

The market for investment land in Poland



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A summary of the land market in 2017

The upcoming year may be particularly dynamic and interesting, both for the commercial and the residential real estate markets

The housing boom continues

In 2017 the residential market took the lead in terms of land deals, recording all-time highs for both the number and value of sale/purchase contracts.

Significant growth in the prices of plots suitable for residential projects and the low supply of such land were visible in Warsaw and also in regional cities.

The costs of materials and subcontractors rose, and problems with availability of workforce became particularly noticeable. As a result many developers were forced to change financial assumptions they had made and to perform cost-effectiveness analyses over again.

Record-setting levels of apartment sales year after year, the very high values seen in transactions involving single sites and the interest from developers in making purchases, which has persisted despite the growing prices of land and construction, have led some developers to believe that a correction, or even a downturn, is imminent. Some go as far as comparing today's situation to that in the years 2006 to 2008.

Are those fears justified? When looking to answer that question one should note certain factors that stabilise the situation and regulate the current condition of the market. The first of those is the low supply of residential plots as compared to the supply of land for other purposes. The second is the growing prices of residential units (although one should keep in mind that those are growing much more slowly than a decade ago). The third factor is the Monetary Policy Council's strategy of, for the time being, keeping interest rates at a consistently low level. That suggests that interest in the acquisition of apartments for investment purposes will continue in 2018.



Daniel Puchalski, National Director, JLL Land Advisory Services

Money supply is growing. Foreign investment funds are expressing interest in entering the Polish housing market and are looking for opportunities to create joint ventures with developers or to purchase land for projects involving residential units for sale or rent. Developers who have not yet built up their land banks would like to continue making acquisitions in 2018. Also, if the act on REITs is introduced, companies which are listed on the stock exchange will be able to invest in, for example, apartments for rent and thus generate additional demand for packages of flats.

Given the above, one can expect to see in 2018 a continuation of the purchasing trends for both residential development plots and residential units.

Appetite for office and hotel plots

The market for land suitable for office buildings and hotels also kept up a good pace in 2017. The appetite of developers for new purchases was underlined by deals for several dozen properties throughout the Poland.

Despite the fact that the supply of attractive sites for office and hotel projects was limited, in much the same way as plots for residential developments, the situation in the office and hotel land segment was somewhat calmer and the prices of land were more stable. Also, the demand was smaller than that in the residential market. Acrimonious fights between potential purchasers took place only for the most attractive locations in Warsaw, Kraków, Wrocław and, occasionally, Gdańsk.

Commercial plots are still in demand, though under certain conditions

The level of interest in land for retail parks in 2017 was similar that seen in 2016. When trying to hit the 'hotspots' on the Polish shopping map developers were often ready to lower their previous criteria about the size of the city or the number of its inhabitants. Instead, individual analysis of the competition in the vicinity of a given location, the potential interest from tenants and the catchment area have become the key factors in the choice of the perfect site.



Legislative hype

One of the factors that should be emphasised in any summary of 2017 is that it was a time of intense legislative work. We saw considerable debate about the draft act on REITs, the draft act on limiting Sunday trading, the idea of introducing a tax on commercial real estate, provisions of the draft act on transforming the right of perpetual usufruct of land for housing purposes into ownership rights and provisions related to the “Apartment+” program, to name but a few. The above-mentioned draft acts will be discussed in more detail later in this report, together with what has become known as the “large reprivatisation act”.

The expected revolution to be caused by the new building code has not yet taken place and we are still waiting for the final wording of the new code. However, there has been no lack of controversy around the provisions of the draft bill on the simplification of the development and construction process, which the new building code is to be based on.

This report covers all of the issues mentioned above, and also provides expert analysis and forecasts from JLL.

I hope that you find this report interesting and useful. Please feel most welcome to contact me if you would like to discuss any of the topics touched on here.

Daniel Puchalski

The residential market

A summary of 2017

2015 warm, 2016 warmer, 2017 hot, 2018 ...?

