



# Real Estate Market Report 2012

Poland

Warsaw, Kraków, Katowice, Gdańsk, Poznań, Łódź



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## Polish Economy

GDP growth in 2011 was 4.1% after 3.8% in 2010. According to National Bank of Poland (NBP) Polish economy will grow in 2012 and 2013 adequately by 3.1% and 2.8%.

Inflation on the end of 2011 equals to 4.3% after 2.6% in 2010. Projection for 2012 is also 3.1%.

Unemployment rate in 2011 is 9.5% and it is projected to drop consequently in 2012 and 2013 (9.2% and 9.0%).

According to NBP foreign direct investments in Poland in 2012 should reach 11.7 billion EUR, after 11.00 billion in 2011 meaning 6% growth.

## WARSAW

### Residential

Prices soften on stricter loan rules

### Supply

9,715 apartments were completed in Warsaw in 2011, which is 22% less than in 2010. The most active developers in the capital city are Dom Development, Ronson Development, Polnord and Gant.

### Prices

On the primary market, the average price of apartments fell only 2.6 % to PLN 7,626 (EUR 1,906) per sqm. The average price of high-standard apartments located in the centre is PLN 10,617 (EUR 2,654) per sqm but the most expensive ones cost as much as PLN 42,000 (EUR 10,500) per sqm, such as Złota 44 apartments in city centre.

The prices of flats in popular districts outside the centre such as Ursynów range from PLN 6,623 to 10,327 (EUR 1,655 – 2,582) per sqm. Districts with poor access to public transport such as Tarchomin, Białołęka, Włochy offer apartments with prices between PLN 4,845 – 6,039 (EUR 1,211 – 1,510) per sqm.

The average price of secondary market apartments fell 3.5% to PLN 8,164 per sqm (EUR 2,041). In the Old Town and in the city centre prices average PLN 14,016 per sqm (EUR 3,504). In outer, residential districts the average price is PLN 6,948 (EUR 1,737).

### New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 22 528 54 54.

**Akropol** – realized by Dom Development, located in Bemowo district, by 23 Hery Street, offers 366 apartments from 33,7 to 120,7 sqm. Prices range from PLN 7,180 to 9,200 (EUR 1,795 - 2,300) per sqm. Buildings A,B,D are planned to be completed in October 2012 and building C in April 2013.



*Akropol, Dom Development*

**Espresso** – developed by Ronson Development in Wola district by Jana Kazimierza Street. 650 apartments in the area of 30 – 128 sqm. Prices range from PLN 7,664 to 8,750 (EUR 1,916 – 2,187) per sqm. First stage completion date in Q4 2013.

**Śródmieście Wilanów** – an investment of Polnord, located in Wilanów district by Kazachska Street. 166 apartments from 40 – 115 sqm in prices of PLN 7,000 to 7,850 (EUR 1,750 – 1,963) per sqm. Completion date in November 2013.



*Śródmieście Wilanów, Polnord S.A.*

**Kaskada Na Woli** – developed by Gant in Wola district by Sokołowska Street, in project there are 589 apartments from 32 – 110 sqm. Prices vary from PLN 6,990 to 10,900 (EUR 1,747 – 2,725) per sqm. Investment completed in the end of 2011. 130 units still available.

## Demand

In 2011 the estimated number of sold apartments was 7,250 units meaning 7.5% demand drop. The largest demand was for two room apartments from the so-called popular segment and we observed less interest in one room flats.

The most popular districts are Mokotów, Ursynów, Żoliborz, Wola while Tarchomin, Ursus-Skorosze and Włochy are considered to be the cheapest.

## Mortgage Market

In 2011 there were numerous restrictions on the granting of mortgage loans by banks. The turbulence in the currency market led to limits on loans in foreign currencies. Whereas previously the majority of home loans were in Swiss francs, in 2011 over 80% of new mortgage loans were in Polish Zloty (PLN).

## Rents

In 2011 residential rents dropped moderately by 4.5%. Typical residential rents in Warsaw in 2011 were PLN 1,600 (EUR 400) for a one room apartment; PLN 2,300 (EUR 575) for a two-room; PLN 3,350 (EUR 838) for a three-room; and PLN 4,400 (EUR 1,100) for a four-room. The yield on apartments has dropped slightly to 4.5%.

## Office

***Demand outstripped supply, good for owners***

## Supply

Warsaw is still the biggest office market in Poland. In 2011, nearly 150,000 sqm were delivered. At present, the total supply of office space in Warsaw is 3,605,000 sqm. In the next two years modern office space should grow by additional 600,000 sqm. The most popular Warsaw office locations are the City Centre and Mokotów.

## Recent Developments

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**Platinum Business Park IV** – 13,000 sqm A class office space and 239 underground parking places by Domaniewska and Wołoska Street realized by GTC. In total there will be 70,600 sqm of office space. Main tenants: GTC, Aviva.

**Mokotowska Square** – an office building located in Mokotów, an investment of Yareal. Building offers 8,500 sqm of A class office space for rent and 60 parking spaces. Main tenants are PGE Energia Jądrowa, Euromedic International Polska and Beiten Burkhardt.

## New Projects

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**Konstruktorska Business Centre** – seven storey object located by Konstruktorska Street realized by HB Reavis Group, offers over 40,000sqm A class office and 1,070 parking places. Completion date in Q4 2012.

**Miasteczko TP** - project built by Bouygues Immobilier Polska on the order of TP SA. The building will offer 43,700 sqm of office space, which will be fully leased by a telecommunications operator. The complex at 160 Jerozolimskie Avenue will consist of five buildings. The planned completion date is the second half of 2013.

**Ufficio Primo** - a six-storey tenement house from 1952 redevelopment project designed by prominent architect Marek Leykam in the form of Florentine palazzo. The investor is Euroinvest (Kulczyk Holding). The building will offer 6,000 sqm of A class office space. Estimated completion date is March 2012.

**Warsaw Spire** – an investment of Ghelamco, located in Central Business District by Towarowa and Łucka Streets. The project include three buildings – a tower of 220 meters, and two 55 meters objects. It will offer 96,000 sqm of the modern A class office space with 1,200 parking places. Completion planned for the beginning of 2014.



*Warsaw Spire, Ghelamco Poland*

## Demand

2011 was good year for office owners. The total volume of leased space exceeded the 410,000 sqm delivered. The vacancy rate dropped from 8% to 6.7%. The smallest vacancy were in Wola and Wilanów (2-3%) and the biggest in Ursynów (above 10%).

## Rents

In 2011 A class rents in CDB (Central Business District) were EUR 18 – 28 per sqm. Outside the CDB A-class rents amount to EUR 12 – 17 per sqm. Service charges for A-class space are EUR 4.0 to 6.5 per sqm. Class A office investment yield is 6.7%.

## Transactions

In 2011, the largest transactions in the market include the signing of the lease by TP SA, Miasteczko TP - the area of 43,700 sqm and a renegotiation of the contract by Ernst & Young in the Rondo 1 – the area of 11,000 sqm and agreement between PKN Orlen and the Senator building built by Ghelamco – 9,000 sqm.

## Retail

### *More mall space needed*

### Supply

In 2011 supply grew 1% to 1,428,000 sqm of retail space in Warsaw, which is the largest in Poland. A Wolf Bracka shopping centre of 11,838 sqm rentable area was opened in November 2011. The Warsaw market still needs more retail space, especially in districts such as Bielany and Wilanów.

### Recent developments

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**Wolf Bracka** – a shopping mall located in the centre of Warsaw at Bracka Street. The development will offer 11,838 sqm of commercial space and 187 parking spaces. The building was opened in the end of 2011. Main tenants are Gucci, Alexander McQueen, Lanvin.

### Major Shopping Malls

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**Złote Tarasy** – city centre scheme offers 64,000 sqm of retail space. This is retail-office-entertainment complex situated in the centre of Warsaw, by the Central Station and the Palace of Culture and Science. On four floors, are Albert, Van Graaf, Zara, Royal Collection, H&M, Marks & Spencer, Saturn, Multikino among others.



CH Złote Tarasy

**Galeria Mokotów** – in the district of Mokotów, 60,000 sqm of retail space on three floors, with 240 stores, an entertainment centre and a cinema. Galeria Mokotów is considered to be the most prestigious and popular shopping mall. The main tenants are Carrefour, Cinema City, EURO RTV AGD, Galeria Centrum, Royal Collection, Marks & Spencer and Smyk.

**Arkadia** – city centre near Żoliborz, is 110,000 sqm with almost 230 shops. These include Polish and foreign brands, restaurants, cafes and a cinema. The main tenants are Saturn, Carrefour, Leroy Merlin, Peek & Cloppenburg, Royal Collection and Cinema City.

**Wola Park** – in the district of Wola, Górczewska Street, 73,000 sqm of retail space. The two floors of the mall house offer over 180 stores, cafes, restaurants and services. The entertainment section accommodates a movie theater and a fitness club. The main tenants are Auchan, Go Sport, H&M, ZARA, C&A, Charles Voegelé, Reserved, Kappahl, Empik, Smyk and RTV EURO AGD.

### New Projects

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**Plac Unii – Galeria Miejska** - an office-retail project by BBI Development and Liebrecht & Wood offering 15,500 sqm of modern retail space on three floors. Estimated completion date is Q1 2013.

**Factory Annopol** - built by NEINVER, will be the first outlet center in the right-bank of Warsaw. The facility will have a retail space of 14,000 sqm. Completion date in the end of 2012.

**Galeria Handlowa w Wilanowie** – shopping center in Wilanów, GTC and Polnord have 50% shares each. Retail and entertainment center will offer 65,000 sqm in 2013.



## Demand

The most popular are consistently first-rate shopping centers: Gallery Mokotów, Arkadia, Złote Tarasy. Galleries maintain a high level of rents, and for the release of the property is waiting queue of potential tenants. Vacancy rate is very low – near 1%.

Tenants maintained their interest in commercial premises along the main streets of Warsaw - just like in previous years, the most popular are Nowy Świat, Marszałkowska, Al. Jerozolimskie and Pl. Trzech Krzyży.

## Rents

In 2011 rents for space at the major shopping streets are EUR 65 – 85 per sqm. Rents in shopping malls in best locations were keeping at EUR 75 – 85 per sqm. The average shopping mall rent is EUR 41 per sqm. The supermarket anchor rents are EUR 6 to 13 per sqm. The average retail investment yield is 6.0%.

## Transactions

The largest transaction in the commercial property market in Warsaw was the sale of GTC's 50% stake in its flagship business investment – Galeria Mokotów - for EUR 138 million. The buyer was GTC's Dutch partner, Rodamco, which already had the other 50%.

## Industrial

### Interest in B class

### Supply

In 2011 the warehouse supply reached 2.6 mln sqm. The largest warehouse parks around Warsaw are Prologis and Panattoni.

- Warsaw warehouse area market is divided into three zones, depending on their distance from the city centre:

- **Zone I** - south-up to 12 km from central Warsaw - Okęcie, Służewiec, Żerań, Targówek.
- **Zone II** - from 12 to 30 km from central Warsaw - Nadarzyn, Pruszków, Piaseczno, Ożarów Mazowiecki.
- **Zone III** - from 30 to 50 km from central Warsaw - Mszczonów, Teresin, Sochaczew.

### Major Warehouses

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**Żerań Park II** – developed by Apollo Rida Poland – 45,000 sqm in 7 buildings with warehouse and office space. Main tenants are Murexin Polska, Commercial Union, Estee Lauder Poland, Polska Telefonii Cyfrowa.

**Norblin Industrial Park** – realized by Norblin Capital Group – 26,000 sqm warehouse and 6,100 sqm office space located by Palisadowa in Bielany district of Warsaw. Main tenants are ADT, ThyssenKrupp Energostal, IMS Stal Service, Konsorcjum Stali.

**Diamond Business Park Piaseczno** – developed by AIG Lincoln in Piaseczno, 15 km from Warsaw, offering 53,000 sqm warehouse and 7,000 sqm office space. Main tenants are Logwin Logistics, GTS Energis Polska, Cargoline Polska/ DHL.



