapshot

Overview

After a difficult first quarter, EMEA property markets turned a corner in Q2. Key markets saw a return of the big-ticket office transactions absent in Q1, while momentum in the industrial and logistics sectors continued to build in the expectation that the online delivery demand created by lockdowns is here to stay. Despite the leisure sector remaining relatively subdued, investor interest in hotels is also visibly picking up in places, notably in tourism hotspots such as Italy and Spain.

With vaccine rollouts increasingly allowing a degree of 'unlocking' across much of Europe, confidence is returning, particularly among international investors. In the UK for example, overseas buyers accounted for 60% of all activity by value in Q2, compared to 51% last year. In many markets, demand outstrips - and will continue to outpace - supply, with strong investor appetite for core assets compressing yields.

The private rental sector (PRS) remains the focus of investors in countries such as Ireland and Poland, as demand for private rental accommodation rises.

Though public and regulatory resistance to PRS investing is becoming more of a factor in some markets, demographic trends are set to keep activity in the sector vibrant.

We expect further major transactions across key markets in the second half, as more investors explore the wide range of opportunities emerging in a region that appears well-positioned for recovery.

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Sectors to watch

Core Offices

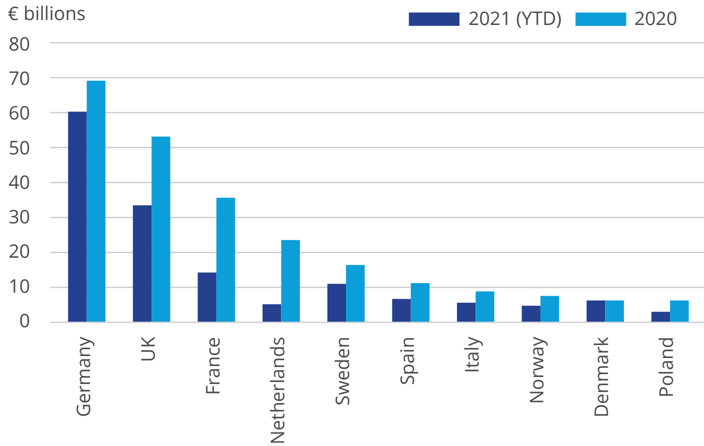
Life Science backed assets

Logistics

Residential – Multi family/Senior Living

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

The Half-way mark: investment volumes YTD vs 2020



Source: Colliers

UK

Transaction activity recovered at the end of Q2, with over €6.9 billion invested in June alone. Almost €16.2 billion was invested during Q2, in line with the five-year quarterly average of €16.2 billion, and almost three times the €5.8 billion transacted in Q2 2020. The number of €100 million+ deals rose from 19 in Q1 to 30 in Q2. Overseas investors accounted for over 60% of all activity by value, up from the 2020 share of 51%. US and European investors were particularly active.

Market Review

- The four largest transactions were all offices, led by Brookfield Asset Management's purchase of the Arlington portfolio for €828 million. A total of €5.1 billion was deployed in the office sector, up from €2.7 billion in Q1, and only slightly below the five-year quarterly average of €5.6 billion. Business parks accounted for around €1.2 billion, the highest quarterly figure in almost four years.
- Around €4.3 billion was transacted in the industrial segment. This is 60% above the five-year quarterly average of €2.7 billion. Various logistics assets traded at sub-4% yields.
- At €1.7 billion, retail investment remained around 20% below the five-year quarterly average. Retail warehouses attracted over €927 million, one of the highest quarterly figures in four years. Activity also picked up in the leisure segment, with €927 million invested. This is the highest figure since Q1 2020.
- All property yields remain generally stable, although there is mild yield compression for prime assets in prime locations across most sectors.

Highlighted Top Three Deals

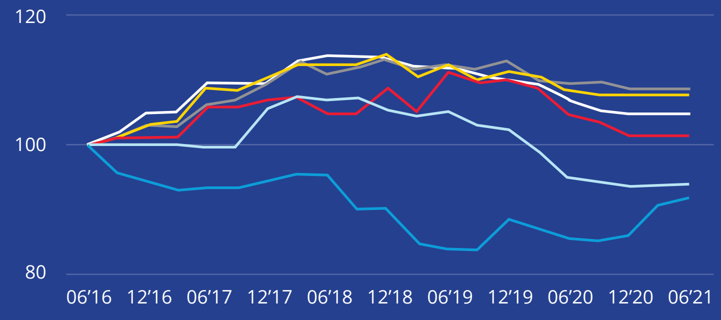
Largest Q2 deal: Office portfolio (1.6 million sq ft of floorspace across 36 assets primarily located within campus sites in the UK's Oxford-Cambridge-London "Golden Triangle"). Bought by **Brookfield Asset Management** for **€827 million.**

Second-largest Q2 deal: 30 Fenchurch Street, London EC3 (550,000 sq ft of office space). Bought by **Brookfield Property** for **€735 million** at 4.5% NIY.