2017 was the third year in a row with a record number of residential units sold. In the six major Polish cities alone 72,700 units had been sold by the end of the fourth quarter.¹ Over the year as a whole developers sold more apartments than they had brought onto the market.

This demand was fuelled by low interest rates, rising wages, availability of mortgage loans, a shortage of other attractive investment products and the large selection of residential projects. Also, for a number of individual buyers their purchase decisions were accelerated by the upcoming ending of the government's MDM (Flats for the Young) program.

The market saw a number of transactions involving packages of flats, including the sale of entire projects at the building permits stage. The number of inquiries from investors regarding this type of investment product increased significantly over the last two quarters of the year. Despite those inquiries, developers did not show much interest in holding talks: due to the year's excellent sales results they were not willing to provide the discounts on package sales which investors expected.

The supply of new apartments did not keep up with demand, which made some developers increase the prices of residential units several times over the year in order to slightly slow down sales and thus maintain better liquidity of entire projects.

According to data from REAS about the last four quarters, the biggest year-on-year increase in asking prices took place in the Tri-City (15%). Growth in prices was also high in Łódź (8.5%) and Warsaw (8.4%), while in both Wrocław and Poznań average prices grew by 4.4%.²

Land wanted urgently

Despite the growth in the prices of residential units demand remained at record levels, which led to a significant reduction in the number of apartments available on the primary residential market.

In Kraków the number of units sold in 2017 was nearly 16% higher than in 2016, while the number of new apartments brought to the market fell by 9% year on year. A similar phenomenon was seen in Poznań (sales up by 20% with the number of new units down by 3.3%) and in Warsaw (17.5% and 3.7%).³

1 REAS, Residential market in Poland – Q4 2017

2 REAS, Residential market in Poland – Q4 2017

3 REAS, Residential market in Poland – Q4 2017

As the number of available residential units fell, interest from developers in building up their land banks grew. Developers also became more likely to accept more risks, which resulted in a faster pace of finalising transactions, due to shortened time needed for negotiations and/or technical and legal analyses, as well as a smaller number of conditions precedent.

Demand for plots of land had a direct impact on prices of land. In some locations in Warsaw prices jumped by up to 80%. The increasing expectations of sellers not only heated up the atmosphere on the market but actually made buyers pay more for plots.

Are we in for a crisis?

In 2017 the residential land market was shaped by such conditions as higher prices of land and apartments, rising costs of construction work and materials, and subcontractors having problems with shortages of workers. Some experts perceive those as symptoms of an upcoming downturn.

However, one should keep in mind that, in contrast to the previous bull market (2005 to 2008), apartments prices now are growing much more slowly and they have not yet reached the levels seen a decade ago. In addition, the flats available, and also the sizes of those, are better suited to the expectations of buyers. This is due to the market being much more mature, and to many developers taking a cautious approach.

Reprivatisation

Throughout last year the media constantly ran reports about the unresolved problem of reprivatisation claims. May 2017 saw the Verification Commission start work. This new body is in charge of examining the legality of reprivatisation decisions involving properties in Warsaw.

The City of Warsaw has made use of what is known as the "small reprivatisation law", which came into force in September 2016⁴, more than dozens of times to refuse to return real properties currently used for public purposes. The city has also benefited from its right of pre-emption with regard to claims. Under the "small reprivatisation law" claims can only be sold on the basis of a notarial deed.

Due to the "small reprivatisation law", some actions have been taken to solve the issue of what are referred to as "sleepers". The term "sleeper" describes an expropriated real property for which many years ago an application for return was filed but the applicants subsequently ceased action aimed at its recovery.

4 The act of 25 June 2015 amending the act on real estate management and the family and guardianship code (Journal of Laws of 2016, item 1271)



However, the law still does not regulate the issue of right to compensation if an application for return of an expropriated real property is rejected. Also, the protection of tenants affected by reprivatisation decisions and the prohibition on returning buildings in which there are council flats remain unregulated. The above-mentioned aspects are to be addressed in what is known as the “large reprivatisation law”, which is currently being prepared.⁵

From the point of view of the land market the current situation does not result in either additional supply of plots from the heirs of claims or interest from investors in purchasing such plots.

