

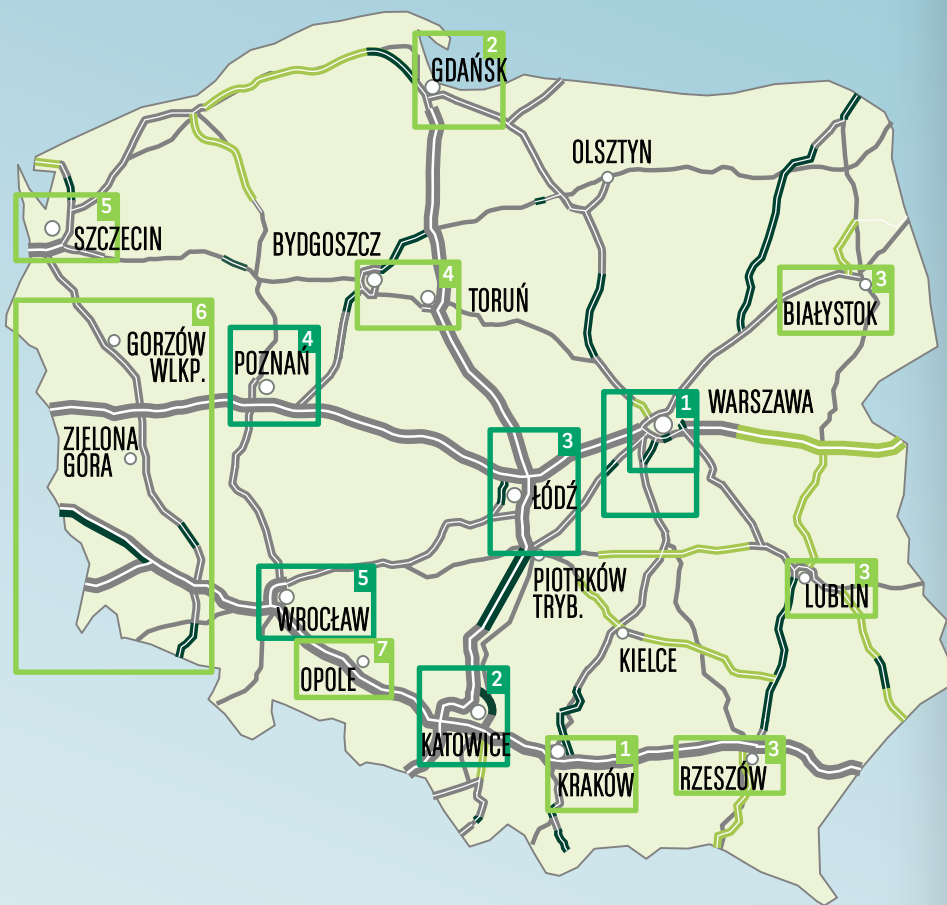
AT A GLANCE

Q2 2021

INDUSTRIAL AND LOGISTICS MARKET IN POLAND



MAP OF INDUSTRIAL AND LOGISTIC HUBS AND THE ROAD NETWORK



PRIMARY HUBS:

1. Warsaw I & II
2. Upper Silesia
3. Central Poland
4. Poznań
5. Lower Silesia

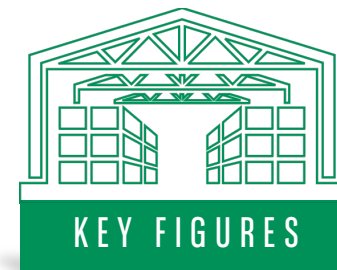
SECONDARY HUBS:

1. Kraków
2. Tricity
3. East
4. Bydgoszcz / Toruń
5. Szczecin
6. West
7. Opole

Source: BNP Paribas Real Estate Poland

Key information

- Over 3.3 million sqm of modern industrial and logistics space under construction – the best quarterly result ever recorded
- 1.78 million sqm of gross demand recorded (Upper Silesia and Poznań in the lead)
- Low vacancy rate – 5.8% (drop by 1.2 pp when compared to Q2 2020)



