



FOUR *FAST* FACTS



STOCK HEADING TOWARDS 35 MILLION SQ M

Poland's total warehouse stock is on course to surpass the 34 million sq m mark. With nearly 7 million sq m of warehouse space, Warsaw will strengthen its position as the leading regional market and increase its lead over Silesia in second place by 20%. Lower Silesia and Łódź region are expected to have 5 million sq m each in the near future.



2023 TAKE-UP HITS THIRD HIGHEST LEVEL IN HISTORY

Last year's total take-up surpassed 5.6 million sq m, marking the third highest result in the history of the Polish warehouse market. Leasing activity accelerated particularly in H2 2023, which saw 3.38 million sq m transacted - an increase of over 50% from the previous six months. The Wrocław market reported the biggest-ever lease agreement for 265,000 sq m.



A THIRD OF STANDING STOCK BUILT IN THE LAST THREE YEARS

3.72 million sq m came on stream in 2023 - the second highest supply level on record. Total supply for 2021-2023 reached 11.2 million sq m, accounting for 35% of Poland's total industrial stock.

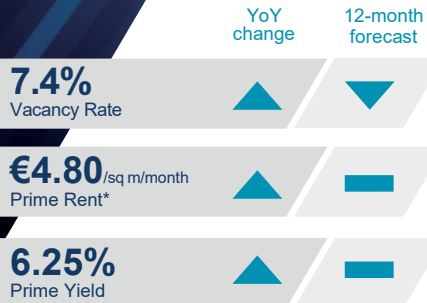


RENTAL AND VACANCY RATES HOLD FIRM

A healthy supply and demand balance keeps rental rates stable, further aided by easing inflationary pressure and more predictable construction costs. **Developers are curtailing speculative activity.** In the second half of 2023, they commenced construction work on 580,000 sq m of projects without pre-lets - a 40% decrease compared with the first half of the year.

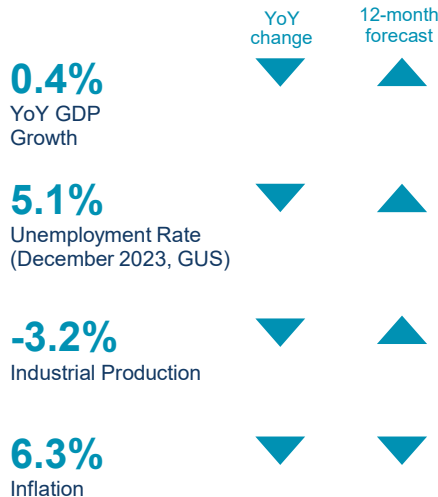
MARKETBEAT POLAND

Industrial, Q4 2023



Avg. for 5 core markets, big-box, A-class standard

ECONOMIC INDICATORS Q4 2023



Source: Moody's, Statistics Poland (GUS)

ECONOMY: POLAND AVOIDED A RECESSION, WITH ITS GDP EXPECTED TO RISE STRONGLY IN 2024-2025

According to estimates from Statistics Poland (GUS), Poland's GDP for 2023 as a whole grew by a mere 0.2%. Although the Polish economy contracted year-on-year during the first two quarters, it bounced back in the latter half of 2023. The country's GDP is expected to increase to 2.9% in 2024 and to 3.5% in 2025. Although inflationary pressure is gradually easing, last year's rate of inflation remained high -11.4%. Inflation is, however, expected to drop to 4.6% in 2024 before falling further to 3.7% in 2025. Data for December 2023 from Statistics Poland shows that Poland's unemployment rate is at a low level of 5.1%. Industrial sales for January-December 2023 were down by 1.5% compared with the same period in 2022.

