



**RESEARCH**



**AT A GLANCE  
Q4 2020**

**INVESTMENT MARKET IN POLAND**

- **The Covid-19 crisis has re-shaped the investment sector in Poland.**
- **Industrial & logistics have gained momentum and dominated the capital split in 2020 with an all-time high investment volume.**
- **Core office assets are still on the agenda, while regional markets declined. A clear shift towards investing in convenience retail properties.**

**INVESTMENT VOLUME**

In 2020, despite the prevailing COVID-19 pandemic which has caused many subsequent restrictions and severely afflicted the global economy, investor appetite in the commercial real estate market in Poland remained solid. In Q4, a transaction volume of approx. €1.265 billion was traded and, consequently, the capital deployed in Poland exceeded €5.3 billion during the year. Although the outcome is substantially lower than in the previous record-breaking 2019 (by approx. 30%), it still looks healthy.

The pandemic has been a game-changer for the investment sector in Poland and predetermined its dynamics. In 2020, the industrial sector yielded the largest investment volume and dominated over other property types for the first time in the history of the Polish market.

In 2021, many pandemic-related unknown factors, such as restrictions imposed on the stationary retail and leisure sector, the steady increase of e-commerce and the scale of home-office, will continue to define investor sentiment. Despite the uncertainty which has affected the global investment climate, the wide availability of product and attractive pricing could sustain investor interest in Poland. In the coming months, properties in Poland, in particular warehouses, high class offices with secured long-term WAULTs, and convenience retail, are expected to remain on the radar of capital from Europe and Asia, while alternative sectors (e.g. the Private Rented Sector) will gain in importance and capture new players for the market in Poland. The market is expected to see a strong rebound in H2 2021.

**KEY FIGURES (2020)**



above **€5.35bn**  
INVESTMENT VOLUME  
IN 2020



**4.60%**  
OFFICE PRIME YIELD



**4.50%** HIGH STREET  
**4.75%** SHOPPING CENTRES  
RETAIL PRIME YIELD



**5.25%**  
INDUSTRIAL & LOGISTICS  
PRIME YIELD\*

\* Excluding transactions on outstanding e-commerce assets

**SECTOR SPLIT**

The market turmoil has fundamentally reshaped investment sentiment and shifted purchaser interest to the industrial & logistics sector, which, consequently, became the leader with a record-high outcome of €2.6 billion (the equivalent of nearly half of the total transaction volume in 2020) finalised in over 40 deals and involving properties with a total GLA of around 4 million sqm. This result hugely outpaced (by approx. 126%) the average figure for the previous five years. Six of the ten top transactions in 2020 involved industrial & logistics assets. The most sought-after products were large portfolios, top class assets from the buoyant e-commerce segment, BTS and single-occupied locations with secured long leases, and the emerging segment of last mile delivery, but essentially all classes have attracted buyer appetite. The largest deal in 2020 was the acquisition of a Goodman platform by GLP. The good performance and positive outlook for the industrial & logistics sector are likely to sustain high investor activity in the months to come.

In 2020, investor activity in the office sector declined, hence the traded volume of approx. €2 billion only reached half of the outcome of the outstanding 2019. After a couple of years of intensifying investor interest in regional markets, this dwindled during 2020; consequently, Warsaw raised around 70% of the office investment volume. Among major regional locations, Kraków captured the most interest from investors. In the next few quarters, investor appetite for top class products in leading, core markets is expected to remain stable. Moreover, a part of transactions on prime office assets which have been put on hold due to market sentiment and uncertainty in the office sector, is likely to finalise in 2021.

In 2020, investor appetite in the retail sector seriously diminished, thus a mere €658 million was transacted. Purchasers have focused on small retail assets, mostly food-anchored convenience and proximity centres, retail parks and stand-alone specialised locations, which have proved to be most resilient to the current Covid-19 crisis. 2021 will not bring a significant shift in investor attitudes towards retail assets.

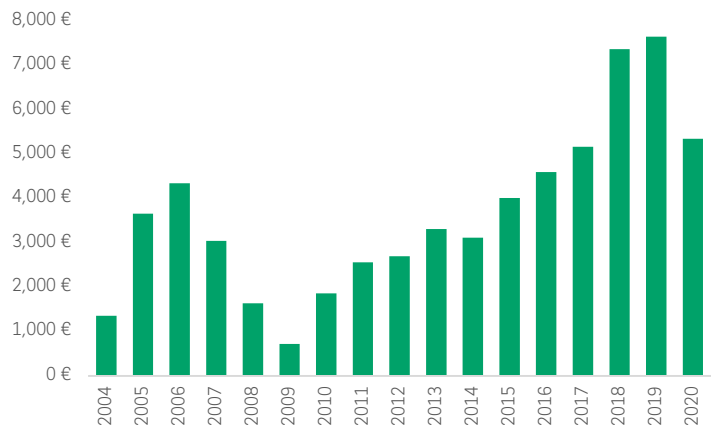
**PRIME YIELDS**

The global crisis has brought downward pressure on pricing and resulted in yield correction across selected sectors. The biggest decompression has affected shopping centres, which are the assets most vulnerable to the pandemic and the consequent restrictions and change in consumer behaviour. Yields for leading shopping centres are estimated to oscillate around 4.75%. Conveniently located, well established small retail parks which benefit from a stable customer base are traded at approx. 7.00%-8.00%.

