

SPH newsletter

news

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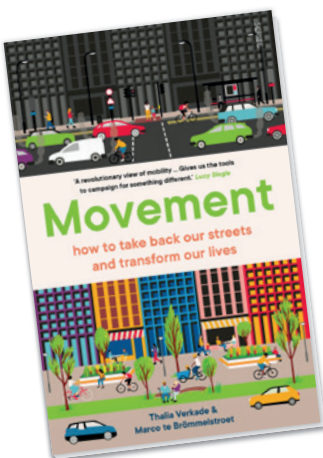
markets

Poland was considered one of the most economically successful countries in CEE and was correspondingly attractive for investors. Now the Polish economy is showing weaknesses for the first time, which are also affecting the real estate markets.page 12

Investments in industrial and logistics real estate are still booming in Poland. But here, too, there are the first warning signs.page 15

book review

Motorised transport has long since taken over the predominance in our cities. This book puts this seemingly self-evident fact to the test.page 16



DEAR READERS!



Some of the news in this issue seem particularly interesting: OMV Petrom is converting the Petrom City Tower office building in Bucharest into an educational facility. The office space that is no longer needed will be rented to a public school in the future. In Pipera, directly on the city limits of the Romanian capital, a hospital opened in a former office building. The rental contract runs for 15 years. And in Szczecin in Poland, Capital Park Group is revitalising a building that was developed at the end of the 19th century and last stood empty for 20 years. In the future, the property is to be returned to its original use: residential.

These three examples are part of similar changes in many European cities. A rethink is needed. Redevelopment of existing buildings, reducing office space, investing in housing as an alternative to offices and retail are three of the current trends. If you want, you can call it innovation or transformation. Perhaps, in times of fewer transactions, we will see more such transformations.

In general, there is a lot of talk about resources and sufficiency for good reasons. If the real estate and investment industry were even more aware that it is not only about human or financial resources, but that existing buildings are also resources, a lot would be gained.

It doesn't always have to be new buildings, at least that's my opinion.

Yours,

Andreas Schiller

NEWS FROM CEE/SEE



The historic tenement house in Aleja Fontann in the centre of Szczecin is to be modernised and used as a residential building again.

CAPITAL PARK OBTAINS PERMISSION FOR REVITALISATION PROJECT IN SZCZECIN

The Capital Park Group has received permission to modernise a historic 19th-century tenement house in the centre of Szczecin. The neglected vacant building will become, in accordance with its original purpose, a residential building with 62 flats. The project located on Aleja Fontann near Grunwaldzki Square is a three-winged neo-Baroque building that was erected at the end of the 1890s. After World War II, it housed a municipal clinic which operated until the early 21st century, but the building has been vacant for the last 20 years.

The Capital Park Group acquired the tenement house from the previous owner in 2022. The Avenue of Fountains Residence is the first revitalisation project carried out by the Warsaw-based company in Szczecin.

FORTRESS STARTS ON ZABRZE LOGISTICS PARK

Fortress Real Estate Investments has commenced with the development of Fortress Logistics Park Zabrze with a target GLA of 77,500 sqm. The company has secured its first tenant, IIT Logistyka Polska, which has leased approximately 11,600 sqm of warehousing space. Fortress Logistics Park Zabrze is located in the centre of Upper Silesia, just 4.5 km from the nearby A1 highway. The first phase of the project involves the construction of an approximately 23,000 sqm facility, which is scheduled for completion in the second quarter of 2024.

SPEEDWELL BUYS LAND IN TIMIȘOARA

Real estate developer Speedwell has purchased a land plot in Timișoara, where the company plans to start the construction of its second mixed-use project in the city. The value of the transaction was not made public.

The land plot is located on the premises of the former 1 Iunie S. A. textile factory. The total surface of the plot entails 24,217 sqm. The area also comprises existing assets with a built capacity of around 33,000 sqm. The initial concept for Speedwell's new development in Timișoara will feature residential units, workspaces, small production, cultural venues, local shops and recreation areas.

PANATTONI HAS PURCHASED OVER 26 HA IN SILESIA

Panattoni is undertaking another project in Silesia. The company has bought 26 ha of land and has launched work on its first development in Bytom, which is to comprise three industrial buildings with 131,000 sqm of space.

Through Bytom run the A1 motorway as well as national and regional roads including the main communication routes to Kraków, Wrocław, the Czech Republic and the Polish coast.



Highlight Towers

Office Building
Munich
Germany

Helaba | 



Cantata

Residential
Washington, D.C.
USA



Millénaire 4

Office Building
Paris
France



Varso Place

Office Building
Warsaw
Polen



Windmill Green

Office Building
Manchester
Great Britain



Glories

Portfolio
Barcelona
Spain



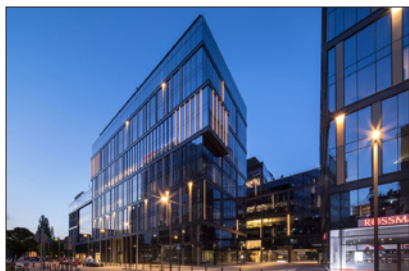
The Flow Building

Mixed Use Property
Prague
Czech Republic

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Values with impact.



