

# AT A GLANCE

## Q1 2023

# INDUSTRIAL AND LOGISTICS MARKET IN POLAND



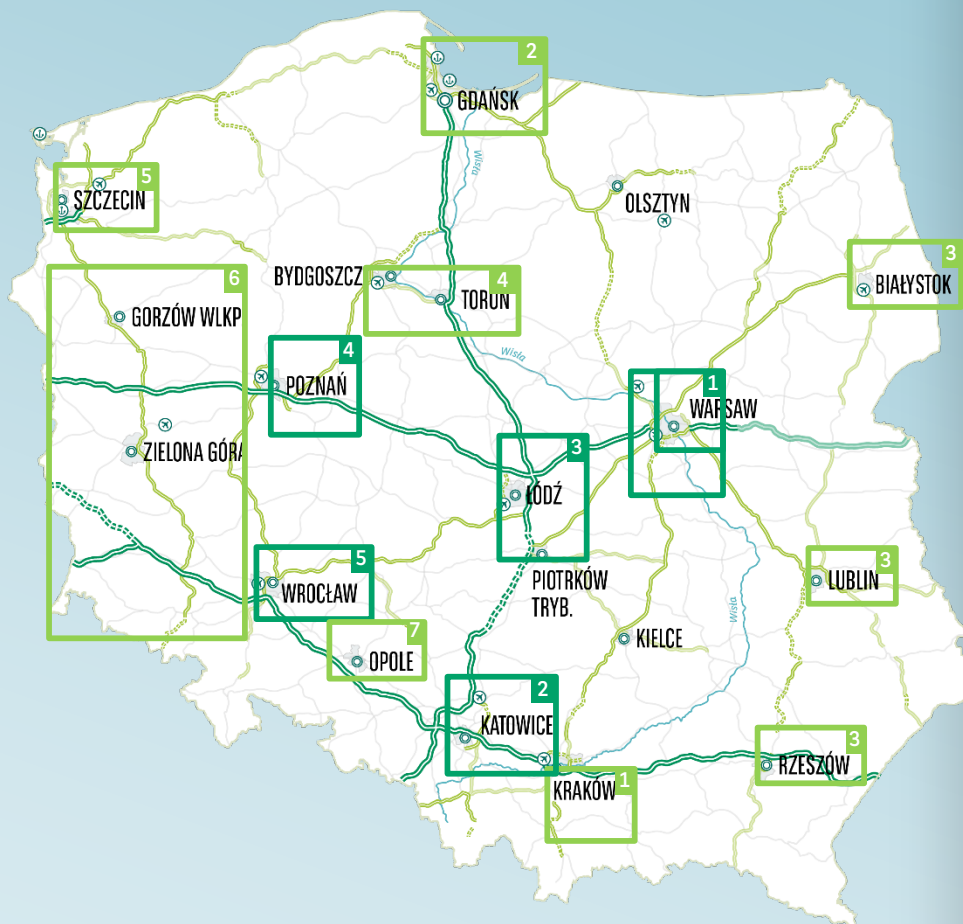
## Economic forecast indicators end 2023

	<b>GDP growth</b>	0.5%
	<b>CPI Inflation</b>	13.1%
	<b>EUR/PLN</b>	4.65
	<b>Labour cost</b> (2022)	13.0 EUR/h

quarterly average (% y/y)

Source: BNP Paribas as of the end of March 2023, NBP, Statistics Poland, Eurostat

## MAP OF INDUSTRIAL AND LOGISTICS HUBS AND THE ROAD NETWORK



### PRIMARY HUBS:

1. Warsaw I & II
2. Upper Silesia
3. Central Poland
4. Poznań
5. Lower Silesia

### SECONDARY HUBS:

1. Kraków
2. Tricity
3. East
4. Bydgoszcz / Toruń
5. Szczecin
6. West
7. Opole

Source: BNP Paribas Real Estate Poland

## Highlights

- New supply hits an all-time high
- Warehouse stock approaching the 30 million sqm mark
- Fewer projects under construction
- Q1 2023 sees more muted occupier activity following the historic peaks in 2021-2022
- Renegotiations account for a growing proportion of total take-up



