

AT A GLANCE

Q2 2022

INDUSTRIAL AND LOGISTICS MARKET IN POLAND



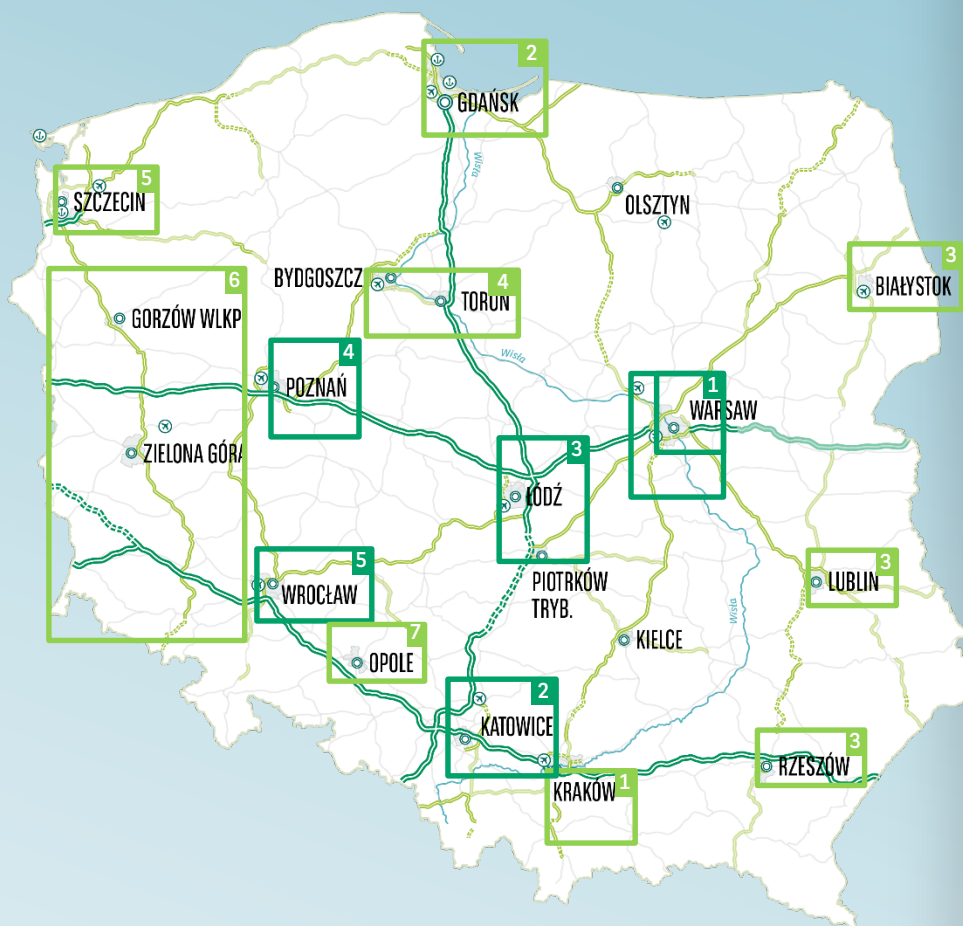
Economic forecast indicators

	GDP growth* (forecast 2022)	4.5%
	CPI Inflation* (forecast 2022)	13.7%
	EUR/PLN* (forecast 2022)	5.00%
	Labour cost (2021)	11.5 EUR/h

*quarterly average (% y/y)

Source: BNP Paribas, NBP, Statistics Poland, Eurostat

MAP OF INDUSTRIAL AND LOGISTICS HUBS AND THE ROAD NETWORK

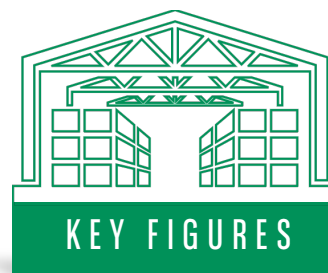


- PRIMARY HUBS:**
1. Warsaw I & II
 2. Upper Silesia
 3. Central Poland
 4. Poznań
 5. Lower Silesia
- SECONDARY HUBS:**
1. Kraków
 2. Tricity
 3. East
 4. Bydgoszcz / Toruń
 5. Szczecin
 6. West
 7. Opole

