CEE Investment market

H1 2026

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

knightfrank.com.pl/en/research

MACROECONOMIC OUTLOOK

Improving Macroeconomic Fundamentals Support the Investment Outlook

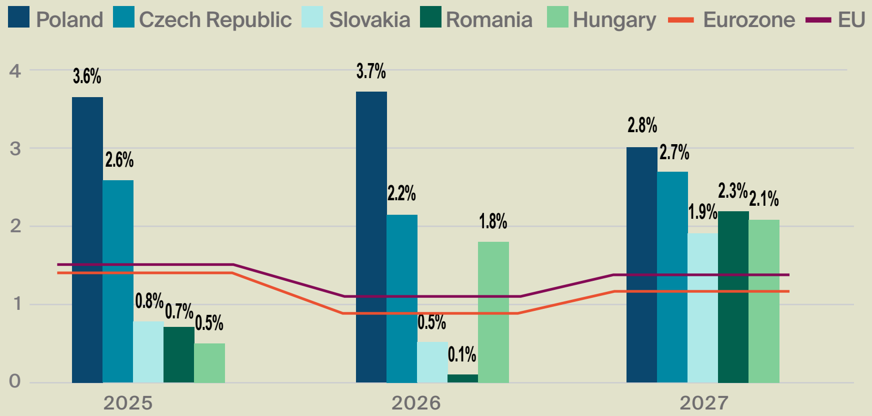
The CEE macroeconomic backdrop is becoming increasingly supportive for investment activity, although growth and disinflation paths remain uneven across the region. Poland continues to act as the regional growth engine, with GDP expected to expand by 3.7% in 2026 and remain strong at 2.8% in 2027. Czech Republic is also set to deliver a stable recovery, with growth gradually improving from 2.2% in 2026 to 2.7% in 2027. Importantly, **all major economies in the region are forecast to outperform both EU and eurozone averages by 2027, reinforcing CEE's long-term relative growth appeal.**

Inflation is expected to moderate gradually across the region, creating a more constructive environment for monetary easing and capital deployment. However, the pace of normalisation will differ by market, with Romania, Slovakia and Hungary still more exposed to persistent price pressures, partly due to energy price volatility and higher sensitivity to imported costs. Poland and Czech Republic appear better positioned, supported by stronger domestic fundamentals, resilient consumption, solid labour markets and improving investment activity.

For real estate investors, **the improving macroeconomic outlook should support occupier demand, particularly in sectors linked to domestic consumption, logistics, modern offices and high-quality retail assets.**

GDP growth forecast

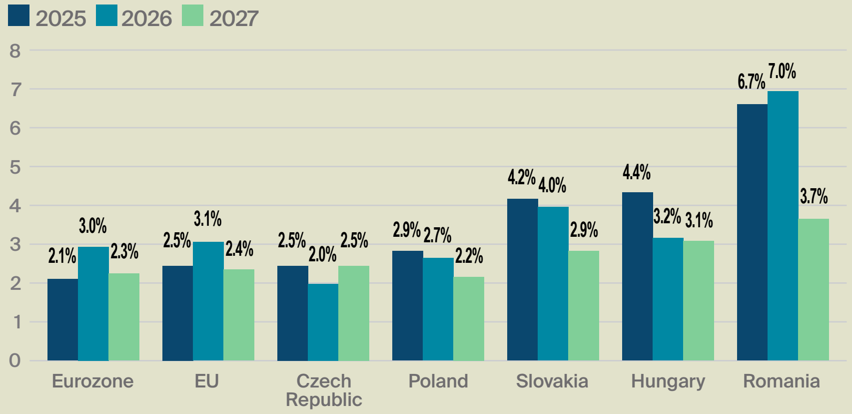
%, year-on-year



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

Inflation forecast

%



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

At the same time, financing conditions are becoming an increasingly important catalyst for investment sentiment across the region. Hungary provides an early example of this shift, where the post-election decline in 10-year government bond yields to around 5.2%, their lowest level since early 2022, points to a reduction in the political risk premium and a more constructive investor view on the market.