KEY FIGURES

21.87 M sqm
EXISTING INDUSTRIAL
AND LOGISTICS SPACE

418,600 sqm
NEW SUPPLY

5.8%
AVERAGE VACANCY
RATE

1.2 M sqm
VACANCY RATE

3.3 M sqm
SPACE UNDER
CONSTRUCTION

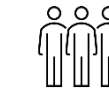
1.78 M sqm
GROSS DEMAND

2.3 M sqm
ABSORPTION

3.40 – 5.25
PRIME HEADLINE RENT
(EUR/sqm/month)

Source: BNP Paribas Real Estate Poland

Economic indicators



GDP* (Forecast for Q4 2021)

6.6%



Unemployment rate (June 2021)

5.9%



Average gross salary

(Business sector, June 2021)

5,802 PLN



Labour cost (2020)

11 EUR/h

*quarterly average (% y/y)

Source: BNP Paribas, GUS, Eurostat

Expert comment



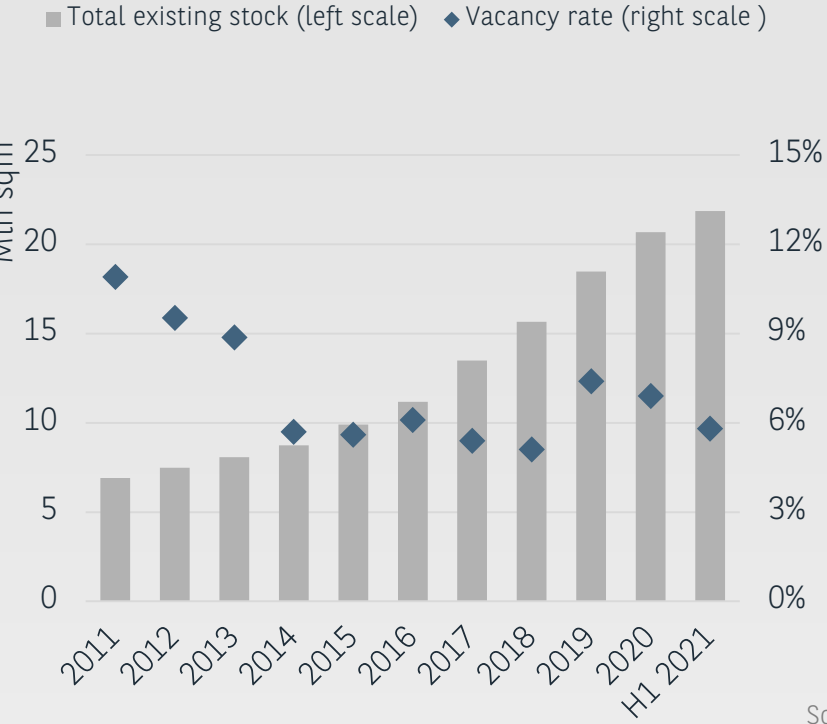
Igor Roguski

Head of Industrial and Logistics Central and Eastern Europe
BNP Paribas Real Estate Poland

