

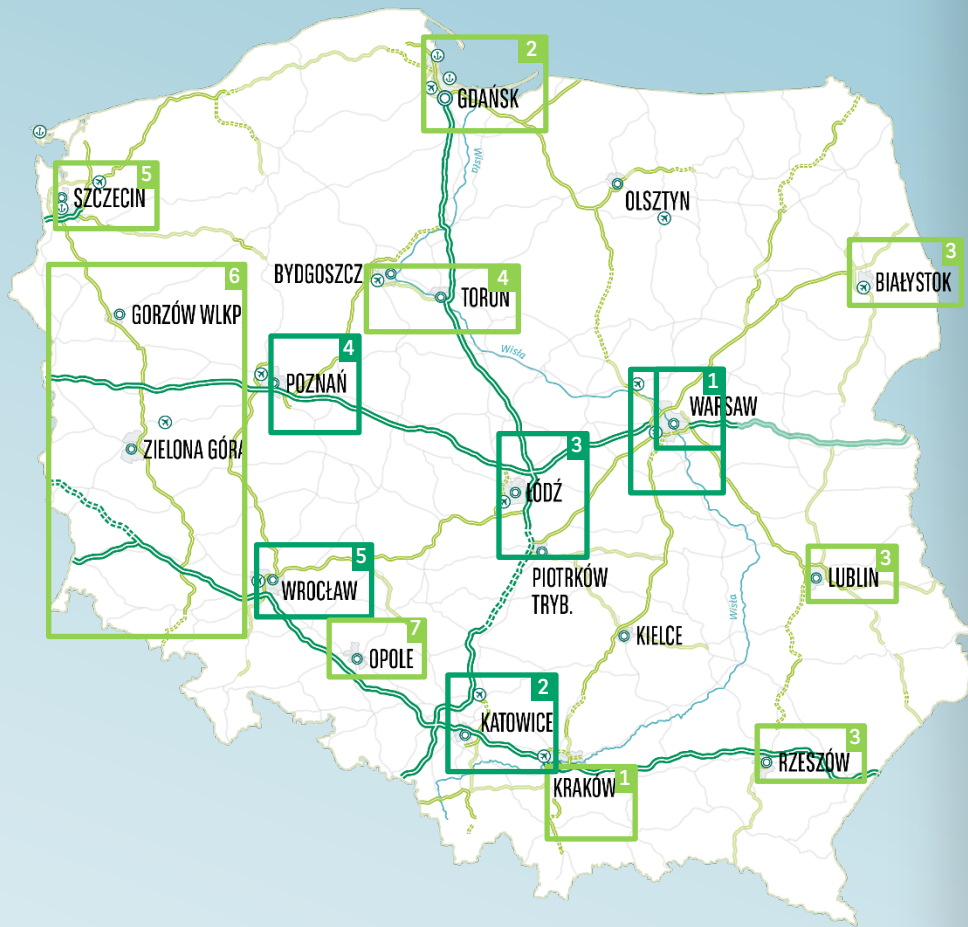
AT A GLANCE

Q3 2024

INDUSTRIAL AND LOGISTICS MARKET IN POLAND



MAP OF INDUSTRIAL AND LOGISTICS HUBS AND THE ROAD NETWORK

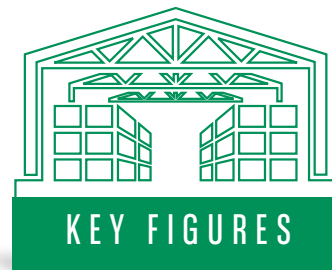


- PRIMARY HUBS:**
1. Warsaw I & II
 2. Upper Silesia
 3. Central Poland
 4. Poznań
 5. Lower Silesia
- SECONDARY HUBS:**
1. Kraków
 2. Tricity
 3. East
 4. Bydgoszcz / Toruń
 5. Szczecin
 6. West
 7. Opole

Source: BNP Paribas Real Estate Poland

Highlights

- Vacancy rate stabilises
- Industrial and logistics demand on the rise
- Speculative construction continues to slow down
- Headline rents remain largely unchanged
- Re-commerce in warehouses
- Lease renewals account for a large share of gross take-up



