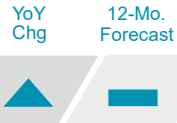


7.0%
Vacancy Rate



€3.80 /sqm/month
Prime Rent



5.70%
Prime Yield



**ECONOMIC INDICATORS
Q2 2020**

	YoY Chg	12-Mo. Forecast
-3.5% GDP	▼	▲
6.1% Unemployment Rate	▲	▼
-5.0% Industrial Production	▼	▲
-4.8% Private Consumption	▼	▲

Annual growth unless otherwise indicated
Source: Oxford Economics

Strong performance of the warehouse sector in Poland

The warehouse market in Poland is still developing rapidly as both demand and supply activity remained at high levels in H1 2020. Although, despite strong results, we are conservative in assuming that this year will be another record one for the market as there are still sectors negatively affected by COVID-19 such as automotive or manufacturing both playing an important role in Poland's economy. Recent months, however, have shown that many companies are gradually returning to normal business activity, some are negotiating or finalizing new development projects along with further easing of the restrictions and they will be better prepared for the potential risk of a second wave of COVID-19.

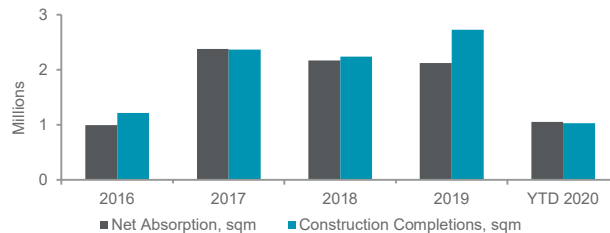
Tenant activity is still robust

Developers do not complain about the lack of tenant interest, which is confirmed by take-up accounted to 1.3 million sq m of warehouse space leased in the second quarter and almost 2.3 million sq m transacted since the beginning of 2020 (+26% year on year). New leases and expansions totalled nearly 1.7 million sq m which is 74% of total take-up. In regional terms, the highest tenant activity was observed in the three largest regional markets in Poland which are: Warsaw-suburbs (411,000 sq m), Upper Silesia (387,000 sq m) and Central Poland (377,000 sq m). These statistics would indicate record demand levels in non-pandemic market conditions, however some extra attention should be given as part of the demand was generated by lease transactions or extensions that included preferential conditions offered to tenants in connection with COVID-19. We could expect that some of these transactions would be finalized in later years, but due to the exceptional situation there were reasonable premises for early renegotiation of the contractual terms. Some tenants have been hit very hard and have asked landlords for support such as deferring or reducing payments temporarily in exchange for lease extensions.

Asking rents remain stable

We expect warehouse rents to remain unchanged throughout H2 2020 ranging from €2.50-3.80/sq m/month in the case of BIG-BOX units to €4.00-5.25/sq m/month for SBU (Small Business Units) in urban areas of key agglomerations. Developers market is still very competitive, and we expect that the scale of financial incentives offered to tenants will remain attractive, especially in the case of larger warehouse units secured with long-term leases. Effective rents range €2.00-3.20/sq m/month for BIG-BOX units and €3.00-4.50/sq m/month for SBU.

SPACE DEMAND / DELIVERIES



Source: Cushman & Wakefield

OVERALL VACANCY & ASKING RENT



Legend: Prime Rent (Bar), Vacancy Rate (Line)

Developers limit speculative supply

In the second quarter developers completed 600,000 sq m and over 1 million sq m of warehouse space since the beginning of the year. Approximately 70% of the new supply volume was delivered in the three regional markets: Warsaw Suburbs (353,000 sq m), Wrocław (195,000 sq m) and Upper Silesia (180,000 sq m).

The total warehouse stock will soon exceed 20 million sq m. In June 1.9 million sq m of industrial space was under construction, which demonstrates high development activity, although it is a slightly weaker result compared to the corresponding period of the previous year when we saw more than 2.2 million sq m. About 60% of the total warehouse space under construction was already secured by lease agreements which means speculative supply decreases, however in selected locations it will be still observed but in a smaller scale.

Developers are most active in following regional markets: Upper Silesia (435,000 sq m), Warsaw Suburbs (324,000 sq m.), Western Poland (256,000 sq m of which 80% under the single Build To Suit project located in Świebodzin near to the German-Polish border) as well as Tricity (237,000 sq m) and Wrocław (158,000 sq m).

