



Joanna Mroczek
 Head of Research & Marketing
 CBRE Poland

Is the Polish property market to expect significant changes following the parliamentary election?

The year 2015 has been a time of extensive political changes for Poland. As a consequence of the presidential as well as parliamentary elections, the liberal Platforma Obywatelska (PO), which had been in power for two terms, was forced to go into opposition and give up its reign in favour of the conservative and nationalist Prawo i Sprawiedliwość (PiS) which won an absolute parliamentary majority as well as the presidential seat.

As is the case under all new circumstances, changes mean a certain degree of uncertainty and no one is really able to forecast how particular actions will affect investor behaviour and the overall market situation. Undoubtedly, however, Poland is functioning within the European Union reality. Irrespective of the changes in terms of the alignment of political forces, it is thus provided with a large degree of stability, which is what counts the most from the economy's point of view. At the moment, the mood amongst investors and financial institutions seems to be relatively positive.

Table 1. Economic forecasts for Poland

YEAR	GDP GROWTH	INFLATION	UNEMPLOYMENT
2011	4,5%	4,3%	12,5%
2012	2,0%	3,8%	12,8%
2013	1,4%	1,4%	13,6%
2014	3,4%	0,0%	12,4%
2015F	3,6%	-0,5%	10,8%
2016F	3,5%	1,3%	10,0%
2017F	3,4%	1,8%	9,7%
2018F	3,4%	2,1%	9,4%

Source: GUS, Oxford Economics, IX.2015

The new leadership is not announcing any drastic changes in respect of either the pro-investment or the financial policy, although it looks like domestic businesses can indeed expect greater support than the foreign ones. As regards the changes which may affect the property market, i.e. tenants, developers and investors, the following have been proposed:



1. Changes within ministries – establishment of new ministries (the Ministry of Development) and abolishment of certain existing ones (the Ministry of Treasury). It is possible that this will translate into changes in respect of the current strategy implemented by companies owned by the State Treasury and relating to the owned and leased properties as well as any investments. Many projects will now without doubt be suspended or even entirely abandoned.



2. New tax imposed on financial institutions amounting to 0.14% of the value of the majority of transactions and 0.7% on derivatives. The new tax could potentially lead to an increase in prices of banking and financial services and subsequently a restricted growth within this sector.



3. Tax on large-format shopping facilities, i.e. from 250 sq m upwards (between 0.5 and 2% on turnover, depending on the volume of turnover). There will be an exemption from the tax for shops where the volume of turnover does not exceed PLN 700,000 per annum. The new tax could potentially represent the most significant interference into the free market and adversely affect the growth process for supermarkets, suppliers and customers. However, an increase in prices of grocery products is not in line with the promises made by the new governing party during the campaign, and thus introduction of this particular tax is not yet definite.



4. Ban on Sunday trading. As proven by the example of other countries, this type of a decision usually leads to a change in shopping habits, which does not necessarily mean a decrease in a shop's turnover. However, an exception here would be the shopping centres and shops located near the country's border which are currently benefiting from the ban on weekend trading in force in Germany.

The remaining proposals refer to a large extent to social and political issues and should not therefore greatly affect the Polish economy for which the growth forecasts remain relatively positive. The above changes will also be very much dependant on the format in which they are introduced and will not necessarily have a negative effect in the long term.

The proposals for improvements which could additionally be put on the agenda as regards the planned actions of the new authorities include, amongst others:

1. Strategic approach to the system of support for investors creating new jobs, both in terms of foreign and domestic businesses, which would improve Poland's competitiveness in the entire Central Europe region.
2. Simple and transparent rules as regards investment processes, obtainment of building permits, acceleration in respect of creation of local zoning plans.
3. Greater decisiveness and collaboration amongst town/city authorities as regards the process of urban space development, planning and management.
4. Greater freedom for the public sector entities in respect of taking decisions relating to management of their own properties and flexibility as regards their location.

It is without doubt that modifications are needed and expected in respect of legislation and management in many areas of the country's economy. This is really why so many changes have been brought about as the result of the parliamentary elections.

Positive expectations are connected with Mateusz Morawiecki, the Minister of the new Development Resort in the new government. His long term experience in the banking sector are well recognized by the Polish business. It gives a kind of hope for improvements of the Poland's competitiveness, but also stability in the public finances and a control over excessive spending promised by PiS, which is the major risk and concern for the markets.

Irrespective of which way the situation progresses, close watch has to be kept over all the steps and actions taken by the new government, and any changes which could in any way stunt the growth of the property market will have to be opposed through close collaboration with organizations active on it.

	OFFICE	SHOPPING CENTRES	WAREHOUSE
 EXISTING	8m	10.5m	10m
 UNDER CONSTRUCTION	1.2m	825k	583k

Source: CBRE, Q3 2015, data for modern commercial space in Poland in sq m

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at www.cbre.com/researchgateway.

CONTACTS**Joanna Mroczek**

Director, Research & Marketing

+48 22 544 8061

joanna.mroczek@cbre.com

CBRE OFFICE**CBRE Sp. z o.o.**

Rondo ONZ 1,

24th floor

00-124 Warsaw

Follow us on:



*office***GC**.pl

*industrial***GC**.pl



Disclaimer: Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.