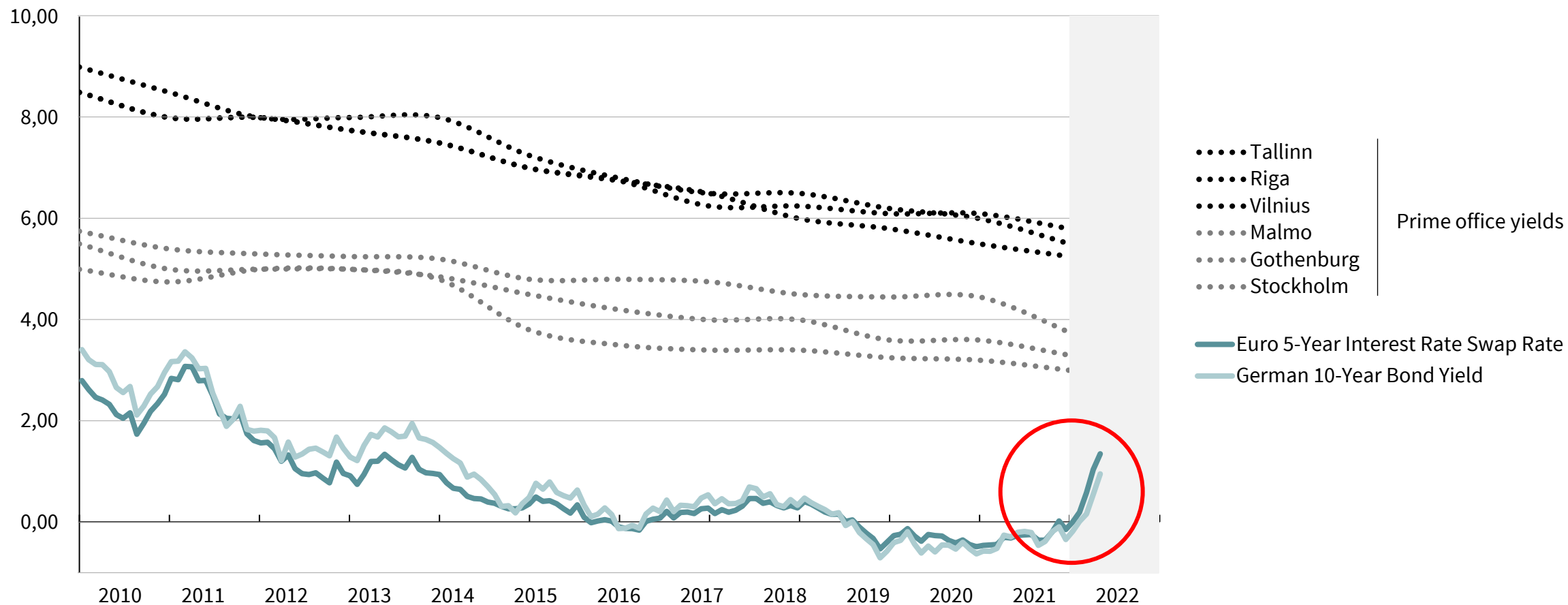


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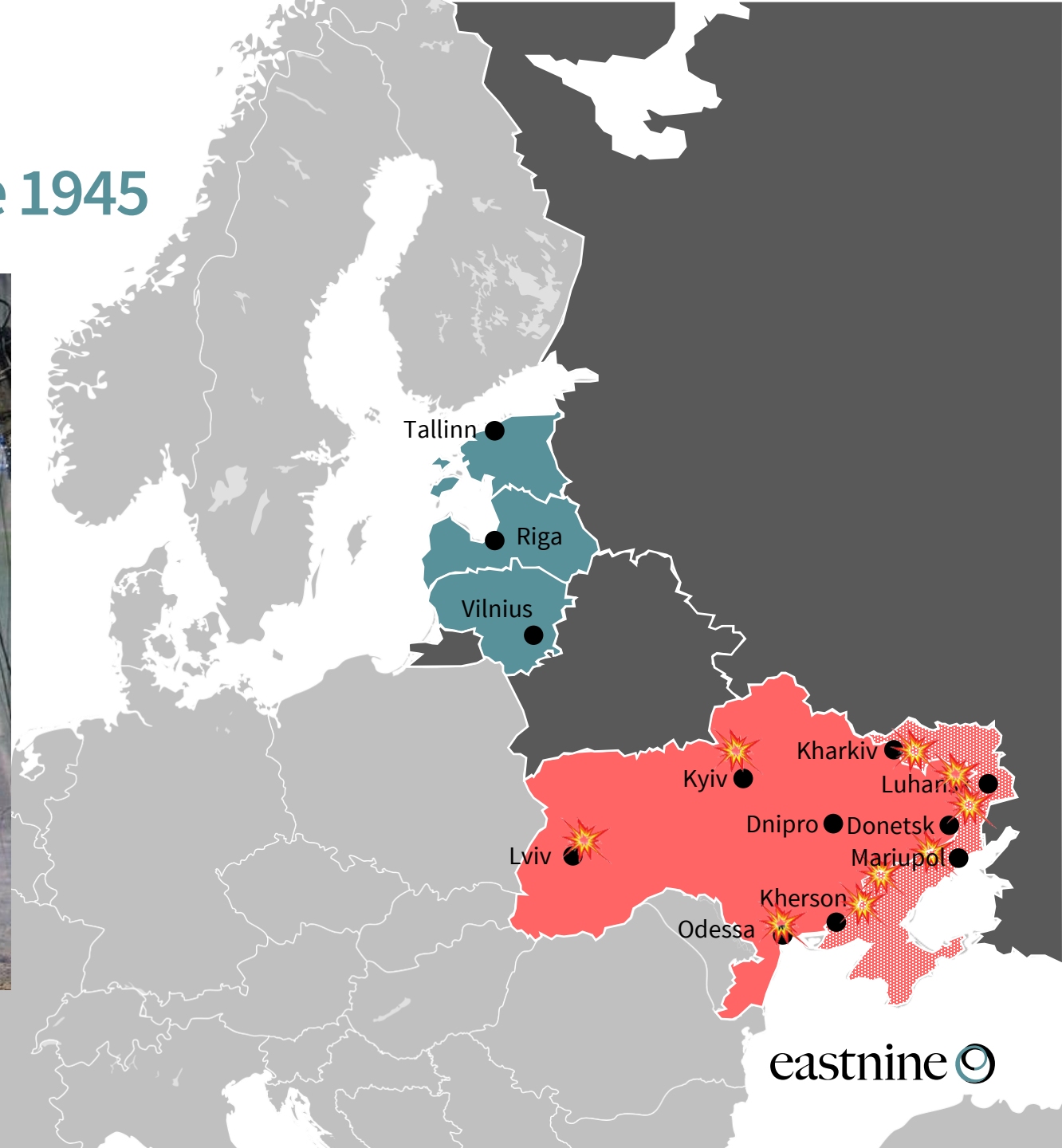
# Market update

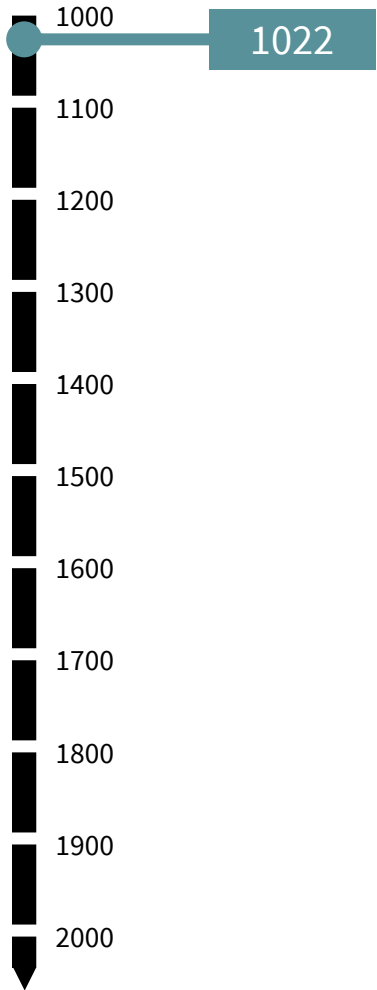
# Are the good times over?

