

# AT A GLANCE

## Q2 2022

# INVESTMENT MARKET IN POLAND

## Highlights

- Upcoming changes over investment market
- Regional cities attract most of the office investments
- Portfolio sales dominated the investment sectors
- Basecamp portfolio sold – significant transaction in the student housing segment



### KEY FIGURES

C.a. **2.88 bn EUR**  
INVESTMENT VOLUME  
IN H1 2022

**4.50%**  
OFFICE PRIME YIELD

**5.00%**  
SHOPPING CENTRE\*

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

**4.5 – 4.75%**  
INDUSTRIAL & LOGISTICS  
PRIME YIELD\*\*

**c.a. 4.00%**  
LOGISTICS (e-commerce)  
PRIME YIELD

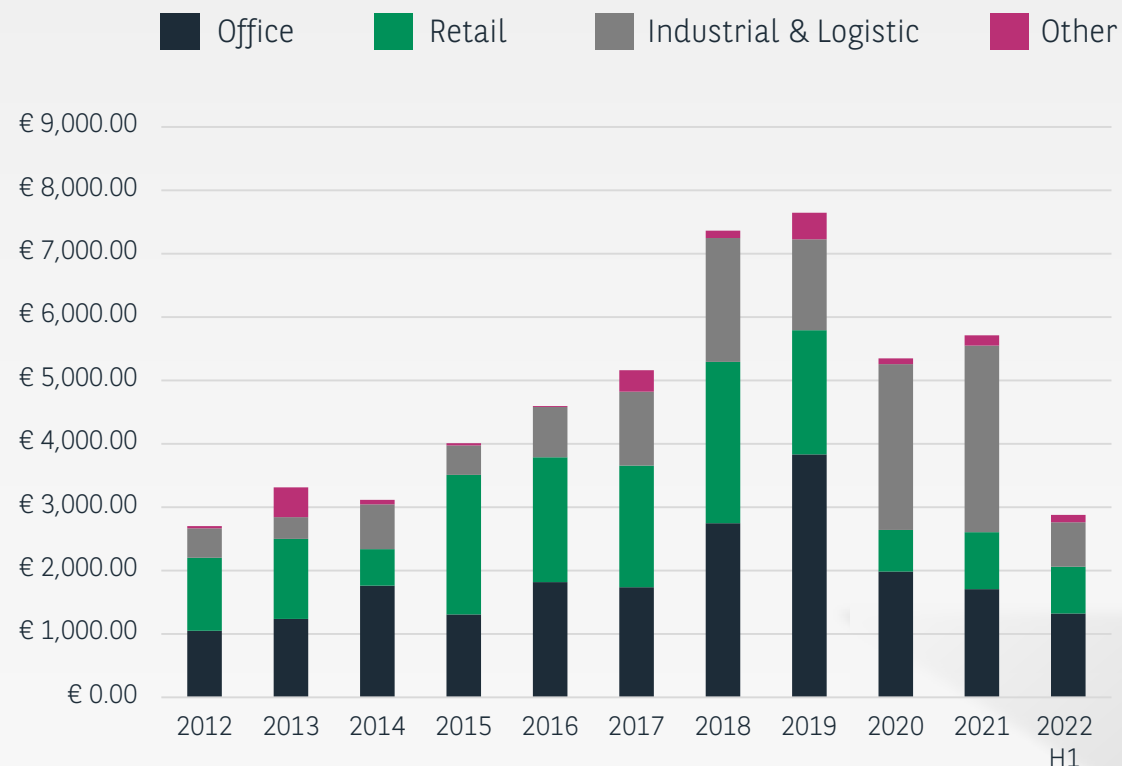
\*\* Varies between Warsaw and rest of Poland

## Macroeconomic indicators forecast

	End of 2022	Trends
GDP Annual (%)	5.5%	
Inflation (% y/y)	13.9%	
Unemployment (% y/y)	5.1%	
NBP Reference rate	8.0%	
FX PLN / EUR	4.60	

Source: GUS, NBP, Eurostat, BNP Paribas forecast June 2022

## Investment volume (in M EUR)



Source: BNP Paribas Poland, as of the end of Q2 2022

## Selected Transactions of 2022

Second quarter of the year generated over 1.2 bn EUR. This results closes the first half of the year with over 2.88 bn EUR, which is 45% more than in the same period last year. 35 transactions brought much more balance in the split between the sectors. Yet, it is office sector now taking the leading position since the beginning of the year.

	ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE	QUARTER
1	The Warsaw Hub	Office	Google	Ghelamco	101,000	Q1
2	Nowy Rynek D	Office	Eastnine	Skanska	37,200	Q2
3	Panattoni Park Gdańsk Airport	Industrial & Logistics	Exeter Group	Panattoni	102,850	Q2
4	MidPoint 71	Office	Trigea RE Fund	Echo Investment	37,300	Q2
5	Basecamp Portfolio	Student Housing	Xior Student Housing	Basecamp Group	1,850* Units	Q2

Source: BNP Paribas Poland, as of the end of Q2 2022

## Expert Comment

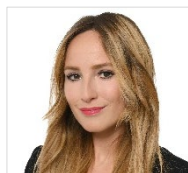


**Mateusz Skubiszewski**  
Head of Capital Markets

## Clouds gathering over investment market

Financial markets are very sensitive to any event that introduces uncertainty into the daily operations and business as usual. Today, the investment market is exposed to a number of events, which combined together, forecast a very bad weather for the buyers and sellers. An avalanche of factors, such as cost of financing, inflation, exchange rate, cost of construction, sustainability of the demand, availability of products, geopolitical instability on the CEE region as well as deteriorating economical situation in Europe, all this will shape the investment market this year and the next one. Even though we may not see it yet through the investment volumes being 44% better than in H1 2021, nor in the yields decompression, this is yet to come. In Europe, we can already see a fall by ca. 0.25bps on average. Polish market will have to follow the trend in order to remain an attractive and competitive market for foreign investments, who, on top of all common factors, will be seeking risk premium for the geopolitical risk occurring in the region.

## Expert Comment



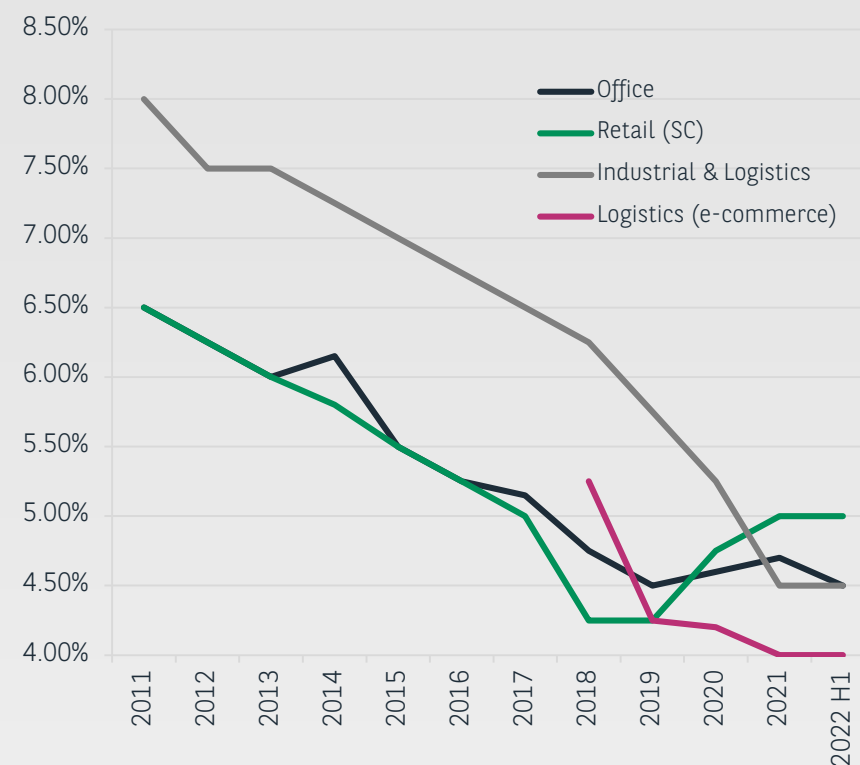
**Karolina Wojciechowska**

Associate Director, Capital Markets

The second quarter results brought some diversity in terms of the number of transactions and volume split between different sectors. 34 transactions in five sectors (office, industrial & logistics, retail, hotel and student housing) boosted the H1 results to close to 2.88 bn EUR. 66% of the investors' capital has in flown from Europe, with Czech leading the volumes in this quarter. Yet, as the overall macroeconomic situation continues to deteriorate, we are expecting the investment levels to reach around 5 bn EUR this year. This is much less than expected at the end of 2021, after two last quarters, in which the investors' appetite was rebuilding and seemed to have overcome the challenges put forward by the outbreak of the pandemics.