Source: BNP Paribas Real Estate Poland

Highlights

- High gross demand – 3.8 million sqm in H1 2022
- The amount of space under construction is twice as large as in Q2 2021
- Increase in headline rents (+9% q/q on average)
- Friendshoring – a new trend on the warehouse market
- The share of space dedicated to e-commerce is growing



3.1%
AVERAGE VACANCY RATE

2.2 M sqm
GROSS DEMAND Q2

1.6 M sqm
NET DEMAND Q2

Source: BNP Paribas Real Estate Poland

26.1 M sqm
EXISTING INDUSTRIAL AND LOGISTICS SPACE

0.8 M sqm
VACANT SPACE IN EXISTING SPACE Q2

2.1 M sqm
VACANT SPACE IN SPACE UNDER CONSTRUCTION Q2

1.15 M sqm
NEW SUPPLY Q2

4.3 M sqm
SPACE UNDER CONSTRUCTION Q2

3.00-4.30 Big Box
4.50-5.25 SBU
PRIME HEADLINE RENT (EUR/sqm/month)

Expert comment

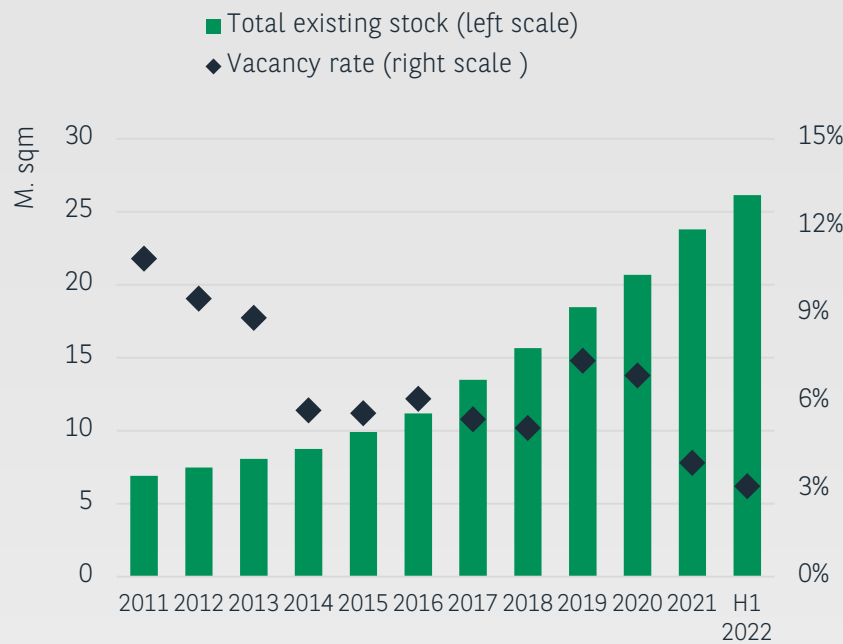


Tomasz Arent
Head of Industrial and Logistics
BNP Paribas Real Estate Poland

The sector equilibrium on its way

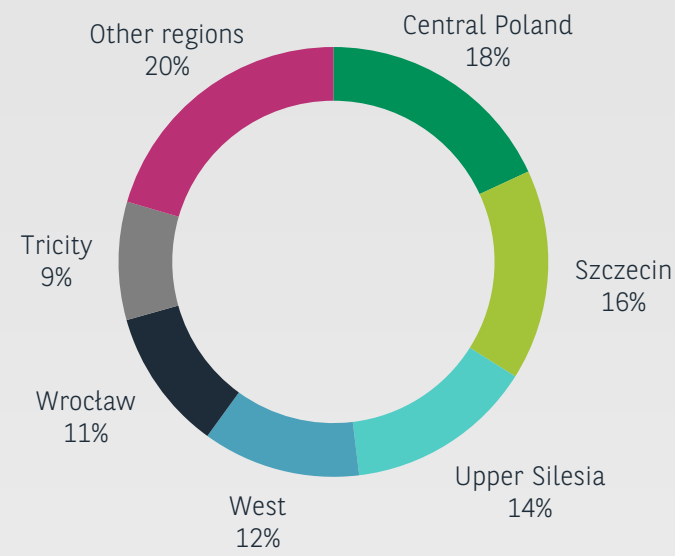
Despite the difficult geopolitical situation, high inflation, stabilizing but still high construction and material costs, as well as general uncertainty in the market, **the logistics industry proves to have strong foundations.** All market indicators remain encouraging – the vacancy rate keeps the record low level (3.1%), which confirms how strong the gross demand for warehouse space was in the second quarter (approx. 2.2 million sqm). The amount of space being under construction amounts to approx. 4.3 million sqm, however, a decrease in number of projects launched on a speculative basis was observed – approx. 