Trends in 2018

The end of the MdM program

The beginning of January 2018 was a very active period due to subsidies under the government's MdM [Flats for the Young] program being available once again. The final PLN 381 million was distributed in two days.

The ending of the MdM program, which in 2017 had been strengthening demand for residential units, will affect markets such as Łódź and Gdańsk where, due to the program's price limits, the choice of possible apartments was very wide. Also, the lack of subsidies may make it very difficult or even impossible for people who do not have the required own cash contribution to purchase flats. In the future it may also hinder the sale of portfolios of apartments by developers which are building cheap projects on the outskirts of cities, forcing them to offer attractive discounts. For now, however,

⁵ The draft bill on compensation for some of the harm done to natural persons as a result of the taking over of immovable property by the communist authorities after 1944

companies cannot complain about a lack of buyers and prices are difficult to negotiate down.

Consortia and consolidations: developers are joining forces

In 2018 we will continue to see the trend for the formation of consortia between developers and investors which are interested in purchasing investment land. Until now developers have preferred to purchase sites on their own, but the low supply of attractive plots, and high prices, have made them willing to look at co-operation opportunities.

In terms of current residential market trends it is important to also note the ongoing consolidation of developers' activity. The good economic situation over the last few years has contributed to an increase in the number of entities operating in the industry. Taking over competitors seems to be the best way of not only getting rid of potential threats but also expanding in various Polish cities.

Bonds or loans?

Increasing the size of one's land bank requires a large financial base. In recent years we have been watching a change in the debt financing structure of developers: corporate bonds are becoming an increasingly important source of financing for residential development companies, especially in the case of the largest entities operating in this market.

JLL's experts expect there will be a further reduction in 2018 in the share of bank loans and other financial liabilities in the debt structure of the largest developers, with such firms preferring to issue bonds.



The legislative revolution

It is worth noting the upcoming legislative changes that will affect the development activities and investment plans of developers. At the end of 2017 the Ministry of Infrastructure and Construction presented a new version of the draft building code. The date of the code entering into force remains unknown; however, in order to gradually familiarise investors with the new solutions the Ministry has developed a bill which is a pilot for the code.⁶ Among other proposed changes, the criteria for issuing decisions on site development ("WZ") will become stricter. Only a perpetual usufructuary or the owner of a real property will be able to apply for such decision and its validity will be limited to three years (at the moment such a decision is valid for an unlimited period). The draft bill also excludes the possibility of implementing a WZ decision in steps.

What does the future have in store?

Given the continuous appetite for land acquisition, the very good apartment sales results in the fourth quarter of 2017 and the long reservation lists in newly launched projects, we can expect to see in 2018 the continuation of the good results with regard to both residential development plots and residential units.

According to analysis carried out by JLL in the last quarter of 2017, in 2018 more than 60 development companies plan to purchase sites worth between PLN 10 million and PLN 50 million and 14 firms are ready to purchase plots worth

⁶ A draft bill on amending certain acts in connection with the simplification of the development and construction process

as much as PLN 150–200 million if relevant offers will appear on the market and meet their purchase criteria. The purchase plans of smaller development companies, once they have sold their apartment portfolios, will also help to maintain the high level of demand for land.

The demand for new residential units will be supported by low (at the moment) interest rates, which give access to relatively cheap loans and make investing savings in apartments an attractive alternative to a low-interest deposit.

JLL's experts also estimate that private equity funds are ready to spend around EUR 300 million to purchase packages of apartments for rent or for investment purposes.

Moreover, the introduction of a law on REITs could be an opportunity to generate additional demand on the primary residential market. It would enable companies listed on the stock exchange to invest in apartments for rent and thus give individuals access to new investment tools.

