



At a glance Q1 2018

Investment Market in Poland

Strong investor appetite from 2017 has continued over first months of the current year. Q1 2018 saw unusually high activity of investment capital which resulted in over €2.1 billion transacted, the highest volume ever traded over a first quarter. Almost €7 billion dealt over the course of the last twelve months (Q2 2017 – Q1 2018) confirms strong investor interest in the Polish real estate sector and it being a viable alternative to other financial markets of lower returns.



RETAIL AND PORTFOLIOS MADE THE RESULT

In Q1 the retail investment sector overwhelmingly dominated, accumulating 85% of the volume (approx. €1.78 billion). Just after the New Year the €1 billion Chariot portfolio was closed – portfolio of 28 retail assets (M1 shopping centres located in major agglomerations and stand-alone hypermarket and DIY retail warehouses trading in primary and regional markets across Poland) was sold by Apollo Rida / Axa / Ares to a consortium formed by Redefine, Pimco and OakTree. This record high transactional volume has not been recorded in Poland yet.

Galeria Katowicka situated in the city centre of Katowice, one of leading shopping and leisure schemes in the Upper Silesia Conurbation, was sold by Meyer Bergman to Employees Provident Fund of Malaysia for €300 million.

Three established hypermarket based shopping malls in Kraków, Łódź and Toruń were bought from Aerium by Newbridge for €110 million.

LOGISTICS PRODUCT ON A ROLL

Continued from the previous year, strong investor appetite has been reported for logistics products. In Q1 2018 approx. €135 million came from the logistics segment, traded both on single assets (e.g. Panattoni, Formad, Real Management) as well as part of wider pan-European transactions (sale of Prologis' warehouse properties to Ares Management).

For the last two years, strongly boosted by the buoyant Polish economy, e-commerce growth and globalization of trading and manufacturing, the industrial sector in Poland has been booming thereby investor appetite for products in this segment is expected to remain very strong. The development of road and communication infrastructure is also significant coupled with the silk road cargo freight train route being completed and Gdańsk's deep water terminal accommodating massive Asian cargo ships.



WIDE RANGE OF ASSETS CAPTURES INTEREST FROM THE WORLD

Continued from the preceding years, investors have been interested in a wide spectrum of assets – of various typology, sizes, quality and locations. Potential buyers have been searching for leading single assets, portfolios as well as secondary and tertiary assets in major, secondary and even small local markets.

In Q1 2018 capital flowed predominantly from South Africa, Malaysia and the UK (totaling 88% of the transacted volume). The hotel sector was clearly dominated by the German Union Investment fund (purchase of three assets).



YIELDS

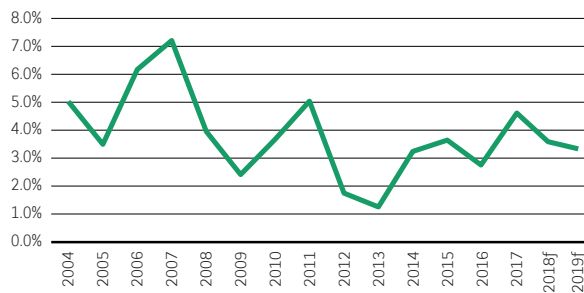
Prime yields for best-in-class dominant shopping centres in major markets currently stand at ca. 5.00%, slightly compressed by 25bps over 2017. Prime office yields in the office sector oscillate around 5.15% - 5.25%, the level reported at the end of 2017. In the industrial sector prime and best performing assets, with long-term leases secured, are traded around 5.5%.

2018 is predicted to see soft yield compression in the case of truly prime assets, notably in retail and office segments.



