

RICS Poland Commercial Property Monitor

Q3 2014

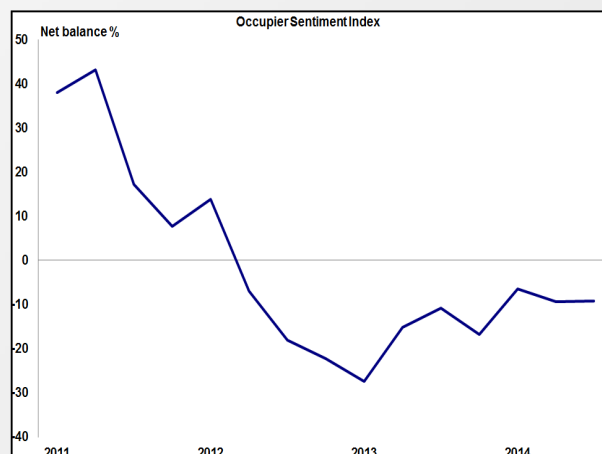
Firm Growth in Capital Values Expected but Rents Remain Under Pressure

Key Macroeconomic Trends

The Polish economy lost some momentum in Q2 due to a drop in exports to Russia and Ukraine. Over the remainder of the year, the slowdown will be further exacerbated by the Russian-EU sanctions. Slowing exports and rising uncertainty will dampen the pace of investment and labour market improvement. Average GDP growth may slow to less than 3% this year and next. However, with the government's fiscal stance likely to soften, domestic demand should fare relatively well. Disappointing Polish growth, in addition to the ECB's policy stance, will give the National Bank of Poland (NBP) room to ease their monetary policy significantly in the near term, 50bp of easing by the end of this year and another 50bp by Q1 2015. However, substantial base effects combined with a relatively resilient domestic picture is likely to see inflation rebound thereafter, and may force a relatively swift about-turn by the NBP in 2015.

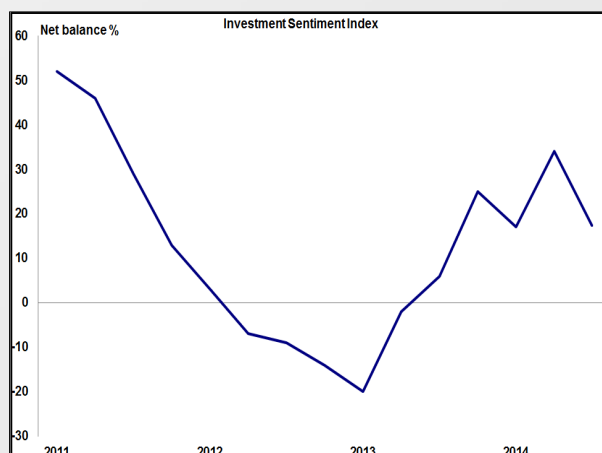
Occupier Market

- The Occupier Sentiment Index (OSI) remained slightly negative at -9.
- Occupier demand continued to grow firmly, but was outpaced by that of availability.
- Primary market rents at the all property level are expected to fall by about 1% over the next 12 months, but on average, rise by about 1% per annum over the next three years.
- Meanwhile, secondary market rents at the all property level are expected to fall by about 3% over the next 12 months, but on average, fall by about 1.5% per annum over the next three years.



Investment Market

- The Investment Sentiment Index (ISI) edged down slightly but remains in positive territory.
- Credit conditions, on balance, improved over the quarter.
- Investment enquiries continued to increase very robustly, particularly foreign buyer appetite.
- Primary market capital values at the all property level are expected to increase by about 2% over the next 12 months and, on average, by about 3.5% per annum over the next three years.
- Meanwhile, secondary market capital values at the all property level are expected to remain more or less flat over the next 12 months and over the next three years.

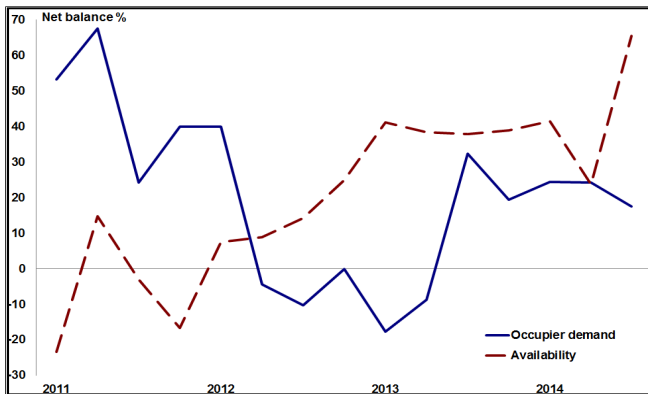


RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of investment properties.