8.0% ^{-0.3 p.p. q/q}
AVERAGE VACANCY RATE

1.13 M sqm
GROSS DEMAND Q3

3.8 M sqm
GROSS DEMAND Q1-Q3

Source: BNP Paribas Real Estate Poland

33.95 M sqm
EXISTING INDUSTRIAL AND LOGISTICS SPACE

2.65 M sqm
VACANT SPACE IN EXISTING PROJECTS Q3

0.9 M sqm
VACANT SPACE IN PROJECTS UNDER CONSTRUCTION Q3

0.45 M sqm
NEW SUPPLY Q3

1.94 M sqm
SPACE UNDER CONSTRUCTION Q3

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

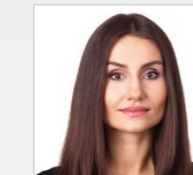
7.00 (EUR/sqm/mth)
PRIME RENTS city logistics

Economic forecast

	2023	2024	2025
GDP (% y/y)	0.2	3.0	3.8
CPI Inflation (% y/y)	11.6	3.5	3.8
EUR/PLN (end of period)	4.34	4.20	4.25
Gross investment (% y/y)	13.1	0.5	10.0

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

Expert comment

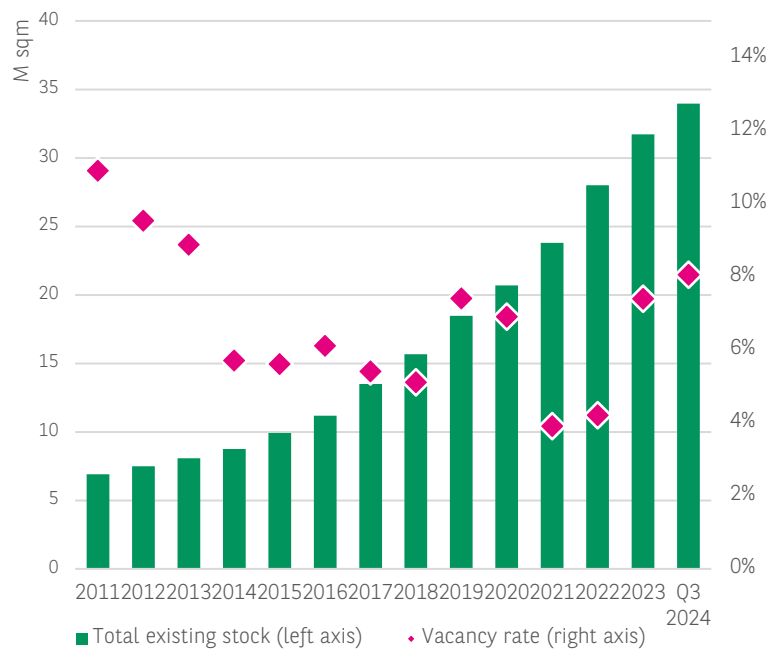


Martyna Kajka, MRICS
Director, Industrial and Logistics Department
BNP Paribas Real Estate Poland

