

Real Estate
Investment Market
in Poland

2021



AVISON
YOUNG

Introduction

Polish investment market has quickly adjusted to changes caused by the pandemic. Industrial sector took up record-high share of investment volume in history - 53%. It is significant increase compared to average of merely 17% registered before 2020.

Retail market is still driven by retail parks which have been increasingly popular among investors for the past three years. However, 2021 saw twelve large shopping centre transactions, strong rebound as compared to previous year, when only two such schemes were traded.

Smaller volume is partially caused by lack of large retail portfolios or office skyscrapers being subject of transaction. In exchange more and more industrial portfolios are being traded, which are however characterized by smaller lot size. It is expected that the next year will see a great comeback of office sector, mainly core and core+ assets in both Warsaw and regional cities.

€5.9B

total investment volume in 2021

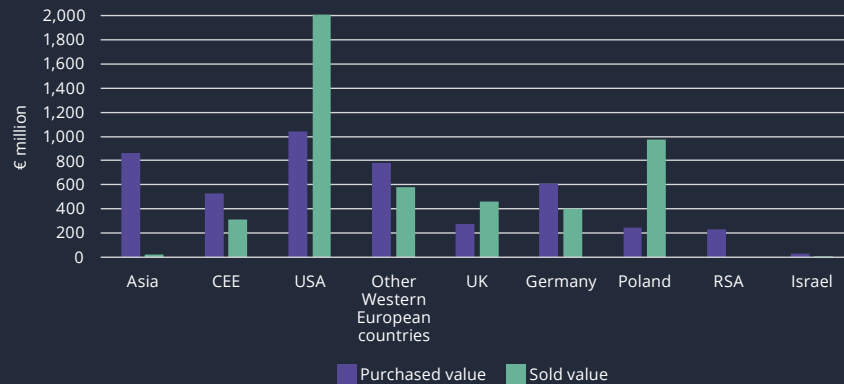
166

number of transactions
(Record-high result)

80

active investors in 2021

Investors' share in total 2021 volume

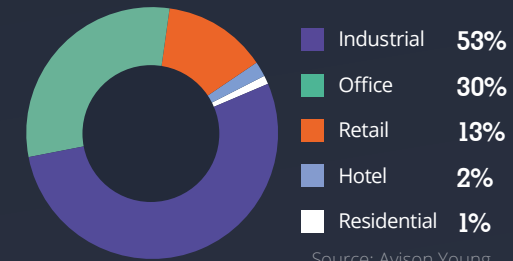


Source: Avison Young

2021 highlights

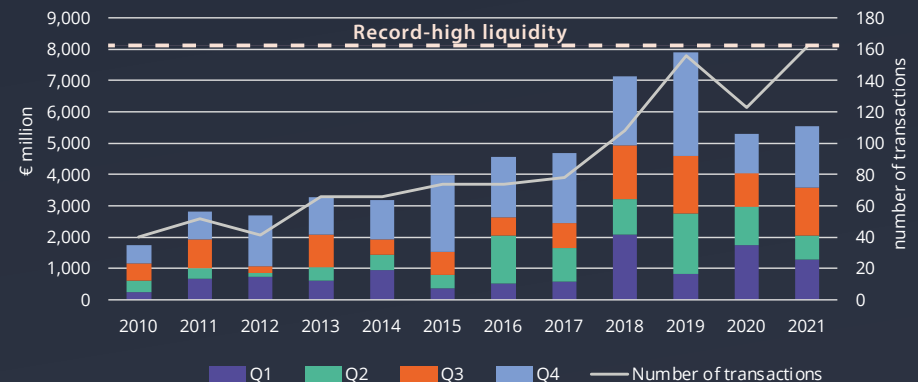
- ✓ Record-high liquidity - Polish market attracting more investors than ever.
- ✓ Core office deals will have a strong comeback next year.
- ✓ Shopping galleries are becoming interesting, but only under certain conditions.
- ✓ Retail parks are still hot - increase in number of deals third year in a row.
- ✓ Rocketing share of industrial volume.
- ✓ Still low volume of closed residential transactions despite growing demand.

