

3.3%
Vacancy Rate

YoY
change

12-month
forecast



€4.80/sq m/month
Prime Rent (BIG-BOX)



4.70%
Prime Yield



ECONOMIC INDICATORS Q2 2022

7.4%
GDP Growth



4.2%
Unemployment Rate



13.4%
Industrial Production



13.9%
Inflation



Source: Moody's

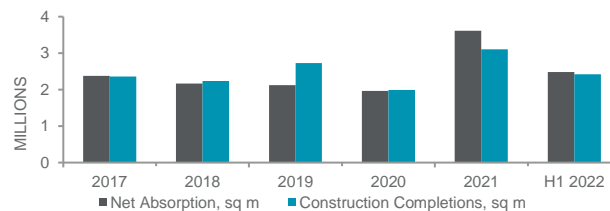
ECONOMY: Poland will face a decline in economic activity

According to Moody's forecast, the shock to energy and commodity prices caused by Russia's invasion of Ukraine will keep inflation elevated at least until 2023 and will weaken Poland's GDP growth this year, but will not lead to another recession. Although Poland is not as export reliant as some of its neighbours in Eastern Europe like Hungary and Slovakia, supply chain issues arising from Russia's invasion and COVID-19 cases in China will slow down export growth. The COVID-19 pandemic has not disappeared, continuing to disrupt global supply chains, nevertheless Moody's Analytics forecast that the current wave and any future waves will be less disruptive to the Polish economy than earlier waves and the economy will keep moving forward. The Polish Deal, passed a few months ago, will support growth even as supply chain issues persist. The unemployment rate in June was 4.9%, compared to 5.1% in May, according to Statistics Poland (GUS). The percentage of Ukrainian refugees that will be absorbed into the workforce is unclear and will vary by sector as refugees are primarily women, children and the elderly. Based on the Polish Association of Construction Employers estimates, some 90,000-100,000 workers, or 20-30 percent of employed Ukrainians, left the Polish construction sector after the outbreak of war in Ukraine.

TAKE-UP: Leasing activity passes 2.2 million sq m in Q2 2022

In H1 2022, total demand reached 3.8 million sq m, of which 2.2 million sq m was leased in the second quarter. This means the total take-up increased by 12% y/y and by 70% compared to H1 2020. Net demand recorded a very similar scale of growth. High demand for warehouse space is being generated by the logistics, distribution and retail industries. We are witnessing an increase in activity from manufacturing companies, driven by the need to secure supplies including parts and components used in the automotive industry. Also evident is continued growth in the e-commerce and courier industry, as demonstrated by recent pre-lease transactions such as BestSecret in Sulechów (88,500 sq m, the Lubuskie region) or Poczta Polska (50 000 sq m, in the Warsaw area). In the light of disrupted supply chains and high inflation, companies are seeking to improve logistics processes by relocating and shortening supply chains. In addition, increases in and future uncertainty of energy prices will be important factors driving efforts to reduce operating costs by increasing the energy efficiency of industrial projects. This, in turn, should have a positive impact on demand for new developments in the long term.

NET ABSORPTION AND SUPPLY



Source: Cushman & Wakefield

OVERALL VACANCY RATE AND ASKING RENT



SUPPLY: The record level of supply this year is unlikely to be maintained in the following year

Nearly 1.15 million sq m was completed in Q2 2022. Of that total, about 250,000 sq m was available for lease as of June 2022. Overall vacancy in Poland increased slightly to 867,000 sq m, or 3.3% of the total stock. A clear decrease in availability was recorded in the Silesia region (by around 86,000 sq m) while an increase was observed in the Łódź market (by 77,000 sq m) and the Western Pomeranian market (by 67,000 sq m).

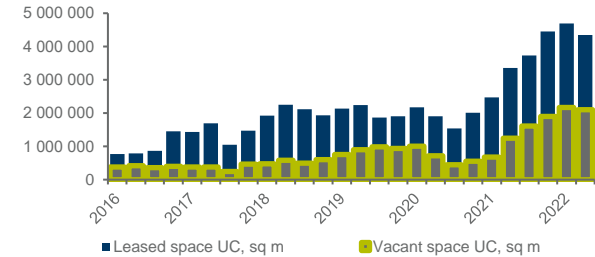
Almost 4.4 million sq m of warehouse space remained under construction as of June 2022. Speculative developments accounted for 48% of the total volume, equating to 2.1 million sq m, up by 0.9 million sq m from a year ago. A significant amount of warehouse space was launched to the market in H2 2021 (3 million sqm), which should translate into a record supply volume in 2022. A decline in momentum may appear in 2023, in view of the lower volume of projects commenced in H1 2022 (2.2 million sq m, of which 806,000 sq m began in Q2). However, developers are actively securing new development plots, both for large big-box, BTS and urban logistics projects, signalling strong confidence in the long-term growth of the Polish industrial market. Data on secured land indicates a total development potential exceeding 20 million sq m of warehouse GLA.