Market stabilises

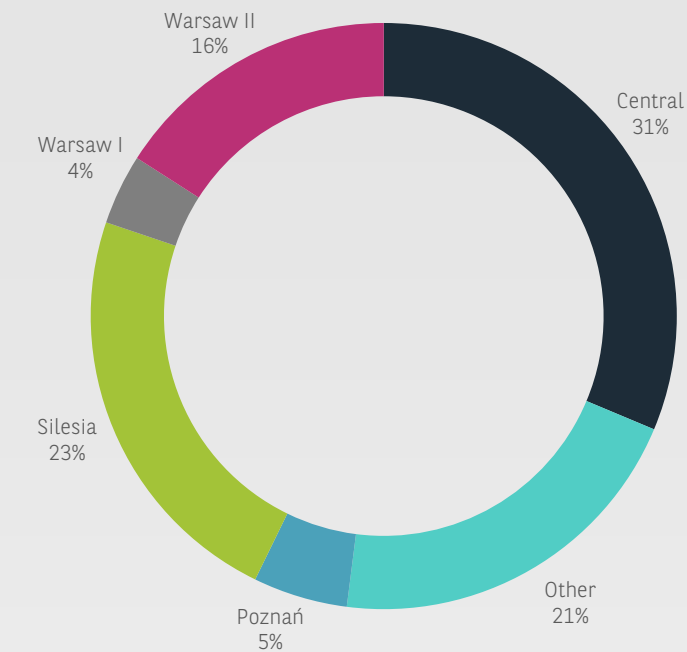
Data for the first three quarters of 2024 shows that Poland's industrial and logistics market has entered a stabilisation phase following the sweeping changes of recent years. However, the growth outlook for the coming years remains positive. Market fundamentals remained stable throughout the third quarter of 2024, with no significant changes in supply, demand or vacancy rates. In September 2024, the consumer price index rose by 4.9% year-on-year, with the prices of services and goods increasing by 6.8% and 4.2% respectively. Meanwhile, retail sales in constant prices declined by 3.0% year-on-year - an important indicator for e-commerce, which, alongside logistics, is a key driver of demand for warehouse space. Industrial and logistics developers continue to exhibit caution with regard to speculative construction, prioritising projects with some space pre-let to tenants. At the end of September 2024, Poland's total development pipeline stood at 1.94 million sqm, with over half (53%) already pre-let. Meanwhile, the overall vacancy rate edged down to 8.0% in the third quarter of 2024 following a period of upward movement, reflecting an improving supply-demand balance. The Polish industrial and logistics market continues to demonstrate significant resilience to the challenges of a global economic slowdown.

Stock and vacancy rate



Source: BNP Paribas Real Estate Poland

New supply



Source: BNP Paribas Real Estate Poland

AT A GLANCE

Q3 2024

Top 3 lease agreements

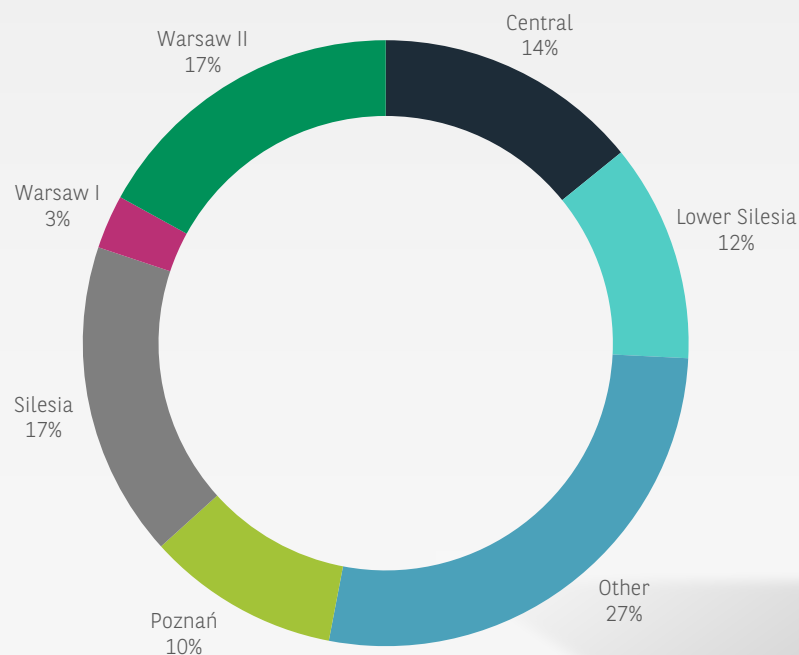
	TENANT	BUILDING	ZONE	AREA LEASED (sqm)	TYPE OF LEASE
1	Confidential	CTPark West	Warsaw II	63 000	new
2	Confidential	P3 Warsaw I - Lesznowola	Warsaw II	50 200	new
3	Confidential	Prologis Park Łódź	Central	41 500	new

