

# Commercial Real Estate

through time of changes



RESEARCH



**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world

# Commercial Real Estate through time of changes

In the last couple of years, our world has been challenged with unprecedented events or forces which are shaking the foundations of our daily routines. **The turbulences have an overwhelming affect stretching to all aspects of our lives.**

Real estate sector has also been severely impacted. Covid-19 pandemic boosted the already ongoing changes in the consumer behavior initiated before by the development of technologies (on-line shopping, remote working). The Russian aggression in Ukraine generating the huge energy crisis and therefore skyrocketing inflation around the globe, local market factors like limited availability of land for greenfield projects, raising construction costs due to restricted availability of raw materials or blockages in shipping them, or – last but not least – the natural evolutionary cycle, all these impact the direction of commercial real estate sectors' further evolution. Facing the wind of these changes, the sector had to walk into a new path, come up with revolutionary solutions and create new concepts in order to remain attractive to all market participants. Therefore, with this report we invite you for a historical walk into various real estate sectors, the changes taking place today and the trends that will shape tomorrow.



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# C1 Introduction

Only after the first free elections in 1989, **the commercial real estate market in Poland entered the path of evolution** and development following the best practices brought in through the experience from the Western countries.



Wars & Sawa Department Store  
Source: Shutterstock



Błękitny  
Wieżowiec  
Source:  
Shutterstock

**In** the early 1990s, companies arriving to do business in Poland had only few modern office buildings at their disposal in the capital city, that could be counted on the fingers of one hand. These included the Palace of Culture and Science, Oxford Tower, Intraco, Novotel and Universal. Marriott with LIM Center has just been built in Aleje Jerozolimskie, which enjoyed the status of the most prestigious business address in the city for many years to come. Two

years later, the Błękitny Wieżowiec at Bankowy Square was commissioned. Rents at Intraco reached a dizzying amount of \$54 for sqm monthly.

Western companies generally located their offices in large flats in tenement houses located in the city center. Typical layout included small rooms situated along a long corridor, with the president's office playing the representative role. The office zone in Mokotów was in

a planning phase. Its creation was initiated by Eli Elroy, the main specialist of the Israeli company GTC, who bought the bankrupt Unitra Cemi factory at Domaniewska in Służewiec Przemysłowy for almost nothing, in the second half of the 1990s. Within a few years, Mokotów Business Park, at the time considered the best office center in the capital was built there, offering the space at the rent of – \$50 for sqm.

**The 1990s was a period of privatization and a rapid increase in the number of new businesses entities.** The symbols of the emerging free market were the ubiquitous tables, camp beds and booths. In 1989, right in front of the Palace of Culture and Science on Defilad Square, traders of various nationalities erected hundreds of tin, not very pretty stalls, closing like a giant suitcase. These structures, due to the shape and mechanism of operation, were often called "jaws". When it comes to the assortment, it included clothing, shoes, cassette tapes, toys, food and many other products imported directly from the West.

**During the transformation period, trade also appeared in the vicinity of Warsaw's sports facilities.** The market around the Skra stadium was opened the earliest, similar situation was at Syrenka and Olympia's stadium. The most famous, however, was the bazaar opened in 1989 (first as the Saturday and Sunday Jarmark Saski, and later since 1996 as the daily Jarmark Europa) on the crown and meadows of the now defunct Stadion Dziesięciolecia. The popular "Stadion" connected buyers, wholesalers and customers from three continents: Europe, Asia and Africa. Wholesale and retail transactions were carried out in countless metal shacks, hangars and stalls. According to statistical data from the 1990s, the "Stadion" was visited by as many as 10-20 thousand customers daily, and in 1997 the turnover was estimated at almost PLN 2 billion. It was put to an end by preparations for the Euro 2012 football games, where a modern National Stadium was erected there.



Ikea historic catalogues  
Source: Shutterstock

**At that time the skyline of Warsaw was marked with only a few office buildings**

Official general trade took place in the capital city at Centrum Department Stores (Wars, Sawa and Junior) and at the Smyk Department Store. It is hardly possible to tell about the transformation of the Warsaw trade without mentioning discounters, super- and hypermarkets, which entered the Polish market at that time. As early as 1990, IKEA made its debut in Poland

opening the first store in Warsaw district Ursynów by having adapted the existing retail facility. In the same year, Billa supermarket was launched in Praga Południe. The first modern shopping mall was Panorama, opened in Warsaw in 1993.