Threats

The residential market is in excellent shape, although it is not free from threats which may, in the long run, weaken not only supply of but also demand for new apartments. Increasing land prices, shortages of labour and rising costs of materials and subcontractors may make it difficult for developers to continue to offer a large range of residential units and will, as a consequence, negatively affect their prices. The attractiveness of purchasing real estate as a better investment than bank deposits will fall once interest rates start to rise. In addition, competition between apartments for rent will increase from year to year. Furthermore, the effects of the new governmental "Apartment+" program will soon appear on the market. That program envisages the construction of affordable housing for rent with an option to purchase and is gaining momentum. We will hear more and more often about projects which involve the participation of the National Property Resources.

Average prices of residential land in 2017

Area	Price (PLN / m ² PUM*)**
Warsaw, city centre	PLN 3,000 – 5,000**
Warsaw, other districts	PLN 1,000 – 2,500
Cities of more than 400,000 inhabitants	PLN 650 – 2,500

* PUM – Residential Usable Area

** price of single plots of residential land in prime locations exceeded PLN 5,000 / m² PUM

The office market

A summary of 2017

Stable development

Another good year of office land sale/purchase deals is now behind us. The scale of demand for new plots and the number of transactions, both in Warsaw and in regional cities, were at similar levels as in 2016. However, the results here were very much in the shadow of the record-breaking, in every respect, results from the housing market.

The fall last year in the vacancy rate, which was a consequence of strong demand and the moderate volume of new supply, increased the optimism of investors and their interest in looking for opportunities for new office projects. It is worth keeping in mind that at the end of 2017 the vacancy rate in Warsaw had fallen to the lowest level since 2013: 11.7% (a fall of 2.5 percentage points compared to the end of 2016).⁷

The high level of demand for office space in 2017 was generated by both new entrants to the Polish market and organic growth of companies already here, as well as consolidations by tenants which had leased office space spread across a couple of, or even several, different buildings.

The demand was strengthened further by the dynamic development of the operators of flexible and co-working spaces. The co-operation between firms that run co-working space and the companies which are developing office projects has opened a new chapter in the history of the Polish office market. It has created an opportunity for even faster development and also, potentially, transformation. Given the popularity of this new model of leasing space, we can expect that in the future flexible space will account for significant parts of office buildings, or even entire buildings.

Regional markets are still growing

From the perspective of the amount of demand for new, modern office space, and the supply thereof, Kraków and Wrocław are still the leading regional cities, followed by the Tri-City, Poznań, Łódź and Katowice. It is those urban centres that have drawn the most interest from investors which are considering purchases of land outside of Warsaw. Their growing reputation among foreign investors helped plans to be bolder than in previous years and encouraged investors to involve their capital in new office projects there.

Trends in 2018

The second life of real properties

JLL's experts have no doubt that the potential for the further development of the office market is to be found not only with



undeveloped land, the availability of which in major cities, especially in central and well-connected locations, does not match the demand.

In Warsaw alone there are more than 100 buildings, including old tenements and factory buildings, which could potentially be rebuilt, revitalised and converted into modern office spaces over the next 10 to 15 years.

The decisions of investors about whether to acquire such sites and to adapt them to the expectations of tenants, as well as the success of such projects, will depend on many factors,

7 JLL, Warsaw Office Market, January 2018



such as the price asked by the owner, the provisions of the master plan covering a given property and the constraints in the form of conservation requirements which protect historic buildings.

In 2018 we can expect to see growing interest from investors in plots of land which currently have buildings designated for modernisation or demolition. This trend will not be restricted to Warsaw, it will be noticeable in all regional cities targeted by office developers.

Average prices of office land in 2017

Area	Price (PLN / m ² PUB**)
Warsaw, CBD*	PLN 2,200 – 4,000
Warsaw, CBD fringe*	PLN 1,300 – 2,300
Warsaw, other	PLN 600 – 1,300
Cities of more than 400,000 inhabitants	PLN 600 – 1,500

*CBD – Central Business District

**PUB – Office Usable Area

The retail market

A summary of 2017

A renaissance for shopping centres?

