

# AT A GLANCE

## Q2 2024

# INVESTMENT MARKET IN POLAND

## Highlights

- Investment volumes rise as retail performs strongly
- The ECB's interest rate cut has had little effect on investor sentiment
- Investors from CEE and the Baltic states are out buying
- Focus on core+ and value-add transactions, with trading in prime assets still some way away
- Logistics accounts for just 11% of the total investment volume



### KEY FIGURES

c.a. **1.705M EUR**  
INVESTMENT VOLUME YTD

### PRIME YIELDS

**6.00%**

OFFICE

**6.00%**

INDUSTRIAL & LOGISTICS













**6.25%**

SHOPPING CENTRES

c.a. **5.25%**

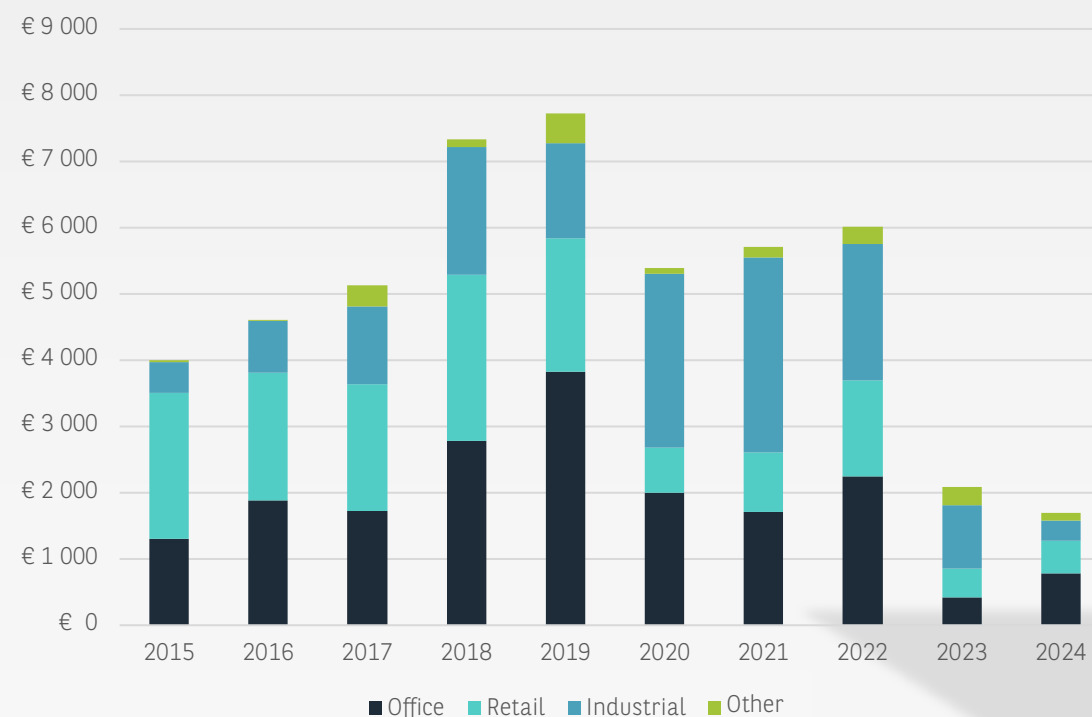
LOGISTICS (e-commerce)

## Macroeconomic indicators and trends

		Trend
 GDP Annual (% y/y)	2.8%	
 Inflation (% y/y)	5.5%	
 Unemployment (% y/y)	5.2%	
 NBP Reference rate	5.3%	
 FX PLN / EUR	4.30	
 ECB Refinancing rate	4.5%	

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

## Investment volume (in m EUR)



Source: BNP Paribas Real Estate Poland, as of the end of Q2 2024

## Selected Transactions of 2024 YTD

Poland's commercial real estate investment for the period January-June 2024 exceeded EUR 1.7bn, of which 79% was transacted in the second quarter of the year. This represents an almost twofold increase on the transaction value posted in the same period last year. The office sector has been the top performer in the year to date with a 46% share in the total investment volume, followed by retail assets which accounted for over 29%. The strong performance of offices is largely attributed to the acquisition of CPI shares. However, as regards typical asset trading, the retail sector took first spot with EUR 449m, ahead of the industrial and logistics segment with EUR 307m.

	ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE (SQM)	QTR
1	49% in CPI Portfolio (Vulcanion) OFFICE	Office	Star Capital Finance	CPI Group	315,300	Q1
2	Cromwell portfolio (2024)	Retail	Star Capital Finance	Cromwell	219,800	Q1
3	Panattoni Park Poznań 11 (transakcja 152)	Industrial & Logistics	EQT Exeter	Panattoni	130,000	Q1
4	Nowy Rynek E - Tower	Office	Eastnine	Skanska	28,800	Q1
5	49% in CPI Portfolio (Vulcanion) RETAIL	Retail	Sona Asset Management	CPI Group	57,600	Q1

Source: BNP Paribas Real Estate Poland, as of the end of Q2 2024

## Expert Comment



**Mateusz Skubiszewski**

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

### Some clouds linger, but the outlook has improved since the start of the year

After three stormy years, we are entering a period of more moderate weather conditions for the Polish economy. The commercial property market in Poland – as in most of Europe – is still being held hostage to high interest rates and external, geopolitical factors. The investment volume for the Q2 of 2024 hit EUR 1.34bn, the highest level since the beginning of the year, but it is skewed by the acquisition of CPI shares by Sona Asset Management, which accounted for 40% of the total. If this transaction is removed, the result is still good but does not signify any marked change in investor sentiment that would lead to significantly higher trading volumes. The ECB's decision to cut interest rates by 0.25 pp in June is not expected to change much either. And with inflation in Europe forecast to remain above targets, any further cuts in borrowing costs in the near future are highly unlikely. Risk pricing and investor expectations have hardly changed, keeping prime property yields at the levels seen in the previous three months. Retail assets continue to be targeted by investors attracted by growing consumption and significantly stronger retail sales compared to last year. The biggest retail transaction in the year to date has been the acquisition of Cromwell's property portfolio by Star Capital Finance. It was also the largest asset deal of the Q2, in which the vendor was represented by BNP Paribas Real Estate Poland. Retail assets will, however, remain on investors' radars in the coming quarters, with shopping centre transactions also to be expected. That said, investors will continue to target core+ and value-add offices, while trading in the prime segment is unlikely to pick up until late 2024.

## Expert Comment



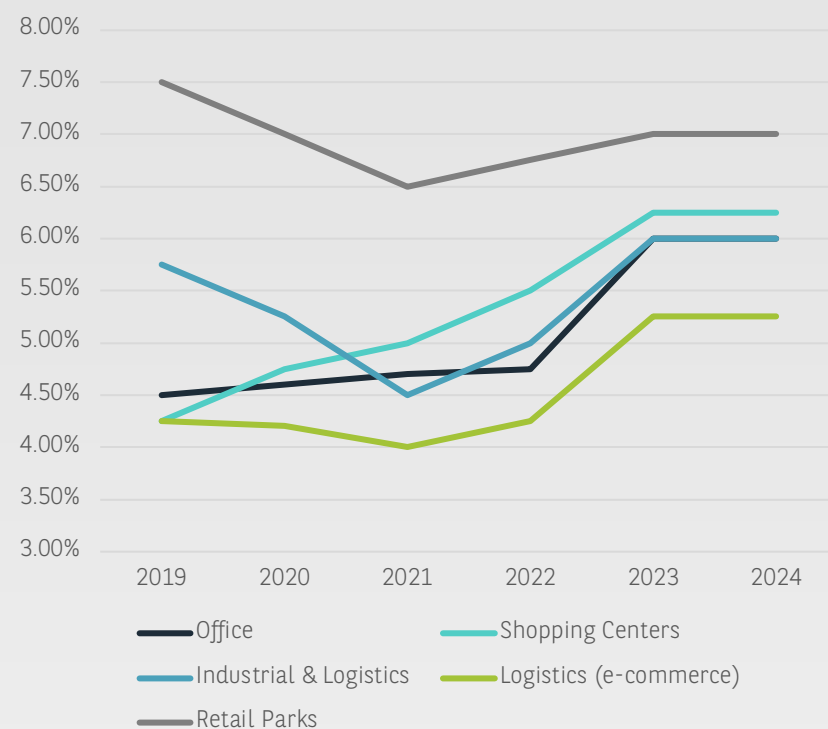
### Marta Gorońska-Wiercioch

Associate Director, Capital Markets

Prime commercial property yields in Poland appear to be still too high to attract global investors. The Polish investment market is dominated by more demanding and opportunistic capital from Central and Eastern Europe and the Baltic states. In addition, due to high borrowing costs and thereby more muted development activity, the supply of new and fully let assets, particularly on the office and industrial market, is expected to remain limited in the coming quarters. We hope, however, that 2025 will be a breakthrough year. The Polish economy and market are likely to benefit strongly from the disbursement of nearly EUR 60bn of EU funds as part of national recovery and resilience plans. Poland already received the first advance payment of EUR 5bn in late December 2023. Another EUR 20bn is pending for the latter half of 2024, mainly in EU preferential loans on financial terms that are comparable to French T-bonds. The nearshoring policies of multinational companies continue to support the logistics and industrial market.

