

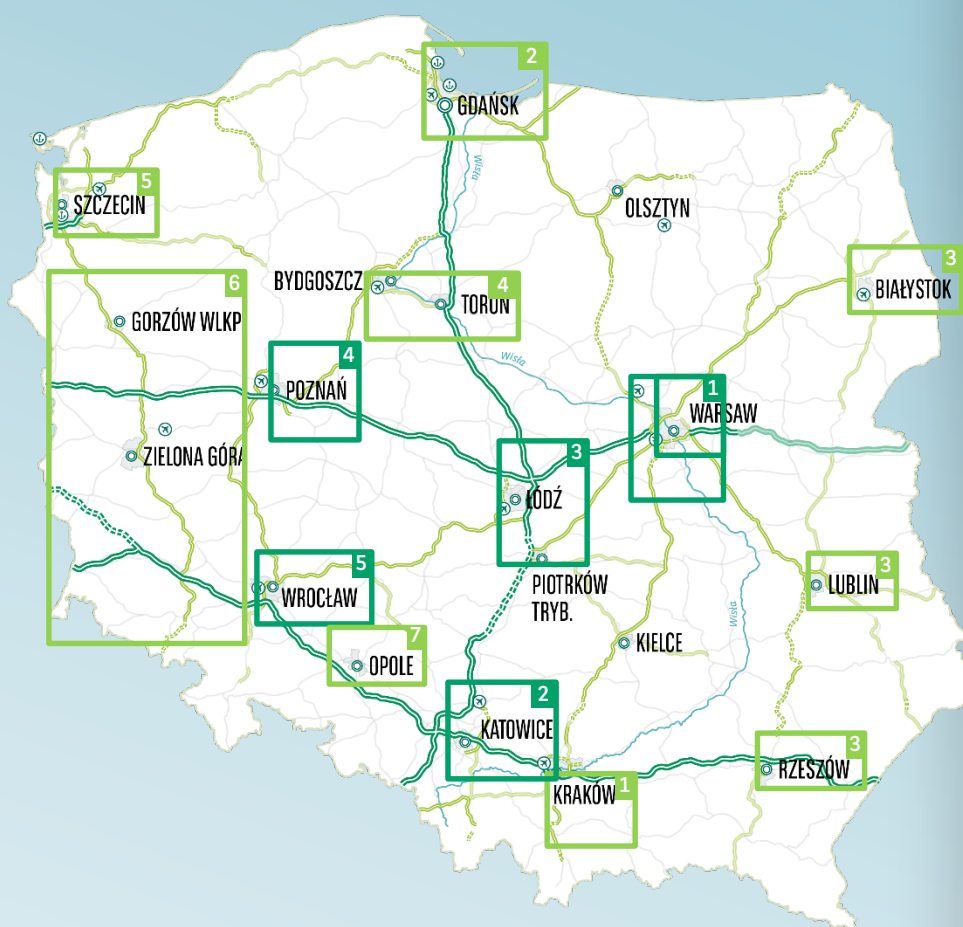
AT A GLANCE

Q3 2022

INDUSTRIAL AND LOGISTICS MARKET IN POLAND



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

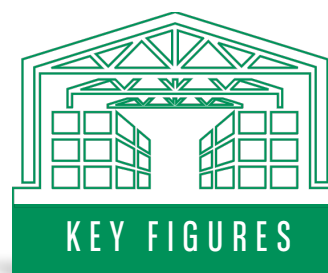
SECONDARY HUBS:

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

Source: BNP Paribas Real Estate Poland

Highlights

- The existing warehouse stock exceeded 27 million sqm
- Gross demand continuously high – 5.83 million sqm in Q1-Q3 2022
- Rents again on the rise, with average base rents exceeding EUR 4/sqm per month
- Ecological approach becomes key in further development of the sector
- Electromobility is a new trend that is entering the logistics market more and more boldly



