

Property Investment Climbs

By [The Moscow Times](#)

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Investments in Eastern European real estate will almost double to about 10 billion euros (\$14 billion) this year, the most since 2007, as economies in the region strengthened, KPMG said.

Property transactions reached 5.2 billion euros in the first half, 300 million euros less than in the whole of 2010, the accounting firm said in a report last week. Russia and Poland each had a 35 percent share of the total, followed by the Czech Republic with 14 percent and Hungary with 6 percent, KPMG said.

"The performance of real estate in different countries and asset classes still varies widely," Andrea Sartori, a KPMG partner based in Budapest, said in the report.

Banks operating in Eastern Europe have large amounts of delinquent property loans on their balance sheets and 31 percent of all real estate lending was impaired as of June, KPMG said. That compares with 30 percent at the end of last year.

Estonia, Latvia and Lithuania have the highest proportion of bad loans, KPMG said. KPMG's

report was based on interviews with 50 banks in Eastern Europe carried out in May and July.

(Bloomberg)

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