

AVISON
YOUNG

H1 2020 in Poland

Investment
Market
Report



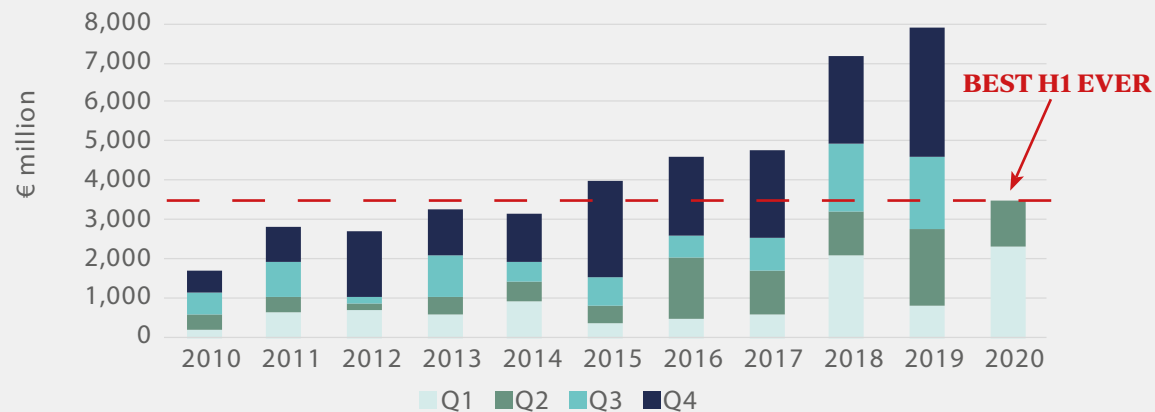
Introduction

First half of 2020 saw a record high investment activity with EUR 3.5 billion of investment transactions closed. Although this has been a 30% better result than during the corresponding period last year, achieving this year a similar result to record-breaking volume of EUR 7.8 billion registered last year may be difficult. Historically, the largest number of transactions has been always closed during the fourth quarter,

when investors focused on closing transactions started throughout the year. Although a positive sentiment is observed, and more and more investors are sourcing new transactions across Poland, it might be difficult to close all of them before the year end. Also, transaction volume will obviously depend on lifting travel restrictions across Europe.

€ 3.5 bn*
Total volume in H1 2020

Investment volume by quarter

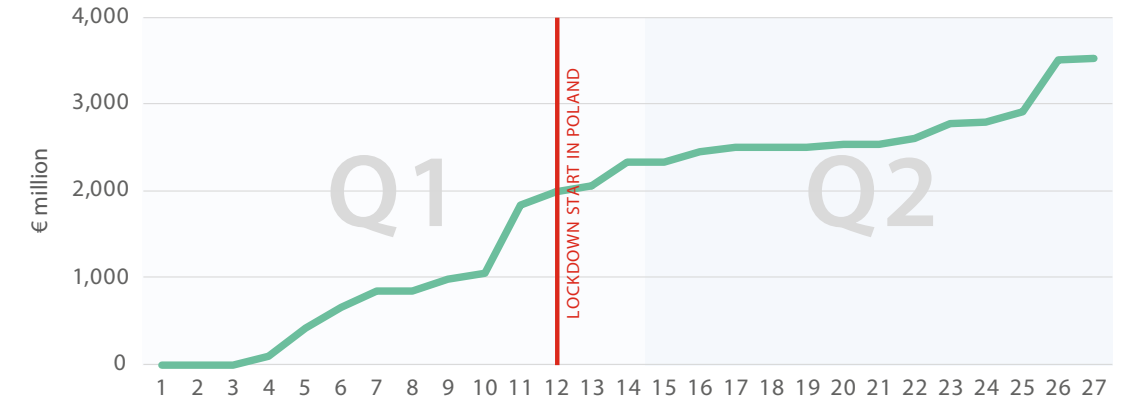


Source: Avison Young

*) Including pending transactions at final stage

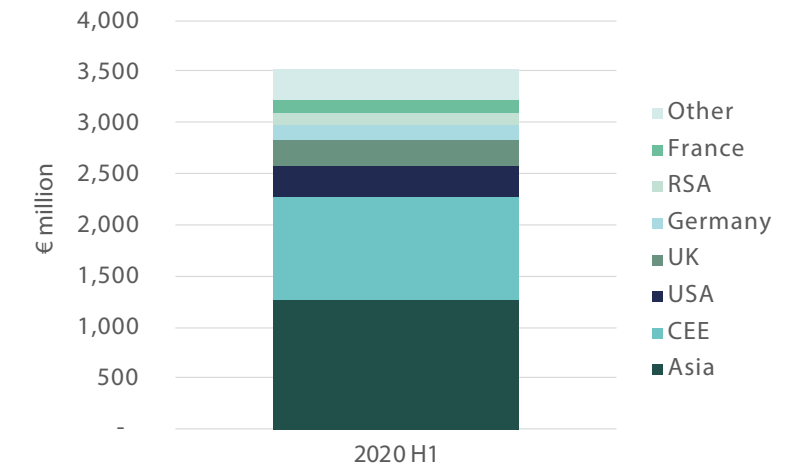


2020 weekly investment volume (cumulative)



