TIME FOR POLSKA

Business opportunities in the Polish real estate market
GDYNIA - POLISH SMART CITY
IDEAL CLIMATE FOR INVESTMENT, MODERN BUSINESS AND LIVING
When I think about “Time for Polska” in terms of the Polish real estate market, I know that this time has already been going on for a little while now. After a great 2016, the predictions for 2017 were careful. Now we know that 2017 brought even more records in all real estate sectors. The outlook for 2018 is careful again, but optimistic without a doubt.

The Polish economy is stable and growing steadily. With a 4.5 percent increase in gross domestic product in 2017, the World Bank estimates Poland’s economy will grow by another 4 percent in 2018. Importantly, there is room to grow. The cities around Poland are flourishing. It is not only Warsaw that attracts global investors, although Poland’s capital can be proud of bringing JP Morgan to the city.

“Time for Polska” magazine was created to give Polish companies better exposure on the international stage. We believe that this issue will not only help foreign investors find the right partner in Poland but also a good location for their business. We present the Polish regional cities and regions that are open for smart investments; the profiles of the Polish companies contributing to development around Poland and investments that bring value to our cities. Each of the presented case studies is a story about a piece of Poland. All of them together create a bigger picture – a picture of Poland that is self-confident about its advantages and about its future. This year, in 2018, we celebrate the 100th anniversary of Poland’s independence. It is nice to see the country experiencing its golden age of development.

It is not only Warsaw that attracts global investors, although Poland’s capital can be proud of bringing JP Morgan to the city.

Sylwia Ziemacka
Editor-in-Chief
Experiencing steady growth and solid economic foundations, Poland had successfully managed the risks of the global financial crisis of 2008 and pulled off as the only EU member state to evade recession. Owing to that, foreign companies acknowledged our country as a sort of a safe haven for their capital and business. Month after month, Poland has been recording the lowest unemployment rates in years (below EU average) and the employees have been enjoying higher salaries. Furthermore, World Bank, the EU Commission as well as rating agencies have revised GDP growth projections up as a result of improving indicators and controlled inflation. What is unique about Poland’s economy is that alongside the steady growth there is a sharp vision of the future outlined in the Strategy of Responsible Development.

Throughout over 20 years, Poland like no other country in the CEE, has managed to attract a great deal of foreign capital, totalling EUR 176bn, data shows. What is more, it ranks second as an FDI destination in Europe, by jobs created, surpassing even Germany. Our country offers a stable environment for foreign investors due to the economic stability and highly skilled employees proficient in numerous languages. This is visible in the PAIH portfolio. We wrapped up 2017 with a record high FDI stock of completed projects worth EUR 2bn. Due to our support the Seoul-based LG Chem is to build in Poland Europe’s largest electric car battery production plant. Poland also appeals to the leading financial institution, JP Morgan, which, with our help is to open its corporate centre in Warsaw. We have become a leading automotive parts producer and a sort of BSS hub in Europe – up to 70% of the CEE centres are based in our country. According to ABSL report, BSS is Poland’s fastest growing sector, hiring over 240,000 people. PAIH has completed 260 BSS projects (out of 724 in total) that created 64,500 jobs, so far. Interestingly, the sector is Poland’s major office space tenant, boosting the market’s development, mainly in regional cities. Automotive and BSS sectors continue to be on the rise, undoubtedly. However, in order to boost Poland’s economic development, we must attract more high tech FDIs, encourage the world class cutting edge to invest in Poland. Strategy of Responsible Development is all about innovation. New technologies provide new growth opportunities, hence, the Agency is focused on dealing with ventures that would pay off the most, adding tremendous value to the economy.

The revised economic development policy features a new approach to economic diplomacy. As exports has been one of the Poland’s biggest advantages (trade surplus has been noted for years), the government obliged PAIH to promoting 9 prospective sectors and supporting national business by foreign trade offices supervised by the Agency. Polish companies have never had such strong institutional representation abroad, offering a one-stop-shop services. We are looking forward to seeing Poland and Polish business flourish, guided by PAIH.

Tomasz Pisula
President of the Polish Investment and Trade Agency
This year, Poland will commemorate the 100th anniversary of its independence. When World War I was over, our country was finally free after 123 years of geopolitical oblivion. Also this year, FTSE Russell will designate Poland as a “developed market” and no longer as an emerging economy. Poland is the first Central and Eastern European economy to have its status thus upgraded. This will place the country with 24 other nations, including Germany, France, Japan and Australia. The biggest Polish cities are now as recognizable as Berlin or Vienna and present great opportunities for international investors.

Just as every Pole is proud of the growing, awe-inspiring capital – Warsaw – there is no city that would better symbolize the Polish spirit of entrepreneurship and business determination than Gdynia. Our city has just celebrated its 92nd birthday. It is a well-designed, modern town with outstanding architecture, a large seaport and exceptional quality of living.

Gdynia’s main natural advantage is its seaside location. For a long time, the city’s economy was driven by the maritime industry and tourism. But today, cities such as Gdynia, Stockholm and Copenhagen are developing in many different directions. We do not limit ourselves to the big industries and want to create favorable conditions for various investment developments.

Our wages are no longer the lowest in Europe, but we offer access to a highly skilled workforce. The positive business climate attracts global brands, whose presence in turn drives the local economy. New industrial and office parks are being built every day. Gdynia’s economy has not had enough yet; quite the opposite – it cries out for more.

Gdynia’s seafront location is definitely its bargaining chip. Poland’s undeveloped waterfronts, some of the last in Europe, are very attractive to many international developers. It is difficult to imagine a nicer office than one with a sea view, or an apartment with a parking garage and a space for a yacht. The waterfront is always fashionable.

Our city is open to new investments and has been awarded the title of the “Polish City of the Future” by fDi Magazine twice, in 2015 and 2017. The city was recognized for its economic potential, business environment, innovation and investment climate. The creators of the ranking concluded that there is no better medium-sized city to invest in in Poland than Gdynia.

We have another, less quantifiable, but priceless asset: high quality of life. Gdynia is an environmentally friendly city that offers great work-life balance, access to quality education and infrastructure. A reasonable cost of living and great career opportunities, as well as a rich cultural life, are the key to dynamic development. It is definitely time for Poland. In Gdynia we can guarantee the success of your investment. See for yourself how good doing business in Poland really is.

Katarzyna Grusenzecka – Spychała
Deputy Mayor of Gdynia

There is no city that would better symbolize the Polish spirit of entrepreneurship and business determination than Gdynia.
RICS has been present in Poland since 1991 accompanying professionals active in the land, property and construction sector in transformation of the industry so it becomes more ethical, professional and transparent. This publication comes at time when the importance of transparency in aiding investment activity continues to be underscored. There is a clear link between transparency and the attractiveness of a country’s property market. And Poland has made the big stride.

According to the latest JLL’s Global Real Estate Transparency Index (GRETI 2016) Central and Eastern Europe continues to see large enhancements in transparency with Poland edging towards the ‘Highly Transparent’ category and positioning itself with core Western European countries. Improvements to transparency made by Polish authorities have helped develop and mature real estate markets across the region, boosting their appeal to global investors. Major efforts have been made to tackle corruption, strengthen regulatory standards, and improve the availability and quality of market fundamentals data. These categories are fundamentally important to real estate investors as they directly impact how predictably and smoothly assets can be bought or sold. Due to the complexity this creates, the value of good advice, clear regulations and standards, professionalism and ethical behaviour increases greatly as they help to improve certainty of outcome and they reduce risk. As with any asset class, real estate investors’ primary objective is to generate satisfactory risk adjusted returns. Equally, the decisions we make as investors in this complex and multi-layered industry have significant implications for society as whole. We bear a heavy fiduciary duty in supporting responsible and sustainable market. We cannot discharge this responsibility without a sophisticated and professional approach to risk management. With these challenges becoming more and more apparent, we are asking industry leaders, academics and politicians in Poland to follow us and take action, via the World Built Environment Forum. This Forum is a dedicated and unique international network for the public and private sector, facilitating and catalysing global collaboration on the defining issues of the built and natural environment. The Forum also hosts an annual event – the World Built Environment Forum Annual Summit, this year to be held in London, 23-24 April 2018.

The reason why RICS has been successful for now 150 years, ties in with the fact that RICS acts in the interest of the ‘Public Good’. Looking forward, RICS is keen to play an important role in the transformation of the industry, by consistent delivery of the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure, making Poland an attractive and predictable destination for real estate investment.
Warsaw is a top-class metropolis and deserves real estate investments that match its identity and reflect the new era in the city’s history.

The 21st century belongs to the cities – just as 200 years ago empires dominated the world and the 20th century was nation-focused. Today, we are rediscovering the ancient idea of a city, one that expresses its own ethos and values.

Cities need to stay authentic and protect their identity to stand out in the global world. Poland’s capital, almost completely destroyed during the World War II, understands how important protecting the spirit of the city is. Today it attracts global attention with a booming culture and economy. Warsaw is a top-class metropolis and deserves real estate investments that match its identity and reflect the new era in the city’s history.

BBI Development has a lot of respect for Warsaw’s past and faith in the city’s future. We believe that architecture should represent a city and its people. All of our projects are unique because they add splendour to Warsaw. They are also exceptional as they are perfectly located. We are the only developer with such access to prime locations in the capital.

Each of our downtown investments revolves around Plac Defilad, an inviolable Warsaw square, with the Palace of Culture and Science (PKiN) rising from its center. Złota 44 interacts with PKiN and creates a new city skyline. Roma Tower is located right next to the Marriott Hotel – a symbol of the early capitalist era in Poland, the first foreign hotel with a five-star rating built in the country after 1989. That area has a symbolic meaning for Warsaw, as does the Marszałkowska Center, located at the intersection of two subway lines. If you ever wonder where the center of Poland is, it’s there.

BBI projects provide Warsaw with new landmarks and opportunities. Złota 44 sets a new standard for luxury living in Poland. It reflects both the success and aspirations of the Polish people. Designed by world-famous architect Daniel Libeskind, it is the tallest solely residential tower in the European Union. Złota 44 is in a prime location and has transformed the Warsaw skyline, becoming the capital’s new icon.

Centrum Marszałkowska, a combination of office and retail space, is far from being just another anonymous office building. Our investment is fully integrated with the capital’s cultural and artistic life. It embraces the philosophy of work-life balance. One hundred percent of Centrum Marszałkowska’s office space will be leased out before its grand opening in mid-2018, which just proves how unique the project really is. It capitalizes on the untapped potential of Warsaw’s downtown. I am sure our project will convince local authorities and other developers that business should be located in the heart of the city and grow together with it in harmony.

Roma Tower, BBI Development’s latest project, will open Warsaw to visitors seeking the highest standard, both businesspeople and tourists. It will host a six-star hotel, run by a leading global hospitality company. The existence of luxury hotels and Michelin-star restaurants is a sign of the city’s development and it puts Warsaw in the first league of metropolises.

Locations and a good understanding of the city’s identity are the key to BBI’s success. Our investments prove that Warsaw is a truly European capital, a one-of-a-kind place where business meets culture and a culture meets business.
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The articles presented in the magazine were prepared in cooperation with companies’ representatives.
Market overview
Rising development activity during 2017 continued to add to the already substantial growth seen in office space across Poland and Warsaw over recent years, although the construction pipeline going forward does now seem slightly more modest in comparison. In any event, occupier demand showed some more promising signs, accelerating during the closing stages of last year. With tenant enquiries rising at the sharpest pace since 2010, a greater rate of absorption has led to a more evenly balanced supply demand dynamic than has been the case for some time. Nevertheless, given the overhang of previous years, even prime office rents are expected to do little more than tread water over the course of 2018, while projections continue to point to falling rents in secondary markets. Despite the somewhat mixed picture regarding the rental outlook, commercial real estate across Poland continues to attract significant investment demand growth. Just recently, this growth has become more broad-based in nature, with foreign interest now gaining momentum across all sectors. As such, capital value projections over the year ahead are positive, albeit this is generally confined to assets in prime locations. The perception that commercial property in Poland represents fair value for investors, particularly in relative terms compared to other European markets, appears to be one of the forces underpinning demand for now.

The strengthening macro environment over the last twelve months has been another factor behind the improvement in sentiment toward the real estate sector. Economic growth is expected to have come in close to 4.5 percent during 2017 as a whole, compared with 2.9 percent in the previous year, representing the fastest pace of expansion since 2011. Private consumption has in large part fuelled this pick-up, aided by a tightening labour market - the unemployment rate has fallen by more than 1 percent in the past twelve months - and significant real income gains as a result.