Third-largest Q2 deal: 1 Braham Street, London E1 (340,000 sq ft of office space). Bought by **Union Investment** for **€524 million** at 4.1% NIY.

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Supermarkets, industrial and anything linked to demographics, such as residential, student housing, senior housing	Office	↔	↔
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↓	↓
	Hotel	↓	↓

All sector capital value index



Source: Colliers

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Germany

There was a strong catch-up in Q2, with the investment volume of €14.3 billion exceeding the level of the former 'boom' years. There has been further yield compression for core deals, especially office and logistics properties.

Market Review

- A major driver of the quarterly sprint was the return of 'megadeals', i.e. deals with a volume of €500 million upwards. Unaffected by the pandemic environment, these deals mark a clear vote of confidence in the German investment market. Further major transactions are taking shape for H2.
- There were two billion-euro deals in the quarter: the sale of the Berlin project FÜRST by Vivion to Aggregate, and the Mont Portfolio (69 office, retail and logistics assets), sold by Summit to Tristan's opportunity fund Epsio 5. Assets in the 'Big Seven' cities continue to be in high demand, as reflected by the sale of three Munich landmarks (Rosenheimer Höfe, Uptown Munich and Highlight Tower) for over €600 million each.
- The sale of the Mont Portfolio is a landmark for the market in other ways. It represents not only the return of foreign capital, but also the return of opportunistic investors who left the market to risk-averse core investors during the pandemic. However, core investments continue to dominate with a market share of over 40%. Together with core-plus purchases, the share is around 70%. Domestic capital is also still dominating market activity.

Highlighted Top Three Deals

Office/mixed-use – FÜRST Berlin, sold by **Vivion/ Ionview**, bought by **Aggregate**, approx. **€1.25 billion**, 3.00% GIY.

Mixed-use Portfolio – Mont Portfolio (69 office, retail, logistics properties), sold by **Summit**, bought by **Tristan**, approx. **€1 billion.**

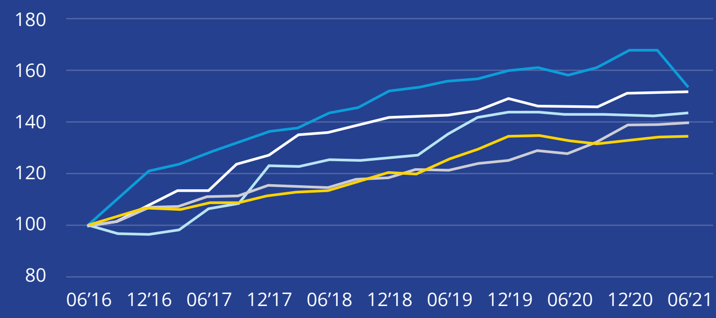
Highlight Towers - Office/ hotel - Volume: **€635 million** office + **€55 million** hotel; sold by **CommerzReal**, bought by **Imfarr Beteiligungs GmbH, SN Holding** 3.25% GIY.

Sectors to watch

Core assets, logistics, food-anchored retail warehouses, niches like data centres, properties for R&D-intensive industries, social infrastructure

	Qrt Pricing Direction	Qrt Pricing Forecast
Office	⟷/↑	⟷/↑
Logistics	↑	⟷/↑
Residential	⟷/↑	⟷
Retail	⟷	⟷
Hotel	⟷	⟷

All sector capital value index



Source: Colliers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France

The volume of investment in France reached €8.1 billion in H1 2021, down 29% compared to the first half of 2020. Q2 2021 saw a 35% decline year-on-year, with €3.2 billion invested. The drop in volumes was more pronounced in the Greater Paris area than in the regional markets. This is essentially due to the lack of product for sale, while liquidity remains extremely abundant and investors are attentive to opportunities.

Market Review

- H1 saw a drop in volumes due to a pause in assets offered for sale and a significant drop in office transactions of over €200 million. Only one major transaction was signed in Q2: the acquisition of Millénaire 1 in Paris by Brookfield for €207 million.
- However, April and May saw the return of asset sales, with further deals expected to materialise in Q3 and especially Q4, suggesting a more active second half. Several iconic tertiary assets are being sold in Paris and in the inner suburbs.
- In the office sector, acquisitions are focusing on core assets, with a more selective reading of their location and quality of tenants and buyers positioning themselves to secure high-quality assets at record metric values. Value-add assets are also attracting the interest of investors, but again with greater selectivity, particularly in terms of centrality of location. This is promoting a marked interest in Parisian assets.
- The core-plus asset segment tends to be of interest to investors with a value-add profile, who apply a higher risk premium to the assets. This often results in prices lower than sellers' aspirations.
- Logistics and residential retain their appeal to investors, with a particular appetite among foreign players for logistics.
- For core office assets, as well as logistics and residential assets, investor appetite is exerting downward pressure on yields. Conversely, retail and hotels, which have suffered greatly from the COVID-19 crisis, are seeing yields rise.

