

6.8%
Vacancy Rate

YoY Chg



12-Mo. Forecast



€3.80 /sq m/month
Prime Rent



5.40%
Prime Yield



**ECONOMIC INDICATORS
Q4 2020**

-4.64%
GDP

YoY Chg



12-Mo. Forecast



5.96%
Unemployment Rate



4.34%
Industrial Production



2.88%
Retail Sales



Source: Moody's

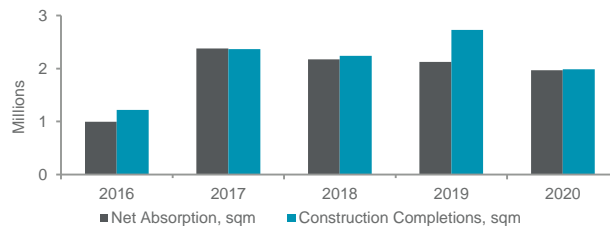
Record demand for industrial space despite COVID-19 pandemic - total take-up reached almost 5 million sq m.

In 2020, total demand for modern warehouse space reached a record level of almost 5 million sq m and increased by 24% year-on-year. New leases and expansions totaled 3.45 million sq m or 70% of total take-up. This high result of tenant activity was influenced both by the investment decisions made back in 2019 and early 2020, but also by the surge in e-commerce momentum caused by the restrictions on physical retail during the COVID-19 pandemic. Lease extensions made up the remaining 1.54 million sq m, which also demonstrates strong resilience of warehouse tenants in difficult economic conditions. Similarly, to previous year, two tenant sectors represented the largest share in demand structure: logistics & courier (34%) and retail (17%), driven by growing consumer demand especially for product categories such as FMCG, electronics/ home appliances and furniture. E-commerce companies also remained very active, letting nearly 500,000 sq m (10% of total take-up), but it is worth noting that this result does not reflect the total demand created by the whole e-commerce industry. Companies from various industries (especially retailers) are intensively developing multichannel sales strategies, thus increasing the demand for logistics services and warehouse space of various types - logistics centres for domestic and cross-border distribution and projects dedicated to "last mile" logistics. The estimated share of e-commerce, in its various forms, already exceeds 1/3 of demand for modern warehouse space in Poland. Light manufacturing (12%) and the automotive sector (6%) also remain significant sources of demand. Companies representing these industries were most affected by the negative effects of the pandemic, limiting production processes in the first phase of the crisis. Nevertheless, they are gradually returning to normal activity. The development of the electric vehicles market and investments linked to the expected reorganization of the global supply chain (nearshoring), may help to rebuild and develop the potential of these industries in the coming years.

In the fourth quarter, vacant warehouse space decreased by almost 300,000 sq m.

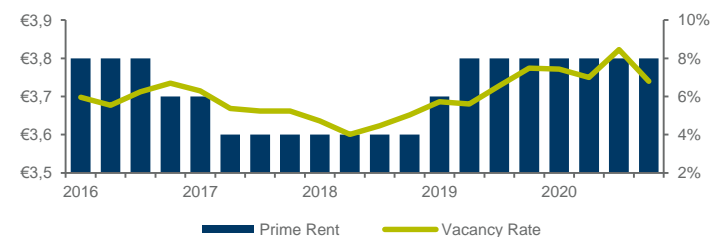
Last year we did not observe significant changes in the level of warehouse rents, although a slight downward trend was visible in some markets due to the high level of supply and an increase in vacancy. Base rents range from €2.50-3.80/sq m/month for BIG-BOX facilities to €4.00-5.25/sq m/month for SBU (Small Business Units) facilities in urban areas in key markets. Financial incentives offered by developers typically range from 10-30% of the headline rent, depending on the lease terms. These consist of rent-free periods of one to two months for each year of the lease and a financial contribution for selected fit-out works or potential tenant relocation costs. At the end of Q4 2020, about 1.42 million sq m was available for lease in the warehouse market, which accounted for 6.8% of the total supply in Poland. Strong demand growth in Q4 2020 and a relatively low level of new supply (296,000 sq m) compared to previous quarters contributed to a significant decline in vacancy levels by ca. 300,000 sq m. Lower availability of warehouse space and high levels of pre-lets in projects under construction may indicate a slight reduction in the scale of financial incentives offered to tenants in 2021, particularly in certain regions.

