

MARKET COMMENTARY

Residential prices fell 1.5% in Poland in the 3rd quarter vs the previous quarter, with the biggest fall recorded in Katowice where prices were down 2.3%.

Price fell due to three factors. First is still the price limits of the Rodzina Na Swoim – governmental program which refunds interests of the mortgage loans. The other two are financing obstacles and wide range of choice of new flats.

Polish GDP is projected to grow 1.0% in 2009. This is quite weak, but it makes Poland the best performing economy in Europe. Poland's neighbours, such as the Czech Republic (GDP - 3%) and Lithuania (GDP -16%) are fairing much worse.

Warsaw

Residential prices in Warsaw fell 1.6% in the 3rd quarter vs the previous quarter. Flats older than 10 years from so called prime locations fell 4.0%, to 14,690 PLN (3,672.50 EUR) per sqm, while the price of old flats located in typical residential districts actually noted slight increase of 0.4% to 7,481 PLN (1,870.25 EUR) per sqm.

Situation regarding new apartments was opposite. The price of new flats rose 1.0% in the city centre and fell 3.8% in the residential districts and suburbs.

Rents in Warsaw when taking into account 1-2 room flats in residential district rose due to traditionally high in this period - student interest. The average rent for a two-room flat in the residential districts is 557 EUR per month.

Krakow

Residential prices in Krakow fell 1.3% vs last quarter. The greatest fall was in flats older than 10 years located in the prime locations, which fell 4.8%, to 12,089 PLN (3,022.25 EUR) per sqm, while the price of new flats in this areas actually rose 2.0% to 10,815 PLN (2,703.75 EUR) per sqm.

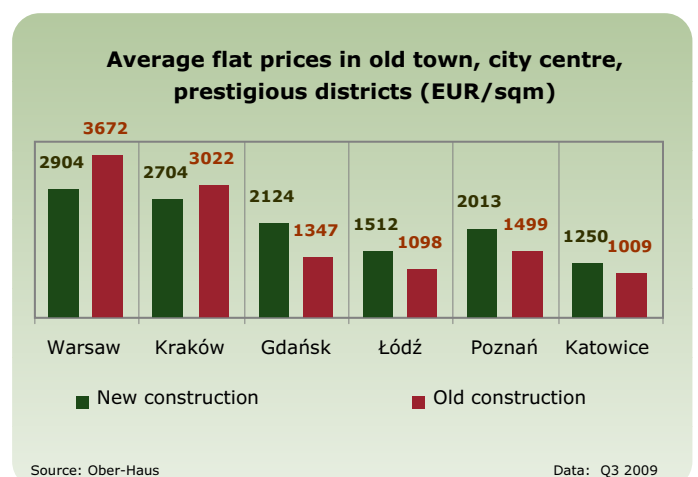
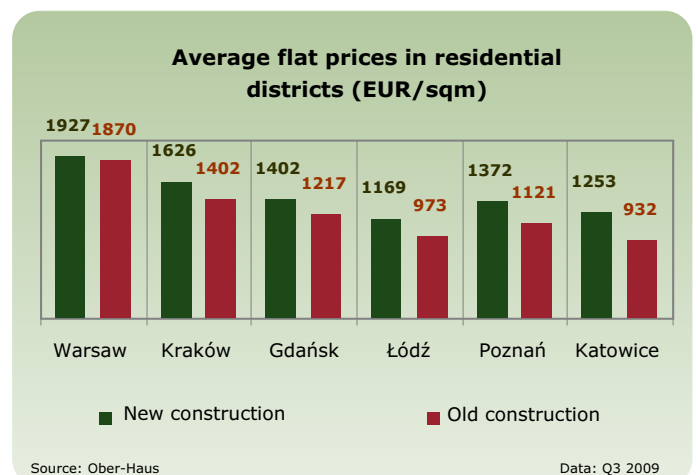
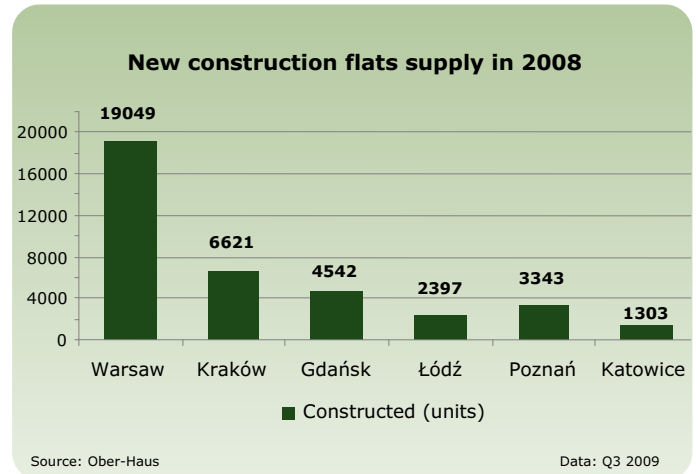
The price of new flats rose because client tends to choose freshly constructed new apartment than old, very often due to renovation, second-hand apartment.