Highlighted Top Three Deals

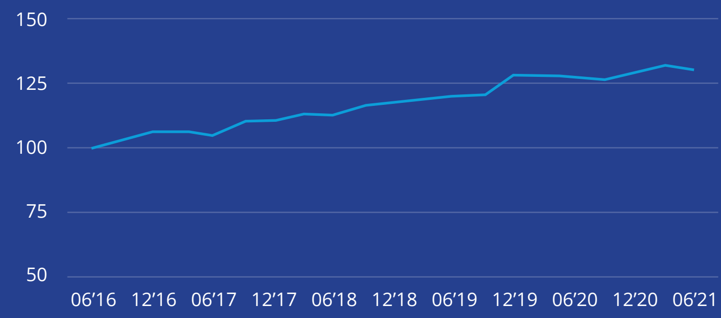
Office: Les Magasins Généraux – Pantin – 19,300 sq m – **€135 million** – 4.15% NIY – sold by **AG2R La Mondiale** bought by **Tishman Speyer** – Core.

Office: 9-11 rue de Villars – Paris 17th – 1,650 sq m – **€35.6 million** – 2.50% NIY sold by **Exinium** bought by **BlackRock** – Core.

Office: 13-15 rue Cognacq-Jay – Paris 7th – 4,500 sq m – **€80 million** – 2.50% NIY sold by **Amundi** bought by **JP Morgan** – Value-add.

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Office core and value-add (in Paris), residential, logistics, healthcare	Office	↔	↔
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↓	↓
	Hotel	↓	↓

All sector capital value index



Source: Colliers

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Netherlands

Investment volume in H1 lagged significantly behind the first half of 2020. The decrease was most prominent in the first quarter, due to the combination of COVID-19 and an increase in the real estate transfer tax to 8% on commercial real estate as of 2021. Investment volumes reached €3.1 billion in Q2 2021. The Netherlands is now lifting most COVID-19 restrictions, which is returning confidence to the market. We are seeing more movement, for example the return of retail investment. Despite this, most of the investment volume continues to be allocated to the logistics sector.

Market Review

- Despite the fact that the Netherlands is now almost completely without COVID restrictions as a result of a large-scale vaccination program, the dynamics in the investment market are not yet back to pre-pandemic levels.
- In the past quarter there was limited investment product on the market, due to the uncertainty caused by the pandemic and travel restrictions still being in place. Nevertheless, the number of investment opportunities is increasing, notably in the two largest sectors (residential and office). Based on the projects we are currently marketing, we note that demand is very strong and will strengthen further in the last two quarters of this year.
- Overseas investors have an above average interest in the Dutch market, thanks to the stable economy and positive outlook. This is expected to bolster demand in the investment market in H2. While most sectors have seen a decline of 30-40% in investment volume based on H1 2021 compared to H1 2020. This is not the case for logistics and healthcare where demand for product remains high, which leads to further declining yields.

Highlighted Top Three Deals

The Post Rotterdam – forward funding residential deal. Sale of 203 apartments in Rotterdam. **Amvest** acquired the project from developer Omnam for approx. **€70 million**, 3.9% GIY. Delivery is planned for Q4 2023.

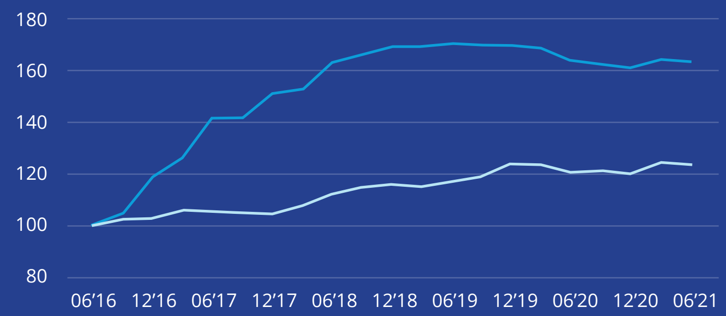
Koningshoek, Maassluis – large-scale convenience centre. Acquisition on behalf of Nova Pierre Allemagne 2 in Maassluis near Rotterdam. The transaction was the largest retail transaction in H1 with a transaction volume of **€50 million**.

Project Axis – logistics portfolio. **Arrow** acquired a 35 property logistics portfolio from **Europa Capital** for **€270 million**. The portfolio has an occupancy rate of 85% reflecting a 5.7% GIY whereas the reversionary yield comes in at 8.0% GIY.

