

MARKET COMMENTARY

Residential prices fell 0.8% in Poland in the 4th quarter vs. the previous quarter, with the biggest average fall recorded in Warsaw where prices were down 2.1%.

Big supply of new flats in the investments, either already completed or very close to completion date and developers willing to improve their year's sales revenue i.a. caused the next price correction.

According to OECD in 2009 there is expected 1.4% GDP growth in Poland, with 2.5 % in 2010. Moreover there is also increase in investment forecasted for 2.3% in 2010 and in the next year even exceeding 10%. Poland really bears well the global crisis.

Warsaw

Residential prices in Warsaw fell 2.1% in the 4th quarter vs. the previous quarter. Flats older than 10 years from so called prime locations fell 5,4%, to PLN 14,080 (EUR 3,520) per sqm, while the price of old flats located in typical residential districts actually did not change significantly - comparing to the previous quarter - equalling to PLN 7 498 (EUR 1,874) per sqm.

The prices of new flats went down in this period by 3.5% in the city centre and almost stand still in the typical residential districts and suburbs with only 0.4% growth.

Rents in Warsaw when taking into account 1-2 room flats in residential district dropped thanks to bigger and bigger offer to choose from. The average rent for a two-room flat in those districts is EUR 545 per month.

Kraków

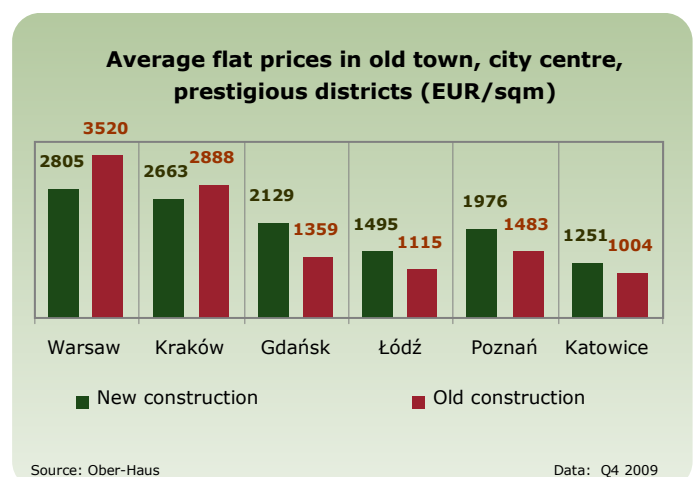
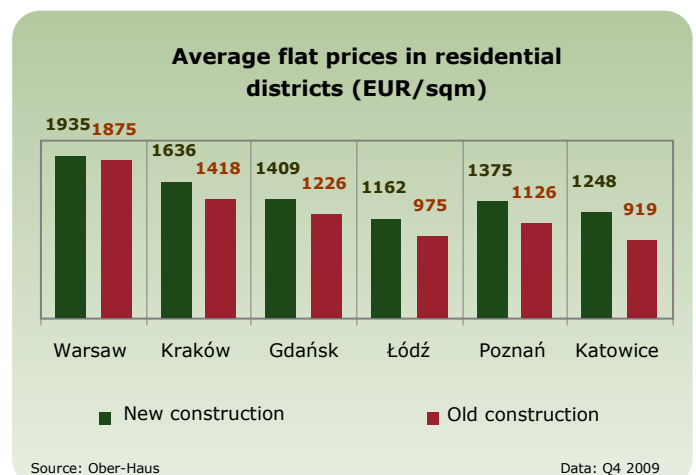
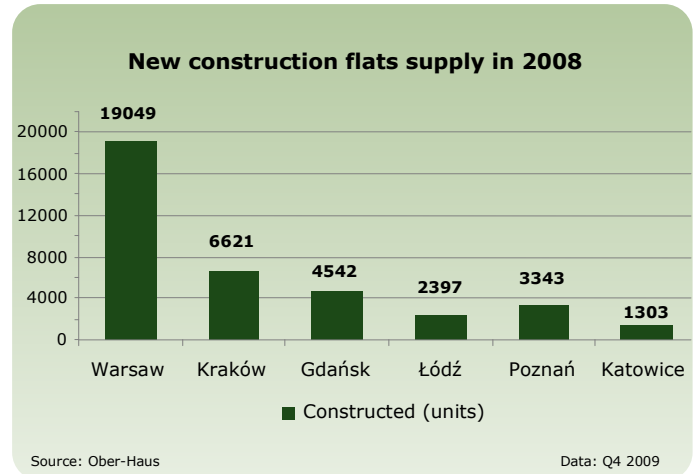
Residential prices in Krakow fell 1.1% vs. last quarter. The greatest fall 4.7%, to the level of PLN 11,550 (EUR 2,887) per sqm was noted in case of flats older than 10 years located in the city centre and so called prime locations.

The price of new apartments in these areas also dropped but only 1.5%, on average to PLN 10,650 (EUR 2,662) per sqm. However the new flats located in the residential districts slightly rose - 0.6% - what was because of the increase of the limit of the governmental mortgage loan interest refund program.

Rents in Krakow went subtly down. The average rent for a two-room flat in the residential district beyond the city centre is now EUR 402 per month.

Gdańsk

As in the previous quarter, residential prices in Gdańsk were the most stable but this time they noted slight growth not exceeding 1%. The biggest, 0.9% - in plus - change to the level of PLN 5,436 (EUR 1,359) per sqm was recorded among the older flats located in the city centre and prestigious districts.



The average rent for a two-room flat in the Old Town went down a little and now is EUR 449 per month.

