

Central Europe: investors attracted by retail sector

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Investors' demand for the purchase of prime retail space in Central Europe is the strongest since the market decline in 2008. The volume of retail transactions in the first four months has reached almost 50% of investments in the previous year. According to findings by the consultancy Cushman & Wakefield, investors focus increasingly on Central European countries, especially Poland and the Czech Republic. These two countries are most likely to surpass many Western European markets over the next three years in terms of GDP growth. "Currently there is a frenzy in the retail sector. Recently the largest transaction in retail properties in the CR since 2008 was concluded, and we expect further contracts worth over EUR 500 million. Good results at prime shopping centres during the economic downturn are the key factor. Investors' interest is then based on these indicators," says James Chapman from C&W Czech Republic and Slovakia and he adds: "There are significant price differences among various shopping centres. It depends on their performance and potential future opportunities. The market gradually matures, compared with the boom years, when some investors were less cautious. The attractiveness of the Czech market is contributed by a balance of risks and return - this applies both to domestic and foreign buyers."

Yield from prime shopping centres in London and elsewhere in Western Europe reach 5 - 5.5% while Central Europe continues to offer attractive 6.5%; 6 - 6.5% in Poland and 6.25% in the Czech Republic.

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