Macroeconomic Snapshot

Annual GDP growth, in %



Source: GUS, NBP, f - forecast

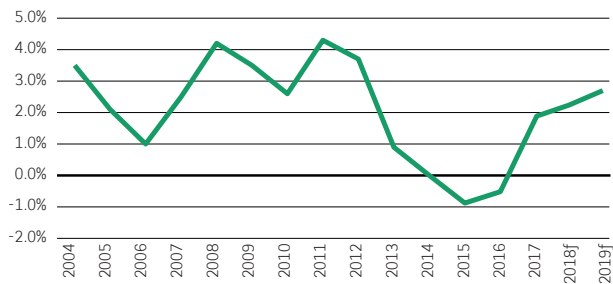
Investment Snapshot

Annual prime yields per sector, in %



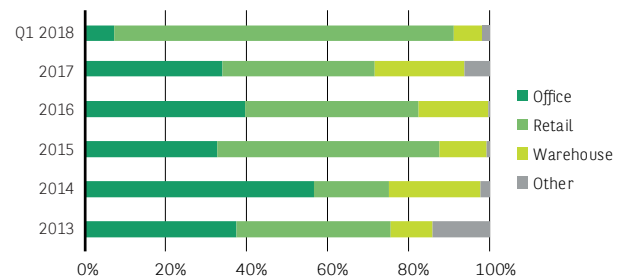
Source: BNP Paribas Real Estate, f - forecast

Annual CPI, in %



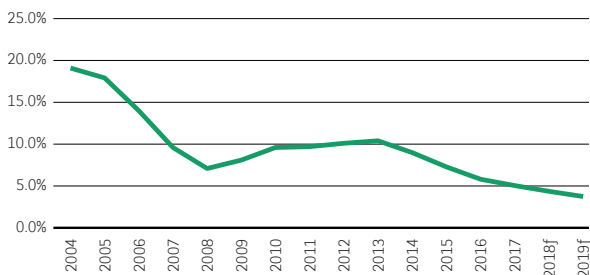
Source: GUS, NBP, f - forecast

Annual sector split of investment volumes, in %



Source: BNP Paribas Real Estate

Unemployment rate, in %



Source: BNP Paribas, Oxford Economics, f - forecast

Annual volume of investment transactions, in € m



Source: BNP Paribas Real Estate

Major transactions in Poland, Q1 2018

Scheme	Sector	Location	Vendor	Investor	Size	Est. lot size (€m)
Chariot Portfolio	Retail	multi-city	Ares / Apollo Rida / Axa	Chariot Top Group	700,000 m ²	1,000
Portfolio of M1 schemes (four locations)	Retail	multi-city	Chariot Top Group	EPP	194,500 m ²	359
Galeria Katowicka	Retail	Katowice	Meyer Bergman	Employees Provident Fund of Malaysia (EPF)	48,000 m ²	300
Portfolio: Czyżyny, Guliwer, Bielawy shopping centres	Retail	Kraków, Łódź, Toruń	Aerium	Newbridge	72,000 m ²	110
Warta Tower	Office	Warsaw	KREH2 Sp. Z o.o. / Chmielna S.á r.l.	Globalworth RE Investment	28,000 m ²	55
Pegaz	Office	Wrocław	UBM	Warburg-HIH	21,000 m ²	54
Prologis Portfolio (part of Pan-Euro transaction)	Industrial	Sochaczew	Prologis	Ares Management	101,000 m ²	46
Holiday Inn Twarda	Other	Warsaw	UBM	Union Investment	256 rooms	41

Source: BNP Paribas Real Estate

AUTHOR

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

CONTACTS

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

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

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

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

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

al. Jana Pawła II 25, 00-854 Warsaw

Tel. +48 22 653 44 00

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate.



**BNP PARIBAS
REAL ESTATE**

6 BUSINESS LINES in Europe

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

Pobřeží 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 Vaci 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

Alliances*

ALGERIA

AUSTRIA

CYPRUS

DENMARK

ESTONIA

FINLAND

GREECE

HUNGARY **

IVORY COAST

LATVIA

LITHUANIA

MOROCCO

NORTHERN IRELAND

NORWAY

PORTUGAL

SERBIA

SWEDEN

SWITZERLAND

TUNISIA

USA

* March 2017

** Coverage In Transaction, Valuation & Consulting



@BNPPRE_PL

www.realestate.bnpparibas.pl



PROPERTY DEVELOPMENT | TRANSACTION | INVESTMENT MANAGEMENT | PROPERTY MANAGEMENT | VALUATION | CONSULTING



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world