

**8.5%**  
Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**€3.80**  
/sqm/month  
Prime Rent



**5.50%**  
Prime Yield



**ECONOMIC INDICATORS  
Q3 2020**

**-3.0%**  
GDP

YoY  
Chg



12-Mo.  
Forecast



**5.9%**  
Unemployment Rate



**-3.9%**  
Industrial Production



**-5.5%**  
Private Consumption



Annual growth unless otherwise indicated  
Source: Oxford Economics

**The warehouse market in Poland is still highly resistant to the Covid-19 pandemic**

The year 2020 is marked by lower activity of developers in the Polish warehouse market, but demand remains very strong. This market is currently the fastest growing commercial property sector. The very strong results recorded on the demand side were due to factors such as the need to maintain higher inventories by companies willing to secure uninterrupted supplies, as well as the further development of the e-commerce sector and the multichannel sales strategy, which is gaining in importance under the restrictions on physical retail. This is confirmed by the record volume of leases, which since the beginning of the year has reached a record 3.5 million sq m, of which new leases and expansions accounted for 71%. Poland is gaining in importance as a production and logistics hub of Western Europe. Companies, both those already present on this market but also those planning to invest in the CEE region, will secure additional space to prepare for the risks of potential disruptions in the supply chain in the future.

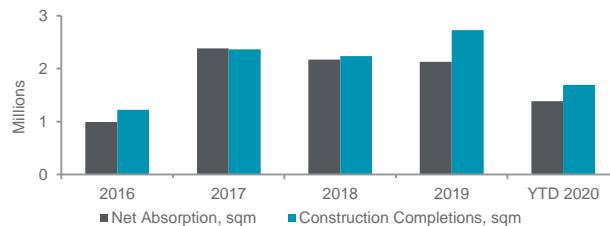
**Quarterly take-up exceeded 1.25 million sq m for the second time in a row**

In the period July-September, the total volume of leases amounted to 1.28 million sq m, which is the second highest quarterly take-up ever. The largest amount of space was leased by logistics operators with 29% of all transactions and shop chains (23%), of which the most active were grocery and discount retailer. Companies from light production (7%), automotive (7%), food industry (7%) and online shops (7%) were also active, including companies offering products in the following categories: furniture, household appliances, clothing, electronics, cosmetics, but also "second-hand" products, which is in line with the development of the "zero waste" trend. In regional terms, approx. 46% of the total demand was accounted for by contracts concluded in Upper Silesia, where the market recorded a record volume of 387,000 sq m and in the vicinity of Warsaw (221,000 sq.m). High demand was also observed in Wrocław, Central Poland, Poznań and Tricity. In each of these markets leases were made at the level of over 100,000 sq.m and their total share in the total demand was 40%.

**Rents are stable, but may decrease slightly in the short-term**

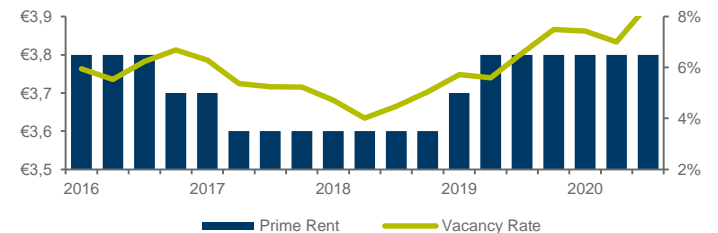
We have not observed any substantial change in the level of warehouse rents during the last quarter. Headline rents range from €2.50-3.80/sq m/month in the case of BIG-BOX units to €4.00-5.25/sq m/month for SBU (Small Business Units) in urban areas of key agglomerations. Effective rents range €2.00-3.20/sq m/month for BIG-BOX units and €3.00-4.50/sq m/month for SBU. It is likely that the scale of financial incentives offered to tenants may increase slightly in the following months due to higher volume of vacant space in some markets such as Upper Silesia, Central Poland or Tricity.

**SPACE DEMAND / DELIVERIES**



Source: Cushman & Wakefield

**OVERALL VACANCY & ASKING RENT**



Annual growth unless otherwise indicated  
Source: Oxford Economics

**Development activity is lower by 18% compared to September 2019**

In the third quarter developers delivered 676,000 sq m and nearly 1.7 million sq m since the beginning of the year. At the end of September 2020 the total modern warehouse space stock in Poland amounted to 20.4 million sq m. The largest supply volumes were recorded in: Warsaw Suburbs, Upper Silesia and Wrocław, where a total of nearly 1.14 million sq m in Q3 2020. There was also a significant increase in warehouse space stock in the Tricity, which rapidly became the 6<sup>th</sup> largest warehouse market in Poland. The temporary weaker development activity concerns the Central Poland region, which is related to the very strong supply observed in recent years and the relocation of some major tenants to larger BTS schemes, which together led to an increase in vacancy in the region.

At the end of Q3, nearly 1.54m sq m of warehouse space was under construction (-18% y/y). This, albeit high investment volume, means a further decline in development activity, which in our opinion is temporary and is due to an increase in vacancy rates and a more restrictive policy on pre-let agreements, which translates into a reduction in speculative investments. Large agglomerations continue to enjoy the greatest interest, which is due, among other things, to their strong position and the continued development of 'last mile' logistics. Smaller regional markets are also active, thanks to investments in transport infrastructure and an appropriate location to shorten supply chains to foreign markets. This is confirmed by new projects started in Eastern Poland or Bydgoszcz, as well as in Western Poland, where a large project for an international e-commerce company is being developed.