SPACE DEMAND / DELIVERIES



Source: Cushman & Wakefield

OVERALL VACANCY & ASKING RENT



Development activity remains buoyant.

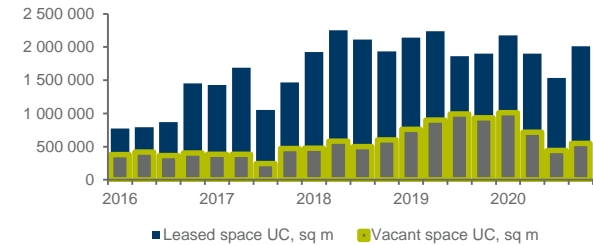
High demand is keeping development activity at a high level. In 2020, almost 2 million sq m was completed in the warehouse market to bring the total stock up to 20.7 million sq m (+11% y-o-y). Compared to the record-breaking 2019 new supply was down 27% (or 0.7 million sq m). Although there was a similar number of completed projects, a much lower volume of large projects (over 50,000 sq m) was noticeable. Last year, it amounted to 370,000 sq m, compared to 1 million sq m the year before, when new large developments for companies such as Amazon, Zalando, Leroy Merlin, Castorama and Carrefour were being finalised. By contrast, by the end of 2020 there was over 2 million sq m under construction, some 100,000 sq m more than a year earlier and almost 500,000 sq m more compared to the figure at the end of Q3 2020. Around 73% of the development volume has already been secured with pre-let agreements, an increase of 23 pp year-on-year and driven by high demand and a trend to reduce speculative investment due to higher market risk during the COVID-19 pandemic.

A number of new development projects are scheduled to start in 2021, including large ones such as Wrocław CAMPUS 39 (180,000 sq m, Lower Silesia), 7R Park Gdańsk-Port (123,000 sq m, Tricity), Hillwood Rokitno (110,000 sq m, Western Poland) and DL Invest Park Teresin (100,000 sq m, near Warsaw). Apart from warehouse parks offering larger warehouse modules (BIG-BOX) and BTS (build to suit) investments, developers are actively developing investments within the "last mile" logistics development trend, which is gaining momentum. A good example is Warsaw, where developers are building further projects of this type in the Okęcie, Żerań, Targówek Przemysłowy and Bielany areas. Other cities in Poland, such as Poznań, Wrocław, Łódź, Kraków, Gdańsk, Gdynia and Rzeszów, are also in the sights of developers. The standard of warehouse facilities is changing, offering convenient solutions for specific operations related to logistics under e-commerce or light production. The standard of new facilities is also strongly influenced by the ecological trend and automation. Developers and tenants are increasingly willing to invest in IT technologies, industrial automation, renewable energy and friendly working environment.

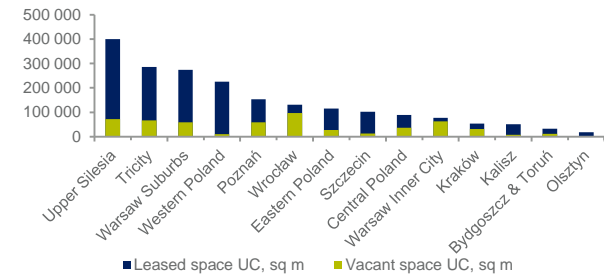
Outlook

While many industries are experiencing huge difficulties due to the pandemic, the warehouse sector recorded strong performance. This is mainly due to long-term growth, largely fueled by the high dynamics of the e-commerce sector, which has become even more important amidst the restrictions on stationary trade. Poland's strategic location at the intersection of major routes and further investment in transport infrastructure, combined with the development of urban and cross-border logistics, give an optimistic view of the sector's condition in 2021. Long-term growth is also predicted by investors, who spent a record EUR 2.6 billion on industrial projects in 2020.

