

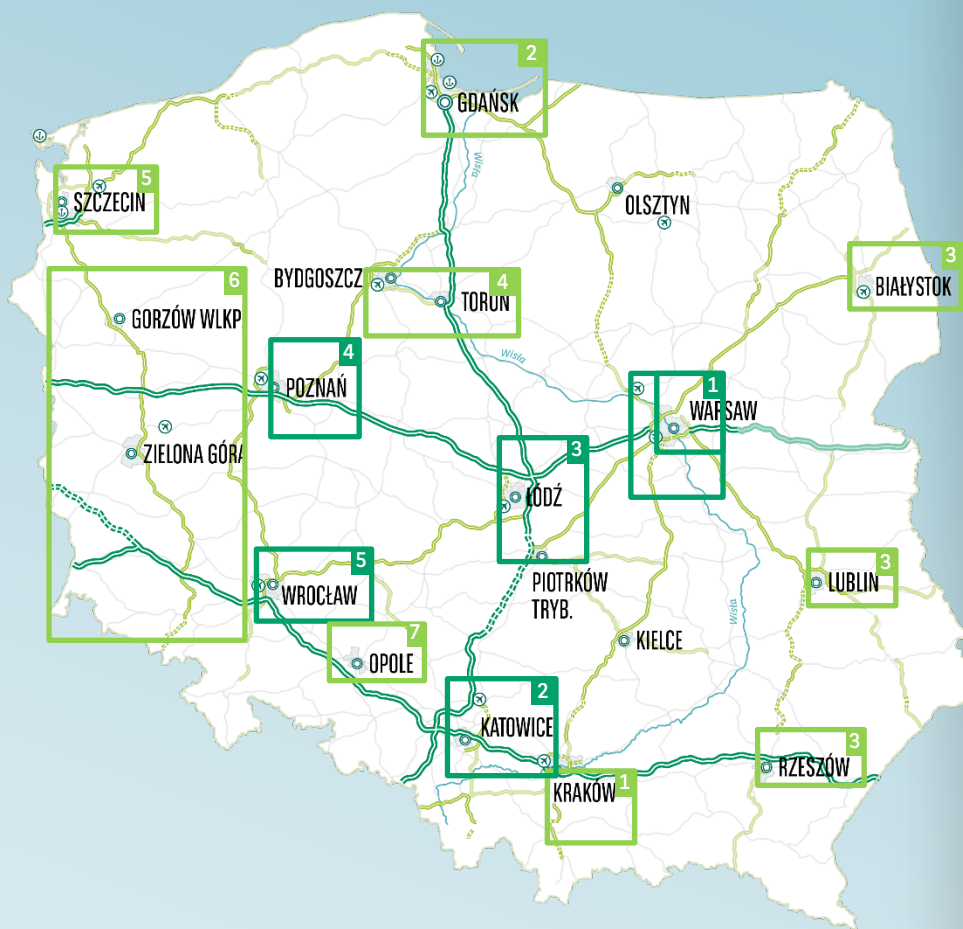
AT A GLANCE

Q2 2024

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

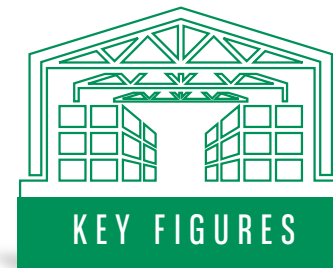
SECONDARY HUBS:

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


Source: BNP Paribas Real Estate Poland

Highlights

- Occupier activity gathers pace
- New industrial supply tightens
- Vacancy rates remain stable in projects under construction
- Krakow's warehouse stock exceeds the 1 million sqm mark
- Poland is one of industrial and logistics leaders in Europe



KEY FIGURES

8.3%  **+0.1 p.p. q/q**
AVERAGE VACANCY RATE

1.76 M sqm
GROSS DEMAND Q2

1.05 M sqm
NET DEMAND Q2

Source: BNP Paribas Real Estate Poland

33.5 M sqm
EXISTING INDUSTRIAL AND LOGISTICS SPACE

2.72 M sqm
VACANT SPACE IN EXISTING PROJECTS Q2

0.89 M sqm
VACANT SPACE IN PROJECTS UNDER CONSTRUCTION Q2



0.78 M sqm
NEW SUPPLY Q2

1.98 M sqm
SPACE UNDER CONSTRUCTION Q2

4.30 (EUR/sqm/mth)
PRIME RENT
logistics & distribution

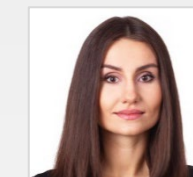
7.00 (EUR/sqm/mth)
PRIME RENTS city logistics

