

# ACTIVITIES IN *Poland*

The impact of COVID-19 on construction work and sales activities remained fairly limited in Poland.

Our Granary Island project in Gdansk is a typical example of Immobel's expertise when it comes to reinvigorating a city centre. This mixed project includes over 700 residential units, a food court, a retail space and two hotels. It was recognised by winning the prestigious MIPIM award in the Best Urban Project category. The jury praised the project's contribution to offering better livelihoods, improving social inclusion, increasing economic growth

and inventing the city of tomorrow where humans will be at the centre of everything. Regarding phase 2 of Granary Island, which we started constructing in 2020, Immobel Poland has sold around 320 apartments.

Elsewhere in Poland, the construction of the 21-storey office tower Central Point in Warsaw has been completed. In autumn 2021, the first tenants moved into the building. By the end of the year, 20% of the building had been leased, with another 25% of the surfaces under Letter of Intent.

## PROJECTS OVERVIEW

Name	Surface (m <sup>2</sup> )	Location	Use	Building period	Immobel share
Granary Island	75,600	Gdansk	Mixed-use	Phase 1: Q1 2017/Q4 2019 Phase 2: Q4 2020/Q4 2023	90%
Central Point	19,100	Warsaw	Offices	Q2 2018/Q1 2022	50%

See more projects details on our corporate website 

1. The totality of the residential units, not taking into account the share of Immobel in the respective projects.

80,000 m<sup>2</sup>  
Polish  
portfolio

552  
residential  
units<sup>1</sup>

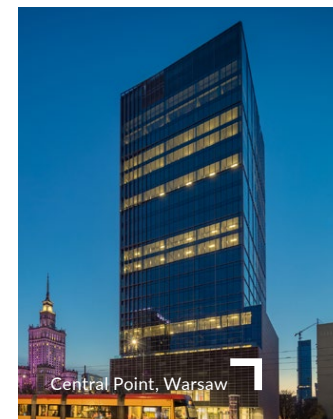
19,100 m<sup>2</sup>  
offices



" Our Granary Island project in Gdansk is a typical example of Immobel's expertise when it comes to reinvigorating a city centre. "

*Olivier Thiel*

Managing Director,  
Immobel Poland



# MARKET ANALYSIS: POLAND

## I. Office market in Poland

### A. Warsaw

The Warsaw office market is by far the largest in Poland, accounting for half of the office stock in the country at 6.15 million m<sup>2</sup>. Through 2021, an additional 314,800 m<sup>2</sup> of new office space was added to the market. At the end of 2021, an additional 503,000 m<sup>2</sup> as identified as under construction with completion anticipated for the period 2022-2024, mostly concentrated in the Warsaw CBD.

Occupier activity in Warsaw is dominated by financial, business service and tech companies. However, the pandemic has weighed on activity in 2020 and 2021, with office demand in Warsaw totalling 385,348 m<sup>2</sup> and 366,322 m<sup>2</sup>, respectively.

At the end of 2021, 778,419 m<sup>2</sup> of space was immediately available, translating into a vacancy rate of 12.66% for the Warsaw market, which is up from 9.87% a year earlier.

Headline rents have remained stable. Prime rents for the best office space in the Warsaw CBD are estimated at 25 €/m<sup>2</sup>/mo, while those outside of the CBD are at 16 €/m<sup>2</sup>/mo. Given the current market environment, landlords have become more flexible in their leasing approach by offering more favourable letting conditions and incentive packages like fit-out contributions.

### B. Regional office market

The regional Polish office markets continue to develop and offer attractive new space. Outside of Warsaw, the 7 largest office cities in Poland are Katowice, Krakow, Lublin, Poznan, Szczecin, Tricity and Wroclaw, and offer some 5.37 million m<sup>2</sup> of office space.

Demand for office space been hindered by the pandemic, with most markets below average in terms of annual take-up numbers. As at the end of September 2021, 12-month take-up in the regional cities amounted to 299,874 m<sup>2</sup> as compared to 357,158 m<sup>2</sup> for the same period in 2020 and 411,463 m<sup>2</sup> in 2019.

Vacancy in regional markets drifted upward through Q3 2021 to 13.2%, which is the highest since 2010. Landlords of new buildings and those presently under construction are offering fit-out contributions while maintaining headline rents.

More generally, prime rents have held up well. Only Katowice noted a small decrease, with prime rents currently at 166.20 €/m<sup>2</sup>/year. All other regional markets were stable or registered marginal increases, with Krakow and Wroclaw both now at 180 €/m<sup>2</sup>/year and Poznan at 186 €/m<sup>2</sup>/year.

### C. Investment

Poland is one of the major investment markets in Central Europe.

2021 commercial real estate investment in Poland totalled €5.7 billion, which is a 7.1% increase in volume from the previous year. Below the investment volumes of 2018 (€7.2 billion) and 2019 (€7.7 billion), 2021 is now the third highest investment volume on record. €1.35 billion was invested in Warsaw, or about 23.8% of the total Polish investment volume and down from 31.5% in 2018, 38.0% in 2019 and 28.3% in 2020. Regional markets are now attracting more investment volume.

Poland remains the most liquid property investment market in Central and Eastern Europe. Out of a total investment volume of €16.7 billion, 34% was invested in Poland in 2021.

Office assets have experienced a repricing in 2020 and 2021. Prime investment yield for CBD assets in Warsaw increased from 4.25% to 4.65% in 2020 but compressed again to 4.50% as of the end of 2021. Regional office markets have seen similar repricing in the last two years, with local prime yields ranging from 5.50% in Wroclaw to 7.30% in Katowice, Lublin and Szczecin.

#### Key stats:

**12.66% Warsaw vacancy in Q4 2021; 25 €/sqm/month Warsaw prime rent; 4.50% Warsaw office prime yield**

sources: CBRE

## II. Residential market in Poland

### A. Poland market

The Polish housing market posted broadly positive figures in 2021 despite the complications from the pandemic and limited population growth. On average, residential prices increased by 7.2% per annum to 5,347 PLN/m<sup>2</sup> in Q3 2021.

According to preliminary data, 234,700 new dwellings were completed in 2021, increasing by 6.3% from a year ago. Of this amount, developers completed 141,700 dwellings, a decrease of 0.7% as compared to 2020. On average, the net useable floor area of a dwelling was 92.9 m<sup>2</sup> in 2021. In 2021, permits and registrations have been granted for the construction of 340,600 dwellings, an increase of 23.3% over 2020. Permits for construction of the biggest number of dwellings were given to developers (213,000 units) and to private investors (123,200 units).

### B. Local prices

The average sales price for a new residential unit in Warsaw was 10,992 PLN/sqm in Q3 2021, which was 7.95% up from a year earlier. Second-hand residential units in Warsaw increased to 10,905 PLN/sqm, up 4.15% in a year. Asked prices for new space tends to be 3.76% higher than actual transaction prices.

In Gdansk, transaction prices on new housing units rose by 11.29% to 10,043 PLN/m<sup>2</sup>. Asked prices for new space here tends to be 2.66% higher than actual transaction prices.

The strongest year-on-year rise in actual residential transaction prices were registered in Gdynia (+21.81%), Katowice (+21.14%), Szczecin (+22.61%) and Zielona Góra (+18.27%).

#### Key stats:

**234,700 dwellings completed in 2021; Residential prices increased to 5,347 PLN/m<sup>2</sup> in Q3 2021; Average residential sales prices increased 7.95% in Warsaw (y-o-y) as of Q3 2021**

Sources: Natl Bank of Poland (NBP), Central Statistics Poland, CBRE, Eurostat

As per 31 December, 2021