



**AT A GLANCE  
Q2 2020**

**INDUSTRIAL AND LOGISTICS  
MARKET IN POLAND**

- **COVID-19: The industrial and logistics market went through the pandemic almost untouched.**
- **The development of the sector is not slowing down. In H1 2020, demand was at a record high level. The vacancy rate is decreasing. The volume of new supply is still substantial.**

**PANDEMIC-PROOF WAREHOUSES**

The industrial market in Poland is one of the fastest growing commercial real estate sectors in Europe. Over the past five years alone, space stock doubled, and the continuing high level of tenant interest and the still high volume of space in the pipeline indicate that this trend will continue in the coming months.

Despite the ongoing pandemic, high levels of new supply and gross demand were recorded in the first half of 2020. Between January and June, existing space increased by 1 million sqm, of which nearly 60% was delivered to the market in the second quarter. The coming months will see rapid development of the West zone, which ranked third in terms of volume of space under construction.

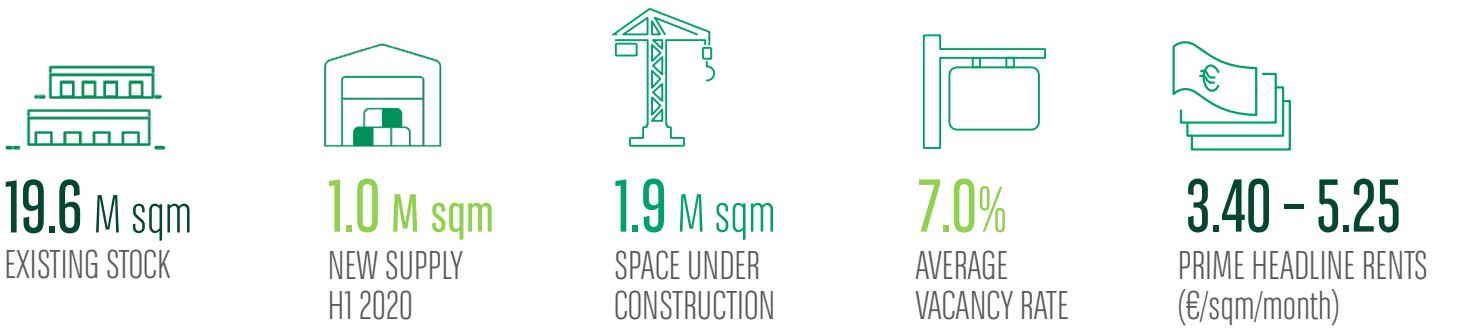
H1 2020 saw the highest gross demand ever recorded – about 2.4 million sqm. Gross demand in Q2 amounted to over 1.3 million sqm,

exceeding the previous quarter's volume by over 20%. The share of net demand in the lease structure in Q2 dropped to about 70% from about 80% three months earlier. On the other hand, the share of renewals increased considerably (from about 18% to about 30%).

The vacancy rate by the end of Q2 2020 decreased to 7.0%, by 0.6 p.p. compared to the preceding period.

Despite the good condition of the warehousing sector so far, the current health crisis and global economic recession mean increased uncertainty in this segment as well. However, possible demand or rent adjustments should not undermine the stable foundations for the market development.