Source: BNP Paribas Real Estate Poland

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During the first three quarters of 2024, 2.1 million sqm of warehouse space came on stream, marking a 33% decrease year-on-year. The largest volumes of new space were delivered in Lower Silesia (373,000 sqm), Warsaw I & II (a total of 311,000 sqm) and Tricity (272,000 sqm). Total take-up for the third quarter of 2024 surpassed 1.1 million sqm, down by 34% compared with the previous quarter. The strongest leasing activity in the three months to September was recorded in Warsaw II (301,000 sqm), Central Poland (223,000 sqm) and Upper Silesia (134,000 sqm). The four largest new leases in this period were signed in Warsaw II and Central Poland. Year-to-date gross take-up exceeded 3.8 million sqm, a 3% increase year-on-year. Demand was primarily driven by new leases which accounted for 55% of total gross take-up, while renewals and expansions made up 39% and 6% respectively. Retail and e-commerce led the pack in the January-September period, accounting for 24% of all transactions, with 3PLs following closely at 23%.

Share of industrial and logistics market by hub

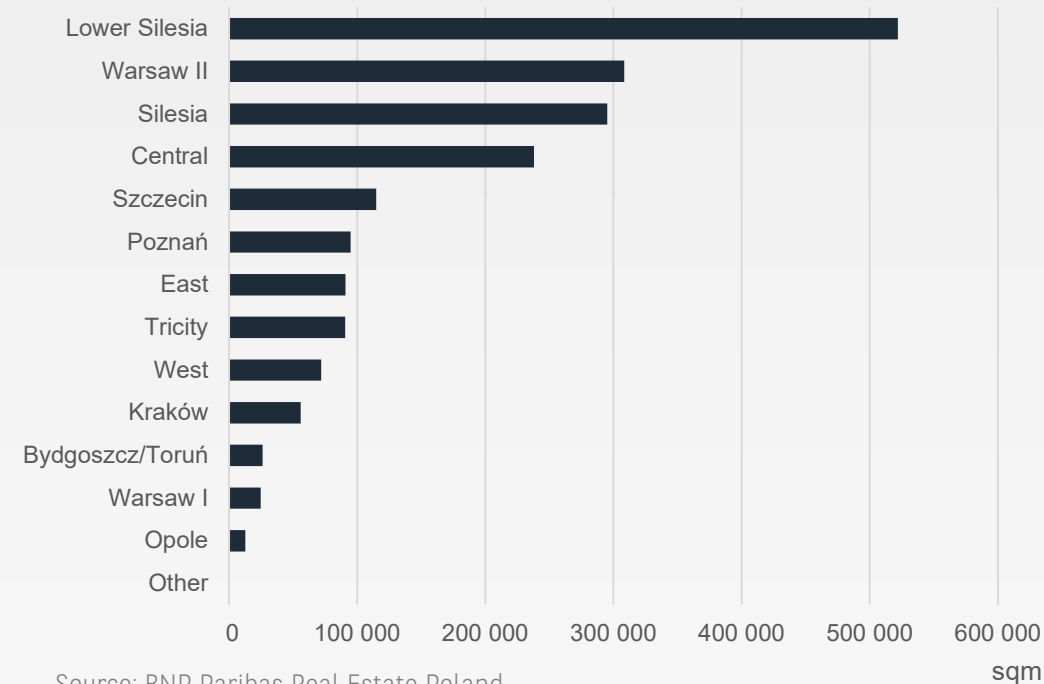


Source: BNP Paribas Real Estate Poland

Re-commerce in warehouses

Re-commerce, or the practice of selling pre-owned items, is experiencing rapid growth and expanding into various sectors such as fashion, electronics, furniture and sports equipment. Online platforms and apps provide users with easy access to a wide range of second-hand products, fostering sustainable living and consumer minimalism. The European re-commerce market is thriving, with Amazon already reporting annual revenues of over a billion euros from pre-owned sales. The fast-paced expansion of global re-commerce, which is projected to reach USD 275 billion by 2028 according to the "Offer-Up Recommerce Report", also highlights a new role of warehouses. The booming second-hand market demands entirely new solutions, requiring spaces not only for storage but also for sorting products. The receiving area of a warehouse should include a quality assurance zone where products can be inspected, classified and labelled accordingly. Another essential component is a refurbishment zone where defects are fixed and products cleaned. With warehouse units available for lease starting from several hundred square metres, small and medium-sized enterprises (SMEs) are able to offer more personalised and dedicated services in modern facilities, thereby gaining a competitive edge.

Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

The industrial and logistics development pipeline contracted over the quarter to more than 1.94 million sqm at the end of September 2024. Projects underway had an average pre-let rate of over 53%, down by 1.4 pp from the previous quarter.

Major schemes under construction

	BUILDING	ZONE	AREA (sqm)
1	P3 Wrocław bud. 1	Lower Silesia	130 800
2	P3 Wrocław bud. 3	Lower Silesia	92 300
3	ECE Kąty Wrocławskie	Lower Silesia	79 000

Source: BNP Paribas Real Estate Poland

At the end of the third quarter of 2024, there was more than 1.94 million sqm of industrial and logistics space under construction, a decrease of around 40,000 sqm from the second quarter. The highest concentration of development activity in the three months to September 2024 was in Lower Silesia (522,000 sqm), Warsaw II (308,000 sqm) and Upper Silesia (295,000 sqm). Meanwhile, the largest volumes of new industrial and logistics space were delivered in the third quarter in Central Poland (142,000 sqm), Upper Silesia (104,000 sqm) and Warsaw II (72,000 sqm).

Vacancy rate



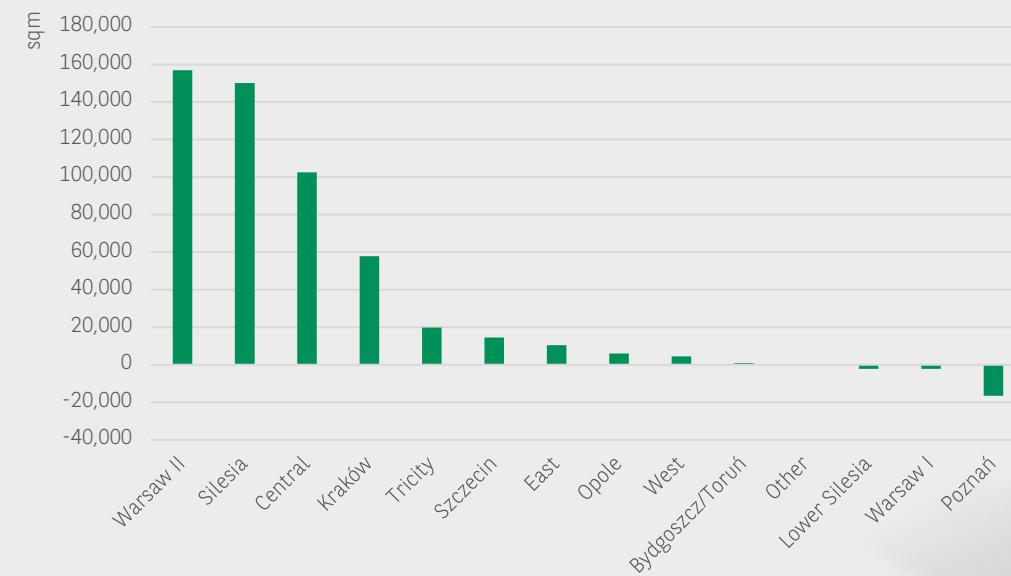
At the end of the third quarter of 2024, Poland's overall vacancy rate stood at 8.0%, down by 0.3 pp over the quarter but up by 0.2 pp year-on-year. The highest vacancy rates were recorded in the West (21.2%), Warsaw I (11.2%) and Central Poland (11.2%), while the lowest were in Opole (2.5%), Szczecin (2.9%) and Kraków (4.0%).