**Soon after, more big players started to conquer the Polish market, incl. France, Germany and Scandinavia.** They used existing old facilities or built new ones. Their characteristic feature was a sim-



Stadion Dziesięciolecia / Jarmark Europa  
Source: PAP

ple, hall structure, inside which there were large hypermarket, sometimes accompanied by a small number of shops and service points (so-called first generation shopping centers), with a large parking lot in front of the building. These places quickly won the hearts and wallets of Poles, becoming an important place for daily shopping. In addition, countless passages and small neighborhood shops appeared, as well as street

trade with illegal goods. Traditional bazaars, Spółem cooperatives and department stores built during the communist period, were also seeking their place in the new market conditions.

**What has changed since then?** Undoubtedly, there are no more "jaws" at Marszałkowska and "Stadion". Shopping centers have gone through three life cycles already, welcoming the fourth generation today, characterized by an extended offer for customers covering also cultural or health needs.



CH Panorama  
Source:  
BNPPRE



Source:  
Shutterstock

**When it comes to the warehouse & logistics sector, in 1995, the first modern warehouse was opened in Warsaw**

(ProLogis Park Warsaw, then called Warsaw Industrial Center), with rents reaching \$12 for sqm monthly. At the end of the first quarter of 2004, the day before Poland joined the European Union, there was less than one million sqm of modern warehouse space in the entire country. The construction of modern facilities gained momentum soon after Poland's accession to the EU and when warehouse developers started to build facilities in our country, with a wide and attractive rental offer. By 2009, over 6.7 million sqm of logistic space were built. The rushing market was cooled in 2008 for several years as a result of the global crisis, however during 2012-2016 developers delivered almost 4 million sqm of warehouse and logistic space.

Poland is a relatively young warehouse market compared to Western Europe. The total stock of modern space after the first nine months of 2022 year exceeded 27 million sqm, of which approx. 60 percent was established in the last five years. On the other hand, the oldest buildings, 10 years old and more, account for less than 40 percent of the existing resources.

**The youngest real estate sector – industrial & logistic is undergoing a great development. By 2024 the barrier of 30 million sgm will be broken.**

# 02 Shopping centres

## The history of shopping centers in Poland is over a quarter century.

Shopping centers are the symbol of the free market economy that started a new era in Polish trade after 1989. **The years 1997-2002 are the period of first generation shopping centers boom**, usually located in city centers or around large hypermarkets on the outskirts of a metropolis. Hypermarkets were the first shopping destinations, being conveniently accessible for the customers, this is why shops and service points started to be built around them. Today, these facilities are often over twenty years old, characterized by an excellent location, high recognition and a group of loyal customers. Seeing their great potential, the owners invest in their modernization or refurbishment to maintain the attractiveness.

**The period 2005 – 2015 was a time of dynamic development of the shopping center market** (second and third generation shopping centers), thus facing the greatest increase in the number and volume of retail facilities in Poland. Shopping centers with a very wide shopping, dining and entertainment offer began to emerge. Currently, these facilities are 6 to 16 years old, and their owners regularly invest in facilities by introducing modern solutions, which are in line with the expectations and needs of customers, changing

trends, fashion, aesthetic and functional requirements. Very often food courts, cinemas and entertainment zones are enlarged. The area around the facilities is often redeveloped in accordance with the needs of the modern world: green areas are enlarged, lawns are turned into flower meadows, houses for insects and birds are built, and truck food zones are opened for customers. Even roofs with beehives or herb gardens are organised. All this is being done to minimize the effect the real estate is putting on environment.

Source: Shutterstock

### Modern retail stock and new supply (sqm)

Source: BNP Paribas Real Estate, as of the end of Q3 2022





## SHOPPING CENTRES

### **Nowadays, the shopping center market in Poland has reached its maturity.**

The decade of dynamic creation of new facilities in the constantly insatiable market is behind us. Saturation of shopping centers or the lack of available plots will limit the construction of new projects in the future. Moreover, shopping centers are giving up the lead to retail parks segment that is on the wave of development and will likely remain so for the coming quarters. Retail parks are usually built around new housing estates or in smaller towns, as well as outlet centers, often on the outskirts of cities.

