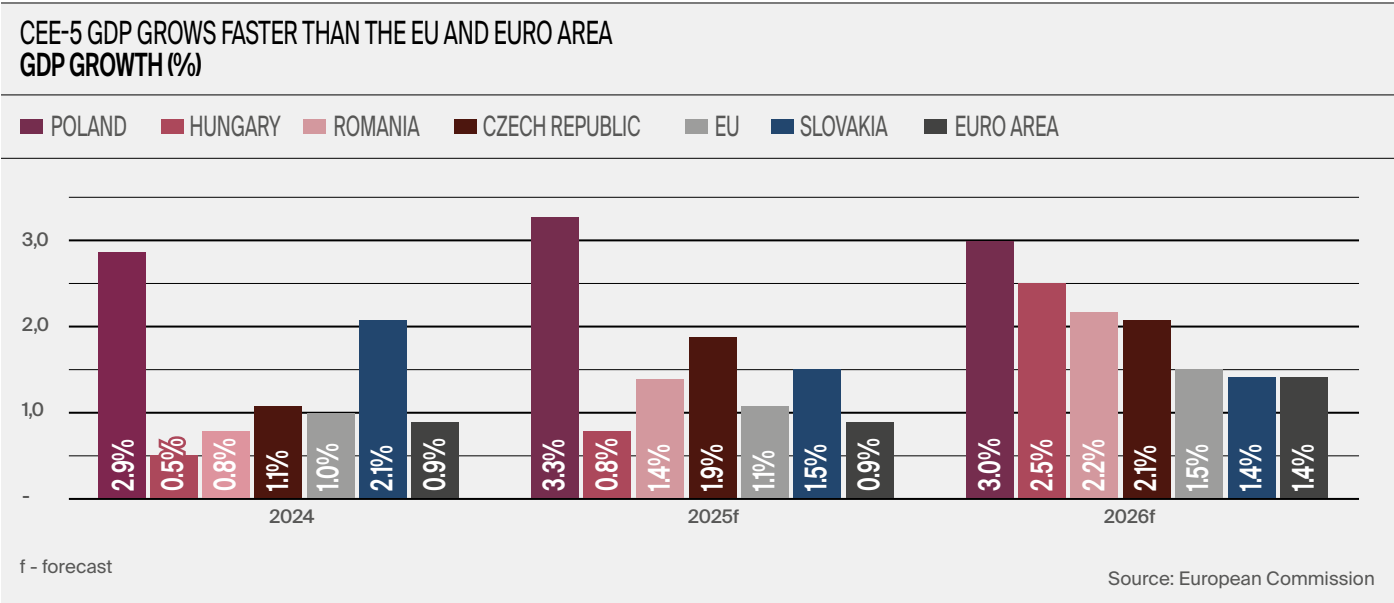




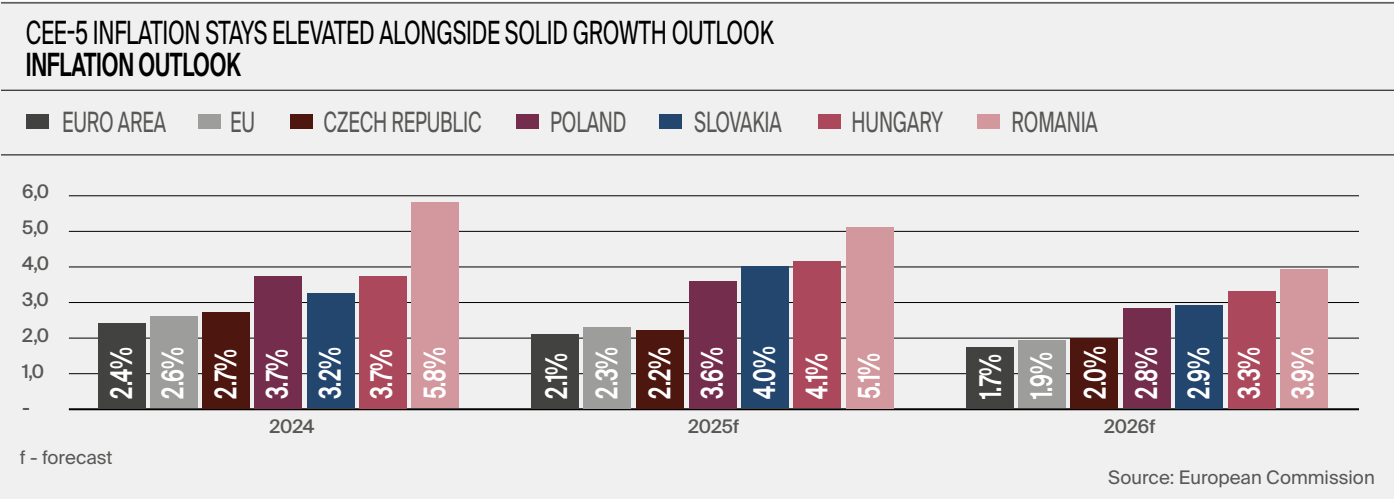


MACROECONOMIC OUTLOOK

In 2025, Central and Eastern Europe (CEE) continues a cautious yet steady recovery. Growth has resumed and inflation is easing, though challenges like labour shortages, core inflation, and fiscal pressures persist. Despite geopolitical risks and reliance on the Eurozone, the region benefits from strong EU integration, resilient



domestic demand, and improving external conditions. Moderate, sustainable growth is expected, particularly in Poland, Romania, and the Czech Republic, which are projected to outperform the Euro Area. Romania shows the strongest momentum, while Hungary and Slovakia are recovering more gradually. Overall, the region remains on track for long-term convergence with Western Europe.