Sectors to watch
Residential, logistics

	Qrt Pricing Direction	Qrt Pricing Forecast
Office	↔	↔
Logistics	↑	↑
Residential	↔	↔
Retail	↓	↓
Hotel	↔	↔

All sector capital value index



Source: Colliers

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Ireland

Q2 2021 proved to be a very strong quarter with a total spend of €1.5 billion, a significant increase on the Q2 2020 spend of €430 million. The total investment volume so far this year stands at €2.7 billion, an impressive 146% increase on the same period last year.

Market Review

- Despite travel restrictions necessitated by the pandemic remaining in place throughout Q2, the market is strong. We expect investment for the third and final quarters to remain buoyant, given that a large number of opportunities are currently being prepared for sale and international travel restrictions are likely to be lifted.
- The top three transactions in the second quarter were PRS deals and carried a combined value of €588 million. PRS continues to be the main focus for investors; the sector accounted for over 50% or €757 million of the quarterly spend. The three most notable deals included Royal Canal Park, Ashtown, Dublin, which was purchased for €200 million by Union; the Dwyer-Nolan Portfolio in North Dublin, which was purchased by Ardstone for €181 million; and a confidential, off-market transaction for €177 million.
- The industrial and logistics sector accounted for slightly more than 22% or €324 million of investment in the second quarter. The extreme shortage of stock in the sector coupled with strong demand from a host of domestic and international buyers remains a challenge and will drive pricing even further.
- The office sector was the next most valuable category at €310 million or 21% of investment volume. The most notable deal was Deka Immobilien's acquisition of Block A, Riverside IV, 70 Sir John Rogerson's Quay from Irish Life for €164 million.

Highlighted Top Three Deals

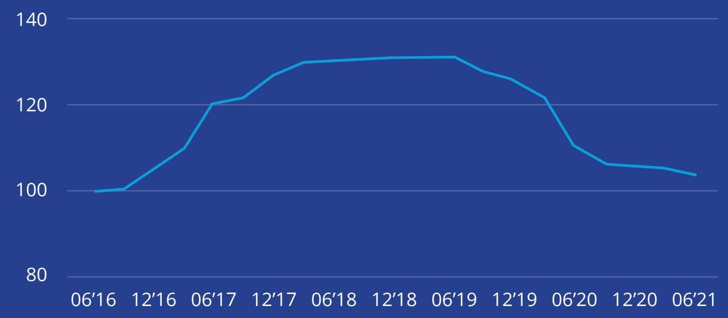
PRS - Deal summary #1 – **Union Investment**, forward fund, paid over **€200 million** to acquire the 8th Lock Portfolio, a scheme of 435 apartments and a health centre, from **Ballymore**.

PRS - Deal summary #2 – **Ardstone** acquired the Dwyer Nolan Portfolio from **Dwyer Nolan Developments** for **€181 million** – the deal included 401 new build apartments located in three North Dublin locations.

Office - Deal summary #3 – **Deka Immobilien** acquired Block A Riverside IV, 70 Sir John Rogerson's Quay from **Irish Life** for **€164 million**. The property was fully let to Matheson Support Services and reflected a NIY of 4.08%.

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
PRS, social housing, I&L	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↓	↓
	Hotel	↓	↔

All sector capital value index



Source: Colliers

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Sweden

Domestic and offshore investor appetite for the Swedish market remains strong. Transaction volume in Q2 amounted to €7.2 billion, representing growth of 19% year on year (YOY).

Market Review

- The negative effects of the pandemic are virtually unnoticeable in the transaction market, as seen by the YOY growth in volumes. Residential, public, and logistics properties remain the sectors attracting most interest among both domestic and international investors. This is expected to continue in the coming quarters. However, because of the rapid yield compression in the aforementioned sectors investors are starting to look at others with higher yields.
- The hotel sector is experiencing a tough time, with lower activity and investor interest. However, there was a large (€351 million) transaction as Vectura purchased Grand Hôtel Stockholm (located on Blaiseholmen) in Q2.
- Investor appetite for retail is slowly increasing, particularly for non-traditional shopping centres that, in combination with more traditional retail occupants, have grocery stores as tenants.
- Office sector transactions are occurring more frequently, with close to pre-pandemic yields. The fear of vacancy risk has eased among investors compared to previous quarters, which has helped the sector regain momentum.