20% less compared to Q1 2022. The specter of the supply gap is looming on the horizon, being strengthened by the high costs of construction and building materials. The above factors are also driving up rental rates for warehouse space. Headline rents in Poland increased on average by 9% q/q, while effective ones by approx. 14% on average. The most significant increases in headline rents were recorded in the Warsaw II and Poznań zones, where they oscillated around 20%.

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

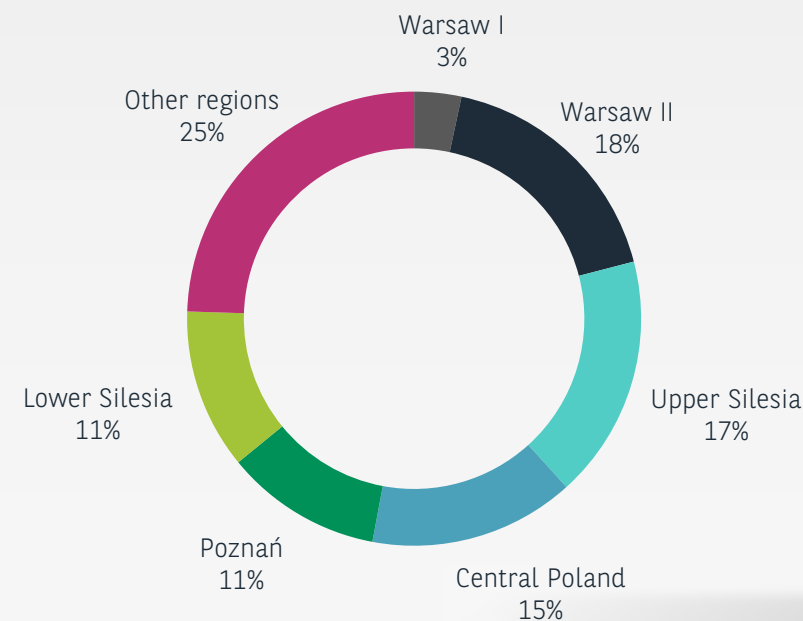
TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1 Globalway	Panattoni Park Gdańsk East (BTS Globalway)	Tricity	103,000	new
2 BestSecret	Panattoni Park Sulechów III	West	90,000	new
3 Confidential	Mapletree Park Wrocław I	Lower Silesia	64,000	renewal

Source: BNP Paribas Real Estate Poland

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In the second quarter of 2022, the warehouse, logistics and industrial stock in Poland grew by approximately 1.15 million sqm. Another 4.3 million sqm remained under construction, of which approximately one third will appear on the market this year. Thanks to the new, quarterly supply, the warehouse and logistics space market with its total resources exceeded the level of 26 million sqm. The Szczecin zone, which came second in terms of new supply in Q2, is worth mentioning. However, a decrease in the share of new construction projects launched on a speculative basis is noticeable, as compared to the first quarter of 2022, it decreased by approximately 20%. The vacancy rate remains at a record low – 3.1%. Despite the general slowdown observed in the sector, the outlook for the warehouse sector remains optimistic.