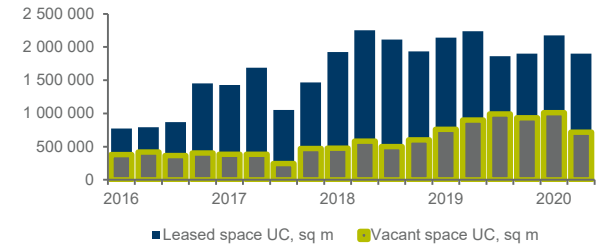
Vacancy decreased slightly in H1 2020

At the end of June 2020 nearly 1.4 million sq m of space was vacant, which accounts for 7% of the total stock in Poland. The vacancy rate fell slightly by 0.4 pp. compared to the previous quarter but is still clearly higher than at 5.6% noted a year ago. The largest decrease in warehouse space availability was recorded in Central Poland (from 10.1% to 6.8%) and Kraków (from 7.5% to 5.2%), while a slight increase was observed in the Warsaw Suburbs (from 5.3% to 6.8%). In case of other regional markets, the vacancy rate remained at stable levels over the last three months.

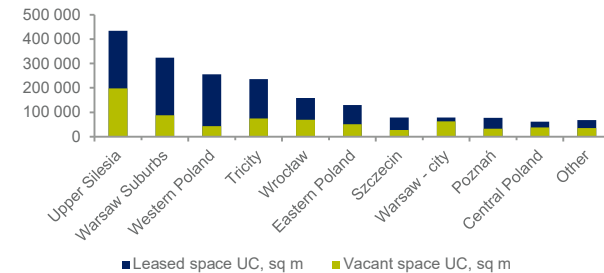
Outlook

The e-commerce sector remains the main driver of the dynamic warehouse market development in Poland. During the pandemic, we observed its accelerated growth, as evidenced by the two-digit share of online sales in total retail turnover. At present, however, this indicator is gradually returning to the levels recorded before the pandemic although its organic long-term growth will benefit the logistics sector and ultimately the entire warehouse sector in Poland, which successfully operates both domestic and cross-border distribution.

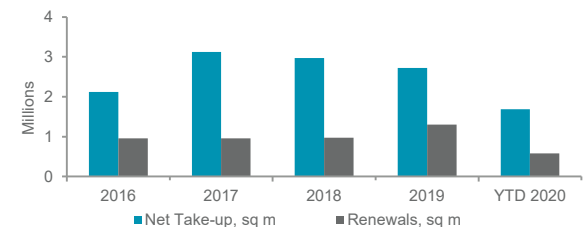
DEVELOPMENT ACTIVITY



SPACE UNDER CONSTRUCTION IN REGIONS JUNE 2020



TAKE-UP



Source: Cushman & Wakefield

MARKET STATISTICS

REGION	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Warsaw Suburbs	3,811,383	260,321	6.8%	218,795	410,575	352,868	323,607	3.80
Upper Silesia	3,423,653	228,946	6.7%	187,864	387,203	179,903	435,081	3.60
Central Poland	3,199,243	218,086	6.8%	248,483	377,013	34,315	60,926	3.60
Wrocław	2,187,648	226,511	10.4%	62,417	185,682	195,153	158,411	3.60
Poznań	2,172,582	173,112	8.0%	98,903	228,328	38,881	77,477	3.60
Warsaw Inner City	819,384	89,737	11.0%	42,168	86,740	4,900	78,263	5.25
Szczecin	756,983	8,938	1.2%	7,560	37,138	36,143	78,574	3.60
Eastern Poland	732,097	38,807	5.3%	23,472	63,343	6,664	128,960	3.50
Tricity	729,938	32,814	4.5%	137,113	183,515	49,242	236,529	3.60
Western Poland	693,313	13,770	2.0%	205,352	207,172	33,023	256,269	3.60
Kraków	542,133	28,021	5.2%	30,441	45,115	25,841	16,400	3.70
Bydgoszcz & Toruń	384,813	43,955	11.4%	7,950	14,450	52,907	27,980	3.60
Other	269,732	17,300	6.4%	40,000	40,000	22,900	23,000	3.60
POLAND TOTALS	19,721,902	1,380,318	7.0%	1,310,518	2,266,274	1,032,640	1,901,537	3.80 /BIG-BOX 5.25 /SBU

Source: Cushman & Wakefield

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	REGION	TENANT	SIZE (SQ M)	TYPE
Panattoni BTS Świebodzin	Western Poland	Confidential	200,400	Pre-let
Hillwood Łódź Górna	Central Poland	Confidential	73,000	New lease
Panattoni BTS Zabrze	Upper Silesia	Weber-Stephen	50,300	Pre-let

SELECTED SALE TRANSACTIONS Q2 2020

PROPERTY	REGION	SELLER	BUYER	SIZE (SQ M)
Logistic City	Central Poland	Confidential	Reino IO Logistic / Grosvenor	135,000
Airport House	Warsaw – Inner City	M7	Arrow Capital	8,600

KATARZYNA LIPKA

Head of Consulting & Research

+48 606 993 860 / katarzyna.lipka@cushwake.com

ADRIAN SEMAAN

Senior Research Consultant

+48 722 202 894 / adrian.semaan@cushwake.com

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