DEMAND: LEASING ACTIVITY GAINED MOMENTUM IN H2 2023

A significant economic downturn in 2023 acted as a drag on warehouse demand, especially when compared to the peak years of 2021-2022. However, despite economic headwinds, last year's total take-up hit 5.58 million sq m - the third highest result since records began. Net take-up comprising new leases and expansions accounted for 60% of the leasing volume while renewals made up the remaining 40%. The good news is that leasing activity picked up in the second half of 2023 - a sign of improving occupier sentiment. A total of 3.38 million sq m was transacted in July-December 2023, up by more than 50% over the previous six months. By sector, strong demand continued to come from logistics and courier companies which accounted for 35% of all deals in 2023. Other leading growth sectors were retail including e-retailers (approx. 25% of total take-up) and manufacturing and automotive (25%).

In times of considerable global economic and geopolitical turmoil, forecasts and assumptions of any kind are fraught with a high degree of uncertainty. The Polish industrial market has been expanding at a double-digit growth rate for 10 years, but its growth is likely to tail off in the next decade. The pandemic caused a surge in demand fuelled by the meteoric rise of e-commerce and a change to strategic reserves management. The outbreak of the war in Ukraine, high inflation and economic stagnation caused a deceleration of the market's growth. Nevertheless, they did not trigger a crisis in the industrial sector, which continues to grow underpinned by Poland's strong economic fundamentals and global trends of e-commerce growth, supply chain reorganisation and energy transition.

NET ABSORPTION AND SUPPLY



Source: Cushman & Wakefield

VACANCY RATE AND PRIME HEADLINE RENT



SUPPLY: WAREHOUSE AVAILABILITY IMPROVED IN 2023

As of December 2023, the total warehouse stock in Poland stood at 31.71 million sq m, up by 13% year-on-year. New supply for the fourth quarter reached 580,000 sq m, bringing last year's total to 3.73 million sq m. High levels of new completions improved warehouse availability which was 2.34 million sq m at the end of the year, double that posted at the same time a year ago. The overall vacancy rate, which had been on an upward trajectory for months, edged down by 0.4 pp over the quarter to 7.4%. Warehouse availability remains at a stable, healthy level in the Warsaw and Poznań regions. Markets experiencing temporary oversupply are Łódzkie, whose vacancy fell in recent months but remains above 10%, and Wrocław, where there is a significant volume of speculative construction underway. By contrast, Silesia saw its vacancy rate fall to 6.1%, with the lowest rates recorded in Lesser Poland (2.2%), Pomerania (1.7%) and Subcarpathia (1.7%).

In the last quarter of 2023, construction works began on 822,000 sq m, constituting a healthy level of development activity. At the end of December 2023, there was 2.81 million sq m of warehouse space under construction, of which 50% was in speculative projects. Speculative construction slowed during the second half of the year, which is expected to push the average vacancy rate down by the end of this year. Panattoni Europe remained the most active developer with a 30% share of the total development volume in Poland, followed by P3 Logistic Park (15%), CTP (13%), Hillwood (9%), GLP (7%), MLP Group (6%) and 7R SA (6%).

RENTS: WAREHOUSE RENTAL RATES HOLD FIRM

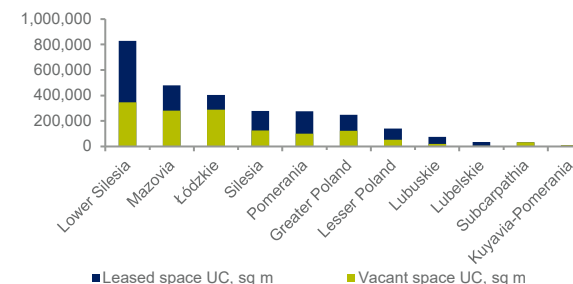
The relative supply-demand balance and static construction costs kept warehouse rents stable throughout Q4 2023. Although warehouse space availability improved significantly over the year, developers were rather unwilling to negotiate rental rates due to elevated inflation rates and financing costs. Slight temporary rental corrections are, however, likely in some markets where there is strong competition between developers.

Headline rents for big-box projects are in the range of EUR 3.60-6.50/sq m/month, with most rental rates standing at EUR 4.00-5.00/sq m/month. Rents for SBU/City Logistics projects are higher - EUR 5.00-7.50/sq m/month. With financial incentives such as rent-free periods or space adaptation offered to tenants, effective rents are only lower than headline rental rates by a maximum of 10-20%.

