

Two years of Cresa in Poland

The real estate market needs first-class advisors

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More than 50 professionals in nine business lines and in five cities – that's Cresa Poland after two years. Is it how you imagined its growth when you were setting up the company in May 2017?

These two years have been busy and very good for us. The real estate market and particularly the office and industrial sectors are very dynamic and growing increasingly complex. Tenants now enjoy more options to have spaces tailored to their needs, including various risk levels and lease duties. That's why clients across all market segments need professional and experienced advisors who will be able to safeguard their interests effectively before any commitments are made.

But to answer your question: yes. When I was setting up Cresa Poland, I thought that experience and a passion for real estate would bring us together and that such talented and enthusiastic people would join us – that's exactly what we've achieved. I value Cresa's corporate culture and the high class of its senior managers. Our clients appreciate our standout business philosophy which differs from that of our competitors. We act in the tenant's interest, in every sense of this word.

Every new regional office we open makes me happy. Today we have offices in Warsaw, Krakow, Wrocław, Łódź and Tricity. And there's definitely more to come from us. We are planning a new opening soon.

To continue to strengthen your position in regional cities – is that Cresa's objective for the coming years?

We want to be wherever our clients are. That's Cresa's strategy. We talk a lot to our business partners we advise on the real estate market. They plan to expand into new locations and we want to accompany them on their journey. This also means new prospects for us, because in regional cities we have a strong and loyal client base which we can expand. We power ahead. We have been very active in the cities I mentioned for many months. For example, we acted on the renegotiation of the approximately 12,000 sqm lease for Akamai Technologies in the Vinci Office Centre in Krakow. It was the biggest transaction of the first quarter in Poland and the tenant was advised by Cresa Poland in collaboration with Cresa Boston.

Regional city office markets are growing at a more rapid pace than the Warsaw market, largely driven by the SSC/BPO sector. According to ABSL's data, this sector will employ approximately 340,000 people across Poland by the end of first quarter of 2020. This is benefiting the biggest cities, but also Katowice, Rzeszów and Bydgoszcz.

Regional offices also provide strong support to your Industrial and Warehouse department...

Of course, it is a very important department in our company, and the warehouse and production sector is currently a key driver on the commercial real estate market in Poland. The Polish warehouse and logistics market has doubled in size in the last five years. With approximately 4 million sqm of annual take up, it is now among the leading countries in Europe.

With the economy powering ahead, robust occupier demand and developers' ambitious plans, the market is likely to maintain its growth momentum. Occupier demand remained healthy in the first quarter of 2019 with nearly 1 million sqm transacted, which accounted for more than 30% of the average annual take-up in the last five years. At the same time, the overall vacancy rate has stood at a low of around 5% for over a year, which is confirmation of a healthy demand and supply balance. Given the current market performance, investors are increasingly targeting leased warehouse facilities.

In addition to offices and warehouses, other teams are also contributing to Cresa's success. The retail tenant representation team of Cresa Poland is among leading teams of commercial real estate agencies.

That's true. We represent large and well-known tenants, but we can't always reveal everything, particularly when working with retailers entering the market. Such retailers very often lease large spaces and attract customers and other operators. They include TK Maxx and SportsDirect.com, for example.

Although we do not observe the rapid retail market development anymore, Poland's retail stock, currently amounting to approximately 15 million sqm GLA, continues to grow. In addition, the growth in retail market competition is leading to quality changes – hence the growing popularity of upgrades, redevelopments and new concepts and formats to attract the strongest possible footfall.

Our Valuation Department has also been very successful. Last year, we valued several hundred properties across the country. We are also acting on a number of investment market projects which are at an advanced stage. Our daughter company Smart M² is also successful at gaining new clients, including clients on overseas markets. Last year, our workplace strategy specialists developed a work environment concept for Amway in Germany.

You are also developing a Hospitality Department. What's behind the strong interest in this segment?

Demand on the Polish hospitality and tourism markets is steadily rising and is being fuelled, as in the case of the office market, by the rapid business growth and global companies opening offices in large cities. Hence, the increase in business trips. Poland is also seeing a growth in tourist numbers frequently requiring different hospitality services than business sector. This creates a huge potential for both hotel operators and developers. For the latter, hospitality projects are usually an attractive alternative to offices, for instance, and an important part of portfolio diversification.

What are Cresa's plans for the next two years and beyond?

As I said, we are expanding and hiring experienced professionals. We are a strong and dynamic team. We are planning to open new regional offices. To be successful, you need an experienced advisor in every real estate sector, a partner who will highlight both market opportunities and risks, and will find alternative options so that you have a full overview and choice before making your final decision. We are such a partner; that's why I feel very optimistic about the future.