Going forward, the economy looks set to retain a solid degree of impetus over 2018, even if growth may ease a fraction. Indeed, stronger investment is likely to at least partly offset a somewhat slower rate of consumption growth, while global trends will continue to provide assistance, especially the brightening macro backdrop across the euro area. This should ensure economic fundamentals continue to play a supporting role in attracting demand within the commercial real estate market.

That said, as labour shortages continue to drive wages higher, inflation could breach the Polish National Bank’s (NBP) 2.5 percent target in the latter half of the year. In order to curb this pressure, the NBP could be prompted into beginning the process of normalising monetary policy. Consequently, tighter policy may prove something of a headwind for the economy. Another risk as far as the property market is concerned is that a sharper than expected rise in bond yields could make values seem relatively stretched, potentially causing an adjustment in investor behaviour down the line. Even so, any rate hikes are likely to be limited and gradual, while recent NPB comments continue to suggest a reluctance to raise rates too far in advance of the ECB. Although the ECB is widely expected to wind-down quantitative easing this year, it remains unlikely (on the basis of recent rhetoric at least) that rates will be raised while underlying inflationary pressures are still muted.

“Going forward, the economy looks set to retain a solid degree of impetus over 2018, even if growth may ease a fraction.”
Today, Poland’s real estate market is driven by several new trends, including technology, demographics and environmental protection. However, an equally important trend is the changing tax and legal environment.

The international tax landscape has never evolved so rapidly as it has over the past five years. Poland, as a member of the European Union and Organisation of Economic Co-operation and Development (OECD), follows these international trends and fights cross-border tax avoidance.

At the end of 2017, Poland was one of the first countries to ratify the Multilateral Instrument. This agreement offers its signatories solutions to close gaps in international tax rules by changing bilateral tax treaties. Also, it implements minimum standards to counter treaty abuse and to improve dispute-resolution mechanisms. Its signatories include countries from every continent and all levels of development. In the long term, the Multilateral Instrument will significantly impact holding and financing structures typically used for real estate investments, by eliminating multi-tier holding structures, offshore jurisdictions and any structures driven primarily by tax rather than business reasons.

Moreover, this year Poland implemented the EU Anti Tax Avoidance Directive which – among others things – limits the tax deductibility of excessive interest costs to the equivalent of 30 percent of earnings before interest, taxes, depreciation and amortization (EBITDA) per year. These new limitations have already begun to affect Poland’s real estate investment market, which typically has been highly leveraged by bank and shareholder loans.

In view of such significant tax changes that have a direct impact on real estate investment profitability, it is crucially important to obtain the proper tax advice on the most efficient and sustainable holding and financing structures, as well as on the details of the cash flow generated by the investment, which may be affected by new tax regulations.

At the same time that Poland is sealing its tax system and coping with tax evasion – just as other EU countries do – it is working on improving its local tax legislation to upgrade them to Western standards foreign investors are used to. The Polish government has said that in the next two years it will focus on changing the mindset within the tax administration to one that is more friendly and cooperative toward taxpayers.

These actions are supported by draft tax legislation which will implement binding consultations between a taxpay-

er and a tax authority either before or after the transaction, as well as an opportunity to request a tax audit to clean up any outstanding tax issues. These changes are expected to come into force in 2019.

The direction in which the Polish tax system has been evolving should soon put Poland among the states with mature tax systems, offering not only a significant level of safety and stability, but also ensuring that all market players pay their fair share.

The changes do not focus only on the tax system, but encompass several important regulations in the real estate market. In recent years, developers have taken more interest in acquiring banked land, not only due to the decreasing number of attractive locations, but also as a result of the Agricultural Structuring Act, which came into force in April 2016, which restricted trade in arable land, even when the plot in question was located in a town. Very often, developers secured their ability to purchase a plot of arable land by signing a conditional agreement for sale of the land before the new act came into force. In one of its recent judgments, the Supreme Court confirmed that the previous legislation is applicable to such transactions.

However, the main reason for land banking is developers’ desire to grow their market share and offer a broader range of services. We watch and take part in the growing number of mergers and acquisitions in the property market, and investors’ appetite for building their presence using this model is growing steadily.

As investors show growing interest in the residential market as well, a positive development was the introduction of institutional leasing in 2017. This regulation was awaited by many, because it increased protection enjoyed by institutional investors in the residential market.

Legislative work on the Real Estate Investment Trust (REIT) Act, a new instrument on the Polish market, has been under way for some time now. Introduction of REITs would allow investments in commercial properties to be made by people who so far have not been able to, due to the capital required. However, the current legislative proposals concerning REIT limit it to the residential market. The present narrow scope of REIT notwithstanding, adoption of the act will permit the establishment of REITs, and in a longer-term perspective may lead to the inclusion of other types of investments.

Even with the uncertainties connected with an ever-changing legal and tax environment, the Polish real estate market is underpinned by increasingly advanced solutions.
Poland’s residential property market has a different structure than those in Western Europe. In Poland, supply is mostly created by developers that build properties for sale, active mainly within the multifamily housing sector. Demand is typically generated by private individuals, who purchase a property to live in or rent out.

Today, Polish residential developers are in good shape. Since 2014, residential developers have been setting new sales volume records, with only a moderate increase in prices, which are still far from the heights they reached during the housing bubble of 2006-2007. According to Poland’s statistics office, in 2017 alone, residential developers delivered nearly 90,000 units, some 13.5 percent more than in 2016. Optimism is still there – in 2017, residential developers started construction on more than 105,000 apartments, 23.3 percent more than in 2016.

The current boom in the market is mostly driven by low interest rates, which on one hand significantly decrease the cost of mortgage loans, and on the other discourage private individuals from keeping their savings in the bank: up to 50 percent of new apartments are acquired only from savings - without mortgage loans.

Low interest rates incentivize private individuals to seek higher returns from other investments, one of which could be a rented-out apartment. The rental market is still strong in Poland’s largest cities, due to a constant shortage of affordable housing and an influx of immigrants from Ukraine. Additionally, Poland’s consistent economic growth, along with general price stability, has increased Poles’ disposable incomes, which in turn has improved their creditworthiness. This allows them to purchase apartments for their own residential needs or for investment purposes.

I do not expect any significant downturn in 2018, but residential developers in Poland will face a few challenges. First, high demand has significantly increased the pace new apartment sales, and some developers struggled to maintain or expand their sales offer.

Land is getting more and more expensive, with prices rising by as much as 40-50 percent in the largest cities just over the past year. A shortage of both skilled and unskilled labor has significantly increased the cost of new investments: some companies’ construction costs rose by as much as 10 percent in the second half of 2017 alone. Rising costs may push new apartment prices higher, which may hamper sales growth.

Also, low interest rates cannot last forever. The first rate increase is expected in 2019 and market analysts predict that it could slow the growth of Poland’s real estate market.

Finally, the fast-growing rental market in Poland’s largest cities may change significantly in the near future, as the government is working on the “Mieszkanie+” (“Apartment+”) housing program. The goal of the initiative is to deliver more than 10,000 affordable apartments for rent over the next two years. Moreover, institutional investors may become much more important, due to changes in the law allowing creation of real estate investment trusts (REITs).

Despite the risks mentioned above, the prospects for Polish residential developers are still very good. Residential developers in Poland do most of their business in the few largest cities and, if the demographic and migration predictions are correct, those markets should see strong demand for new apartments.

Moderate price growth shows that the market is balanced. On the other hand, growing competition, as well as political and regulatory risks (Mieszkanie+, REITs) and rising interest rates may alter the price levels and attractiveness of investing in an apartment to rent out.

Considering these factors, individuals could make a higher return by purchasing investment funds, or top residential developers’ corporate bonds (or in the future, the newly created REITs), rather than taking the risk of a single-asset rental.

THE OUTLOOK FOR POLAND’S RESIDENTIAL MARKET

Comment by Mateusz Mucha, Director, DCM, Navigator Brokerage House

"Land is getting more and more expensive, with prices rising by as much as 40-50 percent in the largest cities just over the past year."
Year 2017 was a record year: all indicators confirm that the Polish office market experienced spectacular growth. Optimistic expectations were more than fulfilled. Total stock reached 9.7 million square meters. Although developers delivered less space than in 2016 (736,000 square meters), lease transactions amounted to 1.5 million square meters - more than ever. Investors are very active in Warsaw and in regional cities - 765,000 square meters of office space is under construction in the capital, over 300,000 in Kraków and more than 230,000 in Wrocław (total - 1.85 million).

This happened because Poland strengthened its position as a European leader of the shared services sector. We are seeing a snowball effect - already existing business process outsourcing (BPO), shared services centers (SSC), information technology (IT) and research and development (R&D) centers are attracting investment.

Poland also benefits from a Brexit effect - many international companies with offices in the United Kingdom plan to relocate to a European Union country; Poland seems to be one of the hottest destinations. Why? It is the biggest country in Central Europe, with significant economic growth (gross domestic product increased 4.6 percent in 2017) and rapidly developing infrastructure. Poland offers highly qualified, well-educated employees and modern office space for a fair price compared to countries in Western Europe.

Companies already located in Poland are constantly developing their structures; they need more and more office space. The unemployment rate in Poland has dropped to its lowest level since 1990 (6.6 percent), so firms have to compete hard to hire the best candidates. A well-located, modern, attractive office is one of the main tools in that competition.

The biggest change in Poland’s office market is that pre-lease investments have become less popular. Big, international companies that decide to relocate to Poland do not have enough time to wait for the entire investment and construction process; they take what the market offers. As a result, developers have decided to carry out more new projects, including large-scale ones. This is why the biggest developers have dominated the market - they can afford to take on such projects.

Also, efficiency rules - there are many new projects achieving 100,000 square meters or more. They are often multi-functional: office space is being built into shopping malls and hotels.

Where is the space for the growth on the market? Warsaw will remain the most attractive Polish city for investors (demand in 2017 exceeded 820,000 square meters). They will focus on the Wola district, the Aleje Jerozolimskie boulevard and the Dworzec Gdański railway station. The Służewiec neighborhood still offers the biggest supply in Warsaw; it will maintain its important role in the city’s office market due to attractive rental rates and a wide selection of modern office space.

The right side of Vistula River still has to wait for office real estate investors.

Regional office markets have experienced rapid growth. Kraków, second in the ranking, has joined the “millionaire club” (total supply - 1,099,000 square meters), it is also the biggest BPO-SSC hub in Poland. Another new trend is that investors are becoming active in smaller cities such as Lublin, Rzeszów, Szczecin and Białystok.

Most new projects set to be delivered in 2018 are already leased. In 2019, the market will experience a new supply gap - most of the new projects will be delivered in 2020. This means that for the next two years, lease benefits may be less attractive. This trend may impact older office buildings – their owners will have more opportunities to keep their current tenants.

2020 will be a key year for the Polish office market. If everything goes right and numerous new projects find their tenants, investors probably will not slow down. If things go less well, investors will focus on commercializing their existing developments. Such a trend could halt the investment process and affect leasing rates. It is a real challenge for Poland, if it maintains its high level of economic growth, if the universities manage to deliver many well-educated, highly qualified graduates, if local authorities cooperate successfully with companies and investors, then the positive scenario seems likely.
THE OUTLOOK FOR THE POLISH WAREHOUSE MARKET

Comment by Katarzyna Pyś Fabianczyk, Head of Industrial & Logistics
Department Central and Eastern Europe

There are positive signals coming from Poland’s logistics real estate market. The sector’s growth is based on the country’s improved network of highways, which has significantly improved transportation. New logistics centers and warehouse parks have grown along these roads and next to junctions. The improvements have put the Polish warehouse and logistics sector in a strong position not only for the Polish market as a whole, but also for Central and Eastern Europe (CEE) and, more often, for Western Europe.

The second reason for the sector’s recent growth is the increasing importance of e-commerce, which has brought with it the development of courier and transport services.

Data from the last year confirm that the warehouse and logistics sector is the fastest developing among all of the sectors in the Polish commercial real estate market, with more than 13.5 million square meters of space. Persistently strong demand, the growing popularity of built-to-suit (BTS) projects, a decreasing number of speculative projects and attractive lease conditions have generated a good outlook for the coming quarters.

More than 2.36 million square meters of new warehouse space appeared on the market in 2017, 66 percent of which was completed in the second half of the year. The number of projects completed in 2017 was 75 percent higher than in 2016.

The popularity of BTS projects results from tenants’ growing requirements, as well as the need to explore new regional markets to have guaranteed access to a qualified workforce. Our study from last year clearly showed that Poland’s labor market is now a crucial factor for the logistics market. Companies in the survey indicated that access to a workforce with a variety of skills – along with transport infrastructure and the standard of space – is the most important factor for the pace of the sector’s development in the near future.

Many companies are trying to entice potential employees with additional benefits. About 30 percent of the surveyed employers mentioned that they are taking steps to facilitate recruitment and hiring of immigrants from Eastern Europe.