**29.89 M sqm**  
EXISTING INDUSTRIAL AND LOGISTICS SPACE

**1.89 M sqm**  
NEW SUPPLY Q1

**6.4%**  
AVERAGE VACANCY RATE

**1.8 M sqm**  
VACANT SPACE IN EXISTING SPACE Q1

**2.1 M sqm**  
SPACE UNDER CONSTRUCTION Q1

**1.2 M sqm**  
GROSS DEMAND Q1

**0.6 M sqm**  
NET DEMAND Q1

**1.1 M sqm**  
VACANT SPACE IN SPACE UNDER CONSTRUCTION Q1

**3.50-5.50 Big Box**  
**4.50-6.75 SBU**  
PRIME HEADLINE RENT (EUR/sqm/month)

Source: BNP Paribas Real Estate Poland

## Expert comment

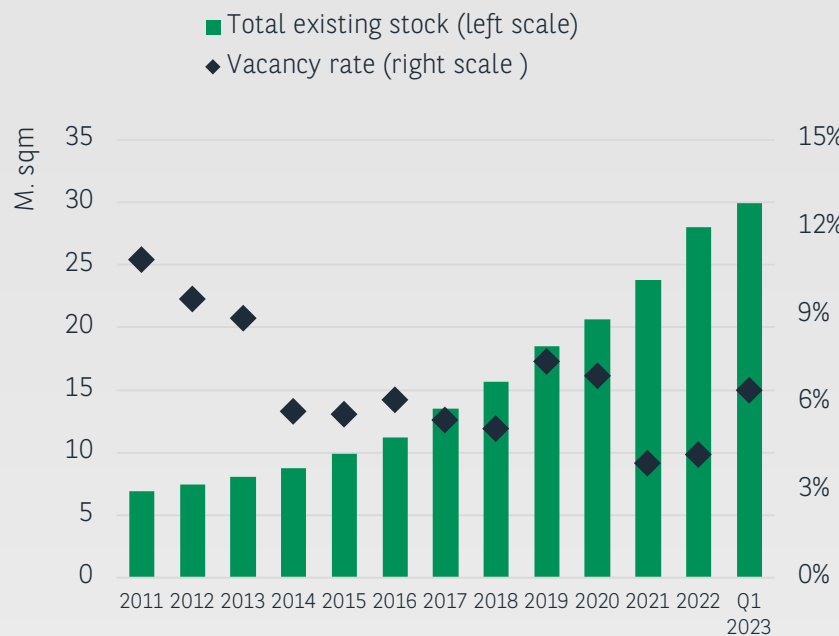


**Tomasz Arent**  
Head of Industrial and Logistics  
BNP Paribas Real Estate Poland

## A record high supply pushes the vacancy rate up

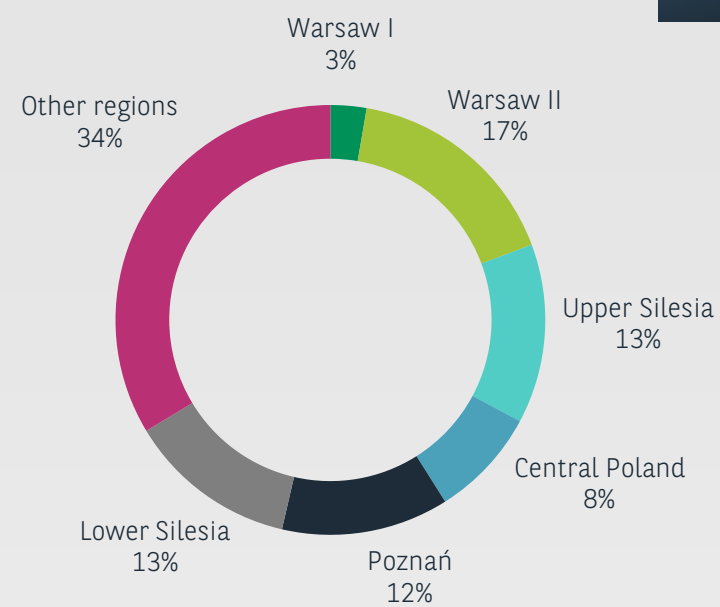
The Polish warehouse market finished on a record high supply level in the past quarter, with more than 1.89 million sqm of industrial and logistics space coming on stream in the period January-March 2023. This volume accounted for over 40% of last year's total of more than 4.4 million sqm. The overall vacancy rate continued to trend upwards since the beginning of 2022. At the end of March, it stood at 6.4%, its highest since Q1 2021, marking an increase of 3.1 pp between Q1 2022 and Q1 2023. This growth was largely driven by large volumes of new deliveries in recent years with relatively low occupancy levels. The high vacancy rate is, however, no cause for concern as it remains within a healthy range. We expect the ratio of available stock in 2023 to be above 2022's level. The structure of take-up has changed in recent quarters. In Q1 2023, new leases and renewals accounted for 49% and 45% of the total leasing volume, respectively, compared to 66% and 27% in the same time last year.