CEE INVESTMENT MARKET OVERVIEW

Strong First-Half Results Reinforce CEE's Investment Appeal

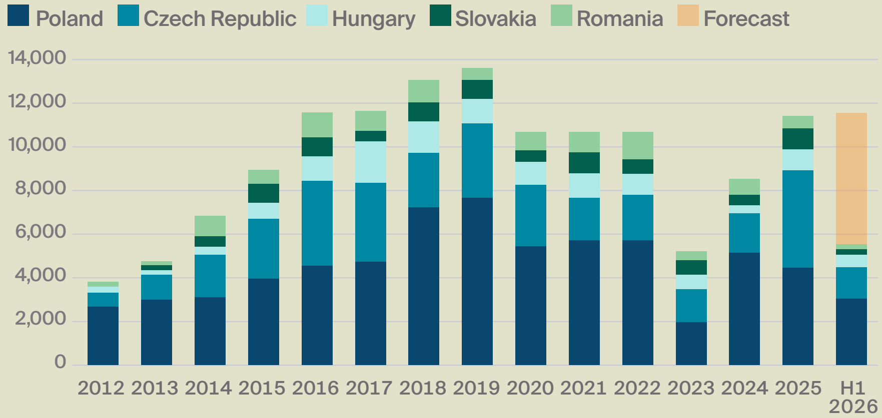
The CEE region continues to strengthen its position as an attractive investment destination in Europe. Economic growth prospects above the EU average, resilient occupier fundamentals, improving market liquidity, and access to high-quality assets at more attractive pricing levels are all underpinning this trend. Against this backdrop, investment activity in the region maintained positive momentum in H1 2026, with total volume exceeding €5.5 bn (up by 6% y-o-y).

The region however remains diversified in terms of scale, liquidity and investor depth. Poland and Czech Republic continue to lead the CEE investment market, supported by their market size, institutional maturity and strong investor recognition. Hungary is increasingly re-emerging on investors' radar, backed by a post-election recovery, improving sentiment and a growing contribution to regional investment volumes. Slovakia and Romania remain smaller, secondary markets within the region, although they continue to offer selective opportunities, particularly where high-quality, income-producing assets become available.

CEE is following a different trajectory to Western Europe. While investment volumes in many Western European markets remain under pressure, CEE has demonstrated greater resilience to recent geopolitical and macroeconomic shocks, supported by a comparatively positive economic outlook for the next two years. Combined with resilient occupier markets, the availability of high-quality assets at attractive pricing levels and a favourable risk-return profile, the region is increasingly standing out in European capital allocation strategies. These factors position CEE well to build on its current momentum and support a further recovery in investment activity over the coming quarters.

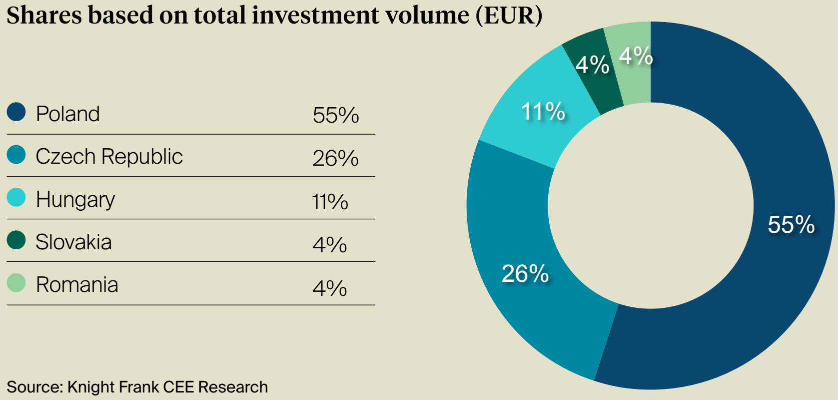
The strong performance of the region in H1 2026 was primarily driven by Poland, which accounted for 55% of total investment volume.

