

Expanding Into Eastern Europe

PointPark Properties (P3) is a Prague-based European warehouse developer and asset manager, responsible for around 2.3 million square meters across 11 EU countries, including two major Polish sites near Warsaw and Poznań.

P3's business is movement—constructing logistics parks and secure warehouses where goods are stored en route from supplier to consumer. P3 is preparing to expand operations in Europe. Recently the company entered Romania.

"It's a tough market but an interesting one in terms of scale," says Craig Maguire, P3's Managing Director in Poland and Romania. "Logistics is the movement of goods from one place to another as efficiently as possible, having the right product at the right time and place. You need places around major cities, close to highways, because that's where most people are. We're also at gateways to Europe."

The company's expansion in Poland depends on its purchase of land, often sites that lie in the path of urban development. So-called land banking is a necessary practice for developers like P3, who need warehouses in strategic locations near major centers of commerce. "I think this is a time to be considering land, but it has to be very measured," says Maguire. "Yes, we are looking to expand but the market here still has difficulties because demand has fallen quite dramatically. I think it's a positive place to invest but it'll be some time before the market comes back to what it was like."

Formed in 2001 under the name Pinnacle, PointPark was bought and rebranded by Bahrain-based bank Arcapita in 2008, who acquired the company's Eastern European sites and extended its presence across Europe. "P3 is a new name but an old badge," adds Maguire. "Arcapita had all these logistics assets in Western Europe, but the big gap was Central and Eastern Europe. By buying Pinnacle it gave them Poland, Czech Republic, Slovakia and Bulgaria. For true pan-European coverage we felt we had to rebrand and PointPark is quite an easy name across all countries to understand—that's the point, and we like to do parks and BTS projects."

P3's Polish parks in Warsaw (in the Mszczonów district) and Poznań have a combined asset area of around 135,000 square meters and over 300,000 square meters for further development. P3 has international customers including FM Logistics, Fiege and Jeronimo Martins Distribution (JMD), which owns the Biedronka discount grocery chain.

"The first is next to Warsaw on a key highway. A new road which links the site with highway E67 to Katowice is under construction," says Maguire. "We've got some strategic occupiers there, good companies. Poznań is the first major Polish city on the road from Berlin so we have a regional market and a cross-border market into Germany."

Maguire predicts that EU funds and the Euro 2012 soccer tournament to be held in Poland will increase the role of logistics, leading to more efficient transit between Poland and its neighbors.

"Poland will become more efficient. You'll have manufacturers using a source of cheaper labor over here to make goods and then you'll find more strategic positioning and a lot of investments made into the roads," he says. "Poland's got this strategic thing it has to deliver for the soccer championships, so that means connecting key cities and the borders. Once that's in place you'll have a different market too."

Critics say Poland has some of Europe's most difficult construction laws and a lengthy planning process, both of which hamper investors and developers.

P3 received planning permission for two new warehouses at their Mszczonów site in October, allowing them to rent out a further 60,000 square meters. Maguire says, "There's a lot of paperwork. Maybe in the UK it's more streamlined but I'm sure Poland will be like that soon because



Craig Maguire, P3's Managing Director in Poland and Romania

it's come a long way. Take up is way down on the year before. I think the first half of 2010 will still be quite slow. 2011 will see more of a market comeback. Our plans are to grow in Poland and expand in Romania as well. It's a tougher market than in Western Europe. It started later and got into the EU later but it's an interesting one."

PointPark Properties is based in the Czech Republic with offices in Poland, Slovakia, Germany, Luxembourg and the UK. The company is a subsidiary of Arcapita Industrial Management Sarl, the specialist logistics real estate investment management subsidiary of Arcapita Bank B.S.C.

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