



**AT A GLANCE  
H1 2020**

**INVESTMENT MARKET IN POLAND**

- **The Covid-19 crisis has shaped the investment sector in Poland in the April – June period. The Q2 investment volume is significantly lower than in Q1, nevertheless the H1 outcome is up on the previous year.**
- **Uncertainty has affected the global investment climate, although wide availability of product and attractive pricing could sustain investor interest in Poland.**

**INVESTMENT VOLUME**

The excellent Q1 result has bumped up the transaction volume of the entire H1 2020. Consequently, the capital deployed on Poland’s real estate market in H1 2020 reached around EUR 2.9 bn, and exceeded the previous year’s H1 outcome by 5%. However, the apparent discrepancy between transaction volumes in Q1 and Q2 caused concern about the coming months. After a very promising opening to the year, Q2 contributed approx. 40% to the half-year volume which appears to reflect the aftermath of the pandemic on the investment market. While Q1 was boosted by the industrial & logistics sector with around 58% of the total transaction volume, deals on office assets prevailed in Q2, generating nearly 60% of the invested capital.

Over the course of H1 2020, 56 deals were finalised, with the majority of them (57%) concluded in Q1. 119 properties were acquired, 47 in Q2. In the same period last year, 63 acquisitions were made involving 101 properties.

While in Q1 the share of portfolio and single-asset transactions was even, portfolio deals made up 60% of the outcome in Q2.

The largest transaction in the April – June period, contributing approx. 45% of the Q2 investment spend, was the sale by Lone Star of its 61.49% stake in GTC’s portfolio of 15 office and 2 retail assets to the Hungarian fund Optima Investments, owned by the National Bank of Hungary.

**KEY FIGURES (H1 2020)**



around **€2.9bn**  
INVESTMENT VOLUME  
IN H1 2020



**4.60%**  
OFFICE PRIME YIELD



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



**5.75%**  
INDUSTRIAL & LOGISTICS  
PRIME YIELD\*

\* Excluding transactions on outstanding e-commerce assets

**SECTOR SPLIT**

In H1 2020, a volume of nearly €1.3bn was traded in the office sector which accounted for 46% of the total investment outcome. Slightly above 50% of this amount fell in Q2 (€712 million). The volume traded in the office sector in the first half of the previous year was up by 26%. The current Covid-19 crisis has brought some transactions to a standstill which, according to pre-pandemic targets, were supposed to close in Q2. The largest office deal finalised in Q2 encompassed the aforementioned GTC portfolio of 15 properties located on major office markets across Poland.

In H1 2020, Warsaw raised around 60% of the office investment volume, including four of Warsaw's office assets from the GTC portfolio. In Q2 alone, investor appetite for the office product in Warsaw was visibly muted – lower by approx. 20% on Q1. Major Q2 transactions in Warsaw included the acquisition of D28 by IAD Investments from Penta, Nowogrodzka Square by Amundi from Yareal and the DSV headquarters by Corum from DSV. Among major regional office markets, Kraków captured the most interest from investors. In Q2 2020, a JV formed by Apollo-Rida Poland / Ares completed the acquisition of the A, B & C buildings of the Equal Business Park complex in Kraków developed by Cavatina.

After an impressive Q1 outcome (€994 million), the volume traded in the industrial & logistics sector in Q2 plunged to a mere €153 million in seven transactions. In Q2, seven deals were closed, mainly on single assets. The largest transaction involved the Logistic City logistics park in Piotrków Trybunalski (Central Poland) purchased by REINO Capital / IO Asset Management.

In the coming months, an upturn in the volume of capital allocated for the industrial & logistics product is expected, given that the current crisis has not really diluted investor interest in this sector. In particular, top class assets occupied by e-commerce and logistics operators are likely to tease investor appetite.

As in Q1, retail assets were also not on the purchasers' radar in April-June. In the entire H1 2020, the retail sector attracted a mere €445m transacted on stand-alone DIYs and hypermarkets and small assets, mostly convenience centres and retail parks.

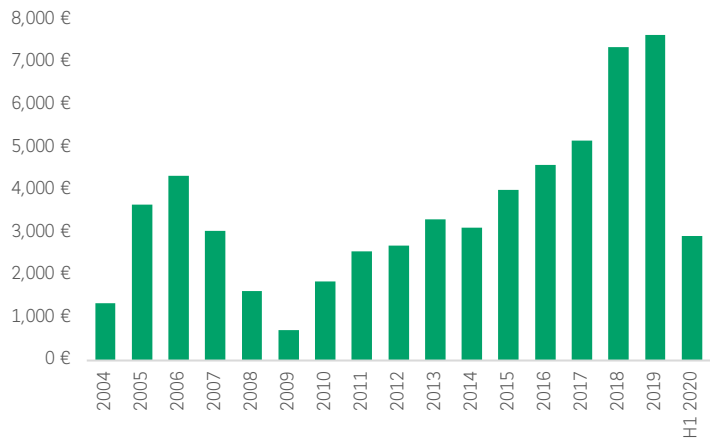
**PRIME YIELDS**

The global crisis has brought downward pressure on pricing and resulted in yield correction across selected segments. Yields for prime office assets in Warsaw currently stand at about 4.60%, approx. 25-35 bps above the level expected before the pandemic. On the major regional office markets, prime yields between 5.75% and 6.25% are achievable, approx. 25 bps higher than the pre-crisis levels.