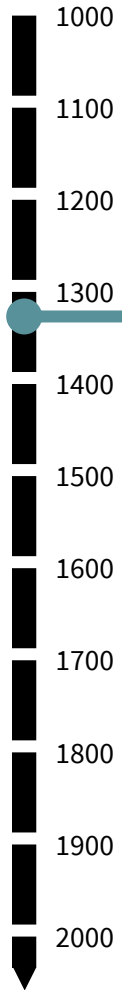


Source: Reuters, Colliers, Newsec

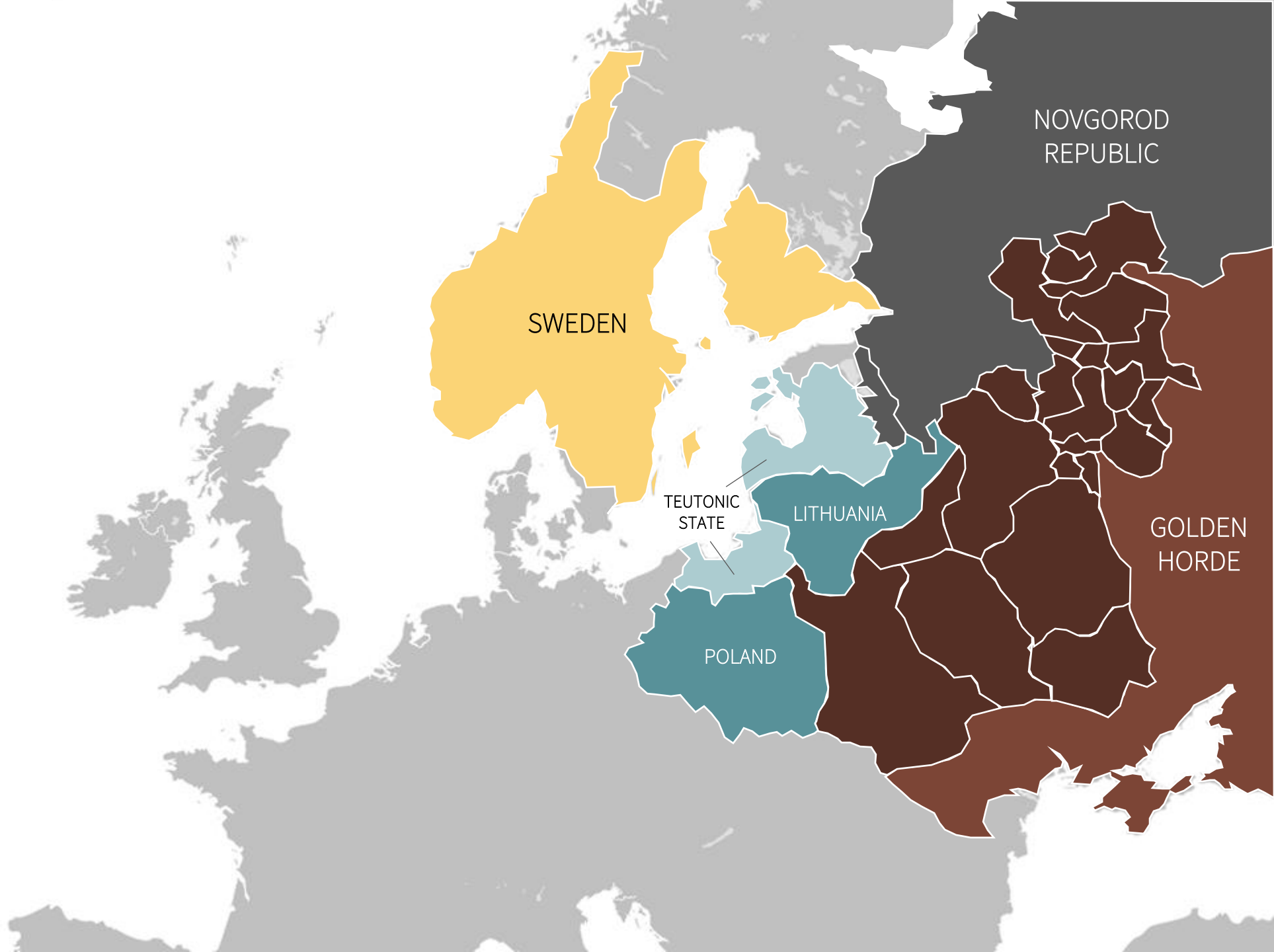
# The biggest war in Europe since 1945

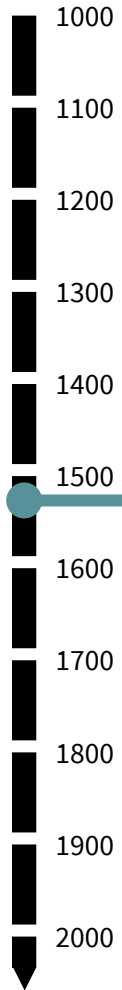






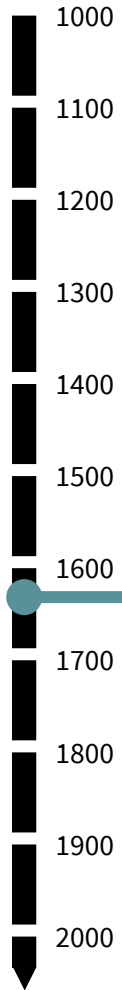
1322