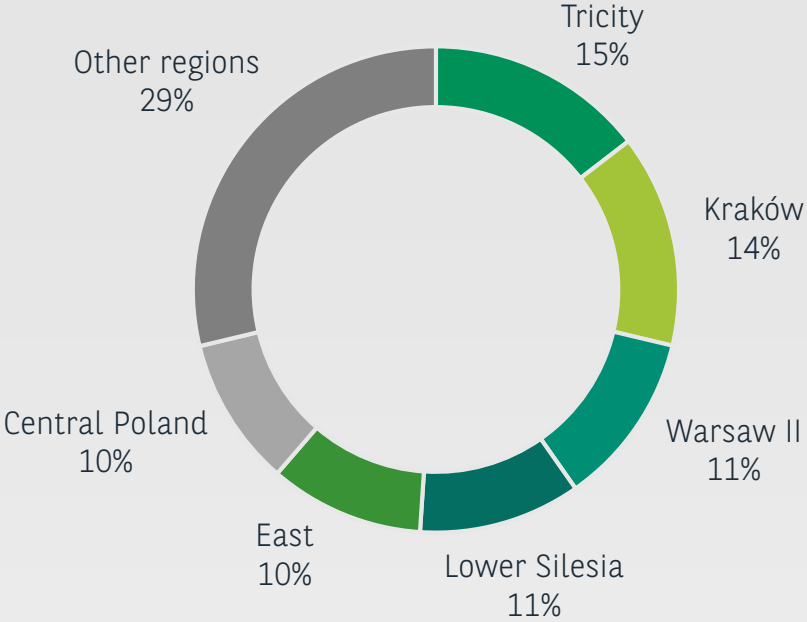
Poland – one of the prime logistics locations
in the medium term

The logistics market in Poland is experiencing a boom, and warehouses represent the most desirable asset class for many investors. Poland is now the second market in the EU in terms of the rate of growth and eighth in terms of the size of the logistics market. Its central position in Europe is a key factor in its evolution. The proximity of Western markets, cheaper workforce and road infrastructure make it possible to locate regional hubs serving both domestic and foreign markets. The COVID-19 pandemic fueled the already solid growth of the e-commerce industry. The Polish market follows many trends from Western Europe, at the same time offering much greater potential than the neighboring countries.

Stock and vacancy rate



New supply



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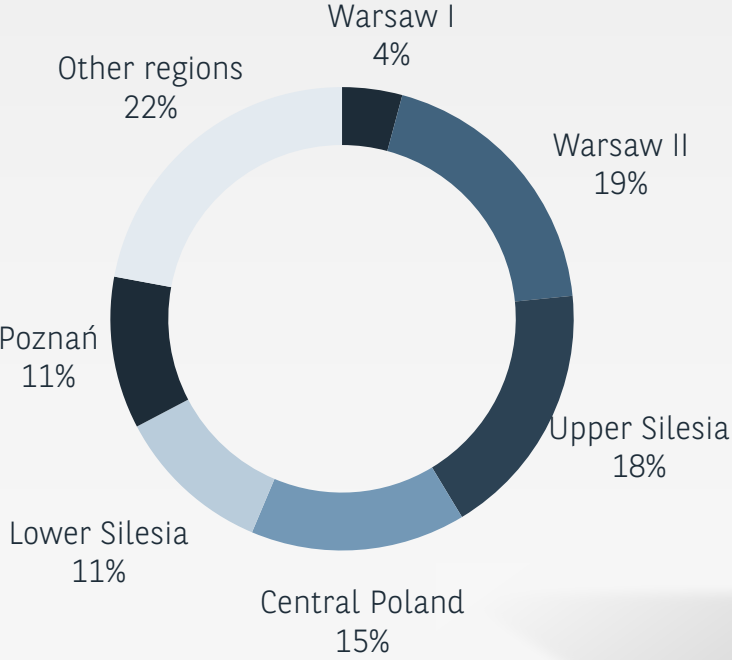
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Top 3 lease agreements

	TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1	Conf. client	P3 Poznań II	Poznań	82,300	new
2	Conf. client	Panattoni BTS Gorzyczki	Upper Silesia	82,200	new
3	Conf. client	Panattoni Wrocław Campus 39	Lower Silesia	78,200	new

When compared to the previous quarter, the vacancy rate dropped by 0.8 pp down to 5.8% – the lowest since Q2 2019 – which translates into 1.2 million sqm of available industrial and logistics space. This means that the process of finding occupiers for new schemes is running exceptionally smoothly. The share of vacant space in the total stock figure remains consistently low despite the high level of new supply. In total 418,600 sqm of new industrial and logistics space were delivered to the market in Q2, with the Tricity and Kraków seeing the highest increases in the volume of new space completed, while so far the total stock figure increased by nearly 1.2 million sqm in 2021.

