

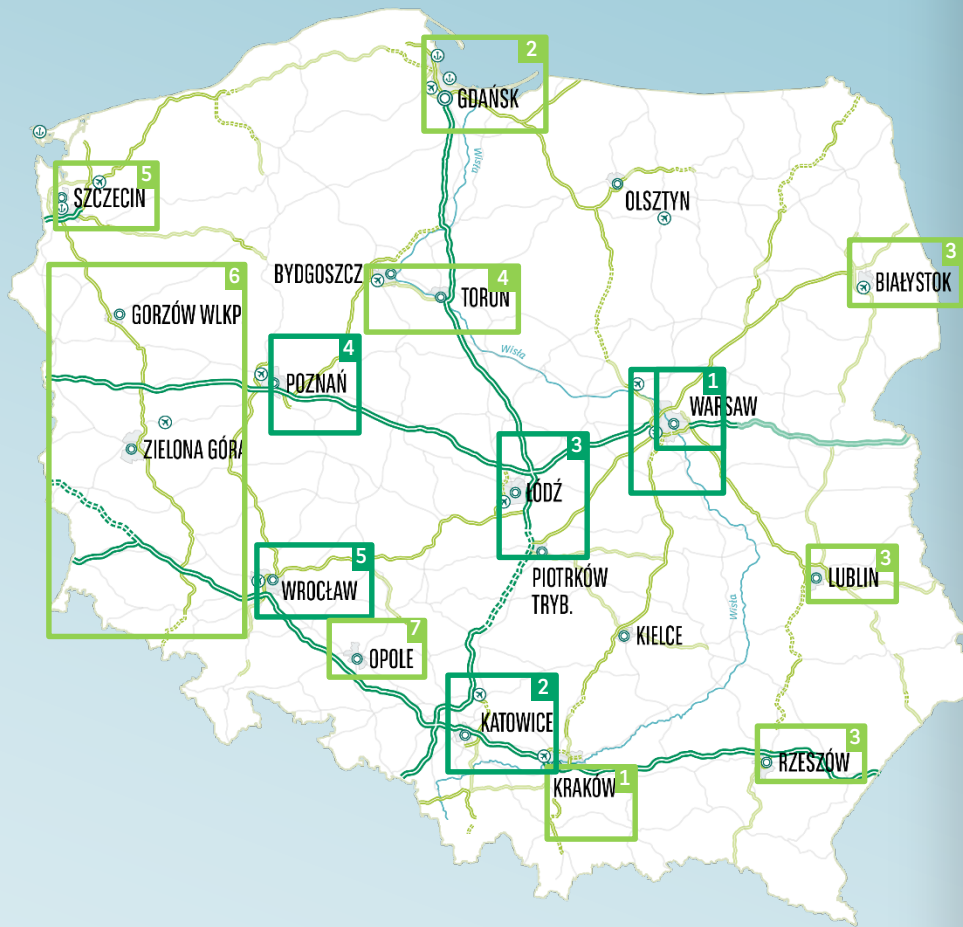
AT A GLANCE

Q4 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

Highlights

- Stock is close to reaching 24 M sqm of total existing space
- 2021 – a year of records as to new supply, space under construction and demand
- 3.9% – the market has not yet seen such a low vacancy rate
- Increasing costs are already impacting the rent and service charge levels



23.8 M sqm
EXISTING INDUSTRIAL AND LOGISTICS SPACE

0.83 M sqm
NEW SUPPLY

3.9%
AVERAGE VACANCY RATE

0.93 M sqm
VACANT SPACE

4.6 M sqm
SPACE UNDER CONSTRUCTION





2.46 M sqm
GROSS DEMAND Q4

7.3 M sqm
GROSS DEMAND 2021

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

Source: BNP Paribas Real Estate Poland

Economic indicators

 GDP* (forecast for 2022)	4.5%
 Unemployment rate (forecast 2022)	5.3%
 Average gross salary (Forecast 2022)	7.7%
 Labour cost (2020)	11 EUR/h

*quarterly average (% y/y)

