



At a glance **Q3 2017**

Investment Market in Poland

With €810 million transacted, the third quarter of 2017 was slightly quieter than the previous one when over €1 billion was traded. Over Q3 only three deals of above €100 million were closed whilst the Q2 tally was boosted by large portfolio transactions, mostly in the retail segment.

Over the three quarters of 2017, the retail investment sector has accumulated 53% of the transacted volume, followed by the office sector which has accounted for 29% of the volume.



1

RALLY FOR ANOTHER RECORD?

Overall, in the first three quarters approx. 50 transactions were completed achieving almost €2.3 billion. This result represents a 12% drop when compared to the corresponding period of the previous year. Subdued investment volume could concern the market but this slowdown seems to be temporary as a result of extended processes in concluding transactions due to more complicated legal and tax regulations imposed by the Government in 2016. Given the exceptionally high pipeline of pending deals, including large ticket transactions, the year-end result should surpass the record of 2016 by approx. 15% when €4.5 billion was transacted.



2

REGIONAL OFFICE MARKETS ATTRACT THE BULK OF CAPITAL

In Q3 the office investment sector dominated accumulating 52% of the volume (approx. €416 million). Investors have been increasingly interested in the development of regional office markets which is strongly fueled by the current sustainable demand from the BPO / SSC sector, thus the regions feature healthy market statistics and offer a wide pool of high quality assets. Over the three quarters of 2017, the regional markets accounts for nearly 50% of the volume realized in the office sector. Strong investor appetite for core products in the regional markets resulted in a shrinking gap between yields of prime office assets in Warsaw and other metropolitan areas.



3

INVESTORS IN SEARCH OF LOGISTICS PRODUCT

The warehouse investment sector has originated a bare 5% of the transacted volume so far. Investor appetite, however, for logistics products remains very strong. The supply of ready warehouse product is limited hence there is little evidence of asset deals concluded. In Q3 the warehouse investment market saw two asset-led transactions totaling around €92 million. In light of a lack of logistics properties ready for sale, forward-funding and forward-purchase transactions are the dominant pattern in this investment segment.



4

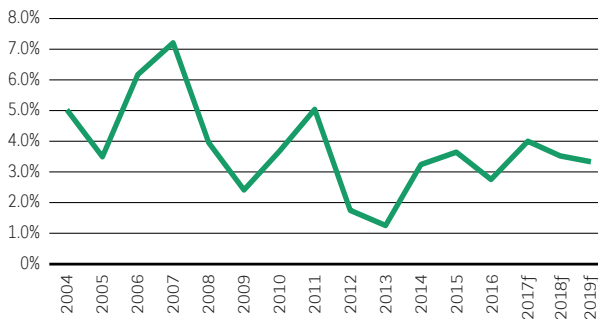
QUESTIONABLE REITS INTRODUCTION

The project to introduce REIT vehicles in Poland has kindled investors' interest since its announcement by the Government in Autumn 2016. After one year of working on the regulations, the Ministry of Finance revealed in August this year that the new law admitting REITs will not come into force at the beginning of 2018 as previously planned. Moreover, the project was changed considerably and at the moment REIT proposals will be limited to residential real estate leasing companies.