In response to the visible saturation of the shopping center market, many owners decide now to expand or even change the function of existing facilities, launching therefore the repositioning projects. The other visible trend is the modernization of the existing shopping centers with high recognition.

Real estate experts have been pointing out the need to transform shopping centers for a long time. So far, more than one in four shopping centers in Poland

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*With the massive transformation of real estate spurred by the pandemic, retail centers will emerge as one of the most valuable asset classes in a post-pandemic landscape, as building owners, investors, and developers look to reposition the aging, vacant or underutilized properties – converting them into vibrant, mixed-use developments that will unlock latent value and meet consumers' rapidly changing demands.*

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**Fabrice PAUMELLE**

Head of Retail at BNP Paribas Real Estate Poland

has undergone expansion. In many cases, it was also associated with the modernization and refurbishment of parts of the existing commercial space. **With the market being already mature and the competition being strong, the processes of reconstruction and modernization of older retail facilities are gaining in importance.** In the last few quarters, the

supply of retail space in shopping centers has decreased – more facilities were closed or changed their function than were introduced to the market. These closings were largely related to Tesco's decision to exit the Polish market.

New tenant-mix, digitalization of objects or the conversion into other functions – these are some of the prospects for the remnants of the British hypermarket chain. More than 300 locations after the British chain stores were taken over by the Salling Group, opening Netto supermarkets in their locations. Selected locations after Tesco were also occupied by Kaufland, Carrefour or E.Leclerc. DIY operators also took over some spaces converting them for the purposes of their stores. Some properties have been purchased with a plan to turning them into mixed-use and residential projects.

Source:  
Shutterstock (x2)



## Examples of **repositioning** in shopping centre segment:



### CHANGE OF FUNCTION

**In 2017 Hillwood bought Shopping Centre Sosnowiec on Baczyńskiego street.**

It was the first shopping center in Poland which was permanently closed. It was also one of the first – right after M1 in Czeladź – shopping centers opened in Zagłębie (opened in 2001, previously named King Cross, in the meanwhile, the facility changed its name to Shopping Centre Sosnowiec). After its demolition, Hillwood built a logistics center on the plot, with an area exceeding over 50,000 sqm.



### CHANGE OF TENANT

**Kaufland, Carrefour or E.Leclerc bought former Tesco locations and, after refreshing and modernizing, opened its stores in this location.**



### CHANGE OF PROFILE

In 2021 Atrium Reduta in Warsaw decided to **reposition the center by introducing new unique brands and concepts to the portfolio and commercialization of the new food court.** The aim was to create a place where residents of Ochota, the city center, as well as all Warsaw residents and tourists could spend free time.



### ADDING NEW FEATURES

**In March 2022 Immofinanz presented the brand “On Top Living” at the MIPIM fair in Cannes,** which is based on the reconstruction of STOP SHOP single-storey retail parks in order to create financially affordable and environmentally friendly residential spaces above them.



Sosnowiec LC  
Source: Hillwood





## SHOPPING CENTRES



### CHANGE OF FORMAT

Leroy Merlin and Castorama bought previous Tesco locations and converted them into DIYs.

**In Częstochowa, on the site of the former largest Tesco hypermarket in Europe, a modern retail park called Aniotów Park was built,** on Drogowców street. A commercial facility with a plot area of approximately 65,000 sqm was purchased by DOR Group, which revitalized it and transformed it into a modern retail park. The commercial part covers approx. 18,000 sqm. Customers can take



Aniotów Park  
Source:  
DOR Group



CH Mozaika  
Source: BNPPRE

advantage of the offer of popular multi-branch discount stores, stores with electronics, interior furnishings, fashion, as well as products for pets. The main tenant is the Carrefour grocery chain.

### **In Lubin in Q3 2022 the Cuprum Park in former Tesco's location was opened.**

The architects applied quite an innovative solution, enabling the transformation of the hypermarket space into a retail park. The space was cut open, like a Gordian knot, in order to introduce a pedestrian-only zone between the shops, thus free from the immediate vicinity of cars. Thanks to this, it was possible to locate more large tenants (> 1,000 sqm).