Share of industrial and logistics market by hub



Source: BNP Paribas Real Estate Poland

Expert comment

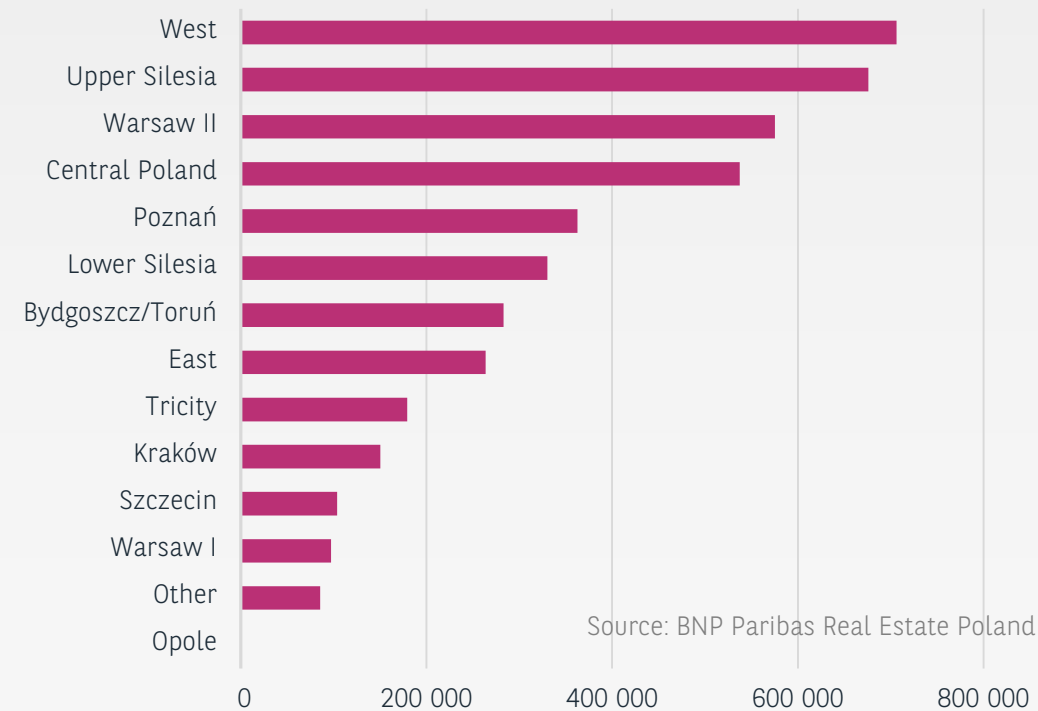


Michał Rdzanek

Associate Director, Industrial and Logistics
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Friendshoring is a new trend discussed more and more loudly on market, meaning a creation of interrelated networks of suppliers from countries cooperating politically and military. As part of it, Poland and the CEE countries have a chance to become an important production and logistic center both within EU and in international cooperation, incl. UK and USA. Poland, as a reliable business partner within the EU and a member state protected by NATO, constitutes an attractive alternative to becoming more expensive and more unstable supplies from Asia. The last two years, first marked by the pandemic and now by the war in Ukraine, have shown that global events affect the local operation of many businesses. Disrupted supply chains resulted from the ongoing war, imposed sanctions or "zero COVID" policy now incurring in Shanghai. A well-planned business is flexible and takes advantage of new trends in ensuring business continuity.

Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

The amount of space being under construction remains very high reaching the level of 4.3 M sqm. Out of this, almost 52% have been secured with lease agreements.

