

Investment market

2025

Overview of the commercial property investment market in CEE, review and outlook.

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MACROECONOMIC OVERVIEW

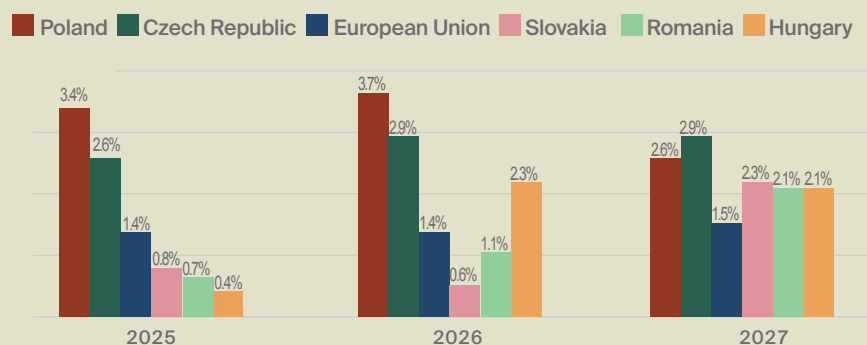
In 2026, the Central and Eastern European (CEE) region is expected to continue its economic expansion. However, performance will remain uneven across countries, reflecting differences in fiscal positions, exposure to external demand and external shocks, domestic policy choices, and the pace of EU fund absorption.

Poland remains the regional and European growth leader with GDP growth projected at ~3.4% in 2025 and accelerating to ~3.7% in 2026. The Czech Republic is expected to deliver stable, mid-range growth, with GDP expanding by ~2.6% in 2025 and ~2.9% in both 2026 and 2027, still well above the EU average of slightly above 1%. Hungary shows a sharp rebound from a weak base, with growth rising from ~0.4% in 2025 to ~2.3% in 2026, while Romania is forecast to underperform regional peers in the near term, with GDP growth of ~0.7% in 2025 and ~1.1% in 2026, before improving to ~2.1% in 2027. Slovakia's economy is projected to decelerate further, with growth easing from 0.8% in 2025 to 0.6% in 2026, before rebounding to a stronger 2.3% in 2027.

By 2027, the entire CEE region is poised to surge ahead, with growth accelerating well beyond the EU's modest ~1.5% and the eurozone's ~1.4%, overcoming earlier slowdowns.

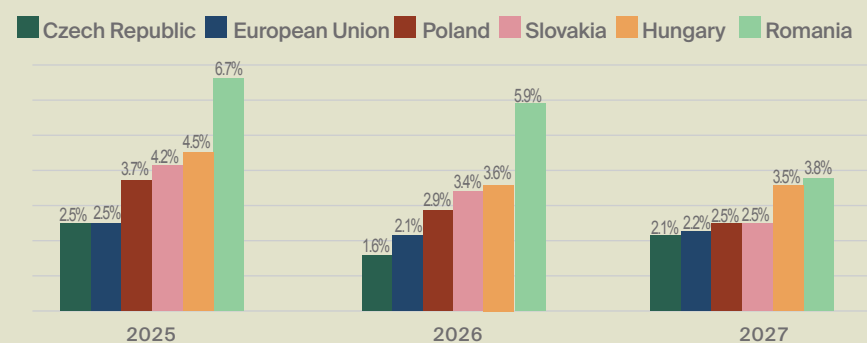
With inflation on a sustained downward path, central banks initiated rate cuts, which has translated into a noticeable improvement in lending conditions.

Poland leads EU growth, driving CEE surge past average by 2027 GDP growth evolution



Sources: European Commission, Central Bank of Poland, Czech National Bank, National Bank of Slovakia

Inflation in CEE is projected to decline steadily, with most countries returning to their inflation targets Inflation evolution



Sources: European Commission, Central Bank of Poland, Czech National Bank, National Bank of Slovakia

In summary, the CEE region in 2026 is expected to experience moderate and uneven growth, continued disinflation, and gradual policy normalisation.

While Poland and Czechia are likely to outperform, Slovakia, Hungary, and especially Romania face more constrained outlooks due to structural and fiscal challenges.

The region's medium-term prospects will depend critically on fiscal discipline, investment efficiency, and the ability to navigate a complex external environment.

2025 INVESTMENT MARKET OVERVIEW

The CEE-5 investment market regained momentum in 2025, confirming a clear recovery trend.

