Industrial Market in Poland

Q1 2016
The first quarter of 2016 saw a continuous increase in the development and demand activity on the modern industrial market in Poland. At the end of March 2016 total warehouse stock exceeded 10,300,000 sq m.

**Take-up**

Take-up in Q1 2016 was high, with approximately 637,000 sq m of warehouse space leased. This was an increase by 8% (45,000 sq m) compared to the same period of 2015.

Upper Silesia and Warsaw Suburbs boasted the highest leasing volume, totalling 144,000 sq m and 140,000 sq m respectively. This was followed by the Central Poland (85,000 sq m), Poznań (76,000 sq m) and Wroclaw regions (71,000 sq m). Among smaller regional warehouse markets, a significant demand was recorded in Bydgoszcz & Toruń (54,000 sq m) and Tricity (24,000 sq m). Simultaneously, regions such as Szczecin (10,000 sq m) and Rzeszów (5,000 sq m) attracted relatively little occupier interest.

With regard to the demand structure, renewals and new lease agreements accounted for the largest share (47% and 46%) of all transactions recorded in the first quarter of 2016. Extensions amounted to 7% of the total take-up.

As in previous years, take-up predominantly came from logistics (42%) and retail operators (16%), followed by electronics (7%), light industry (7%), food, and archives (4% each).

**Stock under construction**

The first quarter still indicated a healthy development activity, with some 783,000 sq m of modern warehouse space under construction. More than 75% of this volume was found on main industrial markets, such as Poznań (184,000 sq m), Warsaw Suburbs (110,000 sq m), Central Poland (106,000 sq m) and Upper Silesia (91,000 sq m). An increased activity was recorded also among the developers in Kraków (60,000 sq m), Tricity (44,000 sq m) and Lublin (34,000 sq m).
Vacancy
As a result of a healthy demand, vacancy rates stood at a low level of 5.9%, which equates to 611,000 sq m of available warehouse space at the end of March 2016. The vacancy rate decreased by approx. 0.4 p.p. compared to the end of March 2015 (6.3%). The highest vacancy rate was reported in the regions of Warsaw Suburbs (9.6%) and Warsaw Inner City (8.9%). Among major regional markets, lower availability of warehouse space was recorded in Wrocław (5.6%), Central Poland (4.6%), Upper Silesia (4.3%) and Poznań (3.5%).

Supply
Growing developers’ activity resulted in a high level of new supply completed in the first quarter of 2016. Warehouse space in Poland increased by 447,000 sq m, representing almost half of the total supply recorded in the previous year (935,000 sq m).

Warsaw Suburbs accounted for the largest amount of space delivered to the Polish market (141,000 sq m), followed by Upper Silesia (86,000 sq m) and Central Poland (85,000 sq m). Poznań (40,000 sq m) and Wrocław (24,000 sq m) saw lower levels of new warehouse space completions.

Rents
Headline rents on the largest markets remained stable.

The highest rates are still charged in the urban area of Warsaw (EUR 4.00-5.40/sq m/month), and the lowest in the region of Central Poland (EUR 2.40-3.95/sq m/month) and in the capital’s fringe areas (EUR 2.50-3.80/sq m/month).

Rental rates in the remaining regions stood at EUR 2.50-4.00/sq m/month.
Regional Cities

Warsaw
Warsaw remains the largest warehouse market in Poland, with approximately 3,070,000 sq m of modern warehouse space at the end of Q1 2016. In the first quarter both development and leasing activity stood at high levels. Approx. 140,000 sq m of new warehouse space was delivered, entirely in the capital’s fringe areas. Take-up reached 159,000 sq m, which amounts to 90% of the warehouse space located in Warsaw Suburbs. At the end of Q1 2016 there was approx. 118,000 sq m of warehouse space under construction, of which only 8,000 sq m was delivered in the capital. In the last 12 months the vacancy rate fell by 3.2 p.p. to 8.9% in Warsaw and by 1.2 p.p. to 9.6% in the suburbs, which translates into 61,000 sq m and 229,000 sq m, respectively.

Upper Silesia
Upper Silesia is the largest regional warehouse market in Poland, with approximately 1,850,000 sq m of modern stock recorded as of the end of March 2016. In Q1 2016 approx. 86,000 sq m of new warehouse space was delivered to the market, which was three times more than in the same quarter of 2015 (30,000 sq m). Development activity remained robust with approximately 91,000 sq m of warehouse space under construction by the end of Q1 2016. Take-up remained at a high level and stood at 144,000 sq m, almost doubling the result recorded in the Q1 2015. Vacancy rates at the end of March 2016 reached 4.3% (80,000 sq m), posting a decrease by 4.2 p.p. year-on-year.

Central Poland
By the end of Q1 2016 Central Poland’s warehouse stock stood at approximately 1,335,000 sq m and rose by the 85,000 sq m delivered last quarter. Take-up reached 85,000 sq m, compared to 145,000 sq m of warehouse space leased in the first quarter of 2015. At the end of March approx. 106,000 sq m of warehouse space was in the pipeline. Vacancy rates reached 4.6% (62,000 sq m), representing a 0.6 p.p. increase compared to the same quarter of the previous year.

Poznań
Poznań is one of the fastest-growing warehouse markets in Poland, with total modern warehouse stock amounting to 1,481,000 sq m at the end of Q1 2016. New supply stood at a low level of 40,000 sq m; however, approx. 184,000 sq m was under construction as of the end of March 2016. Total take-up reached 76,000 sq m of warehouse space leased in Q1 2016, posting a 17% decrease compared to the same quarter of 2015 (91,000 sq m). At the end of March 2016 the vacancy rate stood at 3.5% (52,000 sq m), an increase by 2 p.p. year-on-year.

