

# AT A GLANCE

## Q4 2022

# INVESTMENT MARKET IN POLAND

## Highlights

- The Polish commercial property market maintains its position as an investment hotspot
- After two years, office assets are back on top for investment volumes
- Supply constraints and high construction costs are putting a brake on yield growth
- Strong presence of the US capital and an inflow of new capital from CEE countries



### KEY FIGURES

c.a. **5.8bn EUR**  
INVESTMENT VOLUME  
2022

**4.75%**  
OFFICE PRIME YIELD

**5.50%**  
SHOPPING CENTRE\*  
\* Estimated yield in the prime shopping center segment

**4.75 – 5.15%**  
INDUSTRIAL & LOGISTICS  
PRIME YIELD\*\*

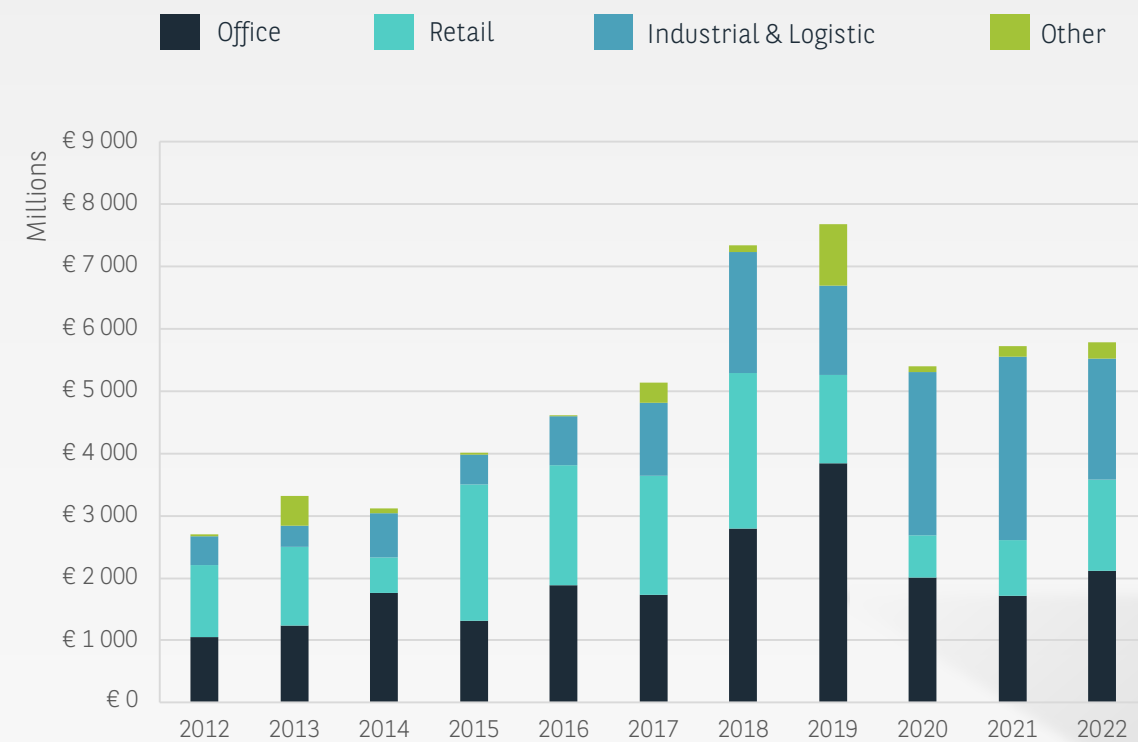
**c.a. 4.25%**  
LOGISTICS (e-commerce)  
PRIME YIELD  
\*\* Varies between Warsaw and rest of Poland

## Macroeconomic indicators forecast

	End of 2022	Trends
<b>GDP Annual (%)</b>	3.5%	↘
<b>Inflation (% y/y)</b>	14.2%	↗
<b>Unemployment (% y/y)</b>	5.3%	↗
<b>NBP Reference rate</b>	8.0%	↗
<b>FX PLN / EUR</b>	4.75	↗

Source: GUS, NBP, Eurostat, BNP Paribas forecast, December 2022

## Investment volume (in M EUR)



Source: BNP Paribas Real Estate Poland, as of the end of Q4 2022

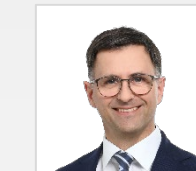
## Selected Transactions of 2022\*

In the fourth quarter of 2022, the volume of investment transactions in commercial real estate in Poland amounted to 1.43bn EUR. This result is nearly 35% lower than in Q4 2021 and EUR 0.02bn better than in the previous quarter. The largest share in the quarterly investment volume (41%) was recorded in the retail asset class.

	ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE (SQM)	QTR
1	The Warsaw Hub	Office	Google	Ghelamco	101,0k	Q1
2	Portfolio Danica	Industrial & Logistics	CBRE IM	Hillwood	629,1k	Q3
3	Generation Park Y	Office	Hansa Invest	Ghelamco	47,6k	Q3
4	Forum Gdansk	Retail	NEPI Rockcastle	Blackstone	63,6k	Q4
5	Atrium Copernicus	Retail	NEPI Rockcastle	G City Europe	48,1k	Q4

Source: BNP Paribas Real Estate Poland, as of the end of Q4 2022, \*excluding portfolio transactions

## Expert Comment



**Mateusz Skubiszewski**

Head of Capital Markets

## Strength lies in the fundamentals

The Polish commercial property has lost none of its appeal to investors despite geopolitical turbulence and economic challenges, including the prospect of an energy crisis. In 2022, the total transaction volume reached over EUR 5.8bn, a rise of EUR 0.1bn on the previous year's level. This result illustrates the Polish market's relative resilience to shocks and investor confidence in the long-term stability of Poland's economic fundamentals. Investors have recognized rental growth across the country while discounting a wide range of risks in their financial forecasts. As a result, prime yields for almost all asset classes moved out in late 2022, indicating that investors are taking account of the possibility that pessimistic scenarios might materialize. At the same time, the yield growth trend, especially for office and industrial assets, appears to be strongly constrained by falling supply levels and high new development costs. Looking ahead, the Polish economy and the property investment market are expected to be significantly driven by EU funds to be received by Poland for investments. These amounts will be a vital boost to better economic growth, leading to a market recovery and an increase in total commercial property investment volumes.

## Expert Comment



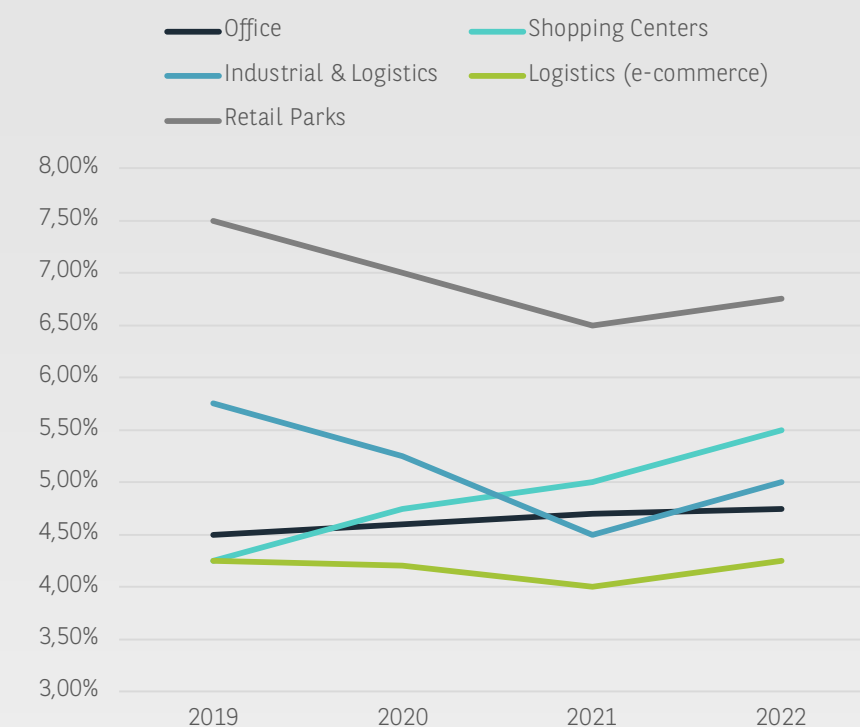
### Marta Gorońska-Wiercioch

Associate Director, Capital Markets

Despite the strong performance of the commercial property investment market, buyers now require thorough analyses for decision-making like never before. In addition to economics, investors are increasingly shifting their focus to ESG matters, realizing that a consistent and well-informed approach to ESG management will not only add resilience to investment portfolios and provide a hedge against value erosion, but it will also help secure better financing conditions. In addition, in estimating the investment values of many asset classes (especially of office and industrial properties), buyers are increasingly focusing on tenant quality and stability and average unexpired lease terms. This is due to the continued economic uncertainty and concerns about the stability of future cash flows. Despite this, the Polish commercial property market continues to be targeted by investment funds, particularly from the United States, Germany and South Africa. It was capital from these regions that dominated the market in 2022 amid a growing inflow of capital from other CEE countries.

