

CMS European Real Estate Deal Point Study 2021

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The results of the study and/or this report and the conclusions presented therein do not necessarily reflect the views of the lawyers or employees of CMS Hasche Sigle involved in preparing the study and/or this report. A total of 1,936 real estate transactions were evaluated for the study and/or this report. There are inevitably many differences between the individual agreements and the clauses they contain. Individual provisions were categorised in order to allow the results to be compared, a process that required a degree of subjective discretion. Although certain trends can be identified in the study and/or this report, each transaction exhibits individual features that have not been included or referred to in the study and/or this report. As a result, the conclusions of the study and/or this report are subject to a number of important reservations that are not expressly disclosed in the study and/or this report.

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Real Estate Investment Market

2020 / 2021

The COVID-19 pandemic has left its mark on the European investment market, although the impact was less severe than initially expected. The investment volume was around 23% lower than in the previous year, 2019, which had set a record. Significant differences emerge when one compares the individual markets over the year as a whole. In 2020, the German real estate market for example posted a year-on-year decline of 19%. This investment volume means that Germany was the second-largest real estate market after the US last year, making it the largest in Europe. France and Italy, on the other hand, saw falls in investment volume of 35% and 28%, respectively, while the Czech Republic slumped by 56%.

The proportion of foreign investors also declined noticeably in the markets. The office asset class remained the front-runner, but with a significant decline as more and more people are working from home. The continued growth in logistics is unsurprising. However, the pandemic also had an impact on purchase agreements and the average time taken to complete a transaction. For example, the trend towards more buyer-friendly arrangements was a notable feature, as reflected in decreasing *de minimis* and basket thresholds and caps, and longer limitation periods. Significantly longer contract negotiations were also seen on average, with a rising number of transactions being abandoned.

European investment volumes are still at a high level, despite the decline recorded. This is chiefly due to continuing favourable credit terms and the lack of alternative investment options. The trend in real estate investments in 2021 will largely depend on the course the pandemic takes. We are delighted that Frank Leukhardt, CEO and Regional Manager at Colliers, has provided an initial assessment in an interview that can be found on page 13 of the study.

The new CMS European Real Estate Deal Point Study 2021 now includes more than 1,900 transactions. Compiling the study involved comparing the transactions on which we advised in the period 2010 to 2020, enabling us to highlight developments and trends.

The market response to our study indicates that it can be a valuable tool when preparing for contract negotiations. Any feedback you may have is very welcome.



A handwritten signature in blue ink, reading 'Volker Zerr'.

Dr Volker Zerr, FRICS
Partner



A handwritten signature in blue ink, reading 'Marie Scott'.

Marie Scott
Partner, Co-Head of the
CMS Real Estate Group

Methodology

Drawing on data from 1,936 real estate transactions advised on by CMS in 14 European countries in the period 2010 to 2020, we used a standard evaluation form to capture, categorise and systematically analyse the individual contract clauses. The study covered asset and share deals as well as sale-and-leaseback transactions, with both individual and portfolio transactions being analysed. Transactions from all real estate segments were included, in particular office, retail, residential, and logistics buildings. Three groups of countries were formed to present the differences within Europe: German-speaking countries (Austria, Germany, Switzerland), Western European countries (Belgium, France, Italy, the Netherlands, Spain, the UK), and Eastern European countries (Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Ukraine). Unless stated otherwise in the study, the percentages (%) refer to the proportion of deals in the relevant year.

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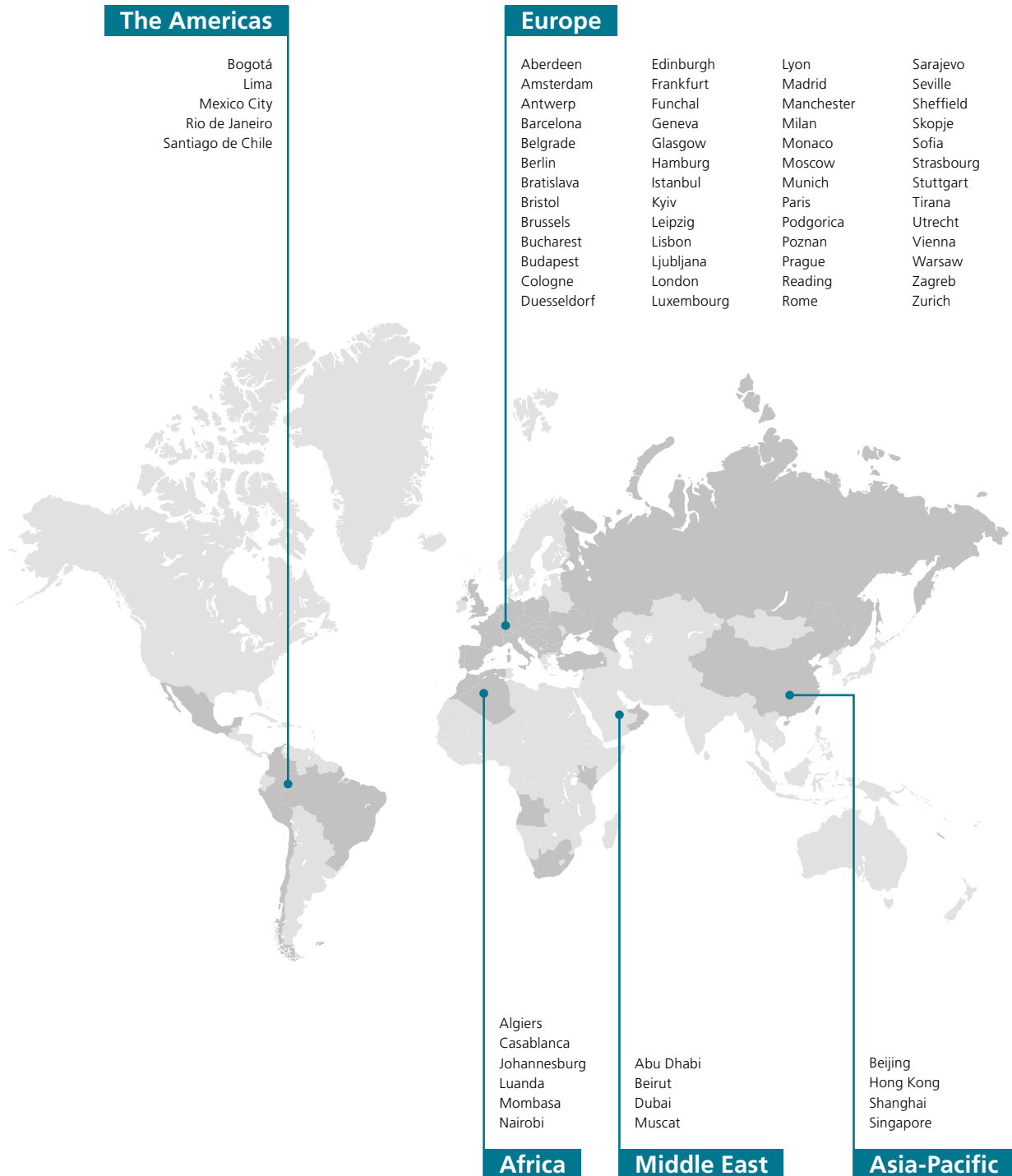
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