Players from China are also increasingly appearing in Poland’s logistics and warehouse sector. After monitoring the market and studying development opportunities, they have moved to the project execution stage. At the beginning of the year, we finalized a lease transaction of several thousand square meters for one Chinese logistics firm. I predict that this is just the beginning of the trend. For investors from the eastern markets, the CEE region is exceptionally attractive in terms of the availability of investment land for projects of more than 100,000 square meters.

The regional market around the city of Szczecin turned out to be the dark horse of the Polish warehouse and logistics sector in 2017. New projects with a total area of 315,000 square meters clearly marked its presence on Poland’s logistics map. The region of Western Pomerania, with its strategic location, a record number of facilities under construction and its availability of qualified workers, owns its great result primarily to two significant BTS projects: Panattoni BTS Amazon Szczecin (161,000 square meters) and Goodman BTS Zalando Szczecin (130,000 square meters).

The Warsaw agglomeration, supported by the Central Poland region, will remain the main market in the country. Projects located near Łódź and the junction of the A1 and A2 motorways are aimed at companies with nationwide distribution.

Investors can see untapped potential in the Silesia region, which enjoys the interest of companies operating in CEE markets. Over the next few years, its significance on Poland’s logistics map will increase. The stable climate for investment and high level of tenant and investor activity has raised the profile of smaller regional markets like Bydgoszcz, Toruń, Zielona Góra, Opole and Rzeszów. This is one of the trends that will be observed in the near future. New road infrastructure in these regions will mean they will be taken more seriously.

Katarzyna Pyś Fabianczyk
Head of Industrial & Logistics
Department Central and Eastern Europe
The retail market in Poland is still a promising one. It is not weakened by rapid legal and tax changes, or slowed down by the growing saturation of retail space. The market expected a significant decline in investment moods due to changes in legal and tax regulations that were announced over a year ago. It turns out, however, that investors’ interest in the Polish commercial real estate market is not weakening. Last year, investors spent EUR 1.9 billion in the shopping center segment, similar to the 2016 figure. The largest transactions of last year include the Pradera fund’s purchase of IKEA centers for EUR 900 million and the purchase of Magnolia Park by the Unilmmo fund, a transaction valued at approximately EUR 380 million.

Investors’ interest in the Polish market is not expected to wane in the near future, despite recently passed regulations that are unfavorable for the industry, such as limiting trade on Sundays or the new tax on commercial real estate. The macroeconomic indicators remain high: economic growth is at 4.6 percent. And retail sales – a very important indicator for this market – are also increasing, which encourages more investment.

The total of more than 300,000 square meters of new commercial space completed in 2017 suggests the market is in good condition. All of the new space is in the broadly understood category of shopping centers, including retail parks and outlets. Areas around the largest agglomerations are still developing the fastest. It is worth mentioning such spectacular openings as Wroclavia in Wrocław, Galeria Północna in Warsaw or Serenada in Kraków.

However, it is also worth paying attention to investors’ growing interest in cities with fewer than 100,000 inhabitants, observed in previous years. Some 26 percent of newly created space is located in these cities.

One of the most important trends in the commercial real estate market is the reconstruction and revitalization of existing facilities, conducted more frequently and on a larger scale than ever. In 2017, nearly 50,000 square meters of commissioned commercial space was the result of modernization. This phenomenon is largely explained by the need to adapt shopping facilities to customers’ changing needs and expectations.

Especially prominent are changes in the food and beverage zones – their offer and structure – which forces the owners to reconstruct food courts. The Arkadia shopping center in Warsaw is a great example: the owners expanded the center by 2,000 square meters and commissioned a very modern catering zone. Other examples include the ongoing and planned extensions of the shopping complexes in the Atrium European Real Estate portfolio.

It is estimated that the supply of new space commissioned in 2018 will be at a similar level as last year – a sum of more than 300,000 square meters of new gross leasable area (GLA). The largest openings planned in 2018 include: Galeria Mlociny in Warsaw (70,000 square meters GLA), Forum Gdańsk (62,000 square meters GLA) and Katowice’s Libero (42,000 square meters GLA).

The effects of development on the commercial real estate market and good macroeconomic indicators are reflected in the traffic at Polish shopping centers. Almost 400,000 people visit an average shopping center per month in Poland, according to data collected at the end of 2017 by the Polish Council of Shopping Centres (PRCH) for the PRCH Footfall Trends Index. It should be noted that this indicator remained at a similar level as in 2016, after recording large declines recorded in 2013-2015 (360,000 visitors per month).

It is certainly not going to be an easy year for the commercial real estate sector. It will have to adjust to new regulations, mainly the limit of trade on Sundays (and a total ban in the following years) and the introduction of a new tax on commercial real estate. Facility owners are already searching for the most optimal solutions. However, this should not significantly affect the industry’s further development, especially not the area of new investments or the level of interest among customers.
Poland has rapidly gained interest over the past years. Due to a growing economy, the development and improvement of infrastructure and rising tourism demand, the region attracts international investors as well as leading hotel chains. This strong performance is to a small feat due to an increase in the number of business travellers to Poland. Cities such as Kraków, Warsaw, Wrocław, Tri-City and Katowice became more important from a global perspective as centres for Business Process Outsourcing companies (BPOs) – not only very basic call centres, but more advanced services. According to the latest ABSL report (Q1 2017) the economic uplift led to about 1,080 business centres employing more than 240,000 employees in Poland.

Poland’s hotel market has shown continuous growth with extensive investments in this sector. The number of accommodation facilities in Poland has picked up significantly in 2012 with the UEFA Euro 2012 being co-hosted by Poland and Ukraine during summer. Over the span of ten years, the number of hotels more than doubled and following 2012 the number of hotels grew to circa 2,550 in 2017, representing an increase of circa 9 percent (CAGR 2%). This overall positive development of the Polish hotel market is based on a steadily growing demand from national and international guests that visit the country.

Although the country’s tourism sector suffered from the financial crisis ten years ago, the industry was able to pick up quickly and the number of overnight stays in hotels and B&Bs increased on average by about 5 percent per annum during the last five years to more than 47 million leading to an average length of stay of 2.6 nights in 2017. This swift recovery may also be attributed to the high amount of national travellers accounting for about 80% of all overnight stays.

Over the past five years, it has become evident that the 3-star segment, with a total of circa 1,200 hotels and a market share of about 50 percent in 2017, represents the majority of hotel market supply. It currently holds more than 113,000 bed places, representing up to 43 percent of the about 261,000 total accommodation bed places. 5-star hotels compose the majority of the entire hotel stock, with only 65 hotels nationwide. The upper mid-range segments continue to grow, while 1-star establishments recorded ongoing declines with on average -3 percent per annum in terms of facilities. 4- and 3-star hotels had an annual growth rate of circa 5 percent respectively.

In the last years Poland has seen a significant number of new hotel developments coming to market. Lots of hotels are already under construction in cities like Gdansk, while Warsaw is catching up to its European counterparts. As Poland’s capital, represents the largest hotel market in absolute figures however, the bed and tourism ratios per 1,000 inhabitants clearly demonstrate the magnitude of the Kraków hotel market: with more than twice as many inhabitants, Warsaw only records about 20% more overnights than Kraków.

The majority of publicly known hotel projects in the country’s main destinations include international budget and economy, lifestyle as well as high-end luxury brands due to an already high brand penetration in the midscale and upscale segments. Poland’s first Raffles hotel is scheduled for 2018, along with a Four Points by Sheraton and a Renaissance hotel which are planned to make their market debut in the Polish capital. The national lifestyle brand PURO and Marriott’s economy brand Moxy will expand to Warsaw while Kraków will witness the opening of the first Meininger, a Germany based hostel brand.

Marriott’s Autograph Collection plans to expand to Kraków and the city will also be home to a third PURO hotel while Gdansk’s pipeline promises a Moxy for the leading Tri-City destination. In addition, a first Curio by Hilton, a Park Inn and a Hilton Garden Inn are to open in the city of Poznań while Louvre will launch its Chinese brand Metropolo in Poland, as well as opening a first Kyriad hotel.

There are many reasons why investors are convinced of the country’s potential. Factors include the improvement of hotel indicators, more international hotel chains, the enhancement of the country’s meetings and conference industry, improving road and rail infrastructure, as well as favourable property prices in comparison to key European markets such as London, Paris or Munich.
The market for private dormitories in Poland is just beginning to develop. We believe that an insufficient number of accommodation facilities offered by universities and a growing number of foreign exchange students creates a particular investment opportunity for the private sector. Our company wants to fill the deepening gap between the growing demand and low supply on the Polish dormitory market.

There are about 1.35 million students in Poland, but the Ministry of Science and Higher Education estimates this number will increase to 1.49 million over the next 15 years. The demand for student accommodation is growing fast, alongside students’ rising expectations for proper lodging. The influx of international students will boost demand even more. Last year, their number grew by 24 percent. This is forcing the real estate market to come up with new solutions.

Currently, only a tenth of all students can count on accommodation in public dorms, causing the demand for private dormitories to soar. Modern student housing has an above-average rate of return and has become an attractive sector for investment. The trend for building such facilities is very popular and well-developed in the United States and Western Europe, especially the United Kingdom, Germany and the Netherlands, where various programs in English are on offer.

Even though they are mature markets, new student houses are still being built and the investors’ interest is constantly growing. This, in turn, translates into high investment returns. In 2016, according to research by Savills, the volume of investment in the sector worldwide amounted to a record USD 16.4 billion, the highest result in the history of this market.

The private dormitory market in Poland is young and very diverse. There are currently around 40 private dormitories in Poland. Additionally, non-public higher education institutions own 36 dormitories. The current occupancy rate at state-owned universities’ dormitories is 80 percent, while the private dormitories are almost full. Compared to state dormitories, private dormitories provide a much higher standard of living.

Metropolitan Investment is Poland’s first team specializing in investment and developer projects on the yielding property market for individual clients. We are currently conducting two private dormitory investments in Pomorskie voivodeship: Gdański Harward and Olimpijskie Apartamenty. We offer our customers the opportunity to purchase individual premises within shared buildings and rent them to students in the form of a long-term lease, without the owner’s involvement. Purchase of micro-apartments is a great investment of capital for both beginners and experienced investors.

“**The demand for student accommodation is growing fast, alongside the student’s increasing expectations for proper lodgings.”**

**PRIVATE DORMS – A GROWING NICHE IN POLAND’S REAL ESTATE MARKET**

Comment by **Rafał Kroczak**, Director of Business Analysis at Metropolitan Investment

Rafał Kroczak, Director of Business Analysis at Metropolitan Investment
Comment from „Rzeczpospolita”

REAL ESTATE EDITORS ON RESIDENTIAL AND COMMERCIAL MARKET

Comment by Aneta Gawrońska and Adam Roguski
Real Estate Editors at “Rzeczpospolita”

What the experts were saying about Poland’s residential market in 2017?
“Great.” “Absolutely sensational.” “Golden Age.” “The best in the entire history of the property development market.” It is hard to disagree with them.

In Poland’s six largest markets alone, developers managed to sell around 72,000 apartments. In comparison, 10 years ago, during the previous market boom, only about 35,000 units were bought. The numbers speak for themselves. The real estate market offer covered absolutely everything: cheap, popular apartments with preferential loan plans, premises with a higher standard and super-luxurious apartments, starting at PLN 20,000 per square meter.

The land market is also sizzling hot and breaking new records. According to the property price database Cenatorium, an investor paid PLN 123 million for a plot of land in Żoliborz (a district in northern Warsaw). It will probably be another housing estate. There is no zoning plan yet, but there are residential buildings nearby.

What will 2018 look like? It is impossible for the market to keep breaking records forever. The government housing subsidy program “Mieszkanie dla Młodych” (“Apartment for the young”) has ended. Free plots are also harder to come by, especially in city centers. The more expensive plots will definitely affect housing prices. One thing is certain, 2018 promises to be a very interesting year.

The commercial real estate market in Poland had a successful 2017, and 2018 looks promising as well. The amount of office and commercial space available has grown by several percent, while warehouse space growth amounted to almost 19 percent. Developers are not slowing down, because the Polish economy is strong and attracting investors, which in turn drives demand for office and warehouse space.

In terms of commercial facilities, the market is experiencing saturation, but only when it comes to the largest shopping malls. Funds still consider Poland an attractive place to invest money.

It is possible that we will witness the emergence of an important segment that is virtually absent in Poland – professionally managed, large portfolios of apartments for rent.

The market could face the following challenges: rising construction costs and changes in the legal environment, such as new tax legislation or the ban on Sunday trading. Nobody challenges the decision-makers’ right to make such changes, but their pace and style could hinder the market.

