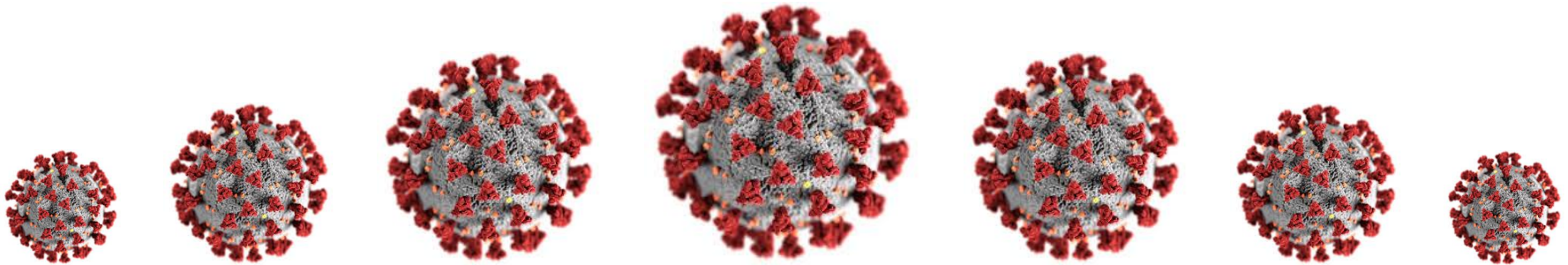


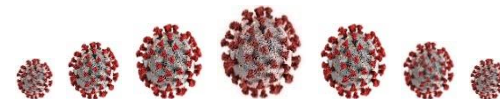
CEE Real Estate \pm Covid-19

Special Insights Series – Opportunities and Challenges in Extraordinary Times



Covid-19 CEE Overview

Key Protective Measures & Restrictions



	Bulgaria	Czech Rep.	Hungary	Poland	Romania	Slovakia
 Covid-19 Status: Cases / Deaths* (1 st case recorded)	220 / 3 (08/03/20)	1,497 / 3 (01/03/20)	187 / 9 (04/03/20)	774 / 9 (04/03/20)	906 / 13 (26/02/20)	186 / 0 (06/03/20)
 State of Emergency** (Date implemented)	Y (13/03/20)	Y (12/03/20)	Y (11/03/20)	Y (20/03/20)	Y (16/03/20)	Y (12/03/20)
 Travel & Border Restrictions	Y	Y	Y	Y	Y	Y
 Schools / University Closures	Y	Y	Y	Y	Y	Y
 Retail, F&B, Entertainment Closures***	Y	Y	Y	Y	Y	Y
 State Financial Aid Package Announced	Y WIP	Y WIP	Y WIP	Y WIP	Y WIP	Y WIP
 Full Country Lock Down****	N	N	N	Y	Y	N

*Source: <https://www.worldometers.info/coronavirus/> These statistics become out of date very quickly so please check for daily updates

**Poland has Epidemiological status

***Supermarkets, Pharmacies, Fuel Stations and select essential services remain open

****Special permission/circumstances required for people to go outside & penalties for non-compliance

Covid-19 Headlines

Opportunities & Challenges



...Public health... ...Economic Damage... ... Central Banks / Government Aid...

...Force Majeure... ...Retail / F&B Closures... ...Travel & Tourism Impact...

...Online Sales & Supply Chain... ...Education... ...Oil... ...Labour / Wages...

...Construction Disruptions... ...Home Office... ...Tech... ...Space Optimisation...

...€ Rents & FX rates... ...Rent/Loan Holidays... ...RE Pricing... ...Nationalisation...

...Automotive & Production... ...Environment... ...Corporate Values/Debt...

Covid-19 & Real Estate Impact

A brief summary

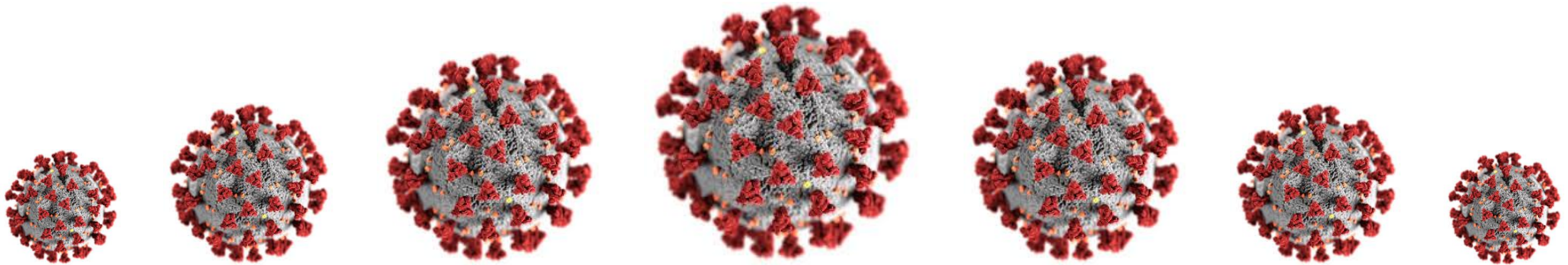


We will try to keep this infographic pack updated on a regular basis, but please bear in mind that many of the key macroeconomic, market and Covid-19 indicators and activities are changing daily.

- **CEE countries** were some of the first to implement restrictive measures on people and business and have therefore seen relatively low case numbers to date. We obviously hope this remains to be the case but, the lack of tests in many markets may make these numbers misleading.
- **Regional Governments** have been under immense pressure to announce and deploy measures to aid and support people, business and economies. These are now beginning to materialise and will adapt over time but, they will also take time to deliver at this scale.
- **CEE economies** are under unprecedented pressure after many years of solid growth. Although the severity will be determined by the length of the pandemic and subsequent recovery, all economies will see a decline or fall into a recession in 2020.
- **Regional office** markets were coming off the back of a strong growth period. It will be essential for landlords, tenants and all involved to find ways of working through the situation. The majority of employees work remotely, while construction delays are anticipated.
- **Regional industry** is also facing difficult challenges as the automotive industry effectively halts production alongside suppliers and others. Where possible, some manufacturers have adapted production to heavily demanded equipment and products for medical and hygiene uses.
- **CEE logistics** are going ballistic as e-commerce operators and distributors adapt to keep supply chains running smoothly as demand spikes from people and business operating under very different circumstances. Additional, short term storage/processing solutions are therefore in higher demand.
- **CEE retail** markets are facing the worst of the restrictive measures to avoid the spread of the virus. All non-essential brick and mortar retail, F&B, entertainment, DIY, etc, have been closed. E-commerce platforms, particularly food, are thriving and adapting to a huge spike in demand.