## Prime Yields

Annual Prime Yields per Sector, in %



Source: BNP Paribas Real Estate Poland, as of the end of Q4 2022

Repricing under way  
Rising bond yields on global markets are one of the main factors creating upward pressure on yields for commercial property assets. At the same time, high construction costs and new supply constraints in many markets are preventing repricing from gathering pace. In 2022, prime yields moved out most notably for big-box warehouses (sized over 5,000 sqm) and shopping centres – by 0.5 pp for each asset class.

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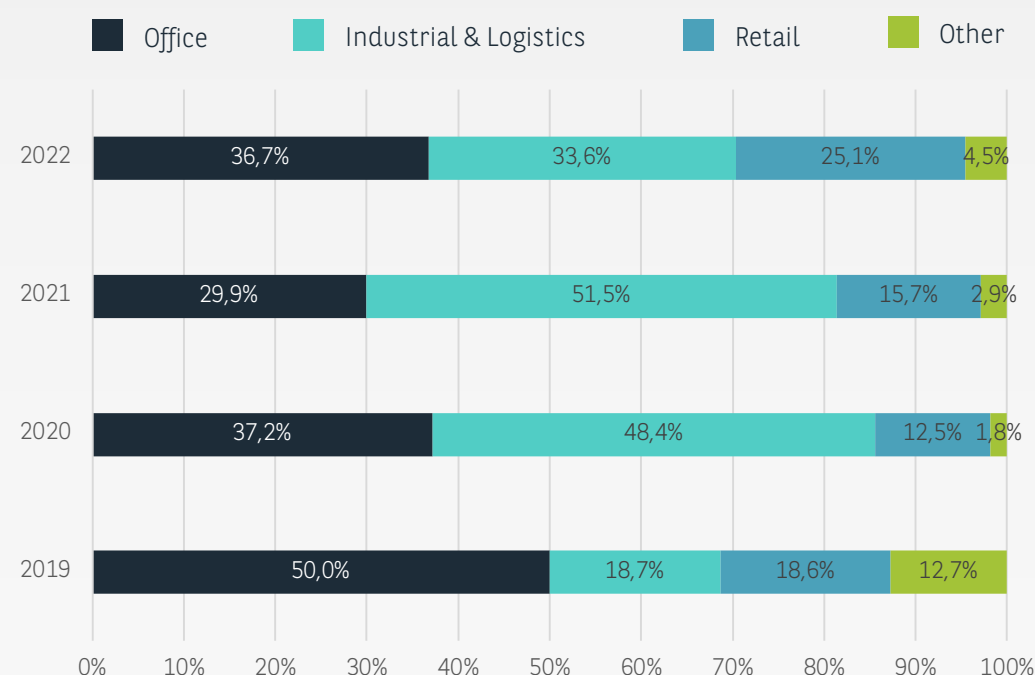


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## Sector split

Annual Sector Split of Investment Volumes, in %



Source: BNP Paribas Real Estate Poland, as of the end of Q4 2022

## Office

Investors continue to see offices as trophy assets. In 2022, the office transaction volume exceeded EUR 2,100M, a rise of over 24% on the previous year. Last year's headline deal was Ghelamco's sale of The Warsaw Hub to Google for EUR 585M. The largest transaction of the fourth quarter of 2022 was the approx. EUR 113M acquisition of Echo Investment's Face2Face in Katowice by Czech-based Investika & Bud Holdings.

## Retail

Investors regained their confidence in retail assets in 2022. The retail transaction volume reached over EUR 1,450M, the best performance since 2018. Demand was the strongest for smaller retail formats such as retail parks and convenience retail schemes. However, shopping centres were also high on investors' radar, with two notable transactions being NEPI Rockcastle's two acquisitions of Forum Gdańsk and Atrium Copernicus for a total of over EUR 377M from Blackstone and G City Europe, respectively.

## Industrial & Logistics

Industrial and logistics properties were the second-best performing sector for investment volumes in 2022. This sector accounted for 34% of last year's total transaction volume, a fall of 0.15 pp on 2021. Due to the high expectations of vendors, the investment activity in the industrial and logistics market totalled EUR 2,000m, down by over EUR 170m compared to the five-year average. The market leader on the sell side is Panattoni, which in 2022 provided investors with assets for a combined value of more than EUR 569M.