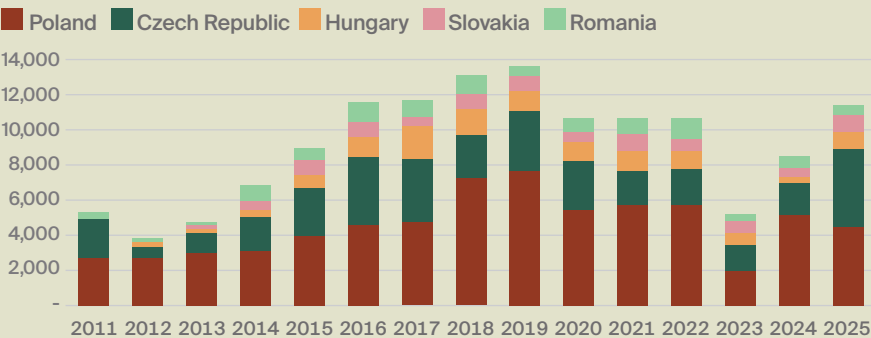
Total investment volume reached EUR 11.3 bn, representing a 34% year-on-year increase and standing 24% above the five-year average.

The Czech Republic and Slovakia emerged as the key drivers of the recovery, delivering exceptional growth of 137% and 138% year-on-year, respectively. Both markets posted record-breaking investment volumes, with transactions totalling EUR 4.39 bn in the Czech Republic and above EUR 900 m in Slovakia. Poland, after a strong rebound in the previous year, experienced a moderate correction, with investment volumes declining by 12% to EUR 4.5 bn. Romania, meanwhile, saw investment activity soften further, as total volumes fell by 27% to EUR 540 m.

CEE’s investment rebound has been powered by domestic and regional capital, strengthening the market’s resilience to global shocks. Domestic investors accounted for as much as 86% of investment volume in the Czech Republic, 37% in Romania, and a smaller, but still record high, 18% in Poland, as well as 12% in Slovakia.

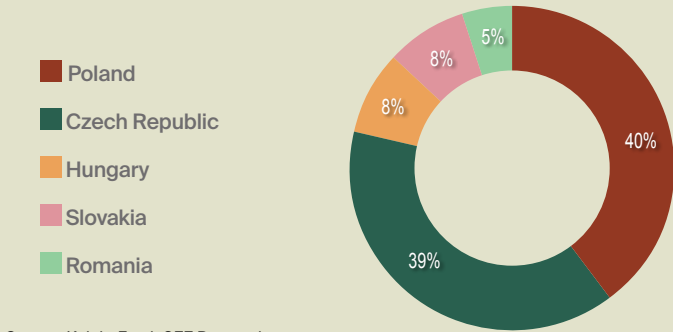
The regional investment landscape is currently shaped by Czech funds, which deployed 3.8 bn EUR domestically and almost EUR 1.1 bn in Poland, making them the largest source of capital in Poland in 2025. A further EUR 430 m was deployed in Slovakia, reinforcing the strong regional footprint of Czech investors.

Total CEE-5 investment volume grew by 34% yoy
Total investment volume by country (EUR millions)



Source: Knight Frank CEE Research

Poland and the Czech Republic dominate CEE-5 investment, accounting for 79% of total volume
Investment volume share by country



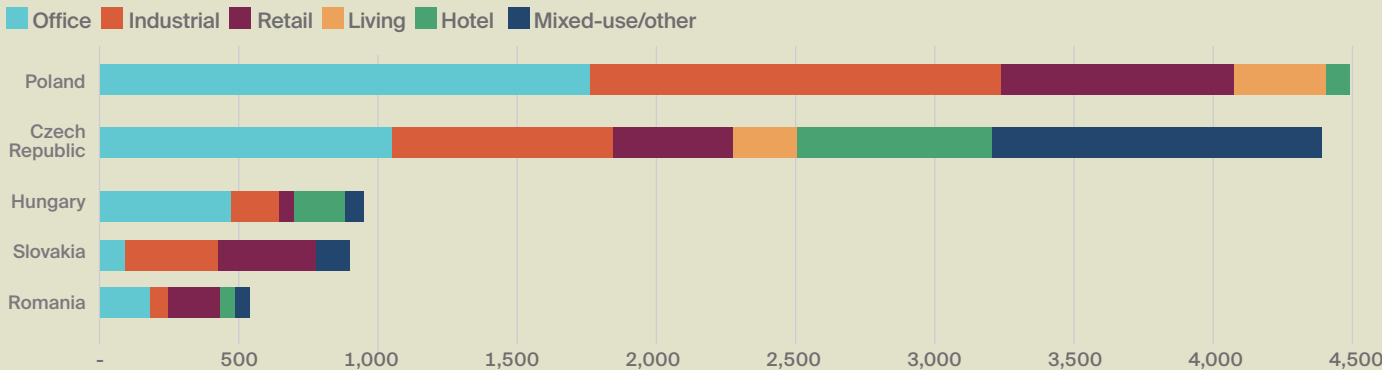
Source: Knight Frank CEE Research

The CEE investment market picture is further complemented by renewed interest from international investors, whose presence is more evident, supported by strong economic performance of the region, solid occupational market fundamentals, attractive pricing compared to Western Europe, and rental growth potential, particularly in the office sector.