RENTS: Warehouse rents under strong upward pressure in 2022

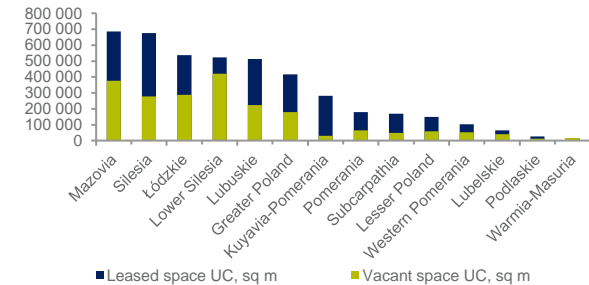
Warehouse rents came under strong upward pressure in the first half of 2022. On a year-on-year basis, the largest increases in headline rates, up to €1, were recorded in the Krakow and Tricity markets, which experienced low vacancy rates and a marked imbalance between demand and planned supply. Newly built projects are being offered at much higher rates that take into account the increase in construction costs, already evident in 2021 and accelerating in H1 2022. Existing warehouse assets have undergone more gradual rises.

At the end of June 2022, headline rents overall stood at EUR 3.40–4.80/sq m/month for big-box warehouses and at EUR 5.00–5.75/sq m/month for City Logistics/Small Business Units. Financial incentives offered to tenants are being scaled down in the current market environment, pushing effective rents up. Effective rental rates range between EUR 2.80–4.50/sq m/month for big-box units and EUR 4.50–4.80/sq m/month for City Logistics/SBUs - depending on location.

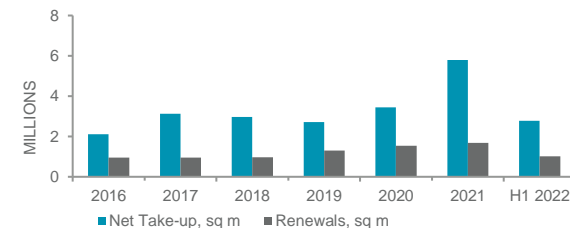
DEVELOPMENT ACTIVITY



INDUSTRIAL SPACE UNDER CONSTRUCTION JUNE 2022



TAKE-UP



Source: Cushman & Wakefield

REGIONAL STATISTICS

MARKET	STOCK (sq m)	AVAILABILITY (sq m)	VACANCY RATE	TAKE-UP YTD (sq m)	SUPPLY YTD (sq m)	UNDER CNSTR (sq m)	PRIME RENT (EUR/sq m/month)
Mazovia	5,572,211	219,520	3.9%	691,270	267,081	685,620	4.20
Silesia	4,540,267	164,236	3.6%	752,048	306,850	676,010	4.10
Łódzkie	3,840,600	167,516	4.4%	491,871	351,332	537,285	4.00
Lower Silesia	3,352,944	128,491	3.8%	370,622	444,829	523,414	3.90
Greater Poland	2,989,981	30,868	1.0%	448,427	352,238	417,876	3.90
Pomerania	1,207,281	7,262	0.6%	294,099	131,705	179,420	4.50
Western Pomerania	1,140,330	89,591	7.9%	44,601	271,191	103,810	3.95
Lesser Poland	886,356	8,911	1.0%	145,220	52,107	150,273	4.80
Lubuskie	861,633	15,225	1.8%	405,343	30,904	512,859	3.95
Kuyavia-Pomerania	547,663	6,230	1.1%	76,804	132,686	282,921	3.90
Lubelskie	331,236	16,271	4.9%	35,115	0	65,670	4.00
Subcarpathia	309,946	0	0.0%	34,563	19,500	170,004	4.00
Other markets	571,028	12,836	2.2%	18,458	59,262	45,067	3.85-4.00
POLAND TOTALS	26,151,476	866,956	3.3%	3,808,440	2,419,685	4,385,229	4.80/ BIG-BOX 5.75/ SBU

Source: Cushman & Wakefield

SELECTED LEASE TRANSACTIONS, Q2 2022

PROPERTY	REGION	TENANT	SIZE (sq m)	TYPE
Panattoni Park Sosnowiec III	Silesia	Confidential (retail & e-commerce)	59,000	New lease
Hillwood Piekary Śląskie	Silesia	Confidential (manufacturing)	41,232	New lease
MLP Pruszków II	Mazovia	GTV	31,935	New lease
7R Park Łódź East	Łódzkie	Maersk	18,500	New lease
Panattoni Park Lublin II	Lubelskie	Stella Pack	17,000	New lease

SELECTED SALE TRANSACTIONS, Q2 2022

PROPERTY	REGION	SELLER	BUYER	SIZE (sq m)
7R Portfolio	Poland	7R	CTP	127,250 & land bank - 1.2M GLA to develop
Panattoni Park Gdańsk Airport	Pomerania	Invesco	Exeter Group	111,500

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