*Diamond Business Park, AIG Lincoln*

**Tulipan Park Warszawa** - located 18 km from Warsaw, in Nadarzyn, by the Katowice-Warsaw route. Total warehouse area is 130,000 sqm. The main tenants are Formax Polska, Logwin Air+Ocean Poland.

**ProLogis Park Warsaw II** - located at Staniewicka Street, with an area of 38,000 sqm. The main tenants are in the logistics, pharmaceutical and paper sectors.

**Panattoni Park Teresin** - realized by Panattoni Europe, located in Teresin, 33 km west from Warsaw, nearby Warszawa - Poznań route. Total space amounts to 36,500 sqm.

**Panattoni Park Błonie II** - realized by Panattoni Europe, 23,700 sqm of warehouse and office space. Located in Błonie - 30 km away from Warsaw, in vicinity of A2 highway (Moscow - Berlin) and express road E30. It is a convenient location for a local or European distribution centre. One of the tenants is Logus.

**Ożarów Business Center** - developed by TKG Polska - 36,590 sqm of warehouse space in 4 A class buildings located in Ożarów 15 km from Warsaw. Center completed in 2001. Main tenants are Bemis, BMW, CAT, Lognet.

**Panattoni Park Ożarów** - 66,800 sqm located in Ożarów Mazowiecki 15 km from Warsaw, nearby E30 route connecting Warsaw and Poznań, and close to A2 Berlin- Moskwa highway. One of the tenants is Loxxess-Transteam.

## New Projects

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**Norblin Industrial Park II** - warehouses of planned 15,000 sqm and 1,500 sqm office space (extension of existing 32,100 sqm) located in Bielany district of Warsaw. Completion planned for Q4 2012.

## Demand

In 2011, the vacancy rate dropped moderately to 18%. The vacancy rate in Warsaw is 12% and in suburb locations near 20%. In 2011 the interest in B class warehouses was growing, especially regarding spaces up to 500 sqm located in II zone.

## Rents

Rents depend on location fell into the following ranges:

Zone I - EUR 4.50 to 6.00 per sqm

Zone II - EUR 3.00 to 3.60 per sqm

Zone III - EUR 2.00 to 2.70 per sqm

## Transactions

In 2011 following transactions took place:

- Prologis Park Sochaczew - Procter & Gamble - 50,000 sqm
- Prologis Park Teresin - Solid Logistic - 35,000 sqm
- Panattoni Park Świącice - Tech Data Polska - 17,000 sqm
- One of the largest transactions in B class warehouses in II zone was the lease of 2,700 sqm warehouse and 1,012 office space in Piaseczno by Wamtechnik company, the stock held by Valadu. Transaction was carried out by Ober - Haus Real Estate.



## KRAKÓW

### Residential

#### Prices and rents decline

#### Prices

In 2011, average residential prices fell 5%, to PLN 6,544 (EUR 1,636) per sqm for new developments, and dropped 3% to PLN 7,136 (EUR 1,784) per sqm on the secondary market. In Krakow secondary market apartments have usually much better location and that is mainly why they are priced higher than primary. For the most attractive and luxury apartments near the Main Square in the Old Town prices are from PLN 14,000 to 25,000 (EUR 3,500-6,250) per sqm.

#### Supply

In 2011, 4,882 new flats were built in Kraków, just 3% more than in 2010. After a significant supply drop during 2010, the number of constructed units stopped falling.

#### Demand

The most-often bought apartments were two-room flats with prices not exceeding PLN 250,000 (EUR 62,500) and 3-room flats with prices below PLN 300,000 (EUR 75,000). The most important factor when choosing a flat to buy was the purchase price. Popular among buyers, mainly thanks to lower prices were districts located further from the city centre as Opatkowice.

#### New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 12 428 17 00.

**Malinowe Moderna I** – new investment of Perfect Home Development, located in Opatkowice by Dębskiego Street. Stage I offers 71 apartments, from 33 to 70 sqm. Prices are from PLN 4,950 (EUR 1,237) to PLN 5,300 (EUR 1,325) per sqm. Ober-Haus is the exclusive sale agent.



Malinowe Moderna, Perfect Home Development

**Krakowskie Kamienice Herbowe** - an investment realized by KCI, located in Krowdrza district, at Poznańska Street. Apartments' prices start from PLN 8,070 (EUR 2,018) per sqm. The investment so far includes three buildings: "Wrocław" (72 apartments), "Gdańsk" (80 apartments) and "Poznań" (94 apartments).

**Kaskada Apartments** – an investment realized by Super Krak by Dobrego Pasterza Street, offers 197 apartments of the size 26-92 sqm and commercial areas. Prices start from PLN 6,863 (EUR 1,715) per sqm. Completion planned for 2Q 2012.

**Osiedle Familijne** – a project of 3 buildings realized by Buma Development by Dobrego Pasterza Street, I stage offers 90 flats of the size 32-85. Prices are from PLN 6,400 (EUR 1,600) to PLN 7,800 (EUR 1,950) per sqm. I stage completion – June 2012.

#### Rents

In 2011 rents fell 5% compared to 2010, especially on two-room apartments, which is the largest group on the market. The average rent for a one-room apartment located in typically residential districts is currently PLN 900 – 1,200 (EUR 225 -300). The rent for a two-room apartment is currently PLN 1,100 – 1,800 (EUR 275 -450). The rent for a new build, three-room apartment is PLN 1,500 to PLN 2,200 (EUR 375 - 550).

## Office

### *Rents stabilize as outsourcing grows*

## Supply

The supply of modern office space in Kraków by the end of 2011 amounted to 500,000 sqm. In 2011 the following high standard objects were delivered: Green Office, Quattro Business Park (phase II), Jasnogórska 11 and Kamienica Parkowa. In plans for 2012 - 2013 are Bonarka 4 Business, Green Office (building C), Avia, Quattro Business Park – phase III and Enterprise Park.

## Main Office Developments

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**Diamante Plaza** – a four-storey, A-class building with an area of 10,000 sqm and 193 parking spaces, located in Zabłocie at Dekerta Street. Opened at the end of 2009.

**Centrum Biznesu i Innowacji Copernicus** – located within the Special Economic Zone of Politechnika Krakowska in Kraków – Czyżyny at Jan Paweł II Avenue, this five storey building has 4,340 sqm of office space and 80 parking spaces.

**Centrum Biurowe Lubicz II** – located at Lubicz Street, with 6,000 sqm of modern office space and 317 parking spaces. Opened at the end of 2009.



*Centrum Biurowe Lubicz II, Polonia Property*

**Centrum Biurowe Kazimierz** – the office centre located at Podgórska Street offers 12,600 sqm of a high class office space and 246 parking spaces. The building opened in the third quarter of 2009. The main tenant is State Street.

**Rondo Business Park** - a modern A-class office complex with an area of 17,400 sqm, located in Kraków, on the corner of Lublańska and Bora-Komorowskiego Streets. This investment was completed in two phases. In phase I, in 2007, two buildings were commissioned for use (3 and 14-storey) with a total area of 9,400 sqm, and in phase II, in 2008, a five storey office building with an area of 8,000 sqm. The main tenant is Capgemini.

**Green Office** – modern office of total 21,000 sqm. Complex of three buildings located by Czerwone Maki Street. Completion planned for 2012 (building C).

## New Projects

**Bonarka 4 Business (B4B)** - office centre by Trigranit offering 32,835 sqm of A-class office space spread across four buildings and 470 parking spaces. Completion planned for 2013.

**Quattro Business Park (QBP)** – a modern complex of A-class office buildings with an area of 48,800 sqm. The complex is located at Gen. Bora-Komorowskiego Avenue. It will comprise of four, four storey office buildings. The first phase of the park was completed in 2010, the second in 2011. The entire project will be completed by 2014.

**Avia** – A-class office of 10,845 sqm located in Krakow Special Economic Zone by Jana Pawła II Alley. Completion planned for 2013.

## Demand

In 2011 the activity of the tenants rose. In 2011, 80,000 sqm of office space leases were signed. Of that 45% was renegotiations of existing contracts, and 55% (44,000 sqm) were new leases. Krakow is a well known outsourcing center with potential to grow further, as the outsourcing sector is expected to rent another 50,000 sqm over 2012 and 2013. Growing demand led the vacancy rate to drop to 9% by the end of 2011.

## Rents

In 2011 rents stopped falling. A class office rents now amount to EUR 13.50 - 15.50 (PLN 52-62), while B class rents are from EUR 8.75 - 12.50 (PLN 35 - 50). Maintenance costs range from EUR 2.50 to 3.75 (PLN 10-15) per sqm. The average A class office investment yield is 7.0%

## Retail

### *Growing supply all taken up*

### Supply

The supply of modern retail space in Kraków stands at 680,000 sqm of which 80% are in shopping centres. In 2011 the main new supply in the market was Futura Park in Modlniczka, King Square by Powstańców Wielkopolskich Street, Makro by Zakopiańska Street (second Makro in Krakow), Castorama and the extension of the IKEA shop in Bronowice district.

### Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 12 428 17 00.

**Galeria Krakowska** - adjacent to the Main Station in Kraków. The centre offers 60,000 sqm of commercial space on three storeys. The main tenants are Saturn, Carrefour, Peek & Cloppenburg, H&M, C&A, New Yorker, Reserved, Intersport and Smyk.

**Galeria Kazimierz** - the centre has an area of 36,200 sqm rented out by 160 stores, service points and a multiplex cinema located in the popular Kazimierz district by the Vistula river, 1.5 km from the city centre. The main tenants are Cinema City, Zara, H&M, C&A, Reserved, Alma Market, Empik and Smyk.

**Galeria Handlowa Solvay Park** - a shopping mall located in the southern part of Kraków, at Zakopiańska Street, near Carrefour and Castorama stores. Tenants include MediaMarkt, BOMI, Immedia, ExiSport and Americanos.

**Bonarka City Center** - a commercial and entertainment centre with an area of 91,000 sqm, including 250 commercial venues was opened in November 2009. Tenants include Leroy Merlin, Cinema City, Electro World, Peek & Cloppenburg, Avanti, Zara, EMPiK and Reserved.



*Bonarka City Center, TriGranit Development*

## Recent Developments

**Futura Park Krakow** - modern retail object located in Modlniczka, on the western edge of Krakow. The total area is 44,000 sqm. The object is a two storey shopping gallery and outlet centre. Main tenants are Alma Market, RTV EURO AGD, Super-Pharm, Douglas, CCC, Carry.

**King Square** - shopping center by Powstańców Wielkopolskich Street - first phase was opened by the end of 2010 and second part is was opened in 3Q 2011. Total area is 32,000 sqm in three buildings.

**Makro** - second Makro in Krakow by Zakopiańska Street, completed in 4Q 2011 with over 8,000 sqm.

**Castorama** - located on Bronowice district by Sosnowiecka Street, completed in May 2011 with 9,900 sqm.

**IKEA** - the 6,200 sqm extension of the IKEA shop by Conrada Street, completed in 3Q 2011, increases total area to 27,800 sqm. There are also 1,150 parking places.



## New Projects

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**Bronowice Shopping Centre** – nearby IKEA, a new shopping complex of 150 units with area of 80,000 sqm. The main tenant will be Auchan hypermarket. Construction is planned to start in 2012 and the project should be completed in 2013.

**Serenada** - a commercial and entertainmet center to be built at Dobrego Pasterza Street and Bora Komorowskiego Avenue. Completion is planned for 2012/2013. The centre will offer 80,000 sqm, 140 commercial venues and 1,200 parking spaces.

## Demand

Demand for modern commercial space increased in comparison to 2010 because companies planned expansions what generated interest in retail space. The vacancy rate in 2011 varied among shopping centres from 0 to 6%. For example the retail area in Galeria Krakowska was 100% leased.

## Rents

In 2011 space on the main streets rented for PLN 90 - 300 (EUR 23 - 75) per sqm. Rents in shopping malls range from PLN 75 to 210 (EUR 19 – 53) per sqm, with service charges from PLN 10 to 25 (EUR 2.50 – 6.25) per sqm. The average retail investment yield is 6.3%.