For prime office assets in Warsaw, prime yields currently stand at about 4.60%, approx. 25-35 bps above the pre-pandemic level.

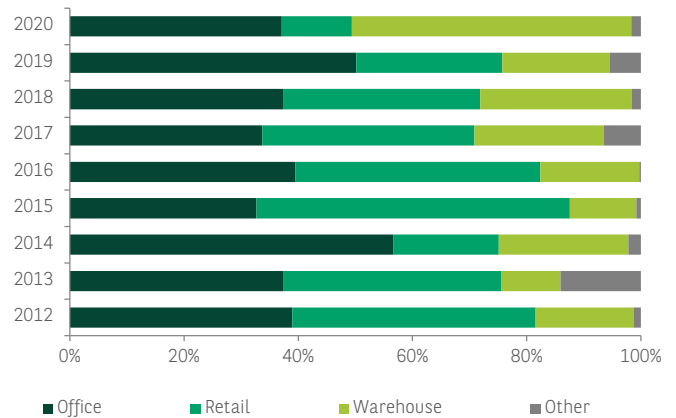
Industrial & logistics assets, resilient to the current market turmoil, have captured investor appetite and therefore gained in value. Yields for top-class multi-tenant and logistics properties compressed to 5.25% - 6.25%, depending on the region, at the end of 2020. In the sub-class of outstanding prime schemes occupied by international e-commerce marketplaces, with secured long-term WAULT, the yield dropped to around 4.20% in the last quarter of the year. Strong investor appetite for the I&L product may sustain this trend in the next few months.

**VOLUME OF INVESTMENT TRANSACTIONS(€ m)**



Source: BNP Paribas Real Estate Poland

**SECTOR SPLIT OF INVESTMENT VOLUMES (%)**



Source: BNP Paribas Real Estate Poland

**PRIME YIELDS PER SECTOR (%)**



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

## SELECTED MAJOR TRANSACTIONS IN POLAND 2020 TO DATE

ASSET	SECTOR	LOCATION	PURCHASER	VENDOR	SIZE (m <sup>2</sup> )	ESTIMATED LOT SIZE (€m)	QUARTER
Goodman Industrial Portfolio (standing properties)	Industrial	Multi-city	GLP	Goodman Group	900,000	approx. 550	3
GTC Portfolio – 61.49% stake	Office / Retail	Multi-city	Optima Investment	Lone Star	190,000	undisclosed	2
Hillwood Portfolio	Industrial	Multi-city	Rosewood	Hillwood	350,000	undisclosed	4
Portfolio of 5 assets	Industrial	Multi-city	Savills IM	Panattoni	280,000	188	1
Portfolio of 6 assets	Industrial	Multi-city	CGL Investment Holdings Corporation Limited	Hines Poland Sustainable Income Fund (HPSIF)	171,000	140	1
Lixa A&B	Office	Warsaw	Commerz Real (on behalf of Hana Financial Investment)	Yareal	29,400	undisclosed	4
HighFive II	Office	Kraków	Credit Suisse	Skanska	37,900	undisclosed	1
P3 Mszczonów Park	Industrial	Warsaw II	Elite Partners Capital	P3 Parks / GIC	214,000	125	1 and 3
Portfolio of 7 assets	Industrial	Multi-city	GIC	Apollo Global Management	160,000	120	1
Portfolio of 4 assets	Industrial	Multi-city	Investec Property Fund REIT	Ares Management	164,000	approx. 117	1
Wola Center	Office	Warsaw	Hines	Develia	28,000	102	1
Amazon Fulfillment Centre Wrocław	Industrial	Wrocław	Hines	GLLA	123,500	undisclosed	4
Equal Business Park A, B, C	Office	Kraków	Apollo Rida / Ares	Cavatina	49,300	100	2
T-Mobile Office Park	Office	Warsaw	AFI	Starwood Capital	43,000	100	4
Generation Park Z	Office	Warsaw	DEKA	Skanska	18,900	98	3
Amazon Fulfillment Centre Poznań	Industrial	Poznań	Blackbrook	GLL	123,500	undisclosed	4
Postępu 14	Office	Warsaw	CA IMMO	Hines	34,500	87	4
European Logistics Investment – 14 properties (46.5% shares)	Industrial	Multi-city	Madison International Realty	ELI (Redefine Properties & Griffin Real Estate)	145,500	84	1
Central European Logistics Hub – Smyk & Terg (75% shares)	Industrial	Central Poland	Savills IM	Panattoni	109,000	approx. 73-75	3
Prosta Office Centre	Office	Warsaw	KGAL	Cromwell Property Group	21,000	undisclosed	1
Leroy Merlin Piątek	Industrial	Central Poland	Savills IM	Invesco Real Estate	123,000	71	1
Chmielna 89 (65% stake)	Office	Warsaw	Madison International Realty	Cavatina Group	17,000	approx. 65-70	3
D48	Office	Warsaw	IAD Investments	Penta	26,500	70	2

Source: BNP Paribas Real Estate Poland

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# 6 BUSINESS LINES in Europe

## A 360° vision

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