As a result, large ticket transactions have returned to the CEE investment

market, exemplified by the acquisition of the Palladium mixed use scheme in Prague by Czech Reico for over EUR 700 million, the largest single asset transaction recorded in the region in 2025. This long anticipated disposal of a prime regional shopping centre, complemented by office space, highlights the renewed investor appetite for dominant, high quality retail assets with a strong and proven performance track record.

Offices led investment activity in Poland, Hungary and Romania
Mixed-use dominated in the Czech Republic and Slovakia
Investment volume by country and sector (EUR millions)



Source: Knight Frank CEE Research

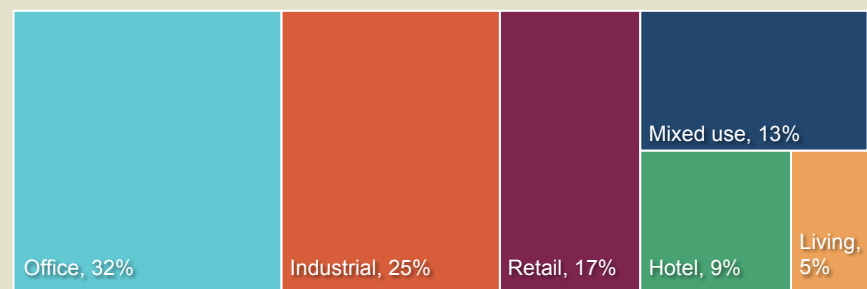
In the I&L sector, the largest sale and leaseback transaction in CEE, the acquisition of Eko Okna’s assets in Poland by the US REIT Realty Income for EUR 253 million, illustrates the clear shift in investor demand toward long income assets. In the office sector, a growing number of large transactions, including the sale of Wola Center in Warsaw, together with several other core office deals currently in the pipeline, points to a strengthening rebound in the office market.

The office sector has reclaimed its position as the largest contributor to CEE investment volume, accounting for 32% of the total. In Hungary, offices represented almost half of all investment activity, while in Poland and Romania they accounted for 39% and 36%, respectively. Notably, investor focus is gradually shifting from value-add and opportunistic strategies toward core and core+ assets, as global investors capitalise on early-cycle opportunities in CEE, attracted by its stronger relative value compared with Western Europe. The office investment rebound reflects rental growth potential, driven by strong take-up and limited or no new supply across the region.

The industrial sector is the second most sought after asset class in the CEE region, accounting for 25% of the total investment volume. Demand is sustained by solid fundamentals, including e-commerce growth potential, resilient manufacturing and robust domestic retail. Those structural drivers translate into stable income profiles and lower volatility, positioning the sector as a favourable, low risk component in institutional portfolios. In 2025, investment volume reached EUR 2.8 billion, reinforcing industrial as the second most sought after asset class in the region. Retail accounted for 17% of total investment volume, with EUR 1.9 bn

The office sector returned to the leading position in total investment volume

Investment volume by sector



Source: Knight Frank CEE Research

transacted in 2025. Large shopping centre deals remain limited, with liquidity driven primarily by retail parks, which serve basic consumer needs and are viewed as anticyclical assets. Key transactions include Trei’s 25 Vendo retail parks disposal in Poland and M Core’s acquisition of seven retail parks in Romania.

The hotel sector in CEE is led by the Czech Republic, benefiting from strong tourism demand, while the living sector is gradually emerging, showing high potential but constrained by the market’s limited scale.

Within the region, the Czech Republic continues to exhibit the lowest prime yields, reflecting the limited scale of the market, high liquidity, and strong investor competition - factors that increasingly redirect capital flows to other CEE countries.

In the Czech Republic, prime yields followed a gradual compression trend during the year, reaching the lowest levels in the region at 5.0% for both office and industrial assets, and 5.75% for shopping centres. Across the remaining CEE markets, pricing held largely stable, with prime yields ranging between 6.0%

and 7.25% for offices, 6.0% - 7.5% for industrial, and 6.25% - 7.25% for shopping centres.