**KEY FIGURES**



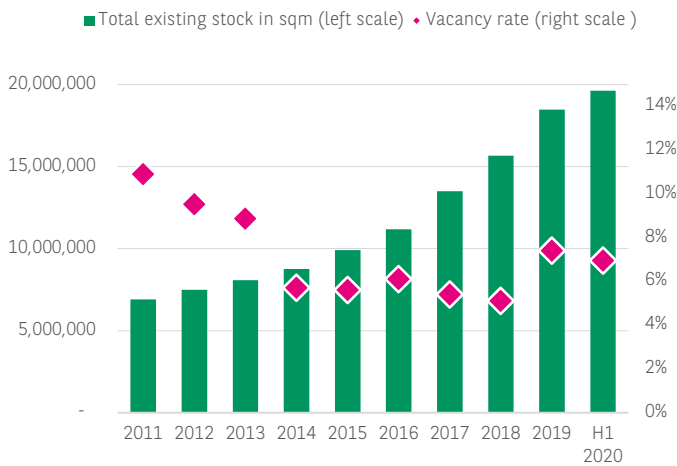
**SUPPLY**

Recent years have seen a dynamic growth of the industrial & logistics market in Poland. Since the beginning of 2017, more than 8.3 million sqm have been delivered, i.e. more than 40% of the currently existing stock. More than 1 million sqm of new industrial and warehouse space was delivered in H1 2020, of which approximately 600,000 sqm – in Q2. The largest volume in H1 2020 was completed in Warsaw II (353,000 sqm), Lower Silesia (193,000 sqm) and Upper Silesia (180,000 sqm), with A2 Warsaw Park (103,700 sqm) and P3 Mszczonów (58,500 sqm) being the largest projects. A considerable increase in stock was also recorded in one of the smallest regions – Bydgoszcz/Toruń, where the commissioning of about 53,000 sqm of space in Q1 2020 generated a 16% increase. The lowest increase in new space was reported in East and Warsaw I.

The large volume of space delivered over the past years has not refrained developers from commencing further investments, so at

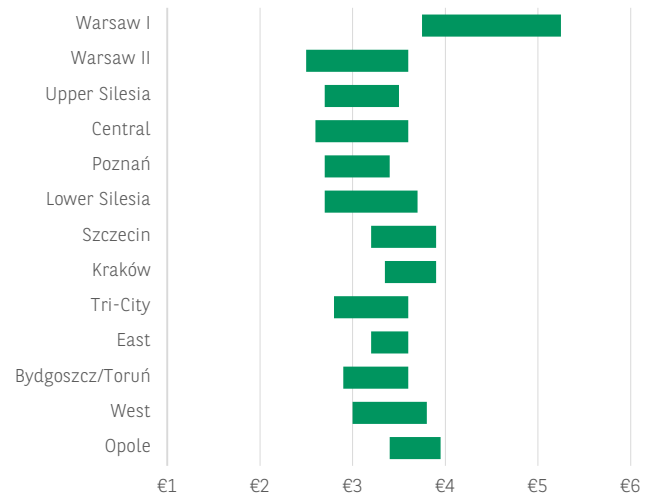
the end of June this year there was over 1.9 million sqm of warehouse space under construction. The largest amount of space under construction can be found in Upper Silesia (435,000 sqm) and the Warsaw II zone (324,000 sqm). The primary warehouse clusters account for nearly 60% of the total volume of space under construction. Among the so-called prospective regions, there is the West zone with around 256,000 sqm of space in development, mainly due to the Panattoni BTS Świebodzin project (203,500 sqm), which is the largest industrial and warehouse facility currently under construction in Poland. The Tri-City zone is also developing intensively, with 237,000 sqm of new space in the pipeline. Completing all projects will increase the region's total stock by 32%. The continuous improvement of the road infrastructure in the country contributes to the ever expanding selection of locations attractive to developers and tenants.