Real Estate Fairs were visited by big number of potential clients. They were more willing to buy a flat than it was observed in the first and second quarter 2009.

Rents in Krakow are stable. The average rent for a two-room flat in the residential district is 411 EUR per month.

Gdańsk

Residential prices in Gdańsk were the most stable in this period (average decrease is only 0.6%). Anyway the highest fall vs last quarter -2.7% to 5,000 PLN (1,250 EUR) was noted in the residential districts. The price of new flats remains at the very close level than in the second quarter.



The average rent for a two-room flat in the Old Town is 452 EUR per month.

Łódź

Residential prices in Łódź fell 2.1% vs last quarter. The greatest fall was in Communist-era flats, which fell 2.7%, to 4,000 PLN (1,000 EUR) per sqm, while the price of new flats actually dropped by 1.8% to 5,607 PLN (1,401.75 EUR) per sqm.

Rents in Łódź are stable. The average rent for a two-room flat in the Old Town is 386 EUR per month.

Poznań

Residential prices in Poznań fell 1.5% vs last quarter. The greatest fall was in Communist-era flats located in the prime areas, which fell 3.1%, to 5,996 PLN (1,500 EUR) per sqm, Residential areas are more stable than luxury apartment or old constructed buildings in the centre.

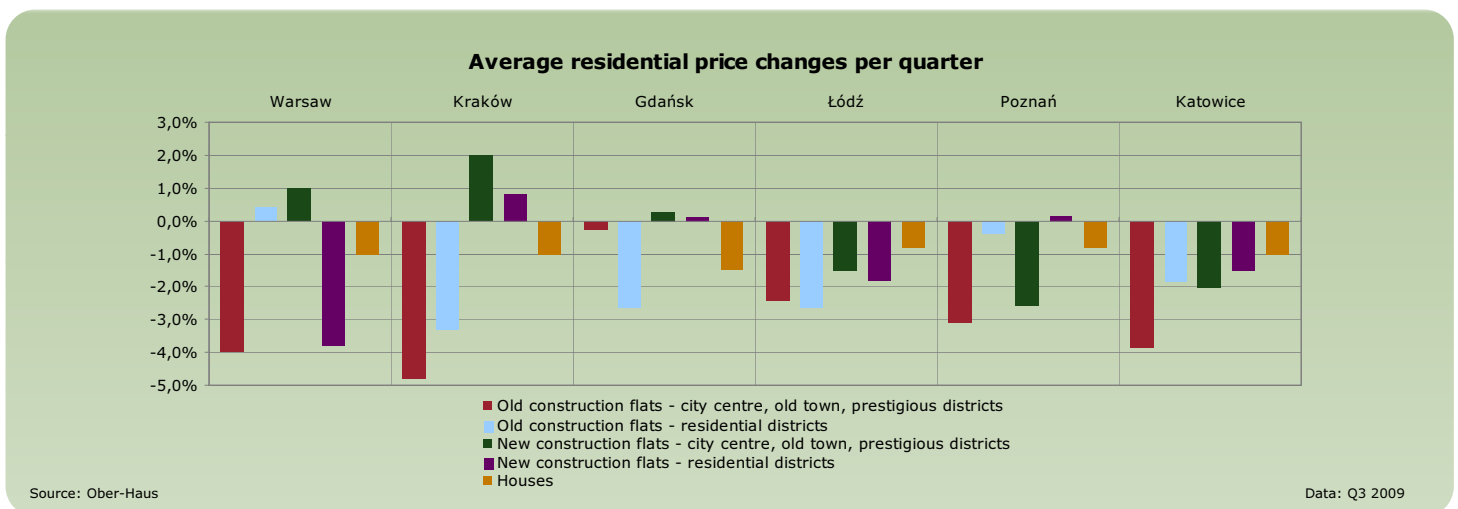
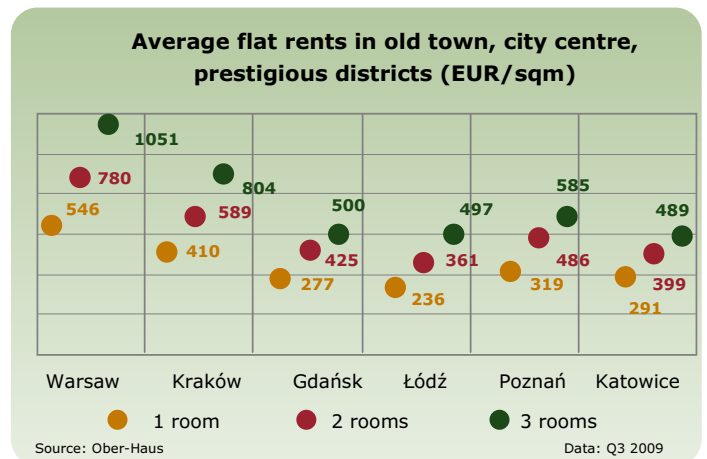
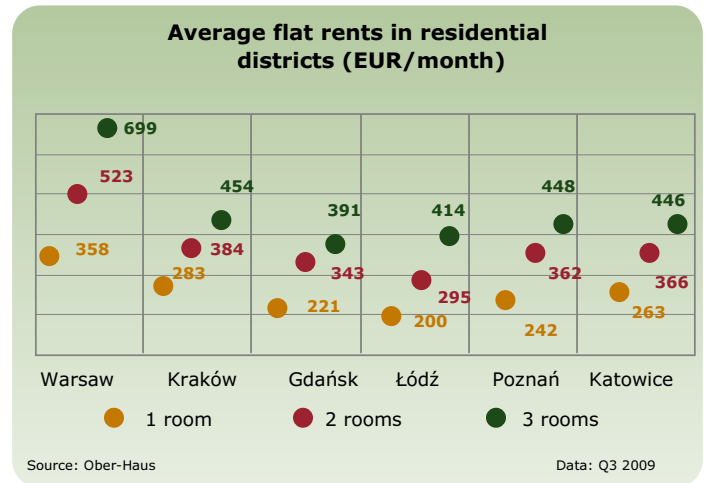
The average rent for a two-room flat in the Old Town is 518 EUR per month.

Katowice

Residential prices in Katowice fell 2.3% in the 3rd quarter vs the previous quarter. 10 and more years old flats fell from 2% to even 4% depending on the location and standard, to 4,037 PLN (1,009.25 EUR) per sqm.

The price of new flats fell 1.5% to 5,013 PLN (1,253 EUR) per sqm in the city residential districts and 2.0% to 4,998 PLN (1,249.50 EUR) in the city centre.

Rents in Katowice were stable – only those for 3-room apartments drop down by 4.4%. The average rent for a two-room flat in the city centre is 426 EUR per month.



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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