# PRECONDITIONS FOR DOMESTIC INDIVIDUAL INVESTMENT IN POST-WAR COMMERCIAL REAL ESTATE IN UKRAINE: LEARNING FROM POLAND

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***Abstract:*** *This paper examines the preconditions for mobilising domestic individual capital into commercial real estate (CRE) in post-war Ukraine, using Poland as the primary institutional benchmark. Drawing on comparative data for 2019–2026 from the National Bank of Ukraine (NBU), the National Bank of Poland (NBP), the Settlement Centre of Ukraine, and the Inzhur REIT platform, the study identifies six measurable preconditions: household bank deposits, estimated cash holdings, retail CIV penetration (share of publicly offered funds in total CIV assets), CIV infrastructure depth, REIT-enabling legislation, and retail investor activity. Despite UAH 1.675 trillion in household bank deposits and a documented +470% growth in REIT-platform investors in 2024 alone, the absence of a formal REIT framework and persistent information asymmetry constrain individual participation in CRE. Poland, where foreign capital accounts for approximately 80% of CRE investment volume despite PLN 2.3 trillion in household savings, illustrates the cost of regulatory inaction. At the same time, Poland is forging a reform road map through the SINN bill and its developed CIV infrastructure which Ukraine can adapt at an accelerated pace. The paper proposes a multi-level information system (MLIS) framework as a structural precondition for bridging the gap between latent household capital and CRE investment opportunities in the context of Ukraine's reconstruction.*

***Keywords:*** *commercial real estate; individual investors; REIT; multi-level information systems; post-war reconstruction; Ukraine; Poland*

## INTRODUCTION

Commercial real estate (CRE) is one of the most capital-intensive yet potentially transformative asset classes for post-war reconstruction. Ukraine faces an acute need to mobilise long-term private capital for rebuilding its destroyed and damaged property stock, estimated in the hundreds of billions of dollars. Yet the domestic individual investor remains effectively excluded from this asset class not for lack of financial resources, but for lack of institutional infrastructure.

This paper addresses a specific and underexplored from our point of view problem: what institutional, financial, and informational preconditions must be present for domestic retail investors to participate meaningfully in the CRE market? The question is urgent, since reconstruction capital, if not channelled through domestic mechanisms, will be captured by foreign institutional investors as Poland's experience demonstrates. In Poland, approximately 80% of all CRE investment volume in 2026 was accounted for by foreign investors (Cushman & Wakefield, 2026), and more 90% in the past, while the financial assets of Polish households alone exceed PLN 2.3 trillion, including over PLN 1.38 trillion in bank deposits and estimated PLN 443 billion in cash. The absence of REIT legislation is, in our view, widely recognised as the primary structural cause of this situation (FOR, 2024; GGI, 2025). Poland thus serves simultaneously as a cautionary tale and a road map: its 80% foreign capital share in CRE illustrates the cost of regulatory inaction, while the SINN bill and developed CIV infrastructure outline the institutional path Ukraine must follow.

Ukraine presents a paradoxical situation: household bank deposits reached UAH 1.675 trillion in May 2026 (NBU, 2026), growing around 14% year-on-year despite the ongoing full-scale war, while the REIT, like investment platform Inzhur, recorded growth in the number of co-owners to 80,584 by May 2026, compared with 20,194 in July 2025, with an average investment ticket of UAH 167,413. In addition to Inzhur, at least two other active participants have recently emerged in Ukraine's REIT-like market. This evidence suggests that demand for structured CRE investment exists; what is absent are the preconditions that would allow this demand to scale.

The paper is structured as follows: Section 2 presents the theoretical framework and methodology; Section 3 identifies and quantifies the six precondition indicators; Section 4 presents the comparative findings; Section 5 draws conclusions and policy recommendations.

## METHODOLOGY

The study employs a comparative institutional analysis of Ukraine and Poland for the period 2019–2026, structured around a six-indicator precondition framework. Poland is selected as the benchmark on the grounds of structural similarity (both countries entered the 1990s from comparable institutional baselines), geographic proximity, and ongoing EU integration relevance for Ukraine. The United States is referenced as a frontier market upper bound.

The precondition framework operationalises six dimensions of market readiness:

(1) Household bank deposits - available liquid capital within the banking system;

(2) Estimated cash holdings - latent investment potential outside the banking system;

(3) Retail CIV penetration - share of publicly offered (retail-accessible) funds in total CIV assets under management, as a measure of the depth and inclusiveness of the fund industry;

(4) CIV infrastructure depth - number of funds, management companies, and total AuM as a measure of institutional maturity;

(5) REIT-enabling legislation - regulatory framework for structured CRE investment;

(6) Retail investor activity - actual participation as measured by depository and platform data.

Data sources include NBU Banking Sector Reviews, NBP Financial System Development Reports, the Warsaw Stock Exchange (WSE/KNF), the Ukrainian Association of Investment Business (UAIB), the Settlement Centre of Ukraine (settlement.com.ua), annual reports of the Inzhur REIT platform (inzhur.reit), OECD Global Debt Reports, and the Forum for Civil Development (FOR, Poland). The multi-level information system (MLIS) framework, developed within the author's broader dissertation research, provides the conceptual lens for interpreting these preconditions as layers of an information architecture.