### **In Kraków in December 2021 a new old shopping centre was opened. This is a Mozaika shopping centre**

at 259 Wielicka Street, where Tesco used to be located, and even earlier HIT, which was the first hypermarket opened in Kraków in the 90s. Mozaika Kraków consists of, among others: Kaufland store, OBI DIY store, RTV Euro AGD electromarket, Maxi Zoo pet store. After refreshing the center, changing the owner and tenants, a completely new commercial quality was created. The advantage of the center is the great diversity of the commercial offer and the skilful combination of well-known chain brands with local tenants who feel at home in such a mosaic.

# 03 - Offices

## The history of the Polish office real estate market began in Warsaw.

**T**he first modern office buildings were built in Warsaw in the early 1990s, but the real estate companies' databases point LIM Center (i.e. the Marriott hotel building), built in 1989, as the beginning of the era of modern office buildings in Poland.

In the years 1990-2000, such buildings appeared on the Warsaw map as: Atrium (the first stage of the frontage development at Al. Jana Pawła II), Galaxy (the first building of the Empark complex – formerly Mokotów Business Park at Domaniewska), the first high-rise buildings such as Orco Tower, Ilmet (both commissioned

in 1996) or the Warsaw Financial Center built in 1998. In addition to office buildings located in the center of Warsaw, the first business parks in Poland started to emerge, located outside the city center, usually consisting of a few buildings, creating thus complexes. These were, among others: Wiśniowy Business Park, Jerozolimskie Business Park, Ochota Office Park and University Business Center. Between 1990 and 2000, over 150 buildings with a total area of approx. 1.5 million sqm were delivered increasing the Warsaw stock. In 2000 alone, over 400,000 sqm of office space were put into use in Warsaw and it remains a second best annual result until now, being only c.a. 10,000 sqm smaller than record supply in 2016.

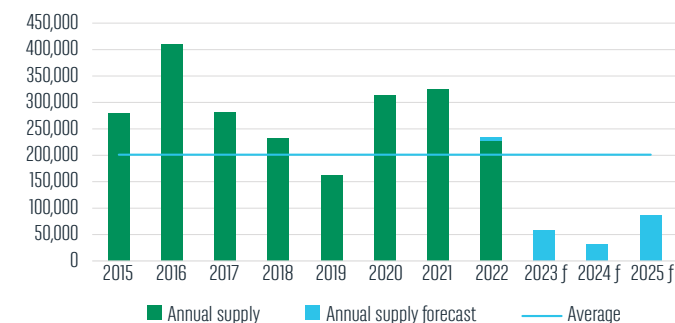
In the early 1990s, the highest rents in Warsaw have been historically recorded on the level of 50 USD/sqm monthly, and the vacancy rate was less than 2%. **The years 2000-2010 were the period of the most dynamic development** of the office market in Warsaw, but also the years of crisis. In this decade, more than 200 office buildings were commissioned for use of a total area of almost 2 million sqm.

LIM Center  
Source: Shutterstock



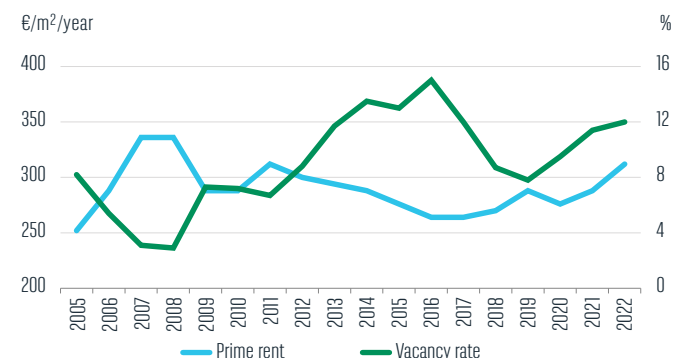
### Warsaw Office Market New supply (sqm) 2015-2025 (f)

Source: BNP Paribas Real Estate, as of the end of Q3 2022; f=forecast



### Warsaw Office Market Prime rents (Eur/sqm/year) 2005-2022

Source: BNP Paribas Real Estate, as of the end of Q3 2022; f=forecast



**The real estate market in Warsaw has changed significantly over the past two decades.**

At the beginning of the 1990s, the supply of new office space was in line with the demand, thus the vacancy rate did not exceed 3%. Most offices found tenants just before or just after their completion. Since 1998, a rapid increase in the supply of modern office space has been observed, which, due to the shortage of demand, led to an increase in the ratio of space remaining for rent.