CEE REAL ESTATE INVESTMENT MARKET OUTLOOK – 2026

Positive investor sentiment is expected to prevail across Central and Eastern European (CEE) markets in 2026.

In **Poland**, investment activity is expected to strengthen, supported by a rebound in the office sector, where Warsaw stands out, with fundamentals now at their strongest in years and signalling an attractive buy opportunity.

Continued stable demand for industrial assets will further support volumes, while a broader pool of international investors and rapidly expanding domestic capital, already tripled last year, should add additional momentum.

In the **Czech Republic**, investment volumes are projected to moderate from the record levels achieved in 2025. Activity is expected to be primarily office-led, underpinned by landmark ongoing transactions such as the Riverside complex in Prague 8 and Port7 in Prague 7. Despite lower overall volumes, the market should remain highly liquid, with domestic capital continuing to play a dominant role.

Prime yields are expected to remain broadly stable across the region in 2026

Prime yields at year-end 2025 with a 2026 forecast

	Czech Republic		Hungary		Poland		Romania		Slovakia	
Industrial	5.00%	Stable	6.75%	Stable	6.25%	Stable	7.50%	Stable	6.00%	Stable
Office	5.00%	Stable	6.50%	Stable	6.00%	Stable	7.25%	Stable	6.00%	Stable
Shopping centres	5.75%	Stable	7.00%	Stable	6.25%	Stable	7.25%	Stable	6.50%	Stable

Source: Knight Frank CEE Research

Romania is forecast to see a rebound in investment activity following a weaker year. After the withdrawal of CTP Romania's bid for P3's Romanian operations due to antimonopoly considerations, the 380,000 sq m industrial portfolio may re-enter the market in 2026, potentially boosting transaction volumes and reinforcing the country's industrial investment profile.

In **Hungary**, real estate investment activity in 2026 is expected to stabilise with modest improvement, although total volumes will likely remain moderate by CEE standards. Office investment will continue to attract attention, focused on prime, ESG-compliant assets in Budapest, while industrial and logistics assets are expected to see sustained investor interest supported by strong occupier demand and structural growth trends. Financing conditions and risk pricing will remain selective, but improving pricing transparency and yield premiums may support measured re-entry, primarily by domestic and regional capital

Hotels and well-performing retail assets could provide opportunistic contributions, but they are expected to play a secondary role in volume generation.

In **Slovakia**, following a notably strong performance in 2025, investment volumes are likely to decline year-on-year, mainly due to limited product availability rather than weaker demand.



Katarina Horvathova

Head of Transactions CEE & Country Head Czech Republic
Manova Partners

„Within CEE, I am particularly constructive on the logistics sector, especially in Poland, where structural demand drivers such as nearshoring, e-commerce growth, and supply chain reconfiguration remain firmly in place. Poland's scale, improving infrastructure, and competitive labor market continue to support strong occupier demand and rental resilience. I also see compelling value in prime office assets in Warsaw, where pricing has adjusted materially and, in my view, certain institutional-grade properties are currently underpriced relative to their long-term fundamentals. For well-located, ESG-compliant offices with strong tenant covenants, the risk-return profile has become increasingly attractive.”



Jiří Hrbáček

Vice-Chairman of the Board of Directors & Portfolio Manager
WOOD & Company Real Estate SICAV Fund

„The CEE real estate investment climate remains favourable and resilient despite geopolitical uncertainty, supported by strong domestic capital, particularly from the Czech Republic, robust bank financing, stabilised interest rates with scope for gradual easing, and a stable macroeconomic backdrop featuring some of Europe's highest GDP growth rates, underpinning expectations of solid investment activity through 2026 and beyond. Liquidity and transaction volumes between 2026 and 2028 are expected to return closer to the strong levels seen in 2016–2019, with an increasing share of local capital, while longer-term momentum will depend on the re-engagement of Western European and US investors and whether they adopt a clear “buy CEE” investment strategy.”

Czech capital is expected to remain a key driver of activity in both the Czech and Slovak markets, while also maintaining a strong presence in Poland.

Particularly in Poland and the Czech Republic, investment conditions should be supported by solid macroeconomic growth significantly exceeding the EU average and resilient domestic consumer spending. Rental growth

in prime core office assets in Prague and Warsaw, combined with a restrained development pipeline, may further support the market. Industrial portfolios as well as sale&leaseback deals continue to attract demand. Prime yields are expected to remain broadly stable throughout 2026; however, capital values are projected to strengthen, supported by rental growth.

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