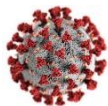
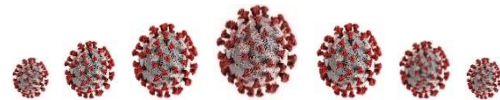
BULGARIA ++ Covid-19

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Covid-19 & Economics

Bulgaria



Cases

346 → / 8 →

is the current number of Covid-19 cases and number of deaths in Bulgaria as of 29th March.

Source: <https://www.worldometers.info/coronavirus>



GDP

0.7% ↓

is the current forecast of GDP growth in real terms for 2020, down from 3.7% in 2019.

Source: Oxford Economics



Unemployment

4.6% ↑

is the current forecast for the unemployment rate in 2020, up from 4.1% in 2019.

Source: Oxford Economics



Aid Package

In progress

The government outlined the rescue package aimed at supporting the economy, protecting the employees, consumers and supporting companies.

The total value of the programme was estimated at BGN 4.5bn (EUR 2.3bn).

% Interest Rate

0% →

Since 2016

Source: Bulgarian National bank

€ Currency

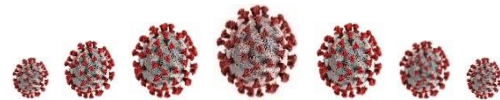
1.96 lv →

is the current value of the Bulgarian Lev against the Euro to which it is pegged.

Source: Bulgarian National bank

Covid-19 & Investment

Bulgaria



Volumes

€270 million

is the total commercial real estate investment volume in Bulgaria for 2019. 60% decline compared to 2018.



Splits by Sector

29% Offices
Hotel 15%
11% Retail
Land 37%

percentage share of total volumes by sector



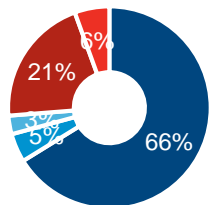
Transactions

31

is the number of recorded transactions in 2019, resulting in an average ticket size of ca. €9 million.



Sources of Capital



- Bulgaria
- Italy
- Netherlands
- Austria
- France

% Yields

8.00% Offices
7.25% Retail
9.5% Industrial

are the prime yields as of Q4 2019

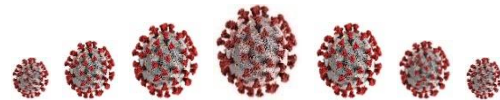


Outlook

- Investors in Bulgaria are currently in a hold position, waiting to see further developments of the Covid-19 pandemic

Covid-19 & Offices

Sofia, Bulgaria



Stock

2.28 million m²

is the total stock at the end of Q4 2019. A growth of 8% year-on-year.



Supply

396,000 m²

is the current volume of space under construction. A total of 132,000 m² is expected to be delivered in 2020.



Vacancy

10.9%

is the current vacancy rate and represents ca. 249,500 m² of available space for let...



Demand

175,700 m²

is the gross take-up for the entire 2019. Net take-up reached 135,400 m². This result is an increase of 64% Y-o-Y due to the large number of projects that were added to supply.



Rents

€16.00

is the current prime CBD headline rent per m² / per month. Net effective rents typically range between 6-11% below headline.

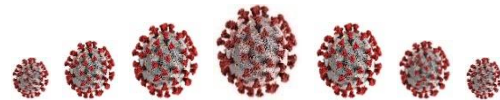


Outlook

- Tenants are expected to renegotiate their contracts for shorter periods and will try to decrease their rents
- Construction is still on-going

Covid-19 & Industrial

Sofia, Bulgaria



Stock

1.69 million m²

is the total stock at the end of 2019. A growth of 12% since the end of 2018.



Supply

184,000 m²

is the current volume of space under construction. A total of 96,000 m² is expected to be delivered in 2020.



Vacancy

7.2%

is the current vacancy rate and represents ca. 77,100 m² of available space for let. The available space is mostly concentrated in owner-occupied or class B projects.



Demand

102,500 m²

is the gross take-up for the period for the whole 2019. Net take-up reached 98,500 m² only 1/3 of it was for speculative purposes, and the rest served end-users.



Rents

€4.70

is the current prime headline rent per m² / per month. Net effective rents typically range between 5-10% below headline.

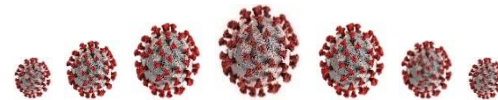


Outlook

- Many small and medium production companies have changed their main business and converted it to produce medical equipment such as masks and protective clothing that is needed during the pandemic
- Some automotive companies will close for two weeks (Yazaki)
- Courier companies and e-commerce are currently unaffected

Covid-19 & Retail

Bulgaria



S/C Stock

796,000 m²

is the total modern shopping centre stock at the end of 2019.

Supply

40,000 m²

is the current volume of modern shopping centre space under construction.

Rents

€39.00 Shopping Centre for Sofia

€55.00 High Street for Sofia

€8.00-10.00 Retail Parks for Sofia

*Prime headline rents per m² / per month

Retail Sales

6.3%

is the forecasted growth rate for retail sales in 2020. This result is an increase Y-o-Y.
(Source: Oxford Economics)

E-Commerce

>3.5%

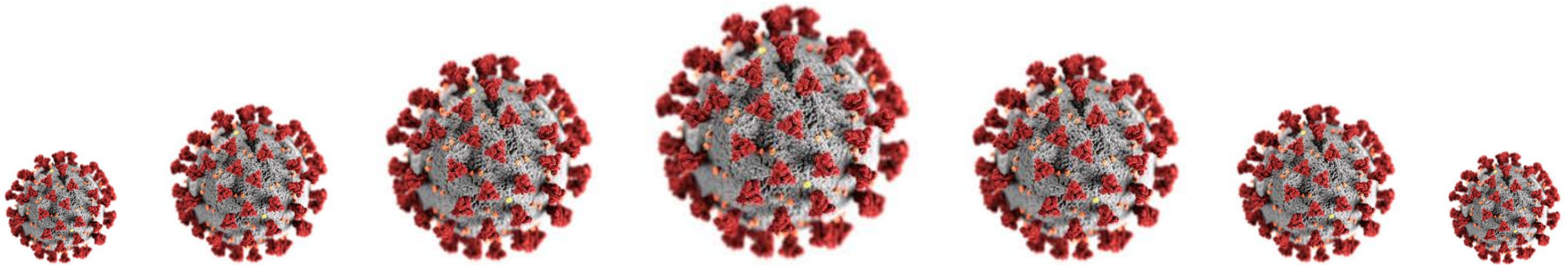
is the estimated share of online sales from total retail sales for 2017. (Source: Statista)

Outlook

- As a result of the state regulations ordering the closure of all shopping malls, the retail market will be the most affected sector
- Restrictions of traditional shopping centre activity will increase e-commerce development in Bulgaria

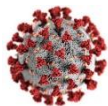
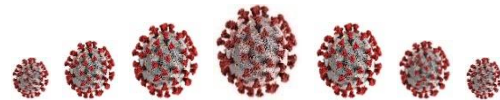
CZECH REP. ++ Covid-19

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Covid-19 & Economics

Czech Republic



Cases

2,817 ↗ / 16 ↗

is the current number of Covid-19 cases and number of deaths in CZ as of 29th March.

