

Real estate post-pandemic

Making sense of the good, the bad and the uncertain

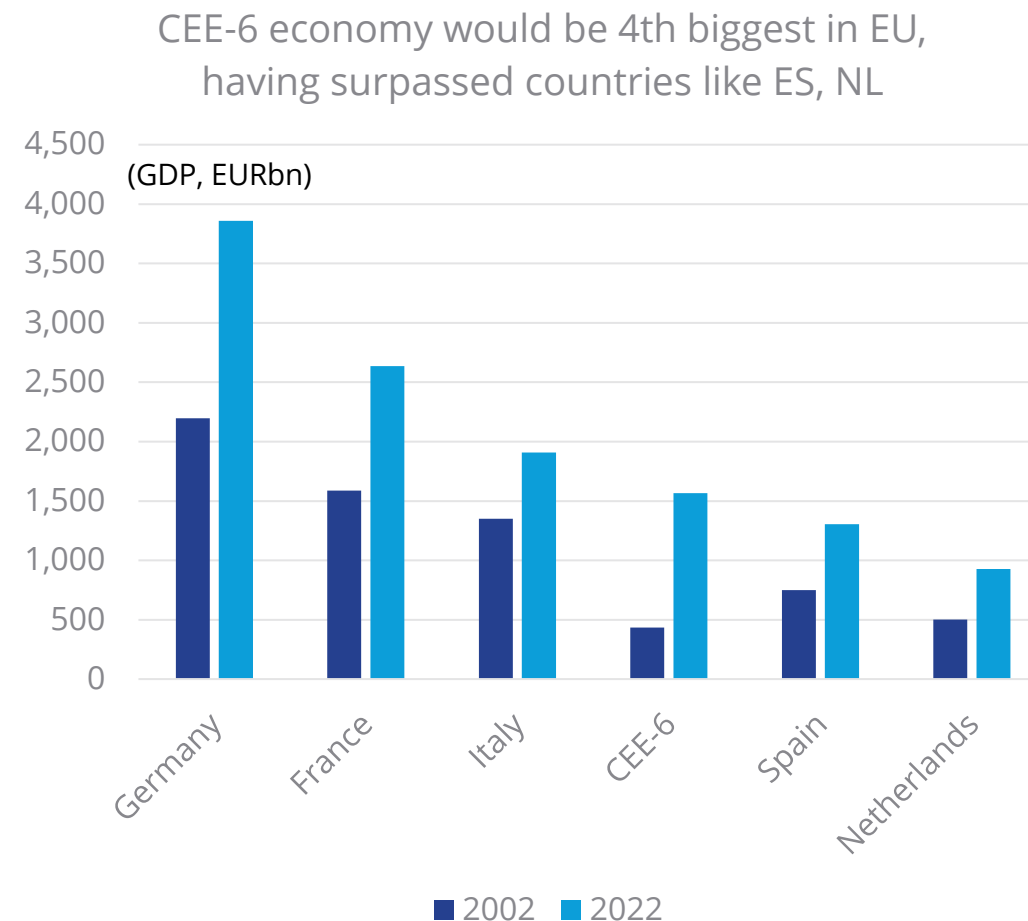
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Top most dynamic 25 economies in the world since 2000