Of the total of 466,000 m² of modern retail space which was delivered for use in 2017 331,000 m² was in shopping centres (71%), with the rest being accounted for by free-standing commercial buildings (13%), retail parks (11%) and outlet centres (5%).⁸

Retail land

The increasing saturation of retail space in the largest cities has resulted in demand for plots of land of between 5,000 m² and 30,000 m², which are suitable for the development of retail schemes with leasable area of between 6,000 m² and 10,000 m², with a view of complementing the range of large galleries and filling in the gaps on the Polish shopping map.

When analysing a specific property developers have consistently paid attention to the saturation of retail space in the area, the purchasing power of residents and, above all, the level of interest expressed by potential tenants. They also looked carefully at infrastructure, utilities, potential road developments and the planning situation (e.g. whether the provisions of any local master plan permitted the development of large-scale retail facilities).

⁸ JLL, Poland Retail Market, January 2018

Trends in 2018

New law, new reality

In 2018 the real estate market, including the retail sector, is awaiting numerous changes to applicable law. From 1 January 2018 a new tax has been imposed on the owners of certain commercial real properties (specifically shopping centres and office buildings) the value of which exceeds PLN 10 million.⁹

On 30 January 2018 the president signed a law banning trading on Sunday. The law will be introduced gradually. From 1 March 2018 trading will be permitted on two Sundays each month: the first Sunday and the last one. From 1 January 2019 trading will be permitted only on the last Sunday of each month, and from 1 January 2020 trading on Sunday will be banned except for seven Sundays each year.

Some experts believe that the reduction of trading Sundays will weaken the position of large stores and favour convenience stores, which will be able to remain open on Sundays, provided that the owner himself/herself works behind the counter. Others note the extension of the entertainment and food/beverage options offered by shopping centres, which it is hoped will attract people to visit those places on Sunday despite the ban on trading.

⁹ The act of 27 October 2017 amending the personal income tax act, the corporate income tax act and the act on flat-rate income tax law on certain revenues generated by natural persons (Journal of Laws of 2017, item 2175)





Time will show how different formats of stores make their way in the new reality, and which have gained the most and which lost due to these changes.

When discussing changes to legislation one should also mention the uncertain future of the tax on sales which came into force on 1 September 2016. From that date a tax was supposed to be calculated and paid on the basis of total revenues from sales. However, due to an investigation initiated by the European Commission that tax was temporarily suspended until the end of 2017. Subsequently, due to the European Commission issuing an unfavourable decision about it and Poland then appealing against that decision to the Court of Justice of the European Union, the application of the tax was temporarily suspended until the end of 2018.

Only after some time will we be able to assess the actual impact of the above-mentioned legislative changes on the condition of the retail market and the situation on the land market. JLL's experts do not expect that the changes to Polish law will cause any immediate suspensions of sale/purchase negotiations or any massive withdrawals from ongoing transactions. However, it must be emphasised that the sense of uncertainty with regard to the legal environment will not be perceived favourably by new entities that had expressed interest in developing their economic activity in Poland.

Demand for land for retail projects

Most of the new retail projects which opened in 2017 were in the largest agglomerations (69% thereof) and cities with populations of between 100,000 and 200,000 (20%). This trend will continue in the near future, as more than 70% of the retail space in shopping centres which are currently under construction is to be found in major agglomerations.¹⁰

From the land market perspective, the increasing supply of retail space in the largest agglomerations will encourage investors to continue their search for the 'white spots' on the retail map of Poland and will make them more likely to lower their previous criteria about the size of the city or the number of its inhabitants.

Specialists at JLL also believe that the next years will see more multifunctional projects, in which the retail function is only one of the components of the development.

Average prices of retail land in 2017

Area	Price (PLN / m ² PUU*)
Warsaw, land designated for large-scale shopping malls	PLN 2,000 – 5,000
Warsaw, land designated for retail parks and stand-alone stores	PLN 1,500 – 2,000
Cities of more than 400,000 inhabitants	PLN 400 – 1,200

* PUU – Retail Usable Area

10 JLL, Poland Retail Market, January 2018

The hotel market

A summary of 2017

Growth continues unabated

The hotel sector in Poland is booming. In 2017 new projects, both in the largest Polish cities and in the nation's holiday resorts, sprang up like mushrooms after rain. The development of foreign and domestic tourism and improvements in the quality of transport infrastructure, as well as the increasing wealth of Polish society in general, resulted in good times for the hotel sector. The demand for hotel and MICE¹¹ services was driven even higher by the economic growth here.