INVESTMENT MARKET OVERVIEW

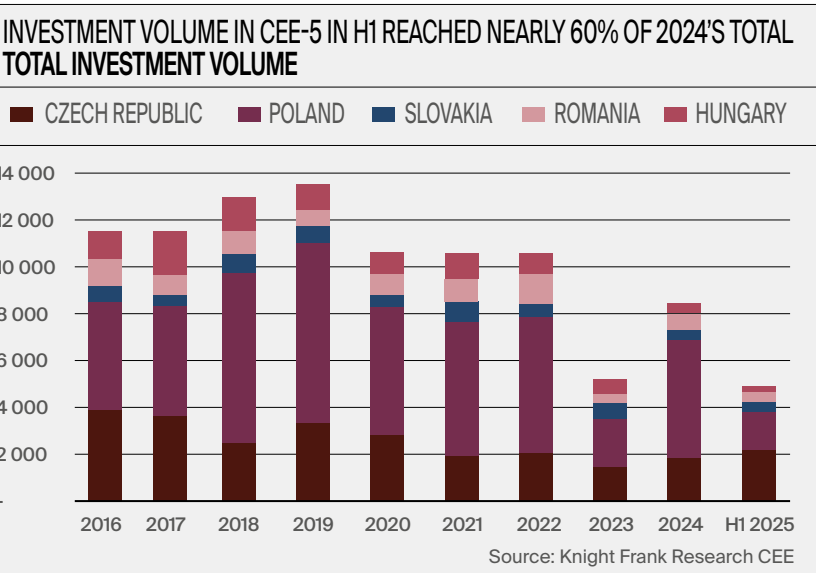
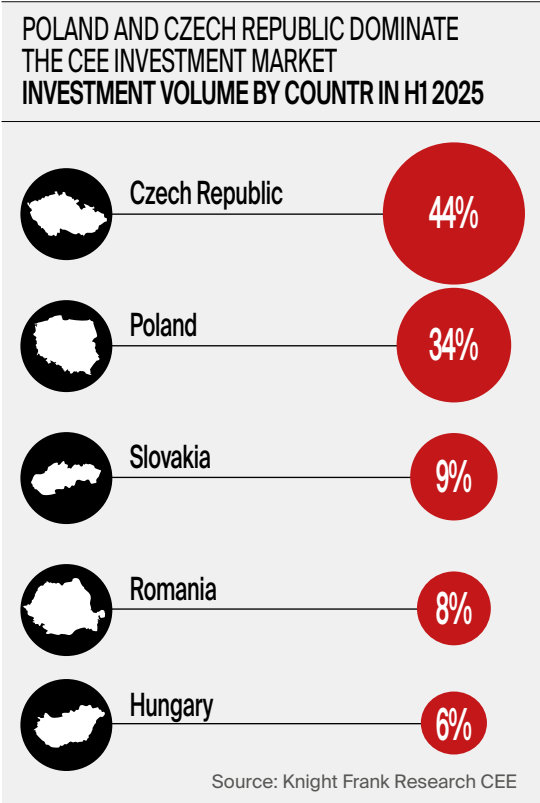
Real estate investment volumes in H1 2025 across the CEE-5 (Czech Republic, Poland, Romania, Slovakia, Hungary) reached nearly

EUR 5 BILLION,

representing almost 60% of the full-year 2024 total and continuing the rebound that began last year. The Czech Republic led with an investment volume of EUR 2.1 billion, surpassing Poland (EUR 1.7 billion) for the first time. Together, these two markets dominated the CEE-5 real estate sector, accounting for 77% of investment volumes in H1 2025.

Logistics remained the most sought-after asset class, particularly in the Czech Republic, Poland, and Slovakia, reaffirming the region's appeal as a high-performing hub for both manufacturing and distribution. This sector, which attracted 32% of the total investment volume, continues to offer strong fundamentals, stable income, low risk, and a positive outlook, driven by sustained occupier demand and structural tailwinds such as nearshoring and e-commerce growth.

The office sector maintains a robust position, capturing 22% of total investment volume, highlighting renewed investor confidence fuelled by the strong performance of well-located, top-tier, ESG-compliant assets. Retail accounted for 16% of investment activity, followed by hotels (11%) and the living sector (11%). Hotel investments surged, driven by PPF Real Estate's high-profile acquisitions of the Hilton Prague and Four Seasons Hotel



Prague. Meanwhile, the living sector shows steady growth, particularly in Poland and the Czech Republic, underpinned by solid market fundamentals.

