

Market Trends

Poland

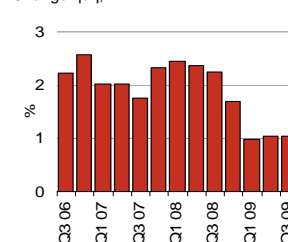
Q4 2009

Economy

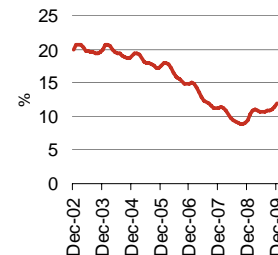
Poland is the only economy in the EU which escaped recession and GDP growth is expected to gain momentum, albeit moderate due to increasing industrial production as well as recovering exports. These prospects can also be seen in the increasing OECD Composite Indicator. The labour market seems to be comparatively resilient, whereas a slightly increasing unemployment rate bears some risks for the real estate markets.

GDP

Change qoq, 1Y-MAV



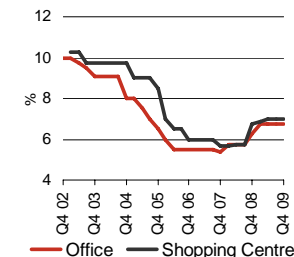
Unemployment Rate



Investment

Investment activity was very weak during the first half of 2009, but a recovery in investment and refinancing activity due to returning confidence can be seen recently. Investors are willing to take opportunity of the relatively sound fundamentals of Poland. Therefore the correction of market values seems to bottom out and stabilization during the upcoming quarters is expected. This development can also be seen in prime yields which stabilized, whereby the yield corrections were not as significant as in several other countries.

Prime Yields Warsaw



Market Value Changes

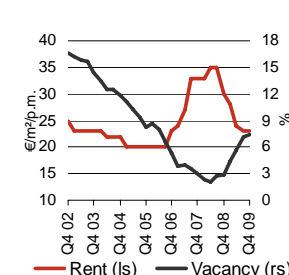
Real Estate

	Previous 12 Months	Outlook 12 Months
Office	-15%	0%
Retail	-10%	0%
Logistics	-10%	0%

Office

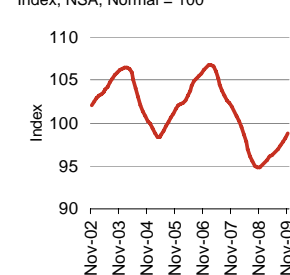
Warsaw's real estate office market experienced a sharp correction although the economy held up comparatively well. This can especially be seen in rents which decreased significantly, despite vacancy is still under long-term average and the increase was not that significant than in most other countries. Nevertheless, there were some signs of stabilization recently. Further relief will probably derive from softening supply due to lasting financing problems.

Office Warsaw



Composite Indicator

Index, NSA, Normal = 100

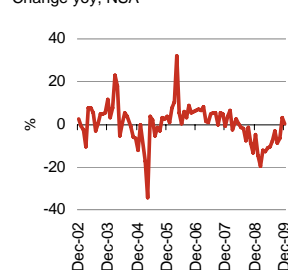


Retail

The economic slowdown is affecting the Polish retail sector too, although with limited intensity and locally different. Competition became more intensive, a weak Zloty burdens retailer paying rents in Euro. This influences particularly regional centres and secondary property outside Warsaw negatively, resulting in a moderate increase of vacancy and growing incentive packages for tenants. In contrast, modern and established shopping centres within Warsaw show a stable performance.

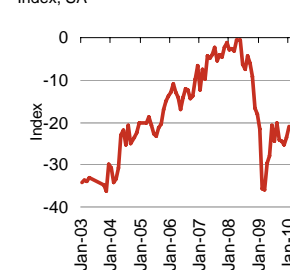
Retail Trade Turnover

Change yoy, NSA



Consumer Confidence

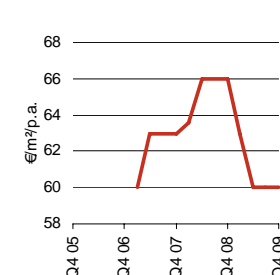
Index, SA



Logistics

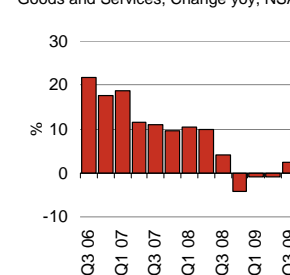
The real estate industrial sector faced a clear downturn since the end of 2008 with skyrocketing vacancies and decreasing rents. Demand is still weak, although exports increased recently due to slight economic rebounds of the main trading partners and the still weak Zloty. Rents stabilized since mid 2009 due to limited completions, but vacancy remains at very high levels both in Poland and in Warsaw, the leading Polish industrial market.

Industrial Warsaw



Exports

Goods and Services, Change yoy, NSA



GRM-CR-ABF-RAC Research

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