Source: Avison Young

Investors activity by origin - H1 2020



Source: Avison Young

Newcomers believe in Poland's resilience

Half of the investment volume that came to the Polish market during the first six months of 2020 came from the newcomers - investors that were not present on the Polish market before. We have seen inflow of capital from both nearby countries, such as Czechia, France or Hungary as well as from more distant regions, including Lebanon, Singapore or Republic of South Africa. It is worth noting, that despite the global pandemic situation, transactions closed by newcomers in H1 2020 only, accounted for 146% of the total 2019's result.

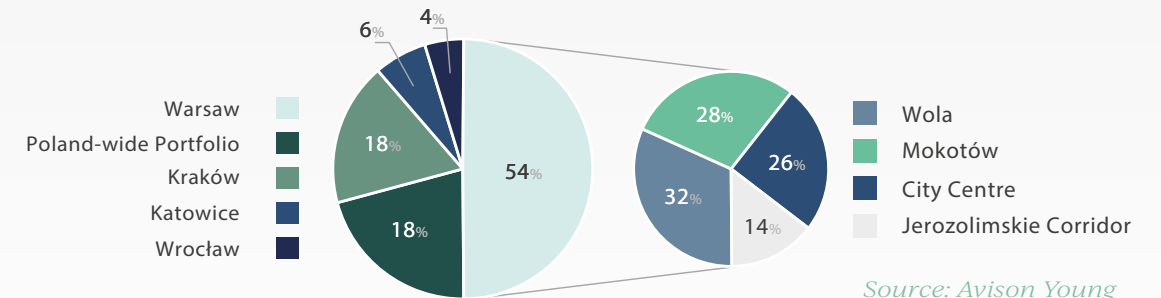


Office sector still strong

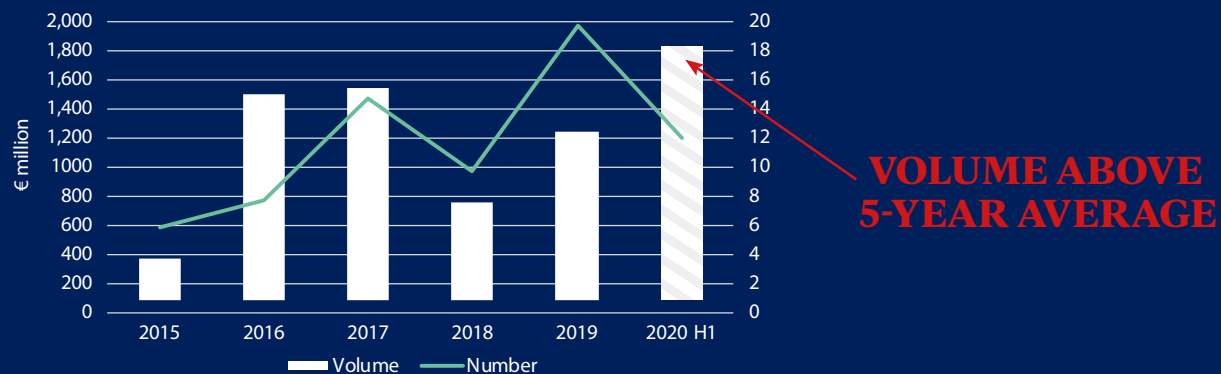
Office sector maintained its momentum, with EUR 1.4 billion invested throughout first half of the year, slightly less than during the corresponding period of 2019, when EUR 1.7 billion was transacted.

Both Warsaw market as well as regional cities have seen multiple transactions. Additionally, Lone Star sold to Hungarian Optima Investment its majority stake in GTC company, which owns a significant portfolio of office properties across Poland.

Office investment volumes by location - H1 2020



Newcomers' investments by volume and number of transaction



Source: Avison Young

Retail - difficult, but why not?

First half of the year saw multiple retail transactions being closed, and as expected majority of these took place during the first quarter. However, there were some retail closings after the coronavirus pandemic outbreak - these were mainly convenience schemes, standalone, food-anchored objects, with significant part of them having redevelopment potential.

Although this was not a typical investment property transaction, it is worth noting that acquisition of Polish activities of Tesco by Danish Salling Group, owner of Netto brand has been closed in June, what will surely have a significant influence on retail investment market in Poland.

