

# AT A GLANCE

## Q1 2024

# INVESTMENT MARKET IN POLAND

## Highlights

- Polish economy remains strong, with Moody's affirming Poland's long-term foreign currency rating at the "A2" level with a stable outlook.
- Commercial real estate investment activity is expected to bounce back in the second half of the year.
- Legislation on REITs (Real Estate Investment Trusts) is soon to be adopted, but such investment vehicles are unlikely to be set up until 2025.
- Stable prime yields and rental growth bode well for the growth in real estate investment volumes.
- Logistics and industrial assets remain top investment picks.



### KEY FIGURES

c.a. **364 m EUR**  
INVESTMENT VOLUME YTD

### PRIME YIELDS

**6.00%**

OFFICE

**6.25%**

SHOPPING CENTRES













**6.00%**

INDUSTRIAL & LOGISTICS

c.a. **5.25%**

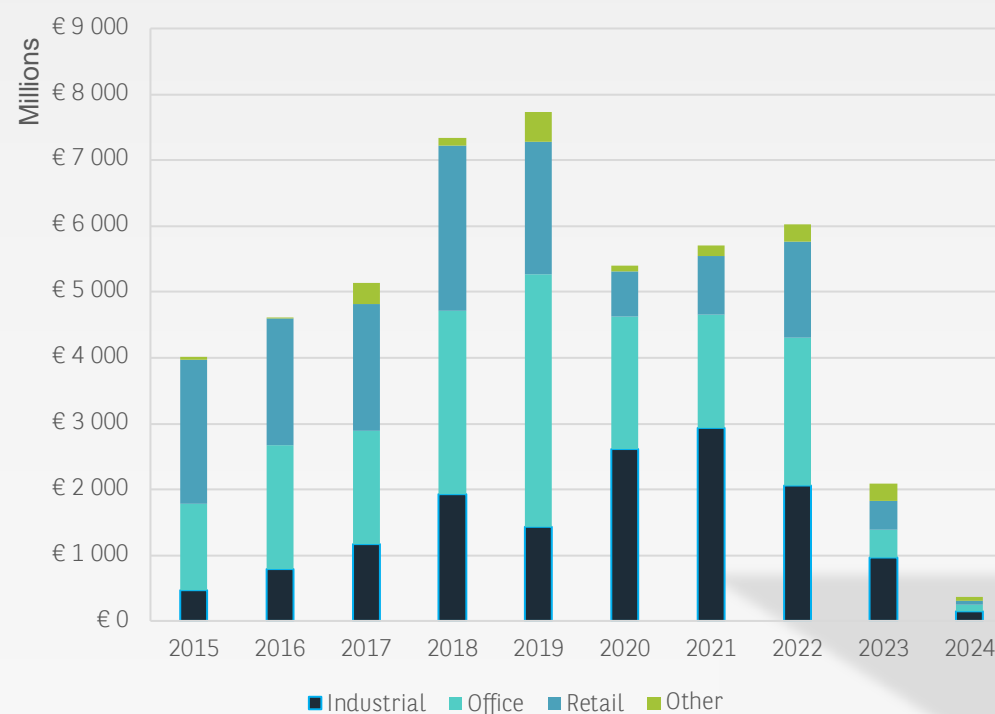
LOGISTICS (e-commerce)

## Macroeconomic indicators and trends

		Trend
 GDP Annual (% y/y)	1.9%	
 Inflation (% y/y)	2.8%	
 Unemployment (% y/y)	5.3%	
 NBP Reference rate	5.75%	
 FX PLN / EUR	4.30	
 ECB Refinancing rate	4.5%	

Source: GUS, NBP, BNP Paribas forecast, March 2024

## Investment volume (in m EUR)



Source: BNP Paribas Real Estate Poland, as of the end of Q1 2024

## Selected Transactions of 2024

Poland's commercial real estate investment volume for the first quarter of 2024 reached nearly EUR 364m, down by almost half year-on-year and by approx. EUR 18m from the previous quarter. Warehouse and industrial assets attracted the lion's share of investment (38%) in the first quarter of this year, with offices taking second place (29%). Core and Core+ office assets continued to account for a small share of the total investment volume.

ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE (SQM)	QTR
1 West Park Pruszków & West Park Ożarów (currently Hilwood Ożarów)	Industrial & Logistics	Hillwood	DWS	81,900	Q1
2 MDC2 Park Krakow South	Industrial & Logistics	Generali	MDC2	34,324	Q1
3 Panattoni Park Wrocław West Gate	Industrial & Logistics	EQT Exeter	Panattoni	46,900	Q1
4 Concept Tower	Office	Wood & Company	CPI Group	9,011	Q1
5 Aniolów Park	Retail	TERG	Dor Group	18,000	Q1

Source: BNP Paribas Real Estate Poland, as of the end of Q1 2024

## Expert Comment



### Mateusz Skubiszewski

Senior Director, Head of Capital Markets  
BNP Paribas Real Estate Poland

**After a difficult start to the year there is a glimmer of light at the end of the tunnel.**

As expected, during the first quarter of 2024, the Polish commercial property investment market remained in the grip of the challenging global geopolitical and economic conditions of the past 12 months. The office sector, which is the most sensitive to interest rate changes and has been impacted by remote work trends, posted an average fivefold decrease in investment volumes compared with 2021-2022. Investors are, however, returning to the market, which is expected to translate into higher transaction volumes in the second half of this year. Buyers expect rates of return on equity for Core+ offices of over 10-12%, a high requirement given current real estate financing conditions offered by the banking sector and expected yields. Capital targeting Core office assets that guarantee stable cash flows in the long term may take a little longer to arrive. However, the outlook for interest rate cuts appears increasingly positive, which is good news for both investors and the market. According to the latest data, prime property yields remain unchanged, but they are likely to harden slightly following a cut in the ECB's interest rates. With inflation back under control in many countries, 2024 is expected to be a breakthrough year.

## Expert Comment



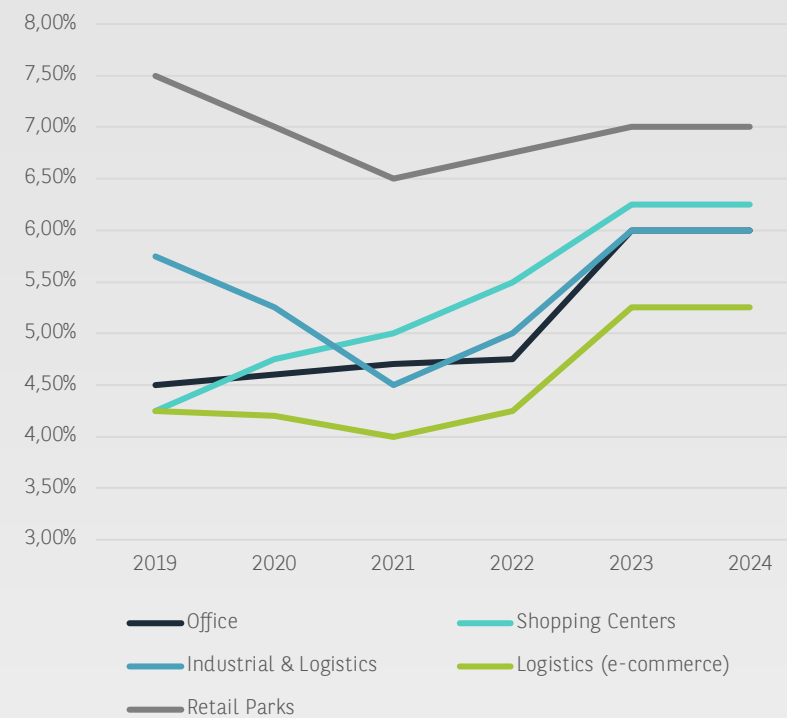
### Marta Gorońska-Wiercioch

Associate Director, Capital Markets

The Polish commercial real estate market remained in a price discovery phase during the first quarter of 2024. This was reflected in fewer investment transactions closed, with a growing proportion of projects slated for repurposing. The subdued activity of international investment funds is opening up new opportunities for alternative investment and financing by Polish investors. Liquidity on the Polish commercial property market is expected to improve with the introduction of legislation on REITs. In early April 2024, the Ministry of Development and Technology presented another set of draft regulations on publicly listed REITs. According to its current proposal, REITs will allow for investing in commercial and residential properties but will also be required to distribute as dividends at least 90% of rental income less costs and taxes. Shareholders will not be required to pay any dividend tax. Rents continue to grow for almost all asset classes, partially offsetting the decompression of yields which stabilized in the last quarter.