## Stock and vacancy rate



Source: BNP Paribas Real Estate Poland

## New supply



Source: BNP Paribas Real Estate Poland

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### Top 3 lease agreements

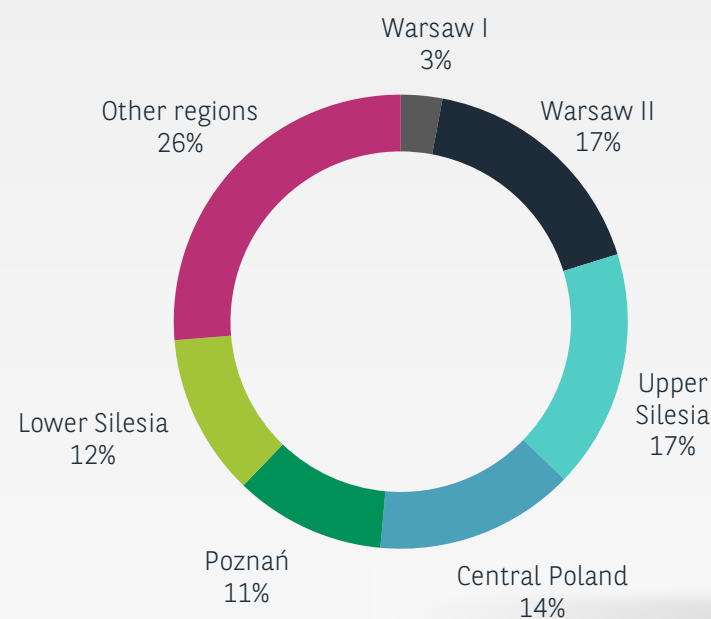
TENANT	BUILDING	HUB	AREA LEASED (sqm)	TYPE OF LEASE
1 Tyco Electronics Polska	Panattoni Park Szczecin I	Szczecin	56,000	renewal
2 Shein	Panattoni Park Wrocław Logistics South Hub	Wrocław	55,000	new
3 MCG EastBridge	GLP Kraków Logistics Centre III	Kraków	36,700	new

Source: BNP Paribas Real Estate Poland

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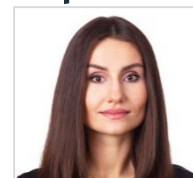
During the first quarter of 2023, Poland's warehouse, logistics and industrial market expanded by around 1.89 million sqm compared to 822,000 sqm of deliveries in Q4 2022. Despite such a good result, developers remain cautious about choosing new development sites, targeting prime locations and expecting more than half of a project's space to be pre-let before commencing construction. Poland, which continues to offer lower operating costs, remains one of the most attractive destinations for industrial and logistics investment. Warehouse rents, electricity and labour costs in Poland are among the lowest in Europe. At the end of Q1 2023, the overall vacancy rate was 6.4%, up by 2.2 pp over the quarter. Vacancy rates remained flat in three industrial hubs (Bydgoszcz/Toruń, Opole and Tricity), with the remaining hubs reporting upward movements, the strongest of 4.3 pp q-o-q being in Szczecin.