Commercial Property Market

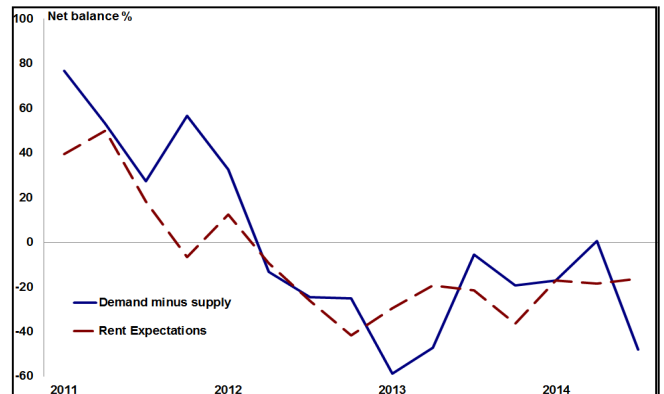
Occupier Demand and Available Space

Occupier demand continued to grow firmly, but was outpaced by that of availability.



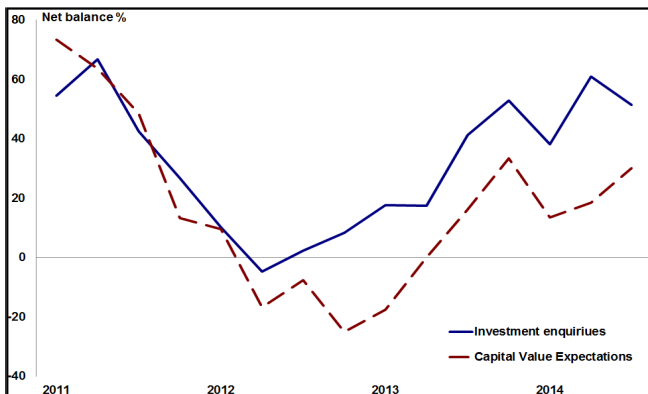
3 Month Rental Expectations

Sentiment on the three month outlook for rents remains slightly negative.



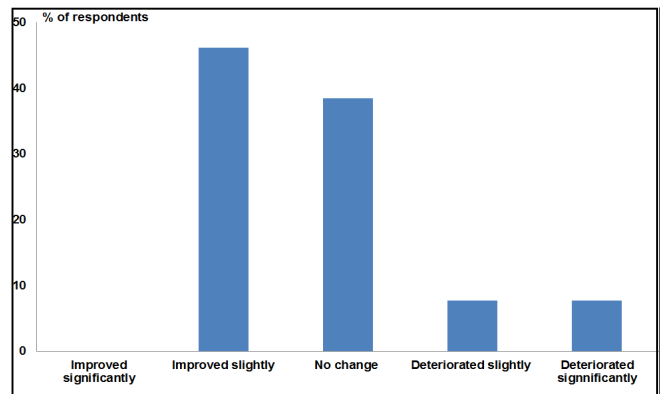
3 Month Capital Value Expectations

Investment enquiries continued to increase firmly.



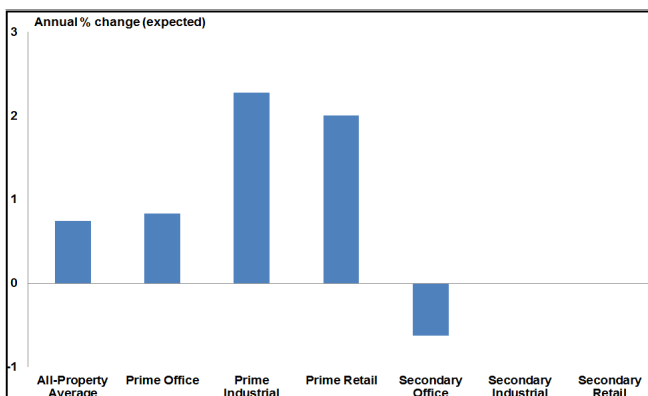
Credit Conditions

Credit conditions, on balance, improved over the quarter.



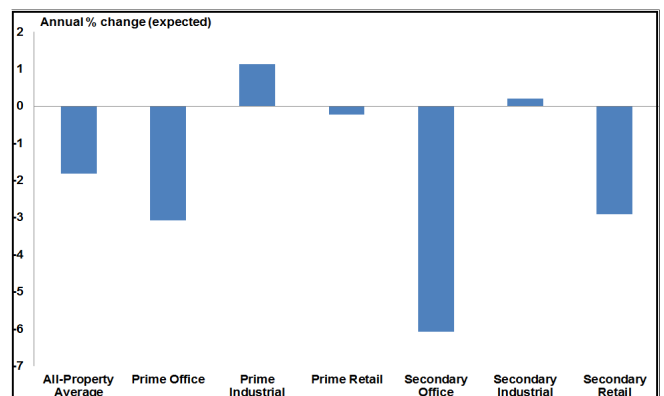
12 Month Capital Value Expectations

Capital values are expected to increase by just under 1%, on average, over the next 12 months.



12 Month Rent Expectations

Rents are expected to fall by around 2%, on average, over the next 12 months.



Information

RICS Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets.

The Global Commercial Property Monitor is available from the RICS web site www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

For access to city level agents' comments and contributor details please view the RICS economics website.

Methodology

Survey questionnaires were sent out on the 16th September with responses received until 10th October. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 1002 company responses were received, with 250 from the UK. Responses for Ireland were collated in conjunction with the Society of Chartered Surveyors Ireland.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

A positive net balance reading indicates an overall increase, a negative reading indicates an overall decline.

Contact details

This publication has been produced by RICS Economics. For all economic enquiries, including participation in the monitor, please contact:

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About RICS

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