Source: BNP Paribas Real Estate Poland

Absorption*

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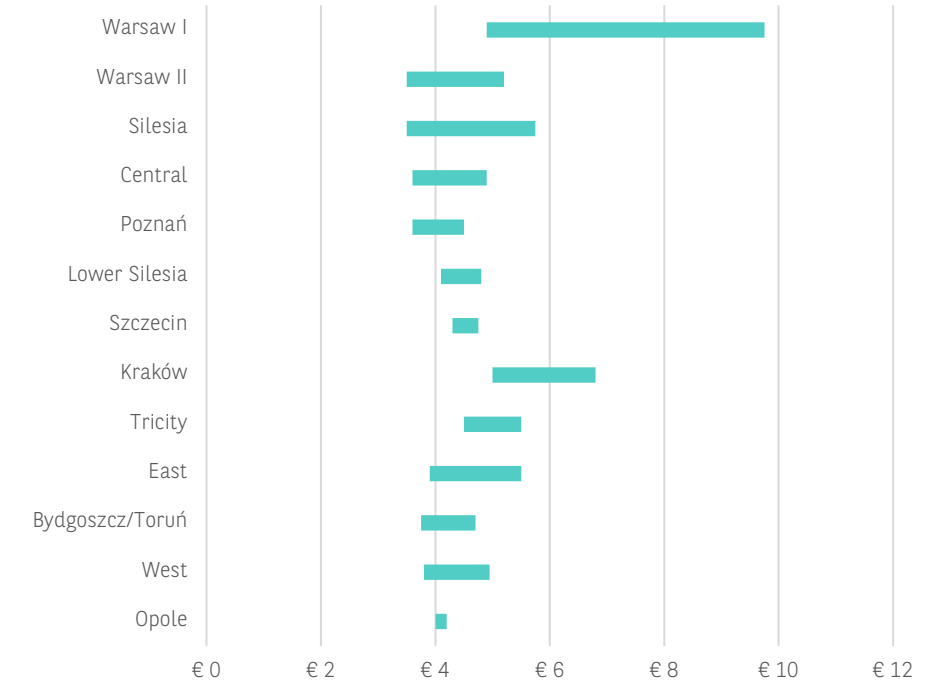
Q3 2024



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

Source: BNP Paribas Real Estate Poland

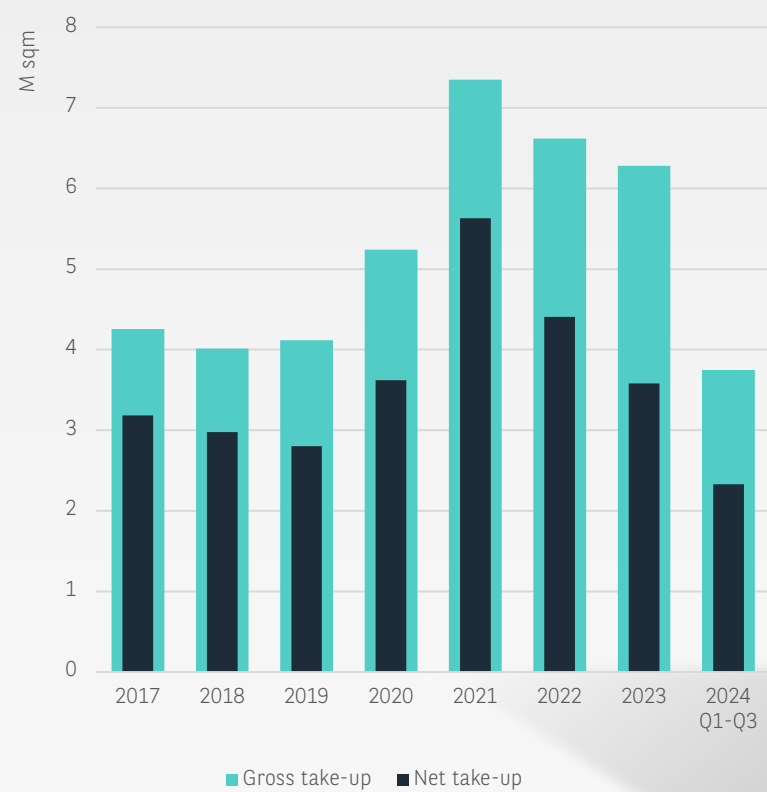
Headline rents by zone (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

Rental growth is stabilising following a surge in rents in 2022 and 2023. In the third quarter of 2024, monthly headline rents for big-box warehouses remained at EUR 3.60–6.50 per sqm, with the highest rates recorded in Warsaw, Kraków and Tricity. High warehouse availability exerted slight downward pressure on effective rents. With financial incentives factored in, effective rental rates can be 15-25% lower than headline rents.

