

RICS Poland Commercial Property Monitor

Q2 2014

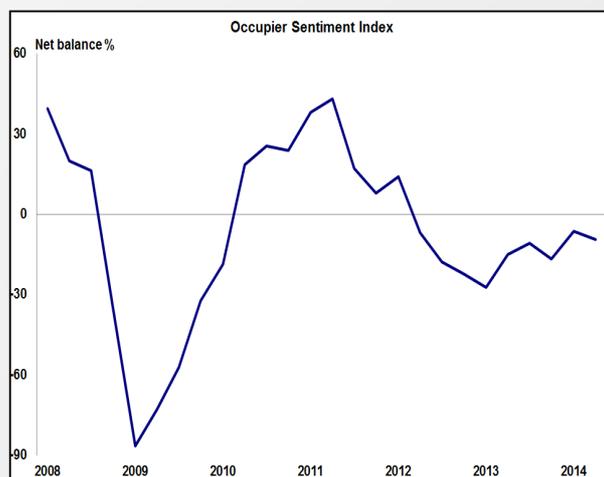
Investor Sentiment Continues to Improve

Key Macroeconomic Trends

Although economic newsflow has been a little disappointing over the last quarter, the underlying picture still remains relatively solid and consistent with GDP growth beating the long run average over the course of this year. Nevertheless concerns over recently released lead indicators means that a cut in interest rates is now a possibility before the end of 2014 and this has been reflected in some of the commentary from the central bank. The more uncertain macro picture has been reflected, to some extent, in the RICS Occupier Sentiment Index for Poland which remains negative despite an improvement in the level of tenant demand. More significantly, the RICS Investment Sentiment is continuing to become more positive which, in part, reflects the increasing appetite from investors to access this market.

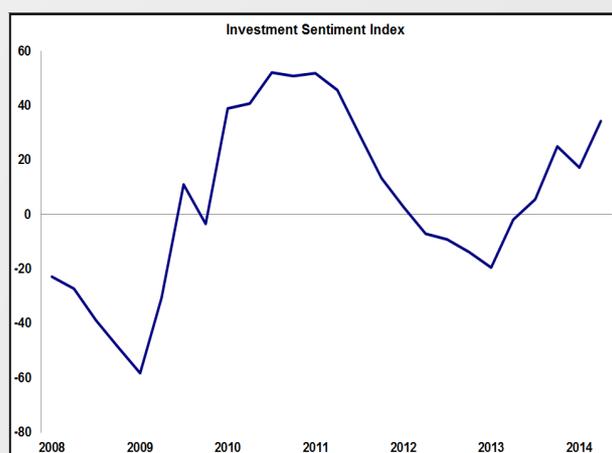
Occupier Market

- The Occupier Sentiment Index posted a further modest decline in the second quarter. It has now been in negative territory for the past two years.
- Tenant demand is continuing to pick-up but this is yet to be accompanied by a turnaround in the rental outlook which remains more subdued according to the survey.
- Meanwhile, the size of incentive packages is continuing to increase with anecdotal evidence suggesting this is more pronounced away from prime office space.



Investment Market

- Investor sentiment is continuing to improve with the latest reading showing the best quarterly gain in three years.
- The headline RICS Investment Sentiment Index is being driven in particular by a sharp rise in investor enquiries. Actual transactions have also been firm with offices attracting a particularly high level of interest.
- Capital value expectations remain modestly positive at both the three and twelve month time horizons which is consistent with the higher level of investment demand anticipated through the course of this year and into 2015.
- Further evidence of the underlying improvement in the real estate sector is the first reported quarter-on-quarter drop in the volume of distressed assets being supplied to the market since the first three months of 2011.



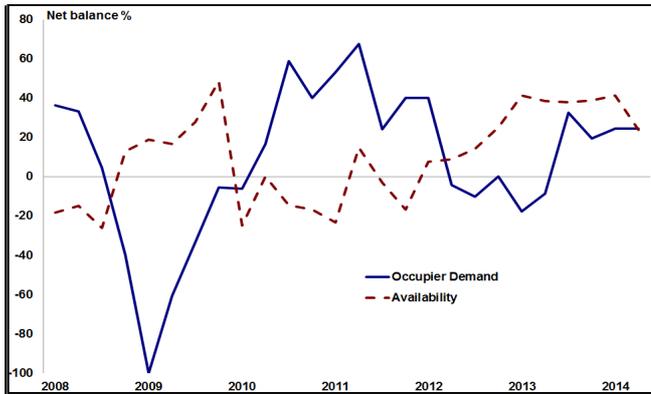
RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. RICS Investment Sentiment Index (ISI) is constructed by taking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



Commercial Property Market

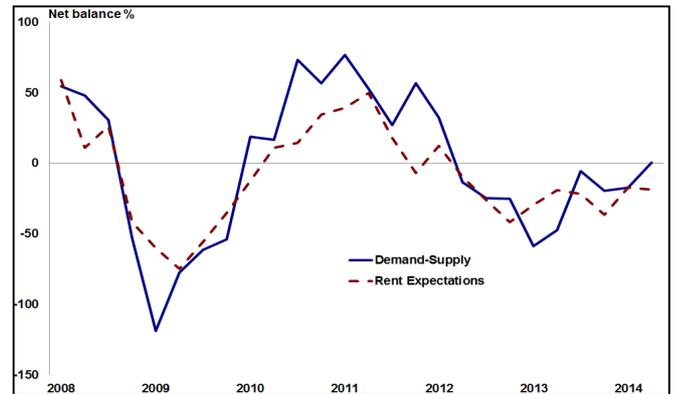
Occupier Demand and Available Space

Tenant demand grew at a broadly similar pace to available space in the second quarter of the year.