Share of industrial and logistics market by hub



Expert comment

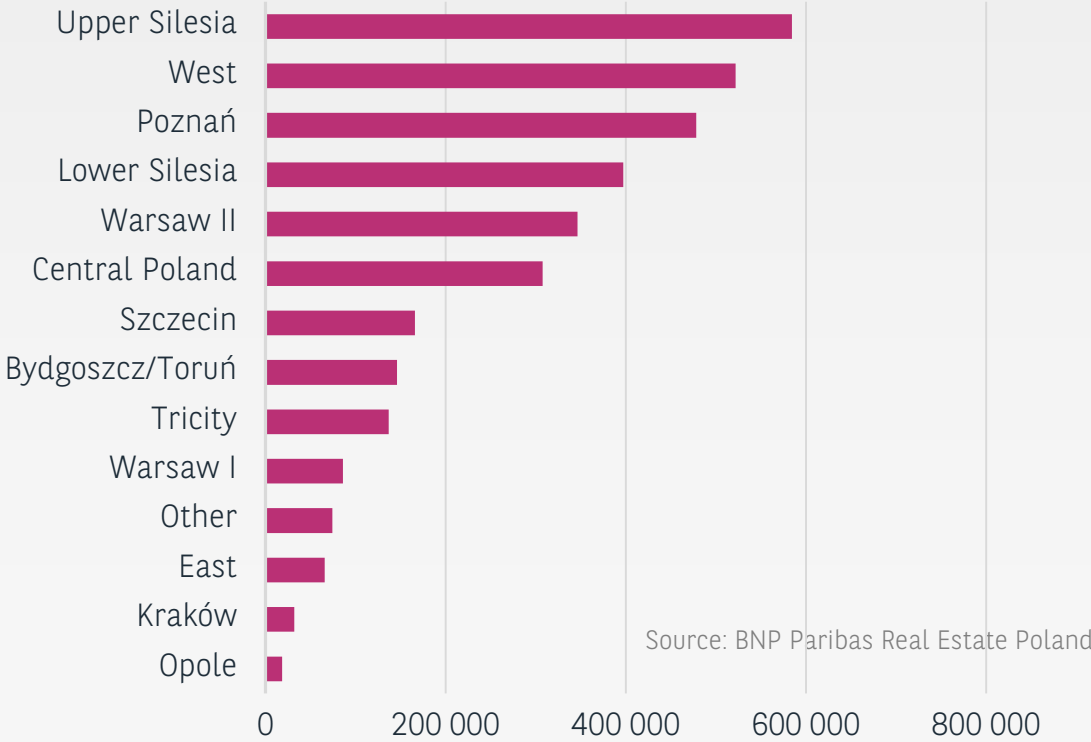


Wojciech Nowicki
Associate Director, Industrial and Logistics
BNP Paribas Real Estate Poland

Urban warehouses on the rise

The growth of the urban logistics sector comes as the effect of – among other things – the growing population in Poland’s agglomerations, growth of the e-commerce industry and the same-day delivery trend, as well as the transformation of supply chains. The highest volume of urban logistics properties can be found in Warsaw, with the second place occupied by Upper Silesia, while Łódź comes in third. The urban logistics market is dominated by occupiers from the logistics and retail sectors (food and electronics).

Industrial and logistics space under construction



The volume of space under construction is currently the highest ever recorded and stands at over 3.3 million sqm, with leases already secured for more than two thirds of it.

