



**AT A GLANCE
Q4 2019**

INVESTMENT MARKET IN POLAND

- **Sustainable economic performance, wide availability of product coupled with high investor demand has pushed the investment volume to a new all-time record again.**
- **Expected further soft yields compression for truly selected assets in the office and industrial & logistics sectors.**

INVESTMENT VOLUME

After a very prosperous 2018, Poland's real estate investment sector had a record year again in 2019. Sustainable economic performance, good availability of product combined with high investor demand resulted in an unprecedented level of transactional volume exceeding €7.6 billion, approx. 6% up on the previous year's outcome. It is primarily driven by extensive availability of capital across the CEE region and more attractive yields compared to Western markets. Purchasers were interested in a wide spectrum of assets across all sectors, from top class properties to secondary class older buildings

with substantial upside potential. Over the course of 2019, around 170 deals on both single transactions and portfolios were finalised, over 60% up on 2018.

The major volume of the capital comes from European countries, of which the UK and Germany have the largest shares. Over the last couple of years, however, the inflow of capital from Asia has increased and it accounted for up to 20% of the transactional volume in 2019. Far East investors are generally searching for core assets with secured long-term tenants and generating stable NOI.

KEY FIGURES (2019)



€ 7.6 bn
INVESTMENT VOLUME
IN 2019



4.50%
OFFICE PRIME YIELD



4.25%
RETAIL PRIME YIELD



5.75%
INDUSTRIAL & LOGISTICS
PRIME YIELD*

* Excluding transactions on outstanding e-commerce assets

SECTOR SPLIT

In 2019, half of the total investment volume came from office assets (over €3.8 billion). Almost 70 single and portfolio deals involving nearly 100 buildings with total space of over 1.4 million sqm were finalised. Although Warsaw raised around 60% of the volume, which equates to more than €2.4 billion, regional office markets have also attracted investor demand as they offer more attractive yields and a wide selection of product. Major transactions in Warsaw included Warsaw Spire A, Warsaw Financial Centre and Eurocentrum Office Complex. Among the regional office markets, Kraków and Wrocław, the two leaders in terms of stock size, are still the most popular, but other locations have also been capturing increasing investor interest. Major deals on the regional markets involved Argon in Gdańsk, Nowy Rynek in Poznań, Business Garden in Wrocław and Poznań, O3 Business Campus in Kraków, Podium Park in Kraków and Silesia Star in Katowice among others.

Retail, attracting 26% (€1.9 billion) of the overall transaction volume in 2019, is lower than in the record-breaking 2018, but much higher than expected. Selected retail assets of various classes, with solid fundamentals, are still on the investors' radar. The volume was greatly assisted by the acquisition by Cromwell Property Group of all third party investor interests in the Cromwell Polish Retail Fund which contained seven shopping centres. A number of transactions involving smaller assets, mostly convenience centres and retail parks, took place in small regional cities.

Investor appetite for industrial&logistics properties has remained strong in 2019. Product availability, however, has substantially shrunk, hence the traded volume of around €1.45 billion was clearly below the 2018 figure. Prime assets occupied by e-commerce operators have attracted the greatest interest, which resulted in prices soaring to levels previously unseen.

The hotel sector has been having its slice of the cake for years, while other alternative investment sectors started to attract international capital. In 2019, Kajima and Griffin RE purchased the Student Depot platform, while Catella bought a portfolio composed of residential-for-rent and student housing properties.

PRIME YIELDS

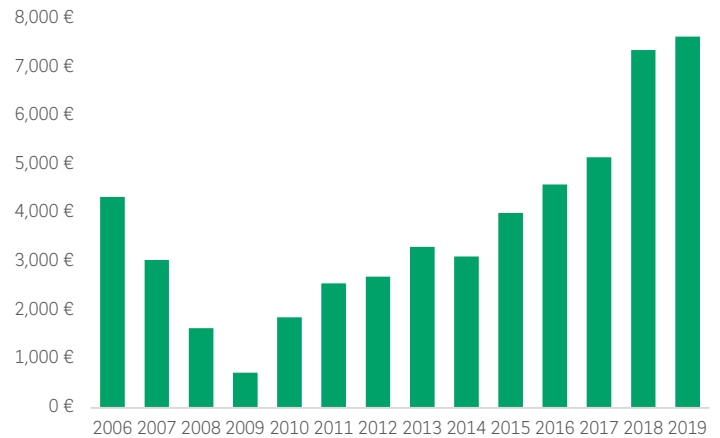
In Q4 2019, yields in the office and retail sectors remained unchanged. Yields for prime office assets in Warsaw oscillate around 4.50%, and around 5.50%-6.00% on the major regional markets. For best-in-class dominant retail assets, prime yields vary from 4.25% in Warsaw to approx. 5.00% on other major markets.

Strong investor appetite for product in the industrial sector has tightened prime yields further. For prime multi-tenant and logistics schemes, prime yields have compressed by 25bps and are within a range of 5.75%-6.50%, depending on the region.