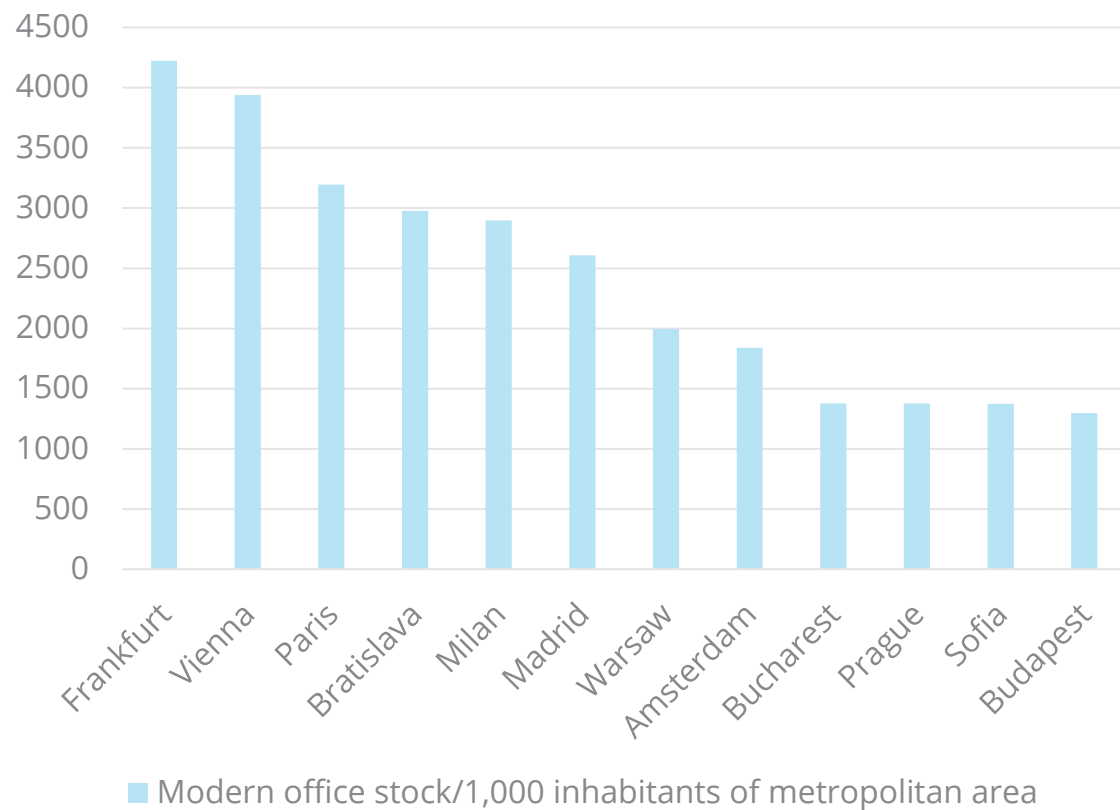
Robust growth track record for CEE-6

	GDP/capita (USD, PPP, % of average for advanced economics)	Change in GDP/capita (PPP, % of advanced economics, 2000-2022)
Ireland	209.7	100.9
Singapore	210.3	62.2
Guyana	68.2	49.9
Lithuania	73.9	41.1
Taiwan	111.2	38.6
Romania	61.0	32.9
Estonia	73.8	31.9
Latvia	61.0	30.8
Panama	58.2	30.0
Korea	85.7	29.0
Poland	67.9	28.0
Turkey	62.0	25.4
Malta	90.1	24.8
China	34.1	24.3
Maldives	49.4	24.2
Kazakhstan	49.3	23.2
Bulgaria	46.7	22.8
Georgia	31.7	21.3
Czechia	78.3	21.1
Slovakia	61.8	19.8
Hungary	67.4	19.4
Slovenia	80.0	19.0
Armenia	26.9	18.1
Turkmenistan	30.2	17.6
Hong Kong	112.0	17.2