27.4 M sqm
EXISTING INDUSTRIAL
AND LOGISTICS SPACE

1.1 M sqm
NEW SUPPLY Q3

4.1%
AVERAGE VACANCY
RATE

1.1 M sqm
VACANT SPACE
IN EXISTING SPACE Q3

3.9 M sqm
SPACE UNDER
CONSTRUCTION Q3

1.5 M sqm
GROSS DEMAND Q3

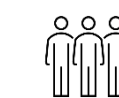
0.9 M sqm
NET DEMAND Q3

Source: BNP Paribas Real Estate Poland

1.9 M sqm
VACANT SPACE
IN SPACE UNDER
CONSTRUCTION Q3

3.00-6.95 Big Box
4.00-6.50 SBU
PRIME HEADLINE RENT
(EUR/sqm/month)

Economic forecast indicators



GDP growth* (forecast 2022)

3.5%



CPI Inflation* (forecast 2022)

14.2%



EUR/PLN* (forecast 2022)

5.00%



Labour cost (2021)

11.5 EUR/h

*quarterly average (% y/y)

Source: BNP Paribas as of the end of September 2022, NBP, Statistics Poland, Eurostat

Expert comment



Tomasz Arent

Head of Industrial and Logistics
BNP Paribas Real Estate Poland

Promising prospects for the future

Poland, which is the fifth warehouse market in the EU, has a chance to take over a large part of investments and production, as well as logistics processes transferred from Asia. Approx. 30% of new warehouses in Europe is built in Poland, and in terms of demand for space Poland rank third, after Great Britain and Germany. In recent months, the investment market has slowed down a bit, but the prospects for the sector in our country remain promising. Turmoil in the global economy and anxiety related to the conflict in Ukraine did not limit the record high interest in renting warehouse space in Poland, however, the number of new projects under construction has begun to decrease. Already in the summer, a decrease in the number of warehouse projects implemented on a speculative basis in Poland was visible. The biggest players are still looking for land for investments, despite the persistently high prices of it. Building up the land banks proves that developers are willing to return to the path of intensive investment activity.