## Industrial

### *High demand supports rents*

### Supply

In 2011 the total supply of warehouses grew to 120,000 sqm. The main logistic developers are Goodman, Biuro Inwestycji Kapitałowych, Panattoni and MK Logistic Park.

### Main Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 12 428 17 00.

**Kraków Airport Logistics Center** - located in Modlniczka, 300 m from the planned Kraków ring road S7. The investment is located on a lot of land of 31 hectares. Exceptionally flexible warehouses, built with attention to the needs of future tenants which at completion will have an area of 150,000 sqm. One of the tenants is the logistics operator KMC Services.

**Witek Airport Logistic Centre** – located in Balice nearby Krakow Airport, offering 12,500 sqm of modern warehouse space.

**MARR Business Park** – production and warehouse with office and social space will offer 14,600 sqm. Completion planned for 2Q 2011.

**Logistic Center Kraków II** - one of the largest and most modern warehouse parks located in Rybitwy, comprises of 11,000 sqm.

**Alstar Centrum Logistyczne** - modern warehouse and office space in Kraków, at Zawila Street. The total warehouse area is 6,000 sqm - currently fully rented out. The property includes 2,100 sqm built for the computer company Veracomp. The investment was completed in 2001.

**Panattoni Park Kraków** - located in Skawina, offers 17,000 sqm of warehouse and office space. The investment was commissioned for use in December 2008. The main tenants are Społeczny Instytut Wydawniczy ZNAK, OSG Polska and DSV Road.

## Demand

In 2011 demand for warehouse space increased, pushing the vacancy rate to drop to 3.5%. In 2012, the demand for warehouse space should continue to grow.

## Rents

Rents for modern warehouse space remain high from PLN 15 to 20 (EUR 3.80 – 5.00) per sqm. Although there has been a large increase in supply, the still high demand for modern warehouses in the Krakow region is keeping rents on a relatively high level.

## Katowice

### Residential

#### Cheap market demands economy

#### Prices

Prices of new flats softened 1.8% in 2011 to PLN 4,905 (EUR 1,226) per sqm. Secondary market apartments prices in older buildings located farther from the centre cost from PLN 2,500 - 3,500 (EUR 625 - 875) per sqm. However one can find apartments in newer buildings in good locations for PLN 7,000 (EUR 1,750).

#### Supply

In 2011, 670 apartments were completed, which was a 43% decrease compared to 2010. The majority of the new flats in Katowice is located in the districts like Ligota, Kostuchna, Piotrowice, and Panewniki. Still there is a lack of new projects in the city centre. III stage of Dębowe Tarasy nearby Silesia City Center is in preparation.

#### New Projects

To buy or rent space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Żeromskiego** – investment of BD Inwestor, located in Ligota district by Żeromskiego Street. 13 apartments of the size from 40 to 62 sqm. Prices start from PLN 4,600 (EUR 1,150) per sqm. Completion date 4Q 2012.

**Francuska Park** – an investment of nine buildings by Francuska Park, by Francuska and Lotnisko Street. The first phase comprises 92 apartments. Prices range from PLN 4,999 - 6,500 (EUR 1,250 - 1,625) per sqm (except top floor apartments). I phase is planned to be completed in 1Q 2013.

**Ligota Park** – a complex of nine, five-storey buildings. 360 apartments located in a green surroundings between Ligota and Brynów. Project is realized by Atal. Last flats offered in prices from PLN 4,950 (EUR 1,240) per sqm.

**Oak Terraces** - over 1,000 new apartments in four stages built in the Silesia City Centre neighbourhood by Hungarian developer Trigranit. The first stage of 250 apartments was successfully sold by Ober-Haus in 2006. III phase is in preparation.

#### Demand

The most demand is for the cheapest and the smallest flats, such as one-room not exceeding PLN 130,000 (EUR 32,500) and two-room below PLN 170,000 (EUR 42,500).

#### Rents

In 2011 residential rents dropped by 4%. The rent for a new three room apartment of 70 sqm located in the city centre is PLN 2,200 - 2,970 (EUR 550 - 742) per month. Similar apartment outside the centre costs PLN 2,000 - 2,690 (EUR 500 - 670). The most important group of tenants are employees of different companies based in Silesia and students. The average residential investment yield is 6.5%.



## Office

### *New space in plans*

### Supply

In 2011 the total modern office supply (classes A, B+ and B) grew 9.5% to 263,000 sqm. Katowice is the leader on the Silesian office market.

### Recent Developments

**Reinhold Center I** – 8,600 sqm A class office space, located by 138 Korfantego Alley. The main tenant is PKP Cargo.

### Supply

In 2011 the total modern office supply (classes A, B+ and B) grew 9.5% to 263,000 sqm. Katowice is the leader on the Silesian office market.

### Recent Developments

**Reinhold Center I** – 8,600 sqm A class office space, located by 138 Korfantego Alley. The main tenant is PKP Cargo.

**Steel Office** – realized by Opal Real Estate, offering 4,800 sqm B+ class modern office space by Chorzowska Street.

### Main Office Buildings:

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Francuska Office Center** – investment of GTC by Francuska Street, buildings A and B offer adequately 11,048 and 10,423 sqm of the modern A-class office space. Completed in 2010.

**Katowice Business Point** – 17,200 sqm of A-class office space located by Chorzowska/ Ściegiennego Streets realized by Ghelamco. Completed in 2010.



*Katowice Business Point, Ghelamco Poland*

**Altus** - with a space of 13,000 sqm, located in the centre of Katowice. Still one of the most modern office building in Katowice. Currently almost 100% space is leased.

**Atrium** – A-class office block with an area of 16,000 sqm, located in the vicinity of Górnośląska Street at the A4 motorway. The building is 80% rented. The main tenants are UPC and Deutsche Bank. The building opened in May 2009.

**Chorzowska 50** – a highly visible office building with 15,000 sqm of rentable office space, the main tenants are Ernest & Young, Mentor Graphics, Kancelaria Prawna Sołtyski Kawecki & Szlak and GEMI.

**Millenium Plaza** - located near the A4 Motorway, opposite 3 Stawy Shopping Centre. The building's 10,500 sqm are leased, with major tenants including Raiffeisen Bank, Pricewaterhouse Coopers, PZU and Era.

**Green Park** - B+ standard office complex. Several buildings located by Murckowska Street. 10,000 sqm was completed in 2008.

## New Projects

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Brynów Center I** – realized by Holdimex, modern A class office space of 7,200 sqm. Completion planned for 2014.

**Silesia Business Park** – developed by Skanska, modern A class office space of 46,000 sqm and 600 parking places in 4 buildings realized in 4 stages by Chorzowska Street near Silesia City Center.

**Neinver Office Building** – building in the complex of new main railway station in Katowice will offer 14,000 sqm in central point of the city. Completion planned - 2013.

## Demand

In 2011 demand for A-class offices stood at the same level as 2010. The vacancy rate was 15% at the end of 2011.

## Rents

In 2011 office rents were stable. Average rent of A-class space is EUR 12.00 – 15.00 per sqm – the rent of B-class space is EUR 9.00 - 11.50 per sqm. Service charges are EUR 3.00 per sqm. An important transaction on the office market was renewal of 5,700 sqm in Altus by Capgemini. Average A class office investment yield is 7.0%.

## Retail

### *Big openings coming*

## Supply

The supply of modern retail space within Katowice and surrounding urban area grew 8% in 2011 to 895,000 sqm. This is the second biggest region after Warsaw offering the second most retail space in Poland.

## Recent developments

**Silesia City Center II** – 20,000 sqm of modern rental space in extension of very popular shopping center in Katowice by Chorzowska Street.

### Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Galeria AGORA** – 25,000 sqm of modern rental space in Bytom with 120 shops. Main tenants are H&M, Cinema City, Martes Sport. Opened in November 2010.

**Silesia City Center** - the largest mall in Silesia with 85,000 sqm developed by Trigranit. Completed in November 2005 comprising of Tesco (15,000 sqm), several restaurants, a cinema and a leisure centre and 250 other shops including Saturn, Zara, C&A, Empik, Reserved, Maks Sport.

**M1** - the first M1 site opened in Poland in 1998. Located near the Katowice-Warsaw route in Czelad , the centre is fully leased, main tenants: Real and Praktiker. The shopping centre was extended in 2008 by 14,000 sqm reaching now 68,250 sqm.

**CH Pogoria** – an investment located in the centre of Dąbrowa Górnicza offers 30,000 sqm, realized by Casino Group Development. Opened at the end of 2008.

**AKS** - opened in April 2005 with an area of 21,000 sqm in Chorzów. Carrefour occupies 10,000 sqm and the rest of space is leased by 50 shops including Reserved, Bata and Cropp Town.

**Dolina 3 Stawów** - a 45,000 sqm centre in an idyllic location surrounded by lakes and a forest near the A4 highway. Main tenants include Real, EURO RTV AGD, Conforama and Go Sport.

**Platan Zabrze** - opened in October 2003, the complex provides 33,000 sqm of retail space with 83 shops and service points. Main tenants include Real, Deichmann, RTV EURO AGD, Carry, CCC, Sephora, Reserved and Go Sport.

**Plejada Bytom** - opened in November 2000 comprises of 80 shops and service points, including Carrefour hypermarket and other high-profile tenants including Promod, Vero Moda, Empik, Jysk, EURO RTV AGD, Vision Express, Maks Sport, Reserved and Bata.

**Focus Park Rybnik** - with a total area of 42,000 sqm, Focus Park Rybnik comprises of 85 shops, numerous restaurants and a multiplex cinema. It was opened fully leased in September 2007.

**Plaza Sosnowiec** - a 33,000 sqm retail building opened in early 2007 in the centre of Sosnowiec. Plaza Sosnowiec is fully leased.

**Forum Gliwice** - with a total area of 46,000 sqm, Forum Gliwice was opened in 2007 and is fully leased.

## New Projects

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Park Handlowy Europa Centralna** – Helical Poland – 67,000 sqm of modern commercial space located at the Sośnica motorway junction, near Gliwice. The first tenants have already signed leases, including Castorama and Media Export. Nearly half the space is rented. Project to open in Q3 2012.

**Gallery Katowicka** – multifunctional object in realization by Neinver as a part of railway station redevelopment scheme. Opening of 53,000 sqm is planned for 2013. One of the biggest tenants will be multiscreen cinema complex



Galeria Katowicka, Neinver

## Demand

Vacancy rose to 3%. The demand for modern space in the commercial centres is still very high but supply is also growing. The most popular among potential tenants are small spaces (50 – 100 sqm) on the main shopping streets.

## Rents

The average rent in Katowice shopping centres is EUR 30-45 per sqm, while spaces in the best locations like Silesia City Center and Galeria Katowicka range between EUR 45- 55 per sqm.

Average rent of retail space on main streets of Katowice range from PLN 70 - 200 per sqm (EUR 18 - 50) per month. The average retail investment yield is 6.2%.

## Industrial

### *Strong demand drives down vacancies*

## Supply

By the end of 2011 the total modern warehouse space within Upper Silesia region reached 1,200,000 sqm. An additional 80,000 sqm is currently under construction. Investors have plans to extend existing warehouse parks according to actual and future tenants' needs. The main investors on the market are ProLogis, Panattoni, Segro and Millennium Logistic Park.

## Existing Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

**Ślaskie Centrum Logistyczne Alliance** – an investment by Menard Doswell with planned area near 90,000 sqm (existing 56,800 sqm), 20 km from Dabrowy Górniczej, at the back of commercial centre M1 in Czeladź. Main tenants are: Agata Meble and Eurocash.



**ProLogis Park Chorzów** - the investment with a total warehouse and office space of 145,700 sqm in seven buildings in Chorzów. Further extensions are planned to reach a total of 330,000 sqm.

**ProLogis Park Dąbrowa Górnicza** - total existing warehouse and office space is 144,000 sqm. Close to E40 and E75 routes.

**ProLogis Park Będzin I,II** - Park Będzin I, with an existing space of 34,100 sqm, is located close to A4 motorway and E75 international road. There are plans of further space extension of 22,000 sqm. Carrefour is the main tenant. Park Będzin II comprises of three buildings of total 48,000 sqm.