REICO ČS nemovitostní acquired Proximo II back in 2018. Now the Czech real estate fund has secured follow-up financing for the investment.

PBB DEUTSCHE PFANDBRIEFBANK PROVIDES INVESTMENT FACILITY TO REICO ČS NEMOVITOSTNÍ

In addition to the existing investment facility with an overall amount of EUR 118 million pbb Deutsche Pfandbriefbank has provided a EUR 40 million credit facility to the open-ended fund REICO ČS nemovitostní, the biggest mutual real estate fund on the Czech market managed by REICO.

The loan is for the office building known as Proximo II belonging to the two office buildings in the Proximo complex, which is located in the Wola district, close to Warsaw's Central Business District. The total office park offers a gross lettable area of around 50,000 sqm and is currently nearly fully let.

The whole portfolio also consists of two logistics assets located near the town of Tychy in Upper Silesia, in an industrial area anchored by one of the largest FIAT factories globally. The properties are newly-built warehouse assets providing a total of 116,000 sqm gross lettable area.

GEBRÜDER WEISS ROMANIA INVESTS EUR 20 MILLION IN A NEW LOGISTICS HUB

Gebrüder Weiss Romania started the construction of a new logistics hub located in the south east of the Romanian capital on a 70,000 sqm plot of land. The investment in the new project, in Popești-Leordeni in Ilfov County is EUR 20 million. The project is located in the vicinity of the A2 highway and the future Bucharest AO ring road.

PANATTONI HAS BEEN GRANTED FINANCING LOAN FOR A BTS CENTRE IN ZAKROCZYM

Panattoni has been granted a EUR 27.5 million loan by Berlin Hyp to finance a distribution centre in Zakroczym developed for Action, an international chain of non-food discount stores.

The centre was constructed as a BTS (built-to-suit) development and offers a warehouse area of 53,000 sqm. In mid-June this year, the distribution centre in Zakroczym was opened for the Dutch company.

ACCOLADE GROUP BECAME THE SOLE OWNER OF KARLOVARSKÁ BUSINESS PARK

Accolade Group has become the sole owner of Karlovarská Business Park after buying a majority stake from Czech real estate fund Conseq Realitní. The complex includes four buildings with a total area of 19,500 sqm used for e-commerce, logistics, offices and retail. Both parties decided not to disclose the amount of the transaction.

Karlovarská Business Park. Is located at the crossroads of the Prague ring road and the D6 motorway near Prague Airport.

Karlovarská Business Park was acquired in 2017 by Conseq Realitní together with Accolade Group, with Conseq Realitní holding a majority stake and contributing 90% of the transaction.



The office space in the Petrom City Tower is empty because the need for space has been reduced by remote working. Now the office tower is to be transformed into an educational facility.

OMV PETROM TO LEASE THE PETROM CITY TOWER TO A PRIVATE SCHOOL

OMV Petrom, Romania's largest oil and gas company, is repurposing its Petrom City office tower into an educational facility, with the aim of leasing it to a private school, after working from home left the space empty.

Petrom City was inaugurated in 2010 in the Bucharest district of Dămăroaia, following an investment of EUR 130 million. It consists of five buildings, of which two oval buildings, called Infinity, with an area of 53,800 sqm, and a tower with 10 floors and an area of 11,000 sqm are dedicated to offices.

The company has now started the steps to transform the office tower in Petrom City into a middle school or high school type educational unit.

MLP GROUP STARTS SPECULATIVE CONSTRUCTION PROJECT IN PRUSZKÓW

MLP Group has begun the construction of another warehouse in its Pruszków logistics centre. The new facility at MLP Pruszków II, being built on a speculative basis, will provide 33,000 sqm of warehouse, office and staff amenity space. The project is scheduled to be ready for use in February 2024.

MLP Pruszków II is a logistics centre located in the municipality of Brwinów near Warsaw, 5 km from Pruszków. With a target leasable space of 420,000 sqm, it is the region's largest logistics complex. MLP Pruszków II has transport links with central Warsaw as well as the main arteries connecting the capital with other cities. The park is located between local road No. 760 and the A2 motorway, 3 km from the junction in the Pruszków-Żbików area. An international railway line is located in the hub's vicinity.

HUNGARY'S MBH BANK TO BUILD NEW HQ IN BUDAPEST

MBH Bank, the second-largest bank in Hungary, will launch a development project aiming to build its new headquarters in the most important office destination in Budapest. The handover of the first phase is scheduled for Q1 2026.

The complex will consist of several towers on a 13,000 sqm plot within the existing Agora office park, which is at the heart of the Váci Road office corridor.

The owner of the plot was HB Reavis, a Pan-European developer also known as the developer of the Agora itself. MBH Bank has bought the plot from the developer who already started some preparatory work there. MBH Domo, a subsidiary of MBH Bank is the official owner and developer of the project.