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P"oland and its commercial real estate markets have been a place of a success story for Union Investment, ever since we stepped into the market 10 years ago. The purchase of the Maraton office building in 2017 and the acquisition of Magna Park conclude a very special year for Union Investment on the Polish real estate market. The Polish investment market, coupled with strong growth dynamics, still offers a stable environment for achieving long-term sustainable returns. Poland’s secondary markets as Wrocław, Katowice or Łódź remain a special interest for Union Investment as we look to further grow our core portfolio in Poland - the middle and long term. Our strategy for Poland involves broad diversification of our real estate portfolio.

We expect the Polish commercial real estate investment market to perform on a similar level as in 2017. Current return rates in Poland are still more attractive compared to the traditional core markets in France, Germany and United Kingdom. It should motivate investors to seek out business opportunities in Poland. However, they should take market risk into account when assessing each investment opportunity. Mostly caused by Poland’s competitive rental market, with a high activity of office developers in prime locations.

D"espite all the gloomy scenarios painted recently by market analysts, the supply of office space in Poland grows dynamically. Cavatina Holding PLC started its operations in Kraków from the construction of the Equal Business Park office complex. We are also present in Wrocław where we have two investments. Warsaw is still considered the most attractive location for office buildings, not only in Poland but also in Central and Eastern Europe. We observe constant changes in the urban geography of Warsaw. Tenants are more and more likely nowadays to choose central locations in the capital.

At the moment, the Cavatina Group has over 110,000 square meters of GLA under construction. Nearly half of which will be completed and commissioned this year: two A class commercial buildings in financial and two unique developments in Wroclaw. In the future, we will further expand our presence in Kraków, Wrocław and Warsaw but we will also soon appear in other cities in Poland. An important factor of our success is to pick the right location of the lots that we acquire. Although, it is more and more difficult to find attractive lots in city centres, we still succeed in finding such gems. We keep on purchasing land in the most desirable areas of Warsaw and other locations.

F"or Louvre Hotels Group Polish market is one of the top 3 priority markets development in Europe. First, we appreciate the strong recovery of the Polish economy and the favourable expectations on its GDP growth. Second, Poland’s population and geography - it is a large country with more than 25 cities above 200,000 inhabitants, which is an interesting opportunity for Louvre Hotels Group. Third, we want to capitalise on our twenty years experience in developing and operating hotels in Poland, especially now that the market is favourable. At last, Louvre Hotels Group considers Poland, logistically, culturally and historically, to be an important country at the heart of Central and Eastern Europe, considered a strategic region by our Chinese shareholder Jin Jiang International.

The core of Louvre Hotels strategy is to develop its midmarket brands, with already 335 existing hotels and a dozen projects in the pipeline. We intend to double our presence in the next five years, and at the same time pursue the development of our 2* brand Premiere Class, which we believe also has a promising future in Poland. Moreover, we will introduce new brands such as 3* standard Kyriad and our upper scale 4* Metropleo brand, for key exclusive historical locations.

Anna Duchnowska, MBA, MSc, Senior Director - Asset Management Head of Polish Operations

Voices from the Market

Daniel Draga, Member of the Management Board of Cavatina Holding PLC

P"ositive economic performance, with growth forecasts set to continue in 2018 and outstrip many European countries, combined with improvements in the local labour market have been the key indicators for sound fundamentals within the Polish real estate investment markets.

In 2017, we saw international investors continue their active investment into Poland with transactions totalling over €5.6bn. Invesco Real Estate, as one of the first real estate investment managers to actively invest domestic and international capital into the region, has transacted almost €2bn into Poland in the past 16 years. And, as a key strategic region for our firm, we currently have 12% of our European AUM invested here in offices, retail, logistics and hotels.

However, the market is clearly reaching its maturity with a wide variety of transactions from sale and lease-back, portfolio deals, JVs and IPO’s taking place. This increase in transaction activity is looking beyond the “classic” commercial sectors, into areas such as hotels and residential. In addition, new REITs are more and more likely nowadays to choose central locations in the capital.

The main drivers are: domestic consumption, with growth in the recent initiative of the Polish government to change the incentive scheme to FBI related projects and numerous infrastructure projects.

But there is another element, that could also have certain impacts on the Polish industrial real estate sector: the Chinese Belt & Road Initiative (BRI). Poland plays a key role in the so-called New Silk Road Economic Belt in being the connecting country between Asia, Russia and the CIS on one side and the EU on the other side. Estimates say that more than 80% of the trains currently running between China and the EU transit through Poland back and forth. This puts Poland in an excellent position. BRI offers the Polish industrial real estate sector an opportunity to benefit from an increasing demand for supply, distribution and cross docking operations towards Europe and from Western Europe, which more and more international customers such as logistics operators, shippers and e-commerce companies will be looking for. So far, the majority of containerized cargo is transported by train through Poland to their final destinations e.g. in Germany or the Netherlands.

Such warehouse complexes and state of the art intermodal terminals will be obviously most suited when being established close to the main railway corridors connecting the Polish Eastern border with Germany/Western Europe as well as Scandinavian countries and Central Southern Europe. Moreover, the recent initiative of the Polish government to change the incentive scheme to FBI related projects and numerous infrastructure projects.

Anna Duchnowska, MBA, MSc, Senior Director - Asset Management Head of Polish Operations

Frank Schuhholz, Founder at FMS

B"ozena Krawczyk, SEGRO Investment Director Central Europe

D"ue to its strategic location, Poland is an attractive place for investments. The country is a large consumer market as well as a gate to the other European markets. It’s no surprise then that today Poland is the 9th biggest industrial market in Europe with a great potential to grow further.

In 2017 Polish industrial market noted exceptional demand of almost 4 million sqm of gross take up. The main driver of growth is the e-commerce sector. SEGRO took advantage of it and recently delivered 30,400 sqm of modern warehouse space SEGRO Logistics Park Stryków. Arvato Poland will be running e-commerce processes from there for Poland’s giant fashion retailer LPP.

Poland is becoming an important hub for international players. The structural drivers of demand in the industrial market (urbanisation, growth of the digital economy and e-commerce) are likely to underpin occupier demand for some time to come. Investor appetite for prime warehouses remains intact and last mile delivery and light manufacturing are becoming more popular as asset classes.

SEGRO portfolio is strong, we are well capitalised and enter 2018 with confidence. We remain focused and disciplined in our capital allocation, active asset management and a prudent approach to financing. We believe that our modern and well-located portfolio, coupled with strong market fundamentals, will offer us significant growth opportunities in Poland and Europe. Customers and businesses in our warehouses and we will continue to respond to their needs. E-commerce and digitalization are likely to reinforce occupier demand, especially urban warehouses in major conurbations like Warsaw, which we are focusing on growing its presence in that sector.

Bożena Krawczyk, SEGRO Investment Director Central Europe

TIME FOR POLSKA

Frank Schuhholz, Founder at FMS

Advisers B.V.

Adam Iranz, Head of Investment Management Poland at Union Investment Real Estate GmbH

Laurent Denis, Development Director Europe, Louvre Hotels Group
**Poland’s city of the future**

**A strong pillar of the Pomerania region**

**Gdynia**, an important seaport in Poland’s north, offers a clearly defined, stable, yet modern strategy focusing on specific sectors (Maritime Industry, Business Process Outsourcing/Shared Service Centers, as well as Transport, Shipping and Logistics). It is a medium-sized city, with a population of 250,000. One of its greatest assets is its strategic location on the south coast of the Baltic Sea, at the junction of important international transport corridors, running from Scandinavia and northeastern Europe toward Southern Europe and the Mediterranean Sea. Its entire metropolitan area has experienced economic growth and the city is considered a strong pillar of the Pomerania region. It has a good investment climate and provides sound conditions for many business activities. It also has an exceptionally high standard of life, which is Gdynia’s distinguishing feature.

The city supports entrepreneurs and investors at each stage of business activity, from advising on the best investment location, through facilitating the paperwork to successful cooperation with established businesses. One example is the idea of a “single service desk” in the Gdynia Business Support Centre, where all the paperwork regarding establishing a new business can be completed at a single desk and takes about 20 minutes.

The city also offers the services of the Gdynia Business Incubator to support micro, small and medium-sized businesses. More than 200 information and communications technology (ICT) companies use the nearly 80,000 square-meter Gdynia Pomeranian Science and Technology Park, Constructor’s Park and Baltic Port of New Technologies, where they can take advantage of state-of-the-art conference and office centers, biotechnology and electronic labs, and prototype workshops, as well as gain access to professional advice and training. The innovative solutions developed by the companies have found customers in Poland and internationally.

In 2017, Gdynia received an ISO 37120 certificate and is the only Polish city recognized by the international World Council on City Data platform (dataforcities.org), listing global leaders in standardized city data, actively creating sustainable and prosperous cities. This only confirms Gdynia’s attractiveness and competitiveness on an international scale.

Gdynia Mayor Wojciech Szczurek said: “Gdynia and the other cities in the Tricity area (Gdańsk and Sopot) have already be-
Gdynia is the top BPO/SSC zone in Poland. Poland has become the top market in Europe and second in the world (after India) for such services. The economic potential of the city has been confirmed by several independent institutions. Among many others, the editors of fDi Magazine once again named Gdynia a Polish City of the Future in their 2017/18 ranking. This distinction was presented at the 2017 MIPIM exhibition in Cannes, France. Gdynia topped the overall medium-sized cities category and was named first among such cities in two other categories: Economic Potential and Business Friendliness.

Apart from the Business Support Services (BSS) sector, Gdynia is primarily focused on promoting the broadly understood idea of Maritime Economy and the TSI industry. There are 200 companies handling general cargo in Gdynia. The booming industry currently includes 18 shipyards, as well as ship and port equipment manufacturers. They specialize in flagship building, marine structures, shipbuilding, offshore structures, as well as modernization and wide-ranging reconstruction. Shipyards in Gdynia build ships to construct wind-farm towers, research vessels, motorway construction barges, hybrid ferries powered by batteries, purse seiners and other units.

Gdynia’s investment policy stems from its strategy to 2030. The city council knows exactly where it wants to see the city in 20 or even 30 years. Currently, Gdynia can offer about 200,000 square meters of office space, but plans to host investments that will increase this figure significantly in the coming years. The results of cooperation between the city and business investors include the creation of a modern and prestigious district in Gdynia that will combine residential functions with those of business and services.

Gdynia’s Sea City project covers 20 hectares of investment area. On one side, it has the waterline, on the other – the center of a city with a population of a quarter million. Sea City is a former shipyard area that is currently undergoing the process of revitalization. This is one of Gdynia’s main strategic objectives. These projects will provide nearly 500,000 square meters of modern office and commercial space. The stylish architecture being developed for this area will fit in with the historical buildings, maintaining their original character.

A new marina is already under construction, soon to be followed by a modern office and residential complex and commercial space. The transport network for the whole project has already been designed. According to the estimates prepared by the city planners, within the next few years this area may become home for 8,000 people and serve as a workplace for another 4,000, which will require a doubling of the residential and service area within the city center.

The Tricity area is a large academic hub, with 23 institutions of higher education and close to 100,000 students. The investors will find a lot of young people who are currently entering the job market with excellent knowledge of languages, such as German, Swedish, Danish and Norwegian, among many others.

Gdynia is well-connected within the region. The SKM (Fast Urban Railway) transports you from Gdynia to the center of Gdańsk in 30 minutes. It also has the Poméranian Metropolitan Railway and a vast public bus and eco-friendly trolley bus system. Gdynia also supports a car-sharing initiative for commuters. It is well-connected to other cities in Poland: modern trains run from Gdynia to Warsaw every hour.

Regular ferry services are provided to all the Scandinavian countries. The Gdansk Lech Walesa International Airport is only 30 minutes away. The A1 motorway, the Tricity bypass and planned express routes provide good access to city roads. Gdynia has also announced the construction of a new public ferry terminal. This is aimed primarily at making it possible to handle significantly larger, up to 240-meter passenger ferries that are entering the shipping market. It is an investment necessary for the development of the “Gdynia-Karlskrona Motorway of the Sea.” European Union funds have been designated for the investment project. Its estimated gross cost exceeds PLN 200 million.

Gdynia’s standard of life is very high - it has the cleanest air in Poland. This has become a very important aspect when employees choose a place of residence, and which therefore has a great impact on potential investments. Half of the area of the city is covered by forests and offers ideal conditions for walking, cycling and other after-hours activities. Gdynia has over a dozen kilometers of beaches and the most sunny days in Poland.

You can learn more about Gdynia’s sustainable growth and future investment plans at MIPIM in Cannes and EXPO REAL in Munich.