**ProLogis Park Sosnowiec** - the investment of two buildings with a total space of 47,000 sqm, along E40 and 12 kilometres from A4 motorway.

**Silesian Logistic Center** - the investment of planned area of 65,000 sqm (existing 35,000 sqm), located in Sosnowiec, by S1 road and only 4 km away from A4 motorway junction.



*Silesian Logistic Center, Biuro Inwestycji Kapitałowych S.A.*

**Tulipan Park Gliwice** - located by the A4 motorway and close to planned A1, with 200,000 sqm planned modern warehouse space.

**Segro Business Park Gliwice** - located in Katowice Special Economic Zone, six kilometres from the centre of Gliwice, near 88 national road leading to A4 motorway. Segro Business Park Gliwice offers 10,000 sqm area for offices, small warehouses and small production. Available units from 300 sqm to 3,000 sqm.

**Diamond Business Park Gliwice** - AIG Lincoln development of 45,000 sqm next to A4 motorway. Phase I and II completed in 2006 - 2008.

**Panattoni Bielsko-Biała** - Biała - an investment located several kilometres from Bielsko city centre, within a close proximity to E75 international road offers 26,000 sqm. In total 85,000 sqm is planned to be provided.

**Logistic Terminal Promont Tychy** - with a space of 70,000 sqm by 44 national road next to the FIAT factory.

**Millennium Logistic Park Tychy** - warehouse park of a planned 85,000 sqm (with additional 5,000 sqm for offices) in the area of the Katowice Special Economic Zone, near 44 national road and E75 international route. Main tenants are Logpol, BOS Automotive, Navo Polska Grupa Dystrybucyjna, and Aweco Appliance Polska.

## GDAŃSK-SOPOT-GDYNIA

### Residential

#### High supply pushes down rents and prices

#### Supply

In 2011, 5,617 flats were delivered in Tricity mostly on the city edges. Buyers have a wide choice among offers from completed investments and projects still under construction. More popular are turnkey finished flats. The majority of projects are realized by local developers like Invest-Komfort, Allcon, Hossa, Ekolan, Panorama and Eurostyl but there are also new outside investors like LC Corp.

#### Prices

Residential prices dropped 2% in 2011 to average PLN 5,450 (EUR 1,363) per sqm. Prices for new flats are PLN 3,700 – 12,000 (EUR 925 – 3,000) per sqm. The highest prices were traditionally on the sea coast strip (Sopot, Gdynia Orłowo, Gdańsk Brzeźno and Jelitkowo) and in the Old Town in Gdańsk. Apartments in these regions reached prices of PLN 8,000 - 16,000 (EUR 2,000 – 4,000) per sqm. The highest prices were noted in Neptun Park, Osada Rybacka, Szafarnia and Sea Towers. On the secondary market, in the suburban districts, prices were PLN 3,700 to 5,700 (EUR 925 - 1,425) per sqm, while in the city centre they wave from PLN 5,000 to 10,500 (EUR 1,250 - 2,625) per sqm and in the coastal districts, and in the Old Town, PLN 7,000 to 16,000 (EUR 1,750 - 4,000) per sqm.



Wzgórze Magellana, Castel Sp.z o.o

### New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 58 520 40 99.

**Kosakowo near Gdynia – Ekolan** – a complex of seven four storeyes buildings offering total 187 flats from 35 to 80 sqm. Prices start below PLN 5,000 (EUR 1,250) per sqm. Completion date is 3Q 2012.

**Gdańsk Przymorze, Albatros** – Robyng – an investment of five seventeen floor buildings offering over 600 apartments. Project is located in the city centre. Completions of I stage is planned for 4Q 2012.

**Gdańsk Morena, Central Park** – Hossa – a complex of two sixteen floor buildings offering in total 200 flats. The investment is located in heart of Morena – one of the most dynamic developing districts of Gdańsk, very good communicating with the city centre. Prices vary from PLN 4,800 (EUR 1,200) to PLN 6,542 (EUR 1,635) per sqm. Completion date 4Q 2012.

**Gdynia Redłowo, Altus** – Invest Komfort – seven buildings from five to sixteen floors offering 250 apartments. Prices are from PLN 5,700 to 10,670 (EUR 1,425 – 2,667) per sqm. Investment is located by the main road of Gdynia – Zwycięstwa Alley. Completion date 4Q 2012.

### Demand

In 2011, the most popular flats were two-room with prices up to PLN 250,000 (EUR 62,500) and three-room ones below PLN 300,000 (EUR 75,000). Thanks to the government's loan subsidy program for young families the most popular were flats on the primary market fitting its price limit requirements, which in Gdańsk at the beginning of 2012 is PLN 5,092.50 per sqm (EUR 1,273).

### Rents

Thanks to an increasing supply of apartments for rent, rents fell by 5% in 2011. The supply of apartments for rent rose because the owners decide to rent either then sell them in unattractive price. A one-room apartment rents for PLN 700 - 1,200 (EUR

175 - 300) a month. A two-room apartment rents for PLN 800 to 2,200 (EUR 200 - 550), and a three-room apartment rents for between PLN 1,200 and 3,000 (EUR 300 - 750). The highest rent in Tricity were in the Gdańsk Old Town and in the Sea Towers skyscraper in Gdynia. The average residential investment yield is 4.5%.

## Office

### *New projects hit rents*

### Supply

The total supply of office space in the tricity of Gdańsk, Gdynia and Sopot grew by 15% to 367,000 sqm. Nearly 60% of the total Tricity office space is located in Gdańsk. The most active are local developers like Hossa, Euro Styl, Allcon, Torus and TPS. In 2011, a I stage of Olivia Business Centre – Olivia Gate – was completed offering 18,000 sqm of the modern office space. Hines developer started construction of 15,860 sqm office building in Tricity – Neptun – located in Gdańsk Wrzeszcz. Additionally BCB Business Park are under construction and several new projects are planned for 2012.

### Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

**Arkońska Business Park** – 29,000 sqm in Gdańsk at Arkońska Street, developed by the Tricity company Torus. Main tenants are GE Money Bank and First Data Global Services.

**Łużycka Office Park** – 22,500 sqm A class office space in Gdynia at Łużycka Street developed by Allcon. One of the building was realized for Det Norske Veritas Poland Real Estate.

**Sea Towers – Gdynia** – the highest residential/office building in Poland, developed by Invest Komfort, includes 4,100 sqm of office space.

**Centrum Majkowskiego** - office/parking building developed within a large project called Centrum Sopotu. The building has an area of 3,700 sqm. The main tenant is company NDI and its subsidiaries.

## New Projects

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

**Oliwia Business Centre** – investment of TPS of 120,000 sqm office space will be the biggest office centre in the Northern Poland, located in Gdańsk centre by Grunwaldzka Avenue.

**BCB Business Park** – in total the complex of five buildings will offer 90,000 sqm of modern office space, conference centre and hotel located by the Gdańsk Airport. Construction of first building of 12,000 sqm will be completed in 2012. Completion of the whole complex is planned for 2015.

**Alchemia** – Torus multifunctional complex of seven eleven-storey buildings located in Gdańsk by Grunwaldzka Avenue. First stage will deliver 21,000 sqm in two buildings in 2012/2013.

**Hines Neptun** – on the site of the former Neptun Mall, Hines will construct an 80 m high office and conference tower offering 15,860 sqm office space. The investment is under construction.



*CB Neptun, Hines*

## Demand

In 2011 the vacancy rate was 8%. The majority of companies looked for up to 500 sqm offices located in the city centre. Many tenants moved up to new modern A and B+ class office spaces .



## Rents

In 2011 rents dropped due to growing supply to EUR 10.00 – 15.00 per sqm for A class. And for B class office buildings EUR 9.00 – 14.00 per sqm, with additional service charges from EUR 3.00 – 6.00 per sqm. The average A class office investment yield is 7.2%.

## Retail

### Less vacancy

### Supply

In 2011, Morski Park Handlowy of 26,000 sqm was completed in Gdańsk. The total retail space in Tricity (Gdańsk - Gdynia - Sopot) is 686,000 sqm. New retail space is currently being constructed, including extensions of Morski Park Handlowy (another 20,000 sqm), Galeria Bałtycka and CH Wzgórze.



*Morski Park Handlowy, Liebrecht & Wood*

**Park Handlowy Matarnia** - located in Gdańsk Matarnia at Złota Karczma Street, with a total area of 68,000 sqm. The main tenants are OBI, Media Markt, C&A, BOMI, EMPIK.

**Port Rumia Centrum Handlowe Auchan** - in Rumia, at Grunwaldzka Street. Its commercial area is 11,000 sqm. Completely rented out by tenants such as Auchan, Leroy Merlin, and C&A.

**Centrum Handlowe Klif** - in Gdynia-Orłowo by 256 Zwycięstwa Alley, offers 30,000 sqm of retail space in 150 shops. Klif Gdynia is a centre of fashion and style with such exclusive brands as MaxMara, Patrizia Pepe, Escada Sport, Guess, TruTrussardi, Stefanel, Pollini and Tommy Hilfer, and clothes for whole family like Zara, H&M, M&S, Cubus, Kappahl. The shopping centre offers a wide choice of interior decoration shops, jeweller's and beauty and healthcare shops. There is four storey detached parking building.

**Galeria Przymorze** – shopping centre located in district Przymorze, with 23,000 sqm of retail space and 100 shops and a hypermarket E.Leclerc, at the junction of Chłopska and Obrońców Wybrzeża Streets, opened in 2009.

### Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

**Galeria Bałtycka** - located in Gdańsk Wrzeszcz, totals 123,000 sqm, of which 45,000 sqm is retail space. The main tenants are Saturn, Carrefour, Peek & Clopenburg.

### New Projects

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

**Centrum Handlowe Wzgórze** – Mayland Real Estate is still extending the centre. After extension the center will be 65,000 sqm (actually 23,000 sqm). Planned completion 2Q 2013. Main tenants are Real and Intersport.

### Demand

In 2011 the vacancy rate stayed low at 3%. Still the most popular centres have a list of tenants waiting for a space to rent.

## Rents

In 2011 rents were stable with some reduction on high streets. Rents for units of 100 sqm were PLN 100 - 200 (EUR 25 - 50) per sqm. Exceptional, well exposed small locals cost even PLN 280 (EUR 70) per sqm. Larger spaces rented for PLN 50 - 100 (EUR 12.50 - 25.00) per sqm. Commercial areas located by high streets were less popular and rents for locals up to 50 sqm decreased to PLN 80 - 150 (EUR 20.00 - 37.50) per sqm. The bigger 100 sqm locals cost PLN 60 - 120 (EUR 15 - 30). The average retail investment yield is 6.3%.

## Industrial

### *Logistic Tricity will grow soon*

### Supply

The Tricity area offers nearly 130,000 sqm of warehouses fulfilling the top standards. Thanks to the dynamic development of the sea ports and road constructions like the A1 highway, and the south Tricity ring road, the logistics role of the Tricity area will grow soon. Australian Goodman company is going to develop nearly 700,000 sqm of warehouse and industrial space in the next ten years. Panattoni Park Gdańsk is now being extended.



*Kowale 2, 7R Logistic*

### Major warehouses

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

**Logistic Center** - Pruszcz Gdański, at Zastawna Street, offers an area of 10,000 sqm. The main tenants are Nagel Polska, LPP, Crown Packaging. Completed in 2007.

**Panattoni Park Gdańsk** - is located 4 km from downtown Gdańsk by the southern Tricity ring road and the national road 7. The distance to the port is 2 km. It will offer a total of 43,000 sqm of warehouse and production space for medium and large tenants.

**ProLogis Park Gdańsk** - at Bysewska Street, in the vicinity of the ring road. It offers the tenants 91,000 sqm of modern warehouse space. The main tenants are Emperia Holding, Solid Logistics, Marcopol, Lekkerland, DSV, C.Hartwig Gdynia, Iron Mountain, DHL/Exel, Schenker. Completed in 2007.

