

Commercial Real Estate analysis at the National Bank of Poland: Methodology and Data Sources

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**The views expressed present the personal opinion of the author and the research team,
present the current state of ongoing research and do not necessarily reflect the official
position of the National Bank of Poland.**

Main goal of our research

Analysis of the interactions between monetary policy, CRE and financial stability:

- analysis of the impact of monetary policy on the CRE market
- analysis of potential misalignments and tensions in local markets

Our approach to data collection

- Use different data sources and talk to business experts to get insight which definitions they use and how they see the market, to have an objective view.
- Base on information and data provided by market participants, but whenever necessary perform own research with the use of our own analysts in the regional NBP branches.
- Have a clear view on the local determinants of transaction prices, rents and vacancy rates. Analyse the local macroeconomic and other determinants of the CRE market (like supply of skilled workers, income, special economic zones, academic centres and transportation).
- Focus on potential imbalances and find potential tensions, bubbles and problems.
- Focus on major local markets, pick those with a high capital concentration, which might create problems to the stability of the financial system.

Different data sources are necessary

- Markets differ significantly among regions. One value index for the whole country will give a wrong impression of the state of the market. Thus, a set of indicators is necessary.
- Even in the Warsaw office market large differences in levels and dynamics and trends can be observed among different regions of the city (CBD, city-center, rest of the city).
- There is a strong concentration of office, retail and logistic space in Warsaw, but other regions have a significant share too.
- Different professional agencies can apply different definitions.
- Some professional agencies focus on specific market segments.
- Professional agencies might have an interest in the creation of expectations, thus different views need to be confronted.

Data sources and methodology

Data sources:

- Analysts of the NBP Regional Branches
- BRE Bank Hipoteczny
- CBRE
- Colliers International
- Cushman & Wakefield
- DTZ
- Horwath HTL
- i-Comparables.pl
- Jones Lang LaSalle
- Ober-Haus
- Retail Research Forum of the Polish Council of Shopping Centers
- Warsaw Research Forum

Quarterly data on:

- Investment transactions
- Prices and attributes of single transactions
- Space supply
- Rents
- Yields
- Vacancy rates

In:

- Warsaw CBD, city-center and rest of the city
- Major cities and agglomerations

Commercial Real Estate analysis

Commercial Real Estate:

- Office
- Retail
- Logistics
- Hotels

Investment transactions in bln EUR



Source: Cushman & Wakefield.

Prime commercial property investment yields



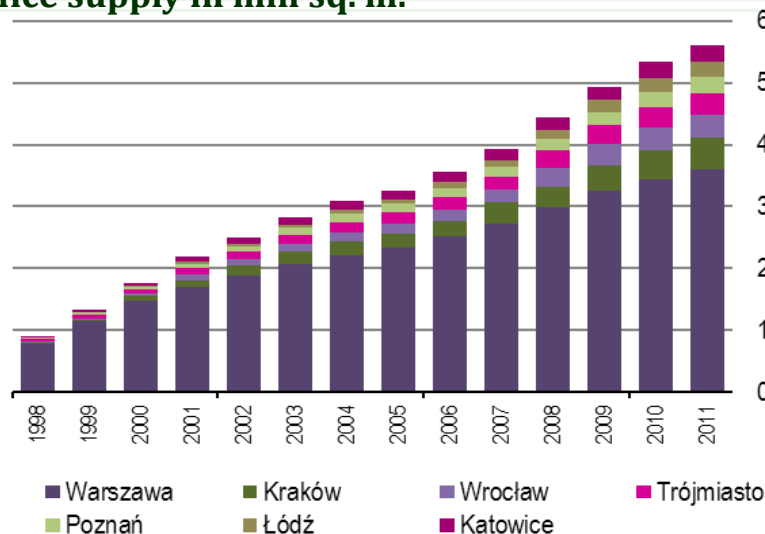
Source: DTZ.

In 2009-11 foreign investors accounted for more than 90% of investment transactions

(see Cushman & Wakefield Marketbeat Spring 2012)

