

YoY Chg 12-Mo. Forecast

7.4%
Vacancy Rate



€3.8
Prime Rent, PSQM



5.80%
Prime Yield



ECONOMIC INDICATORS
Q1 2020

1.6%
GDP



6.5%
Unemployment Rate



0.3%
Industrial Production



2.3%
Private Consumption



Source: Oxford Economics

The demand is still strong

Q1 was a continuation of the positive trends observed in 2019. Total take-up hit 956,000 sqm, which was almost the same result as year ago. Net take-up comprising new leases and expansions hit nearly 790,000 sqm, accounting for 82% of all deals while lease renewals accounted for only 18% of gross take-up, a clear indication of strong demand for new or additional space required for business development. Warehouse take-up came predominantly from logistics operators (27%) and large retailers (24%) such as Lidl, 4F or Żabka, followed by light manufacturing (10%) and courier sector (6%). The overall vacancy rate remained unchanged quarter-on-quarter, but was up by 1.8 pp on an annual basis, largely due to developers increasingly committing to speculative construction last year.

Will COVID-19 reverse the trend of incredible growth?

The Covid-19 epidemic appeared in early March and caused a number of business restrictions. The present situation is very challenging for everyone, both tenants and landlords. Having said that, the overall picture is more complex. Tenants from some sectors are struggling with business difficulties and making efforts to stay afloat. Problems besetting the rapidly growing automotive industry in Poland include reduced demand, the suspension or significant limitation of manufacturing processes, with investment decisions being postponed. From the other side, some companies are growing and developing at a much faster pace than ever before, largely powered by the accelerated growth in e-commerce sales. Next stages of loosening the restrictions on economic activity are optimistic, although the momentum of action and change is still strong. In our opinion, despite the significantly increased risk, there are solid fundamentals of the warehouse market in Poland allowing for its stable growth over the long term.

Total stock will exceed 20 million sqm in 2020

Significant volume of warehouse space under construction (2.18 million sqm) include diversified products such as multi-let logistics parks, BTS projects and urban parks largely supporting last mile logistics. The rate of speculative construction stands at a high of 46% while the remaining 54% of warehouse space has been secured under pre-lets. The current uncertainty caused by the coronavirus pandemic will undoubtedly weaken developers' and investors' appetite to commence speculative projects.

SPACE DEMAND / DELIVERIES



POLAND OVERALL VACANCY & PRIME RENT





MARKET STATISTICS

SUBMARKET	STOCK (SQM)	AVAILABILITY (SQM)	VACANCY RATE	CURRENT QTR TAKE-UP (SQM)	YTD TAKE-UP (SQM)	YTD COMPLETIONS (SQM)	UNDER CNSTR (SQM)	PRIME RENT (€/SQM/MONTH)
Warsaw Suburbs	3,513,016	187,757	5,3%	191,780	191,780	72,974	570,828	3.80
Upper Silesia	3,381,534	247,664	7,3%	199,100	199,100	47,713	579,182	3.60
Central Poland	3,141,558	317,261	10,1%	128,530	128,530	7,899	77,742	3.60
Wrocław	2,368,430	210,525	8,9%	125,085	125,085	182,753	197,671	3.60
Poznań	2,163,652	186,899	8,6%	129,425	129,425	34,445	50,278	3.60
Warsaw Inner City	806,973	101,405	12,6%	44,572	44,572	4,900	53,754	5.25* (*Small Business Unit)
Other submarkets	3,714,618	165,952	4,5%	137,025	137,025	77,384	646,981	3.70
POLAND TOTALS	19,089,815	1,417,463	7,4%	955,517	955,517	428,068	2,176,436	3.80

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQM)	TYPE
Panattoni BTS Czeladź	Upper Silesia	Undisclosed / Retail	67,000	Ptre-lease
Exeter Park Stryków	Central Poland	Undisclosed / Retail	51,943	New lease
Panattoni Park Gliwice III	Upper Silesia	Undisclosed / Retail	35,200	Expansion
Panattoni BTS Teresin	Warsaw Suburbs	Orbico Supply	25,000	Ptre-lease
7R BTS Goleniów	Szczecin	Hultafors Group	22,110	Ptre-lease

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQM)	OWNER/DEVELOPER
P3 Mszczonów	Bucharest	PepsiCo	58,474	P3 Logistic Parks
Hillwood Wrocław Wschód II	Bucharest	-	52,400	Hillwood
Panattoni Park Bydgoszcz II	Bucharest	Nissin Logistics	36,540	Accolade / Panattoni

KATARZYNA LIPKA

Head of Consulting & Research
+48 606 993 860
katarzyna.lipka@cushwake.com

ADRIAN SEMAAN

Research Consultant
+48 722 202 894
adrian.semaan@cushwake.com

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