**Centrum Magazynowe Hutnicza** - in Gdynia at Hutnicza Street offers 12,000 sqm of warehouse space and 1,653 sqm of office space. The building was completed in 2007.

### Demand

Demand for modern warehouse space in the Tricity is growing. There is even demand for old warehouses thanks to lower rents. The vacancy rate is only 5.5%.

### Rents

Rents for modern warehouse space remained stable from PLN 14 to 16 (EUR 3.50 - 4.00) per sqm, and the smallest areas available for rent were those of even 500 sqm. In buildings of former factories and old warehouses the prices are significantly lower from PLN 5 to 8 (EUR 1.25 - 2.00) per sqm.

## POZNAŃ

### Residential

**New development prices fall on demand for smaller units**

#### Supply

The estimated number of apartments completed in Poznań in 2011 is 2,499 which is 22% less than in 2010. Most new flats are developed in Old Town (Centre and Winogrady) and Grunwald. The most active developers are Ataner, Wechta, Murapol, Nickel, Family House and Agrobex.

#### Prices

In 2011 the average price of new apartments dropped 14% to PLN 5,670 (EUR 1,417) per sqm. In the city centre the average price of new flats is PLN 7,300 (EUR 1,825) per sqm and in the suburbs PLN 4,500 – 5,500 (EUR 1,125 – 1,375) per sqm.

The average price on the secondary market decreased by 2% to PLN 5,700 (EUR 1,425) per sqm. In the city centre average price is PLN 6,000 (EUR 1,500) per sqm and in the suburbs PLN 5,500 (EUR 1,375) per sqm.

#### New Projects

To buy or rent flats in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Kamienica za Teatrem** – 160 apartments with an area up to 90 sqm developed by Nickel at Dąbrowskiego Street. The apartments are offered in the price of PLN 6,500 - 7,500 (EUR 1,625 – 1,875) per sqm. Completion date in Q3 2012.

**Kolejowa** – investment of Wechta, located by Kolejowa Street, 200 apartments with an area 26 – 68 sqm. The prices start from PLN 5,500 (EUR 1,375) per sqm. Completion planned for Q1 2012.

**Osiedle Wilczak** – realized by Agrobex, located in the Old Town, 86 apartments with prices from PLN 5,300 – 6,500 (EUR 1,325 – 1,625) per sqm. Completion date in September 2012.



Wilczak 20, Agrobex

**Nowe Winogrady** – 240 apartments in I stage with an area 25 – 101 sqm developed by Murapol in Winogrady district. The prices vary from PLN 5,300 – 6,300 (EUR 1,325 – 1,575) per sqm. Completion date in Q1 2013.

**Perła** – 94 apartments realized by Family House by Kosińskiego Street. The apartments are from 35 – 70 sqm. The prices are PLN 4,500 – 5,400 (EUR 1,125 – 1,350) per sqm. Completion planned for Q3 2012.

#### Demand

On the secondary market, the most popular are two room flats up to 55 sqm. In case of the primary market, the most popular are two and three room flats of 45-63 sqm. The price near PLN 340,000 (EUR 85,000) for an apartment was most common on the market.

#### Rents

In 2011 average one room apartment rent is PLN 1,000 – 1,200 (EUR 250 – 300). Rent for two room, varies between PLN 1,300 and 1,500 (EUR 325 – 375), while a three room apartment costs from PLN 1,800 to 2,300 (EUR 450 – 575). Prices in the city centre are much higher, for a two room apartment the rent is PLN 3,000 (EUR 750). The average residential investment yield is 5.5%.

## Office

### *Vacancy up as supply outpaces demand*

### Supply

The office market is growing gradually. In 2011 the total stock was 255,500 sqm. The main new offers are Malta Office Park building F delivering 5,800 sqm and Murawa Office Park with 4,100 sqm.

### Recent developments

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Murawa Office Park** – 4,100 sqm of modern A class office space located by Murawa Street developed by Alco Investment. Main tenants: Biotronic, Monini.

### Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Globis** - 13,000 sqm of class A office space, built by GTC in 2003, located in the city centre at Roosevelta Street. The building is 95% let to tenants like BPH, Bertelsmann and others.

**Andersia Tower** - office block provides 42,518 sqm of space, located by Andersa Square nearby the Poznan Financial Centre and Sary Browar. Developed by Von der Heyden Development. Project was created by Ewa and Stanislaw Sipinski Architectural Studio. The main tenant is Franklin Templeton Group. Other tenants include Ernst & Young, Grafton Recruitment, IKB Leasing Polska and there is also a four-star hotel of IBB chain.

**Poznańskie Centrum Finansowe** - the first A class office building in Poznań, located at 5 Andersa Square, completed in 2001 with 16,600 sqm of an office area. The building is fully let, the main tenant is BZ WBK Bank.

**Nowe Garbary Office Centre** - office block built by Property Group Meermann Chamartin. This six-storey, modern building is located in the city centre. Total space amounts to 8,000 sqm, including 1,080 sqm on the ground floor for commercial purposes and services, 6,850 sqm for offices. The building is 95% let, main tenants include Carlsberg, Millennium Bank, Allianz Bank, Fielmann, Carry. The investment completed in August 2008. Ober-Haus was an exclusive agent in leasing the office building.

### New Projects

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Victoria Business Center** – 4,800 sqm A class office in the centre of Poznań realized by Monti. Completion planned for Q1 2012. Ober-Haus is an exclusive agent in leasing the office building.



*Victoria Business Center, Monti*

**Okraglak** – after renovation it will provide over 5,000 sqm of modern office space to let. Building realized by Immobil, will be equipped in Building Management System, technical floor, modern air conditioning system, controlled access and other facilities. Investment is planned to be completed in Q3 2012.

**Andersia Business Centre (ABC)** – modern A class office and retail building located by Andersa square, will have in total 20,500 sqm of which 11,000 sqm is an office space and 2,250 sqm is retail. Completion date in Q3 2012.



## Demand

Demand for areas of 500 to 1,500 sqm was growing in 2011. The most important tenants were IT, finance and insurance companies. In the end of 2011 the vacancy rate grew to 10% due to still growing supply.

## Rents

Rents for A class at the end of 2011 stood at EUR 14.00 – 17.00 per sqm. B and C class office were between EUR 10.00 – 13.00. Service charges range from EUR 3.00 to 4.50 per sqm. Ober-Haus estimates rents in 2012 will drop by 5-7% due to more supply outpacing demand. The average A class office investment yield is 7.2%.

## Retail

### *Galleries more popular than high streets*

## Supply

In 2011 there was 510,000 sqm of modern retail space in Poznań. The density of retail space in Poznań is 920 sqm per 1000 inhabitants and is the highest in Poland. In 4Q 2012 Ataner is planning to open shopping gallery MM by Św. Marcina and Marcinkowskiego Streets, in 2Q 2013 Łacina shopping center and in 2014 Metropolis by Hetmańska Street.

### Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Galeria Malta** - the investment of the Spanish Neinver company located at the junction of Baraniaka and Katowicka Streets, includes a total 162,000 sqm of which 54,000 sqm is for retail and entertainment. There are 170 shops and service points and a multiplex cinema. Tenants are major brands such as Piotr & Paweł, Zara, C&A, Marks & Spencer. Gallery opened in the spring of 2009.

**Green Point** – Investment developed by Monoblok Poznańskie Nieruchomości, located in Wilda district at the junction of Hetmańska, Fabryczna and Pamiątkowa Streets. Green Point offers residential, office and retail space. The retail part has 6,000 sqm of space, leased by Piotr & Paweł, Alior Bank and a tourist agency. Green Point Gallery opened in April 2009.

**Galeria City Park** – located nearby Poznań International Fairs by 26a Wyspiańskiego Street. Total space of 2,240 sqm is 95% leased. Main tenants are: Alma, Nordea bank, Axa, Drogeria Natura, Ice Cafe and I coffee.

## New Projects

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**Galeria MM** – realized by Ataner by Św. Marcin and Marcinkowskiego Street, will offer 33,600 sqm of retail space. Completion planned for 4Q 2012.

**Galeria Metropolis** – to be developed by Echo Investment at the junction of Dmowskiego, Krauthofera and Hetmańska Streets. The total space of the mall will be 340,000 sqm of which 76,000 sqm will be intended to let to retail, comprising 280 shops, including a hypermarket, household appliances & audio-video devices market, a multiplex cinema, and bowling alley. Recreational part will comprise pubs, clubs, restaurants, cafes and a playground. There will be also a car-park with 3,000 places. Opening date in 2014.

**Centrum Handlowe Łacina** - located at the Rataje roundabout, on the right bank of Warta river, the space totals 108,000 sqm. The main tenants are Carrefour, Zara, Empik, 20 restaurants and Multikino with 16-screens. The centre is developed by a French company APSYS Group. Opening is set for 2Q 2013.

## Demand

Demand remains strong, and the vacancy rate in the main shopping malls is close to 0% and in the less attractive shopping galleries the vacancy rate is 4%. There is still much space available on retail high streets however in 2012 demand is expected to grow.

## Rents

In 2011, the rents on high streets in the centre, stood at the level of PLN 60 - 140 (EUR

15-35) per sqm. However the most attractive areas may cost even PLN 240 (EUR 60).

The best spaces in shopping galleries rent for EUR 30 to 45 per sqm plus service charges of EUR 2-7 per sqm. Rents in 2012 are expected to be stable. The average retail investment yield is 6.3%.

## Industrial

### *Rising demand, falling vacancy*

### Supply

In 2011, the total modern warehouse space in the Poznań region grew 11% to 925,000 sqm of which almost all is located outside the city borders in Tarnowo Podgórne, Gądko, Swarzędz and Komorniki. Existing parks have further extensions in progress.

### Major Developments

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

**ProLogis Park Poznań I, II** - located 15 km west from Poznań city centre, opposite to each other, on both sides of E30. ProLogis Park Poznań comprises of four buildings with 44,000 sqm of total warehouse and office space. ProLogis Park Poznań II comprises of seven buildings and provides a space of 122,600 sqm (1st stage – 45,000 sqm).

**Panattoni Park Poznań I, II** - located 12 km from central Poznań at the junction of two important communication links, the national road 11 linking Poznań-Wrocław, and the A2 east-west motorway. In total the investment will provide 120,000 sqm of warehouse space. H&M is the biggest tenant.

**CLIP Centrum Logistyczno-Inwestycyjne** - located in Swarzędz at the E30 international road Warsaw-Poznań-Berlin. In total, two warehouses provide 75,000 sqm of space, including 2 000 sqm of

office space. Main tenants: Panopa Logistik, Bertelsman, Volkswagen Poznań, Kulczyk Tradex and Mercedes-Benz.

**Tulipan Park Poznań** – modern project located in Komorniki, in the vicinity of the national road 5 and the A2 east-west motorway, developed by Slough Estates. Total warehouse space amounts to 250,000 sqm. The size of a minimum module to let starts from 2,500 sqm. There are wide internal roads, room for manoeuvre and a car park for lorries.

**Point Park** - investment of Point Park Properties in Gądko 5 km from A2 motorway, 1.2 km from road 11 and only 10 km from Poznań. Existing space – 39,600 sqm in two buildings is fully leased. In total there will be 176,400 sqm of modern warehouse space. Main tenants are PF Concept International, Norbert Dentressangle, Transpol.

**Centrum Magazynowe ul. Mogileńska** – Logistic Center Mogileńska - an investment of Heye Polska is located by road 92 in Poznań - 10,800 sqm.



*Centrum Magazynowe ul. Mogileńska, Heye Polska*

### Demand

Demand in 2011 was in upward tendency. Vacancy rate dropped to 4.5% in 2011 from 6.5% in 2010. The largest transaction on the market was a 30,000 sqm build to suit agreement between Goodman and Amica.

### Rents

Asking rents for modern warehouses are EUR 3.00 – 4.00 (PLN 12 - 16) per sqm and effective EUR 2.50 – 3.00 (PLN 10 - 12). Rents in 2012 are expected to rise moderately.