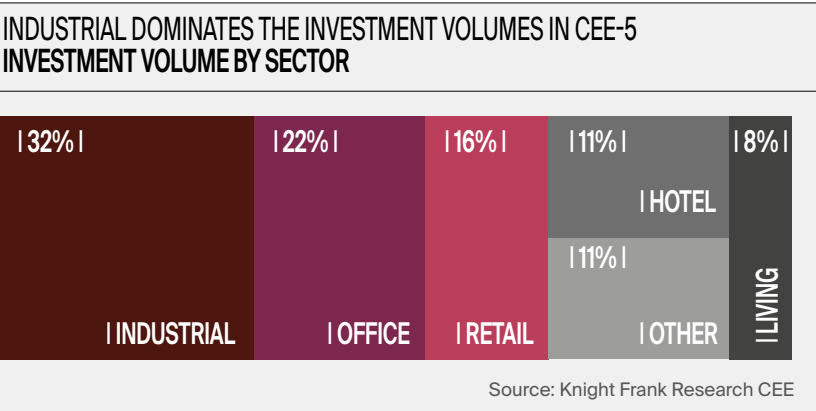
The largest transaction in H1 in CEE-5 was the industrial Contera portfolio transaction including assets in the Czech Republic and Slovakia acquired by Blackstone for EUR 470 million, followed by the aforementioned Hilton Prague deal by PPF Real Estate and a record-breaking sale-and-leaseback deal in the CEE region, the EUR 253 million sale of two manufacturing facilities belonging to window producer Eko-Okna, with a total area of 264,000 sq m, located in southern Poland. The buyer was the U.S. fund Realty Income, highlighting the growing return of large institutional investors to the CEE market.

However, the presence of domestic investors is increasing, with the trend most notable in the Czech Republic and Hungary, where they accounted for 78%

and 80% of total investment volume in H1 2025, respectively. In Romania, domestic capital represented 35%, while in Poland it reached 15% - a significant increase from marginal levels just five years ago.

Out of regional investors, the most active is Czech capital that was responsible for 51% of the investment volume in Slovakia and 11% in Poland.

Overall, the CEE-5 region continues its upward investment cycle, though market dynamics differ across countries. The Czech Republic is poised for a record year, also Slovakia recorded strong growth in H1, and Hungary and Romania posted continued volume gains. Poland's rapid rebound last year has stabilised in the first half of 2025. The region's trajectory remains positive, supported by a favourable macroeconomic environment, the ongoing return of major global investors, and growing participation from local capital.



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## INVESTMENT OUTLOOK

As evidenced by the H1 2025 strong results, we expect a positive outlook for real estate investments for the remainder of the year across all CEE markets.

## REAL ESTATE OUTLOOK IMPROVES

This optimism is underpinned by a robust pipeline of ongoing transactions and the downward trend in interest rates.

Core offices across all CEE countries, industrial in Poland and Slovakia and retail in the Czech Republic and Romania may be the leading sectors in the second half of the year based on the pipeline of deals.

Distinct from peer markets, the Czech real estate investment landscape will remain predominantly driven by domestic capital, whereas foreign capital will continue to play a leading role in Poland, Romania, and Hungary.

Prime yields have reached a point of stability, with moderate compression projected in select sectors that have experienced the most significant repricing in recent years. The Czech Republic is set to continue to offer the lowest prime yields in the CEE region, backed by strong local investor demand and high-quality assets. Poland present attractive opportunities with slightly higher yields, driven by its

large, dynamic market and active foreign investor base, while other CEE markets are anticipated to provide compelling risk-adjusted returns in lower-liquidity environments.

There are, however, certain downside risks stemming from the heightened uncertainty in the global geopolitical landscape, as well as the potential impact of U.S. tariff increases on economic and real estate forecasts in the CEE countries. While Poland is relatively insulated from such pressures due to its diversified economy, countries with a stronger reliance on exports in the automotive sector, such as Slovakia and the Czech Republic, may be more exposed to adverse effects.

On the positive side, economic growth in CEE is likely to be supported by strengthening domestic consumer spending, underpinned by rising wages, easing inflation, and robust labour markets. This momentum could be reinforced by improving global investor sentiment and the potential positive impact of a ceasefire in Ukraine, as reduced geopolitical risk would likely attract foreign capital inflows. Such developments could lower risk premiums for CEE assets, enhance the region's competitiveness relative to Western Europe, and disproportionately benefit logistics and industrial real estate, given CEE's strategic role as a bridge between EU markets and eastern supply chains.

### PRIME YIELDS

● Q2 ● CHANGE Q1/Q2 ↕ STABLE ↓ DOWN

	industrial	office	shopping centres
Czech Republic	5% ↕	5.25% ↕	5.75% ↓
Poland	6.25% ↓	6% ↕	6% ↕
Slovakia	6% ↕	6% ↕	6.50% ↕
Romania	7.50% ↕	7.25% ↕	7.25% ↓
Hungary	6.80% ↓	6.75% ↕	7.25% ↕

Source: Knight Frank Research CEE