Investment volume in CEE-5
€ million



Source: Knight Frank CEE Research

Investment volume by country
Shares based on total investment volume (EUR)



Source: Knight Frank CEE Research

It is reaffirming its position as the largest and most liquid investment market in CEE. Czech Republic followed with a 26% share, supported by continued strong activity from domestic capital and selected large-scale transactions.

Hungary, benefiting from a strong post-election rebound in investor activity, accounted for 11% of regional volume, while Romania and Slovakia recorded more moderate shares of 4% each.

Poland was the standout growth story in CEE in H1 2026, with investment volumes rising by 77% year-on-year, supported by robust economic momentum, resilient occupier markets and strong investment fundamentals.

Hungary also recorded a notable recovery, with volumes up 24%, helped by a post-election improvement in investor sentiment and a gradually strengthening macroeconomic backdrop.

By contrast, **Czech Republic** saw investment volumes decline by 33% year-on-year, largely reflecting a high comparison base following an exceptionally strong, record-breaking 2025. Despite this correction, the market remained highly liquid, with €1.5 billion transacted in the first half of the year, confirming strong investor appetite and its continued position as the second-largest investment market in CEE.

Slovakia and Romania also recorded lower activity levels, with volumes down by approximately 48% and 45% year-on-year, respectively. In both markets, the slowdown followed elevated activity in 2025 and reflected a more selective investment environment, with fewer large transactions completed in H1 2026.

Offices are at the forefront of CEE investment activity in H1 2026, accounting for 27% of total investment volume, or approximately €1.5 billion. The office sector was the dominant asset class in the secondary CEE markets, namely Hungary, Romania and Slovakia, while major office transactions were also concluded in Poland and Czech Republic. With investor appetite for prime office assets continuing to strengthen, particularly in Poland and Czech Republic, the sector's share of total investment volume is expected to increase further in the second half of the year.

Retail accounted for the second-largest share of total investment volume, reaching €1.4 billion, or 25% of the market. This already represents 73% of the full-year retail investment volume recorded in 2025. Notably, €1.03 billion of this volume was transacted in Poland, the largest consumer market in the region, where the revival in retail investment activity was supported by positive retail sales prospects and strong consumer fundamentals.

Poland became the focal point for large-scale shopping centre and portfolio transactions in CEE during H1, mirroring the trend observed in Czech Republic a year earlier, when the landmark sale of Palladium Shopping Centre represented the largest single asset deal recorded in the market. The re-emergence of large retail deals signals a broader revival of investor appetite for prime retail assets across CEE following the post-pandemic market slowdown.

In contrast, retail investment activity in the remaining CEE markets continued to be dominated by smaller retail parks and convenience-led shopping centres, reflecting both the limited availability of large-scale core retail assets and a still selective investment environment.

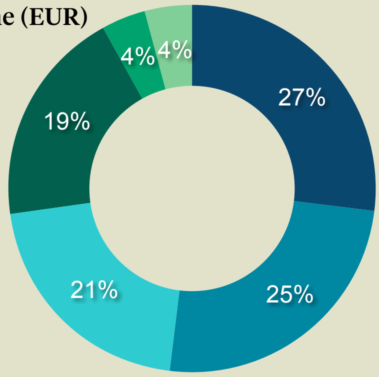
Industrial accounted for 19% of total investment volume in H1 2026, reaching €1.04 billion, with 75% of this volume transacted in Poland. Investor demand remained selective, with capital primarily targeting assets secured by long-term leases, strong tenant covenants and resilient income profiles. As a result, sale-and-leaseback transactions and built-to-suit (BTS) assets continued to attract the strongest investor interest.