Source: BNP Paribas, Statistics Poland, Eurostat

Expert comment



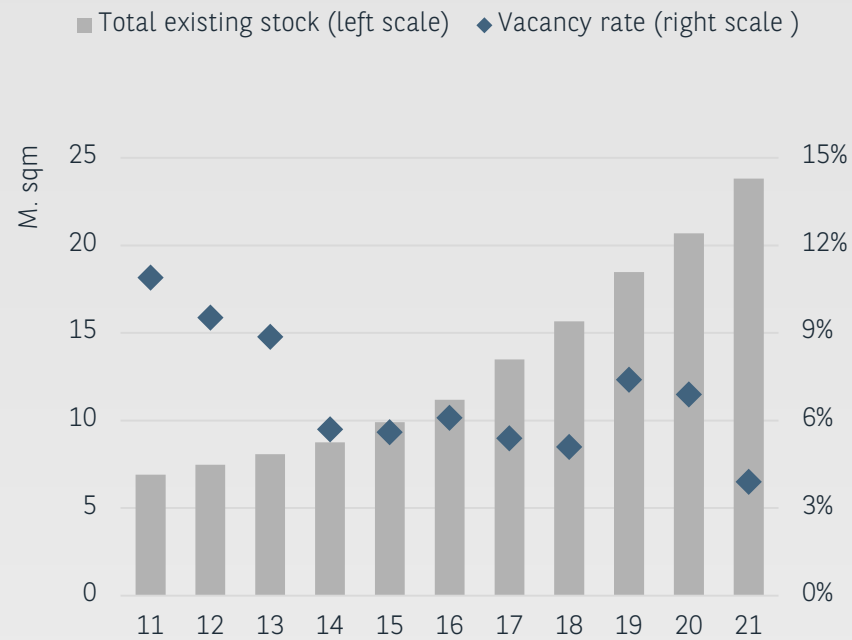
Igor Roguski

Head of Industrial and Logistics
BNP Paribas Real Estate Poland

2021 – a year of records for the sector

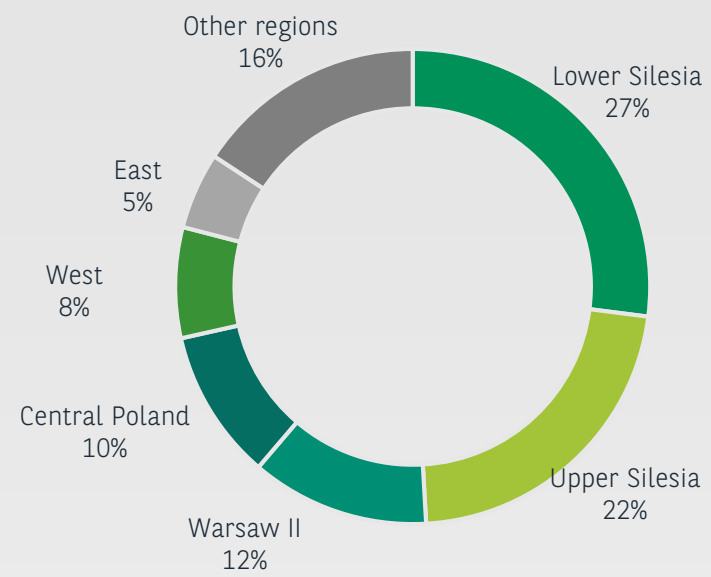
The warehouse space market is not slowing down. At the end of Q4, the market came close to the level of 24 M sqm of space, and more than 3 M sqm of new space was delivered throughout 2021. The previous record was set in 2019, when 2.7 M sqm was added to the stock. At the end of 2021, a record number of 4.6 M sqm remained under construction, which represents a 140% increase compared with the end of 2020. Another record set in 2021 is gross demand of more than 7.3 M sqm, which is an increase by 40% vs 2020 and by nearly 80% compared with 2019. In 2022, the growth dynamic is expected to remain very high as the growth of e-commerce continues to be the sector's driving force, along with increasingly bolder forecasts for the development of nearshoring.