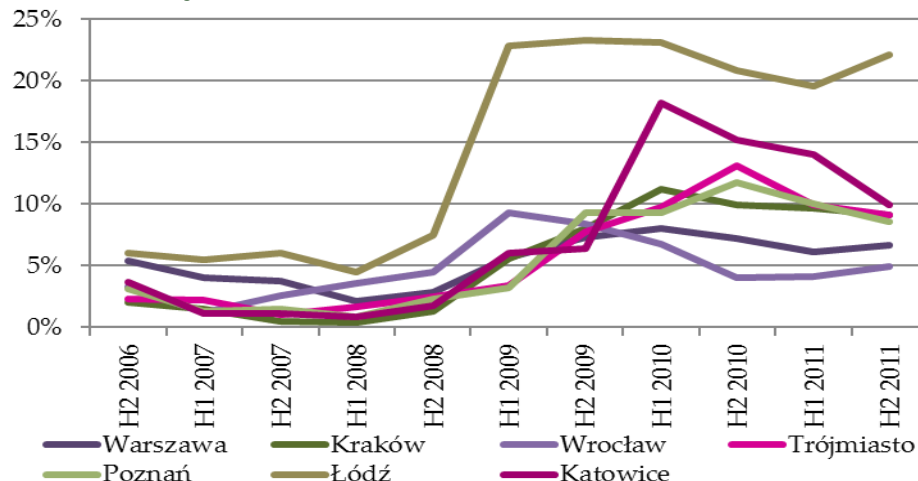
Example of regional differences - the office market

Office supply in mln sq. m.



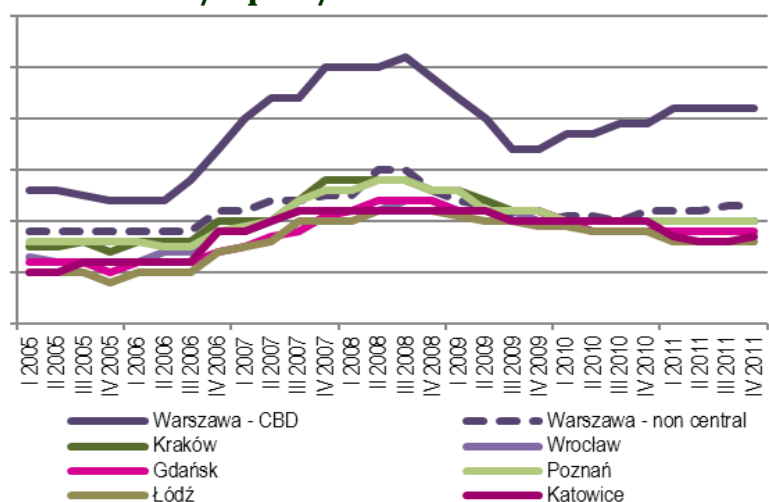
Source: DTZ.

Vaccancy rate



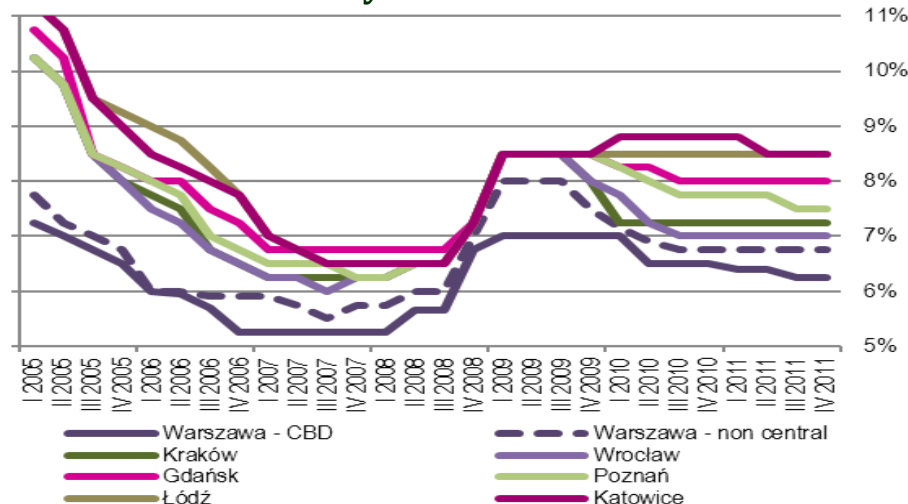
Source: DTZ.

Rent in EUR/sq. m./ month in best locations



Source: Cushman & Wakefield.

Prime investment yield



Source: Cushman & Wakefield.

Relevant publications

- NBP annual reports:

- http://www.nbp.pl/homen.aspx?f=/en/publikacje/inne/real_estate_market_a.html

- NBP quarterly reports:

- http://www.nbp.pl/homen.aspx?f=/en/publikacje/inne/real_estate_market_q.html

- Author's research paper related to the topic:

Krzysztof Olszewski (2012) „*The Impact of Commercial Real Estate on The Financial Sector, its Tracking by Central Banks and Some Recommendations for the Macro-Financial Stability Policy of Central Banks.*”

http://rcea-canada.org/pages/may_2012_rimini/program.php