## Prime Yields

Annual Prime Yields per Sector, in %



Source: BNP Paribas Poland, as of the end of Q2 2022

### Repricing is in the air.

Taking into account that vast majority of the transactions was concluded on the basis of head of terms agreed prior to the war, the prices have not yet decreased. Nevertheless, the cost of capital, inflation, exchange rate, general question marks around the sustainability of the demand, supply gaps specters as well as geopolitical risks applying to Central Eastern European countries, all this is leading to unavoidable yields decompression, which we will start to face from next quarters.

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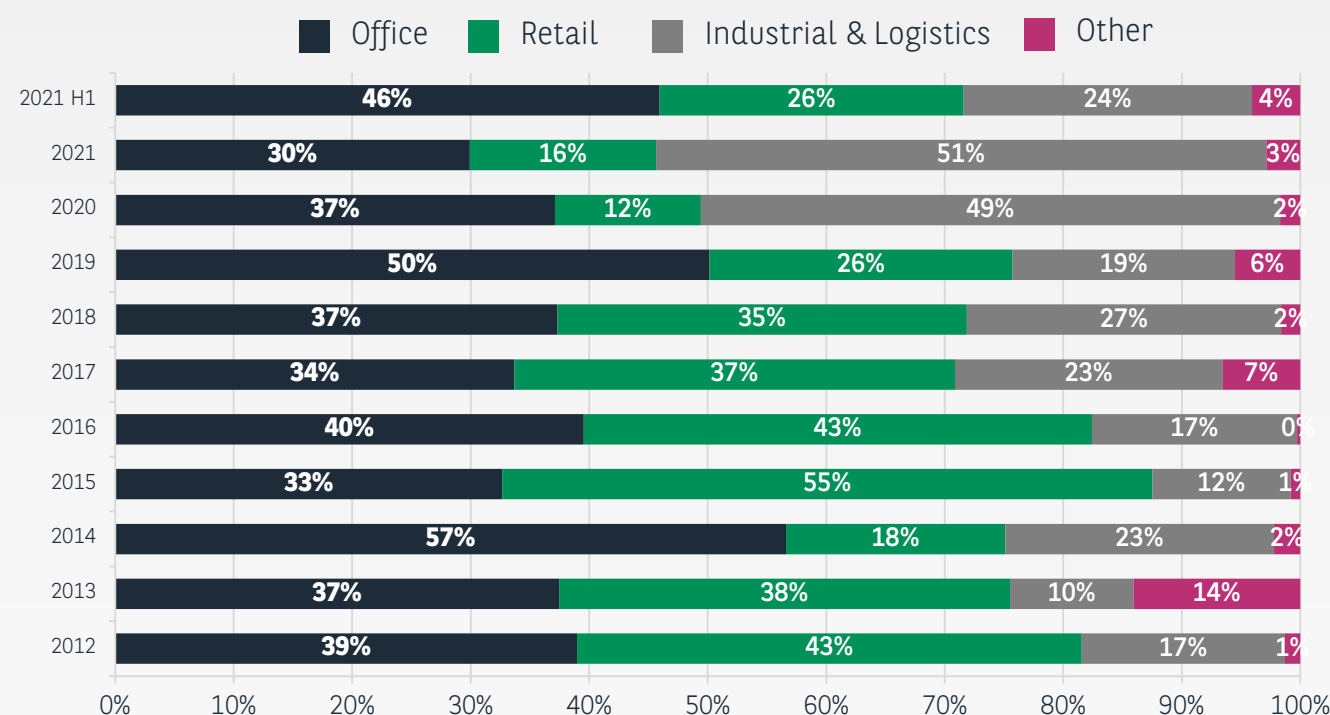
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## Sector split

Annual Sector Split of Investment Volumes, in %



Source: BNP Paribas Poland, as of the end of Q2 2022

## Office

Since the beginning of the year, the sector is dominating. As much as in Q1 the result was built due to sale of Warsaw Hub, in Q2 there were 9 office transactions, 8 of the them in the regional cities. Sale of Nowy Rynek D in Poznań by Skanska to Eastnine was a record transaction as a single asset in the regional city.

## Retail

In the retail sector, retail parks and assets for repositioning have dominated the volume in Q2. Pandemic resilience together with consumers' behavior change as a result of deteriorating macroeconomic situation was reflected in the investors' further interest in these type of assets.

## Industrial & Logistics

Over 500 m EUR of turnover was generated by the sector in Q2 this year. Questions around the sustainability of the high demand recorded in a few quarters in a row, record number of under construction projects, often started on the speculative basis, clashed with broken supply chains, economical struggles in Poland and elsewhere in Europe as well as geopolitical risk in the region, all this cooled down the investors' appetite for the industrial & logistic assets.