Stock and vacancy rate



Source: BNP Paribas Real Estate Poland

New supply



Source: BNP Paribas Real Estate Poland

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Top 3 lease agreements

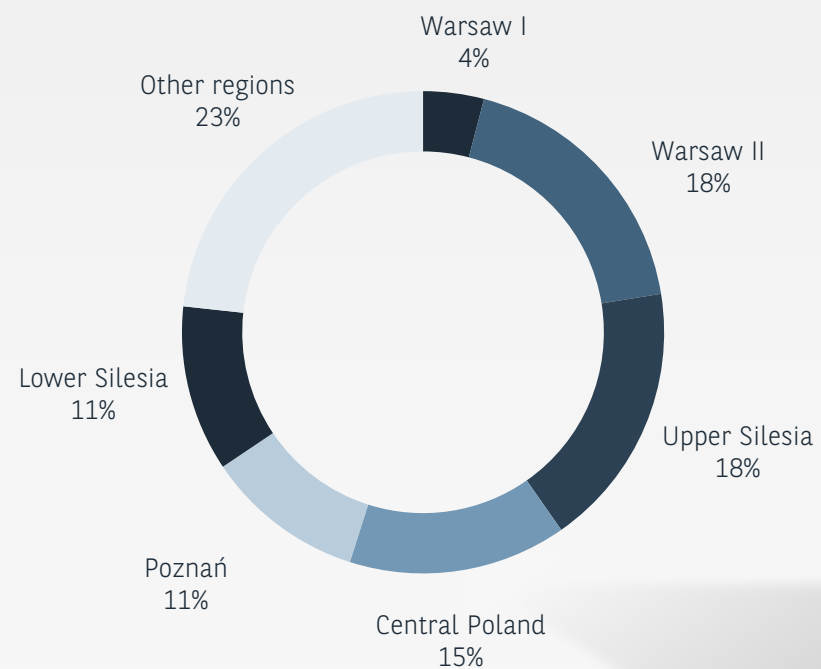
TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1 Zalando	Panattoni BTS Zalando Bydgoszcz	Bydgoszcz/Toruń	146,000	new
2 Confidential Client	BTS Panattoni Park Stargard	Szczecin	87,300	new
3 LPP Fulfillment Center	BTS LPP Panattoni Park Rzeszów North	East	69,000	new

Source: BNP Paribas Real Estate Poland

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As the volume of new supply increases, the vacancy rate decreases. At the end of Q4 2021, it reached the level of 3.9%, which means a decrease by 3.0 p.p. year on year and by 1.1 p.p. compared with the previous quarter of 2021. At the same time, the percentage of speculatively constructed space has increased. This is caused, among others, by slightly extended construction time of new developments and simultaneously by an increase in the demand for warehouses available "ASAP". Last year, approx. 55% of warehouse space under construction was secured by lease agreements, with approx. 20% of all area attributable to buildings developed in the BTS system (built-to-suit).