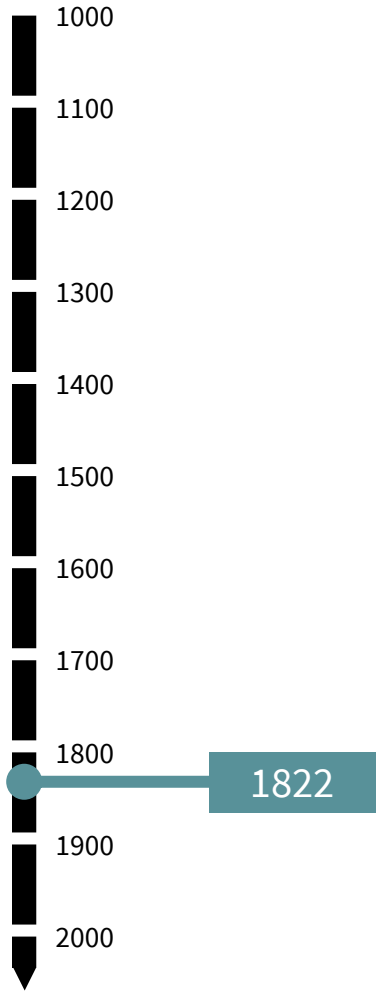
1522

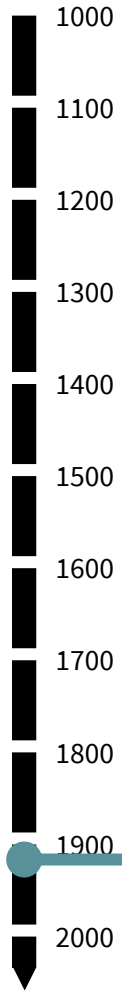




1622

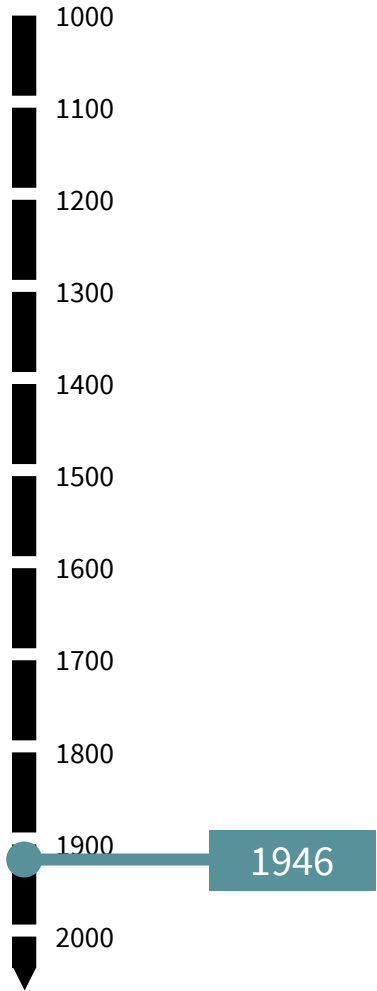


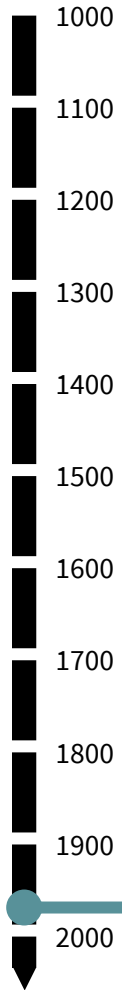




1922



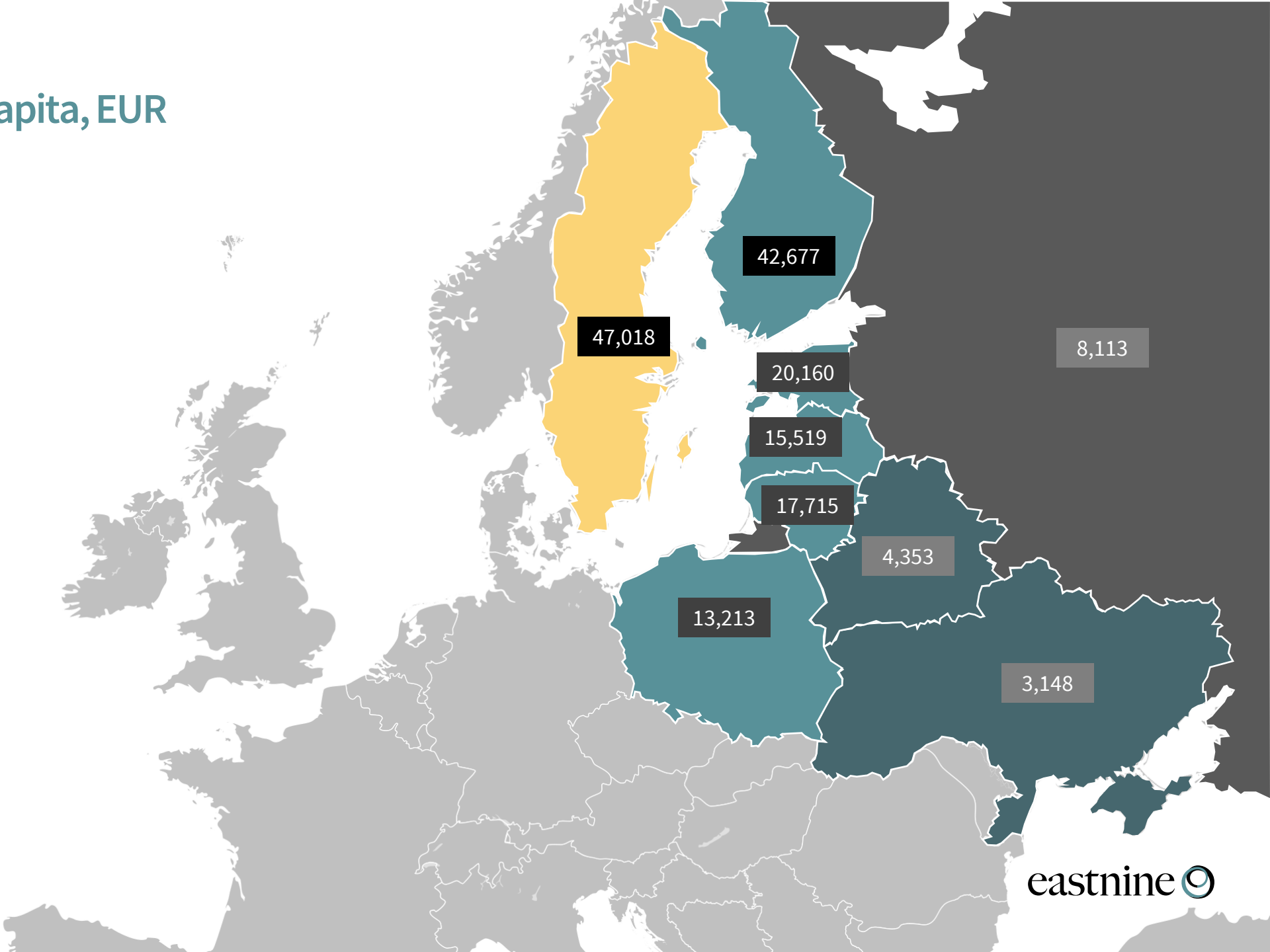
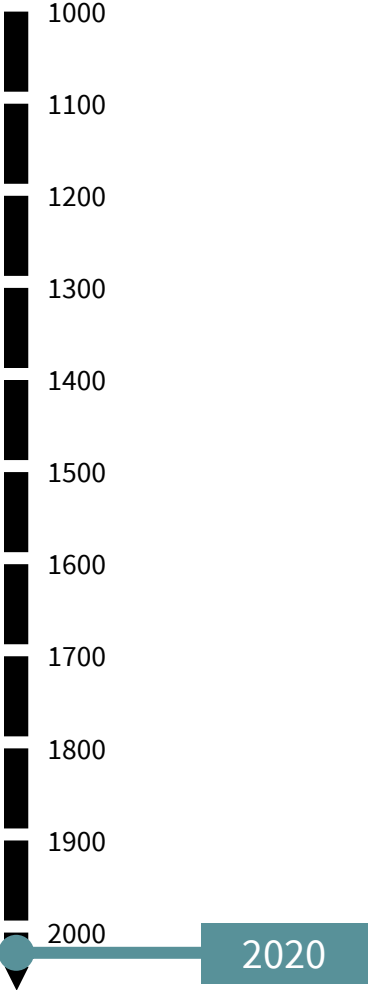