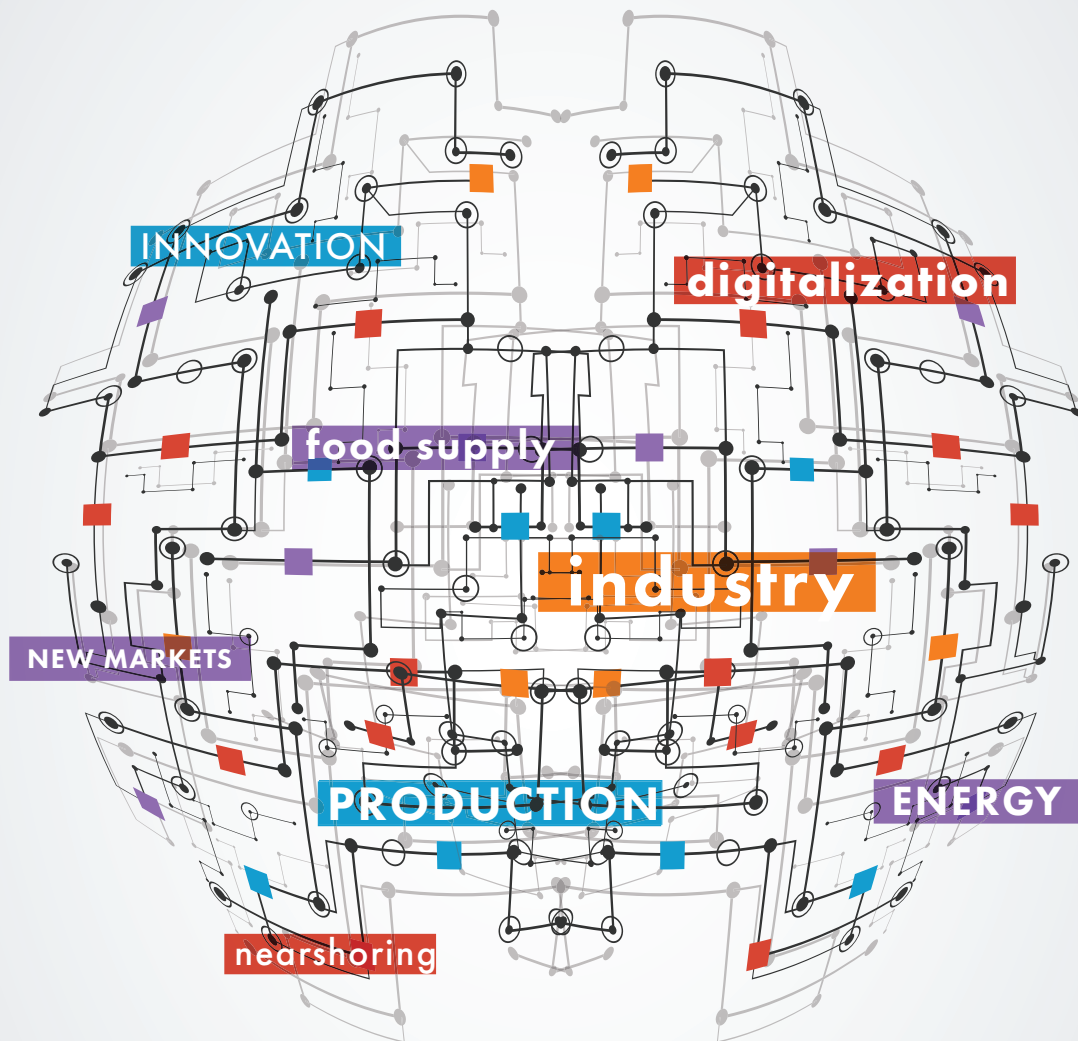
RC EUROPE STARTS BUILDING A LOGISTICS PARK IN CROATIA

Czech investor RC Europe has started construction works on its future EUR 100 million logistics park RC Zona in Samobor in Croatia. The completion of the project is planned for the end of 2024. The logistics park will spread on 170,000 sqm and will provide 86,000 sqm of warehousing space.

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The retail park in the Romanian city of Vaslui is the fifth project developed by the Polish company Scallier.

SCALLIER OPENS NEW RETAIL PARK IN VASLUI

The tenants of a new retail park in the Romanian city of Vaslui, developed by the Polish company Scallier, have opened their doors to customers. The new property with an area of over 10,000 sqm GLA is the fifth retail park developed by the company in Romania.

With the new retail park in Vaslui, the total volume of modern retail space delivered by Scallier on the Romanian market significantly exceeds 40,000 sqm.

PARDUBICE RETAIL FUND BUYS PALÁC PARDUBICE SHOPPING CENTRE

The first Czech real estate deal with a price exceeding €100 million for a single building this year was the acquisition of the Palác Pardubice shopping centre by Pardubice Retail Fund. The value of the deal has reached almost EUR 124 million.