## Share of industrial and logistics market by hub



Source: BNP Paribas Real Estate Poland

### Expert comment



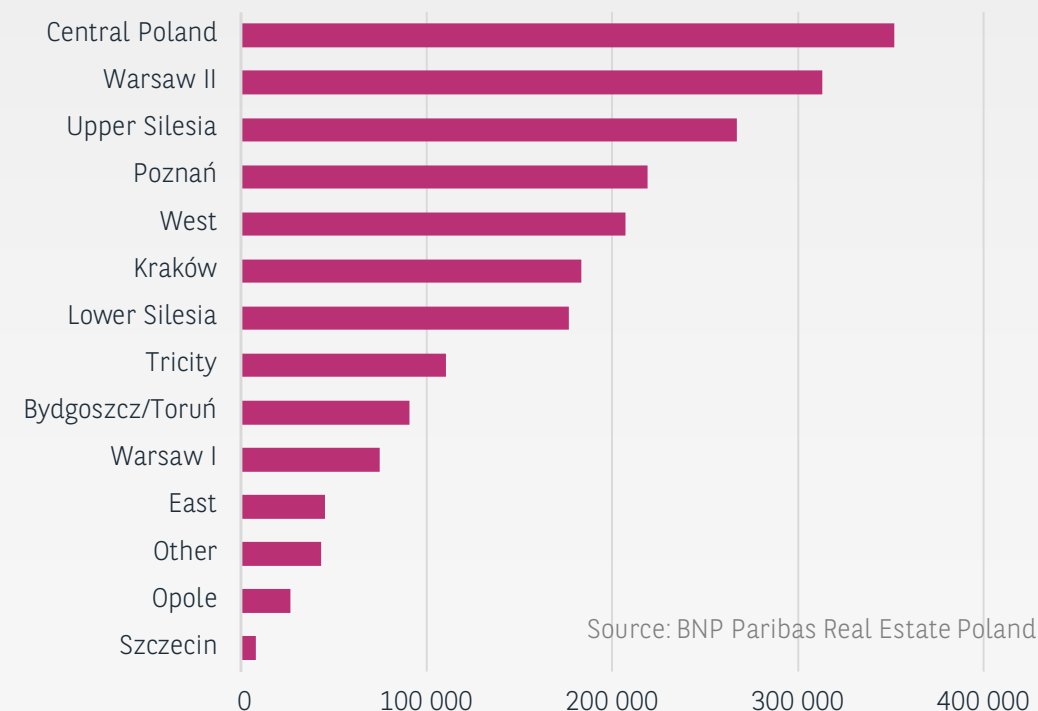
**Martyna Kajka, MRICS**

Director, Industrial and Logistics  
BNP Paribas Real Estate Poland

## The industrial market's growth will continue to be driven by e-commerce

**Every third warehouse in Poland serves e-commerce.** The strongest growth in warehouse space dedicated to e-commerce has, in recent years, been reported in such provinces as Lower Silesia, Lubuskie, Greater Poland and Silesia. Some of the most notable developments highlighting this trend are located along the S3 expressway in western Poland: Legnica, Głogów, Zgorzelec, Słubice, Rokitno, Świebodzin, Zielona Góra, Gorzów Wielkopolski, to name a few. E-commerce tenants are generally split into four categories: pure online retailers (Zalando, Amazon, Answear.com), retailers developing omnichannel strategies (Smyk, Vistula Retail Group, KRM, LPP, Leroy Merlin, Decathlon, MediaMarkt Saturn), logistics operators cooperating with e-commerce (Arvato, Fiege, Rhenus Logistics, DHL Supply Chain, Spedimex), and CEP companies (courier, express and parcel services), e.g. DHL, DPD, InPost, TNT, GLS, UPS, and FedEx.

## Industrial and logistics space under construction



Source: BNP Paribas Real Estate Poland

**At the end of Q1 2023, there was more than 2.1 million sqm under construction,** indicating a shrinking development pipeline. The average pre-let ratio of around 45% continued its downward trend over the quarter.

