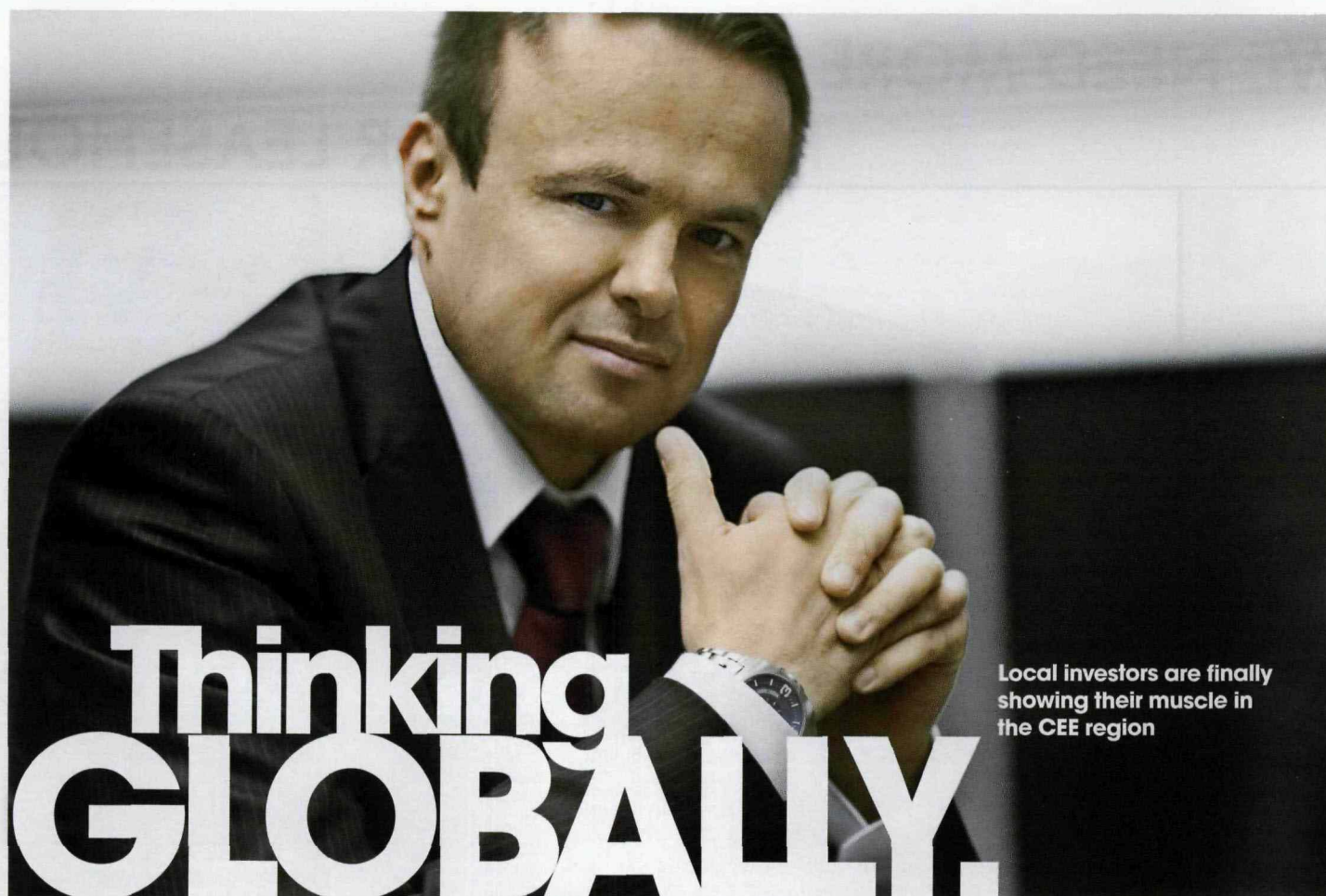


## Feature



Local investors are finally showing their muscle in the CEE region

# Thinking GLOBALLY, but acting LOCALLY

**MONEY HAS NO HOMELAND. IS THAT REALLY SO? WHEN WE TAKE A GOOD LOOK AT REAL ESTATE INVESTORS, IT TURNS OUT THAT THE POWER OF LOCAL PLAYERS HAS BEEN GROWING, AND THEY HAVE BEEN DRIVING AWAY THE GERMAN FUNDS THAT HAD ONCE SETTLED ON THE CEE REGION**