Palác Pardubice originally belonged to the portfolio of the European investment group Atrium European Real Estate, now operating under the name G City Europe. The new owner of Palác Pardubice is the investment fund Pardubice Retail Fund. One of its founders is the company Perrarus Plus. This group is planning to build another shopping and entertainment centre in Pardubice called Galerie Pernerka, right opposite the train station. Both Palác Pardubice and the future Galerie Pernerka are located in Pardubice on the Palacký Avenue.

CTP LAUNCHES NEW PROJECT IN MAZOVIA

CTP is launching another industrial and logistics complex in the Mazovia region in Poland. CTP will develop two cross-dock facilities in Emilianów with a total leasable area of nearly 102,500 sqm. The investor has already received a building permit for the first phase of the investment. Its commissioning is scheduled for the end of the second quarter of 2024.

CTPark Emilianów will be built in the Wołomin county, off the S8 expressway and just 30 km from Warsaw. In the first phase, the developer will build 59,400 sqm of new space. A second, slightly smaller building will provide more than 43,000 sqm.

DPD CROATIA TO BUILD ITS LARGEST DISTRIBUTION CENTRE NEAR ZAGREB

DPD Croatia, part of the global delivery group Geopost, has started building its largest distribution centre, Adriatic Hub, which will process deliveries for Croatia and Slovenia. The new hub will be able to process 12,000 parcels per hour. The overall value of the investment is estimated at EUR 23 million which includes the technology investment valued at EUR 10 million.

The centre will be located in the business zone Bistra, near Zagreb and close to the border with Slovenia. It will spread over 37,500 sqm and is scheduled to open next year.

DPD Croatia, which has been operating for 20 years, has 18 depots throughout Croatia. This month it will open a new distribution centre in Dugopolje, near Split, in southern Croatia, and will expand its central distribution centre in Zagreb.

MEDICOVER INAUGURATED ITS HOSPITAL IN PIPERA

Medicover, a specialised provider of diagnostic and healthcare services headquartered in Sweden, inaugurated a hospital in Pipera near Bucharest, a former office building renovated in two years, after an investment of EUR 31 million.

The office building belongs to the real estate development company Multigalaxy and is leased for 15 years by Medicover. The new hospital is the fifth locally and has nine floors and a total area of 22,000 sqm.

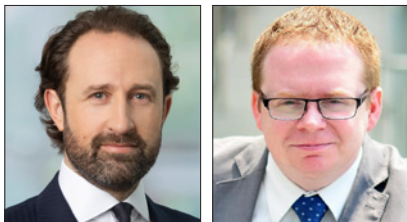
STAFFING



left: Peter Čerešník
right: Radka Doehring

PETER ČEREŠNÍK is the new COO of CTP. Peter Čerešník has over 20 years of experience in CEE-based markets, leading country teams in large technology companies. Prior to joining CTP, he worked for the international office developer HB Reavis in Slovakia, where he served on a group level in the executive management team and the board of directors.

RADKA DOEHRING has been appointed to the Executive Board of S Immo AG. Since 2022 she also serves on the Executive Board of Immofinanz AG. In her over 25-year career, Radka Doehring has held various management positions in the corporate as well as the public sector. She recently served for over nine years as Finance Director responsible for finance, property management and licence fee departments at RTVS, the public broadcasting company in Slovakia. She previously held leading positions with the CPI Property Group and the listed Central European Media Enterprises.



left: Keegan Viscius
right: Andrzej Wronski

KEEGAN VISCIUS has been appointed as CEO of CA Immobilien Anlagen AG. Keegan Viscius has been a member of the company's Management Board since 1 November 2018 and, as Chief Investment Officer (CIO), was previously responsible for the core operational areas of asset management and transaction management, among others. Prior to joining CA Immo Keegan Viscius was Senior Vice President in the European real estate acquisitions team of Starwood Capital Group.

ANDRZEJ WRONSKI, Group Head of Asset Management for P3 Logistic Parks, has taken over the role of Managing Director for P3 Romania starting 1st of July 2023 from Sinziana Pardhan, who decided to step down after six years of running P3 operations in the country. He assumed the role in addition to his former responsibilities.

LETTINGS



TELEKOM HEADQUARTERS, BUDAPEST

HUNGARY 

The headquarters of Telekom in Budapest, a Wing development, has a new tenant: Deutsche Telekom IT Solutions has moved to the office building in south Pest (District 9). The headquarters of Magyar Telekom was completed in 2018. It comprises 58,000 sqm of leasable area in total, 11,000 of which is now leased by Deutsche Telekom IT Solutions. Beside the offices now occupied by Telecom companies, an additional 7,500 sqm are available to future tenants.

GRZYBOWSKA PARK, WARSAW

POLAND 

Serviced office provider OmniOffice has leased 1,400 sqm in Grzybowska Park. The owner of the office building in Grzybowska Street in Warsaw is Deka Immobilien. Completed in 2009, the 7-storey building with a total of 2,030 sqm is located in Warsaw's central Śródmieście district.

OXYGEN PARK, WARSAW

POLAND 

Sodexo, provider of Integrated Facility Management services, has extended its lease in Oxygen Park, the Warsaw office complex owned by the Golden Star Group. The agreement under which Sodexo Poland leases a total of 1,630 sqm was signed for 6.5 years. Located on Aleje Jerozolimskie, Oxygen Park is a business complex, consisting of two 6-storey buildings with a total leasable area of 18,300 sqm.