This investment policy results from Gdynia’s strategy to 2030. The city council knows exactly where it wants to see the city in 20 or even 30 years.
Katowice

The growing role of Katowice on the international market

**Katowice** is the capital of the Upper Silesian Region in Southwestern Poland. Deeply marked by the industrial age, Katowice has been investing in culture and creativity to revitalize and regenerate, summarizing its vision by the motto “from heavy industry to creative industries”. There are six European capitals within a distance of approx. 600 kilometers from Katowice: Warsaw, Berlin, Prague, Budapest, Vienna and Bratislava.

The city’s origins are connected to the development of mining, metallurgy and heavy industry. In recent years, Katowice has undergone a noticeable metamorphosis: from a post-industrial city it has become a dynamic metropolis with over two million inhabitants in the region. Redeveloped mines became areas where business and culture can flourish. Today, Katowice has one of the lowest levels of unemployment in Poland — below 3 percent.

The ‘Culture Zone’, created on the grounds of a former coalmine, is now home to the magnificent Silesian Museum and its historic mineshaft offers panoramic views of Katowice. Located right next to it, is the famous International Congress Centre (MCK), the place for business, science, sports and culture events. The MCK has served as an arena for events such as Intel Extreme Masters, Tauron New Music Festival, and European Economic Congress. Such events also favorably stimulate the development of domestic entrepreneurship. This makes Katowice City’s Mayor Marcin Krupa very happy as he outlines the city’s development strategy: “We want to develop business tourism in Katowice. Undoubtedly, the events that take place in Spodek Sports Hall and the International Congress Centre help us promote our city and the whole region. Business tourism has become an important lever for the city’s development. It’s worth adding that Katowice is the host of the largest event in Poland - Intel Extreme Masters, which attracts over 170,000 participants each year. Our city has now become the global capital of e-sport. What also leaves a great impression on our foreign partners is the fact that in December we will be hosting the COP24 Climate Summit and the World Anti-Doping Conference. These events are a great promotion for Katowice on a global scale. As a UNESCO’s creative city in the field of music, our cultural offer is rich and diverse. All these events show that our efforts and activities are noticeable and appreciated even outside of Europe,” concludes Mr. Krupa.

The Silesian Investors Assistance Department located in Katowice provides an array of services for investors, completely free of charge. The city representatives, called the investor’s guardians analyze the entrepreneur’s needs, indicate possible forms of development and help with administration proceedings and establishing contacts with local entities. Katowice wants to facilitate their expansion into the global market by strengthening the cooperation with investors, building an innovation ecosystem and supporting the city’s start-ups. The city has decided to create a Municipal Entrepreneurship Incubator, a creative space for the knowledge and experience exchange for everyone interested in innovation and entrepreneurship. The city of Katowice recognizes the potential of start-up companies, offering them support and opportunities for expansion into the US market. As part of the cooperation with Silicon Valley, Katowice has set up a representative office in Palo Alto, operating since October 2016. Katowice proves that investing in creativity can transform a once-industrial district into a vibrant creative city.

**Katowice wants to facilitate their expansion into the global market by strengthening the cooperation with investors, building an innovation ecosystem and supporting the city’s start-ups.**
Lubelskie voivodeship – a buoyant region in Eastern Poland

The Lubelskie Voivodeship is Poland’s easternmost province, and shares borders with Belarus and Ukraine. The region is a gateway to Eastern Europe and Asia and is rapidly gaining interest from foreign investors. The region has good infrastructure, with access to pan-European east-west/north-south transit corridors, such as the A2 motorway, S17 and S12 expressways, railway line E20 (Paris-Moscow) and E7 (Gdynia-Odessa). Lubelskie voivodeship is also a leader in eastern Poland in terms of air accessibility. Lublin Airport opened at the end of 2012 and is one of the most modern airports in the country. The region has one of Europe’s most modern cargo clearance terminals and the largest rail-to-road transhipment port in this part of Europe. The free customs zone in Małaszewicze handles cargo transit with eastern markets. The Broad Gauge Metallurgy Line, which is designed for freight transport and connects Poland with the Ukrainian and Russian railway systems, is also of great importance for the region. The voivodeship’s economy is growing dynamically, thanks to large investments in the region’s key industries: machinery, automotive, aviation, BPO and IT. All have large potential for development. It is also worth mentioning furniture industry (with a significant export growth) and food industry, especially food processing technologies and biotechnology.

The Lubelskie Voivodeship is home to 19 different universities and has one of the Poland’s largest student populations. It is a vibrant region, full of young and active people, with a 70,600-strong student community, including more than 6,552 international students and approximately 22,500 graduates a year. Lubelskie attracts prospective students with its broad selection of programs, offered by such flagship institutions as the Polish Air Force Academy, Medical University of Lublin and Maria Curie-Skłodowska University. Lublin, the region’s capital, has nine institutions of higher education, making it the largest academic center in eastern Poland. The highly educated staff and low labour costs – the average gross monthly salary in the region is PLN 3,398 (EUR 948) – make it an attractive area for potential investors.

Lubelskie has four special economic zones (SEzs), including 18 sub-zones, in which investors can do business on preferential terms. Investment areas have well-developed infrastructure. In the Lubelskie Region investors can count on Poland’s highest level of income tax allowances and exemptions. The amount of exemption depends on the size of the enterprise: 70% – for micro and small enterprises, 60% – for medium-sized enterprise, 50% – for large enterprises.

The region has competitive land prices, offering greenfield and brownfield investments. It welcomes projects in various sectors, such as production (including heavy industry), logistics, health, medical tourism, business process outsourcing and shared service centers. To see the full list of investment opportunities in Lubelskie, visit: www.invest.lubelskie.pl/en

Most municipalities in the region offer real estate tax exemptions for enterprises interested in doing business within their borders. Research and development activities can count on European Union funding. The Lubelskie Voivodeship’s Marshal Office set up an initiative to provide instant access to information related to legal and business matters involved in making investments. A specially designated Biznes Lubelskie Team guides investors through all the essential administrative and legal procedures that are involved in a project. The Team also helps investors to find appropriate partners and suppliers and new investment locations. To find out more, please visit www.invest.lubelskie.pl/en or call: +48 81 537 16 11 or +48 81 537 16 15.

Lubelskie Voivodeship has four special economic zones (SEzs), including 18 sub-zones, in which investors can conduct business activity on preferential terms.
Katowice Special Economic Zone

Internationally awarded zone focuses on investor support

THE KATOWICE SPECIAL ECONOMIC ZONE (KSEZ) was established in 1996 to support the restructuring processes and boost employment in the Silesia region in southern Poland. It has been recognized as the best special economic zone in Europe by the Financial Times’ fDi Magazine for the past three years. KSEZ creates unique conditions for investors who want to open their factories, business process outsourcing (BPO) operations, or research and development (R&D) units in Poland. Investment projects within the zone have now reached a value of EUR 6.5 billion. KSEZ has attracted major international investors, such as General Motors, Fiat, Guardian, and Capgemini, as well as smaller enterprises and family businesses.

KSEZ offers public aid in the form of income tax relief, calculated based on the total investment cost or new job creation in the region. The tax relief is granted in line with regulations in similar institutions throughout the European Union. KSEZ also provides legal and tax advisory services, mediation in property market dealings within the zone, office and storage space rental, as well as human resource consulting and training. It also maintains a database of potential contractors.

Katowice Special Economic Zone covers over 2,614 hectares, with plots ranging from 0.5-150 hectares. These are fully equipped with utilities (water, electricity, gas, sewage) and access roads. The offer extends to renting office space, warehouse space and production halls. Most investment sites within KSEZ are concentrated in the south of Poland in the Silesian Voivodeship. The KSEZ comprises of four subzones; this arrangement enables investors to find the most suitable location for their enterprise. Most of the sites are situated near international routes: east-west (Lviv-Wrocław-Berlin) and north-south (Gdansk-Cieszyn-Ostrava-Vienna).

Access to qualified employees is still one of the key competitive advantages of the region and a factor that influences investment decisions, which is why KSEZ intensifies educational activities to provide investors with necessary staff. “Our role is to build a bridge between science and business, so as to provide access to qualified people in line with investors’ needs,” emphasized Professor Barbara Piątek, Deputy, Chairman of the Board at KSEZ.

In 2017 KSEZ acquired 58 new investments worth more than PLN 3.4 billion. Entrepreneurs committed to creating over 2,000 new jobs and maintaining 14,000 existing ones, according to KSEZ President Janusz Michałek. A newly established KSEZ Innovator Club supports cooperation between universities and investors operating in the zone by matching talent with innovative companies. Some of the first partners of this program are the Silesian University of Technology, one of the largest universities in Poland, offering courses in architecture, construction, robotics, IT & electronics, as well as the Silesia Automotive & Advanced Manufacturing (SAA&M) cluster which is dedicated to entities operating in the automotive sector and advanced production systems (Industry 4.0). Since 2017 KSEZ has invested in dynamic development of the cluster. It now has more than 70 firms from the automotive and advanced technology industries, 11 scientific units and three business environment institutions. Cluster members’ R&D expenses amount to more than PLN 700 million, while research units and businesses have signed more than 335 knowledge-transfer contracts.

Silesia Automotive & Advanced Manufacturing cluster members’ research and development expenses amount to over PLN 700 million.

KATOWICE SPECIAL ECONOMIC ZONE COVERS OVER 2,614 HECTARES WITH PLOTS RANGING BETWEEN 0.5-150 HECTARES FULLY EQUIPPED WITH UTILITIES AND ACCESS ROADS

Katowice Special Economic Zone

Investment projects within the Katowice Special Economic Zone have now reached a value of EUR 6.5 billion.
Pomerania was ranked fourth in the prestigious Best-Performing Cities in Europe ranking by Milken Institute, while the Tricity metropolitan area (Gdańsk, Gdynia, Sopot) was recognized as the “most dynamically developing city” at the CEE Shared Services And Outsourcing Awards Gala 2018.

Invest in Pomerania – a regional non-profit initiative supporting foreign direct investors – was established seven years ago. Today 17 members of Invest in Pomerania collaborate hand-in-hand to promote the region. Since its establishment in 2011, the initiative has supported 83 investment projects, which will together create about 12,600 jobs. No wonder Invest in Pomerania was recognized twice by PAIH (formerly PAIiIZ), Poland’s investment promotion agency, as the country’s best Investor Assistance Center.

To support the sustainable development of the entire province, “Invest in Pomerania 2020” was recently kicked off. The project is a direct response to the demand for fully developed industrial space. It aims to boost the region’s potential that comes from its seaside location. The project involves creating at least three industrial parks of a total area of more than 70 hectares around the main transport routes such as seaports, an airport and motorways. The project is financed through EU funds from the Regional Operational Program of the Pomeranian Voivodeship for the years 2014-2020. It is worth noting that within “Invest in Pomerania 2020” there will be a new system of investment incentives developed. The companies will be offered different forms of support, including employer branding services, temporary rental space, employee training and a relocation fund.

The historic city of Gdańsk has many interesting new developments located in both its picturesque city center and its outskirts. New residential developments, office buildings and industrial and logistics projects are sprouting up all around. Gdańsk’s waterfront is undergoing vast redevelopment. New office and residential buildings with modern architecture and well-planned public spaces, passageways and squares will create a unique atmosphere.

Sopot, a modern resort town, best known for its Art Nouveau spas and villas, is mainly focusing on tourism, investing in recreational and medical facilities (sanatoriums). The Municipality of Sopot has also undertaken a lot of residential initiatives, strategically investing in housing for young families.

Rumia, on the other hand, is focusing on attracting investors to a newly established industrial park of more than 80 hectares.

Pruszcz Gdański, just 10 kilometers from the center of Gdańsk, is home to the Baltic Investment Zone (BSI), which occupies approximately 50 hectares. Many companies from the electronics, food, clothing and metal industries have their warehouses and production centers there.

Pomerania – seaside diversity developed skillfully

Pomerania is an attractive place to visit and the right place to do business.

WITH over 38 million citizens, Poland is the biggest market among new European Union member states and the most attractive foreign direct investment (FDI) destination in Central and Eastern Europe (CEE), according to a 2016 report by EY. Pomerania is the fastest-growing region in the country, with a gross domestic product growth rate of 4.5 percent.

Located by the sea, Pomerania is fueling its rise with the development of the maritime industry. Since the introduction of direct calls from major Asian ports, Pomerania has become Poland’s gateway to the world and its role as the port hub for CEE is steadily growing. This, along with other factors, such as availability of skilled workforce, lower costs of doing business and EU membership, has resulted in numerous investment projects from world giants, including Flex, CIMC and MOL. For these reasons, Pomerania was ranked fourth in the prestigious Best-Performing Cities in Europe ranking by Milken Institute, while the Tricity metropolitan area (Gdańsk, Gdynia, Sopot) was recognized as the “most dynamically developing city” at the CEE Shared Services and Outsourcing Awards Gala 2018.