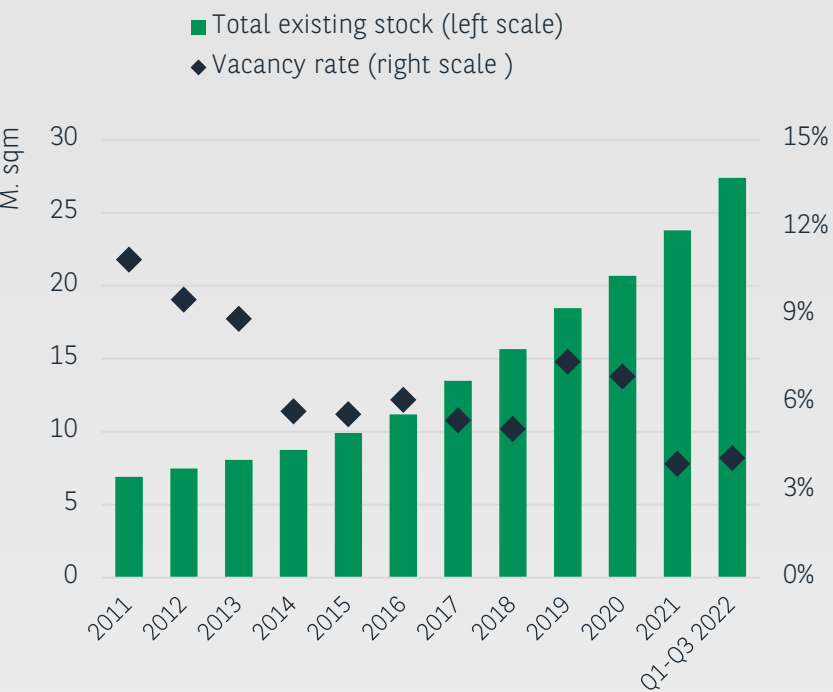


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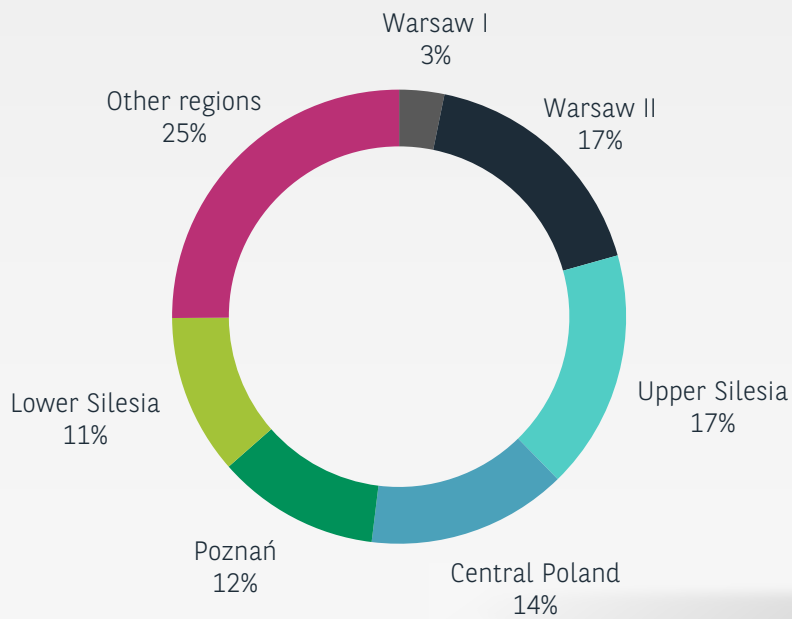
AAG INDUSTRIAL AND LOGISTICS MARKET POLAND | Q3 2022

Stock and vacancy rate



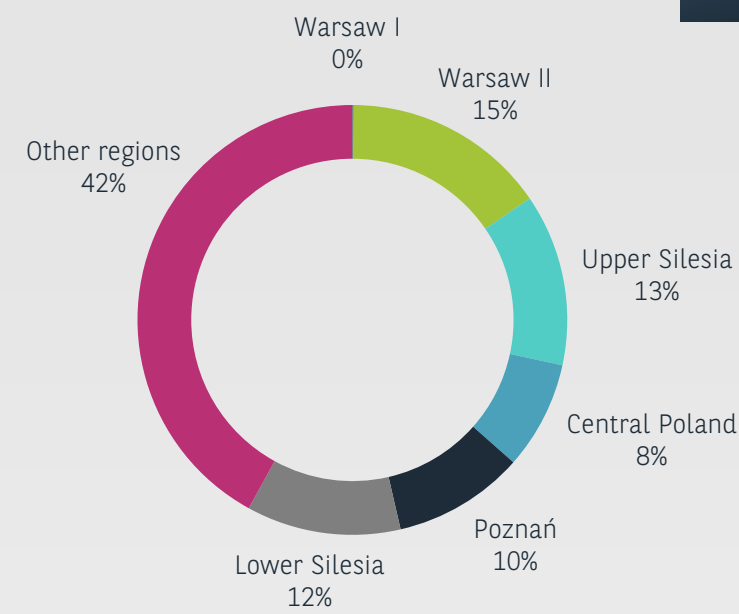
Source: BNP Paribas Real Estate Poland

Share of industrial and logistics market by hub



Source: BNP Paribas Real Estate Poland

New supply



Source: BNP Paribas Real Estate Poland

AT A GLANCE

Q3 2022

Top 3 lease agreements

	TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1	Conf.	Panattoni BTS Poznań	Poznań	82,000	new
2	DSV	Panattoni Park Wrocław Logistics South Hub	Lower Silesia	75,300	new
3	Conf.	EQT Exeter Park Stryków	Central Poland	59,000	renewal

Source: BNP Paribas Real Estate Poland

”

In the third quarter of 2022, the warehouse, logistics and industrial market in Poland grew, similarly to the previous quarter, by approximately 1.16 million sqm. 3.9 million sqm remained under construction, i.e. approx. 300,000 sqm less than in the second quarter of 2022.