■ Ewa Andrzejewska

**P**roperties in the land on the Vistula river are now being bought by Poles, while Czech properties are being snapped up by the inhabitants of the country famous for its beer and the beautiful old city of Prague. "In H1 this year, purchases on the real estate market had a value of app. EUR 1.5 bln, of which app. EUR 78 mln was spent by local investors. Among the biggest acquisitions were: the Millenium Hall shopping centre in Rzeszów, Galeria Jeziorak in Ilawa for EUR 16.5 mln, the Indomo interior furnishings

centre in Lubin for EUR 12 mln and the Jantar mall in Kalisz for EUR 600,000," lists Wojciech Pisz, the director of Cushman & Wakefield's capital markets group. Last year this share was even greater – the value of local investment amounted to app. EUR 92 mln out of a total volume for all transactions of app. EUR 700 mln. "However, the real boom is taking place on the Czech market. It is estimated that 50 pct of the market currently belongs to local investors at this point," adds Wojciech Pisz.



## Homes make way for commerce

"The plastics processing industry has been developing dynamically, and new technological solutions are constantly being created. We are cooperating with a number of research institutions in this respect and are continuing to invest in our parent company – Marma Folie Polskie. We also manage a furniture manufacturing company. So why have we invested in real estate? We are open to different business options," emphasises Marta Pótorak, co-owner of the Rzeszów-based company Marma Folie Polskie and head of Develop Investment. In February this year, she and her husband Mariusz offered PLN 233 mln in a debt collection auction and took over the unfinished project of the mixed-use Millennium Hall centre (a leasable retail and service area of 55,600 sqm with 7,750 sqm of hotel rooms and business areas). This is the biggest acquisition transaction in Poland by a local investor this year. The purchase is not the first venture into real estate by this adventurous duo from Rzeszów. "This was our debut in the commercial sector. We had already built the 'Pod Gwiazdami' residential estate in Józefosław, near Warsaw, some time earlier. Last year the new owners of the 105 apartments were able to start moving into them. We are also the owners of an office facility in Bielsko-Biała, which we are currently considering modernising," explains Marta Pótorak, who sees Rzeszów through different eyes than the well-established market investors do, who tend to come from outside the area, e.g. from Warsaw. We see a town which is located in the borderlands of different cultures (Polish, Ukrainian and Slovakian) and creates excellent business opportunities. "In Rzeszów, an extraordinary city, there are app. 200,000 inhabitants plus around 60,000 students – young people who have no place to buy fashionable clothes. Our city does not have a regional centre that combines retail with a cultural, entertainment and hotel section," explains the head of Develop Investment. All this sounds great, but after all a developer builds a shopping centre in order to make money. Probably even if you are Grażyna Kulczyk – one of the richest Polish women who created the Stary Browar shopping centre in Poznań. According to Marta Pótorak: "Of course a commercial investment must be able to support itself. We took the decision that it should be both beautiful and also generate a certain amount of revenue. The return on the investment? The initial estimates say eight years. But for now the centre is to stay in our portfolio. Will this remain the case after some time? I do not know. The market changes, so I cannot make 100 pct predictions about the future." She promises that the champagne corks will be popping at the opening of the centre as soon as in October next year.

### PICTURE:

"The real boom is taking place on the Czech market. It is estimated that 50 pct of the market currently belongs to local investors at this point," claims Wojciech Pisz of Cushman & Wakefield

banks. If just 1 pct of this amount were invested in real estate, which would give PLN 6.4 bln or app. EUR 1.5 bln, then this would be twice as much as the volume of transactions on the investment market in 2009. This illustrates the situation rather neatly. Keeping our funds in a deposit account we are able to benefit from a yield of 5-6 pct annually; but in the case of real estate we are looking at more than 10 pct. Banks have started financing again, so the return on an investment might be even higher if we leverage our equity," insists Wojciech Pisz. He reminds us that we are used to investing in apartments in order to make money out of renting them out, which nowadays, however, has become less and less profitable. "I suggest going a step further and investing in commercial property," says the representative of Cushman & Wakefield.

This is the step which has been taken by another Polish entrepreneur, Jerzy Szymański. Some time ago he bought a few holiday apartments in Kristensen Group's Baltic Park Promenada in Świnoujście and in Osada Zamkowa in Pasym (Masuria). He spends time there himself with his family and business partners, who, he assures us, are enchanted by the place. This gave him reason to believe that the business had future potential. When the Danish parent company of the Polish branch of the developer got into financial trouble and the official receiver started selling off