Wrocław
Modern warehouse stock in the Wrocław region stood at 1,391,000 sq m. Some 24,000 sq m of warehouse space was delivered to the market in Q1 2016. Total take-up reached 71,000 sq m of warehouse space leased in the analysed period, representing a twofold increase on an annual basis. As of the end of the first quarter of 2016 the Wrocław region saw approx. 99,000 sq m warehouse space under construction. At the end of March 2016 the vacancy rate stood at 5.6% (78,000 sq m), an increase by 4.8 p.p. year on year.

Kraków
Kraków’s warehouse stock remained at the level of 213,000 sq m, with no supply added in the last quarter. Development activity increased, with 60,000 sq m of modern warehouse space under construction. Take-up in Kraków amounted to approximately 4,000 sq m, compared to 13,000 sq m of warehouse space leased in the same period of the previous year. The vacancy rate declined on an annual basis by 3.5 p.p. to 1.7% recorded at the end of March 2016, which equates to approx. 3,700 sq m of vacant space.

Tricity
Tricity’s warehouse stock stood at approximately 328,000 sq m, with some 22,000 sq m delivered in the first quarter of 2016. Development activity stood at a high level, with some 44,000 sq m of warehouse space under construction. Take-up reached 24,000 sq m, compared to 18,000 sq m of warehouse space leased in the same period of 2015. The vacancy rate increased by 2.8 p.p. on an annual basis, standing at around 8.1% at the end of Q1 2016, which translates into approx. 26,500 sq m of vacant space.
Emerging markets

Szczecin
At the end of Q1 2016 warehouse stock in Szczecin amounted to approx. 160,000 sq m. In the analysed period the demand reached 10,000 sq m, which is a decrease compared to the result recorded in the same period of the previous year (32,000 sq m). As of the end of March, Szczecin saw 17,000 sq m of warehouse space under construction. The vacancy rate decreased to 0.0%, which means there is no readily available warehouse space.

Bydgoszcz & Toruń
At the end of Q1 2016 Bydgoszcz & Toruń’s warehouse stock amounted to 145,000 sq m. Take-up reached a record-breaking level of 54,000 sq m. As of the end of March there was approx. 22,000 sq m of warehouse space under construction. The vacancy rate remains at a very low level, and at the end of last quarter amounted to approx. 1.1%, which equates to 1,600 sq m of vacant space.

Rzeszów
The Rzeszów region experienced a dynamic growth of the warehouse market. In Q1 2016 total modern warehouse stock in the region posted an increase of volume by 27,000 sq m and stood at 251,000 sq m. Approximately 7,000 sq m were under construction. Vacancy rates did not record any major fluctuations in the last 12 months and stood at 5.5% (14,000 sq m) at the end of March 2015.

Lublin
Lublin is becoming more and more attractive to the developers. The warehouse stock in the region stood at 80,000 sq m, of which 6,000 sq m were delivered in the first quarter of 2016. At the end of March another 34,000 sq m of warehouse space was in the pipeline. The vacancy rate increased to 4.2% (3,400 sq m.), compared to lack of available warehouse space at the end of March 2015.
# Industrial Market in Poland

## Q1 2016

### Cushman & Wakefield’s Selected Transactions in Q1 2016

<table>
<thead>
<tr>
<th>Location</th>
<th>Region</th>
<th>Tenant Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>P3 Piotrków</td>
<td>Central Poland Region</td>
<td><strong>InPost</strong>, the biggest private postal operator in Poland, has signed a new lease agreement for a BTS warehouse facility totalling <strong>14,700 sq m</strong> in P3 Piotrków.</td>
</tr>
<tr>
<td>Prologis Park Wrocław III</td>
<td>Wrocław Region</td>
<td><strong>Farutex</strong>, a countrywide food distributor, has renegotiated a lease agreement of over <strong>4,800 sq m</strong> in Prologis Park Wrocław III.</td>
</tr>
<tr>
<td>Panattoni Park Rzeszów</td>
<td>Rzeszów Region</td>
<td><strong>Confidential Client</strong>, a global product leader in powertrain solutions for the automotive sector has leased approx. <strong>4,700 sq m</strong> in Panattoni Park Rzeszów.</td>
</tr>
<tr>
<td>Prologis Park Dąbrowa</td>
<td>Upper Silesia Region</td>
<td><strong>GTX Hanex Plastics</strong>, a leading manufacturer of thermoforming film, preforms and PET bottles in Poland, has renegotiated a lease agreement of over <strong>4,600 sq m</strong> in Prologis Park Dąbrowa.</td>
</tr>
<tr>
<td>Prologis Park Chorzów</td>
<td>Upper Silesia Region</td>
<td><strong>RTV Euro AGD</strong>, a countrywide household appliances retailer, has leased approx. <strong>1,400 sq m</strong> in Prologis Park Chorzów.</td>
</tr>
</tbody>
</table>
CONTACT:
Tom Listowski
Partner,
Head of Industrial & Logistics Agency in Poland
& CEE Corporate Relations
E-mail: tom.listowski@cushwake.com
Phone: +48 509 510 429

Cushman & Wakefield Polska Sp. z o.o.
Metropolitan
pl. Piłsudskiego 1
00-078 Warsaw
Poland

Industrial.pl