Supported by market scale, strategic location and robust occupier demand,

Investment volume by sector

Shares based on total investment volume (EUR)

Office	27%
Retail	25%
Living	21%
Industrial	19%
Hotels	4%
Other+Mixed-use	4%



Source: Knight Frank CEE Research

the industrial sector remains one of the asset classes best positioned to attract a broader pool of global capital to the CEE region. Its ability to offer stable long-term income streams, a relatively low-risk profile and attractive growth prospects continues to appeal to international investors. This trend was particularly evident in Poland, where US-based investors accounted for the majority of industrial investment volume, highlighting the market's strong appeal to global capital seeking exposure to the region's logistics and manufacturing growth story.

A record-breaking Build-to-Rent (BTR) transaction in Poland between Resi4Rent and Vantage was followed by several significant forward-purchase BTR deals in Prague involving domestic institutional investors, including REICO, Mint Living, Dostupné Bydlení České spořitelny and Kooperativa. Together with the year's largest transaction, Wood & Company's acquisition of a rental housing portfolio comprising 760 apartments in southern Prague – these deals lifted the living sector's share of total CEE investment volume to 21%.

These large-scale transactions represent an important milestone in the institutionalisation and maturation of the sector. They also provide strong validation of the attractiveness of the living market, reinforcing investor confidence in its long-term potential and signalling growing appetite for residential income-producing assets across the region.

The 4% of total investment volume was attributed to the hotel sector, with the Czech Republic accounting for 62% of all hotel investment activity in the region. The country's strong tourism fundamentals, mature hospitality market and availability of institutional-grade assets continued to support investor interest.

The remaining 4% of total investment volume was attributed to mixed-use properties.

Domestic and regional capital remain the driving force behind CEE's investment market recovery, with Czech funds standing out as the most active investor group. In H1 2026 alone, Czech investors deployed around €2 billion across the region, accounting for 36% of total capital invested in CEE commercial real estate and playing a pivotal role in supporting market liquidity.

In the current recovery cycle, local and regional investors have once again acted as first movers, often identifying value creation opportunities ahead of the broader return of international capital. Domestic investors accounted for 75% of investment volume in the Czech Republic, 30% in Romania, 15% in Slovakia, and 11% in Poland.

While local capital continues to lead the market, CEE's investor universe is visibly expanding. Renewed activity from US, Asian and South African capital, alongside growing engagement from Western European investors, including increasingly active French SCPI funds, points to a gradual rebuilding of cross-border confidence. Their return signals improving conviction around the region's fundamentals, pricing transparency and liquidity.

INVESTMENT MARKET OUTLOOK

Office Investments and Expanding Investor Demand to Fuel Market Activity

Investor demand remains robust and is expected to persist into the second half of the year, underpinned by healthy macroeconomic fundamentals, resilient occupier demand, and limited office new supply in Prague, Budapest and Warsaw.

Tomáš Trčka
Managing Partner
Trigea Funds

„In my view, the time has come to start selectively acquiring high-quality office assets. Over the next six to twelve months, I expect office values to begin recovering as pricing adjusts and investor sentiment improves.

Office properties have become something of the post-pandemic underdog. While the sector has undoubtedly faced significant headwinds, I believe the market has, in many cases, overcorrected and is not fully reflecting the long-term fundamentals of well-located, high-quality assets.

For the first time in years, attractive acquisition opportunities for Czech investors are also emerging outside the CEE region. Investors can access compelling pricing in markets such as Germany and Austria, as well as further west across Europe, where the repricing cycle has created opportunities that were largely unavailable only a few years ago."

Building on a strong rebound, investment activity in **Poland** is expected to gain further momentum in the second half of the year. The total investment volume is projected to reach €6 billion – the highest annual level since the pandemic. It is supported by one of the strongest economic growth outlooks in the EU, attractive pricing, a yield premium over core Western European markets and resilient occupier market fundamentals. Growth is anticipated across all major sectors, with office and retail expected to record a strong rebound, while the industrial sector is expected to maintain its consistently strong performance.

Looking ahead, we expect international investor activity to increase further, supported by a broadening buyer base extending beyond the already active CEE investors and US private equity funds to include a greater presence of Nordic institutional, French capital and others.