## ŁÓDŹ

### Residential

#### Prices soften and development slows

#### Supply

In 2011, 1,526 apartments were delivered in the city of Łódź, a 27% decrease compared to 2010. Many new developments were realized in Polesie and Górna districts. MAXBUD, Emerald Development, Real Development, SGI Baltis, LC Corp, Profit Development are the most active developers on the Łódź market.

#### Prices

In 2011, new apartment prices on the Łódź primary market dropped 2.3% to average PLN 4,900 (EUR 1,225) per sqm, while prices of secondary market apartments decreased by 1.2% to the average level of PLN 4,023 (EUR 1,005) per sqm. Prices of apartments which require renovation, located in the outskirts, ranged from PLN 3,000 to 3,400 (EUR 750-850) per sqm. The most offers on the primary market were priced from PLN 4,600 to 5,400 (EUR 1,150-1,350) per sqm.

#### New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 42 637 12 25.

**Poznańska 26** – MAXBUD Development – located by Poznańska nearby Kilińskiego Street. 10 apartments from 48 – 66 sqm. Prices from PLN 4,500 (EUR 1,125) per sqm. Completion planned in Q3 2012.

**Solaris Park** – Studio 3 – an investment of 96 apartments and 10 commercial areas located in the strict city centre, in direct neighborhood of Sienkiewicza park. Prices from PLN 6,900 (EUR 1,725) per sqm. Completion planned in Q2 2012.

**Apartamenty Legionów** – Emerald Development – an investment by Legionów Street, which offers 32 apartments of the size 33 – 160 sqm. Prices from PLN 4,500 to 6,190 (EUR 1,125 – 1,548). Completion planned in Q1 2012.



Legionów 61, Emerald Development

#### Demand

The most popular on the secondary market were 45-60 sqm apartments. On the primary market, the most popular are three rooms apartments of the average 60 sqm.

#### Rents

Rents were unchanged in 2011. A monthly rent for a one-room apartment with an area of 25 - 35 sqm stands at PLN 500 - 1,000 (EUR 125 - 250). Renting a two-room apartment of 36 - 50 sqm costs PLN 800 to 1,600 (EUR 200 - 400), mainly in the districts of Polesie and Widzew. Renting a downtown apartment with an area of 50 - 60 sqm costs monthly from PLN 1,400 to 2,000 (EUR 350 - 500). In the strict city centre, renting an apartment over 70 sqm costs of PLN 2,800 to 5,000 (EUR 700 - 1,250). The average residential investment yield is 6.3%.

## Office

### Oversupply

### Supply

In 2011 the supply of modern office space was unchanged. A and B-class office space in Łódź totaled 222,000 sqm in 2011. Some projects like Green Horizon by Skanska and Aurus by EchoInvestment are under construction. The market offered modern A, B+ and B-class space, concentrated mostly in the strict city centre at Piotrkowska, Piłsudskiego, Kościuszki and Sienkiewicza Streets. Thanks to new realizations in 2012 the Lodz office market should grow by next 50,000 sqm.

### Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

**University Business Park** - developed by GTC, modern A class office of 37,500 sqm located by Wólczańska Street.



*University Business Park, GTC S.A.*

**Zenit** – a high class office development (4,000 sqm) built by Zenit at Sienkiewicza Street 82/84. Project combines modernity with historical buildings of the city. 85% of the building is leased.

**Sterlinga Business Centre** – realized by Hines by Sterlinga Steet nearby The Great Theatre offers 13,300 sqm of A class office space. Building opened in 4Q 2010.



*Sterlinga Business Center, Hines*

**Cross Point** – built by Mermaid Properties at Rydzia-Śmigłego 20 Avenue. The office building is an effect of revitalization and superstructure of the former Próchnik company building. It offers 12,500 sqm of office space. 75% of the building is leased.

**Textorial Park** – by St. Paul's Developments located at Fabryczna Street. The complex comprises of tree independent, A-class office blocks, connected by a glazed atrium. 11,600 sqm to lease, 75% of the complex is leased.

**Forum 76** – by Virako – A class office of 7,000 sqm located on the corner of Piłsudskiego and Kopcińskiego Streets. 80% of the building is leased.

### New Projects

**Green Horizon** – Skanska Property – located by Solidarności Roundabout, 30,000 sqm of modern office space. Completion planned in Q4 2012.

**Aurus** – Echo Investment – located by Piłsudskiego Alley, 20,000 sqm of modern office space realized in two stages. Construction of first phase will start in 2012.



## Demand

The vacancy rate of A and B class buildings dropped to 19% but it is still the highest rate among the main cities of Poland. The most demand is for office space with rent not exceeding PLN 35 per sqm (EUR 8.75) plus service charges.

## Rents

In 2011 rents for A-class offices ranged from PLN 45 to 60 (EUR 11.50 – 15.00) per sqm. Effective rents were lower than asking rents by 5%. Rent prices for B-class space fell to PLN 30 to 40 per sqm (EUR 7.50 – 10.00) and in case of C-class buildings the rents amounted to PLN 20 – 30 (EUR 5.00 – 7.50) per sqm. In 2012, we anticipate no growth of demand and so effective rents will not change. The average A class office investment yield is 7.0%.

## Retail

### High demand

### Supply

In 2011, retail space supply stood at 497,000 sqm. There are 13 big shopping centres in Łódź, the largest being Manufaktura, Galeria Łódzka and Port Łódź. In Łódź the density of retail space is 669 sqm per 1000 inhabitants.

### Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

**Galeria Łódzka** - a shopping mall completed in 2002 by ECE, located on Piłsudskiego Avenue. The total retail area is 45,000 sqm. The main tenants are Media Markt, Tesco, Cubus, Benetton, C&A, Reserved, Cromptown and House.

**Manufaktura** - a shopping and entertainment centre, developed by Apsys. One of the largest in Poland, located in downtown Łódź, has 110,000 sqm of commercial space, as well as restaurants, museums, galleries. The main tenants are Leroy Merlin, Cinema City, Go Sport, Electro World, Real, H&M and Jysk. Additional advantage of the shopping center is a new 4 star hotel Andel's opened at Ogrodowa Street.

## New Projects

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

**Sukcesja** – Fabryka Biznesu – a retail and entertainment complex located on the corner of Politechniki and Mickiewicza Alley. 54,000 sqm will offer shops, cinemas, offices and 4 star hotel. Investment is waiting for building permit.

## Demand

Demand for retail space in Łódź is high. In 2011 the vacancy rate in shopping centres was 2.9%, more available space is still in Port Łódź. The most interest was for retail space in shopping centres (50 – 150 sqm) and space located on the main shopping streets (especially Piotrkowska, Piłsudskiego, Kościuszki and Zachodnia Street).

## Rents

In 2011 rents in shopping centres stood at the level of PLN 120 – 150 (EUR 30.00 - 37.50) per sqm. Service charges were o PLN 20 – 25 (EUR 5.00 - 6.25) per sqm. Rents for space in the city centre and by the main streets, for example Piotrkowska Street were on average PLN 90 (EUR 22.50) per sqm. Large areas were slightly cheaper. In 2012 rents should remain the same. The average retail investment yield is 6.2%.

## Industrial

### *New locations met by strong demand*

### Supply

Supply of modern warehouse space is concentrated in logistics parks in Łódź, Stryków, Piotrków Trybunalski, and Rawa Mazowiecka. The new supply of 59,000 sqm was developed in Pabianice (Goodman) and Radomsko (Panattoni). In 2011 there was a total of 974,000 sqm, a 8% growth comparing to 2010.

### Main Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

**Łódź Logistics Centre** – logistic park realized in Pabianice by Lutomska Street by Goodman. Stage I of 27,000 sqm warehouse space was delivered for six tenants from the food and industrial products distribution sector. Stage II of 9,500 sqm is under construction for Philips Lighting Automotive.

**Panattoni Radomsko** – new modern logistic park of 32,000 sqm of build to suit space for Manuli Hydraulics Manufacturing, located in Radomsko directly by the E75 route linking Warsaw and Silesia.

**Tulipan Park Łódź** – investment by SEGRO, located at the corner of Hetmańska and Rokicińska Street, offers 30,000 sqm of warehouse space. Main tenants are Pol Fret – French group Clement, JasFBG, Rohlig, Dyrup and Sercom Solution.

**Tulipan Park Stryków** - an investment by SEGRO, located 16 km from central Łódź, nearby the A2 and 3 km from the junction with the A1 highway. Total warehouse space is 400,000 sqm. Main tenants are Komfort, Azymut, Corning, Investa.

**ProLogis Park Stryków** - warehouse park developed by ProLogis, 14 km from downtown Łódź. Total warehouse space is 115,500 sqm.

**ProLogis Park Piotrków, ProLogis Park Piotrków II** - developed by ProLogis. This warehouse park is located by the crossing of routes A1 and E-67, the target space is 109,000 sqm and 125,000 sqm (II). Main tenants are Ahold, NOMI, Unilever.

**Panattoni Park Łódź East** - located in Widzew – Olechów district directly by the planned junction of the A1 highway. Offers 157,000 sqm of the highest quality warehouse space. The Park was honored by prestigious prizes such as CEE Quality Award and The Cepif & International Herald Tribune CEE Best Project Awards.

**Panattoni Business Center Łódź** – located in south-east part of Łódź, by the corner of Puszkińska and Dostawczej Streets at the area of Łódzka Special Economic Zone. Total park area equals 18,000 sqm.

**Panattoni Park Łódź South** – located by Graniczna Street, nearby A1 highway direction Katowice. Centre offers in total 28,000 sqm of modern warehouse space.



*Panattoni Park East Łódź, Panattoni Europe*

### Demand

Thanks to the very good central location of the Łódź warehouse region, many companies are interested in leasing space here. The region is most popular among logistics operators and retail chains. The vacancy rate decreased in 2011 to 12%.

## Rents

In 2011 rents were between EUR 3.00 – 4.00. Effective rents for warehouses are much lower thanks to supply of many old or renovated warehouse buildings in this region and vary from EUR 2.00 – 3.00 per sqm. For small warehouse areas tenants have to pay 15% more than average rents.

## Selected Legal Aspects Pertaining to Residential Real Estate

### Legal Title to Real Estate, Real Estate Registry

The main forms of ownership of residential real estate in Poland are as follows:

1. separate ownership of premises (ownership right to premises with an interest in the common real estate, e.g. roof, staircase, external walls, elevators, parking slots under the building);
2. ownership or co-ownership of landed real estate, developed or undeveloped;
3. co-operative member's ownership right to residential premises.

Additionally, the Polish legal system provides for another form of exercising the actual control over real estate in the scope similar to the right of ownership, i.e. the right of perpetual usufruct right established on real estate being the property of a commune or the State Treasury. The said right is negotiable, entitles to exercise actual control over real estate in the capacity of an owner, but is associated with the obligation to pay fees for the benefit of the commune or the State Treasury.

There is a possibility of transformation of the perpetual usufruct right into the ownership right. That transformation is charged with a fee and gets executed through an administration proceeding.

### Presumption of the Truthfulness of Entries in the Real Estate Register

The ownership title to real estate, the right of perpetual usufruct and the rights associated therewith, such as the right of pre-emption, mortgage, usufruct and lease, may be entered in real estate registers kept by competent courts. The said registers constitute a public and generally accessible registry maintained in electronic form.

In the Polish law there is a presumption that a right entered in the real estate register reflects the actual legal state of that real estate; this presumption applies also to rights deleted from the register, which as of their deletion are deemed nonexistent. Due to this presumption, if there is a discrepancy between the content of the real estate register and

the actual legal state of the real estate, whoever concludes in good faith an agreement transferring the ownership to the real estate against consideration (generally a real estate sales agreement) with a person entitled under the register (i.e. the person entered in the real estate register as the owner of the real estate), is protected, i.e. acquires the ownership title to the real estate even if it turns out that the contracting party was in fact not the owner of the real estate. The principle of public credibility of real estate registers protects also acquirers of the rights of perpetual usufruct (resolution of 7 judges of the Polish Supreme Court of 15<sup>th</sup> February 2011, file ref. no. III CZP 90/10; thesis: the principle of public credibility of real estate registers protects the acquirer of the right of perpetual usufruct also when the entry of the State Treasury or a territorial self-government unit as the owner of real estate is erroneous).