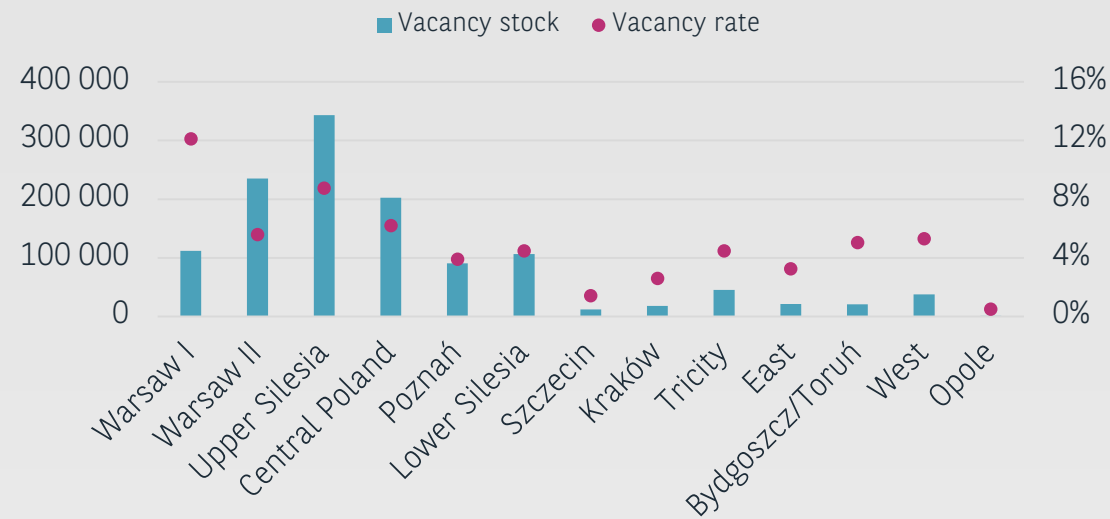
Major schemes under construction

	BUILDING	HUB	AREA LEASED (sqm)
1	Panattoni BTS Amazon Świebodzin	West	203,500
2	Hillwood Rokitno	West	112,500
3	GLP Łędziny Logistics Centre	Upper Silesia	111,500

Source: BNP Paribas Real Estate Poland

Upper Silesia saw work being commenced on over 480,000 sqm of industrial and logistics space in Q2 2021, which represents a record-breaking volume within a single region. Nearly one fourth of the space under construction there (111,500 sqm) is being developed by GLP as the GLP Łędziny Logistics Centre scheme.

Vacancy rate



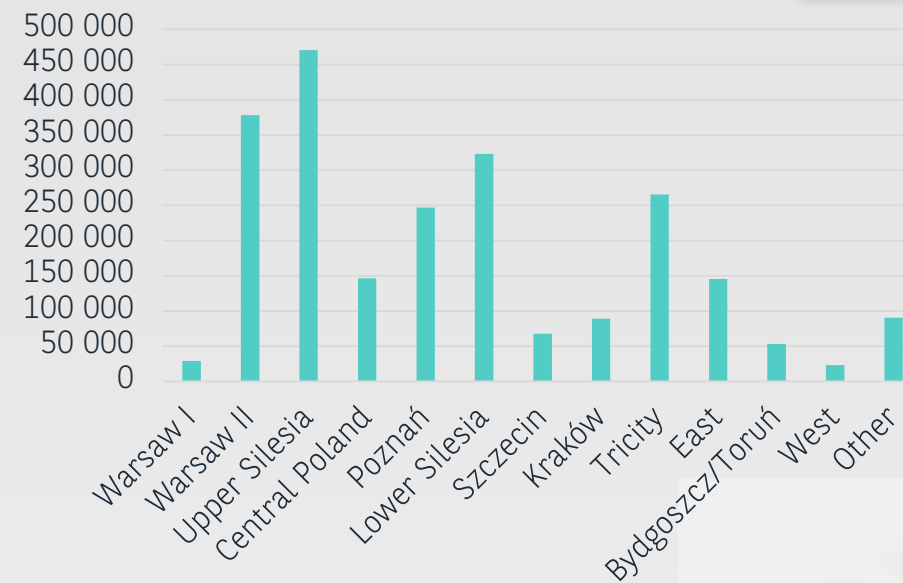
Source: BNP Paribas Real Estate Poland

The high level of interest in industrial and logistics space means that the vacancy rate is remaining low. At the end of Q2 2021, it stood at 5.8%, which represents a drop by 1.2 pp (y/y) and 0.8 pp (q/q).