## Major schemes under construction

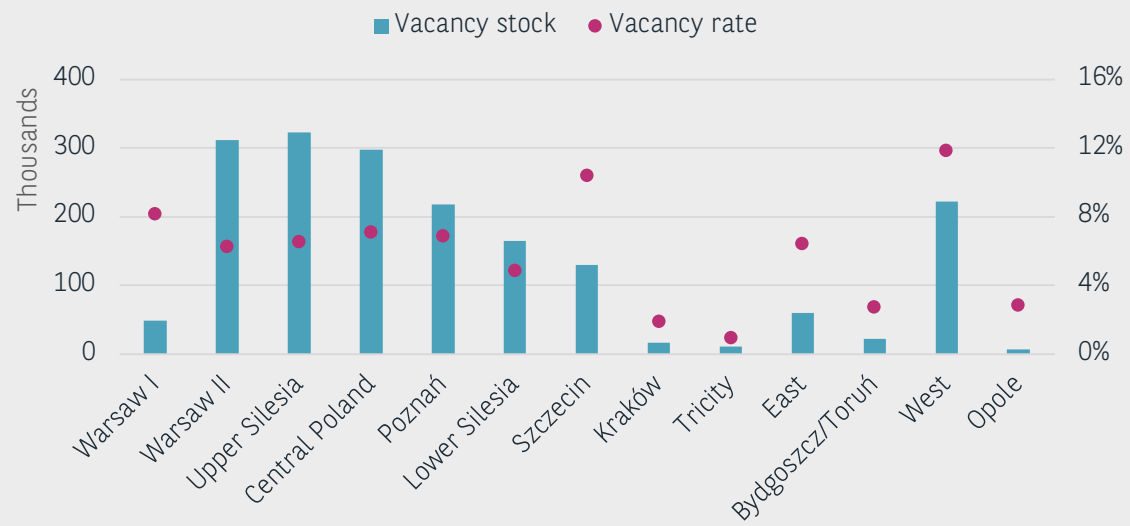
BUILDING	HUB	AREA (sqm)
1 Hillwood Łódź II (Chocianowice)	Central Poland	97,100
2 Panattoni BTS Gorzyczki	Upper Silesia	82,800
3 CTPark Gdańsk Port	Tricity	82,000

Source: BNP Paribas Real Estate Poland

**At the end of Q1 2023 there was more than 2.1 million sqm of warehouse, logistics and industrial space under construction,** down by around 1.25 million sqm on Q4 2022. The highest concentration of development activity in January-March 2023 was in Central Poland (352,100 sqm), Upper Silesia (267,100 sqm) and Poznań (219,300 sqm). Meanwhile, the largest volumes of new warehouse space added to the market in Q1 2023 were recorded in Warsaw II (315,200 sqm), Upper Silesia (256,100 sqm) and Wrocław (242,100 sqm).