Source: <https://www.worldometers.info/coronavirus>



GDP

-5.1% ↓

is the current forecast of GDP growth in real terms for 2020, down from 2.4% in 2019.

Source: Czech Ministry of Finance



Unemployment

3.4% ↑

is the current forecast for the unemployment rate in 2020, up from 2.8% in 2019.

Source: Oxford Economics



Aid Package

In progress

The Czech Government has introduced its plans to support the local economy and in particular is finalizing details of how to deal with income losses for a cross section of the population affected by pandemic related measures

% Interest Rate

1.00% ↓

is the current 2 week repo rate as of 27th March, down 125 bps since the Covid-19 pandemic.

Source: Czech National Bank

€ Currency

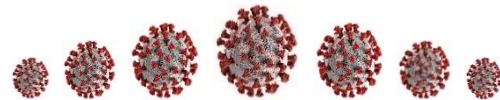
27.30 CZK ↓

is the current value of the Czech Crown against the Euro, a decline of ca. 10% since February.

Source: Czech National Bank

Covid-19 & Investment

Czech Republic



Volumes

€3.15 billion

is the total commercial real estate investment volume in Czech Republic for 2019. This is a 27% increase over 2018 volumes (€2.48 bn)



Splits by Sector

48% Offices
Hotel 17%
15% Retail
Industrial 13%

percentage share of total volumes by sector



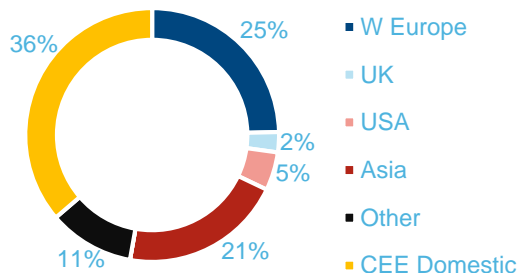
Transactions

85

is the number of recorded transactions in 2019, resulting in an average ticket size of ca. €37 million.



Sources of Capital



% Yields

4.00% Offices
4.75% Retail
5.25% Industrial

are the prime yields as of Q4 2019

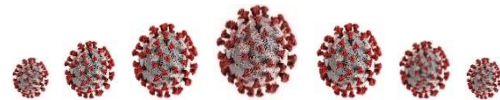


Outlook

- Many of the transactions that are reasonably advanced are continuing
- Newer transactions are progressing more slowly with some bid dates or launch dates being moved out to accommodate the situation
- Retail / hotel deals are expected to be the most challenging
- On pricing, some investors consider that as the risk-free rate falls, pricing will continue to remain aggressive when the market is currently estimated to bounce back in Q3 this year

Covid-19 & Offices

Prague, Czech Republic



Stock

3.67 million m²

is the total stock at the end of Q4 2019. A growth of 5.3% since the end of 2018.



Supply

246,700 m²

is the current volume of space under construction. A total of 174,600 m² is expected to be delivered in 2020.



Vacancy

5.5%

is the current vacancy rate and represents ca. 201,100 m² of available space for let...



Demand

439,000 m²

is the gross take-up for the period of Q1-Q4 2019. Net take-up reached 273,400 m². This result is a decrease Y-o-Y.



Rents

€22.50-23.50

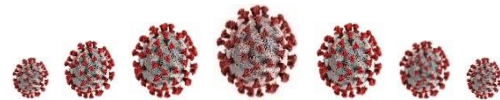
is the current prime headline rent per m² / per month. Net effective rents typically range between 10-20% below headline.



Outlook

- Landlords are mostly proceeding with business as usual, finishing deals which were about to be closed
- Vacancy may increase due to cashflow problems of some companies
- Possibility of the postponement of some major projects, which were about to commence construction

Covid-19 & Industrial Czech Republic



Stock

8.7 million m²

is the total stock at the end of Q4 2019. A growth of 8.03% since the end of 2018.



Supply

124,000 m²

is the current volume of space under construction from Q4. A total of 559,000 m² is expected to be delivered in 2020.



Vacancy

4.1%

is the current vacancy rate and represents cca. 342,000 m² of available space for let.



Demand

274,200 m²

is the gross take-up for the period Q4 2019. Total take-up for 2019 reached 1,330,000 m². This is 2% decrease Y-o-Y.



Rents

€4.70

is the current prime headline rent per m² / per month. Net effective rents typically range between 9,1%-5,8% below headline.

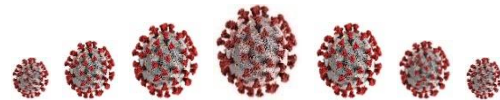


Outlook

- Construction of large Infrastructure projects due in 2020 are currently suspended
- E-commerce and distribution will strengthen its position as a main driver in the market
- Automotive and some other industries are impacted as production is halted due both health and supply chain restrictions

Covid-19 & Retail

Czech Republic



S/C Stock

2.4 million m²

is the total modern shopping centre stock at the end of Q3 2019.



Supply

212,720 m²

is the current volume of modern shopping centre space under construction or refurbishment.