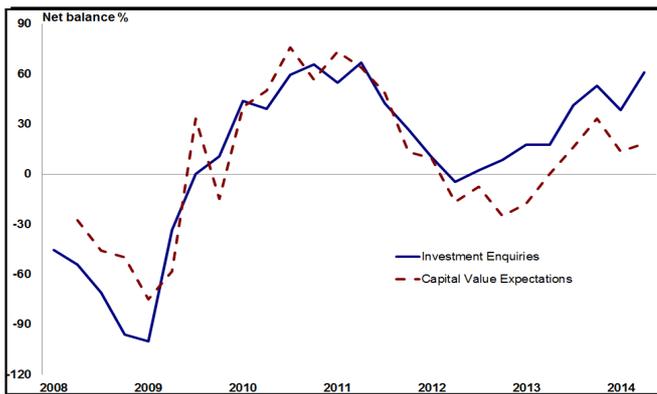
Rental Expectations

The demand supply balance is pointing to a stable trend in rents although expectations remain slightly negative.



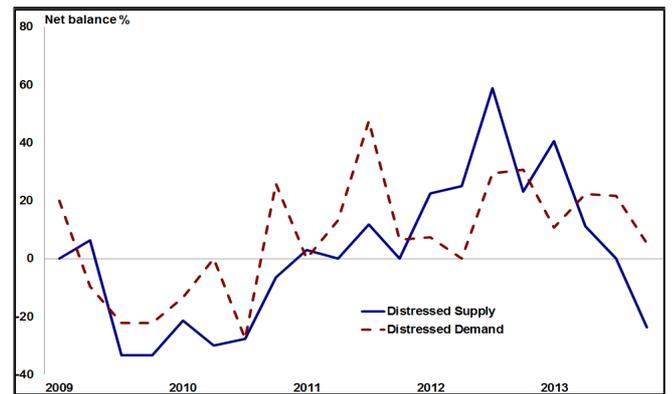
Capital Value Expectations

Investment enquiries are rising and this is helping to underpin the expectations for further capital gains.



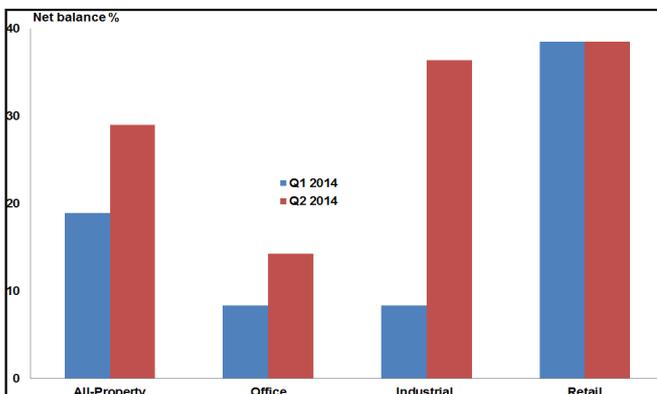
Distressed Property

The volume of distressed supply fell for the first time since the second quarter of 2011.



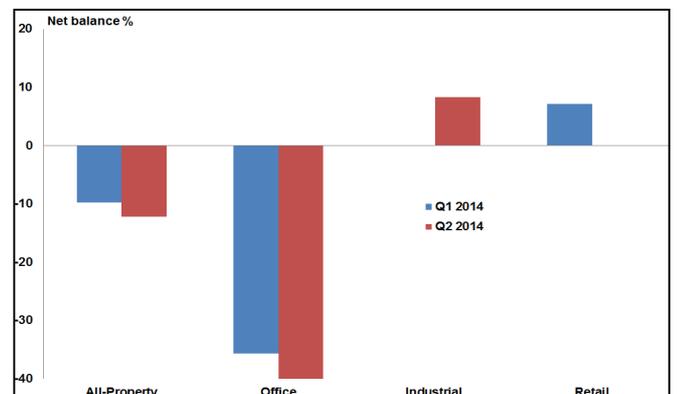
12 Month Capital Value Expectations

Capital value expectations are more positive at the twelve month than the three month time horizon.



12 Month Rent Expectations

Twelve month rent expectations remain slightly negative led by second tier office space.



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 website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity, the farmland market and arts and antiques.

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

Methodology

Survey questionnaires were sent out on 16th June with responses received until 7th July. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 964 company responses were received, with 232 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 (office, 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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