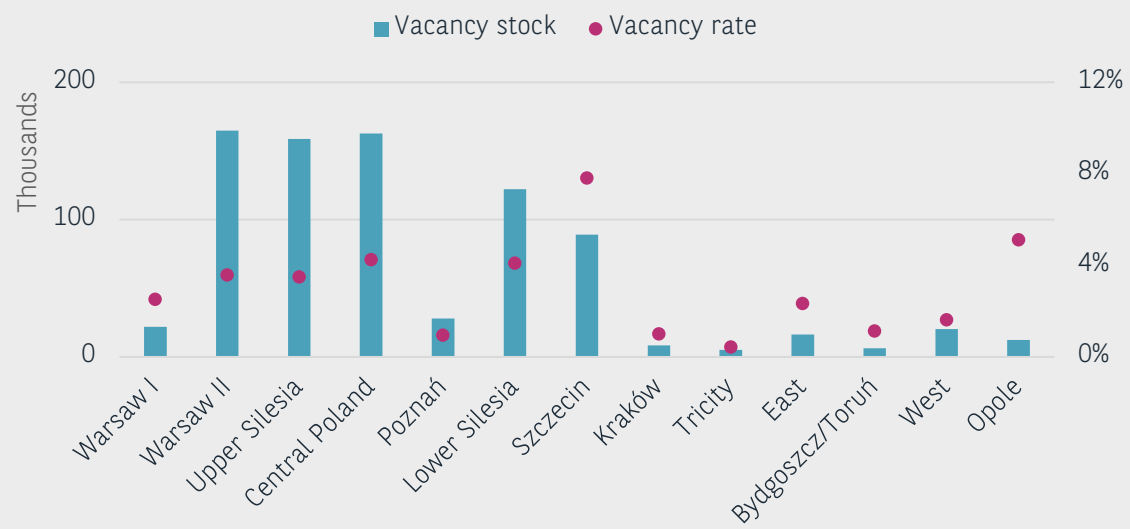
Major schemes under construction

BUILDING	HUB	AREA (sqm)
1 Panattoni BTS Zalando	Bydgoszcz /Toruń	146,000
2 CTPark Iłowa	West	111,300
3 EQT Exeter Park Świebodzin – BTS	West	100,000

Source: BNP Paribas Real Estate Poland

In the second quarter, around 4.3 million sqm of modern warehouse, logistics and industrial space was under construction in Poland. According to developers' announcements, one third should increase the stock by the end of 2022. In the period April-June 2022, the largest amount of new warehouse space under construction was in the following zones: West (706,200 sqm), Upper Silesia (676,000 sqm) and Warsaw II (575,200 sqm). The most of the new space though was delivered in the following zones: Central Poland (207,600 sqm), Szczecin (181,900 sqm) and Upper Silesia (162,400 sqm).