Rents

€135.00 Shopping Centre

€220.00 High Street

€9.00 Retail Parks

*Prime headline rents per m² / per month



Retail Sales

3.3%

is the forecasted growth rate for retail sales in 2020. This result is a decrease of 32% in growth Y-o-Y. (Source: Oxford Economics)



E-Commerce

13%

is the estimated share of online sales from total retail sales. (Source: APEC, Zapweb, 3.1.2020)

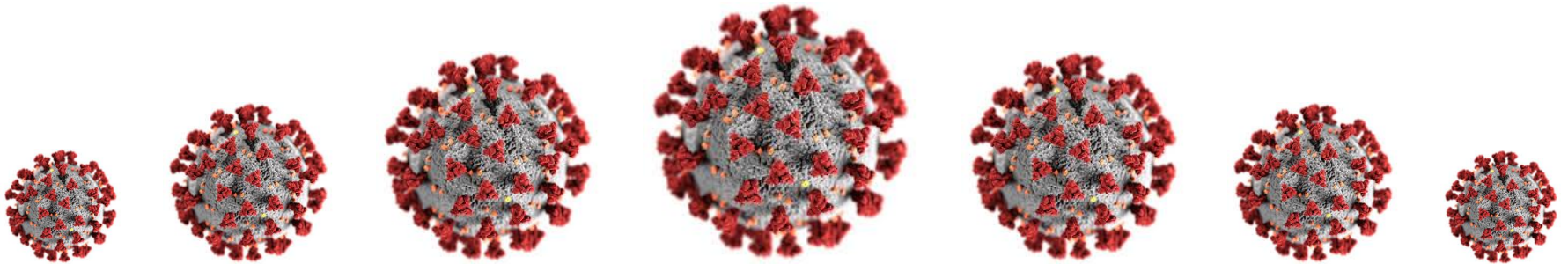


Outlook

- The majority of non-essential shops, F&B and entertainment have been closed until further notice
- The supply chain of some retailers may still be problematic, even after the lifting of restrictions
- Retailers will focus on e-commerce or will collaborate to use already developed channels

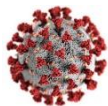
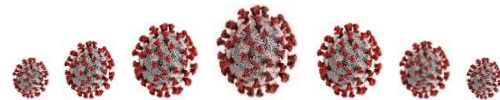
HUNGARY ++ Covid-19

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Covid-19 & Economics

Hungary



Cases

447 ↗ / 15 ↗

is the current number of Covid-19 cases and number of deaths in HUN as of 29th March.

Source: <https://www.worldometers.info/coronavirus>



GDP

-0.3% ↓

is the current forecast of GDP growth in real terms for 2020, down from 4.9% in 2019.

Source: GKI



Unemployment

6.5% ↑

was the forecast (between 5-8%) in March 2020, up from 3.4% in 2019. Unemployment will increase due to coronavirus's influence.

Source: GKI



Aid Package

In progress

The government outlined rescue measures aimed at protecting the most impacted companies and consumers, supporting employees, ensure solvency. E.g.: moratorium on loans

% Interest Rate

0.90% →

is the current reference interest rate, as of 24th March

Source: Portfolio

€ Currency

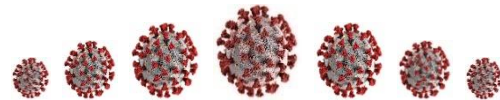
350.30 HUF ↓

is the current value of the Hungarian Forint against the Euro, a decline of ca. 10% since February.

Source: MNB

Covid-19 & Investment

Hungary



Volumes

€1.87 billion

is the total commercial real estate investment volume in Hungary for 2019. This is a 4% decrease over 2018 volumes (€1.94 bn)



Splits by Sector

42% Offices
Hotel 17%
27% Retail
Development 8%
6% Industrial



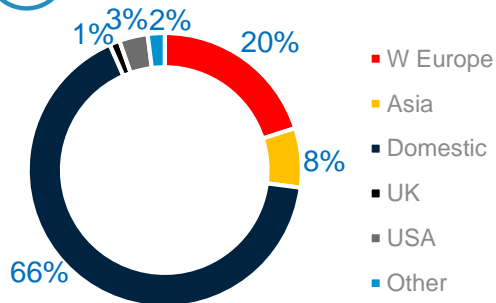
Transactions

66

is the number of recorded transactions in 2019, resulting in an average ticket size of ca. €30 million.



Sources of Capital



% Yields

5.00% Offices
5.50% Retail
7.00% Industrial

are the prime yields as of Q4 2019

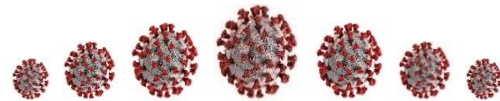


Outlook

- Hotel sector will have a serious setback due to the impact of pandemic
- Economic expansion is likely to continue from the second half of 2020
- Considering the large development pipeline for the office sector, we expect the dominance of office deals in 2020

Covid-19 & Offices

Budapest



Stock

3.7 million m²

is the total stock at the end of Q4 2019. A growth of 2.8% since the end of 2018.



Supply

570,000 m²

is the current volume of space under construction (including 150,000 m² OO). A total of 230,000 m² is expected to be delivered in 2020 (including 10,000 m² OO).



Vacancy

5.6%

is the current vacancy rate and represents ca. 208,000 m² of available space for let.



Demand

637,600 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up reached 362,000 m². This result is an increase Y-o-Y.



Rents

€15.00-16.00*

is the current prime headline rent per m² / per month. Net effective rents typically range between 20-25% below headline (including EUR 200/sqm fit-out contribution and 3-months rent-free period) considering a 5-year lease term.

**Váci Corridor office submarket*

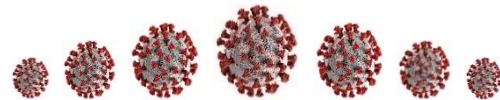


Outlook

- The market is expected to remain landlord favourable until the end of 2020
- During the pandemic, landlord's goodwill and a long-term customer-centric approach to tenant retention will be in focus
- Tenants will continue to consolidate into single buildings, driving pre-leasing earlier in the development pipeline.

Covid-19 & Industrial

Budapest and its surroundings



Stock

2.3 million m²

is the total stock at the end of Q4 2019. A growth of 3% since the end of 2018.



Supply

164,000 m²

is the current volume of space under construction.



Vacancy

1.9%

is the current vacancy rate and represents ca. 41,000 m² of available space for let...



Demand

433,800 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up reached 203,700 m². This result is an increase Y-o-Y.



Rents

€4.90

is the current prime headline rent per m² / per month. The net effective rents continued to be lower with approximately 5-10% than the headline rents, especially in case of long-term (10 years +) leasing.

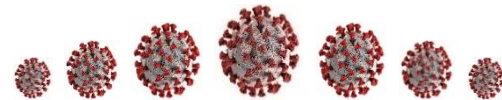


Outlook

- The growth rate of the industrial stock in Budapest started to increase in 2015 - slightly slowed down in 2019 with further delays are expected due to the pandemic
- Rents are expected to decrease
- Investors are searching for new land opportunities

Covid-19 & Retail

Hungary



S/C Stock

2.24 million m²

is the total modern shopping centre stock at the end of Q4 2019.



Supply

55,000 m²

is the current volume of modern shopping centre space under construction or refurbishment. Only one project, Etele Center in Budapest.