Investment volume share by sector



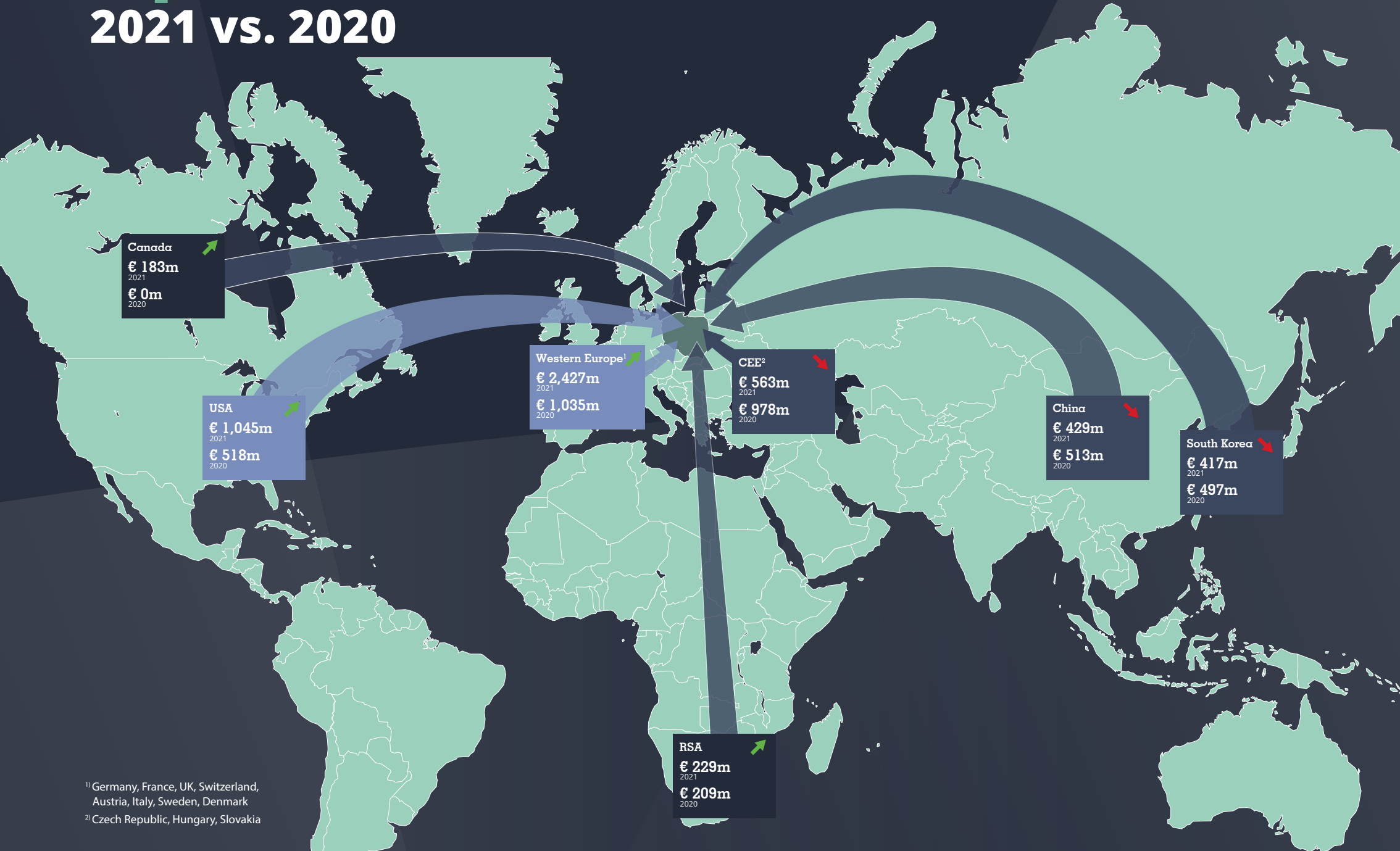
Source: Avison Young

Investment volume and number of transactions



Source: Avison Young

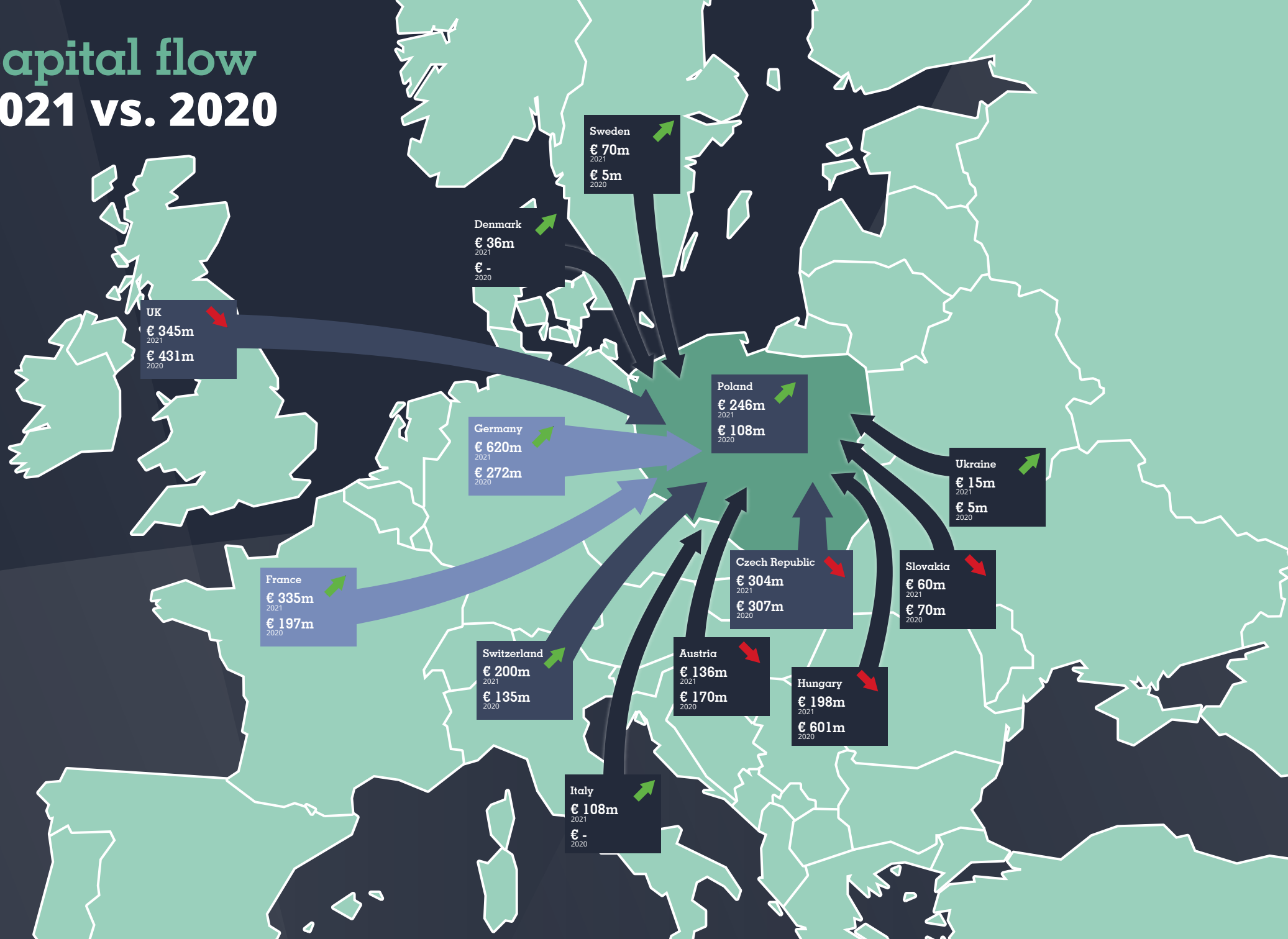
Capital flow 2021 vs. 2020



¹ Germany, France, UK, Switzerland, Austria, Italy, Sweden, Denmark

² Czech Republic, Hungary, Slovakia

Capital flow 2021 vs. 2020

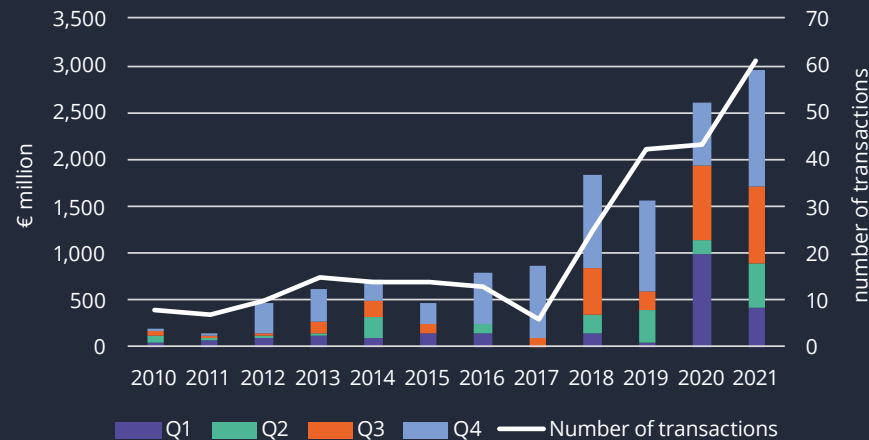


Industrial market. Breaking all the records

Industrial sector's growth continued in 2021, resulting in almost EUR 3bn transaction volume - the highest result in history. Also, this year, comparing to 2020, was characterized by increased liquidity - while transaction volume grew by 13%, total number of transactions was larger by 42%. Another visible trend, which is not reflected in the volume, is significantly growing number of investors looking for JV opportunities, as investors find it difficult to acquire standing assets, and look for