Since the early 1990's, when the first modern commercial buildings started to appear on the market, the real estate market has gone through many stages of development, facing great prosperity and challenging crisis. Years 1999-2001 and 2009-2011 in particular can be considered the most difficult for real estate developers, owners and occupiers.

**“Aging office buildings, growing costs of their maintenance and required adaptation to changing expectations and needs of tenants, as well as technical requirements will encourage more and more building owners to introduce changes, among which we can distinguish: rebranding, changing the function, e.g. from office to residential or complete demolition of the facility.”**



**Małgorzata FIBAKIEWICZ**

Head of Business Intelligence Hub & Consultancy at BNP Paribas Real Estate Poland

**The history of the Polish office real estate market began in Warsaw, but modern office buildings also walked into regional cities.**

Poland's accession to the European Union additionally sparked the development of sectors like BPO (business processes & operations), SSC shared services), R&D (research and development) or IT. This boosted further growth of office market outside Warsaw. Regional centers in Poland have been recognized as an exceptionally attractive location for companies operating in the outsourcing sector due to the rich talent pool of highly qualified workforce, improving investment climate and the development of road infrastructure, en-

abled by funds from the European Union. The first modern office building which was built outside Warsaw was PAZIM in Szczecin in 1992. In the mid-90s, the first modern facilities in Poznań, Katowice, Tricity, Wrocław and Łódź began to be built.

**The largest number of office space outside Warsaw**

<b>Kraków</b>	<b>1.65 M sqm</b>
<b>Wrocław</b>	<b>1.32 M sqm</b>
<b>Tricity</b>	<b>1.01 M sqm</b>
<b>Katowice</b>	<b>716,000 sqm</b>
<b>Łódź</b>	<b>629,600 sqm</b>
<b>Poznań</b>	<b>620,500 sqm</b>

BNP Paribas Real Estate Poland, as at the end of Q3 2022

**The Warsaw office market accounts for 6.34 million sqm of space, about a half of which is in buildings that are over 10 years old.**

However, compared with more mature western markets, office stock in Poland is relatively young. The average age of office space in Warsaw is approx. 13 years. In comparison, class A office space in Hong Kong is 20 years old on average, while the age of buildings in Western European countries ranges from 40 to 50 years. The situation looks similar in the United States, where the average age of buildings (taking into account the latest modernizations) is about 30 years.

## Examples of changes in office sector:



### REBRANDING & REFURBISHMENT

**Modernization and changing the image of older facilities becomes a chance for a second or even third life for them,** offering therefore the opportunity to compete with newer facilities. Very often, as part of the modernization project, the building receives an ecological certificate or

a number of additional, previously unavailable, functions. The changes may also apply to the surroundings of the building – there may be greenery created, elements of small architecture, places for fashionable food trucks, public or event space. An example of such a successful changes Zebra Tower office building, located at Mokotowska 1 street, in the very center of Warsaw or Adgar Park West located on Aleje Jerozolimskie in Warsaw. The second building has undergone a thorough metamorphosis along with the expansion and development of a new sports and recreation zone. In this case, the rebranding also included the change of the name, as the Investor decided to create a completely new branding. The owner of the Warsaw Trade Tower office building showed an unconventional approach to marketing. The building went through modernization of the common parts and gained a number of additional functions: an activity and relaxation room,



Zebra Tower  
Source: Shutterstock



Mokotów  
Empark  
Source: BNPPRE

electric cars charging station, a common dining room and as well as conference and event space. Investments were also made in the surroundings of the building to make it more user friendly. **The modernization buckle was a modern logo-type and visual identification, reflecting the new character of this building.**



### COMPLETE DEMOLITION

In 2020, Echo Investment purchased part of a land and office buildings in the Mokotów Empark. The company's plans assumed the demolition of an older generation office buildings located along Wotoska and Domaniewska streets and replacement with modern residential

buildings, of approx. 1,250-1,600 apartments. **The new, attractive residential buildings will be surrounded by greenery and will provide access to everyday services, including a primary school.** In the area of the planned project there will be a total of 3 hectares of greenery. The demolition works started in January 2022 and the first lessons in the new school are to start in September 2023.