Rents

€80.00

Shopping Centre

€70.00

High Street

€40.00

Retail Parks

*Prime headline rents per m² / per month



Retail Sales

3.4%

is the forecasted growth rate for retail sales in 2020. This result is a 1.5 %-point decrease Y-o-Y. (Source: Focus Economics)



E-Commerce

7.0%

is the estimated share of online sales from total retail sales.

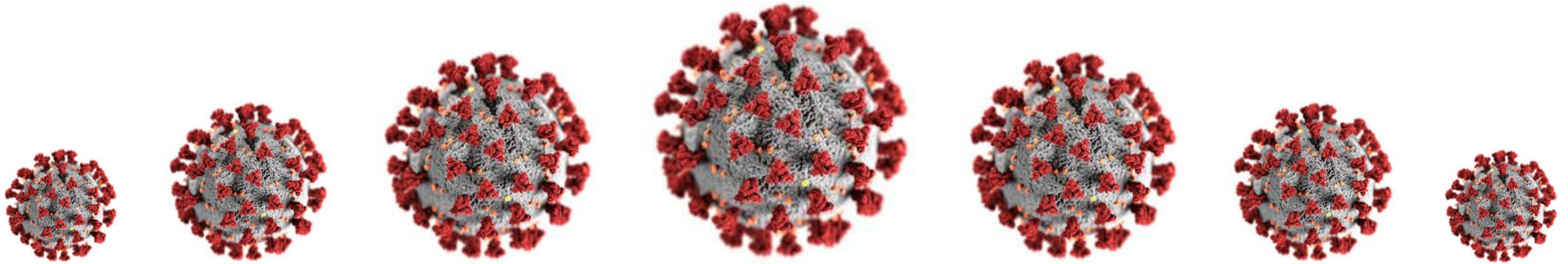


Outlook

- As a result of the state regulations ordering the closure of all shopping malls, the retail market will be one of the most affected sectors during the pandemic, with the exception of the food industry and other essential products.
- We expect an increase in e-commerce development in Hungary in particular regarding food, cleaning products, medical and pharmaceutical products.

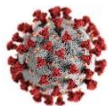
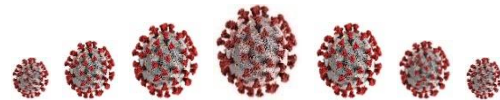
POLAND ++ Covid-19

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Covid-19 & Economics

Poland



Cases

1,862 ↗ / 22 ↗

is the current number of Covid-19 cases and number of deaths in PL as of 29th March.

Source: <https://www.worldometers.info/coronavirus>



GDP

-0.1% ↓

is the current forecast of GDP growth in real terms for 2020, down from 4.0% in 2019.

Source: Santander Macroscope



Unemployment

5.0% ↑

was the forecast quoted in January 2020, up from 5.2% in 2019. Unemployment will increase due to coronavirus influence on economy.

Source: Central Statistical Office



Aid Package

In progress

The government outlined the rescue package aimed at supporting the economy, protecting the employees and consumers, supporting companies, securing ample liquidity. The total value of the programme was estimated at PLN 212bn (EUR 46bn) (c.9% of GDP).

% Interest Rate

1.00% ↓

is the current reference interest rate, down 50 bps as of 16th March.

Source: Central Statistical Office



Currency

4.53 PLN ↓

is the current value of the Polish Zloty against the Euro, a decline of ca. 6% since February.

Source: National Bank of Poland

Covid-19 & Investment

Poland



Volumes

€7.7 billion

is the total commercial real estate investment volume in Poland for 2019. This volume sets a new record over 2018 (€7.2 billion).



Splits by Sector

50% Offices

25% Retail

20% Industrial

percentage share of total volumes by sector



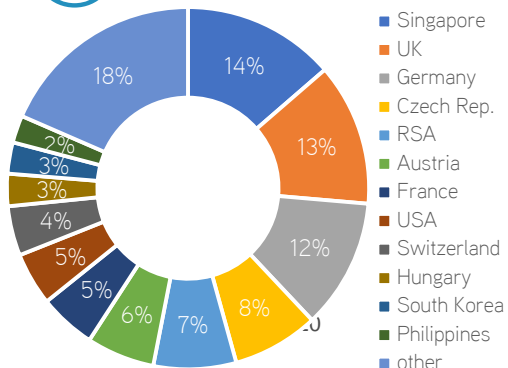
Transactions

139

is the number of recorded transactions in 2019, resulting in an average ticket size of ca. €53 million.



Sources of Capital



% Yields

4.25% Offices

5.25% Retail

5.60% Industrial

are the prime yields as of Q4 2019

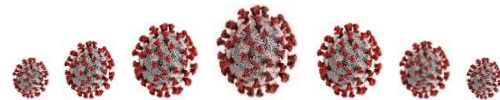


Outlook

- A further increase in alternative assets investments such as student housing and PRS, both in the capital city and other major agglomerations.
- The inflow of cross-border capital, in particular in the office sector will maintain its high level.

Covid-19 & Offices

Warsaw, Poland



Stock

5.6 million m²

is the total stock at the end of Q4 2019. A growth of 2.3% since Q4 2018.



Supply

746,900 m²

is the current volume of space under construction. A total of around 450,000 m² is expected to be delivered in 2020.



Vacancy

7.8%

was the vacancy rate at the end of Q4 and it represents 435,100 m² of available space for let.



Demand

878,000 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up* reached almost 583,200 m². This result is an 10% decrease Y-o-Y.

* Gross take-up excluding renegotiations

€ Rents

€26.00

is the current prime headline rent per m² / per month. Net effective rents typically range between 15-20% below headline.

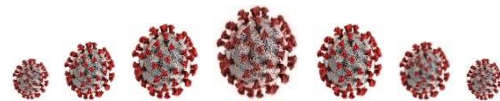


Outlook

- Tenants' pressure appearing and expectations regarding lower rental rates for the period of official quarantine
- Withholding future lease processes, focusing on current operations and execution of initiated lease transactions
- Construction of office projects put on hold

Covid-19 & Offices

Regional markets (Kraków, Poznań, Wrocław, Łódź, Górnośląsko-Zagłębiowska Metropolis, Tricity), Poland



Stock

5.6 million m²

is the total stock at the end of Q4 2019. A growth of 14% since Q4 2018.



Supply

790,900 m²

is the current volume of space under construction. A total of around 500,000 m² is expected to be delivered in 2020.



Vacancy

9.6%

is the current vacancy rate and represents ca. 535,900 m² of available space for let.



Demand

692,900 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up* reached 462,900 m². This result is an 1.4% increase Y-o-Y.