### Encumbrances upon Real Estate

Real estate may be encumbered with servitude, usufruct, perpetual usufruct or mortgage. On principle the said encumbrances are effective towards third parties provided that they are entered in the real estate register. In the case of perpetual usufruct and mortgages the entry is necessary for these rights to actually arise, which means that it has constitutive effect, i.e. the establishment of the right is contingent upon an entry in the real estate register. Without an entry in the relevant real estate register these rights do not come to existence at all. Also personal rights—such as lease, tenancy, right of pre-emption or repurchase—upon their entry in the real estate register cease to be effective exclusively between the parties to the agreement and become effective also towards the purchaser of the real estate.

### Mortgage

Mortgage is established for the purpose of securing pecuniary receivables. It may be encumber not only real estate, but also a cooperative member's ownership right to premises, perpetual usufruct (if the land constituting the object of a mortgage is developed, the mortgage encompasses also the buildings and equipment being the property of the perpetual usufructary and remaining on that land) as well as debt already secured with another mortgage (the so-called *subintabulate* or mortgage on debt collateralised with mortgage).



Declaration on establishment of a mortgage is made by the real estate owner in the form of a notarial deed. However, if a mortgage is established for the benefit of a bank, it suffices that the real estate owner makes the said declaration in the ordinary written form. Each mortgage is established upon its entry in the real estate register by the district court. A creditor whose receivable is secured with a mortgage has priority to satisfy his claims from the real estate before other creditors of the real estate owner. Real estate that is co-owned by more than one person may be encumbered with a mortgage exclusively with the consent of all co-owners or upon a share in that real estate.

In the Polish legal system there exist the following types of mortgages:

1. contractual mortgage: established between a creditor and a debtor, the latter of whom is the owner of the real estate;
2. compulsory mortgage: established without the consent of the real estate owner under a court ruling or a decision of an administrative authority (e.g. tax office);
3. joint mortgage: encumbers a few parcels of real estate and the creditor may satisfy his claims from any of them.

As of 20<sup>th</sup> February 2011 there became effective the amendment to the Act on Real Estate Registers and Mortgages. Provisions on the capped mortgage were deleted, and provisions on the ordinary mortgage extended. The construction of mortgage was standardized: Article 69 of the said Act provides that a mortgage secures claims for interest and granted costs of proceedings up to the mortgage sum as well as ancillary benefits if indicated in the document constituting the basis for entering the mortgage in the real estate register. In the legal state before 20<sup>th</sup> February 2011 the capped mortgage was used to secure future claims, and the ordinary mortgage to secure existing claims. Nowadays this division is of little significance, because the new construction of mortgage makes it possible to secure with it not only the principal, but also incidental receivables.

Starting from the 20<sup>th</sup> of February 2011 there are new regulations in force which allow to dispose of the mortgage place that has been emptied by the creditor. Thanks to that regulation every owner of

the property can dispose of that empty place within the borders of the emptied right. The aim is to allow the owner to create a new mortgage or move another mortgage with the consent of the benefactor to that emptied place. The main advantage results from the fact that the mortgage moved or newly created keep the priority of the mortgage which has been stricken off.

## Acquisition of Real Estate

### *Transfer of the Ownership Right*

The ownership right is transferred to the acquirer upon conclusion of the relevant agreement (sales agreement, donation agreement, exchange agreement, etc.). However, it is obligatory to enter the ownership right to the real estate in the real estate register and only this guarantees the owner that he may effectively invoke that right in relations with third parties. It is different in the case of perpetual usufruct, which is transferred to the acquirer only upon its entry in the real estate register, and not upon conclusion of the relevant agreement.

### Form of the Agreement

Acquisition of the ownership right to real estate regardless of the mode as well as acquisition of the right of perpetual usufruct require for their validity the form of a notarial deed. Also a preliminary agreement on transfer of the ownership right to real estate should be concluded in the form of a notarial deed, as only this form allows a party thereto to efficiently enforce against the other party the conclusion of the final agreement (pursuant to Article 64 and 1047 of the Polish Civil Code, should the contracting party evade the conclusion of the final agreement, a final and non-appealable court decision stating the obligation to conclude the final agreement substitutes a declaration of will of the disloyal contracting party). The ownership right to real estate is entered in the real estate register within a few weeks as from the submission of the appropriate application, which is the duty of the notary public.

## Language of the Agreement

Real estate sales agreements are made out in the Polish language. Should the parties wish so and should the notary public executing the agreement be at the same time a sworn translator of the given language, the notary public may execute the agreement in a foreign language; should the notary public have no sworn translator licence, he may execute the deed in a foreign language in the presence of such a translator. Foreigners may also order a sworn translator to translate the agreement made out in the Polish language into a foreign language.

As real estate registers are kept in Polish, all documents that are to be submitted to the real estate registry must be previously translated into the Polish language by a sworn translator.

## Right of Pre-Emption

A right of pre-emption may be either statutory or contractual. Pursuant to the Polish Civil Code, the statutory right of pre-emption is granted only to co-owners of agricultural real estate. It may be effectively pursued by the entitled co-owner regardless of whether it was entered in the real estate or not. A contractual right of pre-emption must be entered in the real estate register; otherwise it is ineffective towards third parties acquiring the real estate in good faith.

Should the real estate owner sell the property disregarding the person having the right of pre-emption with regard to that real estate, such a person may claim from the owner only compensation for the loss incurred. If an entitled person has a statutory right of pre-emption, that person may effectively pursue conclusion of a sales agreement.

In the light of the Act on Real Estate Management, communes have the statutory right of pre-emption when the object of a transaction is the ownership right to real estate that the seller acquired from the State Treasury or the commune. If the subject-matter of an agreement consists in the sale of the right of perpetual usufruct to undeveloped landed real estate, then the commune has the right of pre-emption regardless of the form in which this right was acquired by the seller. The pre-condition for the effectiveness of the commune's right of pre-emption

where the object of sale is real estate that was earmarked for public purposes in the local spatial development plan, with regard to which a decision on localisation of a public benefit investment was issued, or which was entered in the register of monuments is the entry of the said right in the real estate register. The commune is entitled to exercise the right of pre-emption within one month as from the moment it learns about the conclusion of the preliminary real estate sales agreement. The commune has no right of pre-emption in particular where the sales agreement is concluded between relatives and where the ownership right or the right of perpetual usufruct constituting the object of the agreement is established as indemnity or compensation for lost ownership of real estate.

Pursuant to the Act on Formation of the Agricultural System a leaseholder of agricultural real estate has the statutory right of pre-emption of the leased real estate upon fulfilment of a number of additional conditions stipulated in the Act. If the leaseholder fails to exercise his right, it is transferred to the Agricultural Property Agency (Article 3 sec. 4). The Agricultural Property Agency has the right of pre-emption with regard to agricultural real estate (the so-called redemption right) in situations in which the real estate is purchased under an agreement other than a sales agreement.

## Restrictions Concerning Acquisition of Real Estate by Foreign Citizens

- In general, in order to acquire real estate in Poland a foreign citizen must obtain consent of the Minister of Interior under pain of invalidity of the acquisition. However, there are many exceptions from this general rule, the most important of which are as follow
- no consent is required for the purchase of residential premises or a garage,
- until 1<sup>st</sup> May 2016 citizens or legal entities from countries being parties to the EEA Agreement must obtain a consent exclusively for the purchase of agricultural and forest real estate.

## Payment of the Real Estate Sales Price

The ownership right to real estate may be transferred regardless of whether the purchase price has been paid by the buyer or not, but in practice it is paid by the buyer before the notarial deed transferring the ownership right to the real estate is executed or deposited with the notary public, which means that the buyer deposits with the notary public an amount of money equivalent to the purchase price and the notary public transfers the money to the seller immediately upon conclusion of the real estate sales agreement.

Nowadays a very common form of real estate purchase consists in financing the acquisition with funds obtained from a bank loan. In this case the parties to the agreement firstly conclude the preliminary agreement on transfer of real estate ownership and subsequently the buyer tries to obtain a bank loan. Upon conclusion of a loan agreement with a bank by the buyer, the parties conclude the final agreement, i.e. the agreement transferring the ownership right to the real estate. When it is concluded, the bank that granted the loan to the buyer transfers the funds directly to the bank account of the seller.

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1. tax on civil-law transactions in the amount of 2% of the purchase price; the buyer does not pay this tax if the seller of the real estate sells it within the framework of its business activity, in which case VAT is paid;
2. court fees connected with the entry of the ownership right to the real estate in the amount of PLN 150-200 and court fees for the entry of encumbrances in the amount of PLN 150-200;
3. notarial fee contingent upon the real estate purchase price; it may not exceed the amount of PLN 10,000 plus minor charges for notarized copies.

In the case of real estate purchase the parties may also bear other costs depending on whether they take advantage of such services as real estate brokerage, real estate valuation and financial analysis.

## Real Estate Management

In the case of developed real estate with separated residential premises (e.g. tenement houses) all owners of premises build a tenants' association. The association is a legal entity without corporate status, i.e. it may acquire rights, assume obligations and act as a party to court proceedings.

Common real estate management in the so-called small associations (up to 7 premises) is usually performed by all owners or a professional company managing real estate.

In the case of tenants' associations with more than 7 separate premises, the common real estate may be managed in two ways:

## Other Costs Related to Purchase of Real Estate

The parties are free to arrange the terms and conditions on which they cover the notarial fee on the agreement transferring the ownership right to the real estate, but in practice all costs related thereto are covered by the buyer and charged by the notary public. The tax on civil law transactions is paid by the buyer.

The costs related to the transfer of real estate are as follows:

1. the Premises Owners' Meeting may elect a management board, which is then responsible for conclusion of agreements with utility providers (e.g. energy, water, sewage disposal and heating) and for maintaining the building constituting the common real estate (e.g. carrying out repairs, caring for elevators, cleaning the building inside and outside);
2. the management board appointed in the aforementioned manner may entrust management of the real estate to a professional real estate management company; in this case the role of the management board is limited to supervision of the said company and dealing with occasional problems that cannot be effectively solved by the hired company (such as disputes with owners of the premises concerning payments) or renegotiating terms of the agreement concluded with the company commissioned with the management of the real estate.

## Lease Agreements

### Main Issues

General terms and conditions of lease agreements are set forth in the Polish Civil Code. However, as regards most issues the parties may regulate their mutual relations at their discretion. For the sake of protection of the rights of lessees being natural persons, residential premises lease agreements are regulated in the Code in more detail than commercial premises lease agreements. These regulations pertain among others to such matters as the right of the lessee's family members to live with the lessee in the leased apartment, admissibility of rent increases, termination of the lease agreement and eviction of a tenant. For natural persons being owners of apartments leased outside the framework of business activity, of particular importance are the provisions on occasional lease set forth in the Act on Protection of the Rights of Tenants, Housing Resources of Municipalities and Amendments to the Civil Code. The object of the occasional lease agreement are premises for housing needs. It may be concluded for a definite term of up to 10 years. An occasional lease agreement must be concluded in writing under pain of invalidity. The owner should report to the head of the tax office that such an

agreement was concluded within 14 business days as from the commencement of the lease; a failure to fulfil this obligation entails a number of inconveniences on the part of the owner, which are specified in detail in the Act. Another effect of the said reporting is that the occasional lease is governed not by the entire Act, but only its selected provisions. Regulations governing the occasional lease are aimed at protecting the owner of the apartment against unreliable lessees, rendering it possible for him to vacate the premises quicker. This extended protection is achieved, however, at the expense of the obligation to complete many formalities, the most important of which is the obligation to report the lease agreement to the head of the tax office and the necessity to obtain from the lessee a notarial statement in which he subjects himself to enforcement and undertakes to vacate and surrender the premises within a time limit stipulated in the demand to vacate the premises addresses to the lessee by the owner.

### Form of the Agreement

A lease agreement does not require for its validity any special form, it may be concluded even orally (however, an occasional lease agreement should be concluded in writing under pain of invalidity). Residential premises lease agreements concluded by the former owner are binding upon the new owner, even if they are not entered in the real estate register.