In 2019, Patrizia Immobilien AG finalized the sale of its Atrium International office building at Al. Jana Pawła II in Warsaw to Strabag Real Estate. This is an extremely attractive investment location on the capital's market square, where the local development plan allows for the construction of an office tower with a height of up to 135 meters. Strabag has already

received a permit and **the Atrium International building will be replaced by a modern complex, with unique architecture and a city-forming role.** Demolition will begin early next year and a construction of Upper One will start. It will have 131.5k sqm GLA, 33 floors and will be almost entirely dedicated for an office function. A half-lower building (16 floors) will be built next to it, offering a hotel services. This project will be appreciated by both those who will work in the building and the city's residents.

Atrium International  
Source: BNPPRE



Residential building, Łódź  
Source: Shutterstock



## CONVERSION TO APARTMENTS

**Converting office buildings into residential buildings will increase the housing stock, that Poland is short of.**

It will also solve one of the biggest problems of investors, i.e. insufficient land supply, especially in large cities, as well as the long duration of planning procedures. With the aging office resources, we may be facing more and more investments of this type. This is why one of the fundamental requirements towards today's design, in all sectors respectively, is the flexibility of the future layout. Only tailoring-in the flexibility, the buildings are given the possibility to adjust or change functions, subject to ever changing expectations and requirement.

**We have been observing the phenomenon of changing office functions into residential functions in the world already for some time.** In Poland, this trend is just gaining momentum.

A few examples of this type of investment can be found in regional cities: in Wrocław, Vantage Development bought an office building located at Strzegomska street from Credit Agricole, where it intends to build 300 new apartments exclusively for rent. In Katowice, in turn, the Katowice Society of Social Housing (TBS) will build a block of flats, in the place of an office building from the 70's at Kossutha Street in the Witosa estate.

# 04

## Warehouse & Logistics

The warehouse market in Poland has been developing since the beginning of the 21st century, bringing **dynamic changes in the landscape**, especially around the big agglomerations.

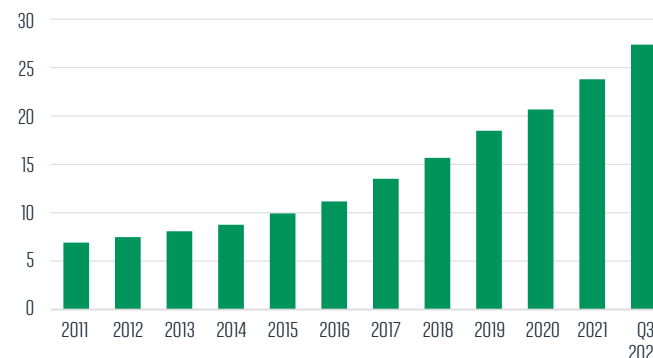
The COVID-19 pandemic became a catalyst and accelerated the development of e-commerce in Poland, which had been growing already for some time. Thus, the transfer of sales to the Internet caused a huge demand for warehouse space. Secondly, most manufacturers found out how important the speed of delivery and the availability of semi-finished products and components are.

Production in Asia is no longer a cost advantage, transport is more expensive and less reliable provoking the supply chains disruptions. The blockade of the Suez Canal also caused enormous confusion in global supplies. Also 'Brexit' had a big impact on the logistics market. Poland, with its excellent geolocation in Europe, offers access to qualified employees, so much sought after by customers all over Europe. While the saturation of the industrial markets in Germany and the Czech Republic is being observed,

**Poland is given a great opportunity to cover the gap and therefore to develop further.** In Poland, there are over 500 sqm of residents per 1,000 warehouse space, while, e.g. in the Czech Republic it is 850 sqm, and in Germany this ratio exceeds 1,100 sqm.

