

MARKET COMMENTARY

Office space market

In Poland 4th quarter, asking rents remained stable, while the owners of the buildings continue to provide many incentives for tenants (long rental vacation, increasing the amount of financial contributions). It is still a very good time for tenants who are renegotiating existing contracts or are searching for space for rent.

Warsaw

In the 4th quarter, as opposed to the 3rd quarter, saw no change in asking rents. In A-class buildings in the Central Business District they are of EUR 19-26/sqm, and outside of the CBD EUR 11-16/sqm.

The vacancy rate, including the sublet space, set at 6.8%

Krakow

In Krakow, class A office rents are EUR 14-17/sqm, while the vacancy rate has risen to 6.2%.

Poznan

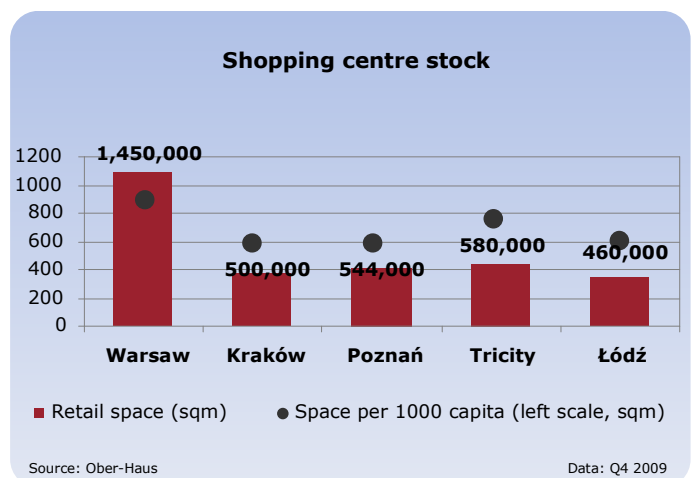
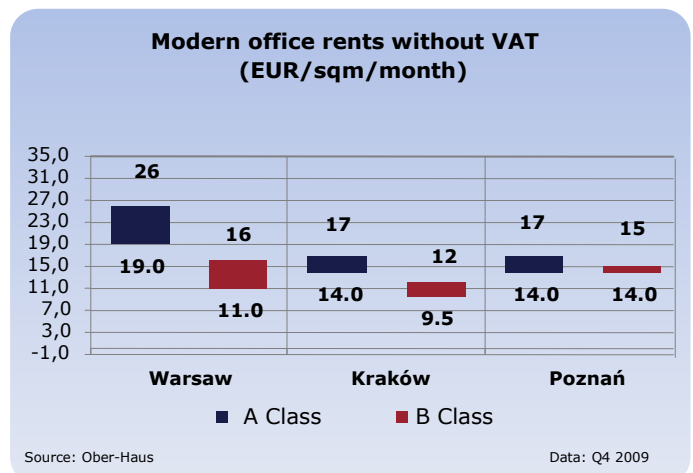
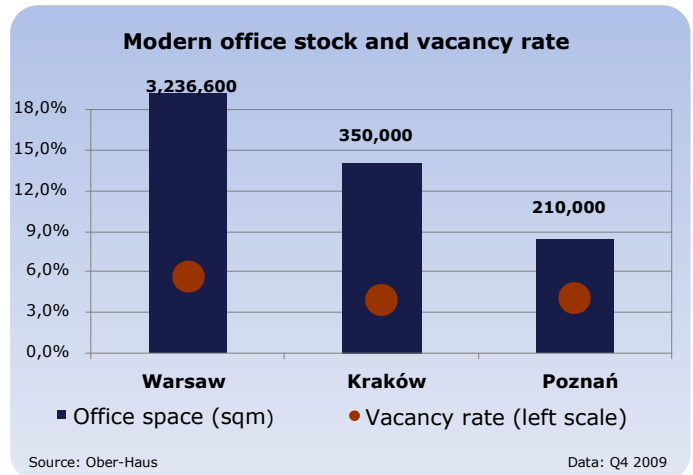
In Poznan rents for an A-class office stand at EUR 14-17/sqm. Due to low supply of office space, the vacancy rate is of 4%.

Retail space market

In Poland, the 4th quarter of 2009, quarter has brought no changes in rents, both at main commercial streets and in shopping malls. Rents remain stable. The difference between the asking rent and the effective rent is rising, however, due to extra-rent incentives (i.e. rent-free periods, participation in the costs of arranging a space).

Warsaw

In the 4th quarter, rents at main streets stabilized at EUR 40-85/sqm (for an area of about 100 sqm). Rents are similar at shopping malls, where a medium-size space costs EUR 50-85/sqm. The vacancy rate is of 1%, which confirms a high demand for space in shopping malls.



Krakow

In the 4th quarter of 2009, rents stabilized for spaces with an area of about 100 m², at main streets, stand at 35-75 EUR/sqm.

The situation is similar at shopping malls, where rents for best spaces reach 35-50 EUR/sqm. The vacancy rate is still very low 1.5%.