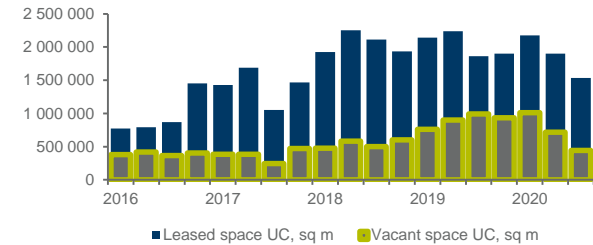
**Strong supply and relocations caused vacancy growth up to 8.5%**

At the end of Q3, nearly 1.7m sq m of warehouse space remained vacant, representing 8.5% of Poland's total stock. The vacancy rate increased by 1.5 pp. compared to the previous quarter and by 1.9 pp. annually. Among the main regional markets, the highest increase in the vacancy rate in the third quarter was recorded in Upper Silesia (from 6.7% to 10.8%) and Warsaw-North (from 6.8% to 8.8%), in both cases mainly due to new supply, and in Central Poland (from 6.8% to 9.6%), where the key factor in increasing availability were the layoffs of space by tenants who decided to relocate to new developments. Decreases in vacancy rates were recorded in Wrocław (from 10.4% to 8.4%) and Poznań (from 8.0% to 7.1%).

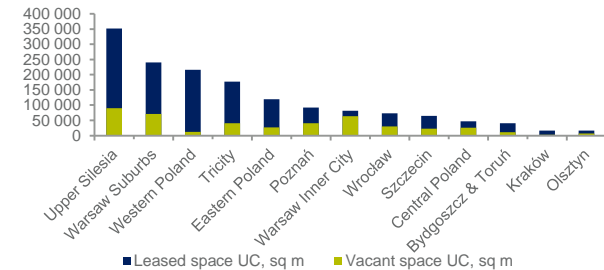
**Outlook**

*Despite the second wave of the Covid-19 pandemic, we are still observing high tenant activity, which proves the good condition of the warehouse market. Increased availability of warehouse space is beneficial in the market conditions of high demand and especially for those tenants who are looking for warehouse space available for rent within a short period. Moreover, companies looking for new projects and BTS investments tailored to individual needs remain active on the market, which will have a positive impact on further development of the Logistics and industrial sector in Poland.*

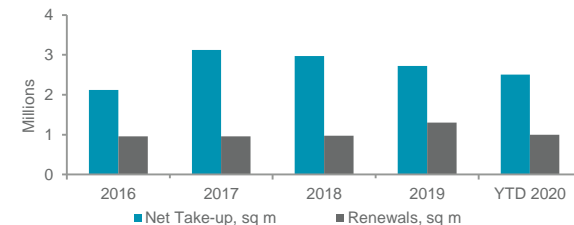
**DEVELOPMENT ACTIVITY**



**SPACE UNDER CONSTRUCTION IN REGIONS SEPTEMBER 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	3,895,069	341,607	8.8%	221,291	592,005	419,729	240,121	3.80
Upper Silesia	3,654,418	394,520	10.8%	364,806	751,309	412,053	351,662	3.60
Central Poland	3,237,243	309,895	9.6%	135,534	512,632	72,215	46,691	3.60
Wrocław	2,297,319	194,026	8.4%	146,935	332,617	304,824	73,274	3.60
Poznań	2,222,581	157,332	7.1%	107,976	336,304	88,880	91,856	3.60
Tricity	813,941	78,783	9.7%	101,524	285,602	133,245	176,831	3.60
Warsaw Inner City	805,862	117,587	14.6%	18,194	104,934	12,266	81,656	5.25
Szczecin	756,983	4,981	0.7%	50,103	87,241	36,143	64,494	3.60
Eastern Poland	754,120	23,905	3.2%	48,528	111,871	28,687	119,757	3.50
Western Poland	733,580	28,687	3.9%	15,245	222,417	73,290	216,002	3.60
Kraków	542,133	25,064	4.6%	24,104	69,219	25,841	16,460	3.70
Bydgoszcz & Toruń	384,813	30,283	7.9%	25,474	39,924	52,907	40,780	3.60
Other	277,732	17,435	6.3%	19,400	59,400	31,900	16,000	3.60
<b>POLAND TOTALS</b>	<b>20,375,794</b>	<b>1,724,105</b>	<b>8.5%</b>	<b>1,279,114</b>	<b>3,505,476</b>	<b>1,691,980</b>	<b>1,535,584</b>	<b>3.80/ BIG-BOX 5.25/ SBU</b>

Source: Cushman & Wakefield

### KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	REGION	TENANT	SIZE (SQ M)	TYPE
7R BTS Radzymin	Warsaw Suburbs	Confidential / Retail	67,500	Pre-let
Panattoni BTS Tychy	Upper Silesia	Confidential / Retail	60,800	Pre-let
Prologis Park Gliwice	Upper Silesia	Confidential / Retail	56,700	Renewal

### SELECTED SALE TRANSACTIONS Q2 2020

PROPERTY	REGION	SELLER	BUYER	SIZE (SQ M)
Goodman Industrial Portfolio	Various	Goodman	GLP	900,000
Central European Logistics Hub	Central Poland	Panattoni	Savills IM	145,000
P3 Mszczonów - Pepsico	Warsaw Suburbs	P3 Logistic Parks	Elite Partners Capital	58,500

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