1991

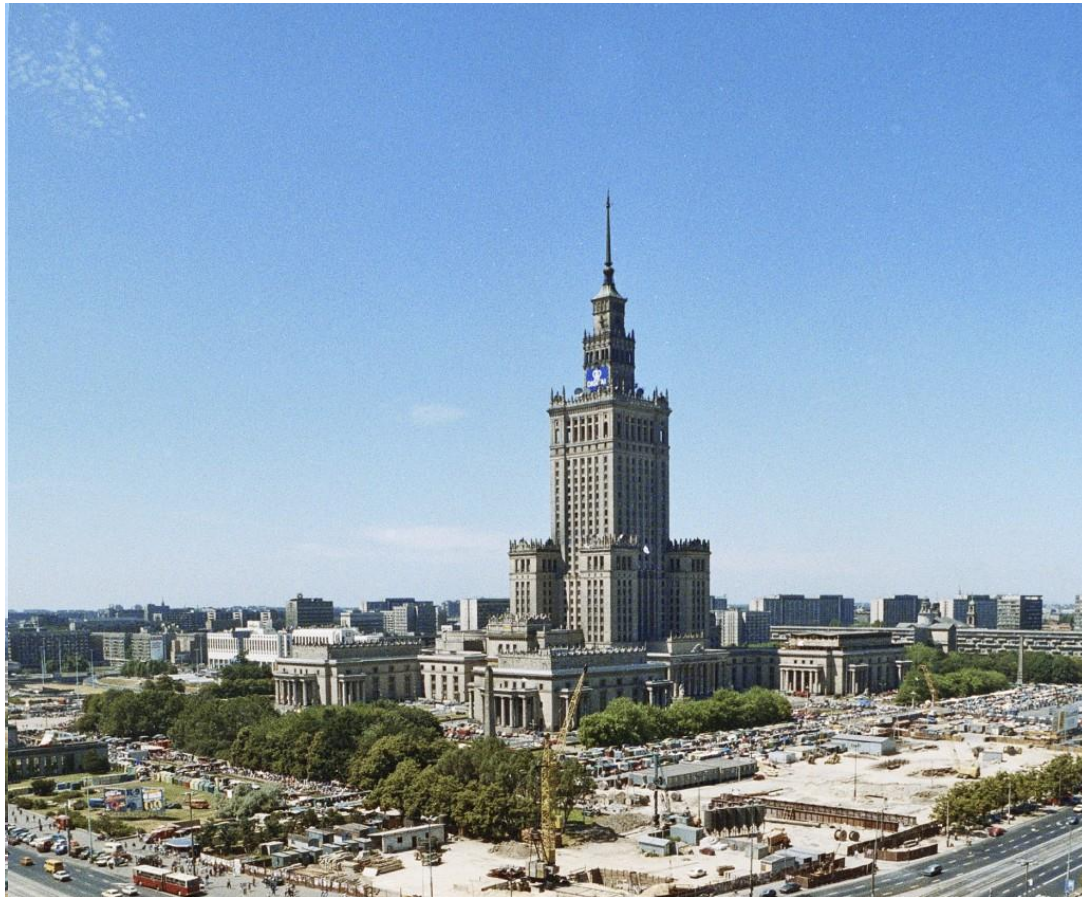


# Nominal GDP per capita, EUR



Source: World Bank

Warsaw 1991



Warsaw 2021

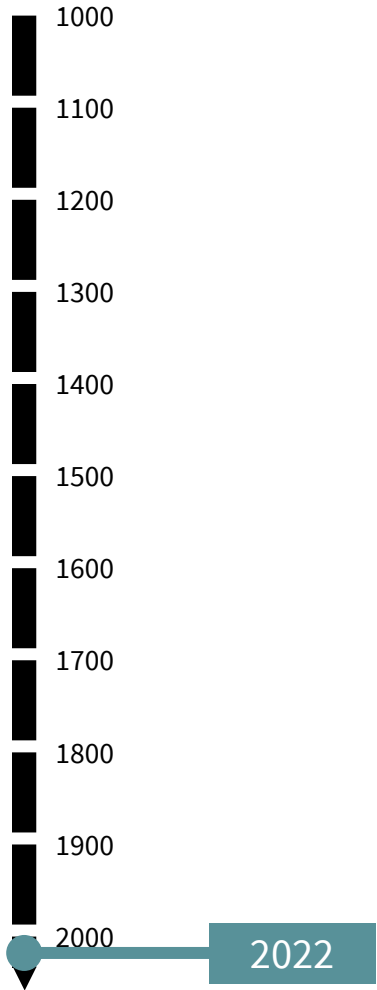


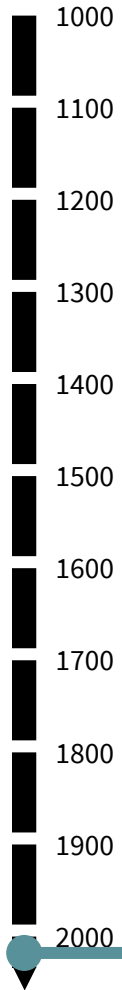
# Poland is larger than the Nordics and Baltics combined



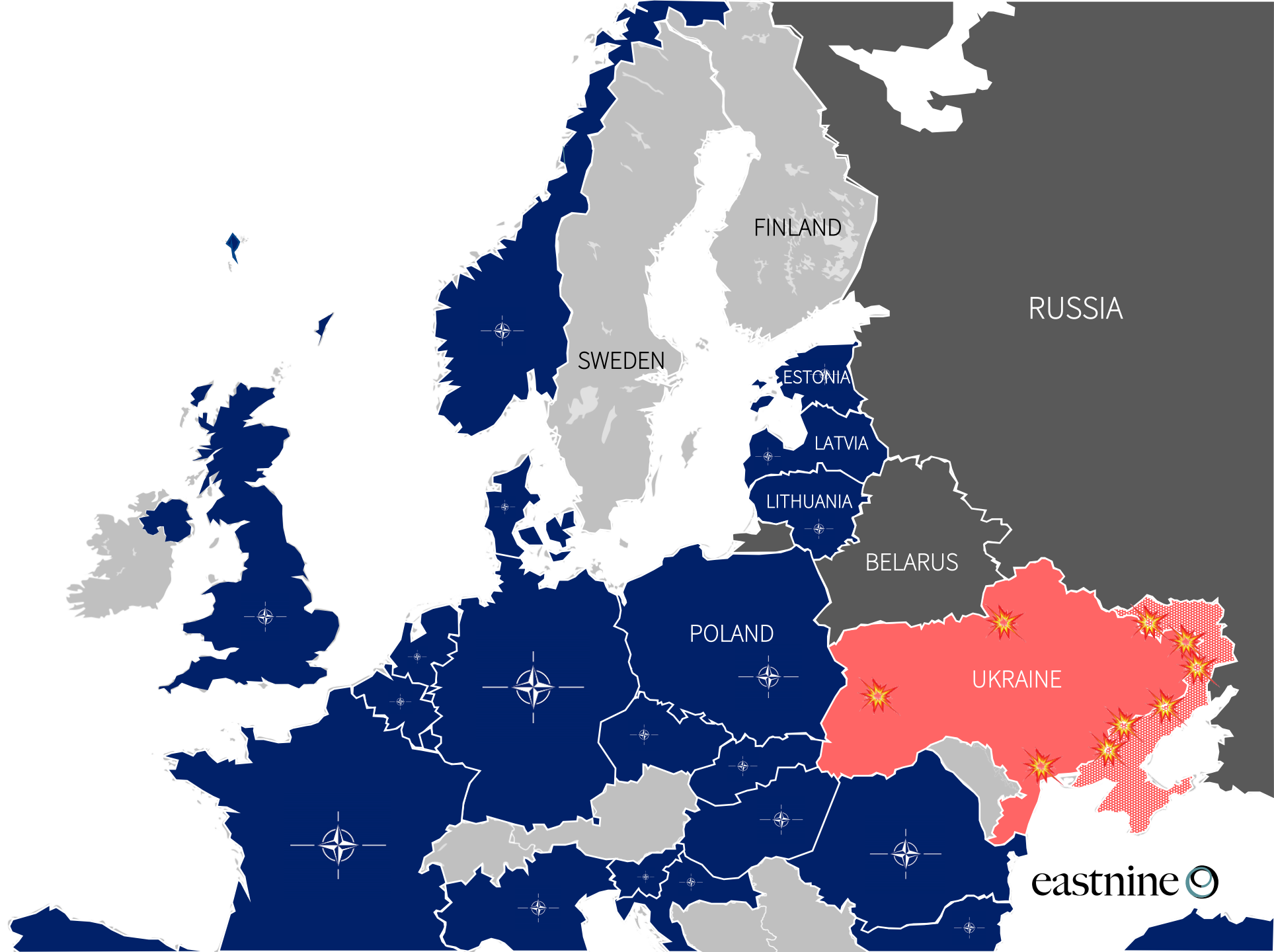
(2021)	Baltics	Poland	Nordics
Population, million	6.0	37.8	27.1
Number of cities with >500k inhabitants	3	9	7
GDP, EUR billion	119	570	1,527
Real estate transaction volume, EUR billion	1.9	5.8	76.1
Office	0.5	1.7	17.0
Logistics	0.3	3.0	13.0