Thanks to the new quarterly supply, the warehouse and logistics market exceeded 27 million sqm of its total stock. Most of the new warehouse space was delivered in the Warsaw II zone, where, for example, the construction of the 7R BTS Żabka project (Radzymin) has been completed with an area of 67,500 sqm, becoming therefore the second largest scheme delivered to the market in Q3 2022. The vacancy rate remains low – 4.1%, and the highest increase in the vacancy rate was observed in the West zone, where at the end of Q3 amounted to 9.7% (an increase of 8 p.p. compared to the previous quarter).

Expert comment



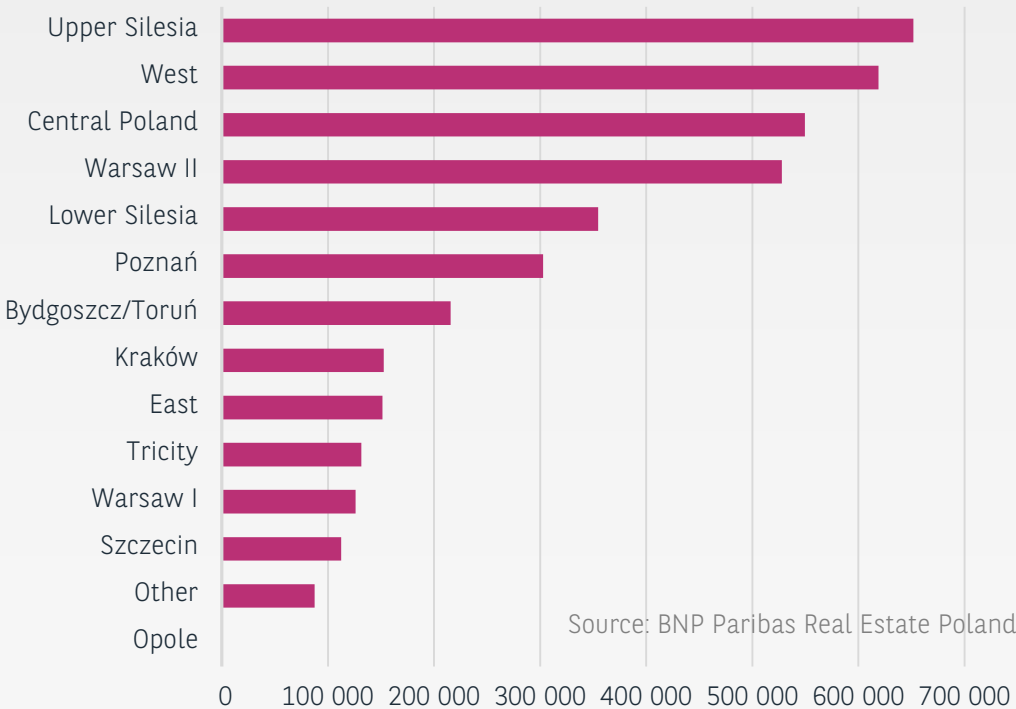
Wojciech Nowicki

Associate Director, Industrial and Logistics
BNP Paribas Real Estate Poland

Electromobility – electric trucks today on the horizon, tomorrow a reality

Electromobility is present not only in the context of passenger cars, as it is entering also a heavy transport. In 2035, more than half of the newly registered trucks in the world will have an electric drive, according to McKinsey’s report. Such acceleration in the expansion of electric trucks results from regulations promoting zero-emission vehicles, but also from progress in the development of technology and infrastructure for this type of vehicles. Operating costs are a game changer, convincing carriers to switch to electric fleets. Currently, electrics are much more expensive to use. Experts say, however, that these costs will even out around 2030, and in the long term, electric trucks are expected to be about 30% cheaper to operate. By 2040, the total operating costs of electric trucks are projected to fall by 65%. compared to 2021.

Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

The amount of space being under construction remains high amounting to over 3.9 million sqm. The average occupancy rate of projects under construction reached, similarly to the previous quarter, almost 51%.

Major schemes under construction

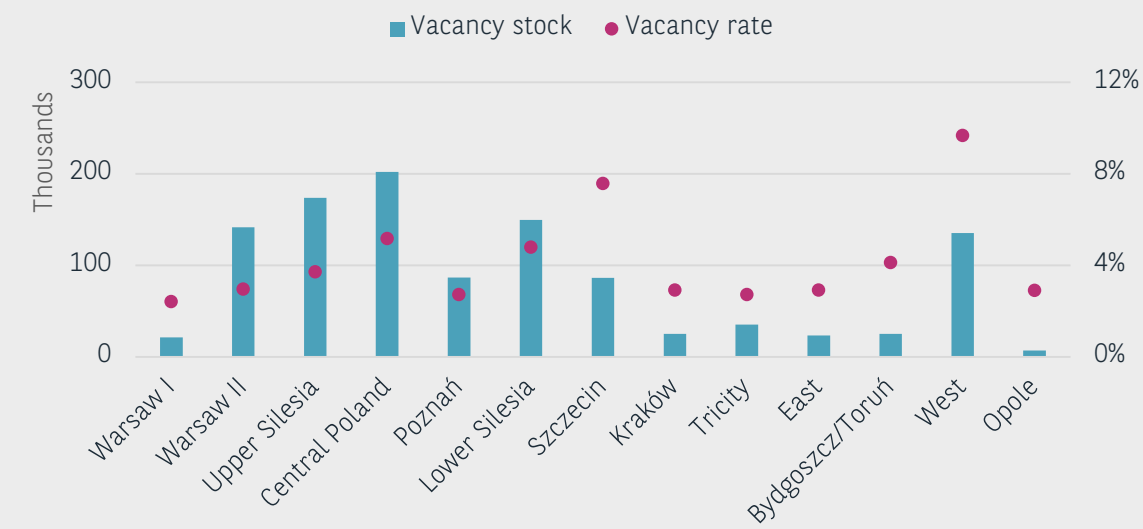
	BUILDING	HUB	AREA (sqm)
1	Panattoni BTS Zalando Bydgoszcz	Bydgoszcz /Toruń	146,000
2	Panattoni Park Wrocław Logistics South Hub	Lower Silesia	115,000
3	CTPark Iłowa	West	111,300

Source: BNP Paribas Real Estate Poland

In the third quarter of 2022, over 3.9 million sqm of modern warehouse, logistics and industrial space was under construction, i.e. approx. 330,000 sqm less than in Q2.

In the period July-September 2022, the largest amount of new warehouse space under construction was in the following zones: Upper Silesia (652,000 sqm), West (619,000 sqm) and Central Poland (550,000 sqm). In turn, the largest amount of new warehouse space in Q3 was delivered in the following zones: Warsaw II (178,200 sqm), West (155,000 sqm) and Upper Silesia (150,300 sqm).

Vacancy rate



Source: BNP Paribas Real Estate Poland

The continued interest in industrial and logistics space, despite the huge number of projects under construction, contributes to the low vacancy rate. At the end of Q3 2022, it amounted to 4.1%, which means a decrease by 0.9 p.p. compared to the corresponding period of the previous year.