Share of industrial and logistics market by hub



Source: BNP Paribas Real Estate Poland

Expert comment



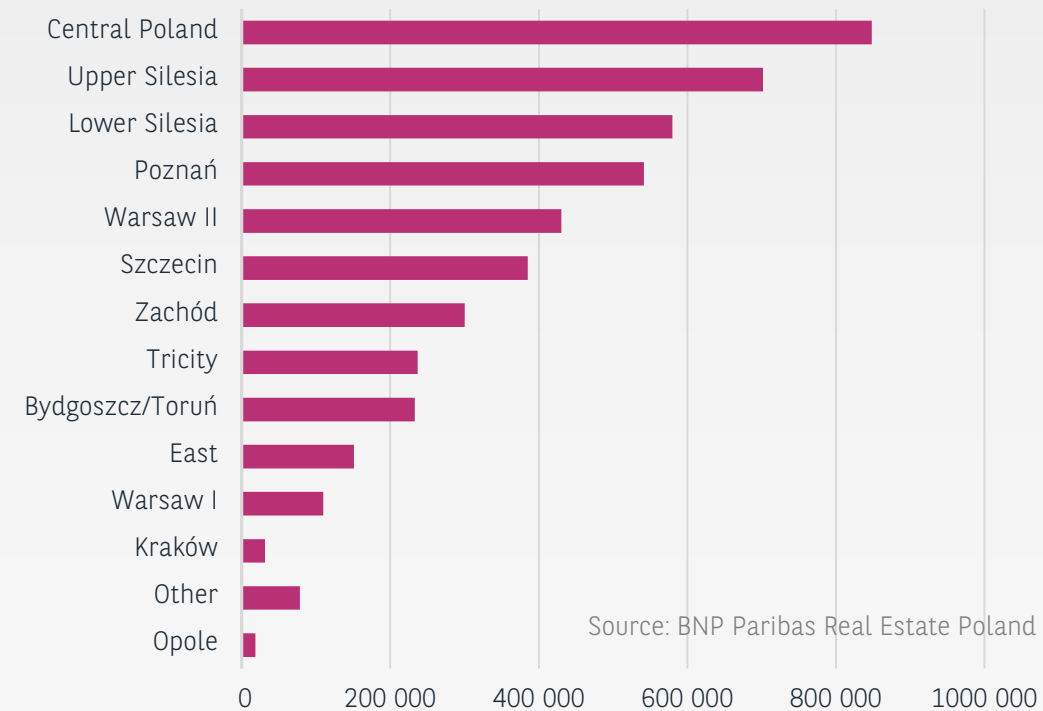
Michał Rdzanek

Associate Director, Industrial and Logistics
BNP Paribas Real Estate Poland

The collectomats segment is the winner of the e-commerce trend

This is one of the fastest-growing segments of the logistics market, as confirmed by the online survey, 61% people shopped online at least once a year in 2020. After the unquestionable success of Inpost, courier companies are showing more and more interest in investing in the parcel machine infrastructure. Furgonetka.pl for example announced plans to build a chain of parcel machines in 2021. Also, leading players in the e-commerce sector, incl. Allegro, are developing their own device networks. New solutions, aimed at shortening the delivery time, are a trend expected in the future.

Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

The volume of space under construction is currently the highest in the history of the sector, amounting to more than 4.6 M sqm, of which almost 54% is already secured by lease agreements.

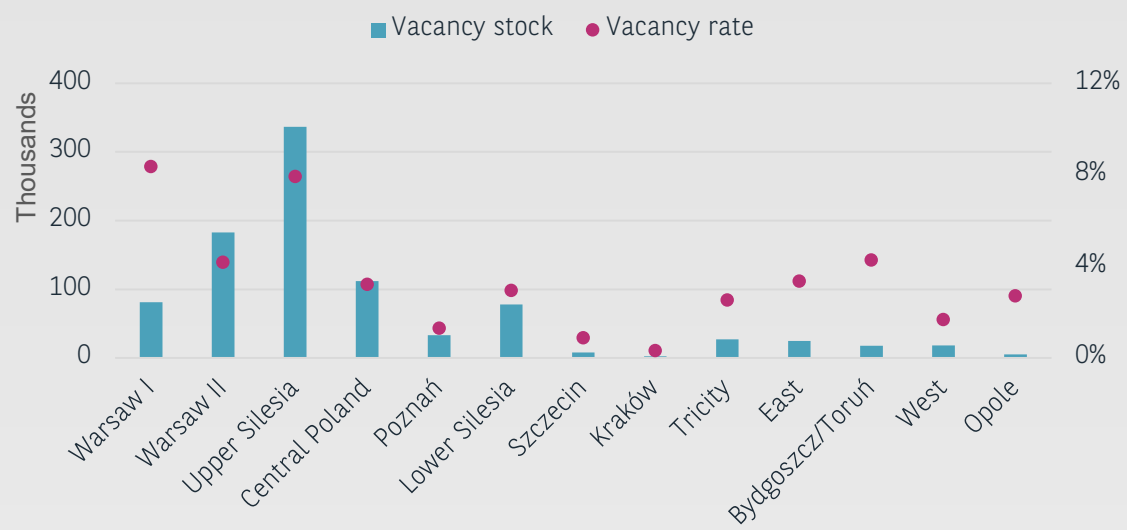
Major schemes under construction

BUILDING	HUB	AREA (sqm)
1 GLP Łędziny Logistics Centre	Upper Silesia	111,500
2 Hillwood Bydgoszcz	Bydgoszcz/Toruń	104,400
3 P3 Poznań II	Poznań	97,200

Source: BNP Paribas Real Estate Poland

At the year end, a record amount of 4.6 M sqm remained under construction. In the last 24 months, the greatest dynamics of changes in the existing stock occurred in the West (93%) and Tricity (51%) zones. In the next 12 months, the highest growth is expected in emerging markets: Bydgoszcz/Toruń (56%) and Szczecin (43%) where construction works refer to 233,000 sqm and 385,000 sqm respectively.