Economic forecast

		2023	2024	2025
 GDP (% y/y)		0.2%	4.0%	4.0%
 CPI Inflation (% y/y)		11.6%	3.8%	4.2%
 EUR/PLN		4.65	4.25	4.25
 Gross investment (% y/y)		13.1%	1.0%	5.0%

Source: Statistics Poland, NBP, Eurostat, BNP Paribas Bank, as of the end of June 2024

Expert comment



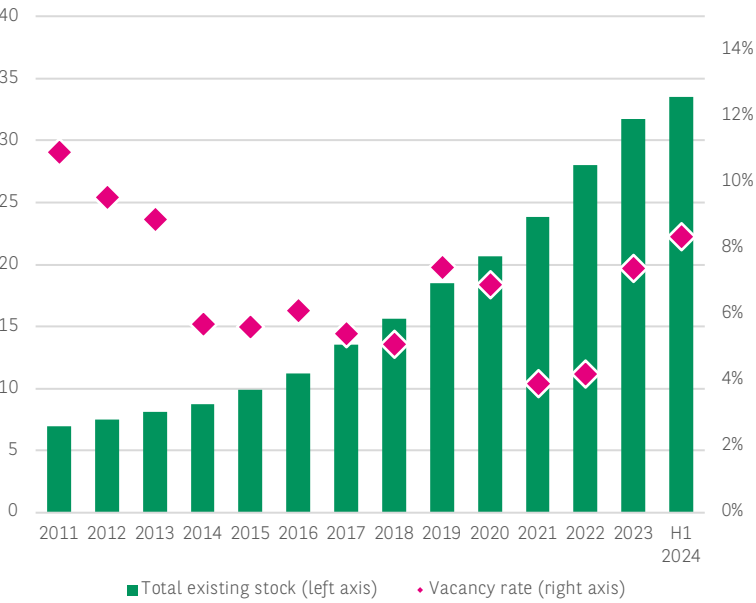
Martyna Kajka, MRICS

Director, Industrial and Logistics Department
BNP Paribas Real Estate Poland

Revival

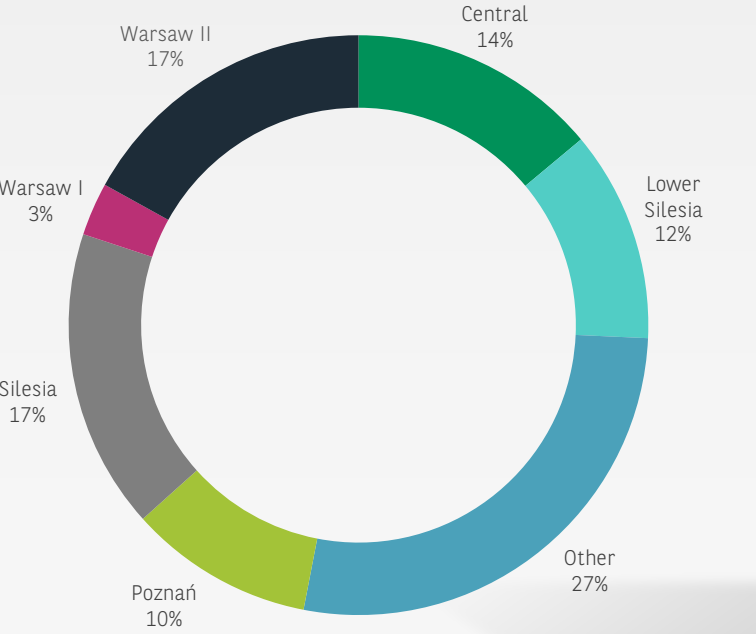
The Polish industrial and logistics market saw a strong rebound in occupier activity in the second quarter of 2024, recording one of the highest take-up in Europe. In the three months to June 2024, tenants leased 1.76 million sqm, more than making up for the poor performance in the first quarter of the year. It is noteworthy that large leases for 20,000-130,000 sqm accounted for as much as 56% of the second quarter leasing volume. Gross take-up was dominated by new leases and expansions which accounted for 60% of the total, with the remaining 40% transacted under lease renewals. This brought total take-up for the first half of 2024 to nearly 2.7 million sqm, up by 23% year-on-year. New supply for the first six months reached 1.64 million sqm, with a similar volume scheduled for completion in the second half of the year. At the end of June 2024, Poland's total industrial and logistics stock was 33.52 million sqm, up by 9% year-on-year. Given projects in the pipeline, it is on course to soon surpass the 35 million sqm mark. The overall vacancy rate hit 8.3% (+1.5 pp year-on-year and +0.1 pp quarter-on-quarter) – its highest level since September 2020 (8.5%). Moderate new supply, coupled with a rebound in demand, is likely to push vacancy rates down over the next 9-12 months.