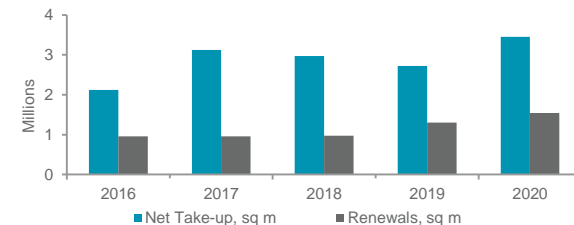
DEVELOPMENT ACTIVITY



SPACE UNDER CONSTRUCTION IN REGIONS DECEMBER 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 | 4,025,531 | 241,053 | 6.0% | 318,182 | 910,187 | 508,309 | 274,612 | 3.80 |
| Upper Silesia | 3,700,361 | 323,181 | 8.7% | 244,863 | 996,172 | 426,498 | 400,717 | 3.60 |
| Central Poland | 3,192,648 | 267,676 | 8.4% | 163,817 | 676,450 | 72,215 | 88,994 | 3.60 |
| Wrocław | 2,324,954 | 182,260 | 7.8% | 185,351 | 517,968 | 334,358 | 131,195 | 3.60 |
| Poznań | 2,238,804 | 132,063 | 5.9% | 124,801 | 461,105 | 105,364 | 153,283 | 3.60 |
| Warsaw Inner City | 865,735 | 109,254 | 12.6% | 51,243 | 156,177 | 26,315 | 77,445 | 5.25 |
| Eastern Poland | 820,486 | 23,305 | 2.8% | 58,891 | 170,762 | 89,198 | 114,917 | 3.50 |
| Tricity | 813,294 | 53,777 | 6.6% | 66,700 | 352,303 | 142,161 | 286,565 | 3.60 |
| Szczecin | 772,483 | 1,481 | 0.2% | 103,411 | 190,652 | 51,143 | 102,549 | 3.60 |
| Western Poland | 734,334 | 11,316 | 1.5% | 42,736 | 265,153 | 73,290 | 226,002 | 3.60 |
| Kraków | 559,944 | 24,711 | 4.4% | 67,423 | 136,642 | 42,281 | 53,322 | 3.70 |
| Bydgoszcz & Toruń | 393,523 | 33,785 | 8.6% | 51,213 | 91,137 | 78,807 | 32,680 | 3.60 |
| Other | 285,417 | 15,550 | 5.4% | 10,478 | 69,878 | 38,100 | 69,418 | 3.60 |
| POLAND TOTALS | 20,727,513 | 1,419,412 | 6.8% | 1,489,110 | 4,994,586 | 1,988,039 | 2,011,699 | 3.80/ BIG-BOX 5.25/ SBU |

Source: Cushman & Wakefield

KEY LEASE TRANSACTIONS Q4 2020

| PROPERTY | REGION | TENANT | SIZE (SQ M) | TYPE |
|--------------------------|----------------|------------------|-----------------|----------------------------|
| Mapletree Park Szczecin | Szczecin | Rhenus Logistics | 37,215 & 14,523 | Renegotiations & Expansion |
| Panattoni A2 Warsaw Park | Warsaw Suburbs | Allegro | 36,500 | New lease |
| DL Invest Park Teresin | Warsaw Suburbs | Stokrotka | 34,500 | New lease (pre-let) |

SELECTED SALE TRANSACTIONS Q4 2020

| PROPERTY | REGION | SELLER | BUYER | SIZE (GLA) |
|-----------------------------------|---------|--------------------------|------------|------------------------------------------|
| Amazon Fulfillment Centre Wrocław | Wrocław | GLL Real Estate Partners | Hines | 123,500 sq m |
| Amazon Fulfillment Centre Poznań | Poznań | GLL Real Estate Partners | Blackbrook | 100,000 sq m |
| Wrocław Business Park | Wrocław | Aviva | Panattoni | 9,500 sq m (+10.5 ha of investment land) |

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