Highlighted Top Three Deals

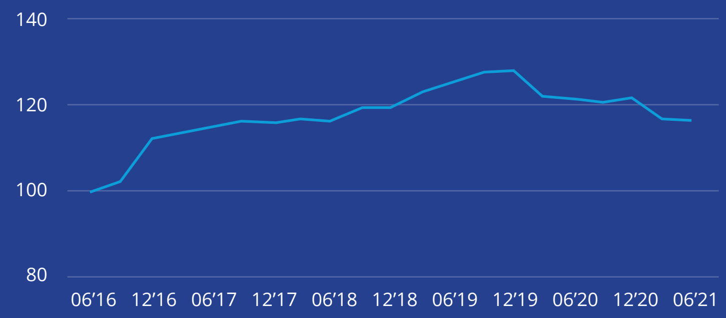
Hotel – Vectura purchased Grand Hôtel Stockholm (Blaiseholmen) from **FAM** for **€351 million.**

Residential – SBB purchased 70% of shares in Unobo, a housing company, from **Riksbyggen** for approximately **€205 million**. The underlying property value amounts to approximately €682 million.

Land – Skanska purchased one of the last remaining pieces of development area in central Stockholm from the municipality for **€141 million**.

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
The popularity of logistic, residential, and public properties continues to rise and will continue to dominate the property market.	Office	↔	↔
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↔	↔
	Hotel	↓	↓

All sector capital value index



Source: Colliers

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Finland

Q2 investment activity was slightly lower than last year but price expectations have stayed at the same level. Activity has concentrated around small and mid-size assets, while bigger deals (above €100 million) have been less frequent than last year, mainly because of COVID-19. Investment volume is estimated to be around €2.5 billion for Q2.

Market Review

- Several office transactions closed during Q2, but retail, with the exception of discount stores and groceries, attracted less investor interest.
- Investors are looking mainly for residential & logistics, the latter mainly with long term rental agreements. However, core offices are still popular assets.
- There are expectations that the market will be very active in H2 and some major transactions will likely close, such as the sale of Finland's biggest department store Stockmann in the heart of Helsinki.
- Swedish investors have been especially active overall in the Finnish market. The market is attracting new overseas investors and we expect several newcomers to make acquisitions in the coming months.

Highlighted Top Three Deals

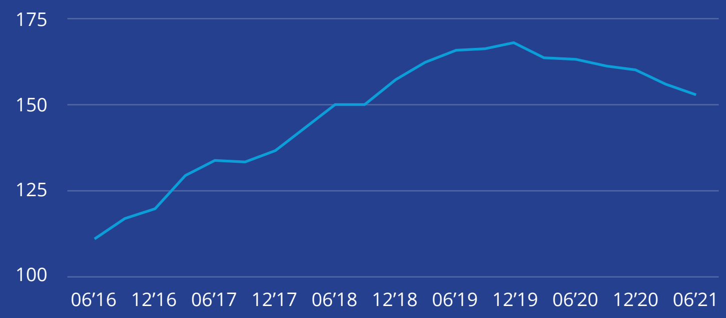
Office: Ramboll HQ, seller: **Keva**, buyer: **Altaal.**

A portfolio of grocery stores, 43 units, 43,000 sq m, seller: **Sagax**, buyer: **Cibus.**

Industrial sale and lease back, HKScan Vantaa production site, 54,000 sq m buildings, price €77 sq m, buyer: **Sagax.**

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Industrial and residential	Office	↑	↑
	Logistics	↑	↔
	Residential	↔	↔
	Retail	↓	↔
	Hotel	↔	↓

All sector capital value index



Source: Colliers

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Denmark

Momentum in the investment market continued into Q2, driven by favorable economic conditions and supporting prospects for investment activity in 2021 exceeding the 2020 level by 50%.

Market Review

- There is strong appetite from domestic and foreign investors for Danish investment properties despite rising long-term interest rates as a result of a contractionary monetary policy to avoid overheating. We estimate that this trend will lead to declining net initial yields, which may fall below 3% during 2021.
- International investors are increasingly looking to enter the Danish investment property market, mainly the residential, CBD office and logistics segments, which still offer a generous spread between investment yields and financing costs. However, one element of uncertainty is whether there are sufficient investment opportunities.
- For instance, Blackrock Real Assets has acquired a 7,038 sq m residential property in Kongens Lyngby, Greater Copenhagen, at a price of €34.6 million. In addition, multiple high-volume transactions are currently in due diligence, and we expect to see sustained brisk activity in Q3.

Highlighted Top Three Deals

Project Blacklight, a 39,332 sq m office building located in Copenhagen S, was acquired by **Genesta**, on behalf of Castellum, at a price of **€111 million** and a yield of 6.60%.

Europa Capital/Keystone acquired Nygårdsvej 27, a new 3,647 sq m residential property located in Copenhagen Ø, from **Thylander** at a price of **€26 million**. The yield was 3.35%.