Encouraged by the very positive situation on the market, developers have been more confident in making decisions about new hotel projects. That had a direct impact on their interest in land for sale, as well as in buildings suitable for adaptation to hotel purposes. Most of the inquiries about hotel development opportunities JLL received in 2017 concerned real estate in city centres, on or near the coast or in mountain resorts.

Bearing in mind the number of hotel projects announced and started in 2017, as well as the considerable interest from developers operating on this market, in the next few years we can expect as many as several dozen new projects to open every year. The most extensive development plans concern the Warsaw market, where more than 20 new facilities are currently under construction or at the planning phase. Outside of the capital it is notable that Gdańsk enjoyed a great deal of interest in 2017: it is expected that about 10 hotels in that city will open their doors over the next few years.

Holiday resorts show potential

International 'big brand' hotel chains continued their expansion in the Polish hotel market in 2017, significantly expanding their portfolios in Poland's largest cities, but also taking full advantage of the opportunities offered by the country's holiday resorts.

In 2017 the market saw both the Sopot Mera Spa hotel being transformed into a Marriott hotel and the opening of the Radisson Blu Resort hotel in Świnoujście. The development of another hotel under the Radisson Blu brand, this time in Sopot, was announced by Tri-City developer Grupa Inwestycyjna Hossa. One should also note that the seaside health resort of Kołobrzeg will soon see the opening of a Hilton Garden Inn hotel there, the first hotel in that city to operate under an international brand.

A lot of attention is also focused on mountain resorts. The first guests will be welcomed by Radisson Blu Hotel & Residences in Zakopane as early as this year, while the media

has already reported the planned introduction of the Four Points by Sheraton brand to that popular mountain town. The entry of international hotel chains into domestic holiday resorts underlines the deepening appreciation of the potential of those locations. It also increases the interest of developers in attractively located plots of land there.

The potential of smaller cities

Well-known international hotel chains have also been showing greater interest in establishing presences in Poland's smaller cities. In 2017 the Courtyard by Marriott Katowice City Center hotel was officially opened, the accommodation options in Grudziądz were significantly improved by the Ibis Styles hotel there and the first guests were welcomed to Lublin's new Hampton by Hilton hotel. In the very near future a number of other hotels will start operating under that Hilton brand in mid-size cities such as Oświęcim, Olsztyn and Kalisz.

Trends in 2018

New hotel brands on the attack

The next few years will feature an increasingly larger number of well-known international hotel chain brands debuting on the Polish market. The first AC Hotel by Marriott began operating in Wrocław in 2017, while preparations are underway for the debuts of the following brands: Motel One, Marriott Renaissance, Four Points by Sheraton, Raffles, Staybridge Suites, Radisson Red, Autograph Collection Hotels, Crowne Plaza and MGallery by Sofitel.