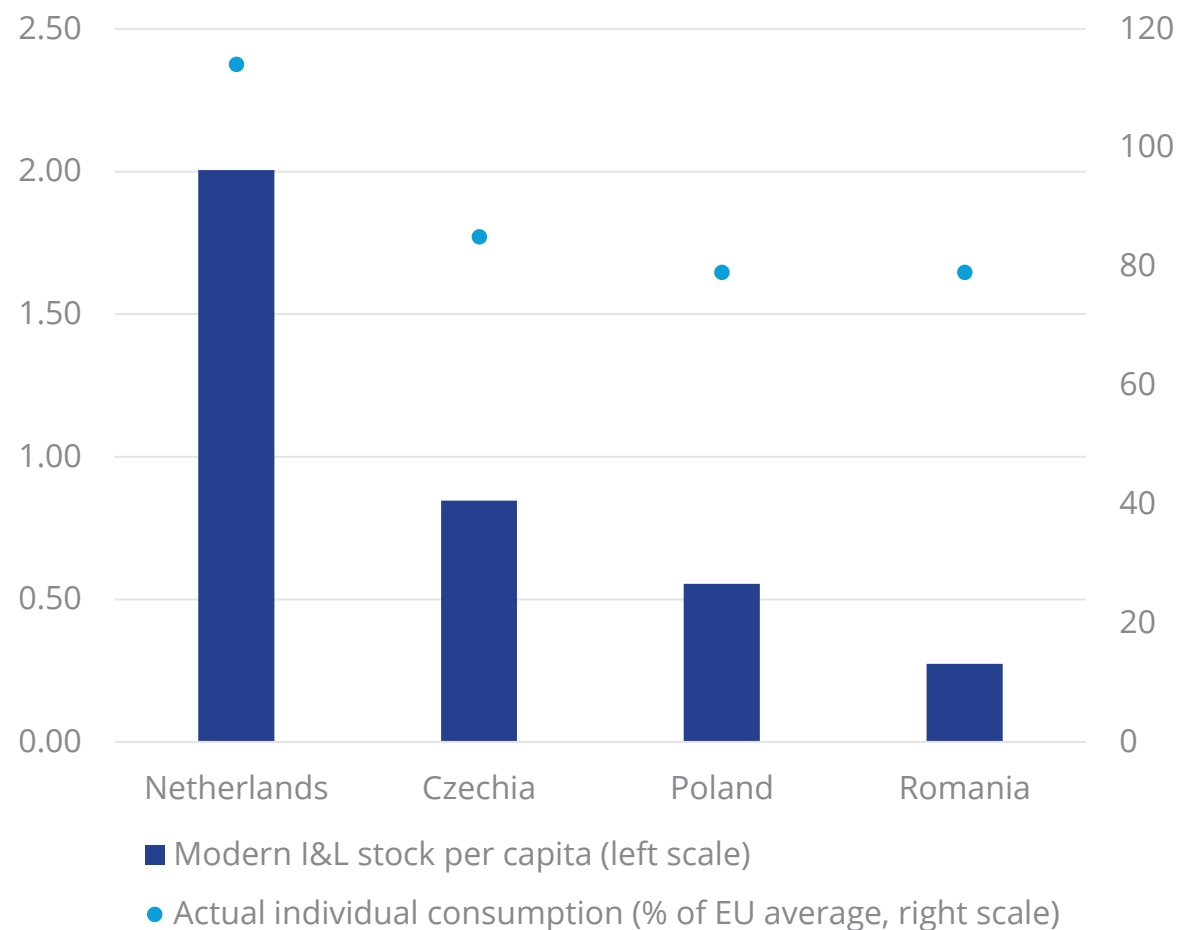


Oversupply not a (major) issue in the CEE

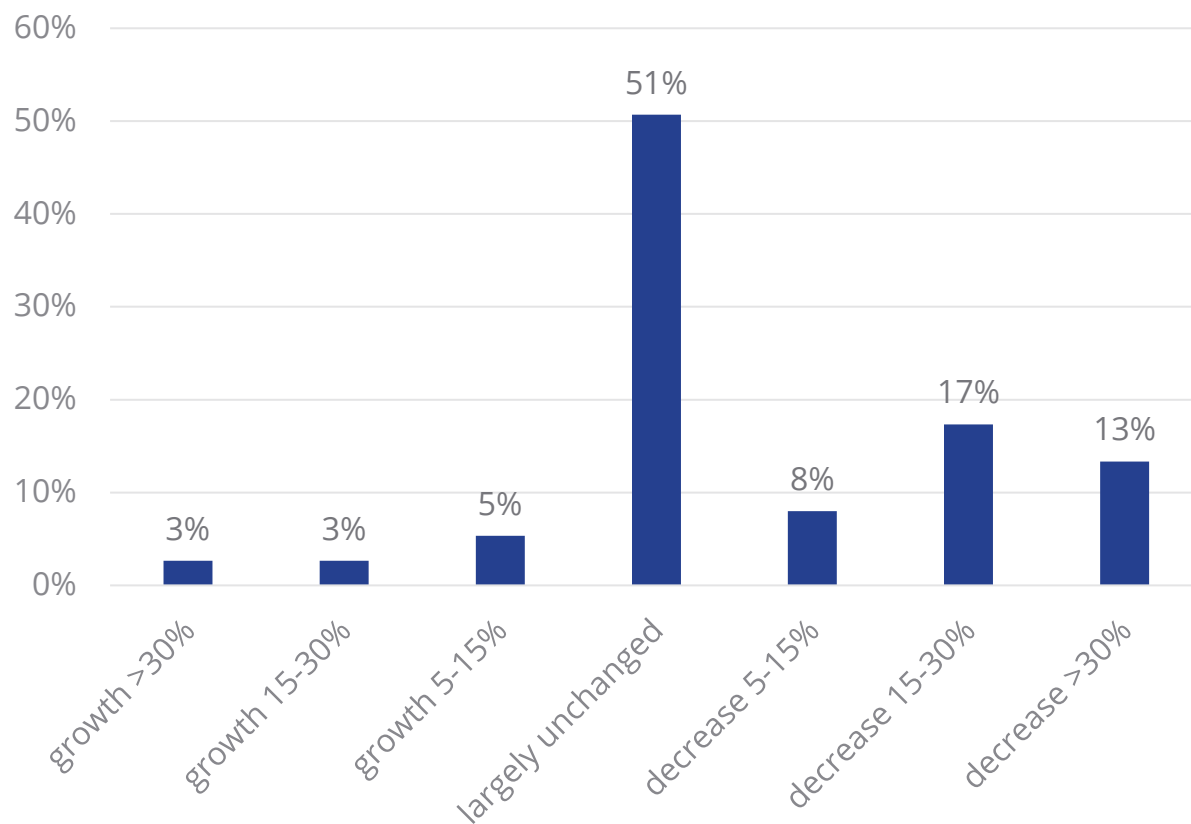
Despite sharp growth in last decade, office stock in CEE cities is 2-3x below that of Western towns