### Term and Expiration of a Lease Agreement

A premises lease agreement may be concluded for a definite or indefinite term. A lease agreement concluded for a definite term expires on principle only upon the lapse of the period for which it was concluded or upon fulfilment of conditions stipulated by the parties therein. Extraordinary termination of a lease agreement is possible in the case of a material breach of its provisions, regardless of whether it was concluded for a definite term or not.

Should the lessee use the premises after expiration of the lease agreement and should the owner of the premises not object explicitly thereto, it is assumed that the lease agreement is prolonged between the parties for an indefinite term.



A lease agreement concluded for an indefinite term may be terminated by each party thereto subject to a three months' termination notice. The lessor may terminate it subject to a month's termination notice effective as at the end of the calendar month in cases expressly provided for in the Act, e.g. if the lessee damages the premises or the building in which the premises are situated, defaults on the payment of the rent or other fees or sub-leases the premises without the lessor's consent. If a lease agreement is concluded for a definite term, it may be terminated prior to the lapse of its term only in cases specified therein.

Additionally, termination of a lease agreement by the lessor is possible in the case of a major renovation of the premises or the necessity to demolish the building in which the premises are situated. In this case the owner must provide the lessee with other premises.

The lessor is entitled to demand from the lessee a security deposit in the amount not exceeding the 12-fold of the monthly rent (in the case of occasional lease the 6-fold of the monthly rent), but in practice the security deposit is equivalent to the amount of one or two monthly rents. If the lessor does not utilize the security deposit for the purpose of covering his claims towards the lessee, the security deposit is charged towards the last rent instalment or must be returned to the lessee in whole amount within one month as from the termination of the lease.

## Eviction

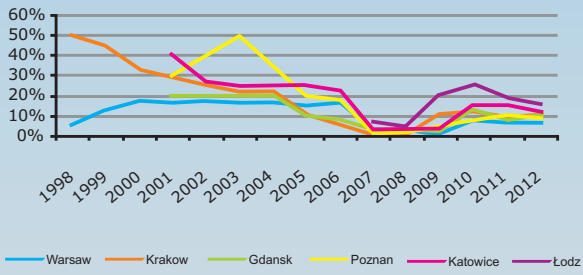
Upon expiration of the lease the former lessee is obliged to vacate the premises. The lessee is not liable for ordinary wear and tear of the premises resulting from its normal use, but the Act does not standardize the concept of ordinary wear and tear. If the former lessee does not vacate the premises, the owner does not have the right to pursue payment of a penalty, but may demand from the lessee compensation in the amount of the unpaid rent. Eviction is admissible only on the basis of a court judgement and the owner or the commune is obliged to provide the lessee with substitute or temporary accommodation. For this reason court eviction is prolonged, costly and sometimes impossible to execute. This is a strong incentive for premises owners to seek an amicable, out-of-court settlement of disputes with tenants.

In order to render it possible for real estate owners to avoid prolonged court eviction proceedings, the Parliament has recently adopted a new act which allows owners a quick eviction without a court judgement and releases them from the obligation to provide the tenant with substitute accommodation. For the owner to be entitled to take advantage of this form of eviction, the following conditions must be fulfilled: the lease agreement must be concluded between natural persons, the lessor may not conclude it within the framework of the pursued business activity, the agreement must be executed in writing and be entered into for a definite term (maximally 10 years), the lessee must make a statement on voluntary submission to execution in the form of a notarial deed, and the lessor must report the conclusion of the agreement to the competent tax office. The last requirement is connected with the obligation to pay the tax on lease income in the amount of 8.5% of the income.

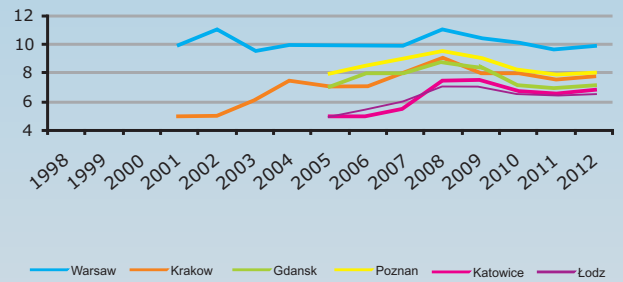
## Utilities

The Polish law does not stipulate in a binding manner the mode in which the lessee is to settle the rent and pay for the utilities. Utilities are paid for by the lessee, to the lessor or directly to the appropriate utility providers, depending on the content of the agreement concluded between the parties.

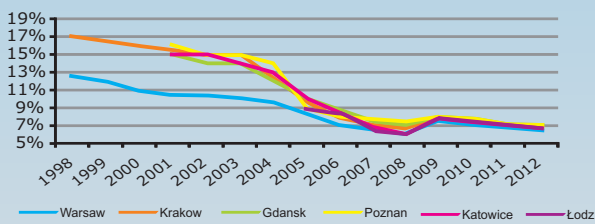
Class A office vacancy rates



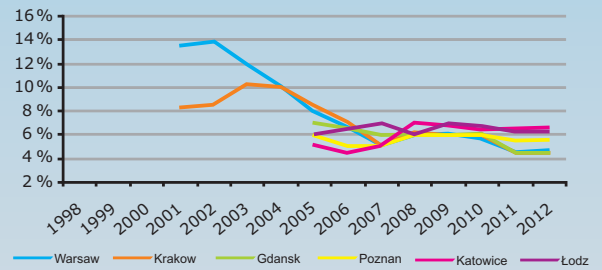
Average residential rents (EUR/sqm/month)



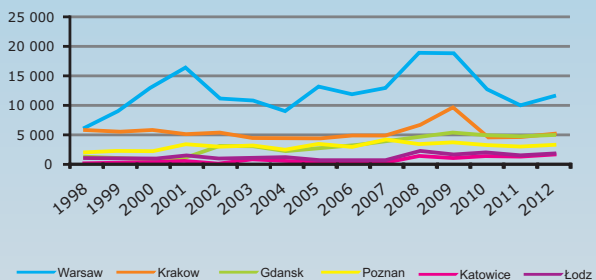
Class A office investment yields



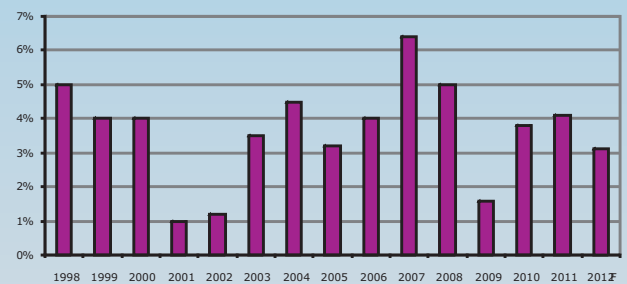
Residential investment yields



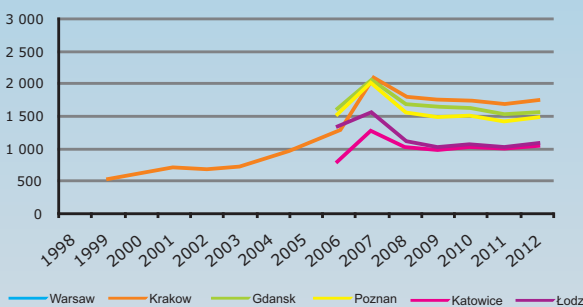
Completed residential units



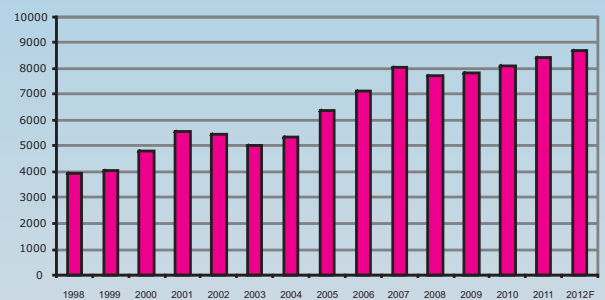
GDP growth in Poland (%)



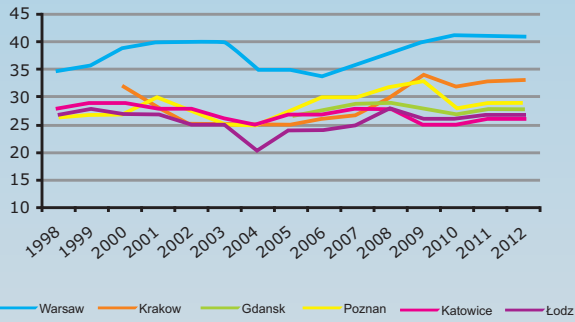
Average residential prices (EUR/sqm)



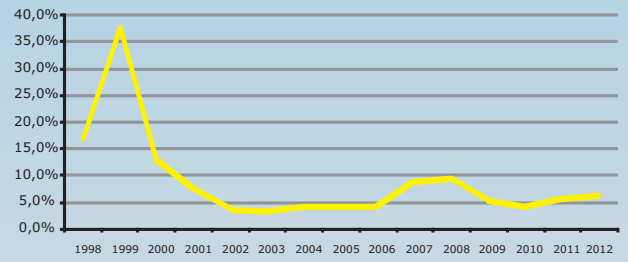
GDP per capita in Poland (EUR)



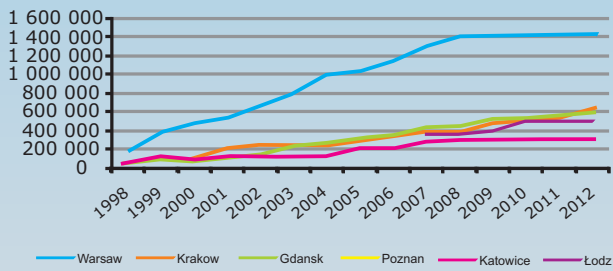
Avg mall rents (EUR)



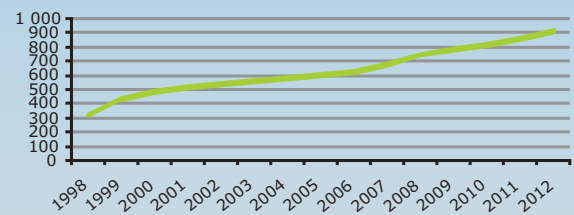
Avg salary growth in Poland (%)



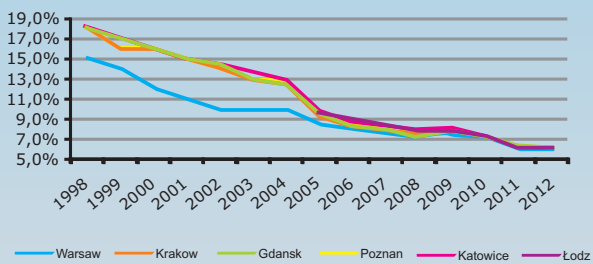
Total mall space (sqm)



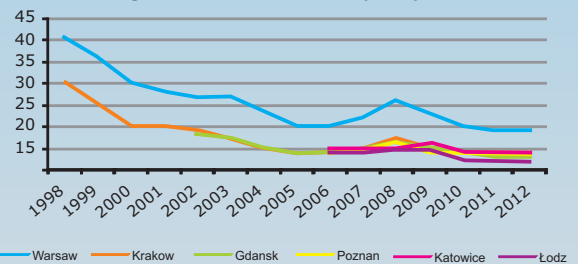
Avg salary per month in Poland (EUR)



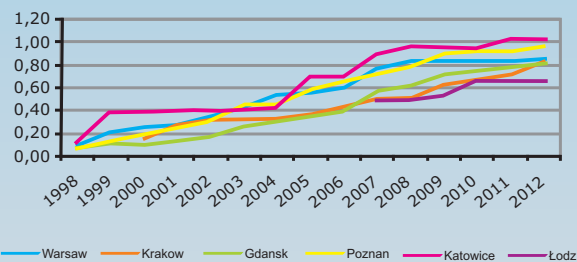
Retail investment yields



Avg class A office rents (EUR)



Total Mall Space per capita



Total class A office space (sqm)