Absorption*

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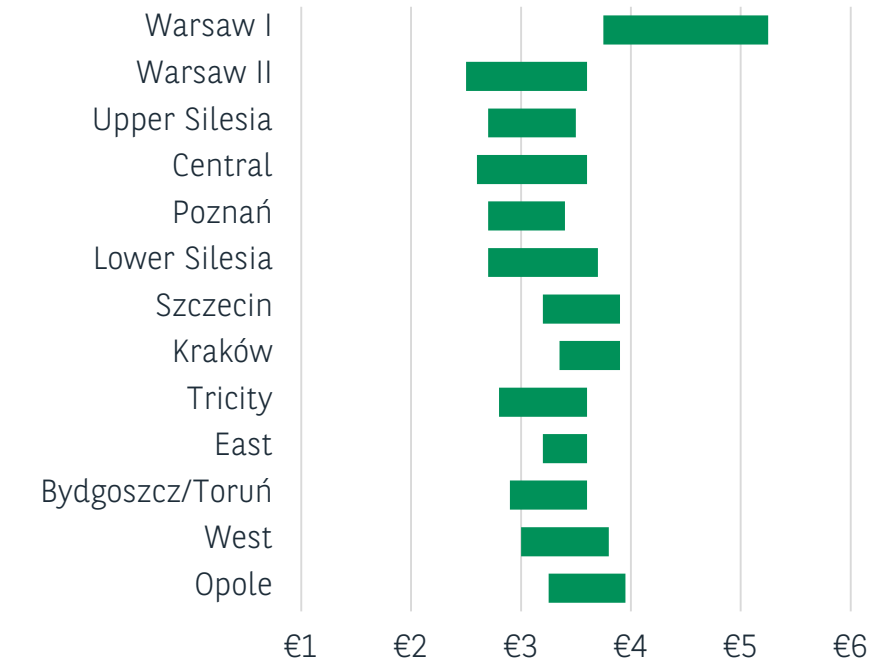
Q2 2021



*Absorption= the difference between the vacant space in the previous quarter and the available space in the current quarter

Source: BNP Paribas Real Estate Poland

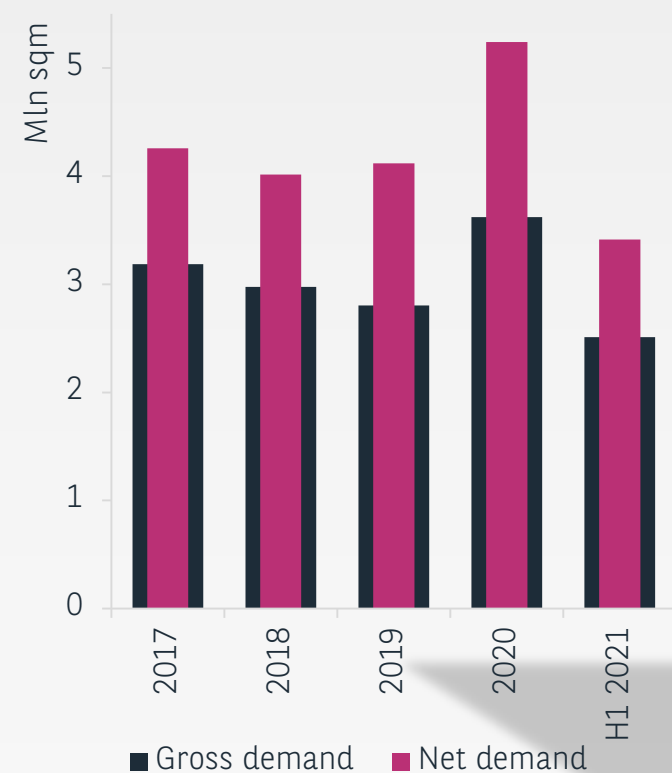
Hedalline rents by hub (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