## Prime Yields

Annual Prime Yields per Sector, in %



Source: BNP Paribas Real Estate Poland, as of the end of Q2 2024

Global financial market conditions remain a barrier to an influx of investors into commercial property markets across Europe, including Poland. This has been additionally complicated by conflicting signals. On the one hand, we are already seeing the first signs of monetary policy easing, with the ECB cutting its interest rate on refinancing operations by 0.25 pp to 4.25%. On the other hand, German 10-year bond yields which eased temporarily at the beginning of the year rose to 2.4%. Apparently, market players need more time to adapt to the current levels of borrowing costs. Consequently, prime commercial property yields in Poland remained unchanged over the quarter and are expected to be static in the medium term.

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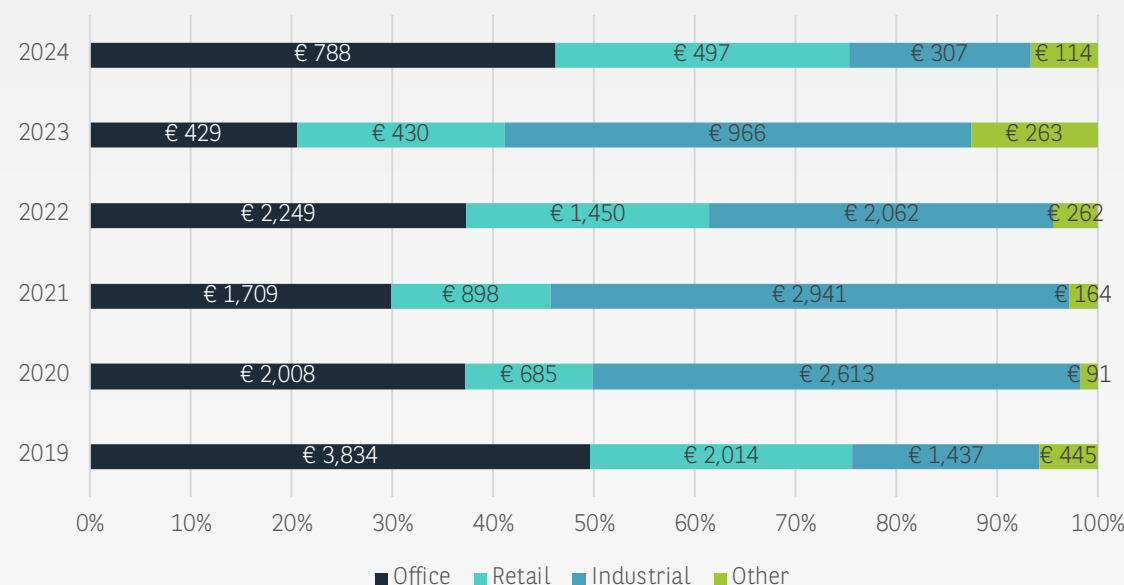
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## Sector split

Annual Sector Split of Investment Volumes, m EUR



Source: BNP Paribas Real Estate Poland, as of the end of Q2 2024

## Office

In the six months to June 2024, the office investment volume in Poland totalled more than EUR 788m, marking an almost fourfold increase from the same time last year. However, accounting for a correction related to the acquisition of CPI shares, this increase was only 46% due to a low base effect. The first half of the year saw 21 transactions, the largest being Eastnine's acquisition of Nowy Rynek E – Tower for more than EUR 79m from Skanska. The low investment volume is attributed to a paucity of core asset transactions.

## Retail

Poland's retail transaction volume for January-June 2024 was close to EUR 497m, with the average scheme size of approximately 16,500 sqm. Nearly 77% of all transactions were for assets under EUR 20m, mostly retail parks in smaller cities. The biggest deal was the acquisition of Cromwell's property portfolio comprising 219,000 sqm of retail space for EUR 285m by Czech investment fund Star Capital Finance.

## Industrial & Logistics

Industrial and logistics assets which had been the top-performing sector for many years recorded much lower investment activity in the first half of 2024, with more than EUR 307m of deals in the year to date, of which 51% was in the second quarter. The largest transaction of the surveyed period was EQT Exeter's acquisition of Panattoni Park Poznań 11 for EUR 90m. With three transactions finalized, Panattoni was the market leader on the sell side in the first half of the year.