Source: Newsec, Colliers, Eurostat

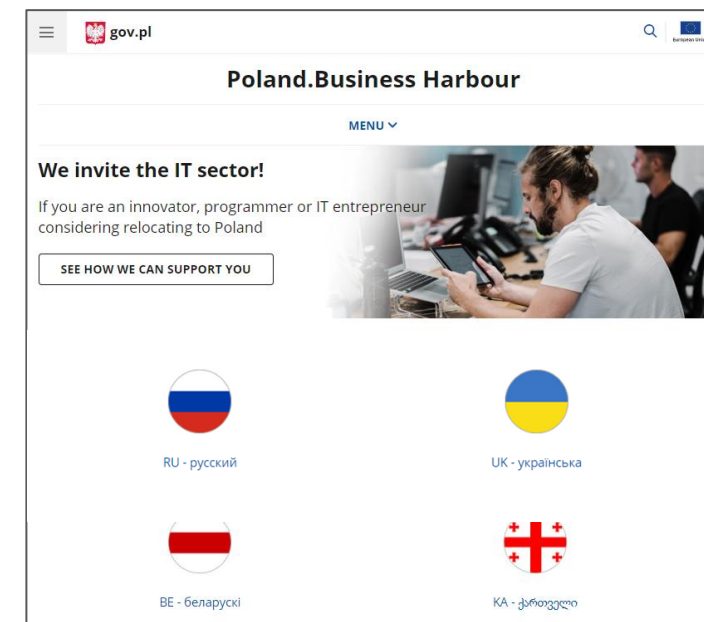
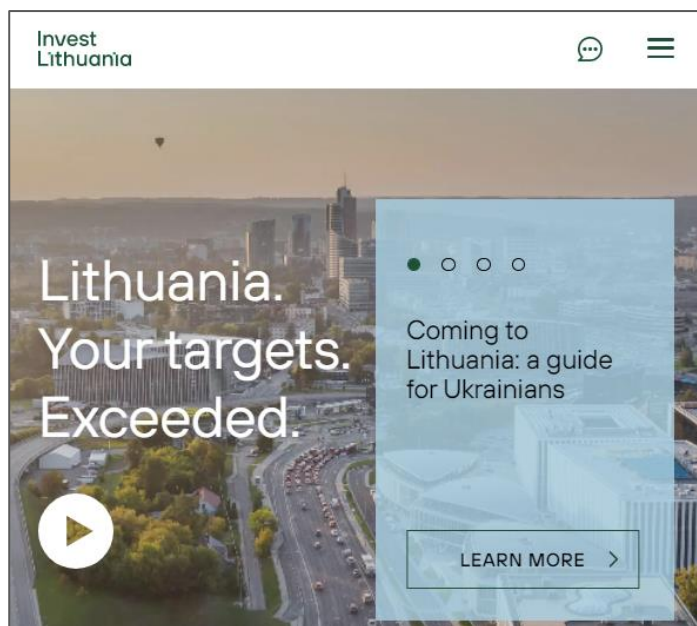




2022

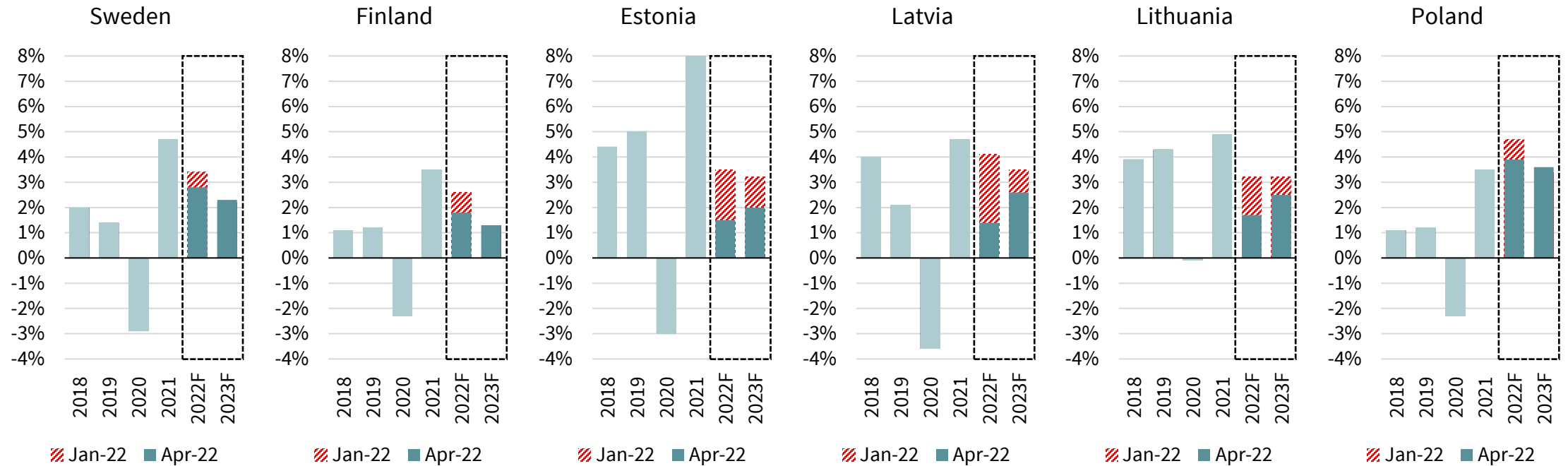


# Migration flows from Ukraine, Belarus and Russia



- More than five million people have left Ukraine in what's Europe's largest refugee crisis since the second world war.
- Hundreds of thousands have left Russia in its largest exodus since the October Revolution of 1917.
- Accelerated emigration from Belarus, which started after post-vote crackdown in August 2020.

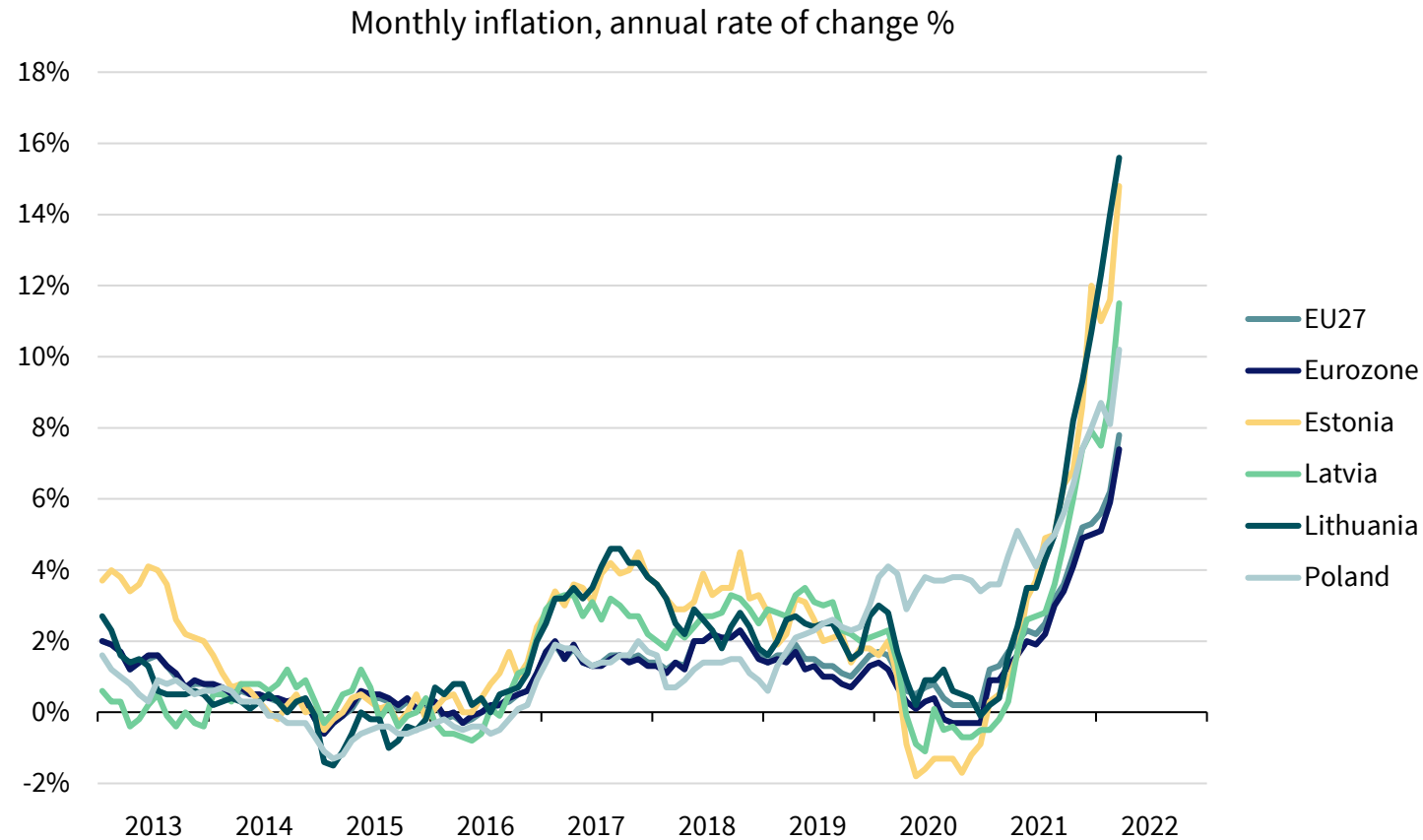
# GDP growth revised downwards, yet no economic crisis



Economic effects of the war in Ukraine and sanctions on Russia more noticeable in the Baltics than in Sweden, Finland and Poland.