### Industrial stock 2011-2022 (M sqm)

Source: BNP Paribas Real Estate, as of the end of Q3 2022



Sosnowiec LC  
Source: Hillwood

“Poland is an appealing market for Germany, especially since the construction of warehouses stock along the Oder river started as well as due to local regulations, which are becoming more challenging for our neighbour. In our country, the investment process is easier and more predictable than in Germany or the Czech Republic. These factors put Poland in a privileged position, both from the investor and tenant’s perspective.”



**Tomasz ARENT**

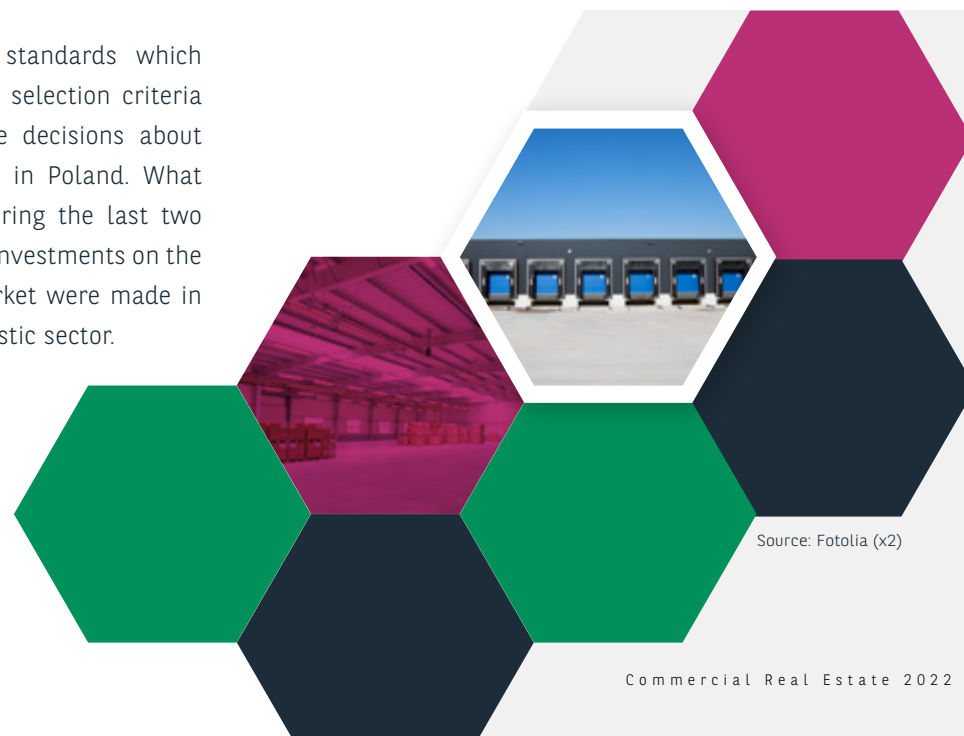
Head of Industrial & Logistics Agency at BNP Paribas Real Estate Poland



Source: Fotolia

**The warehouse and logistics real estate sector in Poland is the youngest one, after retail and office,** therefore, compared to Western markets, Poland has the relatively young warehouse qualitative stock. Yet, we have not observed any drastic changes on the warehouse market regarding changes in format or in functions. What is observed in this segment are mainly some adjustments related to increasing attractiveness of a facility in meeting the ESG standards.

These are the ESG standards which are becoming the key selection criteria for investors to make decisions about real estate purchases in Poland. What is more important during the last two years, majority of the investments on the Polish real estate market were made in the industrial and logistic sector.



Source: Fotolia (x2)

## Examples of **changes** in industrial sector:



**TRANSFORMATION OF THE ROLE OF A WAREHOUSE**  
from the function of storing goods into the center of logistic and business services



**SUSTAINABLE CONSTRUCTION**  
a trend in the development with particular emphasis on environmental protection

**Panattoni Park Bydgoszcz II** has LED lighting, aerators, toilets with an energy-saving double flush system, lighting control, external lighting with a dusk

sensor and a high energy efficiency heating boiler. The industrial park is surrounded by lawns full of local species of plants and melliferous shrubs, such as barberries, as well as flowering meadows with birdhouses and hiding places for insects and invertebrates. There is also an apiary with six hives. Strips of gravel are placed along the roads to allow water to penetrate into the soil and minimize rapid evaporation, as well as to retain some of the pollutants. The edging is made of recycled materials. The area also provides amenities for tenants: a bus stop is just 200 meters from the park and offers connections to two public transport lines. The industrial park has a shelter for bicycles, recycling bins, including electric ones, benches made of recycled materials and deckchairs.



