

# AT A GLANCE

## Q1 2021

# INVESTMENT MARKET IN POLAND

## Highlights

- Office sector regained a dominant position in Q1 after dethronement in 2020
- I&L continuously on the radar screen of investors
- Retail investment results confirm focus on small retail parks & convenient retail



### KEY FIGURES

almost **1.27bn**

INVESTMENT VOLUME IN 2021

**4.70%**

OFFICE PRIME YIELD

**4.90%**

INDUSTRIAL & LOGISTICS PRIME YIELD\*

**4.75%** HIGH STREET

**5.00%** SHOPPING CENTRES

RETAIL PRIME YIELD\*\*

\* Excluding transactions on outstanding e-commerce assets

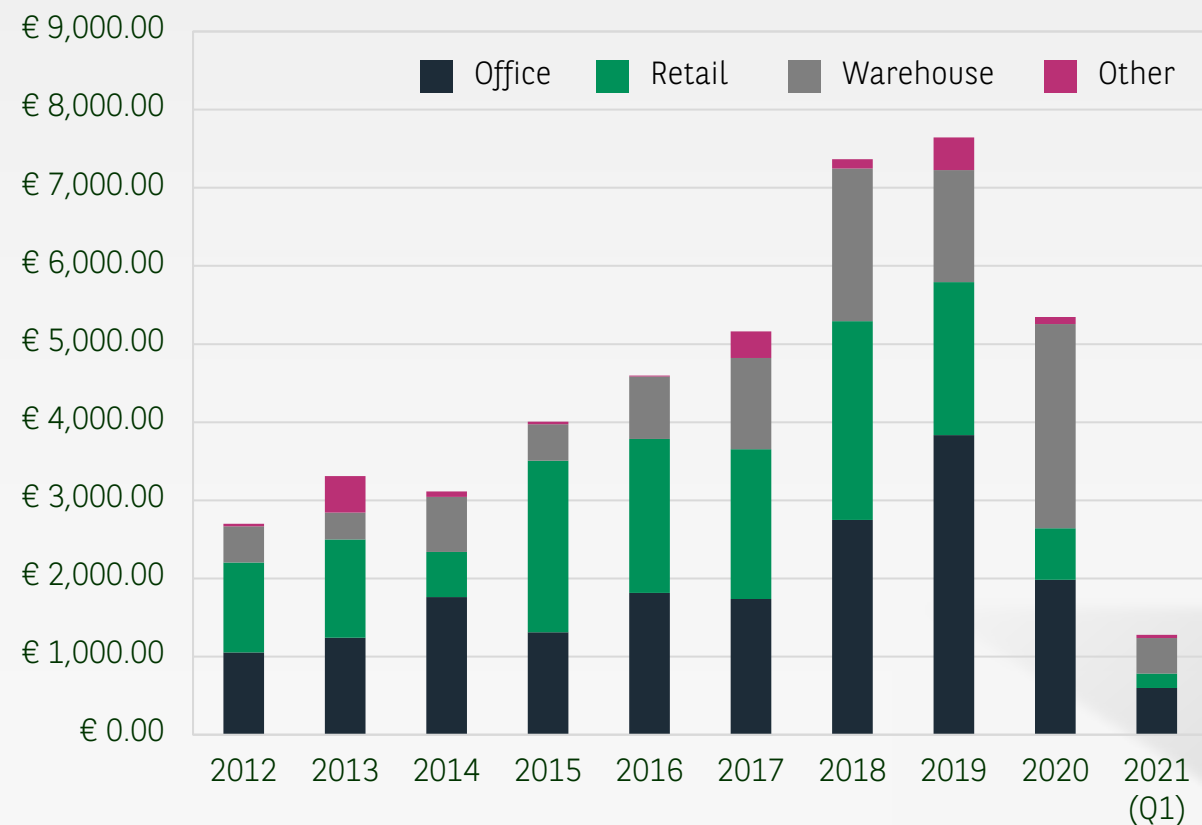
\*\* Lack of transactions over last quarters in the prime shopping centre segment

## Macroeconomic indicators

			Trend
	GDP (forecast 2021)	4.5%	↑
	Inflation (forecast 2021)	3.2%	↑
	Unemployment (forecast 2021)	6.5%	↑
	NBP Reference rate	0.10%	↑
	FX PLN / EUR	4.6603	↑

Source: GUS, NBP, Eurostat, BNP Paribas, March 2021

## Investment volume (in mln)

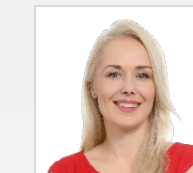


## Top Transactions

In the first quarter of 2021, over 30 deals have been transacted, for both single buildings and portfolios, involving over 50 buildings. Most of transactions (47%) are office sector related, industrial & logistics, retail and other respectively achieving a share of 35%, 15% and 3%.

	ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE	QUARTER
1	BUMA portfolio	Office	Partners Capital via REINO	BUMA	100 000	Q1
2	Project Phoenix	Industrial & Logistics	Ares	Panattoni	285 000	Q1
3	M1 Portfolio	Retail	EPP	Chariot Top Group	110 000	Q1
4	Villa Offices	Office	KGAL	Echo Investment	16 720	Q1
5	Alchemia Neon	Office	DWS	Torus	35 560	Q1
6	Spark B	Office	Stena	Skanska	18 720	Q1

## Expert Comment



**Małgorzata Fibakiewicz**

Head of Business Intelligence Hub  
BNP Paribas Real Estate

## Is pandemic mark still on the investment market?

The Q1 investment volume amounting to almost 1.27 bn EUR is still under the impact of pandemics, when compared to the Q1 2020 results, which faced the outbreak only during two weeks of the quarter. After the 2020's pandemic shock prophesying crisis and creating the pricing gap between the expectations of sellers and buyers, it seems there is light in the tunnel to regain the reasonable balance on the investment market. There has been a shift towards I&L investment products which follows a great demand from tenants and intense activity of developers. Q1 proved as well that office and retail sectors are still alive.

## Expert Comment



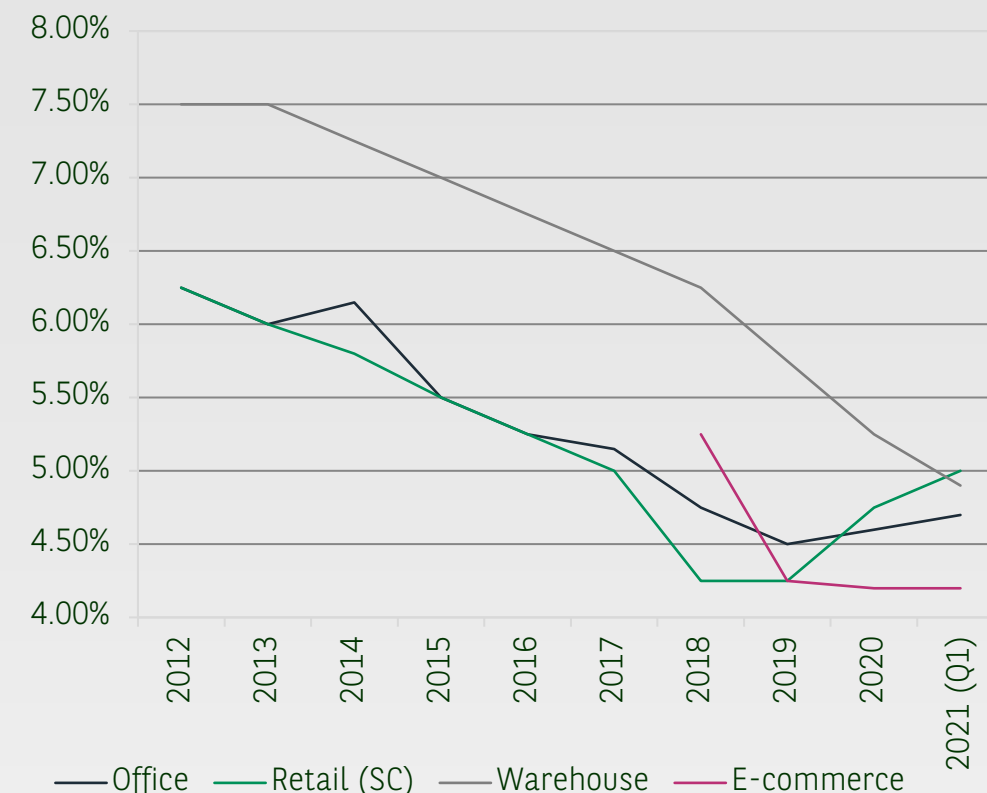
**Mateusz Skubiszewski**

Head of Capital Markets

The major share (over 55%) of capital inflow to Polish market is coming from Europe. Out of European investors, the most active are, Germany, France, Sweden and UK. Outside European investors, we can also see a great interest coming from US investors, who have purchased assets from both, office and I&L sectors. Asian investors, who invested greatly last years in core logistics and industrial assets and are continuously interested in this segment expect the closing of the transactions in coming quaters.