* Gross take-up excluding renegotiations



Rents

€13.00-16.00

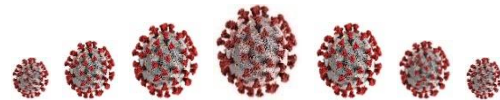
is the current prime headline rent per m²/per month. Net effective rents typically range between 10-15% below headline.



Outlook

- Tenants' pressure appearing and expectations regarding lower rental rates for the period of official quarantine
- Withholding future lease processes, focusing on current operations and execution of initiated lease transactions
- Construction of office projects put on hold

Covid-19 & Industrial Poland



Stock

18.7 million m²

was the total stock at the end of Q4 2019. A growth of 14,6% since the end of 2018.

Supply

1.9 million m²

was the volume of space under construction at the end of Q4. A total of 1 million m² is expected to be delivered by the end of 2020.

Vacancy

7.02%

was the vacancy rate at the end of Q4 and it represents ca. 1.31 million m² of available space for let.

Demand

4.25 million m²

was the gross take-up for the period Q1-Q4 2019. Net take-up* reached 2.53 million m². This result is a 11,3% decrease Y-o-Y. * gross take-up excluding renegotiations and short-term leases

Rents

€ 3.10 – 5.90

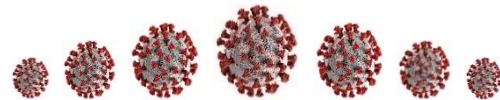
is the current prime headline rent per m²/per month. Net effective rents typically range between 10-15% below headline.

Outlook

- Courier companies, distribution and e-commerce sectors not to be negatively affected by the situation
- Tenants' pressure appearing and expectations regarding lower rental rates
- Withholding or delaying some investments due to uncertainty, longer official procedures and problems with labour
- Investors looking for new opportunities

Covid-19 & Retail

Poland



S/C Stock

12.1 million m²

is the total modern shopping centre stock at the end of Q4 2019.



Supply

432,000 m²

is the current volume of modern shopping centre space under construction or refurbishment.



Rents

€ 120.00

Shopping Centre*

€ 89.00

High Street*

€ 15.00-30.00

Retail Parks**

*Prime headline rents per m² / per month in Warsaw

** Prime headline rents per m²/per month



Retail Sales

2.8%

is the forecasted growth rate for retail sales in 2020. This result is decrease Y-o-Y.

(Source: Oxford Economics)



E-Commerce

4.3%

is the estimated share of online sales from total retail sales.

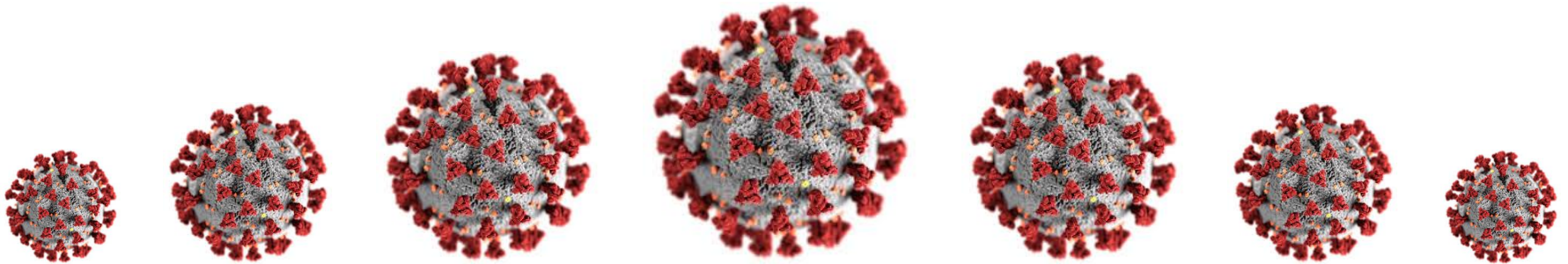


Outlook

- As a result of the state regulations ordering the closure of all shopping malls, the retail market will be the most affected sector
- Restrictions of traditional shopping centres activity will increase e-commerce development in Poland
- Sales increases observed in the following sectors: food, toiletries and cleaning products, medical and pharmaceutical products, fuels

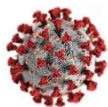
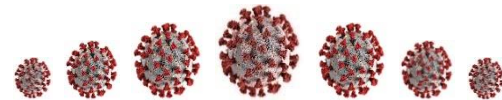
ROMANIA ++ Covid-19

Special Insights Series – Opportunities and Challenges in Extraordinary Times



Covid-19 & Economics

Romania



Cases

1,815 ↗ / 43 ↗

is the current number of Covid-19 cases and number of deaths in RO as of 29^h March.

Source: <https://www.worldometers.info/coronavirus>



GDP

-4.7% ↓

is the current forecast of GDP growth in real terms for 2020, down from 4.1% in 2019.

Source: Oxford Economics



Unemployment

10.9% ↑

is the current forecast for the unemployment rate in 2020, unchanged versus end-2019.

Source: Oxford Economics



Aid Package

First package of measures aimed at covering expenses related to technical unemployment, medical leave, disbursements of late VAT payments from state to companies, extensions of a loan guarantee scheme for SMEs; total size stands at RON 30bn (or 2.8% of GDP), with other measures likely to follow. Bank loans payments to be frozen (maybe for remainder of 2020).

% Interest Rate

2.00% ↓

is the current 1 week repo rate, down 50 bps as of 20th of March.

Source: National Bank of Romania

€ Currency

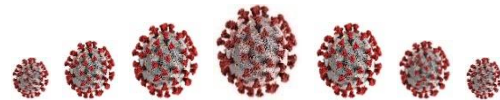
4.83 RON ↓

is the value of the Romanian leu against the Euro as of 24th of March, a depreciation of c.0.7% versus end-February.

Source: National Bank of Romania

Covid-19 & Investment

Romania



Volumes

€0.6 billion

is the total commercial real estate investment volume in Romania for 2019. This is decrease of 32% versus 2019.



Splits by Sector

63% Offices
Hotel 4%
24% Retail
Industrial 9%

percentage share of total volumes by sector



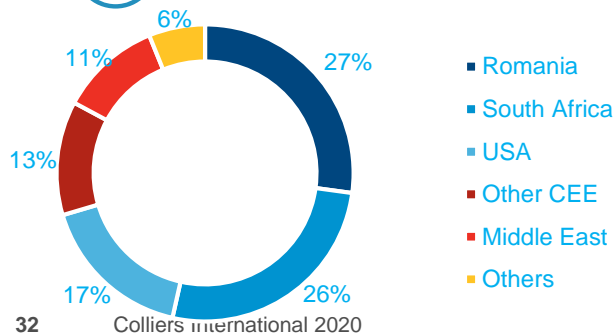
Transactions

21

is the number of recorded transactions in 2019 (generally, worth at least €4 million), resulting in an average ticket size of ca. €31 million.