Stock and vacancy rate



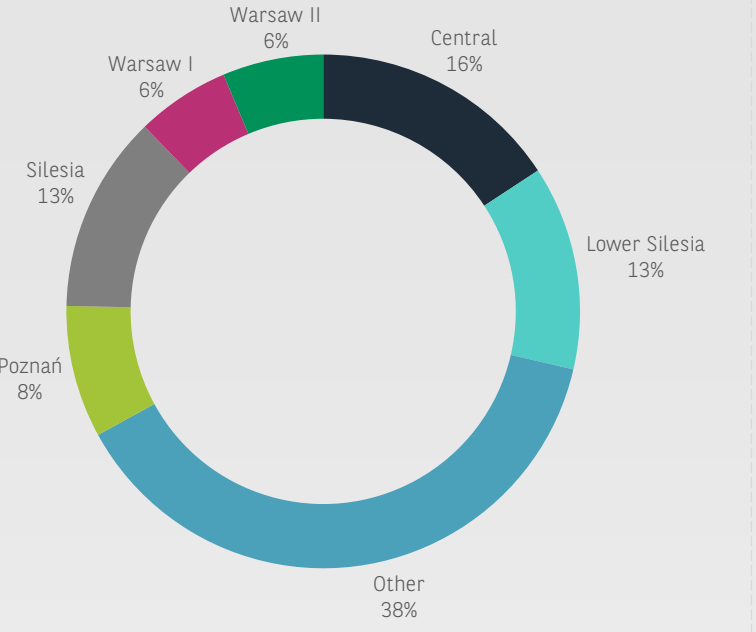
Source: BNP Paribas Real Estate Poland

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 Q2 2024

Top 3 lease agreements

	TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1	LPP	Bydgoszcz Białe Błota Logistics Centre	Bydgoszcz/Toruń	103,800	new
2	Confidential	Panattoni Park Wrocław Logistics South Hub	Lower Silesia	91,000	new
3	LX Pantos	Prime Logistics Wrocław (Pietrzykowice)	Lower Silesia	72,300	renewal + expansion

