

## Poland still a draw for investors



Poland remains the powerhouse in Central and Eastern Europe (CEE), attracting close to half the capital invested in the region over 2016 as activity grew 5 percent over the year to EUR 5.2 billion, according to global real estate services firm Cushman & Wakefield. With the uncertainty around upcoming elections in major European countries and the ongoing Brexit challenges, Poland and the CEE region will maintain their strong position as a focus for any pan-European investment strategy, Cushman & Wakefield says.

When compared with the UK or Germany the Polish investment market is relatively small, but with an investable stock of over EUR 300 billion it is the eighth-largest in Europe and the largest of the core CEE markets. Relative to its size, Poland has been one of the most liquid European markets in the last decade, according to Cushman & Wakefield, also standing out for cross-border investment. Over the last two years more than 80 percent of capital invested in Poland has come from outside the country, including from non-European sources. North America was the dominant source of capital, now being replaced by South African and Asian investors.

James Chapman, Partner CE, Capital Markets, at Cushman & Wakefield, said: “This healthy demand will maintain downward pressure on yields throughout 2017, which is expected to deliver returns above the European average. Retail and offices remain the main focus of attention, with strong demand for retail supported by shopping malls. Demand for logistics grows and we expect this to continue across the market as investors seek stable income and value.”

The Warsaw office market records strong and sustained take-up levels despite above-average new supply. The major regional cities are also witnessing robust occupier and development activity, with business services being the main driving force behind this growth. The Polish retail market is developing at a steady pace underpinned by strong retail sales. On the back of record breaking take-up levels for industrial and logistics space, we expect that occupier demand will continue to be dominated by companies from the logistics, retail, automotive, light manufacturing and also e-commerce sectors. The Polish economy is set to outperform the Eurozone economy during 2017 providing support to occupational fundamentals across the country.

Nigel Almond, Cushman & Wakefield’s Head of EMEA Capital Markets Research, added: “2017 can be characterized by scarcity of stock across Europe relative to large equity allocations. Redefine and Rockcastle have been the major African investors to date focused on Polish offices and retail who were mostly active in the early part of 2016, whilst GIC’s acquisition of P3 logistics, which included over EUR 1 billion of assets in the CEE region, from TPG as part of a wider European portfolio formed the Asian capital. GIC’s move may spur other Asian capital, which has been active across core European markets to move into the region, especially where relative pricing and near-term returns look attractive relative to more core European markets.”

Source: The Warsaw Voice