STUDIO, WARSAW

POLAND 

Another Business Link office will be built in the Studio office complex, Skanska's latest Warsaw project. The new location will offer future tenants nearly 2,900 sqm of flexible office space with 400 workstations. Completion is scheduled for April 2024. Studio is a complex of two office buildings, Studio A and Studio B, with 40,400 sqm and 16,400 sqm leasable area respectively. It is located on Lucka 9 and Prosta 28 streets. Skanska is main shareholder in Business Link.

VARSO TOWER, WARSAW

POLAND 

HB Reavis has signed a lease agreement with Enterprise Investors. The company will occupy 1,660 sqm of space on the 34th floor of Varso Tower in Warsaw's Wola district. Completed 2022, Varso Tower is offering 110,000 sqm of space.

BRAIN PARK, KRAKÓW

POLAND 

IT company Apptio is moving its headquarters to Brain Park, a Kraków-based project by Echo Investment. Apptio will occupy an area of 1,800 sqm. The Brain Park complex consists of three ten-storey buildings with underground parking garage and will offer 43,000 sqm of office space. Two of the three buildings are completed.

FUZJA, ŁÓDŹ**POLAND** 

CitySpace has opened its first centre in Łódź. With an area of 2,000 sqm CitySpace Fuzja contains 301 workstations, 55 offices and three conference rooms. Fuzja is being developed on the 80,000 sqm site of the former 19th-century Karol Scheibler factory in the central Łódź Fabryczna district. It will contain 90,000 sqm of residences and office space, along with the Anna Gardens city square. In total, it will comprise 22 buildings, of which 15 will be renovated original buildings.

NOWY RYNEK, POZNAŃ**POLAND** 

iGaming experts Softswiss will stay in Poznań and move into a new office in Nowy Rynek E building by Skanska. The company will occupy approximately 2,000 sqm of space. The Nowy Rynek investment is a multiphase project that will consist of 5 buildings with functionalities ranging from office, retail to residential. Building E is offering approximately 28,500 sqm of office space.

QUORUM, WROCŁAW**POLAND** 

London Stock Exchange-listed video game developer Keywords Studios has leased 4,000 sqm in building A of the Quorum office complex in Wrocław. The owner and developer of the complex is Cavatina Holding. Located on Sikorskiego Street, Quorum is a multifunctional complex with 91,182 sqm of office space and 330 apartments.

CITY GATE, BUCHAREST**ROMANIA** 

British Council has leased 430 sqm in GTC's City Gate South Tower in northern Bucharest. Located in Piața Presei Libere, City Gate is an office complex comprising two 18-storey towers with 47,700 sqm of space.

GLOBALWORTH CAMPUS, BUCHAREST**ROMANIA** 

Coca-Cola HBC, the largest player on the soft drinks market in Romania, is to set up its headquarters in the Globalworth Campus B building starting in spring of 2024, after signing a ten-year lease for 4,500 sqm of office space. Globalworth Campus, located on Boulevard Dimitrie Pompeiu, consists of three office buildings with a total leasable area of 92,000 sqm and a conference centre.

GLOBALWORTH TOWER, BUCHAREST**ROMANIA** 

CEO Clubs, a business networking organization, has leased 400 sqm for its new office in Bucharest-based Globalworth Tower, located on 201 Barbu Vacarescu Street. The new HQ will open in September. Completed in 2016, Globalworth Tower is offering 55,000 sqm of office area.

GREEN COURT, BUCHAREST**ROMANIA** 

Banca Transilvania has leased 10,000 sqm of office space in Green Court A, a building in northern Bucharest owned by Globalworth. Green Court comprises three buildings (A, B, C) with a gross leasable area of 54,300 sqm. Developed by Skanska, the complex is located on 4 Gara Herastrau Street in the Barbu Vacarescu-Floreasca area.

J8 OFFICE PARK, BUCHAREST**ROMANIA** 

Portland Trust, the developer of J8 Office Park announces a new tenant for the office project located in the northwest of Bucharest's District 1. Photon Energy Group will occupy 685 sqm. Completed in 2021, J8 Office Park comprises two office buildings offering a total of 78,400 sqm GLA.

MYHIVE METROFFICE, BUCHAREST**ROMANIA** 

Harman, an automotive technology company and subsidiary of Samsung Electronics, has renewed its lease for 5,300 sqm in myhive Metrooffice based in Bucharest. Located on Bulevardul Dimitrie Pompeiu 5-7, the office complex is offering 20,886 sqm of leasable space. Owner of myhive Metrooffice is Immofinanz.

SKY TOWER, BUCHAREST**ROMANIA** 

CreditAmanet, a pawn lending, foreign exchange, and managing a diversified trading platform for precious metals, electronics, jewelry, and luxury goods, is establishing its new headquarters in Sky Tower, the tallest office building in Romania. Located on the ninth floor, CreditAmanet's office is spanning over 300 sqm. With an area of 214.000 sqm on 37 floors, Sky Tower is part of the Floreasca City Center on Barbu Văcărescu Street. Owner of the complex is Raiffeisen Property International.