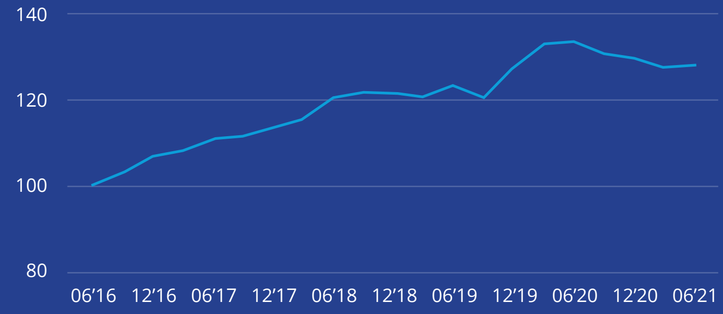
Kromagrafen, a new 7,444 sq m residential property located in Copenhagen S, was acquired by **Blackrock** from **AP Pension** at a price of **€38 million** and a yield of 3.74%.

Sectors to watch

- Residential – affordable housing in particular
- Prime core and value-add office
- Logistics

	Qrt Pricing Direction	Qrt Pricing Forecast
Office	↑	↑
Logistics	↔	↑
Residential	↑	↑
Retail	↑	↔
Hotel	↔	↑

All sector capital value index



Source: Colliers

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Spain

The total investment volume in Spain for Q2 was €3.04 billion compared to €1.95 billion in Q1. Uncertainties surrounding the exit from the COVID-19 crisis are being alleviated thanks to the success of Spain's vaccination program and confidence that the market is recovering. As a result, optimism in real estate has grown and investment activity has accelerated, with investment volumes increasing 55% compared to Q1.

Market Review

- The most popular sectors for investors have been logistics and hotels, which in just six months have improved on the investment figures achieved throughout full-year 2020. The acquisition of the Montepino logistics portfolio for over €1 billion contributed to the increase in volumes.
- In the hotel sector there are many opportunities with several new players joining the market. M&A activity is contributing to the recovery. Hotel chains are finally selling some assets to improve their liquidity, even though prices for prime assets and locations remain stable.
- The office sector has also grown in Q2 versus the previous quarter and the figures have been similar on the quarterly average values of 2020. Colliers advised KGAL on one of the most prominent deals in the office investment market, the acquisition of Torre Esteve, a 19,423 sq m office tower in Barcelona, for €100 million.
- Investment in the residential sector remains strong. There have been many BTR and PRS developments and some corporate transactions have taken place, such as the acquisition by Allianz of Elix, a residential REIT, from KKR and Altamar.
- Given abundant existing liquidity and few investment alternatives in traditional assets, investors with a low cost of capital are focusing on alternative sectors that provide long-term profitability in a sustained manner. As an example, Cofinimmo closed with Batipart and Thor Investments the acquisition of a nursing home portfolio comprising of 38 assets in Spain.

Highlighted Top Three Deals

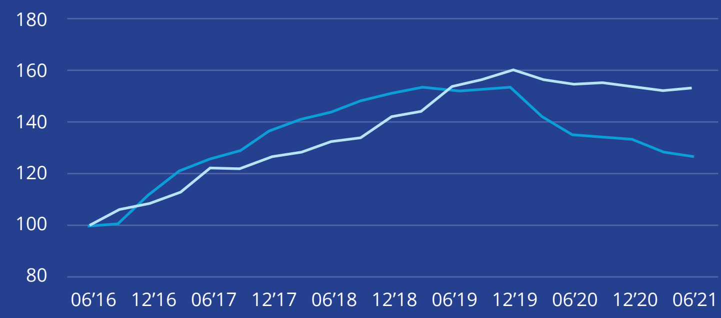
I&L: **Bankinter** closed the acquisition of **Montepino's** logistic mega-portfolio for over **€1 billion**, yield approx. 4.4% NIY.

Offices: German Fund **KGAL** acquired Barcelona's **Torre Esteve** for approximately **€100 million.**

Residential: **Allianz** purchased Spanish REIT Elix from **KKR** and **Altamar** for **€140 million.**

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Office, logistics, residential multifamily, BTR-PRS, senior housing, data centres, holiday hotels in prime markets	Office	↔/↓	↓
	Logistics	↑	→←
	Residential	↔	↔
	Retail	↔/↓	↔
	Hotel	↔/↓	↓

All sector capital value index



Source: Colliers

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Italy

The start of 2021 has been slow, with investment volume down 10% compared to H1 2020. Italy registered total investment volume of €1.69 billion in Q2, resulting in €2.79 billion overall in H1. However, there is strong optimism in the sector, thanks to positive economic forecasts.