Source: Swedbank Economic Outlook, World Bank

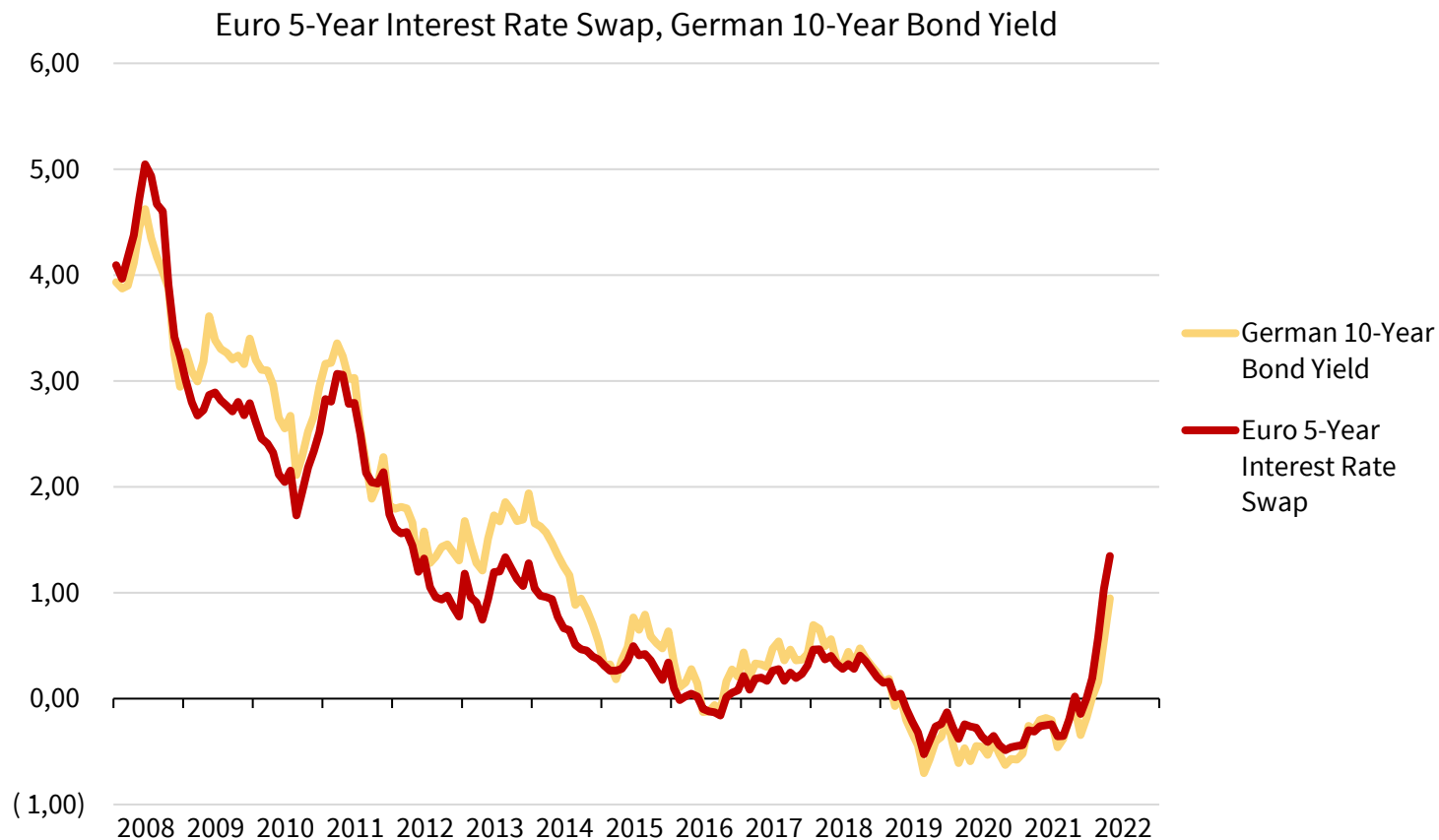
# Inflation pushed even higher



Source: Eurostat

- Energy, commodity and food prices pushed to record levels, adding to existing global supply constraints due to the pandemic.
- Peak expected in the coming months as commodity prices stabilize.
- 2022 inflation expected at ca 10 percent in the Baltics and Poland, and ca 5 percent in the Eurozone.

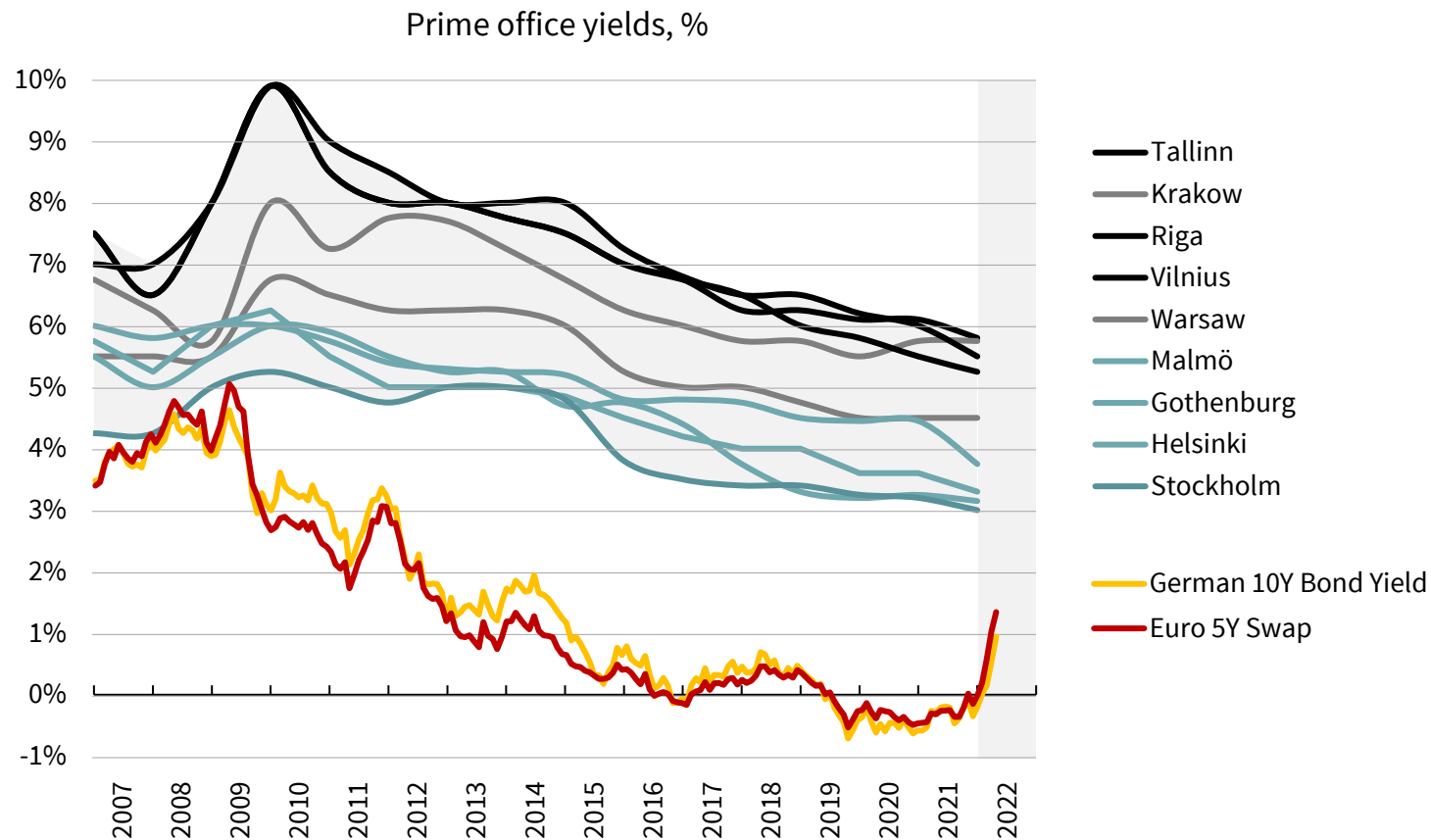
# ...translating into higher interest rate expectations



- Markets pricing in aggressive tightening path for central banks and higher central banks.