Source: BNP Paribas Real Estate Poland

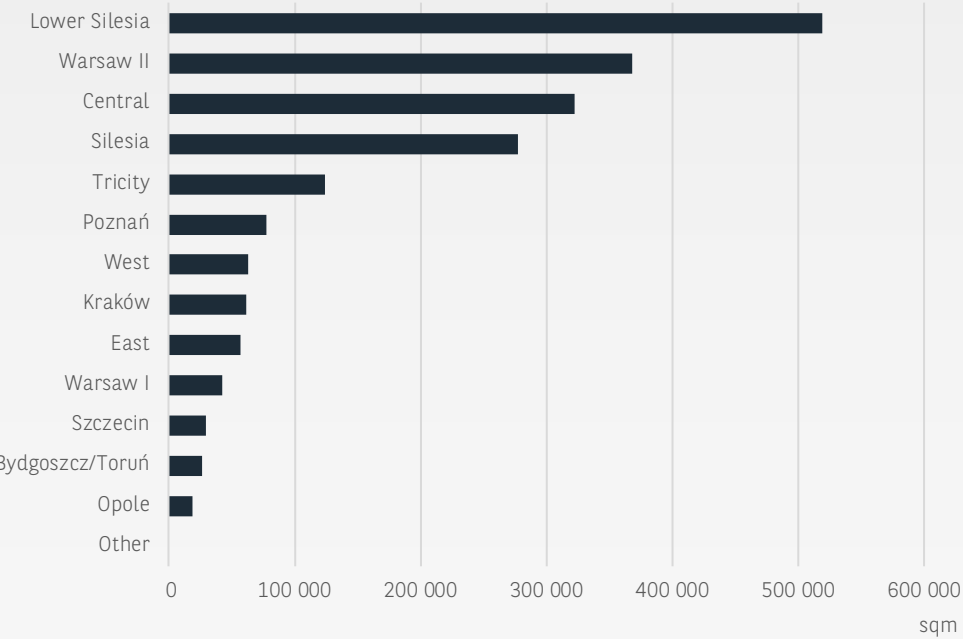
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More than 0.78 million sqm of new industrial and logistics space was delivered in Poland during the second quarter of 2024. At the end of June 2024, the overall vacancy rate stood at 8.3%, up by 0.1 pp over the quarter and by 1.5 pp year-on-year. The highest vacancy rates were recorded in the West (21.8%), Warsaw I (12.3%) and Central Poland (10.8%), while the lowest were in Opole (2.6%), Szczecin (4.0%) and the East (5.2%). A total of more than 1.76 million sqm of industrial and logistics space was leased in April-June 2024, bringing the year-to-date take-up to nearly 2.7 million sqm and marking a year-on-year increase of 23%. Leasing activity in the second quarter was dominated by new leases which accounted for 54% of the total take-up, followed by renewals and expansions which made up 39% and 7% respectively. By gross take-up, the strongest occupier activity in the three months to June 2024 was in Lower Silesia (450,000 sqm), Warsaw II (268,000 sqm) and Upper Silesia (248,370 sqm). The three largest transactions of the second quarter were recorded in Wrocław and Bydgoszcz-Toruń.

Krakov is a millionaire

At the end of the second quarter of 2024, Krakow’s total industrial and logistics stock surpassed the 1 million sqm, bringing Poland’s tally of industrial and logistics zones with more than a million square metres to 10. The Kraków market is, however, facing a number of challenges, including land constraints and fragmentation, as well as competition from the larger Upper Silesian market. The growth of the Krakow industrial and logistics market has accelerated in recent years, with its total stock doubling in the last five years. It has for years also enjoyed one of the lowest vacancy rates in Poland, standing at 6.4% at the end of the second quarter of 2024 compared to the national average of 8.3%. 2023’s total leasing volume in the Lesser Poland region reached 232,000 sqm, marking a 4% increase on 2022’s level. By comparison, the first half of 2024 saw only 43,000 sqm of leases, largely due to low availability of vacant industrial and logistics space. Key drivers of the Krakow market include good transport infrastructure, availability of development land and a large pool of skilled labour. The completion of the S7 expressway scheduled for this year is expected to boost the growth potential of this region’s northern areas.

Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

The industrial and logistics development pipeline fell over the quarter to more than 1.98 million sqm at the end of the second quarter of 2024. Projects underway had an average pre-let rate of nearly 55%, up by 3.6 pp from the previous quarter.