**CERTIFICATION of warehouses (BREEAM, LEED)**

**For the third year in a row, we have been observing a dynamic growth of certification in the warehouse and industrial sector.** It is caused among others by a general trend of increasing demand for warehouse space in Poland. The strategic location of Poland helps in this to a large extent, but also investments in the development of transport infrastructure and increased demand from the e-commerce sector, especially during the pandemic. While a year earlier there were 86 certified facilities in this sector, in the period from March 2021 to March 2022, record-breaking certifications were carried out 171 buildings, making it the number of all certified buildings reached almost 400 in this industry.

Panattoni Park Bydgoszcz II  
Source: Panattoni





## Other Assets (PRS, Student Housing)

In Poland, the **gradual development of the private student housing market** has been observed for over ten years.



Student Depot  
Source: Shutterstock



Source: Shutterstock

**I**t is a common phenomenon in Western Europe. This type of real estate has been very popular among foreign developers, for whom it is an interesting high-profit investment. Polish investors are also getting more and more willing to build private student houses, as the number of foreign students who decide to study at Polish universities in-

creases every year. The growing number of students and insufficient number of dormitories each year result in a shortage of places in state dormitories. On the other hand, the prices of renting apartments or rooms at transportation hubs often exceed the financial possibilities of an average student. **Private dormitories are therefore an alternative and, at the same time, competition for university dormitories**, in the construction of which universities have not been investing for years. State-owned student houses are usually located in old buildings that

very often are much below the minimum standards required today, while private dormitories offer much better conditions to students. Internet and TV in every room are norm, as well as 24/7 building security, laundry and parking lots. **In the coming years, further development of the dormitory market in Poland is expected**, however, due to the shrinking land bank, developers may decide to be rather using the existing buildings and converting them to the new purpose.



## OTHER ASSETS (PRS, STUDENT HOUSING)

### Examples of **changes** in other sectors:



#### **CONVERSION** of the office building into a private student housing

At the end of 2021, the Czech fund Zeitgeist Asset Management started works aimed at adapting the office building at Solec 22 street in the center of Warsaw for a private student housing. The dormitory, after the reconstruction, will be equipped with 149 rooms, including premium apartments and rooms for the disabled. In the building, students will also be able to use, among other amenities, a private self-service laundry room or the bicycle storage room. On the lower floors there will be commercial premises, including shops and food outlets.



#### **RECONSTRUCTION** of the Polish post office building in Kraków into a high-class hotel

In 2019, Zeitgeist Asset Management fund purchased a historic office building in Kraków, which houses the main Poczta Polska office at Wielopole 2 street, where it plans to start conversion works for a higher category hotel next year.



Poczta Główna, Kraków  
Source: Shutterstock

The PRS and student housing sector in Poland is at an early stage of development, but **there is definitely a growing interest among investors** in acquiring or building such assets.



# Summary

During the last 30 years Polish real estate market has been **blooming** in terms **of new buildings**, delivered across all sectors.

What distinguished the assets newly delivered from the substance inherited after the communist period in the Polish history, was the location and volumes of new facilities: the location was to facilitate access by a car, the size of the facility – the collection of a large number of various amenities and services in one concept, in one place. Over the years, companies, operators and investors have appeared and disappeared, while locations, now “at home” in the minds of customers, and cubic volumes have remained as the locations were often the key project assets, better than now vacated buildings standing on them.

Currently, one of the most interesting trend in the real estate industry is the modernization of older generation facilities, especially in the retail and office segments. **In the following years, as a result of the aging of office, retail and warehouse facilities and land bank shortages, as well as expansion of the other real estate functions.**



Source: Shutterstock



Source: Shutterstock

# Contacts

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