## FINDINGS

Table 1 presents the comparative precondition indicators for Poland and Ukraine.

**Table 1. Comparative Precondition Indicators: Poland and Ukraine (2024–2026)**

| Indicator | Poland (2024–2026) | Ukraine (2024–2026) |
|---|---|---|
| Household bank deposits | PLN 1.38+ trn (~€300+ bn) | UAH 1.67 trn (~$37 bn); +12.6% YoY |
| Cash holdings (est.) | PLN 443 bn (~€100 bn) | ~$10–15 bn (NBU indirect estimates) |
| Retail CIV penetration (public funds / total AuM) | Broad retail base; public funds ~11.2% of GDP (Q3 2025) | Retail public funds <1% of total CIV AuM; venture funds dominate (>96%) |
| CIV infrastructure | PLN 352 bn AuM; 471 funds; 56 management companies | UAH 666 bn AuM; 1,840 funds; 248 management companies (end 2024) |
| REIT legislation | Absent (SINN bill under review since 2024) | Absent; Inzhur operates via CIV mechanism under existing law |
| Foreign capital share in CRE | ~80% of investment volume (2026) | Market effectively frozen; pre-war data n/a at comparable scale |
| Retail investor activity (organised market) | WSE: broad retail base; active IKE/IKZE pension accounts | Settlement Centre: ~24,000 transactions/week (2026); Inzhur avg. ticket UAH 52,000 (~$1,240) |

*Source: NBU (2026); NBP (2024); KNF (2024); UAIB (2025); Inzhur (2024, 2026); Settlement Centre of Ukraine (2026); Cushman & Wakefield (2026); Research and Markets (2026); FOR (2024).*

The findings reveal four key asymmetries. First, a capital availability asymmetry: Poland possesses approximately ten times greater household financial assets than Ukraine, yet both countries suffer from the same structural blockage - the absence of REIT legislation. Second, a structural CIV distortion in Ukraine: although Ukraine's CIV sector nominally appears comparable in AuM-to-GDP terms (~14-15% vs ~11.2% for Poland), this figure is deeply misleading - over 96% of Ukrainian CIV assets are held in venture funds, which are closed corporate vehicles inaccessible to retail investors. Publicly offered retail funds account for less than 1% of total CIV AuM, compared with a broad retail base in Poland. This structural distortion is itself a precondition gap: the absence of accessible retail CIV infrastructure, not the absence of fund capital per se. Third, an information asymmetry gap: the Settlement Centre's weekly clearing volumes (~24,000 transactions) confirm organised market activity, but CRE-specific instruments remain largely outside organised trading venues, limiting price transparency and investor protection. Fourth, a policy trajectory asymmetry: Poland is actively closing its own gap through the SINN bill and expanded IKE/IKZE retail pension accounts, meaning the window for Ukraine to learn from Poland's current design choices - rather than its past mistakes - is open but narrowing. This dimension transforms Poland from a static benchmark into a dynamic reference point: Ukraine can observe not only what Poland failed to do, but what it is now doing, and compress the learning cycle accordingly.

From the perspective of the multi-level information system (MLIS) framework, these preconditions correspond to distinct information layers: the macro level (market-wide data on deposits and interest rates), the meso level (platform and CIV-specific analytics), and the micro level (individual investor performance and risk profiling). The absence of any layer creates an information gap that substitutes for institutional barriers to entry. In Ukraine's case, the meso level is embryonic (Inzhur operates without formal REIT status and retail CIV penetration is near zero), while the micro level is largely missing (no standardised disclosure requirements or investor classification regime for CRE instruments).

## CONCLUSIONS

Ukraine's commercial real estate market possesses the latent capital and demonstrated investor demand to support domestic individual participation in CRE reconstruction - but lacks three of the six identified preconditions in a developed form: REIT-enabling legislation, retail CIV penetration infrastructure, and standardised retail disclosure. Poland's experience shows that without these preconditions, foreign institutional capital will dominate the reconstruction market, limiting the wealth-building potential of domestic households.

Drawing on both the cautionary and constructive dimensions of Poland's experience, three priority recommendations can be formulated. First, the enactment of a Ukrainian REIT statute modelled on the Polish SINN framework and global best practice, but adapted to wartime conditions and reconstruction needs, with a preferential tax regime for CRE instruments targeting reconstruction objects. Second, the creation of a multi-level information platform - integrated across the National Depository of Ukraine, the Settlement Centre, and licensed CIV managers providing standardised macro, meso, and micro data layers for retail investors. Third, the introduction of tax incentives for individual investment in green and infrastructure CRE bonds, to counterbalance the asymmetry currently enjoyed by government OVDP bonds.

The practical implication is that the window for establishing domestic investors as the dominant force in Ukraine's post-war CRE market is narrow. If regulatory action is delayed, the pattern observed in Poland - where 80% of CRE capital is foreign - is the likely baseline outcome for Ukraine's post-war market. A medium-term target of 20-30% domestic individual participation in CRE investment vehicles is both achievable and macroeconomically significant.

Limitations of the study include the partial availability of wartime data for Ukraine and the early-stage nature of the MLIS framework, which requires empirical validation through case studies of operating platforms. Future research should extend the comparative analysis to other CEE economies (Czech Republic, Estonia) and develop econometric models linking information system depth to retail CRE participation rates.

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