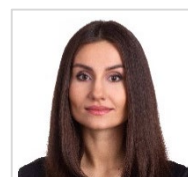
There was no change in headline rents for industrial and logistics space in Q2 2021 and they remain stable at 3.75-5.25 EUR/sqm/month in the Warsaw I zone and 2.50-3.95 EUR/sqm/month in the country's other regions. However, the gap between effective and headline rents is growing.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment



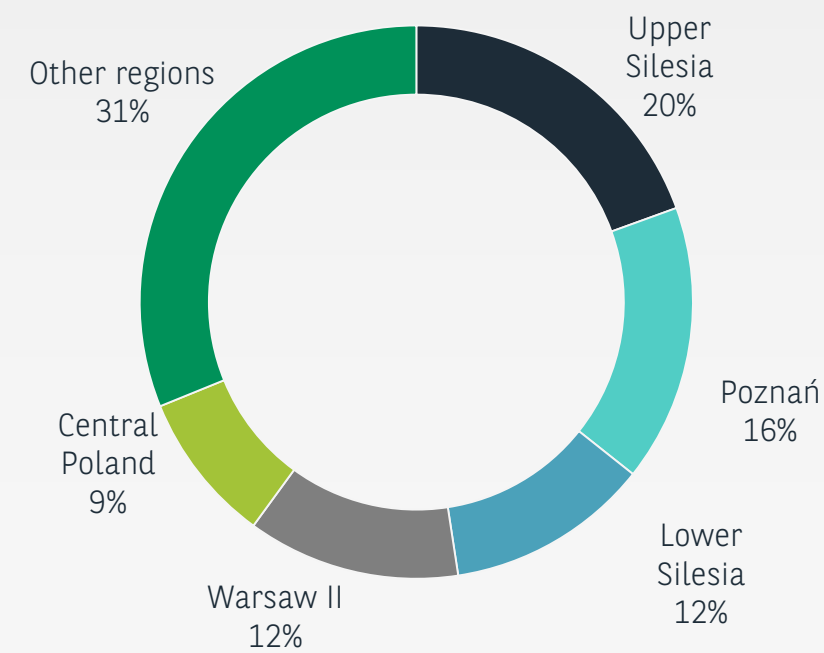
Martyna Kajka

Associate Director, Industrial and Logistics
BNP Paribas Real Estate Poland

Striving to optimize the supply chain

The Suez Canal blockage and further congestion in Chinese ports show that there is a growing need to diversify supply chains of many companies. The consequences of such situations are delays in the supply of products, means of production and semi-finished products to Europe, North America and Asia. This has a direct impact on the increase in importers' costs, which will ultimately also affect consumers. The risk related to locating production centers in Asian regions is increasingly noticed and many companies are trying to manage it properly. Hence, they decide to locate their production closer to their main outlets.

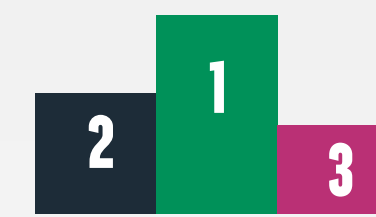
Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors

(by share in the gross demand)



The highest level of activity in Q2 2021 was displayed by occupiers from the e-commerce sector, 3PL operators, and retail companies. Together they were responsible for nearly half of the gross demand recorded in the period analysed. The largest lease transaction recorded between April and June 2021 was completed by a confidential client for 82,300 sqm of space in P3 Poznań II.



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