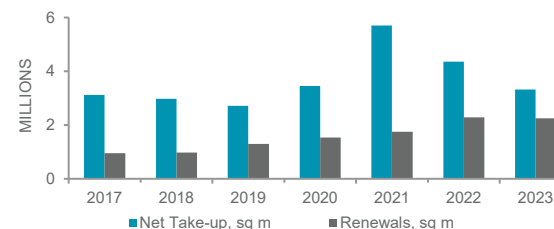
DEVELOPMENT ACTIVITY



INDUSTRIAL SPACE UNDER CONSTRUCTION DECEMBER 2023



TAKE-UP



REGIONAL STATISTICS

MARKET	STOCK (sq m)	AVAILABILITY (sq m)	VACANCY RATE	Q4 GROSS TAKE-UP (sq m)	YTD GROSS TAKE-UP (sq m)	YTD NET TAKE- UP (sq m)	YTD COMPLETIONS (sq m)	UNDER CNSTR (sq m)	PRIME RENT* (EUR/sq m/month)
Mazovia	6,492,991	502,946	7.7%	566,152	1,444,170	571,671	702,481	478,888	5.25
Silesia	5,469,595	334,233	6.1%	245,226	886,021	643,948	608,739	279,026	5.20
Łódzkie	4,512,188	461,143	10.2%	237,550	595,537	298,557	415,187	402,943	4.50
Lower Silesia	4,111,081	333,117	8.1%	428,275	992,750	759,538	389,000	829,007	4.50
Greater Poland	3,384,038	218,393	6.5%	161,028	477,820	230,393	367,467	247,531	4.50
Lubuskie	1,519,785	216,353	14.2%	2,300	102,892	86,292	454,598	75,485	4.30
Pomerania	1,442,507	24,087	1.7%	112,354	408,703	243,157	72,784	276,739	5.50
Western Pomerania	1,239,316	89,266	7.2%	83,677	238,497	158,648	93,310	0	4.40
Lesser Poland	1,035,701	23,296	2.2%	41,901	242,814	169,523	165,291	141,326	6.50
Kuyavia-Pomerania	884,063	56,807	6.4%	15,327	27,569	13,349	237,441	10,040	4.20
Subcarpathia	514,710	8,928	1.7%	7,700	61,499	61,499	87,962	33,000	4.90
Lubelskie	422,090	36,355	8.6%	14,558	66,775	63,892	64,618	34,047	4.40
Opolskie	271,363	10,800	4.0%	0	8,736	8,736	24,750	0	4.30
Other	405,871	27,949	6.9%	3,234	23,215	13,400	13,400	0	3.90-4.30
POLAND TOTALS	31,705,299	2,347,672	7.4%	1,921,456	5,582,407	3,325,370	3,728,176	2,808,032	6.50 (*BIG-BOX)

Source: Cushman & Wakefield

KEY LEASE TRANSACTIONS, Q4 2023

PROPERTY	REGION	TENANT / INDUSTRY	SIZE (sq m)	TYPE
P3 Wrocław	Lower Silesia	Confidential / e-commerce	265,115	New lease
GLP Poznań II Logistics Centre	Greater Poland	Musketeers Group	81,637	Renewal
Panattoni Park Ruda Śląska III	Silesia	Midocean	20,446	Expansion

KEY INVESTMENT TRANSACTIONS, Q4 2023

PROPERTY	REGION	SELLER	BUYER	SIZE (sq m)
Panattoni Park Wrocław S8 South / Panattoni Park Wrocław East	Lower Silesia	Panattoni	Exeter	18,000 / 24,000
Eurocash Kragola	Greater Poland	Mirae Assets	Confidential	40,000
Panattoni Park Janki II	Mazovia	Aberdeen	GLP	37,600

EWA DERLATKA-CHILEWICZ

Head of Research

+48 606 116 006 /

ewa.derlatka-chilewicz@cushwake.com

ADRIAN SEMAAN

Senior Research Consultant

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

A CUSHMAN & WAKEFIELD PUBLICATION

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.