Consumption versus I&L stock

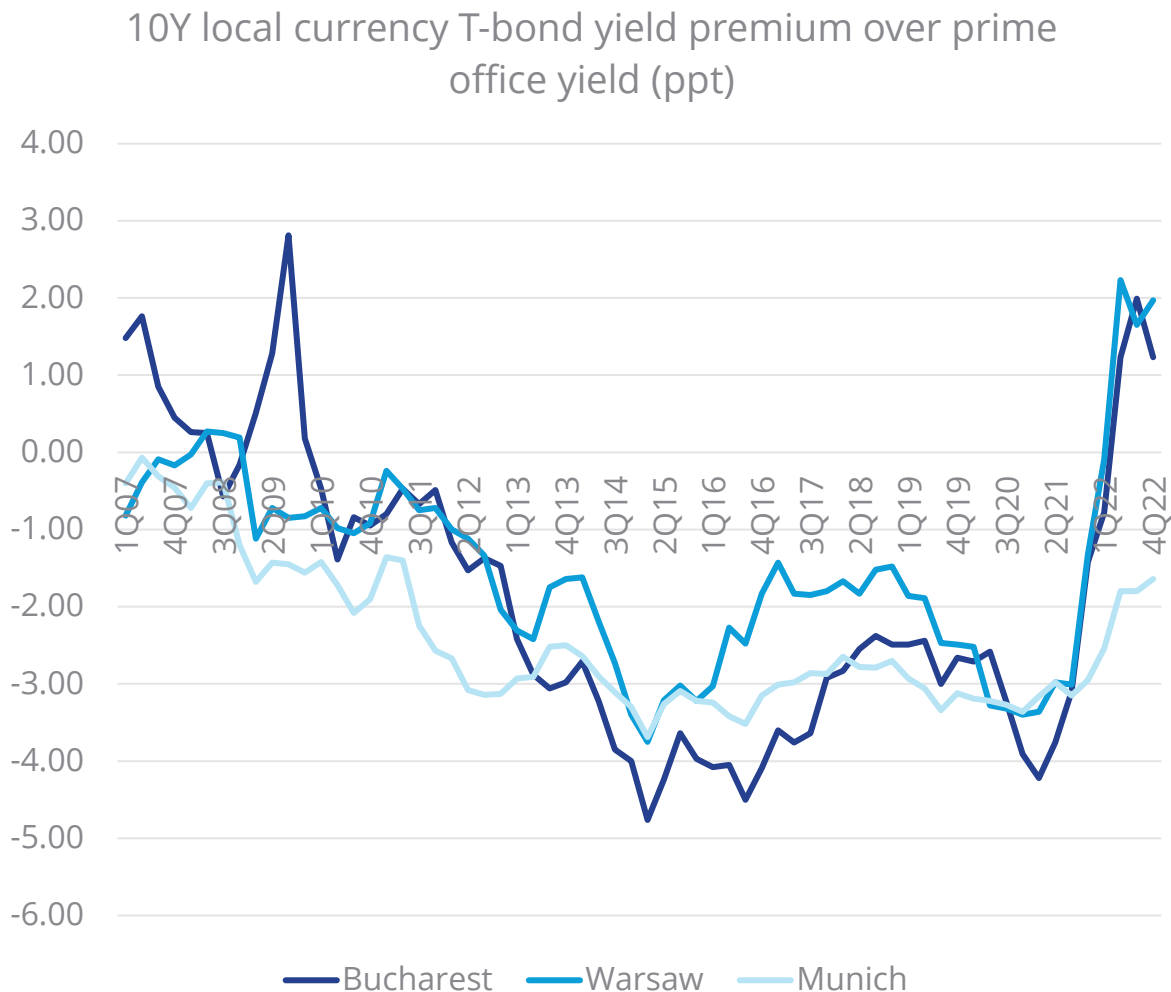


Colliers survey with 76 Romanian tenants: what are your plans with regards to the currently occupied office surface?



Things are changing, but it is less dramatic than thought

- Most companies are still expanding, but due to hybrid work, this is leading to a lower need for real estate
- 3 big categories (almost equal): companies offering 1-2 remote workdays/week, those with 3-4 workdays/week and those with full flexible arrangement
- A cautionary lesson for the future for companies: both our survey and more scientific-based studies attest to a mixed impact, at best, of remote work on productivity



Still a matter of price discovery

- We still lack clarity about interest rates path (particularly after the latest batch of decisions from the Fed and the ECB)
- Investment yields likely to remain under upward pressure as it looks like interest rates will remain elevated / maybe maintain real positive interest rates throughout the curve
- Real estate yields in the CEE region look stretched when compared to the countries long-term risk-free rate (though we could look past short-term discrepancies)
- Downward pressures on valuations to be somewhat compensated by indexation of rents to inflation



Thank you!

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