Industrial & logistics assets seem to have been going through the current market turmoil without major detriment so far. Yields for top-class multi-tenant and logistics properties are stable at between 5.75% and 6.50%, depending on the region. In the sub-class of outstanding prime schemes occupied by international e-commerce giants, with secured long-term leases, the yield could even oscillate around 4.25%. Strong investor appetite for this class of assets is likely to maintain this trend.

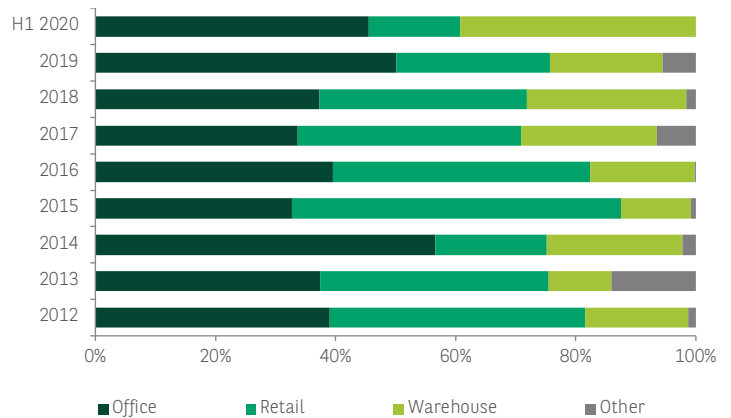
In the retail sector, yields for leading properties have increased by around 25-50 bps, depending on the retail format. The biggest decompression has affected shopping centres, which are the assets most vulnerable to the pandemic and the consequent restrictions and change in consumer behaviour.

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



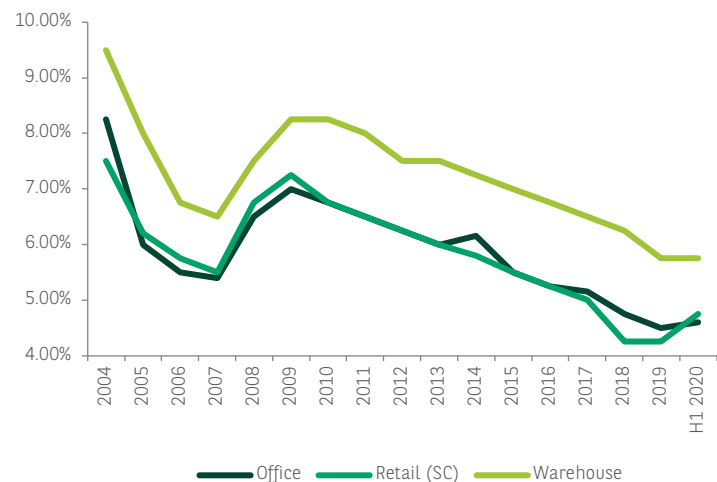
Source: BNP Paribas Real Estate Poland

**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 HI 2020

ASSET	SECTOR	LOCATION	PURCHASER	VENDOR	SIZE (m <sup>2</sup> )	ESTIMATED LOT SIZE (€m)
Q2 2020						
GTC Portfolio – 61.49% stake	Office / Retail	Multi-city	Optima Investment	Lone Star	190,000	undisclosed
Equal Business Park A, B, C	Office	Kraków	Apollo Rida / Ares	Cavatina	49,300	100
D48	Office	Warsaw	IAD Investments	Penta	26,500	70
Logistic City	Industrial	Piotrków Tryb. / Central Poland	Reino / IO Logistics	Private investor	135,000	68
Nowogrodzka Square	Office	Warsaw	Amundi RE	Yareal	11,500	63
DSV HQ	Office	Warsaw	Corum	DSV	20,000	61
Silesia Business Park A, B	Office	Katowice	ISOC Holding	NIAM	24,800	51
Oxford Tower	Office	Warsaw	CPI	First Property Group	23,300	44
City One	Office	Wrocław	n/a	Archicom	12,000	35
Q1 2020						
Portfolio of 5 assets	Industrial	Multi-city	Savills IM	Panattoni	280,000	188
Portfolio of 6 assets	Industrial	Multi-city	CGL Investment Holdings Corporation Limited	Hines Poland Sustainable Income Fund (HPSIF)	171,000	140
HighFive II	Office	Kraków	Credit Suisse	Skanska	37,900	undisclosed
Portfolio of 7 assets	Industrial	Multi-city	GIC	Apollo Global Management	160,000	120
Portfolio of 4 assets	Industrial	Multi-city	Investec Property Fund REIT	Ares Management	164,000	approx. 117
Wola Center	Office	Warsaw	Hines	Develia	28,000	102
P3 Mszczonów Park	Industrial	Warsaw II	Elite Partners Capital	P3 Parks	156,000	92
European Logistics Investment – 14 properties (46.5% shares)	Industrial	Multi-city	Madison International Realty	ELI (Redefine Properties & Griffin Real Estate)	145,500	84
Prosta Office Centre	Office	Warsaw	KGAL	Cromwell Property Group	21,000	undisclosed
Leroy Merlin Piątek	Industrial	Central Poland	Savills IM	Invesco Real Estate	123,000	71

Source: BNP Paribas Real Estate Poland

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# 6 BUSINESS LINES in Europe

## A 360° vision

### Main Locations

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