U CENTER, BUCHAREST**ROMANIA** 

Forte Partners signed a lease agreement with Brinel, part of the French group SNEF. Brinel will occupy approximately 1,000 sqm of office space in phase two of the U Center office project. Forte Partners started construction works on the second phase of U Center, with a GLA of 35,000 sqm, in the second half of 2021 and will deliver the building to tenants in the second half of this year. The first phase of the U Center office project was completed in the third quarter of 2021 and was sold to Pavăl Holding in November 2022.

UBC, TIMIȘOARA**ROMANIA** 

Amazon has relocated its office in Timișoara to the UBC 0 building, of the Iulius Town complex. The Amazon centre in UBC 0 covers an area of 3,200 sqm, the entire fourth and a half floor of the fifth level of the building. UBC 0 is one of four office buildings of Iulius Town with a total of 80,000 sqm of space.

POLAND: THE POSTER CHILD SHOWS WEAKNESSES



Poland's economy is stuttering and inflation is above the average of EU countries. This also has an impact on the real estate market.

Poland has been considered one of the most economically successful countries in CEE. Accordingly, the country was attractive for investors – despite a policy that repeatedly caused displeasure within the EU. Now Poland is showing economic weaknesses for the first time and seems to be saying goodbye to its role as one of the growth locomotives within the EU.

Since years Poland attracts more than half of all real estate investments in CEE. That was true also in 2022, when the transaction volume on the commercial real estate market totalled just under EUR 6 billion.

Of this, office investments accounted for around EUR 2.2 billion, followed by industrial and logistics properties with around EUR 2 billion.

Office investments had increased by 26% compared to the previous year, although a major deal – the sale of Ghelamco's Warsaw Hub to Google for EUR 583 million – contributed to this.

The investment total in 2022 was the fourth-best result in the history of the Polish real estate market, according to JLL's observations. However, it was still around 6% lower than in 2021.

This year, investors seem to be even more cautious because the volume of transactions on the Polish commercial real estate market in the first quarter of 2023 amounted to EUR 651 million, down 40% on the same quarter last year.

More than half of the investments in the Polish real estate market originated from European countries and of this 74% from

CEE countries and only 24% from Western Europe.

The weighting of the asset classes has changed significantly: In the first quarter, 62% of all investments were in industrial and logistics properties and 21% in retail properties. Office properties, the "top performer" in 2022, now only achieved third place.

There are many reasons for this development. On the one hand, there is the generally gloomy economic development in Europe, from which – unlike in 2008 during the financial crisis – Poland is not spared this time.

After a decline of 2.5% in the wake of the Covid-19 pandemic in 2020, Poland's economy grew at an above-average rate of 6.8% in the following year and 4.9% in



After years of record new developments and investments, the Warsaw office property market is showing signs of weakness for the first time.

2022. But already in the last quarter of 2022 dark clouds were gathering in the economic sky: The Polish statistics agency GUS recorded a shrinking of economy by 2.3%. In the first quarter of 2023, GDP rose again by 3.9% compared to the previous quarter, but growth stagnated compared to the first quarter of 2022.

Recent forecasts predict that Poland's economic growth will be below 1% this year. That means for the first time it will be below the average for the EU as a whole and the Eurozone.

At the same time, Poland is struggling with above-average inflation – it was over 18% in February 2023, but has been slowly declining since then and stood at 11.5% in June. Forecasts predict that inflation will remain in double digits this year and only fall significantly to below 5% in 2024.

As this limits consumers' financial leeway, the retail sector is shrinking. Retail sales in April were 7.3% lower than in the same month last year.

The construction industry also slumped. The market for residential property in particular is declining. Inflation and increased financing costs have reduced the

demand for mortgages by more than half. Now the Polish government has launched a programme effective from 1 July 2023 to facilitate the purchase of residential property by capping the interest on a ten-year mortgage loan at 2%.

Inflation and high financing costs affect also the commercial property market. For a long time, the market for office real estate in Warsaw boomed, a correspondingly large number of projects were built, and project developers had little to worry about finding an investor for their properties. Warsaw was considered by many to be a core market and comparable to western capitals.

What has remained comparable are the significant declines in office investment turnover that can be observed in all European markets. The decline already became apparent in the last two quarters of 2022 and continued in 2023.

In the first quarter of 2023, the transaction volume on the office market in Poland was EUR 115 million – the lowest value since 2007. In view of the politically and economically uncertain times, investors have become more cautious and purchase prices are now being negotiated more harshly.

The office letting market is more robust. In 2022, annual office take-up in Warsaw was 48% higher than the previous year, according to BNP Paribas Real Estate, and prime rents in new-built properties rose by 13%.

However, the first quarter of 2023 saw a significant slowdown in leasing activity. Gross take-up in Warsaw was just under 159,000 sqm in the first three months, down just over 40% on Q1 2022. At 167,100 sqm, letting performance in the second quarter was a little bit higher.