higher returns. Portfolio transactions, within industrial volume took up 63%. To the biggest transactions belonged sale of EQT Exeter portfolio to GIC, Nexus Portfolio purchased by CBRE IM or Elite Partners Capital's Portfolio acquisition by Blackstone. The strongest presence in 2021 on the industrial market had Asian investors (almost 28% of the transaction volume) and entities from USA (responsible for almost 25% of transaction volume).

Industrial investment volume and number of transactions



Source: Avison Young

€ 3B
total industrial
investment volume
in 2021
(Record-high result)

63%
share of
portfolio transactions
in 2021 industrial
volume

53%
share of industrial
volume purchased by
investors from Asia
and USA in 2021

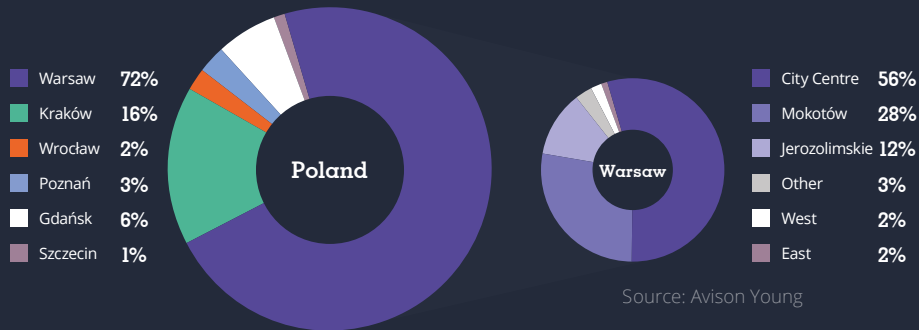


Office market. Expected great comeback of core assets

For the past few years share of office investment volume was shrinking. However in following quarters we expect it to change. While in 2021 number of value-add transactions exceeded core assets deals, in 2022 multiple office building transactions are scheduled to be closed and appear on the market, especially a few office towers in attractive locations. Also, over the years share of regional transactions was decreasing and now is the lowest in last five years, but new, core offices in Kraków, Wrocław, Poznań, Tricity and Katowice are going to be traded as well.

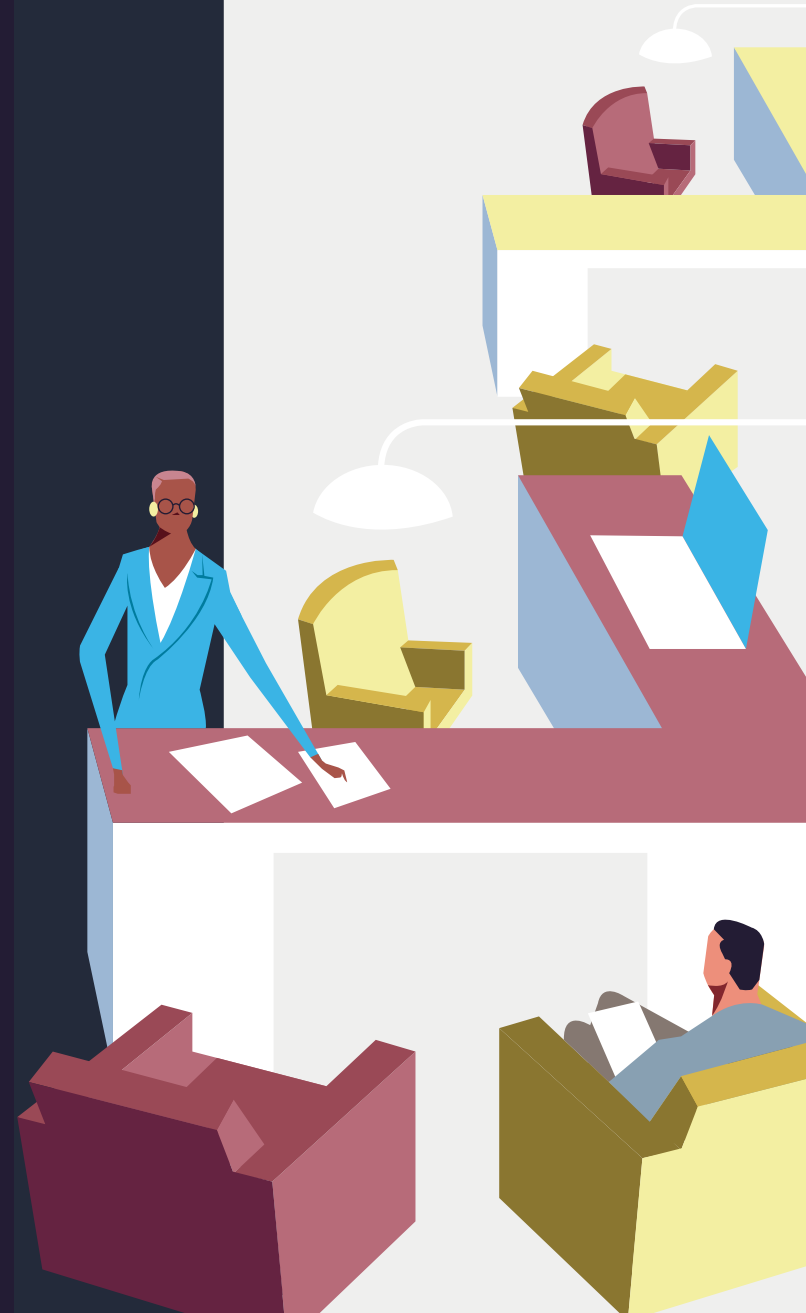
In 2021 the largest transactions were acquisitions from Echo Investment of two parts of Browary Warszawskie – buildings G & H purchased by Deka Immobilien and Villa Offices purchased by KGAL. However, in Warsaw, 30% of office transactions took place in Mokotów – EUR 343m. It is a second-best result in history right after last year's outstanding EUR 383m. Among those deals, is the finalized disposal of Empark by Immofinanz to Echo Investment for redevelopment to residential.