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Company profiles
PKP S.A. is one of the largest property owners in Poland, and is implementing a huge investment program.

PKP S.A. was established via the commercialization of the Polish State Railways. The State Treasury is its sole shareholder. PKP S.A. oversees the PKP Group companies to ensure the highest quality of passenger transport and logistics services. It is also one of the largest property owners in Poland. The company’s holdings include about 96,000 hectares of land and 52,000 buildings and structures. Some assets are used for transportation services (railway stations), while others are strictly commercial. PKP S.A. is actively seeking and initiating new investments, looking for ways to optimally manage the railway properties.

PKP’s new real estate management strategy will, above all, translate into economic development and will allow the company achieve long-term goals,” said PKP CEO Krzysztof Mamiński. “The huge sale of valuable railway assets in recent years was a step in the wrong direction. Our goal is to maximize our properties’ potential. Many of them are located near railway stations with road access. These are the areas where we intend to develop shipping and logistics activities. So far, we have identified about 80 suitable properties and we are actively looking for investment partners. PKP Group has also established a new company, Xity In-vestment, to cooperate with private developers in creating new urban spaces.”

Mr. Mamiński continued: “As one of the key Treasury companies and the largest property holder in Poland, we are actively participating in the government-run program ‘Mieszkanie Plus’ (Apartment Plus), which is of great social and economic importance, providing more affordable housing in the country.”

He added: “We are implementing the largest investment program in the history of the Polish railway. It covers about 200 railway stations – some of them will be thoroughly modernized, and some built from scratch as part of the Innovative Systemic Stations (IDS) program. The program’s purpose is to increase the competitiveness of rail transport by demolishing old buildings and replacing them with environmentally friendly facilities. We focus on big cities and small towns, with stations next to modernized or soon-to-be-modernized railway lines. This synergy effect is supposed to make the railway transport more significant and become a strong pro-development impulse for the individual regions.”

Currently, there are about 36 land terminals in Poland. PKP S.A. has many plots that could be developed for the construction of logistics centers, rail ports or intermodal terminals. These properties vary between several and several dozen hectares in area. PKP S.A. is currently looking for investors interested in logistics development. One of the first...
projects is being implemented in cooperation with the Polish Post, for the expansion of the broadly understood Transport-Shipping-Logistics market. Plans include the construction of an intermodal terminal in Konin and a multimodal terminal or a cargo handling and logistics services point in Rybnik. The company is also holding talks with several sea ports, discussing potential cooperation in logistics expansion.

“Mieszkanie Plus” (Apartment Plus) is a government housing program that aims to increase the number of affordable apartments with the use of State Treasury properties. PKP S.A. has already submitted 238 properties suitable for development, with a total area of nearly 600 hectares, and a total value of about PLN 1.3 billion. The selected properties are in cities throughout Poland with more than 20,000 inhabitants. Apartments built on state-owned land should be cheaper and more accessible to people with modest incomes.

PKP S.A. is carrying out an extensive railway station investment program throughout the country. The company intends to modernize or build around 200 railway stations before the end of 2023. Some of the stations intended for modernization are historic buildings, which will be returned to their former splendor. Currently, more than 160 facilities are being redeveloped.

Other planned investments foresee the construction of completely new, energy-saving and ecological modular facilities, emerging in the place of decaying, nonfunctional stations. The main goal of the program is to provide excellent travel service in all PKP’s facilities that would match 21st-century standards. Railway stations will be adapted to the needs of all passenger groups, including people with reduced mobility. More and more stations are to function as interchanges, integrating various branches of transport.

PKP S.A. established a new company, Xcity Investment, at the beginning of 2015. Its task is to identify and implement development projects on railway real estate in cooperation with private investors. All Xcity’s developments are carried out as joint venture projects. The scope of our activity includes the construction of centrally located office, commercial and residential buildings, as well as hotels and logistics centers in many Polish cities,” said Marek Chibowski, CEO of Xcity Investment.

Xcity Investment is also analyzing the potential of other locations and plans to expand its business to include warehouse investments. Currently, the company has 25 projects at various stages of progress. According to its strategy, the company will have 40 projects by the end of 2018. Projects currently implemented by Xcity include: Warsaw Gdański with Gshamco, Poznań Główny (stage III) with TriGranat, Gdynia Międzytorze with Semo Investment Group, Kraków Bośnacka with GD & K Investment and Mińsk Mazowiecki and Konin with Dekada Realty.

Plans include a project called Centrum Park (Central Park), located on a two-hectare plot in the very center of Warsaw. A building complex combining office space, commercial services and hotel functions will be constructed next to the Warszawa Centralna railway station.
Dom Development SA

Residential developer finds success in Warsaw and beyond

The company sold 3,975 units in 2017

DOM DEVELOPMENT, founded in 1996, is now the biggest developer in Poland, with a leading position in the Warsaw market. During its over 22 years of operation, the company has delivered about 30,000 apartments, which now more than 90,000 people call home. Dom Development’s offer is aimed at individual clients and includes multifamily buildings. The company has been listed on the Warsaw Stock Exchange since 2006.

Dom Development mainly operates in the Warsaw market. In 2011 it expanded into Wrocław, and since June 2017 has also been present in the Tricity area (Gdańsk, Gdynia, Sopot) in northern Poland, thanks to its acquisition of Gdańsk-based firm Euro Styl.

Jarosław Szanajca, a Warsaw University law graduate, is the Chairman of the Management Board at Dom Development and one of the company’s founders. At the same time he presides over the Polish Association of Developers (PZFD), a nationwide institution bringing together almost 40% of all developers of the Polish real estate market. He has also been the President The European Union of Developers and House Builders (UEPC).

Dom Development’s Warsaw projects include Żoliborz Artystyczny, Osiedle Saska, Osiedle Premium, Urynowia, Apartamenty Park Szczęśliwicki, Osiedle Wilno, and many others. The company also develops local infrastructure used by its own customers and other residents in the area.

In Wrocław, the Aura estate is scheduled for completion in spring 2018, and a new project, Książę Nowe, is beginning on Rybnicka Street and new one Studio Arte on Prusa Street. In the Tricity area, by the Baltic Sea, Dom Development is pursuing numerous housing projects under the Euro Styl brand, including Osiedle Idea, Nowy Horyzont, Spektrum and Scena Apartamenty.

Dom Development has emerged as the leader of the residential market in Poland and has received numerous awards, such as Pearls of the Polish Economy, Forbes Diamonds, Cij Awards and Eurobuild Awards.

“The community of people living in the apartments built by Dom Development is as big as a medium-sized city,” said CEO Jarosław Szanajca. “From the first years of the company’s existence to this day, we have supported Warsaw institutions. We emphasize strong ties with Poland’s capital through numerous activities aimed at supporting culture, but also its creators, by cooperating with the National Theatre and Warsaw’s artistic circles.”

Dom Development wants to continue promoting art. It has established the Dom City Art Foundation for the sole purpose of supporting cultural initiatives.
Murapol Group

An ambitious Polish property developer with a vast investment portfolio

**Murapol Group** is one of Poland’s leading residential development companies. Since it was founded in 2001, it has completed about 100 investments, offering a total of more than 85,000 apartments, which are now inhabited by a total of 25,000 people. Murapol sold 3,600 apartments in 2017, second among Polish developers. The management board is focused on ensuring the company’s sustainable development. Sales in 2018 are expected to reach 4,000-4,500 apartments all while maintaining high quality of execution and high investment margins.

Murapol has one of the largest portfolios of “projects in preparation” in Poland – about 22,000 residential premises on land with a total value of more than PLN 700 million. The company offers residences in 14 cities across Poland and is already preparing investments in 3 more. To maintain its current pace of development, Murapol has decided to enter the German and Scottish markets.

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**“Murapol is, and will remain, an attractive entity not only for private investors looking for the best housing offer, but also for investors seeking attractive companies with high gross margins.”**

Murapol’s CEO Nikodem Iskra.

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PROFBUD GROUP is a dynamically growing Polish company. It was established in 2007 and focuses on the Warsaw residential market. It has already completed seven large property projects with 754 apartments total, and has another four under construction. The company is also starting its first project outside the capital. In 2017, Profbud Group diversified its portfolio by launching a new company, City Level, to focus solely on the office sector. Its first investment is a modern office building in Warsaw called Vector+.

Profbud’s management board includes founder and CEO Paweł Malinowski, Bohdan Szułczyński and Beata Zarzyńska. They put their clients at the heart of all they do and want to make customer service the company’s distinguishing feature. As Mr. Malinowski likes to say: “At Profbud, our clients always come first. We are meticulous and transparent with our customers – each has access to the details concerning the technologies and materials used. We believe that our offer of residential and office developments is guaranteed to be a sound investment.”

The company is setting new standards by closely supervising each of the development stages – from design, through construction, to promotion and sale – but it also engages in dialogue with clients after the sales are complete.

“Profbud believes that its offer of residential and office developments is guaranteed to be a sound investment.”

Both architectural solutions and interpersonal relationships are most important to us. We take care of our clients at every stage of the investment – but also have our clients in mind long after its completion. For example we organize events and projects to integrate our residents. The client is the most important for us, that’s who we provide our services for and why we care about the quality of our projects.”

In Poland, Profbud has won many awards for its outstanding execution, quality and reliability. Abroad, the company received honors at the prestigious European Property Awards 2016/2017 in the Retail Design category for its sales-office.

Profbud has been carrying out development projects since 2011. Demand for home ownership in Warsaw is steadily increasing and the company is taking advantage of this and developing strategies for the future. In the last 3 years it has competed 9 different investments and sold 800 apartments. Now, Profbud is focusing on strengthening its position in the Warsaw market. In 2018 the company plans to start 6 new investments, with the total of 55,000 square meters and 1000 new apartments.

One of the flagship new developments is the prestigious Awangarda residential estate in the capital’s Bemowo district, currently under construction. It comprises 149 apartments with a total usable floor space of 11,000 square meters and will be completed in the second quarter of 2018. It is located in the largest developed green area in Warsaw, Fort Bema, with abundant sports infrastructure. As Awangarda is being developed with active and dynamic people in mind, Agnieszka Radwańska – a world-famous Polish tennis player is the face of this prestigious residential estate.

The company’s first office project, Vector+, is the first highly innovative office building in the Wola district. With total usable floor space of 13,155 square meters and approximately 600 square meters of retail and service space, the investment is aimed at creative businesses and large companies looking for an alternative location and a different perspective.
The company knows what the buyers expect, which is why our apartments are so successful in the market.” – Oscar Kazanelson, chairman of ROBYG’s supervisory board.

In February 2018, following the establishment of strategic cooperation, Goldman Sachs secured over 90 percent of ROBYG shares in a tender offer.

“We are convinced that ROBYG is a solid brand with a bright future,” said Mr. Kazanelson. “The company knows what the buyers expect, which is why our apartments are so successful in the market. By introducing Smart House technology in all our apartments we set a high standard, which the market and customers appreciate.”

Recently, the ROBYG Group introduced a new service called Working Balance, a co-working space in Warsaw’s Wilanów district. The company fully equipped modern offices and conference rooms. In the future, the tenants will also have access to a business coaching and various professional workshops and training. Small businesses and freelancers alike are turning to shared workspaces as an alternative to traditional office leasing. The Polish co-working industry is experiencing rapid growth and has attractive prospects for development. The ROBYG Group is therefore considering expanding activities in this area and its share in the company’s revenue.

In December 2017, a strategic investor, Goldman Sachs, introduced a tender offer that was successfully concluded in February 2018. “Thanks to the new owner of ROBYG, we will accelerate our expansion throughout Poland,” said Oscar Kazanelson, chairman of ROBYG’s supervisory board.

In 2017, ROBYG sold 3,470 apartments, maintaining its position among the leading Polish developers. In Gdańsk, 1,662 contracts were signed, and in Warsaw an additional 1,808. That is 17 percent more than in 2016. Popular ROBYG investments in Warsaw include: Green Mokotów, Fort Wola, Stacja Nowy Ursus, Osiedle Życzliwa Praga and Young City in the Rembowski district.

In Gdańsk, popular investments include Zajezdnia Wrzeszcz, Nadmorskie Estate, Nowa Letnica, Słoneczna and communal spaces have greenery designed by landscape architects.

The company’s dynamic development proves that the management and supervisory boards’ goals are based on reliable forecasts. The company has been regularly sharing its profits with shareholders since its Warsaw Stock Exchange debut in 2010. In 2016 ROBYG Group recorded revenues of PLN 317 million. The first three quarters of 2017 brought the company an additional PLN 350 million in revenue.

