## Momentum continued in Industrial & Logistics and Living sectors in Q1 2021 across EMEA region but many countries saw investment volumes half in comparison to Q1 2020

**WARSAW,** April 27, 2021 - The Industrial and Logistics sector continues with strong momentum while large scale office transactions have slowed in European investment volumes, as many countries saw overall activity halve in comparison to Q1 2020 notes Colliers, a leading diversified professional services and investment management company, in its latest [**EMEA Markets Snapshot Capital Markets Q1 2021.**](https://www.colliers.com/en-xe/research/202104-emea-market-snapshot-q1-2021)

“The Industrial and Logistics sector continues to thrive with falling yields in almost all markets and premiums being paid for portfolios. Investors are willing to go up the risk curve in this sector, although some investors are showing initial concerns to pricing and whether developers will push rents far enough in a falling yield cap rate environment”, explaines **Richard Divall**, Head of Cross Border Capital Markets, EMEA at Colliers.

Investment into direct European Real Estate reached €51bn, a 35% fall on Q1 2020. However, it is worth noting that Q1 2020 was the secondhighest Q1 figure posted in the last 10 years, and the figure masks a range in performance across countries.

**Richard** continues: “Due to the third wave of the pandemic in Europe many tender processes have been delayed, however there is activity in ‘off market’ and small tender processes. Despite the absence of large scale office transactions in Q1, sentiment remains positive for low risk, core assets in prime locations and we expect several large scale assets to be marketed in Q2 2021 and, when the return of international travel permits, volumes to pick up”.

The living sector continues to have high demand in the Nordics, as well as in Italy and CEE as an emerging asset class. Positive sentiment is also returning to the UK Student Housing market. There continues to be significant interest in the alternative sectors including life sciences, senior living and assets backed by technology subsectors.

The hospitality sector is seeing more interest with several markets reporting transactions for the first time since the pandemic started. Several core and forward hotel deals have entered the market and great anticipation towards new pricing awaits.

**Good quarter in Poland**

Momentum returned to the market with €1.27 billion in total investment volume in Q1 2021, the third best first quarter after Q1 2018 and Q1 2020 (preliminary results). The Industrial and Logistics sector continues to attract strong Investor interest with yields continuing to compress.

“58% of total volume in Q1 2021 was allocated outside of Warsaw, driven by logistics deals for a total of €350 million,” says **Piotr Mirowski**, Senior Partner, Head of Investment Services, Colliers.

Last quarter showed that liquidity is returning to the office market, which can be confirmed by the number of transactions — 11 separate deals with 22 assets across Poland. A number of office transactions are expected to close in Warsaw in Q2 2021 as Investor sentiment towards the office sector returns.

“Capital is looking for core product with strong location and income fundamentals – we expect that prime yields will continue to decrease in the coming quarters. Liquidity is picking up for non-central locations, driven by value-add buyers,” adds **Piotr Mirowski**.

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