## Vacancy rate

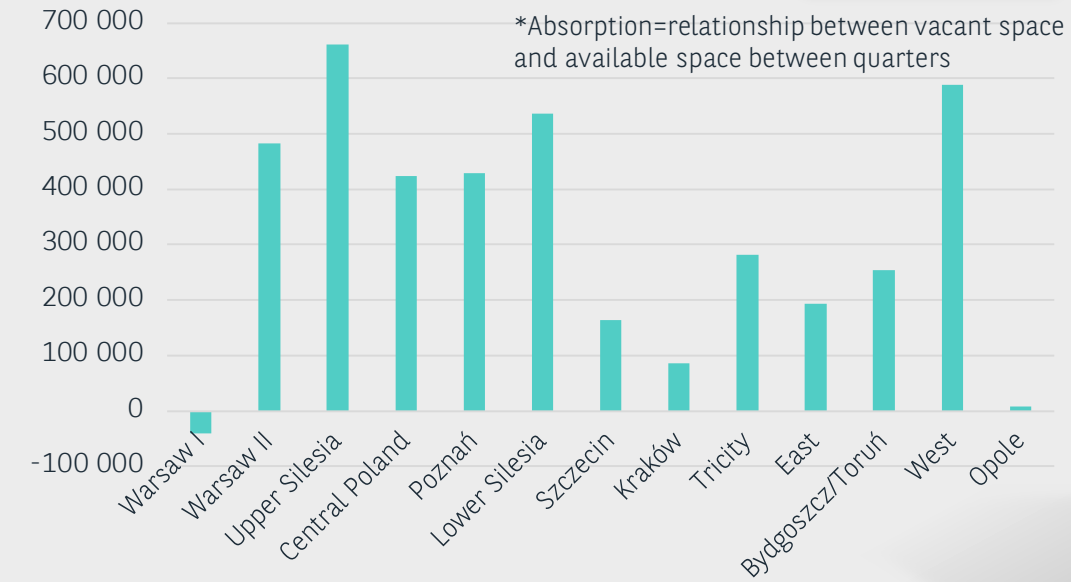


Source: BNP Paribas Real Estate Poland

## Absorption\*

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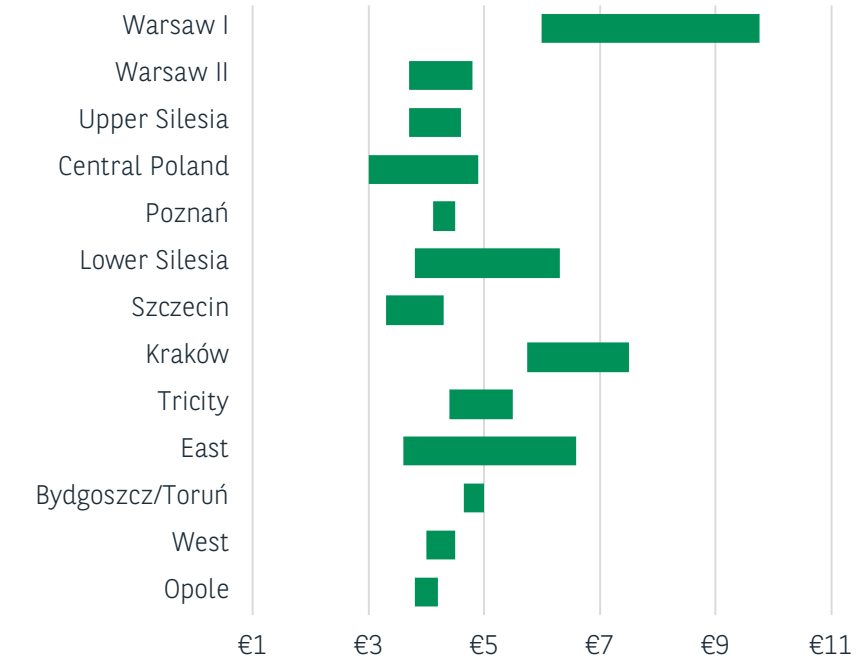
Q1 2023



Negative absorption recorded in Warsaw I is due to the removal from databases of warehouse space that can no longer be classified as modern warehouse space.

Source: BNP Paribas Real Estate Poland

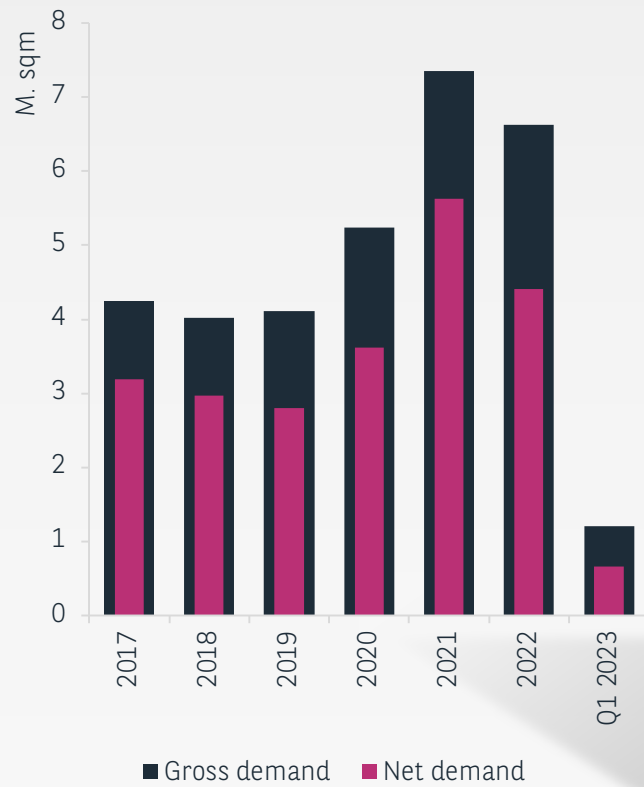
## Headline rents by zone (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

In 2022, warehouse rents rose not only in Poland but also in many European markets. Rental growth was particularly pronounced in the Polish industrial market, which had, for many years, enjoyed relatively stable and significantly lower rental rates compared to other European countries. Headline rents in big-box projects rose by 20-30% in 2022 but remained flat throughout Q1 2023.