Market Review

- There is continued interest in the logistics sector. Investment volumes remain high and constant. Previously investors had only limited interest in this asset class, mainly in the north of the country. In recent years, the increase in online retail has pushed them to look at product around Rome and in the south.
- Over the last 15 months, there has been strong growth in e-commerce, a segment in which Italy was lagging behind other European countries. This is favoring the development of logistics, especially in its last-mile and last-touch component. There is a lack of supply and value-added operations are being set up to create products where not available.
- In hotels, there is strong activity in Venice. After the Baglioni Hotel Luna sold in Q1, the Bonvecchiati and the Santa Maria were bought in Q2. Generally, the transactions recorded in Italy confirmed the trend towards the purchase of assets that can be repositioned upwards, particularly in the luxury and ultra-luxury segment.
- Offices remain the most secure asset class. Investors are limiting their interest to core opportunities, those with good tenancy and well located in city centres, mainly Milan. Since competition remains high, prime assets still achieve low yields while the gap with secondary assets is increasing.

Highlighted Top Three Deals

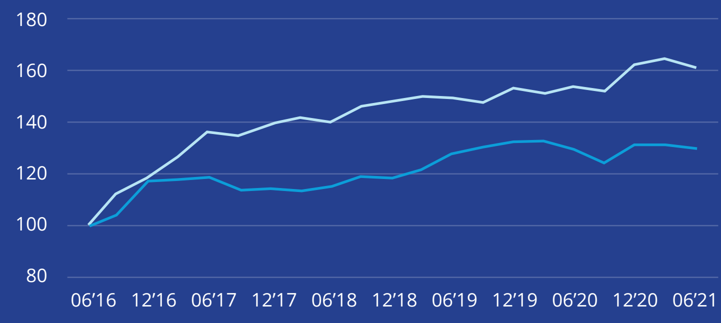
Logistics: Bull portfolio of 3 assets bought by **CBRE GI** for **€127 million.**

Hotels: Bonvecchiati Hotel in Venice bought by **ECE** for **€100 million.**

Office: Corso Europa 12 in Milan bought by **Macquarie** for **€63 million.**

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Logistics	Office	↑	↔
	Logistics	↑	↑
	Residential	↔	↔
	Retail	↓	↔
	Hotel	↔	↔

All sector capital value index



Source: Colliers

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Poland

In Q2 Poland saw around €1 billion in closed deals, a drop of some 30% compared to Q1, including PRS transactions which accounted for 44% of the volume. The private rental sector is a strongly emerging asset class in Poland, and pricing continues to sharpen accordingly.

Market Review

- The PRS sector dominated the landscape with two major deals. Cornerstone/Crestyl and Heimstaden Bostad acquired 2,496 apartments located in Poland's major cities from Budimex Nieruchomości, while NREP signed a contract with YIT for the development of 1,071 apartments in Warsaw.
- Indotek, a Hungary-based investor, entered Poland with the acquisition from Immofinanz of a portfolio of four office assets located in Warsaw for €72.5 million.
- Transaction momentum is expected to increase in the coming quarter as travel restrictions are lifted.

Highlighted Top Three Deals

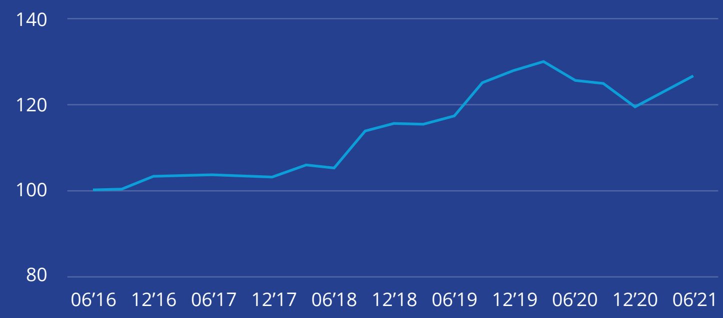
Industrial: Acquisition of a portfolio of 5 logistics parks with total GLA of 209,000 sq m by **REINO Capital** on behalf of **Grosvenor Group.**

Office: Acquisition of Wołoska 24, a modern office building with GLA of 2,500 sq m, located in non-central Warsaw for a reported price of **€60 million.**

Industrial: Acquisition by **BentallGreenOak** of a logistics park in northern Poland with GLA of 50,000 sq m.

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Office, logistics/ industrial and PRS will continue to drive the market	Office	↔	↔
	Logistics	↑	↑
	Residential	↑	↑
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



Source: Colliers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Czech Republic

Both transaction volume and numbers increased year on year. Year to date, volumes are up 46% (excluding the Residomo/Heimstaden deal) and the number of completed transactions up 85%. Demand from local and international investors remains strong. Buyers appear more ready than before to accept higher risk.

