

Central Europe: real estate worth EUR 3.5 billion awaiting sale

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Investment products worth more than EUR 3.5 billion are actively being offered for sale in the most important Central-European markets - in Poland, Czech Republic, Slovakia and Hungary. Compared to the previous quarter it is a slight increase. This follows the findings of Cushman & Wakefield.

Sellers are divided into two equal groups - property developers who want to sell and investors who want to trade projects purchased earlier. They take advantage of the improved situation - the demand in the market is growing and prices are increasing. This is due mainly to a decline in the rate of return.

Nearly half of the properties offered for sale (EUR 1.7 billion) are in the retail sector. There are now at least four shopping centres, each with a value exceeding EUR 200 million. As regards the geographical distribution of these investment opportunities, Poland continues to dominate, where 58 % of the offered real estate volume is located (EUR 2.05 billion).

“In the Czech market, we experienced a consolidation of prices in the first quarter of this year compared to last year. Gradually, the difference between the expectations of buyers and sellers is starting to shrink. Rising prices have encouraged property owners to offer them for sale,” James Chapman, partner and head of investment team at Cushman & Wakefield, says and he adds: “We are also seeing investors loosening their strict criteria for purchasing new properties. This is primarily due to the new sources of capital and a more competitive market and increasing confidence.”

Charles Taylor, partner at Cushman & Wakefield, comments on the seemingly high investment volume in Central Europe: “In major cities, however, the lack of key products remains, particularly with regards to office space. The owners are holding onto their best buildings in their respective categories in the expectation that the market situation will continue to improve in their favour.”

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