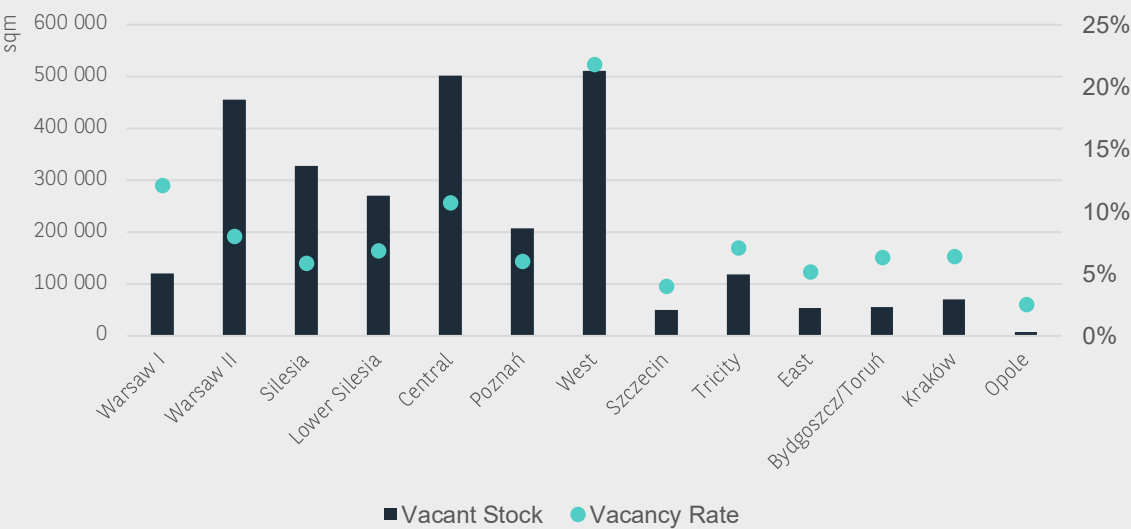
Major schemes under construction

	BUILDING	HUB	AREA (sqm)
1	P3 Wrocław bldg. 1	Lower Sielsia	130,800
2	P3 Wrocław bldg. 3	Lower Sielsia	92,300
3	ECE Kąty Wrocławskie	Lower Sielsia	79,000

Source: BNP Paribas Real Estate Poland

At the end of the second quarter of 2024 there was more than 1.98 million sqm of industrial and logistics space under construction, a decrease of around 0.33 million sqm from the first quarter of 2024. The highest concentration of development activity in the three months to June 2024 was in Lower Silesia (520,000 sqm), Warsaw II (368,000 sqm) and Central Poland (322,300 sqm). Meanwhile, the largest volumes of new industrial and logistics space were delivered in the second quarter in Central Poland (124,000 sqm), Krakow (110,000 sqm) and Lower Silesia (102,000 sqm).

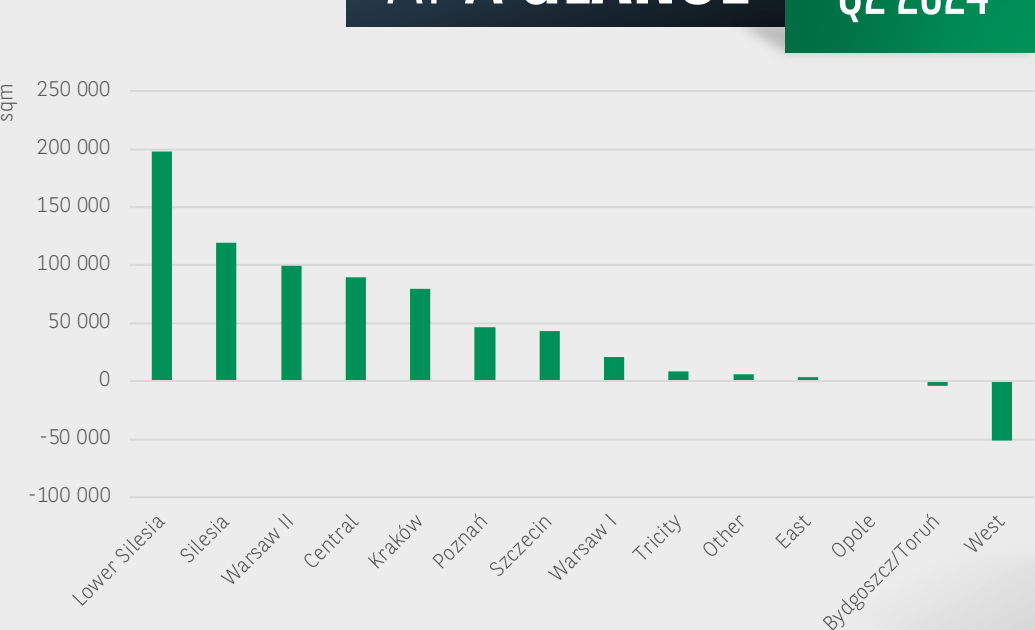
Vacancy rate



At the end of second quarter of 2024, the overall vacancy rate stood at 8.3%, up by 0.1 pp over the quarter and by 1.5 pp year-on-year. The highest vacancy rates were recorded in the West (21.8%), Warsaw I (12.3%) and Central Poland (10.8%), while the lowest were in Opole (2.6%), Szczecin (4.0%) and the East (5.2%).