## Prime Yields

Annual Prime Yields per Sector, in %



In Q1 2021 we have noted the change in prime yields. I&L facing continuous interest from investors resulted in further yield compression by 35 bp vs last quarter. On the contrary, office and retail had to accept the incurred / expected decompression by 10 bp and 25 bp respectively. This is obviously a result of challenges that both sector experienced due to pandemics outbreak.

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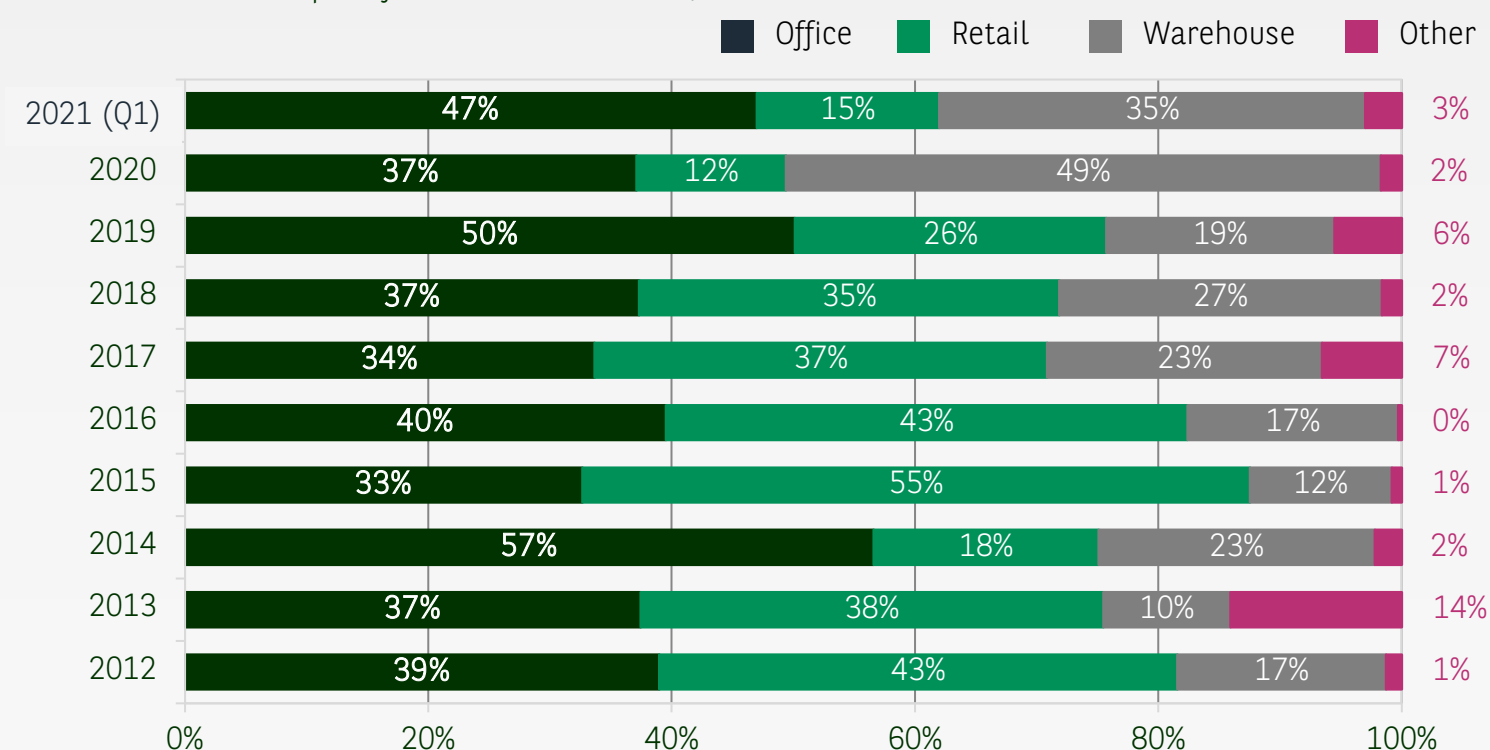
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## Sector split

Annual Sector Split of Investment Volumes, in %



## Office

Office sector generated almost 600m EUR, which is only 3% less in volume recorded in first quarter of 2020, out of which almost 60% was finalised in regional cities. Such outcome resulted from delaying the office deals in Warsaw which are expected next quarters.

## Retail

Deals worth over 185m EUR present almost 70% increase vs Q1 2020. As M1 portfolio purchase has been expected to happen, the rest of transactions confirm the interest of investors in the small parks and convenient retail formats.

## Warehouse

Although Q1 2021 transacted volume of slightly over 450m EUR shows an over 50% drop when compared to Q1 2020 results, one should not claim the end of sector. A great interest from investors, mainly from Asia, may be the game changer for total 2021 volumes in this segment.