Source: Reuters

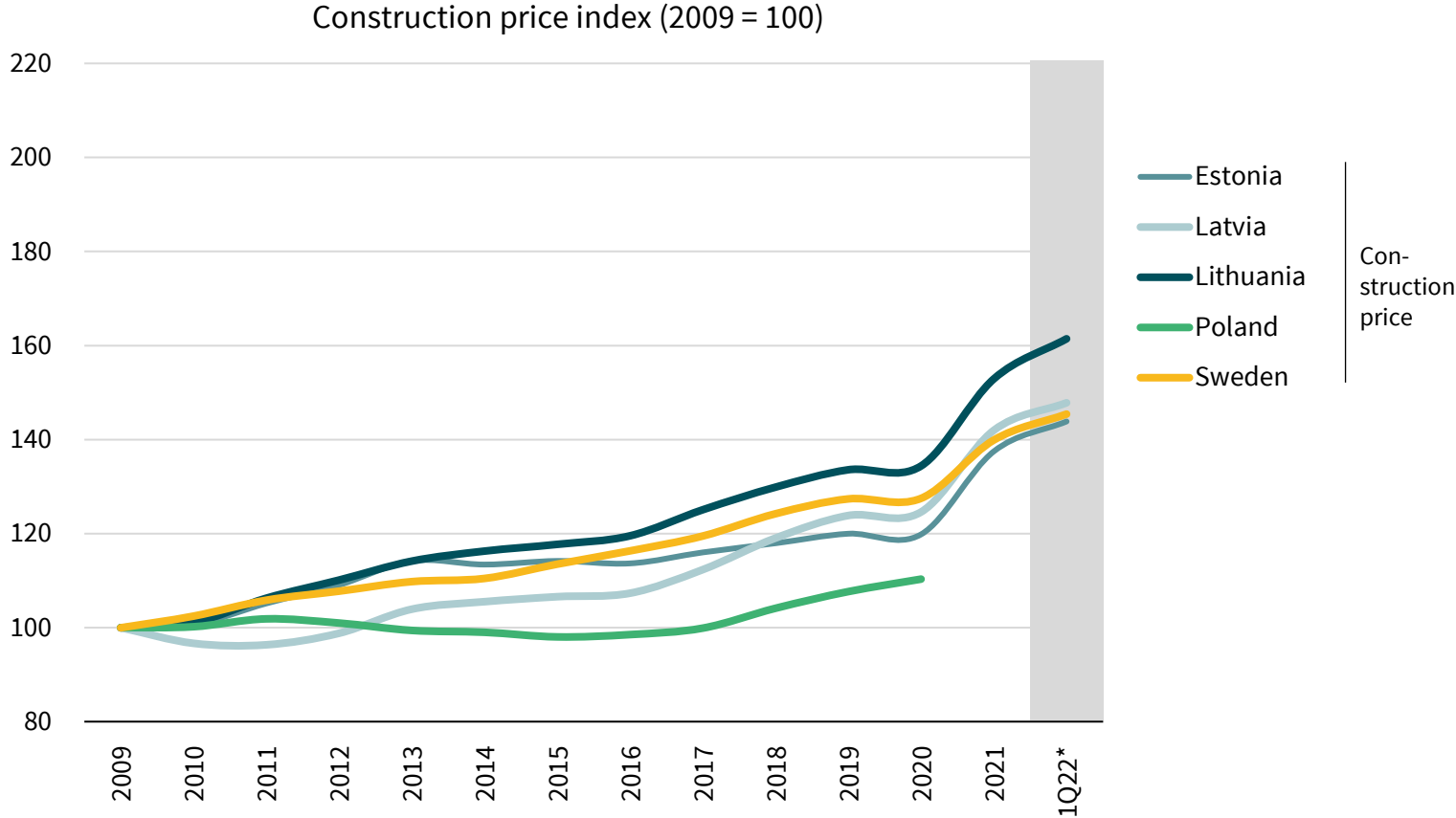
# What will happen with property yields?



Source: Reuters, Colliers, Newsec, JLL

- Investors have not fully factored in very low interest rates.
- Higher-yielding assets less sensitive to changes in interest rates.
- Negative impact on investor sentiment towards the Baltic and CEE region, for now.

# Rising cost of construction

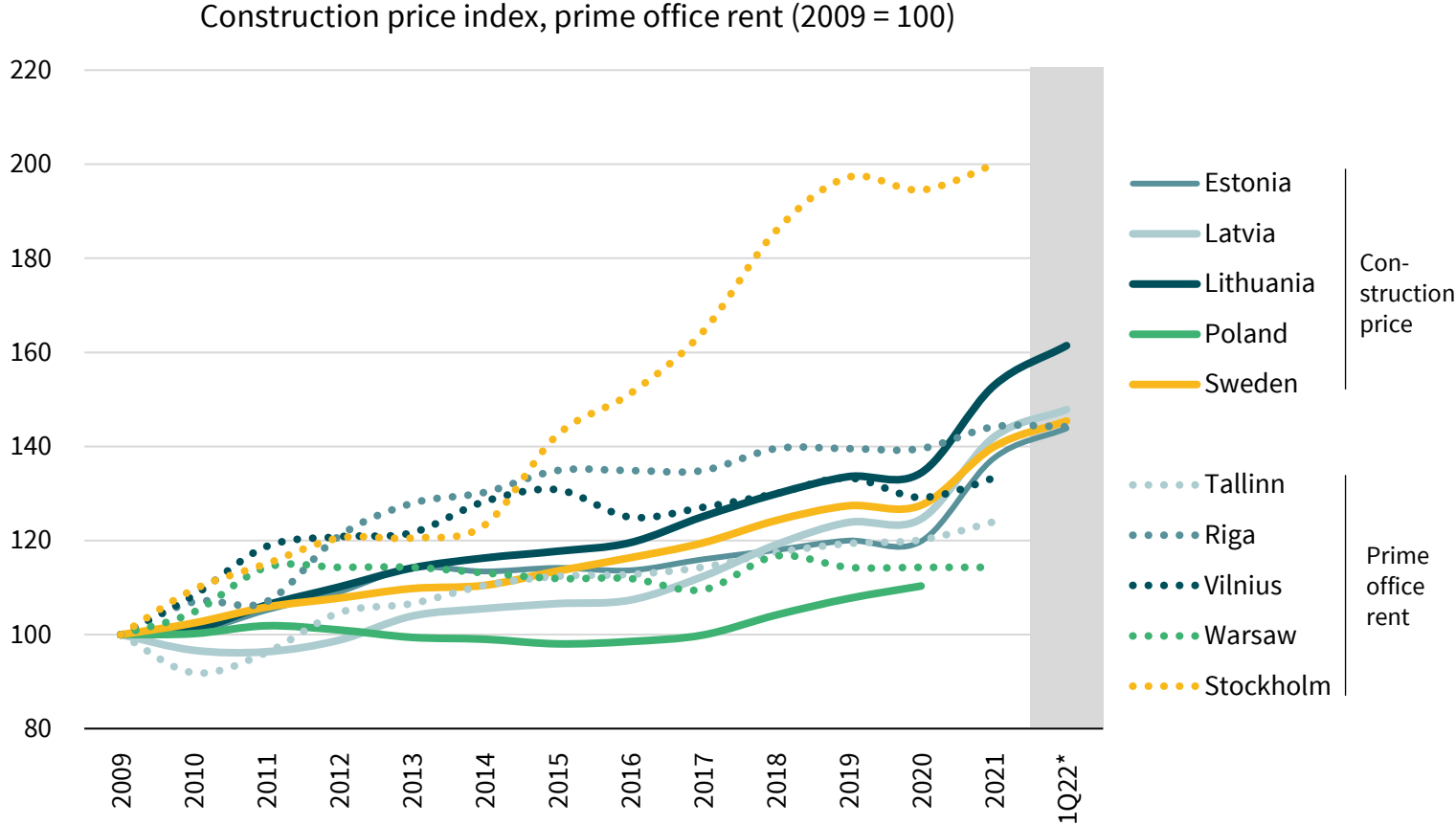


- Higher input costs due to additional disruption in supply chains.
- Shortage of workers and rising wages in the Baltics and Poland.