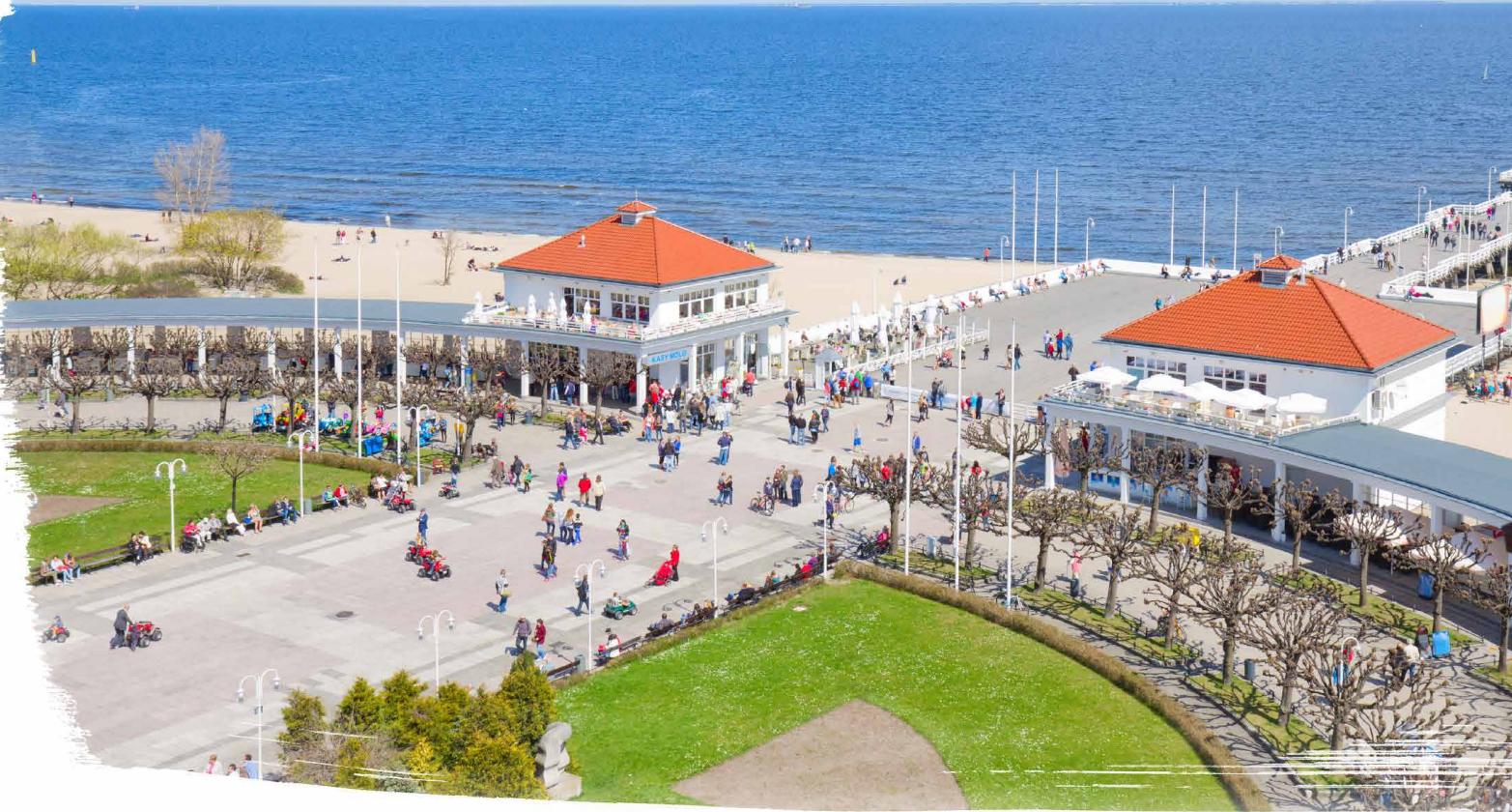
The diversity of hotel brands and concepts entering the Polish market means that the requirements of developers with regard to real estate vary. As a result, there is a growing range of both built-up and undeveloped properties which have the potential to draw interest from developers.

Generation Y in the viewfinder

The increasing number of guests from the young generation will encourage the expansion of hotels that take into account the tastes and expectations of that group, as well as the size of their wallets.

Owned by the Marriott International group, the Moxy brand is already developing dynamically in Poland. It focuses particular on the Millennials. The Accor Hotel group is promoting the JO&JOE brand that combines elements of a hotel, a residential apartment and a youth hostel with, among other features, access to a shared kitchen and thus the possibility of self-catering. The Best Western Hotels & Resorts also responded to the needs of Generation Y by creating the Vib and GLÖSM brands.

¹¹ MICE: Meetings, Incentives, Conferences and Exhibitions



It is worth noting that the development of budget hotels with original interior designs, adapted to the needs of the younger generation, requires an equally innovative approach to the selection of properties for that purpose. JLL's specialists believe that sites and buildings which did not meet the lofty criteria of high-end chain hotels could benefit from the second chance offered by the needs of developers of this type of hotel.