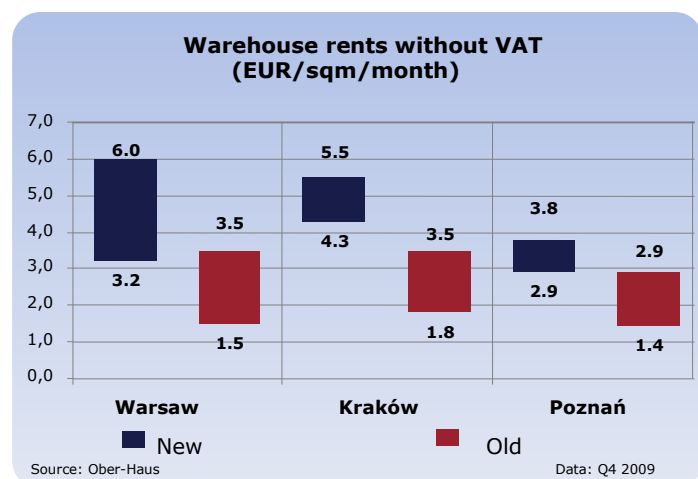
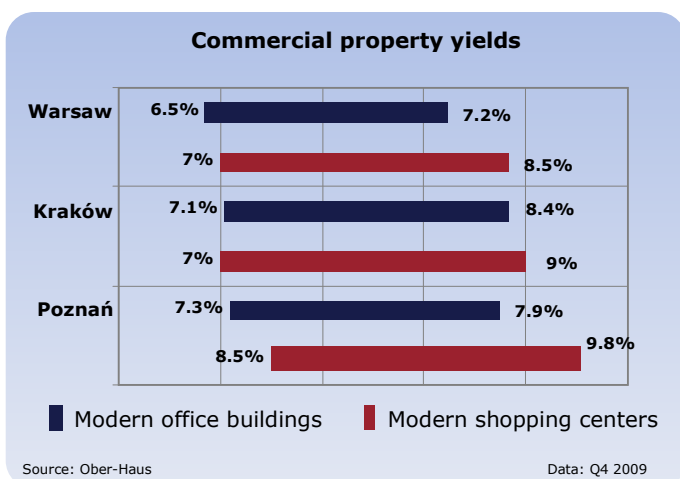
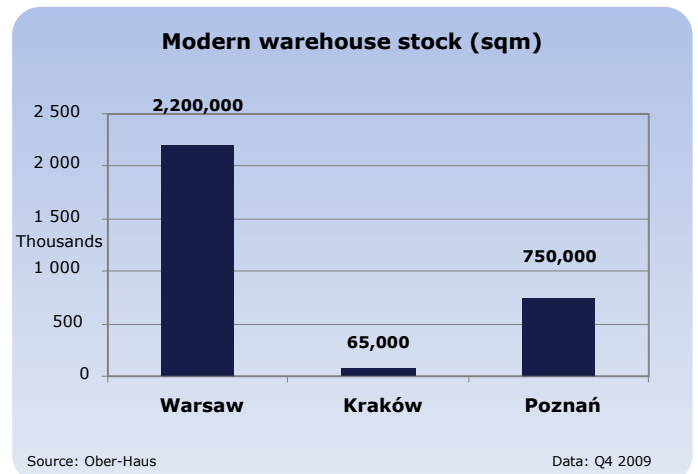
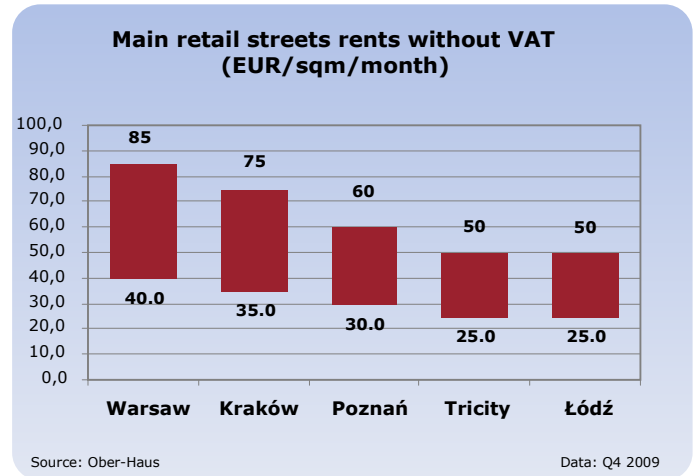
Poznan

Rents at main streets for spaces with an area of about 100 sqm reached from EUR 30 to 50 /sqm in the fourth quarter of 2009. The best spaces at shopping malls cost EUR 30-45/sqm. The vacancy rate is above 2%.

Investment real estate market

The 4th quarter of 2009 investors are visibly returning to commercial real estate markets. The main reason for the increased interest in the polish market is the improving access to bank credit. In spite of the continuous difficulties in securing financing, the banks are more and more willing to grant credit for well-planned investments which guarantee an appropriate rate of return.

Investment yields in the office sector in Warsaw stands at 6.50% to 7.20%, in Krakow – 7.10% to 8.40%, and in Poznan from 7.30% to 7.90%. For the retail sector, the figures are as follows: Warsaw – 7% to 8.50%, Krakow – 7% to 9% and Poznan – 8.50% to 9.80%.



If you wish to receive any additional information about development of the real estate market in Poland, Latvia, Estonia and Lithuania; or you would like to order a special report on the part of the market relevant to you or the market of the project in progress, please contact Ober-Haus Real Estate Advisor market analysts :

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