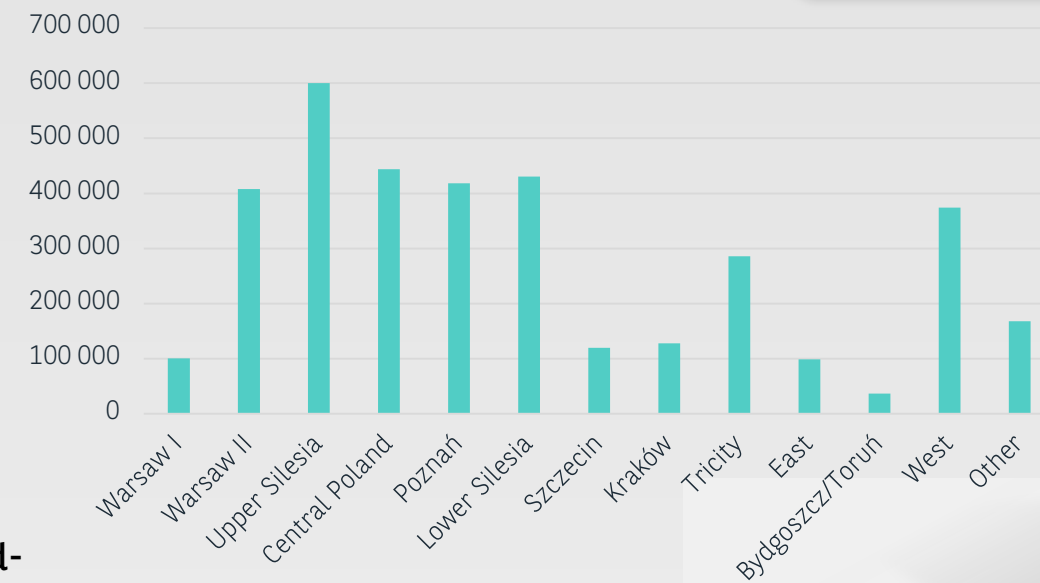
Vacancy rate



Source: BNP Paribas Real Estate Poland

Great interest in warehouse and logistics space results in a record-low vacancy rate. At the end of Q4 2021, it stood at 3.9%, which means a decrease by 3.0 p.p. (y/y) and 1.1 p.p. (q/q).

Absorption*

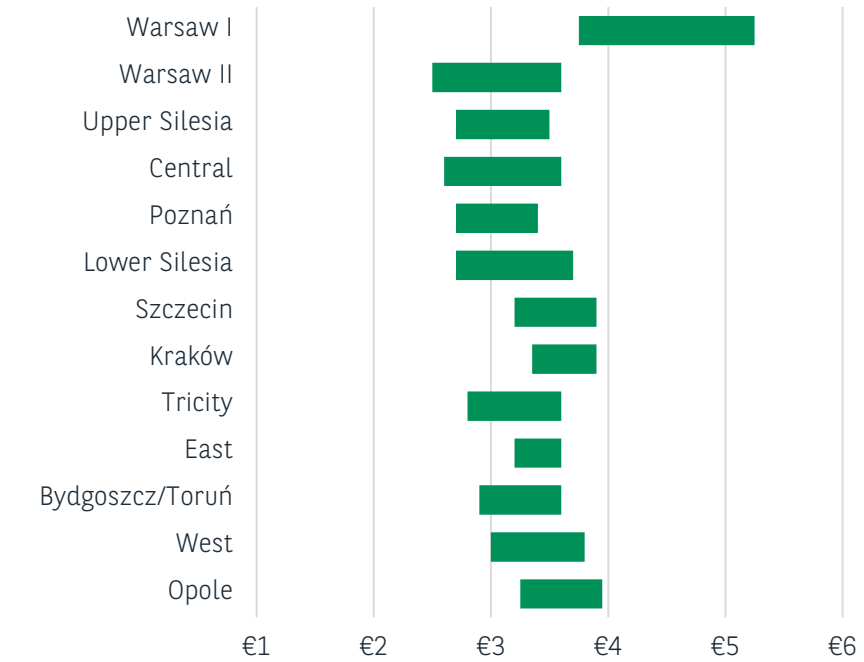


*Absorption=relationship between vacant space and available space between quarters
Source: BNP Paribas Real Estate Poland

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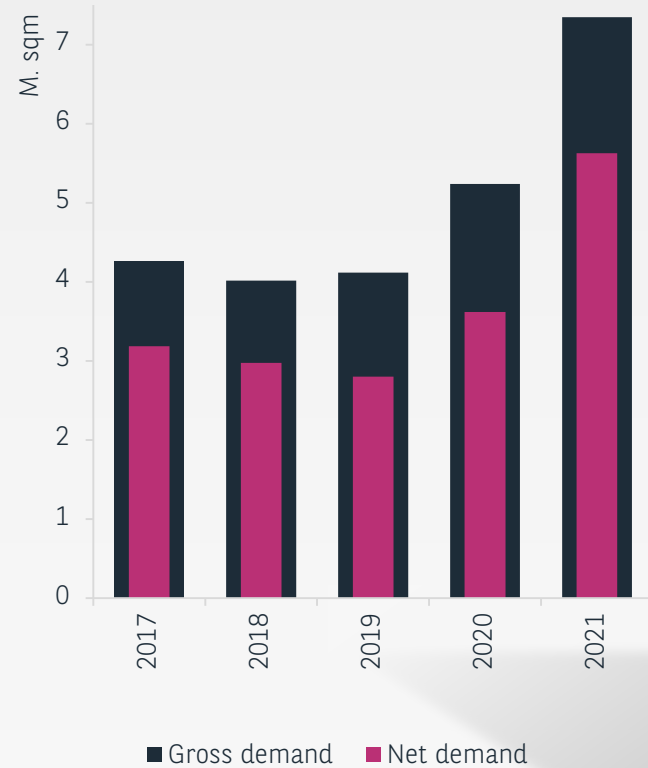
Hedaline rents by zone (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

