

PRESS RELEASE

“WAIT AND SEE” STRATEGY IN THE FIRST QUARTER IN THE INVESTMENT MARKET

BNP Paribas Real Estate Poland has summarized the first three months in the Polish investment market and pointed out, among other things: reduction in investors' appetite and waiting caused by the war in Ukraine, combat with inflation, rising commodity prices, as well as a hesitant start of the year in the sector of logistics and industrial investments.

After two years of the pandemic, rampant inflation and the outbreak of war in Ukraine have burdened literally almost every branch of the economy, including the commercial real estate market. After cautious optimism prevailing throughout the last year, the market experienced a quiet start in the first quarter of 2022. The total transaction volume was estimated at EUR 1.65 billion and the structure was dominated by large volume contracts, including portfolio transactions. The most significant one was the record-breaking sale of the Warsaw HUB complex, whose new owner is now Google. The IT giant paid almost EUR 568 million for the office building in Warsaw's Wola district. The report authors from BNP Paribas Real Estate Poland emphasise that the finalization of the sale of two real estate portfolios by EPP – with a total value estimated at over EUR 650 million – means that in the first quarter commercial assets generated 75% of their last year's total volume. In the period from January to the end of March, the least activity was recorded in the logistics and industrial sector, which accounted for a few transactions involving single facilities. The more interesting it becomes as in 2020 and 2021 it was logistics properties that were the most popular investment products looked for in Poland among investors.

*- Logistics and warehouse properties used to be at the top of the list as the most attractive and sought-after investment assets in the last two years. Therefore, EUR 200 million in total volume for the first quarter is a significantly underestimated result. Especially given the fact that first the pandemic and now the war have shown how important a piece of the business puzzle is the development of a well-planned and uninterrupted logistics, including warehouse logistics. Another factor that further strengthens the potential of this sector, which will become visible in the upcoming months, may be an increase in demand driven by tenants closing their businesses in Russia - says **Mateusz Skubiszewski**, Head of Capital Markets Department, BNP Paribas Real Estate Poland.*

The first weeks of the war and the record increases in the inflation rate do not provide answers to the questions of how real estate will be priced and what risks investors will have to face. Experts from BNP Paribas Real Estate Poland point out that yield rates on prime assets did not change significantly in the first quarter. The exception was the office sector, which valued its best assets at 4.5%. Compression of 0.5 p.p. could also be observed in the retail park segment, which has consistently been seen as the most attractive retail segment for investors for several quarters.



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