Absorption*



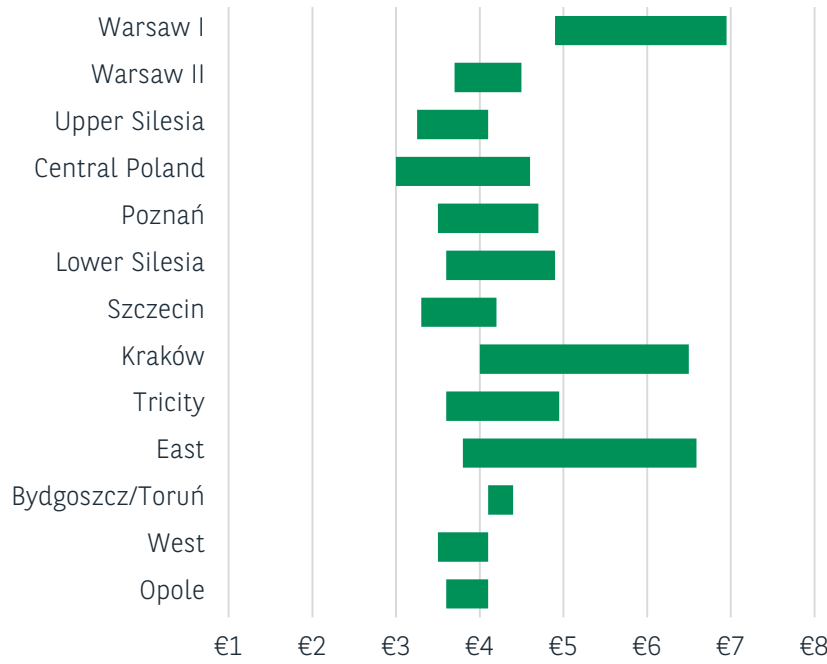
*Absorption=relationship between vacant space and available space between quarters

Source: BNP Paribas Real Estate Poland

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Q3 2022

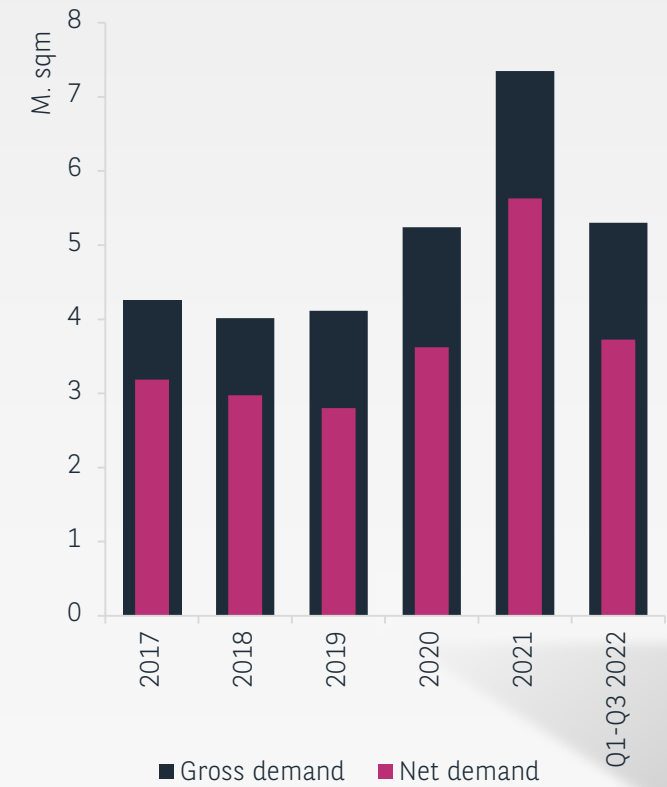
Headline rents by zone (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

The low vacancy rate and the increase in the costs of new development projects resulted in a significant increase in rents for warehouse space in the period January-September 2022. In all zones (except Opole), the average base rental rates in Q3 exceeded EUR 4/sqm/month, and the highest increases were recorded in the East zone. Rents are constantly rising in the already expensive Kraków zone where you have to pay an average of EUR 5/sqm/month.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment



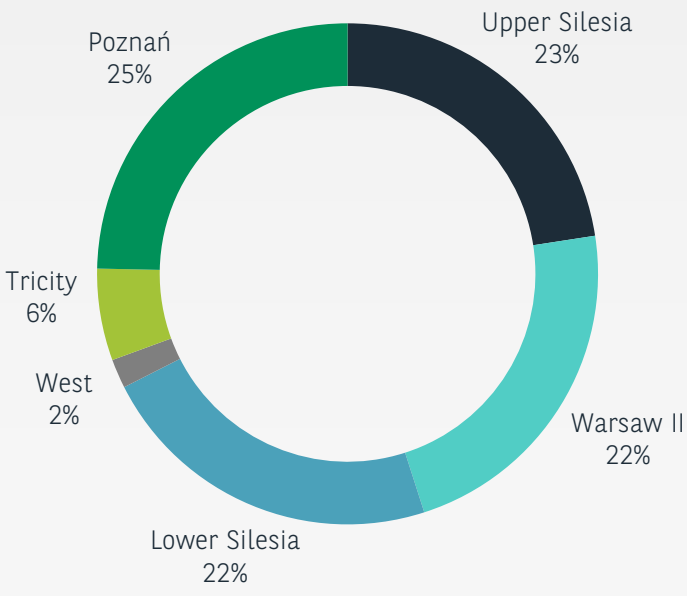
Piotr Załęski

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

Ecological warehouses? Key direction of development

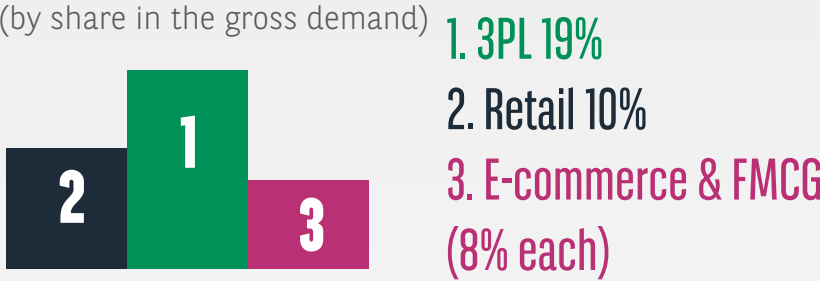
Ecological construction in the industrial sector is no longer a niche trend, but one of the most important directions of development. At the end of Q3 2022, there were over 27 million sqm of space on the warehouse market in Poland, of which about half passed environmental certification. Just a few years ago, warehouse developers certified their buildings only randomly. Today, this trend is becoming more and more common, and has even become a desirable value on the market. This is evidenced by the fact that over 70% of the certification of warehouse buildings has been carried out in the last 3 years. Certified buildings make it possible to determine their energy efficiency or contribution to reducing the carbon footprint, to preserve biodiversity or to address social issues regarding working conditions and comfort in these facilities. These issues are of interest to all clients implementing their ESG strategies and are included in their non-financial reports. Certified facilities account for a number of amenities for users, e.g. providing access for people with disabilities, adequate daylight penetration, or thermal comfort. Relaxation zones with ecological furniture, outdoor gyms and sports fields are created around. Ecological warehouses are desired not only by developers, but also by investors, tenants and their clients. Panattoni, having 6 million sqm of certified space, is the leader on the domestic market in this aspect.

Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors



In Q3 2022, the most active tenants were 3PL (Third Party Logistics) logistics operators, companies from the retail, e-commerce and FMCG sectors, which together accounted for almost 50% of gross demand in the analyzed period.

ECE launches its first logistics project in Poland. The company has been present on the Polish market since 1997, where it manages shopping centers in the largest cities. The first international ECE logistics center will be built approx. 25 km from Wrocław, in Kąty Wrocławskie.

One of the European leaders in the contract logistics industry – ID Logistics – debuts in Poland with a new company.



AT A GLANCE

Q3 2022

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