Vacancy rate

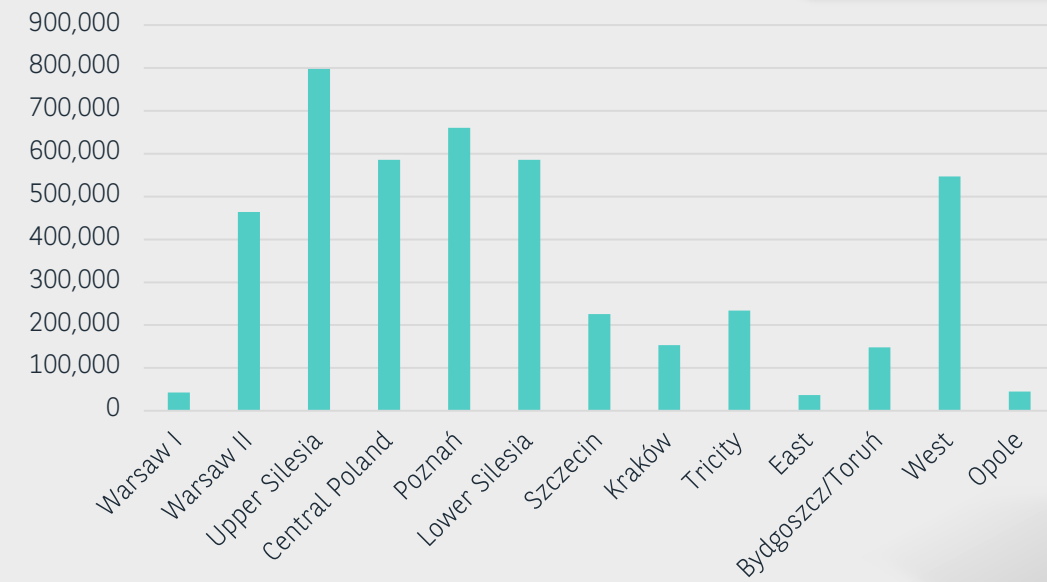


Source: BNP Paribas Real Estate Poland

Absorption*

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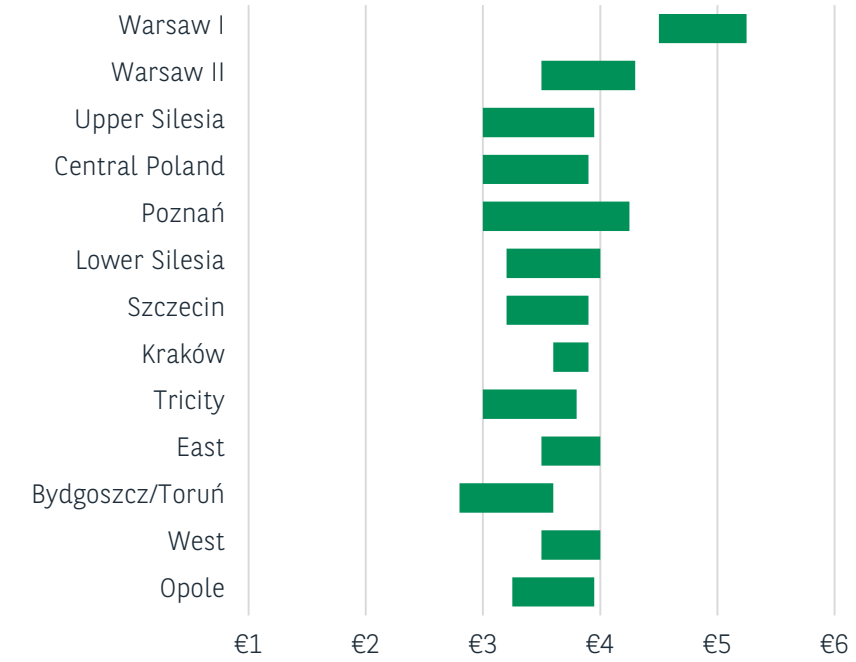
Q2 2022



*Absorption=relationship between vacant space and available space between quarters

Source: BNP Paribas Real Estate Poland

Headline rents by zone (EUR/sqm/mth)