Sources of Capital



32

% Yields

7.00% Offices
6.50% Retail
8.25% Industrial

are the prime yields as of Q4 2019

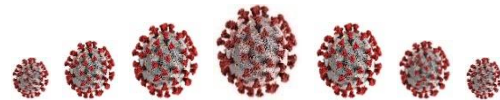


Outlook

- Elevated uncertainty amid COVID-19 outbreak, with general capital outflows (stocks + bonds) from emerging markets suggesting a less than favourable outlook for the likes of Romanian real estate (particularly if current situation translated in an extended period of economic weakness)
- High domestic RE yields versus CEE peers, which lagged the past cycle, suggest a defensive twist to Romanian assets

Covid-19 & Offices

Bucharest, Romania



Stock

2.7 million m²

is the total stock at the end of Q4 2019. A growth of 10.3% since the end of 2018.



Supply

430,000 m²

is the current volume of space under construction. A total 199,000 m² is expected to be delivered in 2020.



Vacancy

10.25%

was the vacancy rate in Q4 2019 and represents ca. 274,000 m² of available space for let.



Demand

365,100 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up reached 145,400 m², an increase of 7.8% Y-o-Y



Rents

€18.00

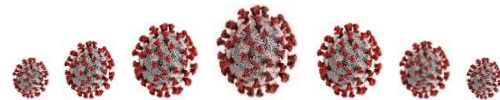
is the current prime headline rent per m² / per month. Net effective rents typically range some 13% below headline.



Outlook

- General view is that market is in stand-by mode to see how long this situation will last, but ongoing leasing deals are still moving ahead
- New projects with a less than ideal pre-lease ratio may see their delivery date extended
- No significant pressures on rents as of yet (maybe during some renegotiations), but extended economic weakness could lead to this

Covid-19 & Industrial Romania



Stock

4.6 million m²

is the total stock at the end of Q4 2019. A growth of ca. 10% since the end of 2018.



Supply

400,000 m²

is the current volume of space estimated to be under construction. A total 500,000 m² is expected to be delivered in 2020.



Vacancy

6.0%

Was the vacancy rate in Q4 2019 and represents ca. 280,000 m² of available space for let.



Demand

456,400 m²

is the gross take-up for the period Q1-Q4 2019. This is a 7% decrease over 2018.



Rents

€3.9-4.0

is the current prime headline rent per m² / per month. Net effective rents typically range between 12-17% below headline.

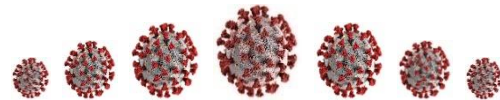


Outlook

- Market participants in wait-and-see, with some tentative interest from some players to sign new deals in Q3-Q4 provided more clarity on current issues
- Opportunities for online-related players
- Some new deliveries may be delayed, but they are not being cancelled
- Some pressures for lower rents or other arrangements during this period of closure

Covid-19 & Retail

Romania



S/C Stock

3.9 million m²

is the total modern shopping centre stock at the end of Q4 2019.



Supply

320,000 m²

is the current volume of modern shopping centre space under construction or refurbishment.



Rents

€70.00

Shopping Centre

€n/a

High Street

€15.00

Retail Parks

*Prime headline rents per m² / per month



Retail Sales

4.9%

is the forecasted growth rate for retail sales in 2020. (Source: Oxford Economics)



E-Commerce

9.8%

is the estimated share of online sales from total retail sales.

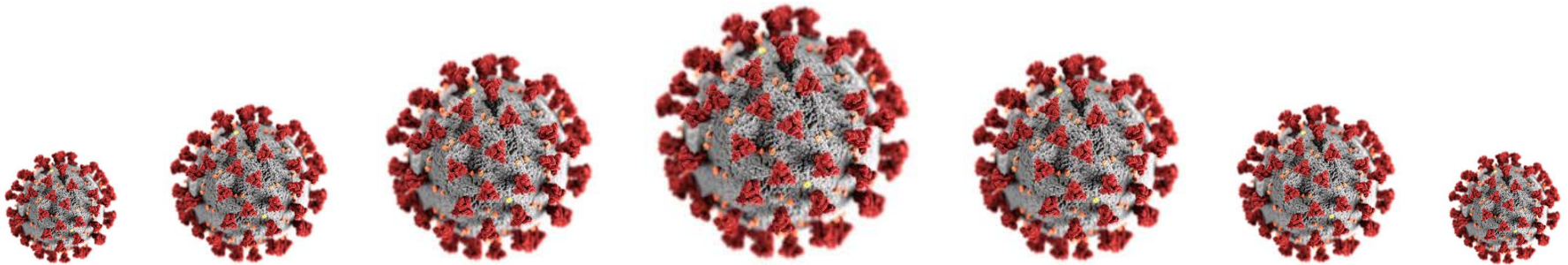


Outlook

- Shopping centers closed as of 23rd March, with no end situation given; new state decision allows smaller tenant companies to freeze rental payments, for larger ones, it will likely be a negotiation with landlords
- Online sales (particularly for food and various household items) booming, cannot meet demand with current delivery capability
- Outlook for consumption dependent on duration of current crisis/lockdown

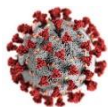
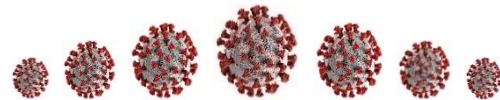
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Covid-19 & Economics

Slovakia



Cases

314  / 0 

is the current number of Covid-19 cases and number of deaths in SK as of 29th March.

Source: <https://www.worldometers.info/coronavirus>



GDP

-1.4% 

is the current forecast of GDP growth in real terms for 2020, down from 2.3% in 2019.

Source: National Bank of Slovakia



Unemployment

6.1% 

is the current forecast for the unemployment rate in 2020, up from 5.8% in 2019.

Source: National Bank of Slovakia



Aid Package

In progress

The government outlined the measures to support finance condition, liquidity and cash flow of companies and employers divided into 4 scopes: immediately feasible measures, measures requiring legislative adjustments, measures aimed at prevention and system of actions for companies and measures supporting repeated economic growth.

% EURIBOR 3M

-0.434% 

is the current EURIBOR 3M rate as of 2nd March, down 0.041% compared to 3rd February.