An impressive drop occurred in the class of outstanding assets occupied by international e-commerce giants. At the end of the year, a Chinese investor purchased two Amazon locations at an exceptional yield of 4.25%.

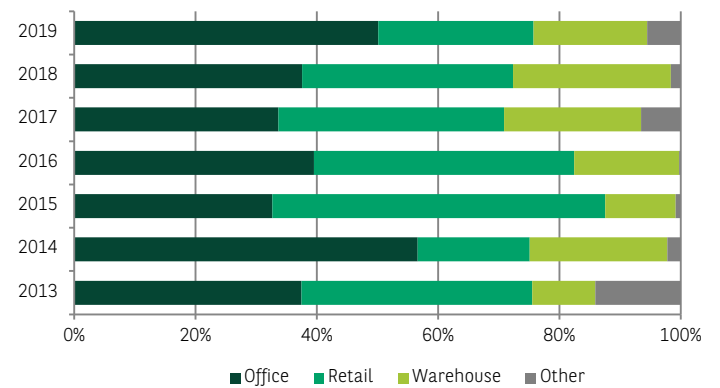
Upcoming months may bring further soft yield compression for truly prime assets in the office and industrial & logistics segments. No decline is expected in the retail sector.

VOLUME OF INVESTMENT TRANSACTIONS(€ m)



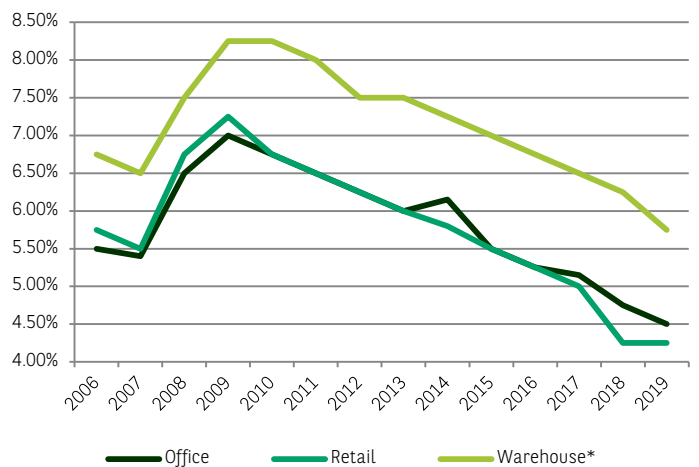
Source: BNP Paribas Real Estate

SECTOR SPLIT OF INVESTMENT VOLUMES (%)



Source: BNP Paribas Real Estate

PRIME YIELDS PER SECTOR (%)



* excluding outstanding transactions on e-commerce assets
Source: BNP Paribas Real Estate

SELECTED MAJOR TRANSACTIONS IN POLAND 2019

ASSET	SECTOR	LOCATION	PURCHASER	VENDOR	SIZE (m ²)	ESTIMATED LOT SIZE (€m)
Cromwell Portfolio (shares)	Retail	Multi-city	Cromwell Property Group	Cromwell Polish Retail Fund	270,000	600
Warsaw Spire A	Office	Warsaw	Immofinanz	Ghelamco / Madison International	71,000	386
Atrium Koszalin, Atrium Felicity	Retail	Koszalin, Lublin	ECE	Atrium ERE	115,000	298
Warsaw Financial Center	Office	Warsaw	CPI PG	Allianz JV Tristan Capital Partners	50,000	275
Eurocentrum Office Complex	Office	Warsaw	CPI PG	Capital Park	84,000	255
M1 – 4 properties	Retail	Bytom, Częstochowa, Radom, Poznań	EPP	Chariot Top Group	141,000	221.8
West Station I & II	Office	Warsaw	Mapletree Investment	HB Reavis	68,000	190
BARN Portfolio part 1	Industrial	Multi-city	GLL	7R / Hillwood Polska	n/a	175
EPP Office Portfolio (shares)	Office	Kraków, Poznań, Łódź	Henderson Park	EPP	87,000	137
Warsaw Trade Tower	Office	Warsaw	Globalworth Poland Real Estate	Akron Group	45,000	133
Amazon Wrocław, Eurocash Konin	Industrial	Wrocław / Bielany Wrocławskie, Konin	Mirae Asset Global Investments	Blackstone	163,000	129
Metro Portfolio – Makro 5 properties	Retail	Multi-city	FLE Gmbh	Metro Group	96,000	127
Ethos	Office	Warsaw	Credit Suisse Asset Management	Kulczyk Investments	18,000	115
Astoria	Office	Warsaw	Credit Suisse Asset Management	Strabag Real Estate	19,500	110
Posnania (shares)	Retail	Poznań	Apsys	Fonciere Euris	27,000	110
Amazon Pabianice, Amazon Bolesławiec	Industrial	Łódź, Bolesławiec	CNIC Corporation Limited	Invesco	104,000	n/a

Source: BNP Paribas Real Estate

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6 BUSINESS LINES in Europe

A 360° vision

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