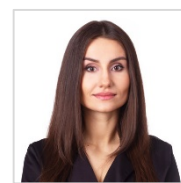
Headline rents did not notice a change at the year end, in fact remaining relatively stable throughout the whole year. Level of EUR 3.75-5.25/sqm/month was quoted in Warsaw I zone and EUR 2.50-3.95/sqm/month in other regions of the country. In the following months, we can expect developers to be less willing to negotiate rent rates, and even to increase headline rates due to high demand, low vacancy rate and rising costs of construction and maintenance.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment



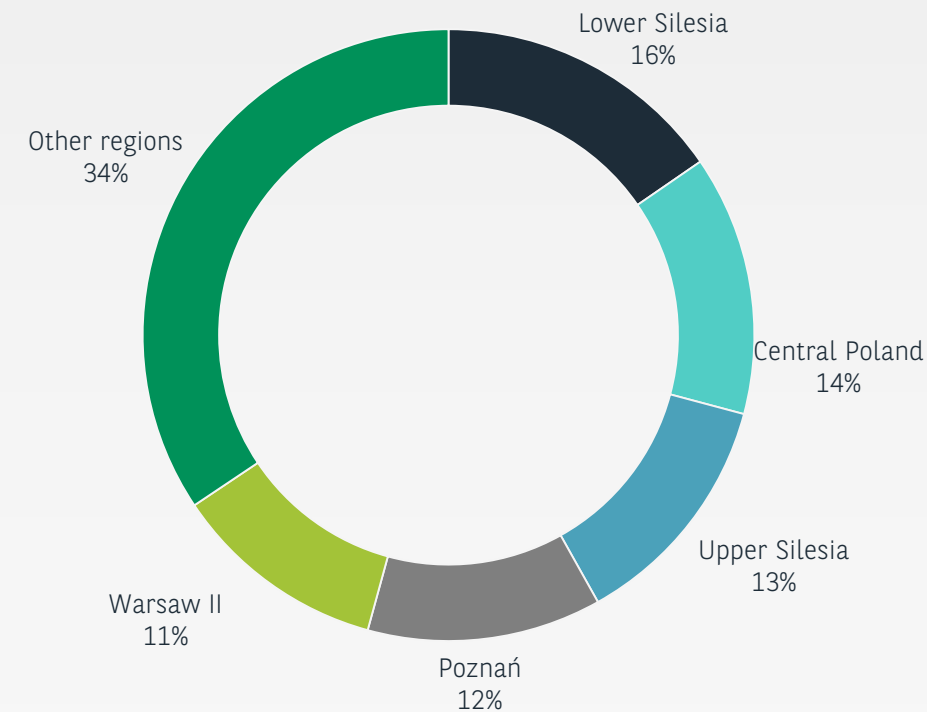
Martyna Kajka

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

2022 – interesting year ahead of us

2022 will be another record-setting year on the market. In the current year, e-commerce in logistics will continue its strong development, as will all industries related to e-commerce, i.e. logistics operators (3PL sector) and courier companies, which will ensure absorption of the space currently under construction. However, the aspect of labour forces will also be important. Many industries are already facing problems with lack of availability of skilled workforce, in turn it may affect the employee cost, which today makes Poland an appealing spot on map of Europe. It is worth remembering that the sector struggles with land availability for sector-specific investments as well as increases of construction materials prices which translates to price pressure. All these factors will determine the direction for development, both for supply and demand.

Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors

(by share in the gross demand)



In Q4 2021, similarly to 2021 as a whole, the most active tenants were 3PL (Third Party Logistics) operators, companies from the e-commerce sector and tenants from the retail sector, who jointly accounted for more than 44% of gross demand during the analysed period.

Inpost grew its network by over 50% in 2021 alone and now owns more than 16 thousand parcel machines in Poland. The company is also developing its services in the UK and France.



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