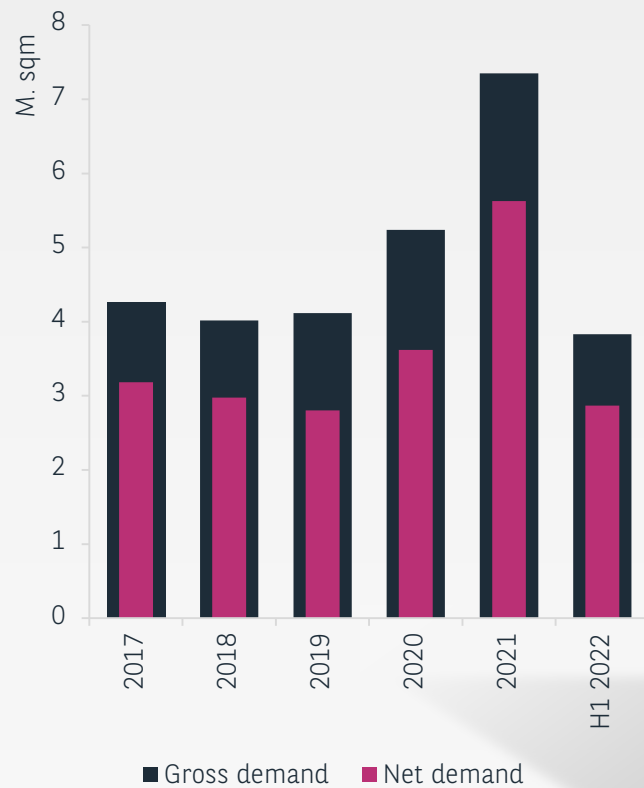


Source: BNP Paribas Real Estate Poland

High costs of building materials and high tenant activity have greatly contributed to increases in both, headline and effective rents. Comparing the past two quarters, headline rents in Poland increased approx. 9% on average. There have been zones in which the increases, oscillated around 20%, namely Warsaw II and Poznań. Effective rents, on the other hand, increased by approx. 14% on average, which means that incentives' packages offered to tenants are undergoing optimization.

The continued interest in industrial and logistics space, despite the significant number of projects under construction, results in a record low vacancy rate. At the end of Q2 2022, it amounted to 3.1%, which means its decrease by 2.7 pp. compared to the same period of the previous year.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment

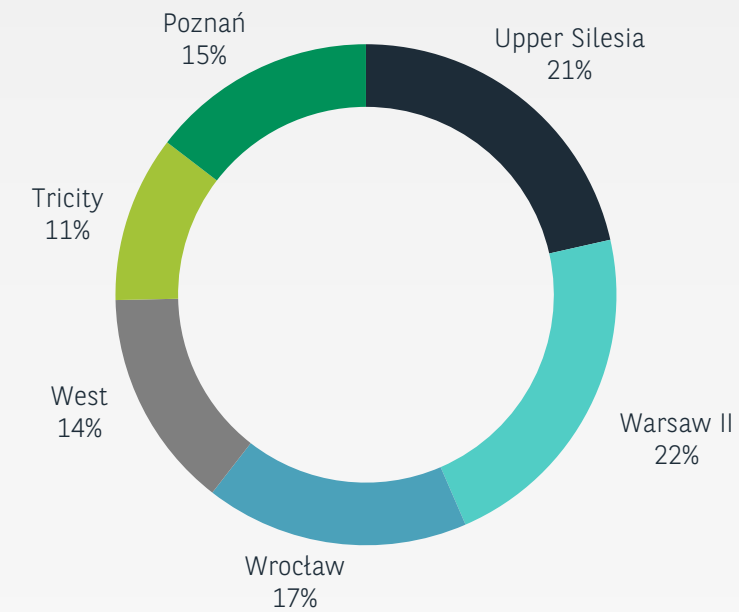


Robert Pawłowski

Director, Industrial and Logistics,
BNP Paribas Real Estate Poland

The share of e-commerce space in the total existing warehouse stock in Poland is currently around 30%. In 2019, this was over 24%, which is an increase of about 5 pp. over the past 3 years. According to forecasts, in 2025, revenues from online sales in the fashion industry in Europe may exceed USD 365 billion, with the amount recorded in 2020 more than twice as low. Poland plays an important role in the development of this segment, especially the western part of the country, which is becoming a hub for fashion e-commerce throughout Western Europe, mainly Germany. The greatest saturation of facilities, whose activities are focused on e-commerce, is noticeable in the Dolnośląskie and Śląskie voivodships and this results from their proximity to foreign markets. Such investments are, e.g. along the S3 route in western Poland (eg Legnica, Głogów, Zgorzelec, Słubice, Rokitno, Świebodzin, Zielona Góra, Gorzów Wielkopolski). In Q2 2022, BestSecret – a leading German player and owner of an online store of the same name, concluded a lease agreement for approximately 90,000 sqm of space in the planned Panattoni Park Sulechów III, with the possibility to expand by additional space. This confirms the importance of Western Poland for the overall European e-commerce.

Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors

(by share in the gross demand)



In the second quarter of 2022, the most active tenants were 3PL (Third Party Logistics) operators, companies from the e-commerce and distribution sectors, which together accounted for over 32% of gross demand in the analyzed period.

Panattoni made its debut on Asian markets by opening its headquarters in Bengaluru in India, the capital and largest city of the southwestern state of Karnataka.

Amazon wants to build new distribution centers. Poland appears among the potential locations.



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