Source: Eurostat, national statistics, Colliers, JLL, Newsec

\*As of Feb 2022 for Latvia and Lithuania

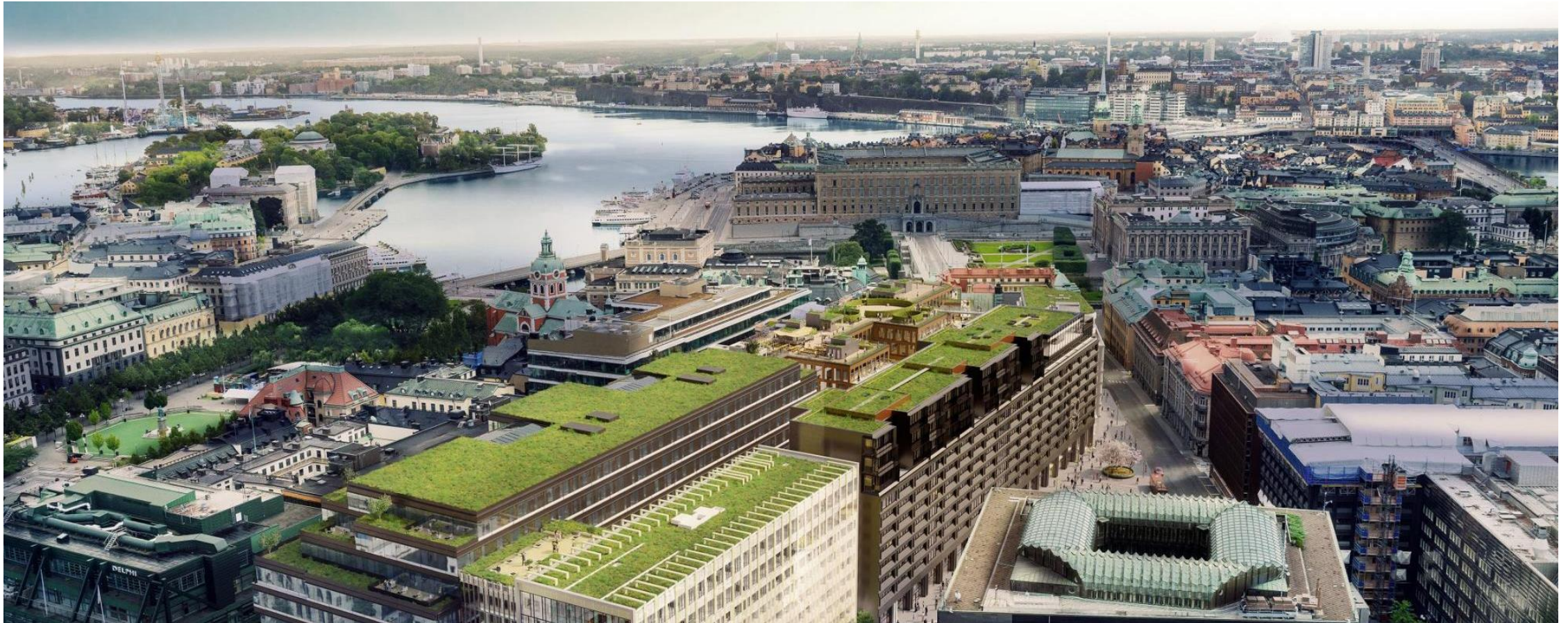
# Rising cost of construction



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Source: Eurostat, national statistics, Colliers, JLL, Newsec  
 \*As of Feb 2022 for Latvia and Lithuania

# Stockholm



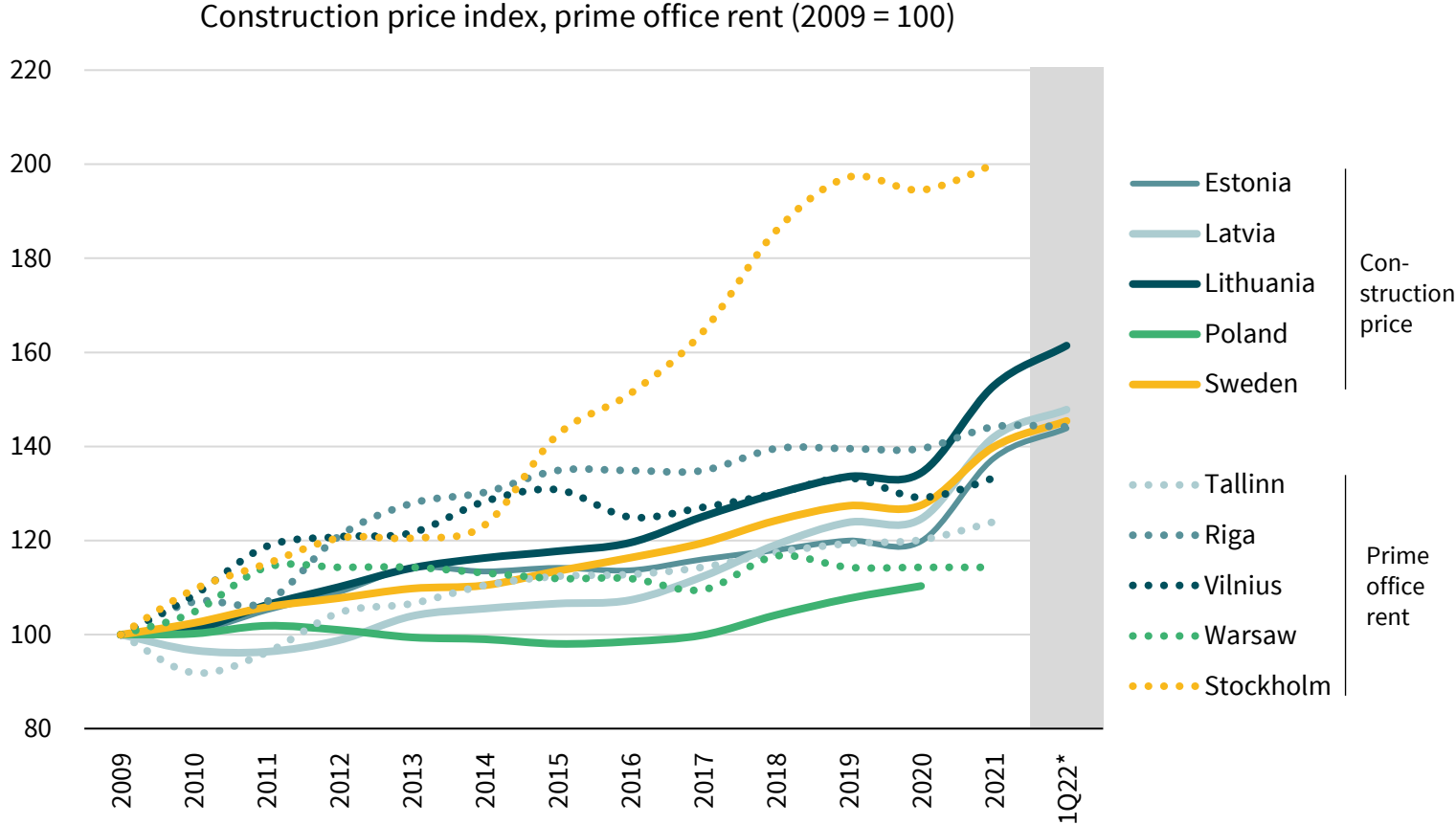
# Vilnius



# Warsaw



# Rising cost of construction



- Higher input costs due to additional disruption in supply chains.
- Shortage of workers and rising wages in the Baltics and Poland.

Source: Eurostat, national statistics, Colliers, JLL, Newsec  
 \*As of Feb 2022 for Latvia and Lithuania

# Outlook

- New iron curtain in Europe, with an isolated Russia.
- The Baltics and Poland will continue to grow and remain integral European countries, like Finland.
- Yield compression has paused.
- Property values should trend upwards on the back of higher cost of construction and less supply in pipeline.



MARKET UPDATE

**Thank you**