The vacancy rate fell slightly – it was 11.4% at the end of the second quarter 2023. However, JLL points out that over 100,000 sqm of office space is being offered for sublease, in some cases even for a comparatively longer period of three years or more.

It is also unusual that no new office space came onto the market in Warsaw in the first quarter of 2023, and only three projects with a combined 18,700 sqm of space were completed in the second quarter. Overall, experts expect 75,000 sqm of office space to be completed this year and 115,000 sqm in 2024 – very little compared to the 200,000 to 300,000 sqm annually by which the office space stock has increased in recent years.

Whether this will result in a supply gap in the long term remains to be seen. At the moment, the situation is still putting upward pressure on rents, which peaked at EUR 26-28 per sqm per month at the end of March 2023.

At the same time, operational costs have risen. Water, electricity or heating have become significantly more expensive, in addition to inflation, and taxes and fees have also been raised. Similarly, the minimum monthly wage increased by PLN 480 (EUR 107.75) to PLN 3,490 (EUR 783) on 1 January 2023 and again to PLN 4,242 (EUR 952) on 1 July.

It is also noticeable that tenants are willing to commit themselves for longer, but

the decision-making process has become much longer as well. On the one hand, this is due to economic uncertainties, but probably also to the new law on remote working which entails adjustments to the space requirements of the companies.

Despite declining retail sales, investments in retail properties were higher than in the office sector. After the two pandemic years of 2020 and 2021, they already increased significantly last year, so that in 2022 the transaction volume was EUR 1.4 billion.

This total included the acquisition of Forum Gdansk by NEPI Rockcastle for around EUR 250 million as well as two joint venture transactions by EPP, in which 50% of the shares in each of the two portfolios were transferred to Redefine Properties. The remaining investments were primarily in retail parks and local shopping centres.

In the first quarter of 2023, too, it was rather smaller properties that were sold and bought. Overall, however, the trans-

action volume in the retail sector in the first quarter was above the level of the 2018-2021 period.

Retailers are still entering the Polish market, including many discounters. Wool-



After an interruption of six years Fort Wola shopping centre has been reopened.

worth, for example, opened its first shops in Krakow, Warsaw and Poznan in May 2023; dm started in Wroclaw as early as 2022 and expanded the spectrum with drugstores in Jelenia Góra, Lubań and Leszno; Aldi, Lidl and Kaufland are often

anchor tenants in retail parks or are at least as retail park's neighbours ensuring frequencies.

Shopping centres are also coming back into focus. For example, the Fort Wola shopping centre in Warsaw reopened in February 2023 – it had been redesigned and modernised by the new owner Mayland after an interruption of six years. Also under reconstruction is the Sukcesja shopping centre in Łódź, which was acquired last year for PLN 79.5 million (EUR 17.8 million) by the Turkish Amush Investment Group.

But it is still mainly retail parks that are springing up like mushrooms, often developed in the surroundings of smaller Polish cities. Whether Austrian Immofinanz with its StopShop Retail Parks, Trei Real Estate, the real estate company of the German Tengelmann Group, or the Belgian company Mitiska REIM – they belong to the main players that currently contribute to the expansion of retail space in Poland. **I Maria Waberski**

REGIONAL OFFICE MARKETS IN POLAND

Outside Warsaw, significant office markets have developed in Poland: in Kraków, Wrocław, Tri-City – the three largest markets –, Katowice, Poznań, Łódź, Lublin and Szczecin. At the end of the first quarter of 2023, the stock of modern office space totals 6.47 million sqm.

In the regional cities, too, commercial real estate consultancies are observing an increase in rents and lease terms, although here – unlike in the capital – gross office take-up of around 175,000 sqm was 13% higher in the first quarter 2023 than in the same quarter of the previous year.

Half of the gross office take-up was accounted for by new and pre-letting,

44% by lease extensions. The vacancy rate has risen, albeit only by 0.6% compared to the last quarter of 2022, and currently stands at 15.9%. A total of 1,029,700 sqm were available at short notice in the eight cities mentioned at the end of March.

The highest vacancy rate is in Łódź – 20.5%, the lowest in Szczecin – with 3.1% the only city with a vacancy rate below 10%.

In the first three months alone, about 68,000 sqm were added onto the market – 70% less than in the same quarter of the previous year. The largest projects were Ocean Office Park with 28,600 sqm and Fabryczna Office Park B5

with 14,000 sqm in Kraków, as well as Centrum Południe (20,850 sqm) in Wrocław. However, around 60% of the total 535,000 sqm of office space under construction is expected to be completed this year. Of these 535,000 sqm, just over half will be in the two cities of Wrocław and Katowice (28% and 25% respectively), followed by Kraków (17%), Poznań (14%) and Tri-City (12%).

Prime rents are highest in Kraków – between EUR 13.50 and EUR 16.60 per sqm and month – and reach a maximum of EUR 15 to EUR 15.50 in other cities. Prime rents are lowest in Lublin, the smallest of the Polish regional office markets: here they are between EUR 11.50 and EUR 12.50 per sqm and month.