After the record-breaking investment activity of 2025, the **Czech Republic** is expected to see a moderation in transaction volumes in 2026, with total investment likely to approach €3 billion, which is still well above the long-term average. The Prague office sector is expected to be a key driver of investment activity in the second half of the year, supported by rental growth prospects and constrained new supply. Meanwhile, the industrial and build-to-rent sectors are expected to maintain strong investor appeal.

The rental housing sector continues to gain momentum in both Poland and the Czech Republic, with the latter leading in terms of the number of deals. Much of the activity has been driven by forward purchase transactions, while growing investor appetite has contributed to modest yield compression in the sector.

The hotel sector performance is expected to increase in the following quarters supported by robust tourism growth and increases of performance of hotel properties. Investor appetite is likely to remain strongest in the Czech Republic and Hungary, supported by the greater depth of their hotel investment markets.

Slovak investment is expected to be driven by Czech and domestic capital also in the second half of the year. After relatively muted activity in the first half, gradual recovery is expected in the second half of the year driven mainly by industrial.

Following a strong first half of the year, investor sentiment in **Hungary** has strengthened, underpinned by increasing activity in the office and retail sectors. Investment volumes are expected to accelerate further during the second half, potentially exceeding €1 billion for the year and outperforming 2025. Domestic investors are expected to remain the key market participants, complemented by continued strong activity from CEE investors, particularly those from the Czech Republic.

Given the record retail transaction completed at the beginning of July, through which AFI acquired six open-air shopping centres in **Romania** from MAS for nearly €200 million, it is highly likely that the total investment volume in 2026 will exceed the level recorded in 2025, driven primarily by retail and office property transactions, with a more limited contribution from the industrial sector. The international capital is likely to remain the driving force onwards.

Prime yields are expected to remain stable across most sectors and markets. While a broader pool of international investors is anticipated to return gradually, CEE capital is likely to retain its leading role in the region's investment market.

Czech investors will remain a driving source of capital in the region and increasingly also beyond with transactions in Croatia, Slovenia, Austria and Germany. The strength of Czech real estate funds is reflected in the growth of their assets under management, which have increased at an average annual rate of 37% according to AKAT ČR.

Stable yields across most CEE sectors and markets are creating an attractive entry point for investors. As the region progresses into the next stage of the investment cycle, demand and competition for prime assets are likely to strengthen. Supported by improving market fundamentals and strong demand for high-quality properties, selected markets such as prime Warsaw offices and Prague build-to-rent offer further potential for yield compression and capital appreciation.

As investors reassess CEE's position relative to traditional core European markets, the region is firmly moving back onto the radar of international capital. Supported by attractive pricing, resilient occupier markets, limited new supply and growing investor depth, CEE is increasingly standing out as a compelling investment destination in its own right. These fundamentals should continue to underpin market recovery and support stronger transaction activity over the coming quarters.

Prime yields H1 2026

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

Source: Knight Frank CEE Reasearch

CONTACTS:

CZECH REPUBLIC & SLOVAKIA:


Josef Karas
Head of Investment
+420 720 053 583
josef.karas@cz.knightfrank.com


Lenka Šindelářová
Head of Research & Consultancy
+420 602 773 592
lenka.sindelarova@cz.knightfrank.com

ROMANIA:


Horatiu Florescu Papakonstantinou
Chairman & CEO CSEE
+40 21 380 85 85
hf@knightfrank.com


Ileana Stanciu - Necea
Head of Research
+40 21 380 85 85
ileana.stanciu-Necea@ro.knightfrank.com

POLAND:


Charles Taylor
CEO
+48 722 202 030
charler.taylor@pl.knightfrank.com


Dorota Lachowska
Head of Research
+48 601 518 654
dorota.lachowska@pl.knightfrank.com

HUNGARY:


Horatiu Florescu Papakonstantinou
Chairman & CEO CSEE
+40 21 380 85 85
hf@knightfrank.com


Erika Loska
National Director
+36 1 380 1390
erika.loska@hu.knightfrank.com

Knight Frank