

# Faster, higher, longer

All the talk in the higher echelons of construction investment is about the lengthening of the cycle, and where it's going next.

Whether this is because of post-2008 banking regulation combined with the effects of quantitative easing and other government-led instruments in many of the world's major markets over the past decade. Or whether it is the contingent sustained low interest rate environment or the result of the diversification of some capital pools away from fixed income and equities into alternative asset classes, including real estate. Certainly some of this has been stimulated by the impact of big data on capital deployment security in recent years, among a range of disruptive influences of the digital economy on capital management.

Or whether it's due to a creeping diversification of asset types available to real estate investors in recent years, such as student and senior housing, hospitals and public buildings, etc. Or it is simply a symptom of ratcheting urbanisation and the effect that's having on the financial and economic matrix, or just an irregular economic turn triggered by 2008 and its aftermath. Or all of the above.

Whatever the causes, the global real estate capital markets are enjoying a sustained run that shows few signs of slowing, with most major markets reporting a record year in 2017 following a

record year in 2016, and another one expected in 2018. How long that can last is anyone's guess.

But there is a strong sense that something else has changed in the markets of "New Europe". The strip of 18 countries of central & eastern Europe and southeast Europe nestled between western and eastern Europe (or "Eurasia"), from Estonia in the north to Albania in the south, all undergoing similar economic and social renewal post-Communism, albeit at different speeds and with differing characters, appear to be gaining a new momentum despite political risk.

With political uncertainty everywhere, the traditional attractions of an otherwise consistently growing, economically performing and highly educated marketplace are increasingly over-riding the traditional concerns of a wider net of international capital sources. Growth of domestic funds has also been driven in national markets like the Czech Republic, Poland, Hungary and even Romania, Bulgaria and the Baltic States; a progression that was given significant stimulus by the so called "Wall of Capital" of 2014-15, but which has continued to expand and diversify beyond expectations, even accounting for the above features of the current cycle.

The southeast Europe markets, from Romania and Slovenia down through Serbia and the Balkan peninsular, have begun to open up apace, attracting international and even some institutional capital investment. The "hub" markets of Warsaw and Prague are seeing a surge of capital chasing a rash of high calibre real estate projects, supported by this domestic and international market confidence, despite recent fears of a strong development pipeline in Warsaw in particular.

Hungary is gathering momentum after flat lining for a few years. Romania is on fire and the Baltic markets are unprecedentedly vibrant. Even the Ukraine market is regularly producing some notable and investable product. And mega-trends like green and well-building innovation, digital economy transition in retail and industrial development, and co-working and smart buildings in office development, are also moving not just with the international curve, but ahead of it in some areas.

CEEQA (Central & Eastern European Quality Awards) was conceived 15 years ago, as this group of markets began to catch the eye of international investors. Its aim was to encourage and recognise business excellence in the sector and to project its



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successes and opportunities to the global investment arena through a uniquely trusted industry awards platform, developed in partnership with Deloitte, coupled with a widely respected strategic market insight platform.

This week, on 25th April, the winners of this year's sector awards will be announced at the annual CEEQA Gala in Warsaw, the sector's flagship annual gathering, at which the past year's market showcase projects and success stories driving this geo-transformation will be recognised. Gordon Black of international fund manager Heitman will receive the sector's garland award for Lifetime Achievement in Real Estate.

Congratulations and best of luck to all short listed nominees and our gratitude to all participants, judges, sponsors and partners of CEEQA 2018, we wish you another successful year ahead.

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