Source: Euribor-rates.eu

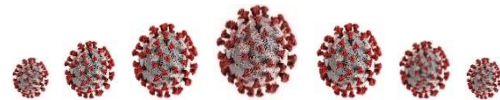
€ Currency

€

Slovakia adopted the Euro currency in 2009

Covid-19 & Investment

Slovakia



Volumes

€479.95

million*
is the total commercial real estate investment volume in Slovak Republic for 2019. This is a 33% decrease over 2018 volumes (€711.68 ml)



Splits by Sector

55% Industrial
Office 36%
9% Retail

percentage share of total volumes by sector



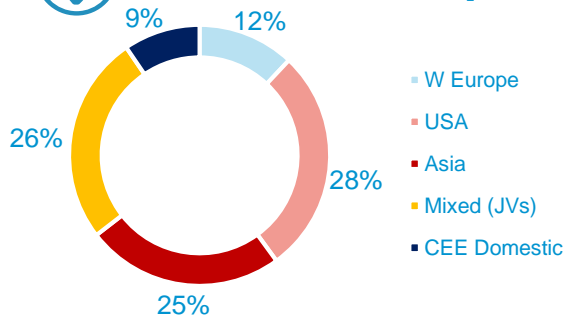
Transactions

22*

is the number of recorded transactions in 2019, resulting in an average ticket size of ca. €34 million.



Sources of Capital



Yields

5.50% Offices
5.00% Retail
6.75% Industrial

are the prime yields as of Q4 2019

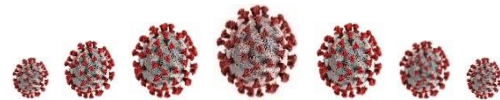


Outlook

- Transactions currently being processed and those in advanced stages are expected to be completed successfully. Some newer transactions may be postponed;
- Several banks paused the assessment and approval of new transactions, focusing solely on the transactions currently being processed;
- All financial institutions have declared their will to help their clients to the maximum possible extent, focusing on the provision of tailor-made solutions.

Covid-19 & Offices

Bratislava, Slovakia



Stock

1.8 million m²

is the total stock at the end of Q4 2019. A growth of 2.4% since the end of 2018.



Supply

276,192 m²

is the current volume of space under construction. A total of 123,372 m² is expected to be delivered in 2020.



Vacancy

8.7%

is the current vacancy rate and represents ca. 160,597 m² of available space for let.



Demand

199,204 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up reached 82,275 m². This result is 30% decrease Y-o-Y.



Rents

€16.00

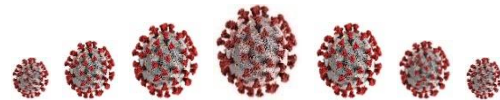
is the current prime headline rent per m² / per month. Net effective rents typically range between 5-15% below headline.



Outlook

- Tenants are currently adapting to the situation, increasingly using home office options, wherever the circumstances allow to do so. Remote working and virtual teams gain popularity
- Landlords are switching to the use of video conferencing systems, as well as starting to offer virtual property tours
- Developers declare their interest to continue with their current pipeline projects, however, a substantial slowdown in delivery is expected

Covid-19 & Industrial Slovakia



Stock

2.5 million m²

is the total stock at the end of Q4 2019. A growth of 13.8% since the end of 2018.



Supply

155,586 m²

is the current volume of space under construction. A total of 129,968 m² is expected to be delivered in 2020.



Vacancy

4.7%

is the current vacancy rate and represents ca. 120,000 m² of available space for let.



Demand

361,948 m²

is the gross take-up for the period Q1-Q4 2019. Net take-up reached 290,369 m². This result is 10% decrease Y-o-Y.



Rents

Warehouse: €4.20

Logistics & Distribution: € 3.80

are the current prime headline rents per m² / per month. Net effective rents typically range between 7-10% below headline, depending on developer, location and terms of contract.

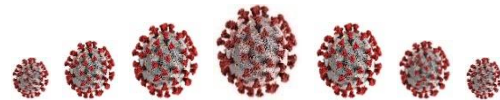


Outlook

- As automotive plants and most of the supply chain producers have stopped production lines, previously declared expansion plans are expected to be reassessed and more caution is to be paid to prolongations and new leases;
- B2C logistics sector is booming, whilst B2B is facing a considerable slowdown;
- Overall, the situation is expected to further strengthen the position of e-commerce, resulting in even greater demand for new logistics centres and big boxes

Covid-19 & Retail

Slovakia



S/C Stock

1.2 million m²

is the total modern shopping center stock at the end of Q4 2019.



Supply

201,690 m²

is the current volume of modern shopping center space under construction or refurbishment.



Rents

€45.00 Shopping Centre

€35.00 High Street

€9.00 Retail Parks

*Prime headline rents per m² / per month



Retail Sales

7.4%

is the forecasted growth rate for retail sales volume index in 2020 (2015=100). This result is 7.7% increase Y-o-Y. (Source: Oxford Economics)



E-Commerce

22%

is the estimated online commerce revenue share of companies in 2017. (Source: Statista)



Outlook

- The loss of sales for retail players is expected to translate into an inability to make regular rental payments (particularly for SMEs)
- Unfavourable revenue situation, affecting rental payment flows, may in turn result in the inability of landlords relying on bank financing schemes to repay loans
- The optimal solution for the situation can be reached by active negotiations amongst all the stakeholders involved, including the state, banks, landlords and tenants.

We are here to help.



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Managing Director | CEE

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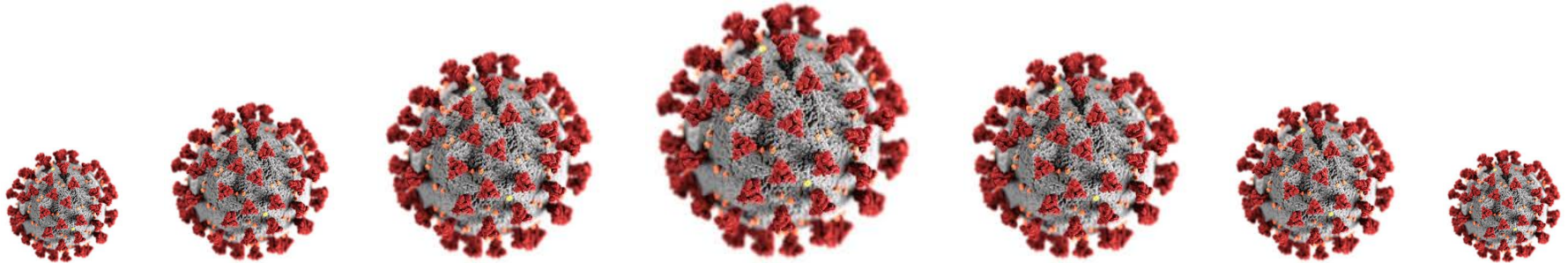
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