## Demand structure



Source: BNP Paribas Real Estate Poland

## Expert comment



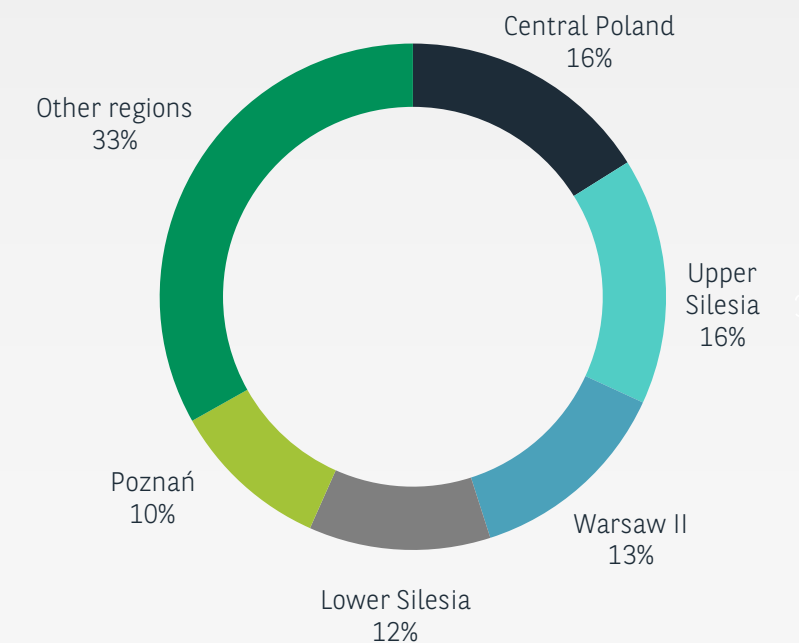
**Michał Rdzanek**

Associate Director, Industrial and Logistics,  
BNP Paribas Real Estate Poland

## The market enters a period of stabilisation

Although warehouse development pipeline remained relatively strong throughout 2022, there was a slowdown in new construction starts since the beginning of the year, largely due to the worsening sentiment of investment funds and increased financing costs. We are starting to see some signs of market stabilisation in 2023 with falling steel prices which are on a downward trend following record-high increases in late Q1 and early Q2 2022. Furthermore, some economists anticipate that the reference rate will be cut from the current 6.75% by 0.25-1.25 pp by the end of 2023. This year is also expected to see increased activity from investors from Western Europe, the US and Asia for whom Poland remains one of the most attractive destinations in this part of Europe, largely due to its geographical position, labour market and warehouse lease costs. In Q2 2023, Poland will join the ranks of the four largest European warehouse markets: the UK, Germany, France and the Netherlands – each with more than 30 million sqm of industrial stock.

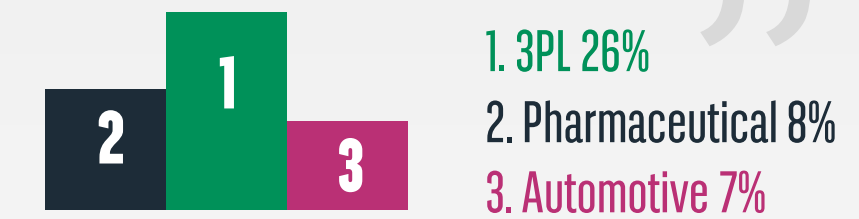
## Gross demand by hub



Source: BNP Paribas Real Estate Poland

## Top 3 tenant sectors Q1

(by share in the gross demand)



**Data4**, a leading European data centre operator and investor, is opening its first Polish data centre in Jawczyce near Warsaw.

**Dealz**, part of the **Pepco Group**, the owner of Pepco in Europe and Poundland in the UK, has launched its first distribution centre in Poland in Łyszkowice (Łowicki powiat).

**NREP**, whose portfolio includes a Polish logistics developer BIK SA, is arranging an acquisition of a stake in 7R.



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## Q1 2023

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