Market Review

- The Czech Republic is enjoying its first months of 'freedom' after lockdown and attempts to manage the pandemic. This recovery is also visible in the occupier and investment markets as we recorded increased activity throughout the regions.
- The largest deals in Q2 were office assets. Both Explora and Avenir are fully occupied A class buildings with good quality tenants. The largest transaction was in Prague by Raiffeisen Leasing, which acquired the Proton Therapy Center, a long-term leased medical facility. Regional office properties, retail parks and redevelopment opportunities also attracted continued investor interest.
- The ongoing demand for the PRS sector continued as Heimstaden bolstered its portfolio again, acquiring over 160 units in a brand-new project developed by Finep. Many developers entering the construction phase of new projects are suggesting that some units will be dedicated to rentals.
- Robust appetite for assets in the Czech Republic is expected to continue into Q3.

Highlighted Top Three Deals

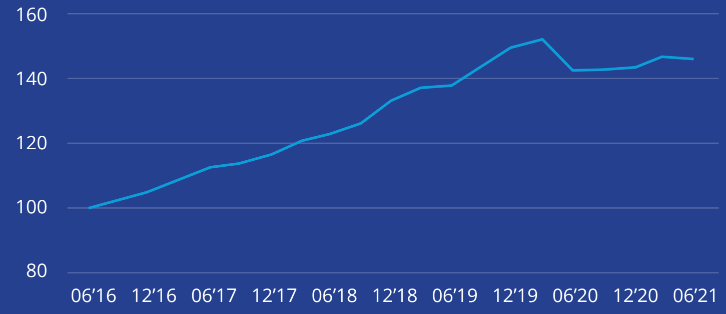
Mixed-Use: Prague Proton Therapy Center – Buyer **Raiffeisen Leasing - €96 million.**

Office: Avenir Business Park (A; B/C) – Buyer **AFI Europe - €71 million.**

Office: Explora Business Centre – Buyer **Trigea.**

Sectors to watch		Qrt Pricing Direction	Qrt Pricing Forecast
Residential, industrial, core offices.	Office	↔	↔
	Logistics	↑	↑
	Residential	↔	↑
	Retail	↔	↔
	Hotel	↔	↔

All sector capital value index



Source: Colliers

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Romania

Total investment volumes reached €207 million in the second quarter, more than doubling from the first. The pick-up in activity was driven by the Bucharest office segment and a fresh decline in prime office yields, which set a new low for this cycle.

Market Review

- Year-to-date, offices made up two-thirds of the €290 million in transactions. I&L jumped to a robust share of 18%, though this still fails to capture the true scope of demand, with the lack of deals mostly due to a shortage of product.
- The market remains active both with investors looking to buy prime, trophy assets, as well as those seeking a value-add angle, though there is slightly more interest among the former both in terms of buyers and banks funding deals. New names both institutional and non-institutional continue to look at the market, with some long-dormant investors coming back to life to purchase new office projects (Uniqa, S Immo).
- The sale of Skanska's Campus 6.2 and 6.3 to S Immo for around €97 million, this year's biggest closed transaction thus far, also set a new post-2008 low for prime office yields at 6.75%.
- The subsequent quarters feature a healthy pipeline of office, industrial and retail properties and should lead to a total transaction tally of at least €700 million for 2021.

Highlighted Top Three Deals

Skanska's sale of the office project Campus 6.2 and 6.3 (37,600 sq m) in Bucharest to **S Immo** for **€97 million**, yield at 6.75%.

River Development's sale of the office project The Light (21,600 sq m) in Bucharest to **Uniqa** for **€54 million**.

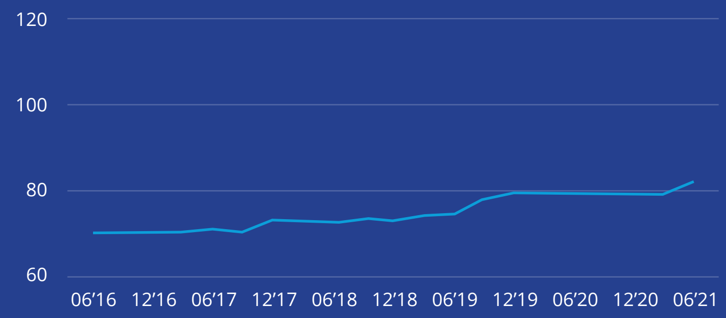
Catalyst Capital sale of several I&L assets (over 40,000 sq m) in different towns in Romania to **CTP** for **€23 million**.

Sectors to watch

Offices remain the major area of focus, though there is also a clear shift towards I&L as investors seek either to expand or diversify their portfolios.

Sector	Qrt Pricing Direction	Qrt Pricing Forecast
Office	↑	↔
Logistics	↑	↑
Residential	↔	↑
Retail	↔	↔
Hotel	↔	↔

All sector capital value index



Source: Colliers

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Annualized Revenue
$3.3B
(US$)

Established in
67
Countries

Managing
2B
(square feet)

Lease/sale transactions
54,000

Assets under management
$40B

Comprised of
18,000+
(professionals)

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

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APAC

North America

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