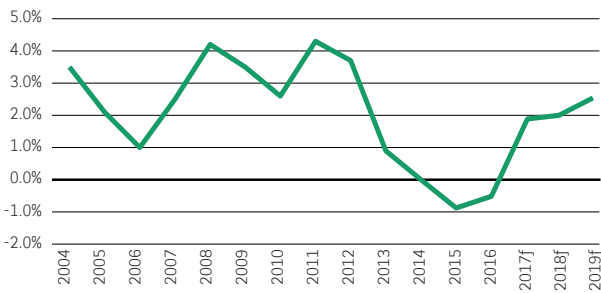
Macroeconomic Snapshot

Annual GDP growth, in %



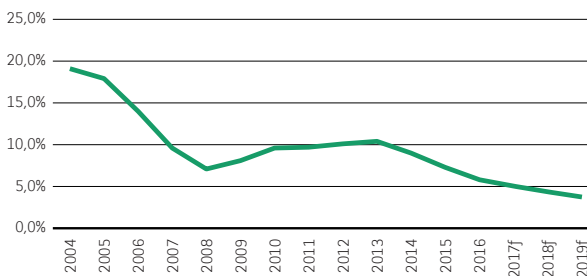
Source: GUS, NBP, f - forecast

Annual CPI, in %



Source: GUS, NBP, f - forecast

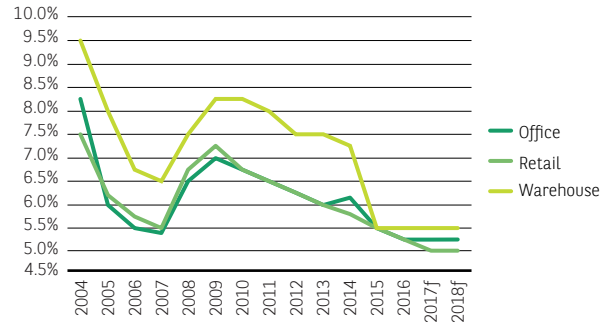
Unemployment Rate, in %



Source: BNP Paribas, Oxford Economics, f - forecast

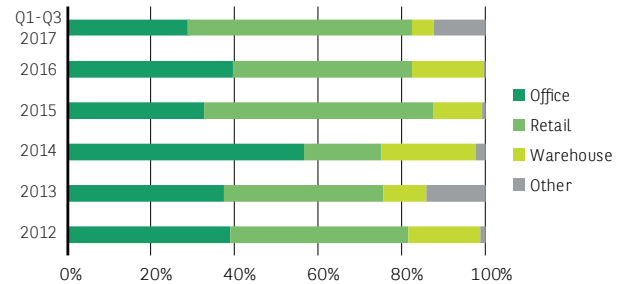
Investment Snapshot

Annual Prime Yields per Sector, in %



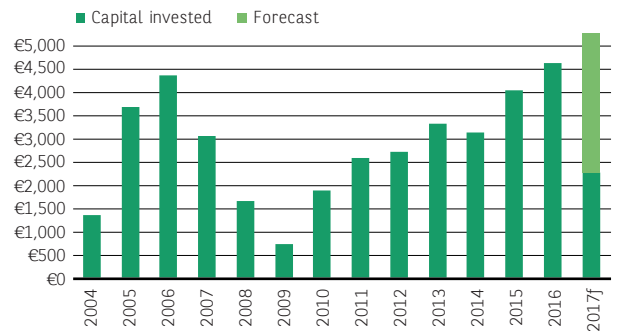
Source: BNP Paribas Real Estate, f - forecast

Annual Sector Split of Investment Volumes, in %



Source: BNP Paribas Real Estate

Annual Volume of Investment Transactions, in € m



Source: BNP Paribas Real Estate, f - forecast

Top 10 transactions in Poland, Q1-Q3 2017

Scheme	Sector	Location	Vendor	Investor	Size	Est. lot size (€m)
Ikea Centers portfolio	Retail	Janki, Poznań, Warsaw, Katowice	Ikea Centers	Pradera	138,000 sqm	220
Fashion House portfolio	Retail	Sosnowiec, Gdańsk, Piaseczno	Peaksid Capital	RREEF Spezial Investment GmbH	50,600 sqm	200
Galeria Stoneczna	Retail	Radom	White Star	REICO (Ceska Sporitelna)	40,900 sqm	164
BPH FIZ portfolio	Retail / Office	Warsaw (8 buildings), Bolesławiec, Chorzów, Kraków	BPH FIZ Nieruchomości	Octava FIZAN (Elliott)	140,000 sqm	150
Galeria Twierdza I Kłodzko Galeria Twierdza Zamość Wzorcownia Galeria Tęcza	Retail	Kłodzko, Zamość, Włocławek, Kalisz	Blackstone	Echo Polska Properties	73,000 sqm	142
Proximo I	Office	Warsaw	Hines	REICO (Ceska Sporitelna)	28,400 sqm	117
Warsaw Spire B	Office	Warsaw	Ghelamco	CA Immo	21,000 sqm	100
Ogrody Shopping Centre	Retail	Elbląg	CBRE Global Investors	CPI Property Group	41,500 sqm	91
Sheraton Kraków	Hotel	Kraków	Algonquin	Invesco	232 rooms	70
Maraton	Office	Poznań	Skanska	Union Investment	23,600 sqm	62

Source: BNP Paribas Real Estate

AUTHOR

Patrycja Dzikowska Head of Research & Consultancy, CEE, patrycja.dzikowska@bnpparibas.com

CONTACTS

Patrick Delcol Chief Executive Officer, CEE, Head of Capital Markets, CEE, patrick.delcol@bnpparibas.com

Dr. Piotr Goździewicz MRICS Director, Capital Markets, CEE, piotr.gozdziewicz@bnpparibas.com

Mateusz Skubiszewski MRICS Director, Capital Markets, CEE, mateusz.skubiszewski@bnpparibas.com

John Palmer FRICS SIOR Director, Capital Markets, CEE, john.palmer@bnpparibas.com

BNP Paribas Real Estate Poland Sp. z o.o.

a.l. Jana Pawła II 25, 00-854 Warsaw

Tel. +48 22 653 44 00

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A 360° vision

Main locations*

EUROPE

FRANCE
Headquarters
167, Quai de la Bataille
de Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

BELGIUM
Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

CZECH REPUBLIC
Pobřežní 620/3
186 00 Prague 8
Tel.: +420 224 835 000

GERMANY
Goetheplatz 4
60311 Frankfurt
Tel.: +49 69 2 98 99 0

HUNGARY
117-119 Váci ut.
A Building
1123 Budapest,
Tel.: +36 1 487 5501

IRELAND
20 Merrion Road,
Ballsbridge, Dublin 4
Tel.: +353 1 66 11 233

ITALY
Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

JERSEY
3 Floor, Dialogue House
2 - 6 Anley Street
St Helier, Jersey JE4 8RD
Tel.: +44 (0)1 534 629 001

LUXEMBOURG
Axento Building
Avenue J.F. Kennedy 44
1855 Luxembourg
Tel.: +352 34 94 84
Investment Management
Tel.: +352 26 26 06 06

NETHERLANDS
Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND
Al. Jana Pawła II 25
Atrium Tower
00-854 Warsaw
Tel.: +48 22 653 44 00

ROMANIA
Banul Antonache
Street n°40-44
Bucharest 011665
Tel.: +40 21 312 7000

SPAIN
C/ Génova 17
28004 Madrid
Tel.: +34 91 454 96 00

UNITED KINGDOM
5 Aldermanbury Square
London EC2V 7BP
Tel.: +44 20 7338 4000

MIDDLE EAST / ASIA

DUBAI
Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubai
Tel.: +971 44 248 277

HONG KONG
25 /F Three Exchange
Square,
8 Connaught Place, Central,
Hong Kong
Tel.: +852 2909 2806

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* March 2017
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