Demand structure



Source: BNP Paribas Real Estate Poland

Expert comment



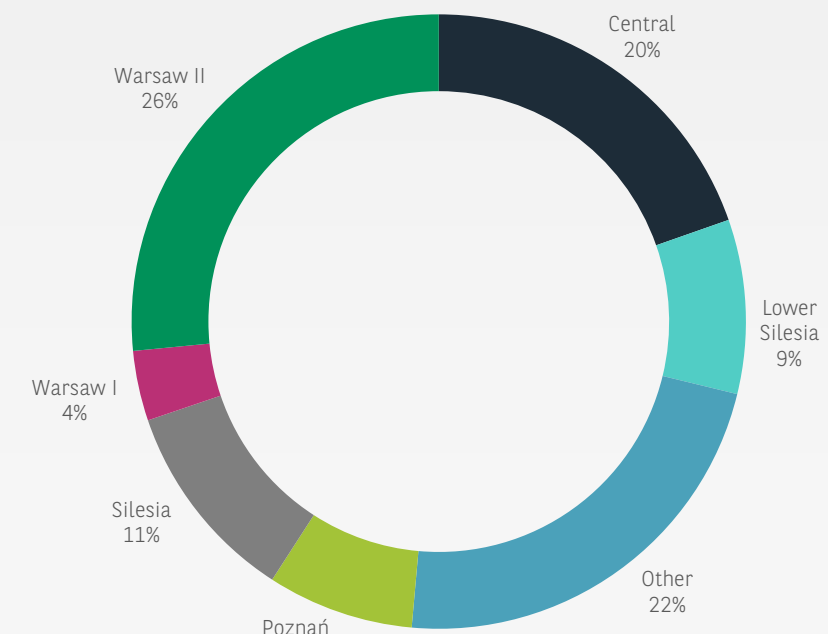
Robert Pawłowski

Director, Industrial and Logistics Department
BNP Paribas Real Estate Poland

Renewals or new leases?

The Polish industrial market has experienced significant changes since the outbreak of the war in Ukraine. Industrial and logistics rents, particularly for newly built facilities, have risen considerably due to escalating construction and project financing costs. In some cases, rental rates have nearly doubled, leading both landlords and tenants to make more informed decisions about new locations. Renewals (decisions to remain in existing older buildings) have recently increased their share of overall leasing activity, as tenants carefully assess the costs of relocating operations to new facilities and successfully negotiate improved rental terms. In the second quarter of 2024, renewals accounted for 41% of total take-up, 11 percentage points lower than the share of new leases. This figure dropped to 35% in the third quarter as new leases made up 58% of gross take-up. Meanwhile, the first three quarters of 2024 saw a 5% increase in new leases compared with the same period in 2023. Given the geopolitical situation and macroeconomic conditions in Poland, industrial and logistics tenants are reluctant to engage in speculative activity. Instead, they are focusing on maximising the use of existing facilities and, if necessary, subleasing some space to optimise costs. Additionally, numerous improvements such as process automation and ESG technologies are being implemented to reduce operating expenses.

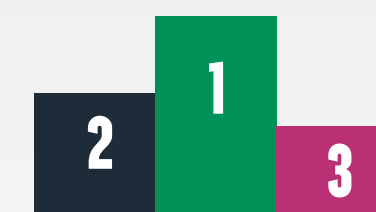
Gross demand by hub



Source: BNP Paribas Real Estate Poland

Top 3 tenant sectors Q3

(by share in the gross demand)



- Amazon launched its new 211,000 sqm logistics centre in Gorzyczki, its 11th facility in Poland.
- GLP is constructing a logistics facility in Stary Konik, a village close to the eastern border of Warsaw, near a junction of the A2 motorway – the largest building of its kind in Poland, featuring a wooden roof structure.
- Notino, a European e-retailer of cosmetics and health products, launched its first warehouse in Poland. The facility is located in Głuchów, near Łódź.



AT A GLANCE

Q3 2024

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