“ROBYG is experienced in anticipating market trends. Their customers appreciate its great value-to-quality ratio and Smart House technology. ‘We give our clients more than the others, as all our apartments are equipped with this innovative technology free of charge,’ said Eyal Keltsh, COO at ROBYG. Smart House allows customers to remotely program electronic devices, radiators and control security systems using a smartphone or tablet. It can help lower household bills by up to 30 percent.

ROBYG’s offer is also well-suited to the demands of the market in terms of size, design and location. The developer offers several investments prepared for families with children, couples and active singles. The company stresses the importance of a comprehensive investment approach. Close proximity to well-developed road infrastructure ensures efficient commuting, while modern and functional design guarantees comfort of living, close proximity to business parks and other community services.

Most of ROBYG’s estates are located near city parks; their inner courtyards and communal spaces have greenery designed by landscape architects.

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ROBYG was first to introduce Smart House technology as standard in apartments.

ROBYG Group is a Polish real estate developer operating primarily in Warsaw and Gdańsk. The company also owns properties in Wrocław, where it will soon begin its investments. ROBYG Group has been operating since 2000 and is one of Poland’s leading developers. Over the course of more than 17 years, the company has sold approximately 17,000 units and delivered approximately 12,500 units to clients.

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A Polish visionary entrepreneur invests in Brazilian real estate

An Atlantic Ocean beachfront project shows GREMI Group’s investment potential

Mr. Hajdarowicz, who controls the holding, is a versatile entrepreneur with extensive business experience in many industries, including real estate, publishing and film production, to name a few. “I am interested in unconventional projects that ensure a high rate of return. This year marks the 27th year of my business activity. I think that if I was involved in conventional projects, I would not be where I am today,” he said.

One of the company’s largest real estate investments is the Brazilian Eco Estrela project, which started in 2009. A high-class leisure complex will be built on GREMI Group’s land, located in Baia Formosa, which translates to “Beautiful Bay,” in northeast Brazil. GREMI Group’s investment is based on the principles of sustainable development and engagement with local communities.

The project consists of establishing three interlinked components: an ecological tourist resort, a housing complex and a technology park. The company has entered into a strategic alliance with Six Senses, the leading hotel brand in the premium segment. Two resorts, a wellness center and villas are expected to be finished in 2021. The extraordinary site, which is a part of the bigger Eco Estrela Project, features almost 6.5 kilometers (4.1 miles) of Atlantic Ocean beachfront and covers an area of 2,273 hectares (5,613 acres).

In Poland, GREMI Group acts as a pre-developer, selling land with specific projects and building permits to other developers. It recently sold a residential project in Kraków to the developer CNT. The company also has an investor for a major part of the GREMI Business Park office project, which is also located in Kraków. “We are interested in executing new projects in the ‘pre-developer formula,’ worth between 10 and 20 million zlotys. We want to use our know-how in preparing land with a difficult history for development and we are looking for properties in and around Kraków and Warsaw,” said Mr. Hajdarowicz.

The rapidly developing technologies of augmented reality (AR) and virtual reality (VR) are Mr. Hajdarowicz’s new areas of interest. According to a forecast by Goldman Sachs, the value of the VR market will exceed $2 billion this year, and in eight years it will increase to $35 billion. This is the area where GREMI Group will expand its business. GREMI has recently bought a complex of futuristic buildings near Kraków in Alwernia. The new company dedicated to this project (Alvernia Planet) plans to create an education and entertainment park using the latest technologies, including VR and AR.

The Alvernia Planet project is estimated to be worth about EUR 100 million (nearly PLN 430 million). Real estate accounts for about half of that sum: the main complex consists of buildings with an area of 17,425 square meters, while the total area of the property in the project is 13 hectares. The other half of the investment is the value of the pre-estimated expenditures necessary to create an AR / VR center. GREMI announced that it wants to attract external investors to this project.
BGK Nieruchomości

Affordable housing in Poland – benefits both families and investors

BGK Nieruchomości helps provide affordable apartments through Poland’s national housing program

BGK Nieruchomości (BGKN) is a state-owned, yet commercially operating company, managing closed-end private asset investment funds. Its mission is to grow the availability of safe, stable and affordable rental housing for Poland’s low income and middle class families by reducing the country’s housing deficit and extending the market into new segments.

BGKN has a proven track record in both financing and developing affordable apartments for rent under Poland’s national housing program. Housing projects are being prepared both in large metropolises and in smaller cities, serving as a pro-growth stimulus for entire macro-regions. Moreover, a plan for rural areas is being developed.

“Our projects are targeted at those segments of population who do not have access to housing at market rates. We carry out our investments in cooperation with both local governments and private developers. At each level of investment process – whether it’s land acquisition, financing, construction or renting – our projects are carried out based on fully commercial rules,” said BGKN Vice President Włodzimierz Stasiak.

The growth potential in this market in Poland is significant. “BGKN has a proven track record in both financing and developing affordable apartments for rent. The growth potential in this market in Poland is significant.”

The growth potential in this market in Poland is significant. At the moment, over one million Polish families have no means to rent or buy their own flat. The level of overpopulation in Polish apartments exceeds 44 percent while the EU average oscillates around 17 percent. The country occupies almost the last place in the European Union when it comes to numbers of apartments per one thousand citizens and living space per capita.

Poland builds roughly 150,000 units per year – less than half as much as is needed. BGKN is determined to provide an impulse to filling this gap. Its existing residential portfolio consists of 2,800 apartments for rent, worth about EUR 250 million. Since the launch of the national housing program, the company already has more than 2,000 apartments under construction. Moreover, there is about EUR 1 billion worth of investments in the pipeline, with another 25,000 apartments at various stages of preparation. Multiple Polish cities are already participating in the program, which grants access to large plots of land, from both local governments and private investors, allowing for comprehensive urban design solutions.

“We are going to offer our tenants optimum construction and furnishing standards. Our main focus is on proximity to functional centres, as well as accessibility to public transport and social and technical infrastructure. In cooperation with local governments, we make sure our affordable housing developments are linked to the wider urban planning process,” said BGKN Board Member Grzegorz Muszyński.

BGKN is optimizing costs without downgrading housing quality. The company is focusing on modern construction technologies and ready-made architectural solutions. This, in addition to economy of scale mechanisms, will allow BGKN to offer rents circa 25 percent lower than in today’s local housing markets. “We invite developers to cooperate with us, but we expect them to be willing to lower their margins,” emphasise BGKN managers.

BGKN’s funding strategy assumes seed investment from BGK Bank (Poland’s state development bank) and financial and land contributions from investors, complimented by debt financing (corporate bonds, bank loans, mortgage loans and related cover bonds). With plans to list their funds on the Warsaw Stock Exchange and convert it into a real estate investment trust (REIT), the company wants to create a brand new spot on the low risk investment map and a mechanism to generate stable and competitive returns for investors.

“BGKN has a proven track record in both financing and developing affordable apartments for rent. The growth potential in this market in Poland is significant.”
Heritage Real Estate

Comprehensive real estate services

A partner for foreign companies that want to become players in the Polish real estate market

Heritage Real Estate (HRE) specializes in strategic consulting, bringing together advisory in personal finance, real estate and ownership change management, including purchase, sale, leasing and rent. With the comfort of its customers and the safety of their assets in mind, HRE provides a wide range of choices from among the most profitable and safest forms of investment available in the Polish market. HRE focuses primarily on real estate because it believes that it is the safest and most profitable type of asset.

Heritage Real Estate is open to its clients’ various (even excessive) needs and expectations. They can always count on HRE’s support in achieving their business goals. HRE is the only company of its kind in the Polish market that skillfully combines consulting for businesses with wealth management for demanding individual clients.

HRE’s team of experts consists of professionals with many years of experience in the finance and real estate sectors. Each client receives reliable support from a group of experts dedicated to particular areas. HRE mostly works with institutional clients. It is one of the first choices for foreign companies that want to become players in the Polish real estate market. The company takes a comprehensive approach to its projects, and addresses each individual investor’s needs. By assuming responsibility for coordinating the investment process, HRE guarantees the highest level of service.

The company offers comprehensive strategic consulting, analyses and investment profitability studies, obtains permits and organizes project financing and commercialization. In contrast to global enterprises or banks, HRE is present and controls every stage of project implementation, helping to maximize the profitability and security of investments.

HRE also offers unique financial solutions for individual clients, providing selected investment fund products and a wide range of long-term investments. HRE’s clients trust it because they appreciate its knowledge and approach to their business.

In striving to improve the quality of legal solutions in the Polish market, HRE has created the HRE Think Tank (https://heritage-re.pl/think-tank/), a non-profit organization based on building competence and knowledge of the real estate market. By sharing their knowledge, publishing research reports and participating in an open public debate, HRE’s experts help bring about constructive changes in Polish law, adapted to the idea of sustainable real estate market development, with a particular emphasis on social aspects.

HRE is the only company of its kind in the Polish market that skillfully combines consulting for businesses with wealth management for demanding individual clients.
Investments
Poland is emerging as a leader in the European Union’s office real estate market. Warsaw is now a dynamically developing European metropolis, even though 70 percent of the city was destroyed in World War II. Warsaw has 5 million square meters of office space – more than all other Polish cities combined. Many global companies have decided to move their businesses there, but until recently they had not had many opportunities to locate their offices in the heart of the city.

Centrum Marszałkowska is the newest office building located in Warsaw’s central business district, at the intersection of the city’s main transportation arteries, Marszałkowska and Świętokrzyska streets. It is Warsaw’s first property to be integrated with the subway network through a connection with Świętokrzyska Station. The venue incorporates the best commercial and artistic traditions of Warsaw, creating synergy between business and urban lifestyles.

The area surrounding the complex is a bustling city center, just a few minutes away from art galleries, the Warsaw Philharmonic, cinemas, restaurants as well as prestigious law firms, consulting companies and financial institutions.

Centrum Marszałkowska offers 13,100 square meters of designated office space. There are two subway lines directly underneath the building and the international railway station is just a short walk away. Marszalkowska street has been one of Warsaw’s main shopping destinations for decades. Centrum Marszałkowska uses this strong high street potential and offers 5,400 square meters of retail space on the ground floor. More than 30 percent of the capital’s residents pass by it at least once a week. The building will feature a two-storey underground parking lot for cars and bicycles. Another unique feature of Centrum Marszałkowska is its proximity to green areas – Park Świętokrzyski and the Saxon Garden.

Centrum Marszałkowska is one of the flagship projects of BBI Development, known for premium-class investments, in cooperation with Społem WSS Śródmieście, a cooperative with more than 144 years of experience. The building’s modern offices are built in accordance with BREEAM Excellent standards. The project will be completed in the second quarter of 2018. BBI Development has a lot of respect for local history and creates attractive public spaces around its investments. Centrum Marszałkowska will carry a plaque commemorating the heroic death of Warsaw insurgents in World War II, who perished during the bombing of a tenement that stood in the same place.

Furthermore, the locals will be happy to see the return of Warsaw’s most important department store for decades, the iconic Sezam. The interior of the shop will be decorated with historical mosaics and ornamental ceramic tiles, carefully extracted from the old building.

The investment also foresees a careful revitalization of an urban arcade named after Witold Rowicki, a conductor, composer and long-time artistic director of the Warsaw Philharmonic. Its green areas will provide a place for relaxation in an otherwise busy urban space. Centrum Marszałkowska is committed to restoring greenery in the city center and it will enrich the “Warsaw green trail” on Świętokrzyska street with 1,000 square meters of green terraces, filled with flower meadows and leisure areas.
**Roma Tower – a new landmark in the Warsaw skyline**

**A city-center skyscraper, home to a luxurious six-star hotel**

**TIME FOR POLSKA**

**THE 170-METER ROMA TOWER IS DESIGNED TO MEET THE EXPECTATIONS OF THE MOST DEMANDING INVESTORS.**

**WARSAW** will soon have another new skyscraper, as it joins the ranks of metropolises like London or New York, with high-rises in the very heart of the city. Such investments offer new development opportunities and attract top-tier international investors, clients and tourists, who have often overlooked Warsaw due to the lack of high-class real estate and exclusive hotels. Poland’s capital is often referred to as the Tiger of Central and Eastern Europe and is rapidly developing.

Roma Tower is BBI’s Development’s latest project, delivered in cooperation with the Archdiocese of Warsaw. Centrally located at the corner of Emilii Plater and Nowogrodzka streets, the 170-meter Roma Tower is designed to meet the expectations of the most demanding investors, such as five- or six-star luxury hotel chains. The offer will also include 55,000 square meters of class-A office space, as well as premium-class apartments. The building’s blueprint has been approved by the city council and construction work is expected to end in late 2018.