Łódź

Residential prices in Łódź stands on the similar level as the last quarter. Subtly drops were noted among new flats either in the investments located in the city centre or beyond it, adequately 1.2% to PLN 5,978 (EUR 1,494) and 0.6% to PLN 4,647 (EUR 1,161) per sqm.

Rents in Łódź slightly decrease. The average rent for a two-room flat in the Old Town is now EUR 382 per month.

Poznań

Average prices in Poznań dropped only by 0.6% vs. last quarter. However the greatest fall was among the new flats located in the prime areas, which fell 1.9%, to PLN 7,905 (EUR 1,976) per sqm.

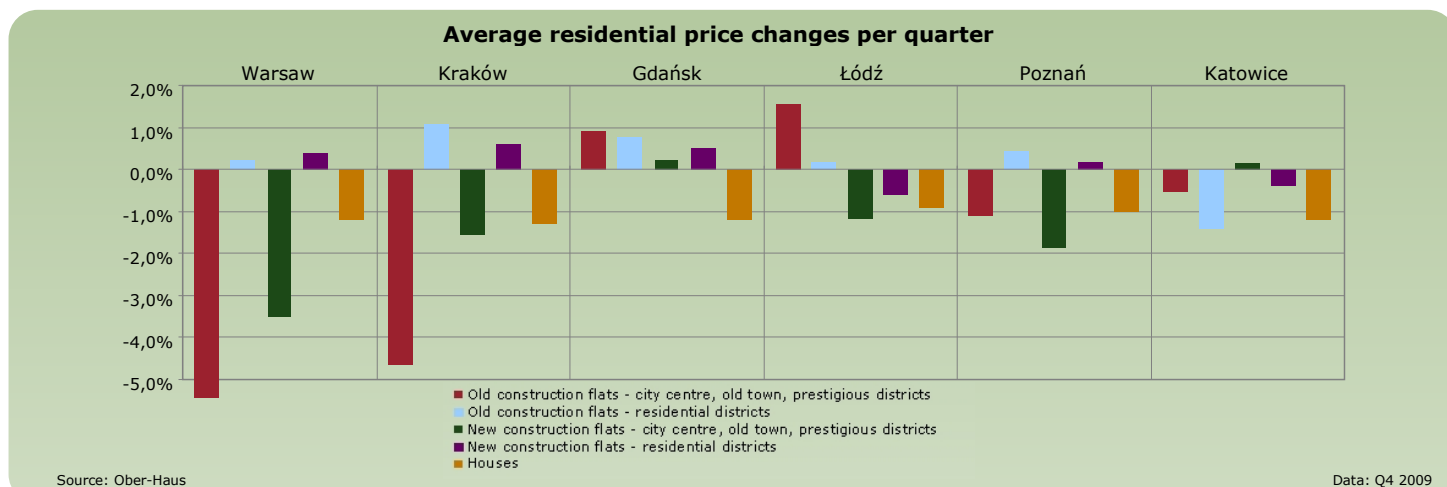
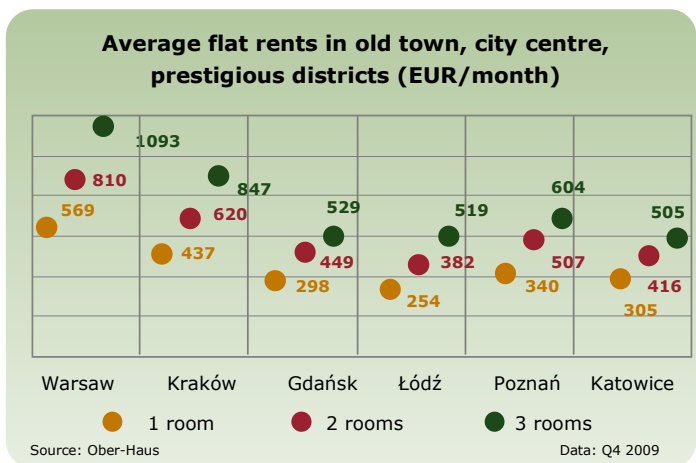
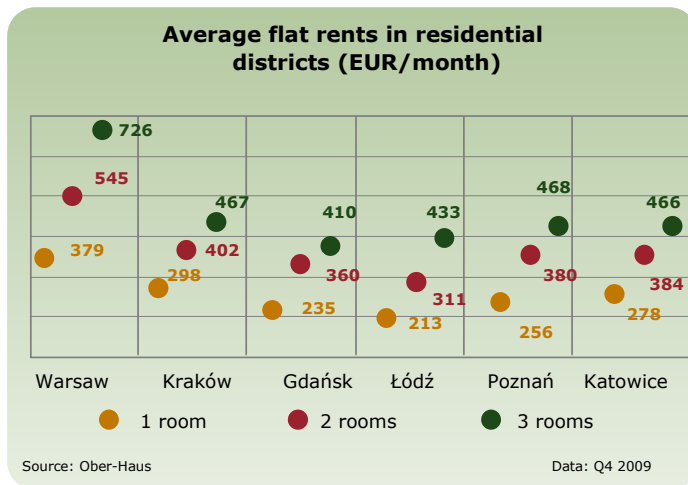
The prices of the flats from typical residential areas like in the previous quarter were characterised by big stability – without meaning changes.

The average rent for a two-room flat in the Old Town is EUR 507 per month and comparing to last quarter it was a drop of ca. 2%.

Katowice

Residential prices in Katowice on average fell only 0.6% in the 4th quarter. The biggest drop was observed among the flats older than 10 years – 1.4%, to PLN 3,667 (EUR 916) per sqm. The prices of new flats compared to the last quarter were at the stable, unchanged meaningfully level.

Rents in Katowice were up to small 2% down correction. The average rent for a two-room flat in the city centre is EUR 416 per month.



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