€ 450 m*

Retail investment volume in H1 2020

* Out of which ca. € 300 m attributable to Lone Star's disposal of shares in GTC company

Industrial market soaring

Almost EUR 1.7 billion transacted in industrial sector during the first half of the year already outperformed full 2019 result by 9%. This exceptional volume was driven mainly by large portfolio transactions, or corporate/platform takeovers, such as Goodman's disposal of CEE activities to GLP or transfer of 46.5% shares in European Logistics Investments platform managed by Griffin Real Estate from Redefine Properties to Madison International Realty.

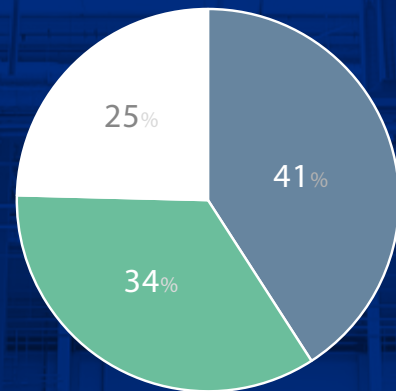
Covid-19 pandemic even boosted already immense demand for Polish logistics asset, and currently it seems that the major potential obstacle in growing industrial investment volumes is a scarcity of high quality product available on the market to be purchased.

What's next?

Taking into consideration current situation, it is difficult to estimate any particular investment volumes for the second half of the year. However, Poland has been perceived as one of the countries to come out almost unscathed from the global turmoil. Multiple investors confirm such approach, as we observe positive sentiment towards Poland among them, and as they confirm willingness to invest in good quality products.

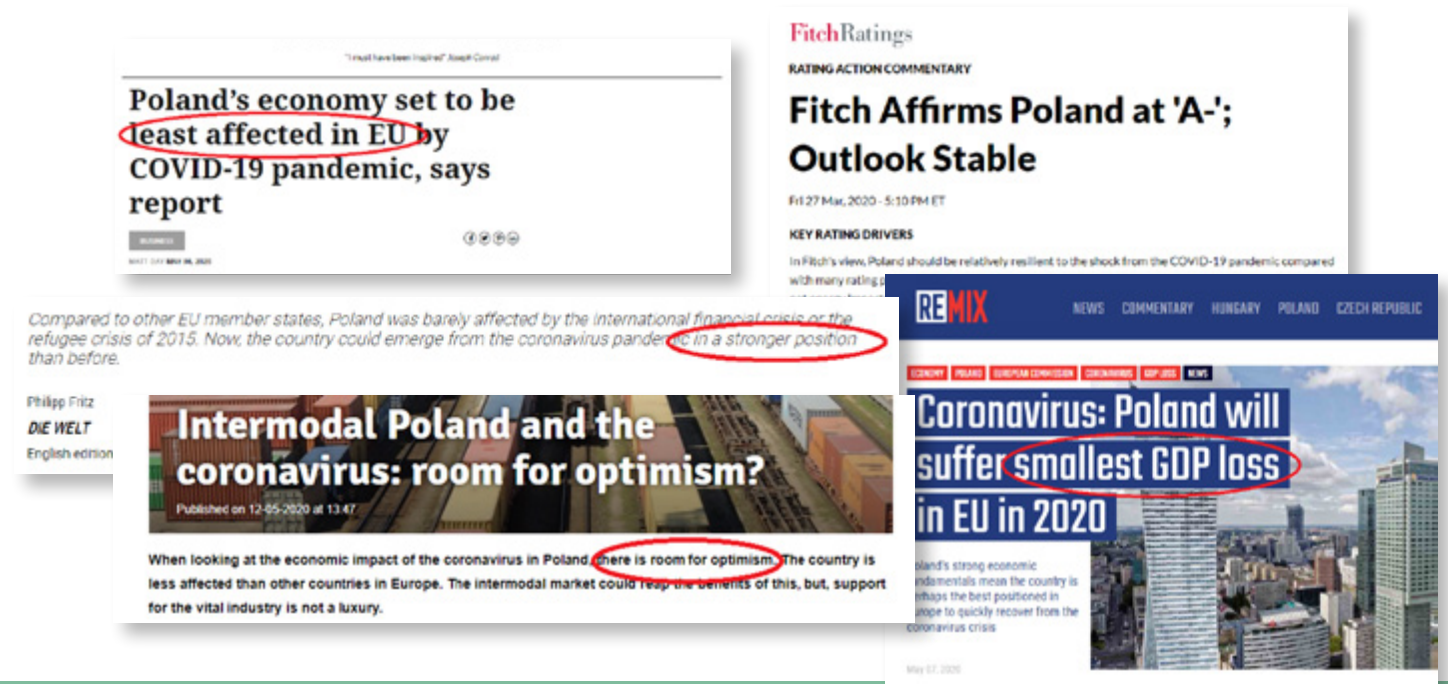
More and more LOIs are being signed and investors are coming back to the market, albeit expecting some discount in pricing.

Industrial transactions by volume - H1 2020



■ Corporate/Platform ■ Portfolios ■ Single assets

Source: Avison Young



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