Source: BNP Paribas Real Estate Poland

Absorption*



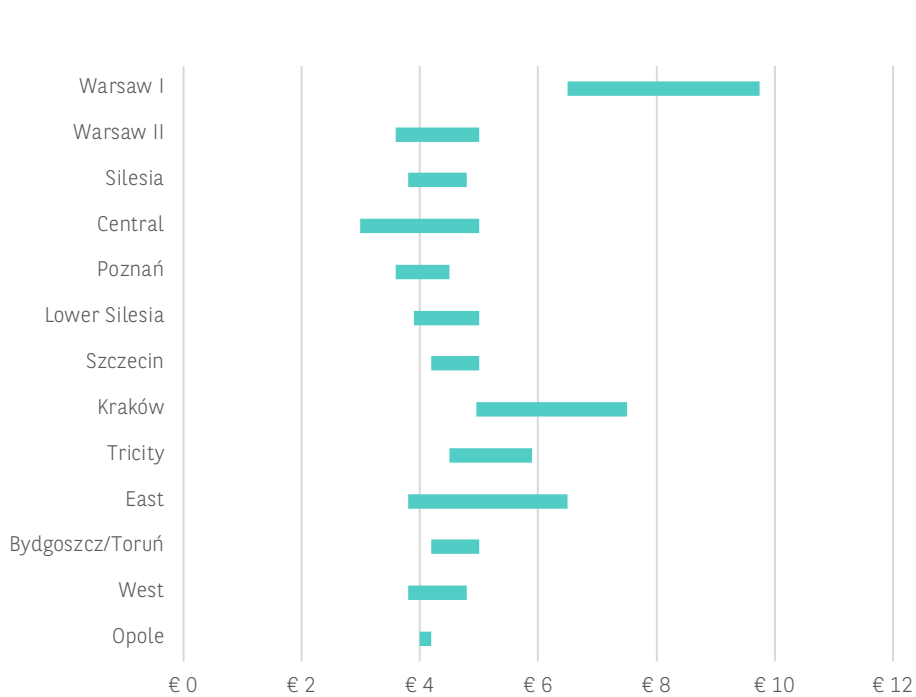
*Absorption = a measure of change in the occupancy of existing space quarter to quarter

Source: BNP Paribas Real Estate Poland

AT A GLANCE

Q2 2024

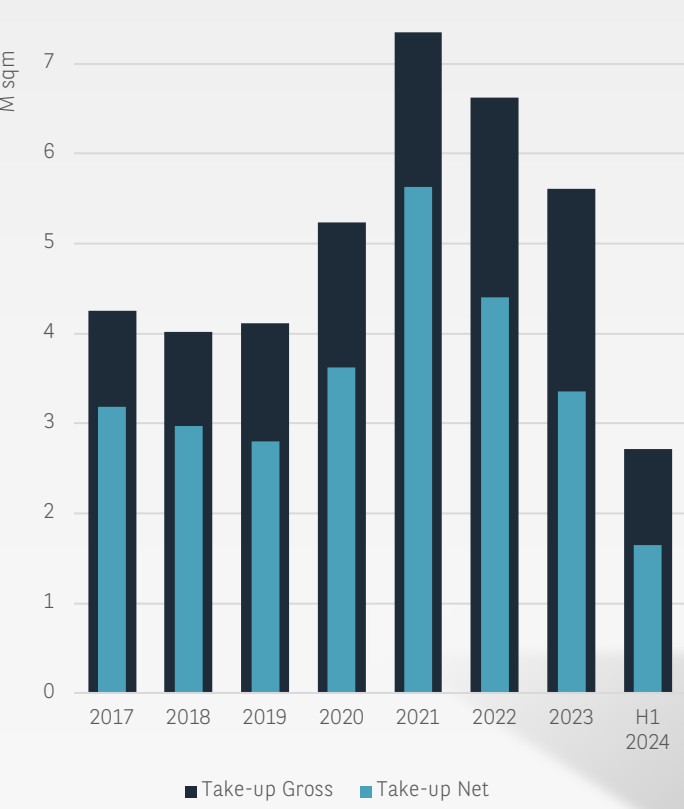
Headline rents by zone (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