Office investment volume distribution in 2021



€1.7B
total office
investment volume
in 2021

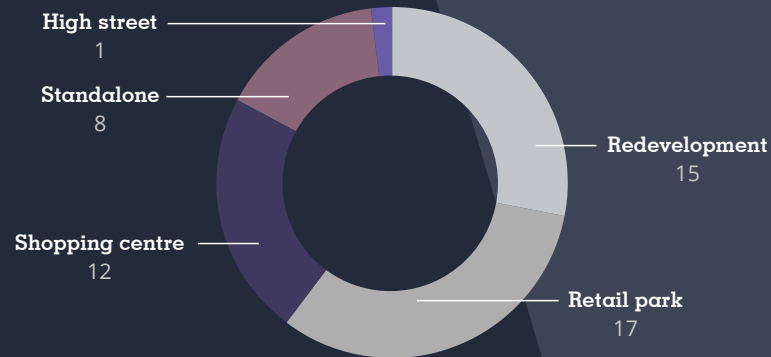
28%
transactions in Warsaw
conducted in Mokotów
in 2021



Retail market. Shopping centres back in the game

2021 saw continuing lower investment volumes in retail market, however the structure of transactions changed visibly. After shopping centres deals almost disappearing in 2020, in 2021 there were 12 large-scale shopping centres transactions in highly attractive locations in the largest cities. Those were all sold at attractive pricing with opportunity to create value or for redevelopment. On the other hand, amount of retail parks acquired confirms demand for such assets, even in smaller towns. Due to lack of larger retail parks in main cities investors are turning to smaller projects in secondary locations which resulted in lower volume and high liquidity.

Retail segments share in transaction number in 2021

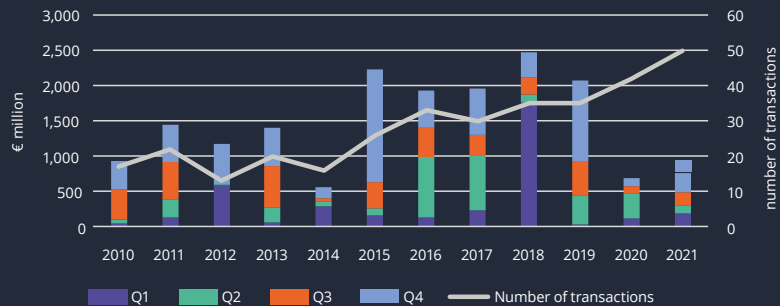


Source: Avison Young

2 vs. 12

shopping centres transactions
in 2020 vs. 2021

Retail investment volume
and number of transactions



Source: Avison Young

41%
share in number
of convenience
transactions in 2021



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Annual summary