Roma Tower is an important building for Warsaw, as it continues a half-century-old tradition of erecting high-rise buildings in the Śródmieście district, like the Elektrim building or the Marriott hotel. The building’s location will create a symbolic urban gateway between the contemporary city center and the surrounding low-rise tenements, renovated or rebuilt after World War II. The tower’s immediate surroundings have an ample number of cafes, restaurants and expensive boutiques.

The famous Broadway-style musical theatre Roma, makes the neighborhood a fashionable destination. The building’s ground floor is reserved for retail and services, which should help smaller and medium-sized businesses operating in Śródmieście boost their business.

Roma Tower’s investors stressed the importance of a sustainable approach to the city’s development and have planned the creation of additional green spaces with a 200-meter-long park in the area. This would serve as a place of rest for busy managers and tourists, seeking a breath of fresh air in the urban jungle.

Tower buildings in city centers are also a better alternative for environmentally conscious investors than business parks located on the outskirts of urban areas. Easy access to an extensive public transport network helps reduce smog created by commuters.

Roma Tower is a truly unique investment, carried out by BBI Development together with the Archdiocese of Warsaw and the Saint Barbara parish. It has received the Vatican’s approval.
Business Gardens

- where business meets hospitality

Modern office complex designed with
a focus on the tenants’ comfort

Vastint

Business Gardens is an innovative business park concept where clever architecture and ergonomic technology come together to create comfortable, eco-friendly workspaces. This unique approach focuses on sustainable construction and energy-saving facilities, significantly lowering the maintenance costs. Another undeniable benefit of renting sustainable office space is that it results in healthier and more productive employees.

Modern office complexes built by Vastint in Warsaw, Poznań, and Wrocław fully embrace this philosophy. All of them have met the Leadership in Energy and Environmental Design (LEED) Platinum certification requirements, all are conveniently located, and each floor can be divided into a specified number of tenants. All this creates perfect conditions to support the development business process outsourcing, shared services centers and information technology operational centers.

The Parks around the office buildings have been designed with the employees well being in mind. Free Wi-Fi stations can serve as an outdoor meeting place or a place to relax during a break. Free bike rental is promoting a healthy lifestyle but also enables easy and fast way of getting around the campus. Centrally located restaurants are meant to serve as a focus point of all business and leisure activities. Vastint has also thought of building basketball courts at their facilities. In combination with a rich program of free events, every Business Garden offers a great work-life balance.

Business Garden Warsaw occupies a prime location near the city center, providing easy and quick access by train from Chopin International Airport. The complex also has a hotel and a conference center, a restaurant and an underground parking lot for more than 1,500 vehicles.

Business Garden Poznań offers a complex with nine office buildings spread across a six-hectare plot with 80,000 square meters of space for lease. It is conveniently located in an up-and-coming neighborhood between the city center and Ławica Airport.

Business Garden Wrocław is located close to the historic city center and next to the biggest shopping mall in the Silesia region. The first phase included the development of three office buildings with an area of 37,000 square meters, which is now complete. Ultimately, the project will consist of nine office buildings located on a seven-hectare plot. It will feature a total of 117,000 square meters of office and retail space and is scheduled for completion in December 2019. The complex has an internal garden with Wi-Fi zones, a centrally located restaurant, and an underground parking lot.
POLAND has a favorable economic environment for real estate investment, and the premium segment is no exception. According to EY analytics, it will take the Warsaw luxury real estate market a decade to achieve full maturity. They expect that the average high-end apartment sales in Warsaw will soon match the price levels in cities like: Amsterdam and Berlin in 3 to 5 years; Munich in 6 to 7 years and New York in 10 to 11 years. Less mature markets, with lower premiums for luxury, can expect a faster price growth.

Christopher Zeuner, Head of Europe at the Amstar fund, points out that there is a growing number of well-off people in Poland. According to KPMG, in 2017 the number of well-earning Poles was already at 1.1 million people and it is still growing. Thus, there are more clients looking for luxury property, such as Złota 44 apartments. Wealthy Poles prefer to invest their capital in the real estate market. 76 percent of them, according to KPMG, have a second flat or a house," calculates Mr. Zeuner. Złota 44 is the tallest residential tower in its class in the European Union. The symbolic wing-shaped facade follows the path of the sun, allowing for the maximum amount of daylight to enter apartments at all levels and reach neighboring buildings. The glass and aluminum curtain wall is constructed with self-cleaning paneling and triple-glazed floor-to-ceiling windows, blocking out all outside noise. The award-winning London-based studio Woods Bagot is responsible for the elegant interior designs.

High-rise residential living is relatively new to Warsaw, but such opportunities have already attracted many highly successful residents. The most famous athlete among them is Robert Lewandowski, an international football star and captain of the Polish national team. “My choice to buy a new apartment in Złota 44 was based on practical considerations. It is important in my profession to always have world-class training facilities on-hand, and now I am just a short elevator ride from a fully equipped gym, a spa with massage rooms and a nine-story parking facility, with spaces large enough for luxury cars," he said.

The investment’s commercial success has been confirmed by independent market research firm Reas. Over the past two years, Złota 44 has been the leader in premium apartment sales in Warsaw. The symbolic wing-shaped facade follows the path of the sun, allowing for the maximum amount of daylight to enter apartments at all levels and reach neighboring buildings. The glass and aluminum curtain wall is constructed with self-cleaning paneling and triple-glazed floor-to-ceiling windows, blocking out all outside noise. The award-winning London-based studio Woods Bagot is responsible for the elegant interior designs.

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BBI Development SA & Amstar

Złota 44 is a truly international residential project in one of Europe’s most vibrant cities

With this investment Warsaw entered a class that outmatches its rivals
Fenix Group

Bringing Warsaw’s forgotten town houses back to their former glory

A limited number of historical buildings in the city makes them a sought-after investment

ACCORDING to the Luxury Realty Map report by Poland Sotheby’s International Realty, the value of the Polish premium and luxury real estate market in 2016 was 40 percent higher than in 2012 - and it should continue to grow steadily until 2021. Some 54 percent of the wealthy Poles surveyed by Sotheby’s said they chose apartments in the centers of big cities over suburban areas. This trend is evident in Western European capitals, where the most sought-after and expensive locations are centrally located revitalized historical buildings.

Warsaw is no different. Its most beautiful apartment buildings, with sublime pre-war decorative features, are situated in the city centre. Some carefully selected town houses are now undergoing major renovations, striving to secure as much of the original form of the building as possible. Experienced architects and skilled craftsmen meticulously recreate lost details. Functionality, intimacy and the immortal beauty of restored interiors, as well as the prestige of a historical building with classic design is a deciding factor for most investors.

“Elegant houses with modern comfort in historical buildings should stand the test of time, while new ones will certainly age much faster,” said Andrzej Kawalec, Chairman of the Board of Fenix Group. “An apartment in an old revitalized building in the centre of Warsaw should clearly increase in value in relative terms in comparison with similar premises in new development projects.” The company has modernized and restored more than 30,000 square meters of historic space.

Curiously and most people don’t see it yet, the spirit of Old Warsaw was best preserved in the Praga district, where the majority of buildings survived World War II. Town houses at Okrzei 26 and Jagiellońska 27, although exclusive, fit right into the spirit of the old neighbourhood. Renovation work includes windows and roofs, reinforcing walls and ceilings and replacing old electric and water systems. The buildings will have additional features of modern comfort, such as new elevator shafts. Jagiellońska 27 has an impressive early-modernist façade based on the design from the 1910’s. The gateway will have a carefully restored yellow terracotta floor, and a staircase made from original gray terrazzo. Decorative metal balustrades and pearl moulding in the hallway will be restored.

Thanks to such initiatives, the district is rapidly changing. Proximity to the centre, a new subway line and vast recreational areas along the Vistula River all contribute to the growing popularity of this location among artists and investors.

At the beginning of the 19th century, Warsaw was considered the “Paris of the North,” mostly because of its inner-city architectural gems. The uniqueness of the city-center investments lies in carefully reproduced decorative details on the facades, original apartment layouts and pre-war interior charm.

Koszykowa 49 displays well preserved gate fittings and frescoes on the walls and ceiling of the gateway, an example of Neo-Renaissance architecture. It is also one of the only remaining buildings from the pre-war street. Now those buildings are surrounded by vibrant city life, with restaurants, cafes and galleries.

The most exclusive in all Fenix Group’s historical buildings are the top-floor penthouse-style apartments, with high ceilings (up to 5.5 meters) and green rooftop terraces offering panoramic views of Warsaw’s skyline.
When designing Riverview, Vastint collaborated closely with the City Conservator of Monuments to ensure that the development perfectly fits the architecture of old Gdańsk, while maintaining the authentic look and feel of the neighborhood and its Hanseatic history. The investment combines a distinctive design with superior construction and high-performance building materials, such as three-layered brick elevation, ceramic roofing tiles and wooden window frames lined with aluminum.

It mimics the historic town houses, their rooflines and façades with a dominating brick-red color scheme. It is diversified with steel panels, steel and glass balustrades and dark grey ceramic rooftops to give the buildings a modern twist.

The buildings will occupy a total area of more than 27,500 square meters. The development consists of seven buildings with a total of 282 residential and retail spaces with access to an underground garage and storage rooms. A selection of apartments is on offer: spacious single-level or multi-story apartments, quaint studios or grand penthouses. The biggest apartments will be more than 135 square meters. Future owners will be able to choose a view: the waterfront and the old town, the street or the green courtyard. The outer parts of the housing estate will have a garden surrounding all the recreational spaces, including an outdoor gym, playground and common area with a place for barbecuing.

The developer has also ensured access for the disabled and building security. All of this is being built in the spirit of sustainable construction in harmony with nature.

Following the sustainable development philosophy, Vastint is using technical solutions to save natural resources. It is also reusing construction waste and limiting dust at the construction site to minimize air pollution. Vastint also plans for Riverview to incorporate energy-efficient windows with functional glazing that limits overheating in apartments and common areas, a water retention tank that will protect the estate from excessive rainfall, energy-efficient lighting and thermal partitions between external walls. The construction uses natural, durable, low-carbon materials.

These and other ecological solutions incorporated in the project allow Riverview to aim for Gold LEED certification.
Foksal is an address of aristocratic descent and one of the most prestigious locations in Warsaw. Foksal 13/15 interiors were designed by Eric Kuster, a world-renowned designer who has arranged the residences of top music, film and sport stars.

The two historic tenements at 13/15 Foksal Street in Warsaw, Poland meet all these conditions. Built in the late 19th century, the tenements are now being revitalized by Ghelamco. The developer aims to bring them back to their former glory and will soon offer 55 upscale apartments, ranging from 47 to 200 square meters. Future tenants will be able to move in the second half of the year 2019.

Foksal is an address of aristocratic descent. In 1746 it was an elite city park, where the Polish nobility, including King Stanisław August Poniatowski and his court, attended concerts, balls and performances. It was modeled on London’s Vauxhall, but the locals called it “Foxhall,” from which the Polish name derives.

The two tenements, at numbers 13 and 15, were constructed in 1895 and 1898. They became home to many wealthy and influential people, including upper-class townspeople, rich factory owners and politicians. Foksal is now one of the most prestigious addresses in Warsaw, surrounded by the most important cultural institutions and within walking distance from luxurious boutiques and the capital’s finest restaurants.

In the 1930s, the tenement at Foksal 13 was owned by Jan Wedel, the famous Polish entrepreneur and “King of Chocolate,” who commissioned its redevelopment in the style of Modernism. One of the most impressive amenities he added was the panoramic elevator in the courtyard, which Ghelamco intends to keep. The restoration project was consulted with many distinguished experts and supervised by the Capital City Building Conservation Officer.

The two buildings will be linked by internal courtyards, one of them, at Foksal 15, will have a glass roof, which will form a comfortable patio with concierge and a meeting zone. Both tenements miraculously survived World War II, which allowed many authentic details from the Belle Époque to be saved, such as the staircases with white marble floors and hand-forged balustrades. The eclectic stairwell also features frescos with neo-baroque motifs.

The interiors are no less impressive. The ceilings are more than 4 meters high, while the wooden floors display nearly 20 patterns, fashionable at the turn of the 19th and 20th centuries. The developer entrusted the interiors to Eric Kuster, a world-renowned interior designer who works under his own brand, Metropolitan Luxury. The Dutch designer’s portfolio includes prestigious projects for celebrities like Alicia Keys, Kelis, David Guetta, Zinedine Zidane, Robin van Persie to name a few.

The finishing is made of top-quality natural materials such as marble, exotic wood, metal and velvet. Mr. Kuster also designed luxurious amenities, including a spa zone and spacious top-floor terraces with a cocktail area and views of the city center.

The buildings will have an underground parking lot and a top-quality concierge service. They will also provide a rather rare service, offering their tenants guest rooms, where they can host relatives and friends in comfortable conditions.
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