After rapid rent increases in 2022 and 2023, industrial and logistics rental rates began to stabilize in 2024 with slight upward movements recorded only in prime locations with limited availability. Typical headline rents for big-box projects are in the range of EUR 3.50–6.50 sqm/month. Rents for SBU/City Logistics facilities are higher – EUR 5.00–7.50 sqm/month.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment

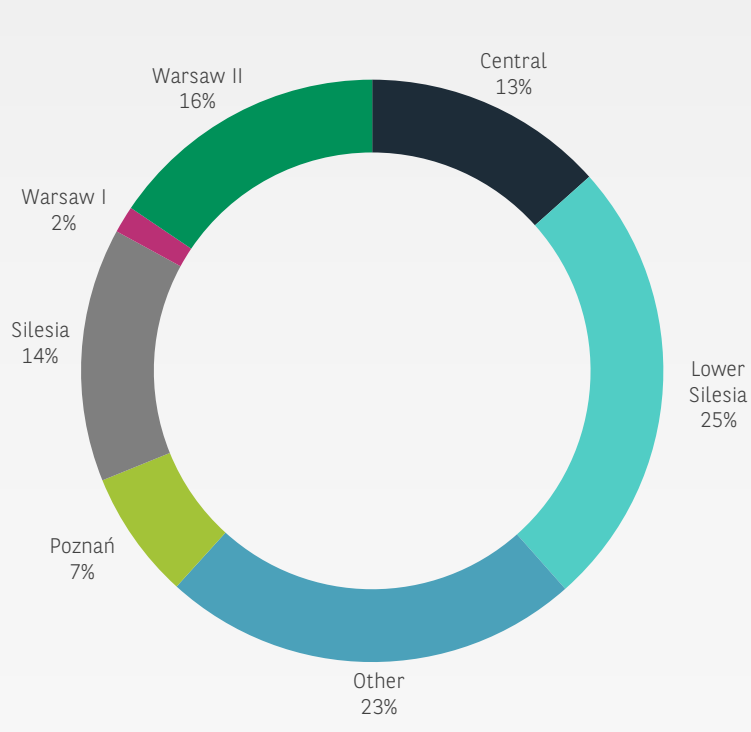


Robert Pawłowski
Director, Industrial and Logistics Department
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The evolution of the industrial and logistics market

The Polish warehouse market has for long been perceived as a market of simple, big-box facilities for e-commerce, retail and logistics. It is now far more diversified than a few years ago, with demand reported for both large and smaller customised grade A buildings. This has led to the success of the concept of industrial and logistics parks offering units in various sizes, as well as production space. Both developers and tenants are increasingly recognising the benefits of deploying modern and sustainable solutions to ensure energy security. Until recently, key warehouse location drivers were the proximity of motorways, the intersection of major transportation routes, well-developed road infrastructure or the support of local governments. Today, warehouse parks are being built in areas with access to a better skilled workforce, particularly for the production sector, while factors important to prospective employees include proximity to public transport and cycle lanes. Warehouse landlords and managers are also taking measures to provide an enhanced work environment – these may include improving heating and thermal comfort, installing air conditioning and humidifying systems, building canteens or well-equipped leisure and break-out zones.

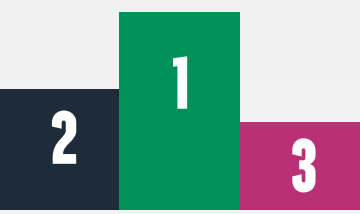
Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors Q2

(by share in the gross demand)



- **Notino opens its first warehouse in Poland.** Its modern facility in Głuchów will ship orders to customers in Poland and abroad.
- **The largest City Logistics warehouse in Poland has been completed.** Spanning nearly 44,000 sqm, City Logistics Poznań III is the largest complex of its kind for last-mile logistics in Poland.
- **Amazon announces multi-billion projects and thousands of new jobs in Europe.** The e-commerce giant turns its focus to logistics, cloud infrastructure and R&D, and announces investments in wind power projects in Poland.



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