POLAND: RECORDS FOR INDUSTRIAL AND LOGISTICS REAL ESTATE

While new construction has declined significantly in other asset classes, industrial and logistics properties continue to boom. However, the market is showing some warning signs.

Even those who only superficially observe the Polish market for industrial and logistics properties get the impression that this segment in particular seems to be spared from all external influences. For several years now, this asset class has been – as JLL puts it – “the hottest sector”, especially with regard to project developments and investments.

In the first quarter of 2023, industrial and logistics properties accounted for 62% of the total transaction volume on the commercial real estate market. Around EUR 401 million flowed into this asset class, twice as much as in the same period last year.

To continue with the „success stories“: in 2022, project developers completed a total of 4.4 million sqm of new space – more than ever before. Already in the first three quarters, completions exceeded all previous annual totals.

And in the first quarter of 2023, another 1.9 million sqm were added – this is also the lonely top – so that the stock of industrial and logistics real estate in Poland now totals 26.6 million sqm.

However, this construction boom is likely to level off in the foreseeable future. While 4.8 million sqm were still under construction at the beginning of the first quarter of 2022, this figure fell to around 2.2 million sqm in 2023.

The decline in construction activity started as early as 2022 and is related to sup-



Still in demand: industrial and logistics properties in Poland.

ply chain difficulties and price increases for building materials, as well as rising financing costs. More restrictive financing requirements are also likely to contribute to a significant decline in speculative developments, which accounted for 48% of projects completed to date.

Although rental negotiations are becoming tougher in this segment as well, gross take-up in 2022 reached 6.8 million sqm, which is still the second-best result in the history of the Polish real estate market. In the first quarter of 2023, 1.2 million sqm were let.

Despite high letting performance, vacancy rates rose to 6.2% by the end of March 2023. This is related to the high level of space completion. Especially for recently completed projects the vacancy rate is around 30%. And for projects under construction, only 47% are pre-let – the lowest rate in the past ten years, according to Colliers International.

While rents were largely stable until the beginning of last year, they increased significantly, especially after the start of the Russia-Ukraine war. This was caused not only by higher construction cost but also by the fact that many companies previously active in Ukraine, Russia and Belarus shifted their activities to Poland.

The highest rents are charged around Warsaw and range between EUR 4.40 and EUR 6.75 per sqm and month. In other regions, rents range between EUR 2.70 and EUR 5.50 per sqm and month.

Especially in the area of industrial and logistics properties, the trend is clearly towards “green” warehouses. The ESG requirements, together with rising energy prices, mean that photovoltaics are almost indispensable for tenants and investors alike. However, the capacity for large-scale systems on the roofs of the properties is limited and it is not always possible to switch to additional space. **I Maria Waberski**

TO WHOM BELONG THE CITY AND THE STREETS?

The term “mobility transition” is currently on everyone’s lips, but for which direction is the transition to head? What is often in the foreground is the turn towards more e-mobility in order to reduce CO₂ emissions.

This is also the approach of the Dutch journalist Thalia Verkade, for whom, however, the encounter and exchange with Marco te Brömmelstroet, Professor for Urban Mobility Futures at the Institute for Social Research at the University of Amsterdam and known under the Twitter account @Fietsprofessor (Cycling Professor), gradually leads to a radical rethink. For this reason, the title of the book they co-authored is not “Mobility”, but simply *Movement* – in a double sense – and continues: *how to take back our streets and transform our lives*. The term “movement” generally encompasses the question of how we (can) move in the city – from childhood onwards.

Step by step, Thalia Verkade and Marco te Brömmelstroet show how cars have taken over the predominance in the cities and how the principle of “the free circulation of traffic” puts all other users of public space in the back seat; how we seal more and more surface for roads, motorways and parking facilities and still do not manage to avoid traffic jams, on the

contrary: it is a well-known effect in the professional world of traffic planners that an expansion of the road traffic system often leads to even more traffic.

Yes, traffic planners are also concerned with the safety of traffic. But all safety guidelines cannot avoid, that when people and cars meet, people get the short end of the stick. Mainly the weakest in society, the children have to learn to deal with and adapt to the dangers of motorised traffic.

We accept without complaint that in 2022 every day motorised traffic in Germany costs the lives of 8 people and an average of 989 injured people per day suffer physical and often also long-term psychological wounds. Ultimately, all of this is the price we pay for our individual mobility and for the fact that we have been conditioned to get from A to B as quickly and comfortably as possible.

The book shares the gradually growing doubts about this model of life and illustrates the many absurdities of motorised traffic with very concrete examples.

But it also shows alternatives and what we can do to defend ourselves against the appropriation of the entire public space by cars. Yes, everyone has to start with



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Marco te Brömmelstroet
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themselves and put their own behaviour and views to the test. It is also a learning process, as Thalia Verkade, not least, perceives and describes about herself. Deceleration can, however, contribute to a higher quality of life, but first you have to free yourself from the principle of “faster, higher, further, more” that dominates our lives in many aspects.

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