A trend for mixed-use projects

JLL's specialists expect to see the development over the next few years of multi-function projects, including projects that incorporate the functions of hotels. There are a number of factors driving this trend. The first is the availability of large-scale development plots. The second is the rapidly growing supply of modern office space in Poland's largest cities; the fear of problems with absorption and pressures on rents make it sensible to look for alternatives to purely office projects. The third factor is the appreciation by developers of the benefits and synergies resulting from combining multiple functions within one project.

Among the mixed-use projects planned for the next few years which incorporate office, commercial, service and hotel functions it is worth pointing out the Warsaw HUB complex in Warsaw, which is being developed by Ghelamco. It will host hotels by two brands from the InterContinental Hotels Group chain: a Crowne Plaza hotel and a Holiday Inn Express hotel. Ghelamco plans to also include a hotel facility in a multi-function project in the New Center of Łódź.

In 2018 the Moxy hotel will enhance Warsaw's Koneser Praga Center mixed-use complex, while in Kraków the plans for the Unity Center multi-purpose project feature a hotel operating under the Radisson RED brand.

Housing developers entering the hotel market

Developers more traditionally associated with residential projects will continue to be interested in diversifying their businesses by entering the hotel and aparthotel segments.

J.W. Construction is one of the developers which is putting a firm emphasis on aparthotel projects. It currently offers apartments in the Wola Invest and Apartamenty Varsovia developments in Warsaw and plans further projects in Warsaw's Ursynow district and in Gdynia. Other developers are following in JW's footsteps. In 2017 Atal commenced the Atal Baltica Towers project, which consists of a residential building and an aparthotel. Tri-City developer Hossa Group, which already has in its portfolio the Smart Hotel Garnizon in Gdańsk Wrzeszcz and the Longstay Aparthotel in Gdynia, has announced the opening of a Radisson Blu hotel in Sopot in 2019.

The experts at JLL believe that, despite the increasing supply of new hotel facilities and the growing competition from apartments for short-term rentals, the dynamic development of the Polish hotel market will maintain its excellent pace over the coming year.

Examples of transactions the JLL Land Advisory Services Department worked on in 2017

Location	Size	Development potential
Warsaw	53,000 m ²	70,000 m ² PUM*
Warsaw	11,000 m ²	24,000 m ² PUU**
Warsaw	1,800 m ²	3,000 m ² PUU**
Pruszków	17,000 m ²	27,000 m ² PUM*
Katowice	11,000 m ²	15,000 m ² PUM*
Katowice	6,500 m ²	12,000 m ² PUM*
Gdańsk	3,400 m ²	9,000 m ² PUM*

*PUM Residential Usable Area ***PUU Retail Usable Area

250
million PLN

The value of the transactions concluded with the involvement of the JLL Land Advisory Services Department in 2017

Examples of transactions the JLL Land Advisory Services Department is working on in 2018

Land for office development

Location	Size	Development potential
Southern Poland*	12,000 m ²	90,000 m ² PUB***
Southern Poland*	7,600 m ²	40,000 m ² PUB***

Land for residential development

Location	Size	Development potential
Warsaw	25,000 m ²	32,000 m ² PUM**
Katowice	18,200 m ²	30,000 m ² PUM**

Land for mixed-use development

Location	Size	Development potential
Northern Poland*	68,000 m ²	200,000 m ² PUM***+ PUB***+ PUU****
Katowice	11,500 m ²	15,000 m ² PUM** + PUB***

Land for retail development

Location	Size	Development potential
Częstochowa	27,500 m ²	12,000 m ² PUU****
Nowy Sącz	60,000 m ²	40,000 m ² PUU****

*confidential

**PUM Residential Usable Area

***PUB Office Usable Area

****PUU Retail Usable Area

1,2

The value of land projects in preparation and ongoing sale / purchase transactions conducted by the JLL Land Advisory Services Department in 2018*

billion PLN

* As of 6 February 2018

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