## Prime Yields

Annual Prime Yields per Sector, in %



Source: BNP Paribas Real Estate Poland, as of the end of Q1 2024



Prime net yields remained unchanged in Poland during the first quarter of 2024, with the market broadly expecting a loosening in monetary policy across Europe that will result in lower property financing costs. The European Central Bank is increasingly signalling that its interest rates are likely to be cut this year, but stubbornly high US inflation figures and tensions in the Middle East pushing oil prices up may be a case for delaying cuts.

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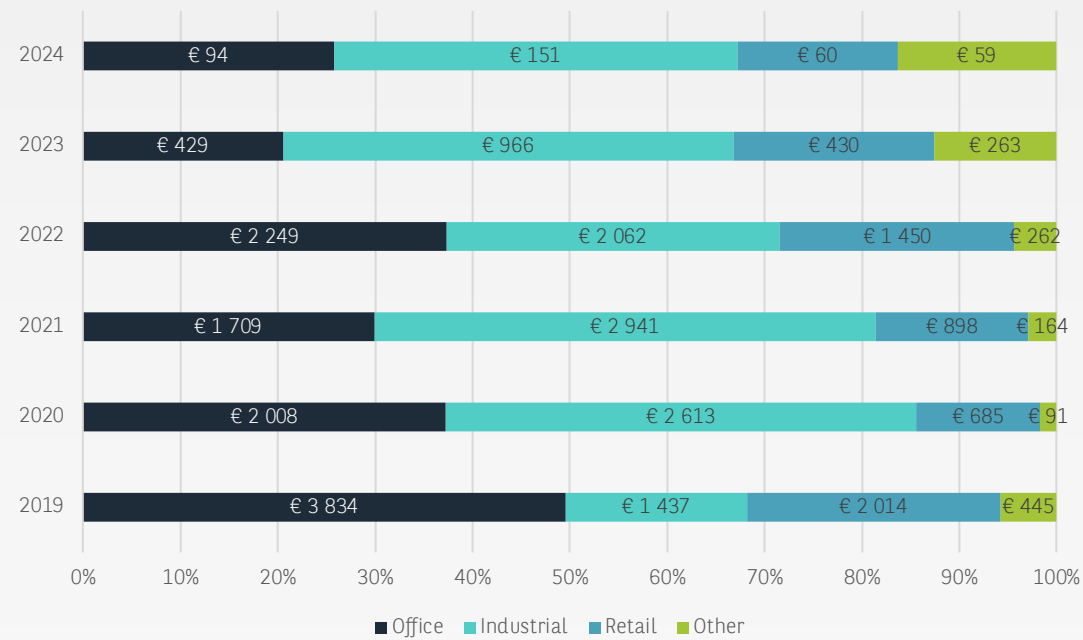


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## Sector split

Annual Sector Split of Investment Volumes, m EUR



Source: BNP Paribas Real Estate Poland, as of the end of Q1 2024

## Office

Only eight office buildings changed hands during the first three months of 2024. The first quarter of the year saw just two larger transactions: the acquisition of the CPI Group's Concept Tower in Grzybowska Street in Warsaw by the Czech-based Wood & Company and the acquisition of Futureal's buildings C and D of the Lipowy Office Park by 1 Asset Management.

## Retail

The retail sector was dominated in the first quarter of 2024 by low-value transactions, the largest being the Dor Group's sale of the retail park Aniołów Park in Częstochowa to Terg, a Polish-based company, for EUR 25m. This market segment saw a total of six transactions in the last four quarters. Investment activity continues to focus on smaller retail formats such as retail parks and convenience shopping centres.

## Industrial & Logistics

Industrial and logistics assets were the best performing sector in the first quarter of 2024 with the total investment volume amounting to EUR 138m, a decrease of 12% year-on-year. The largest transaction in the three months to March 2024 was Hillwood's acquisition of West Park Pruszków and West Park Ożarów Wrocław (with a combined area of 81,900 sqm) from DWS for EUR 55m.