**STOCK, NEW SUPPLY, VACANCY RATE**



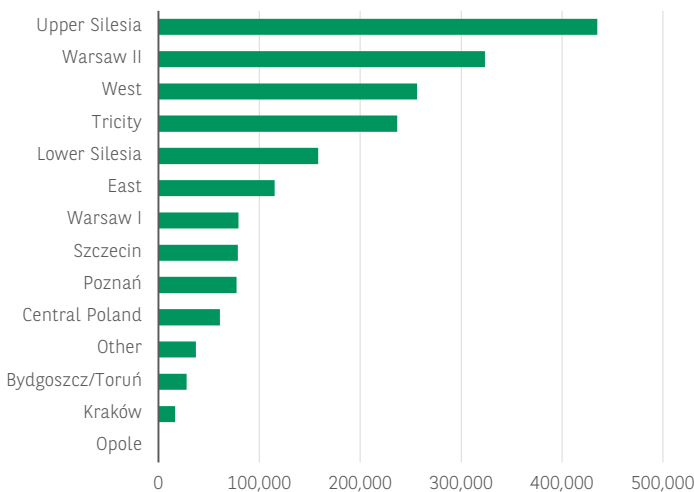
Source: BNP Paribas Real Estate Poland

**RANGE OF HEADLINE RENTS FOR SQM/MONTH BY REGION, Q2 2020**



Source: BNP Paribas Real Estate Poland

**INDUSTRIAL SPACE UNDER CONSTRUCTION (sqm, H1 2020)**



Source: BNP Paribas Real Estate Poland

**VACANCY RATE**

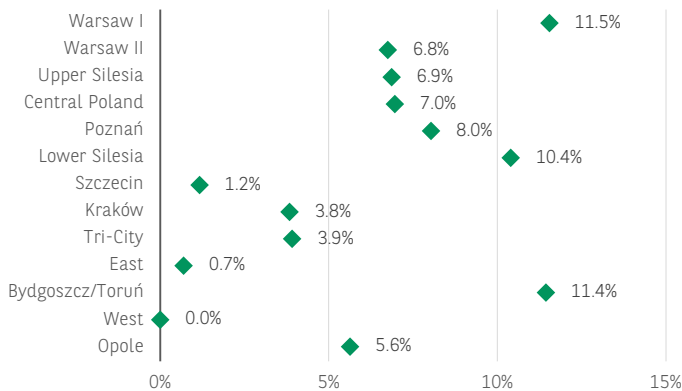
For several quarters, the vacancy rate was slowly but steadily climbing to reach 7.6% at the end of March 2020. At the end of Q2 2020, it dropped to 7%. Compared to the corresponding period of 2019, it increased by 1.6 p.p. in twelve months. However, given the record high level of new supply in recent years, the share of available space still remains relatively low. This is largely due to the popularity of BTS projects and the specificity of the warehousing sector, where buildings are often fully let at the time of commissioning or shortly after the opening. Nevertheless, the occupancy rate of projects under construction (62.4%) is currently lower than in the previous years (in 2018 it reached as high as 80%). By the end of H1 2020, the highest vacancy rates could be recorded in Warsaw I (a region with a high share of older warehouses) and Bydgoszcz/Toruń (a considerable volume of new supply compared to the market size). By contrast, the East and West zones, dominated by BTS assets, do not generally offer available space.

**LEASE TERMS**

Over the past two years, following the increase in labour and building materials costs and the high demand for warehouse space, the trend of a slow increase in headline rents has been dominant. At the same time, high supply of new space and strong competition encouraged landlords to offer attractive rental incentives to tenants, thus reducing effective rates. Despite the current crisis, the gross demand (excluding short-term contracts for up to 12 months) in H1 2020 (2.4 million sqm) was the highest result in the history of the

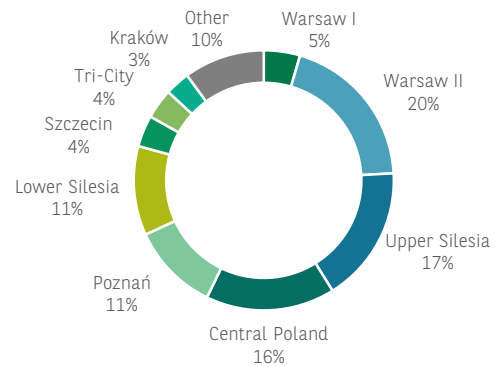
industrial & logistics sector. Additionally, from January to June this year, the volume of short-term contracts registered was similar to the result for the whole 2019. However, subsequent quarters may bring a slowdown. On the one hand, e-commerce operators, distributors of food, hygiene, and health care products have reported an increased demand for space, but on the other one, many industries are experiencing a decline in production and sales of goods, hence their demand for space may decrease.

**VACANCY RATE BY REGION, H1 2020**



Source: BNP Paribas Real Estate Poland

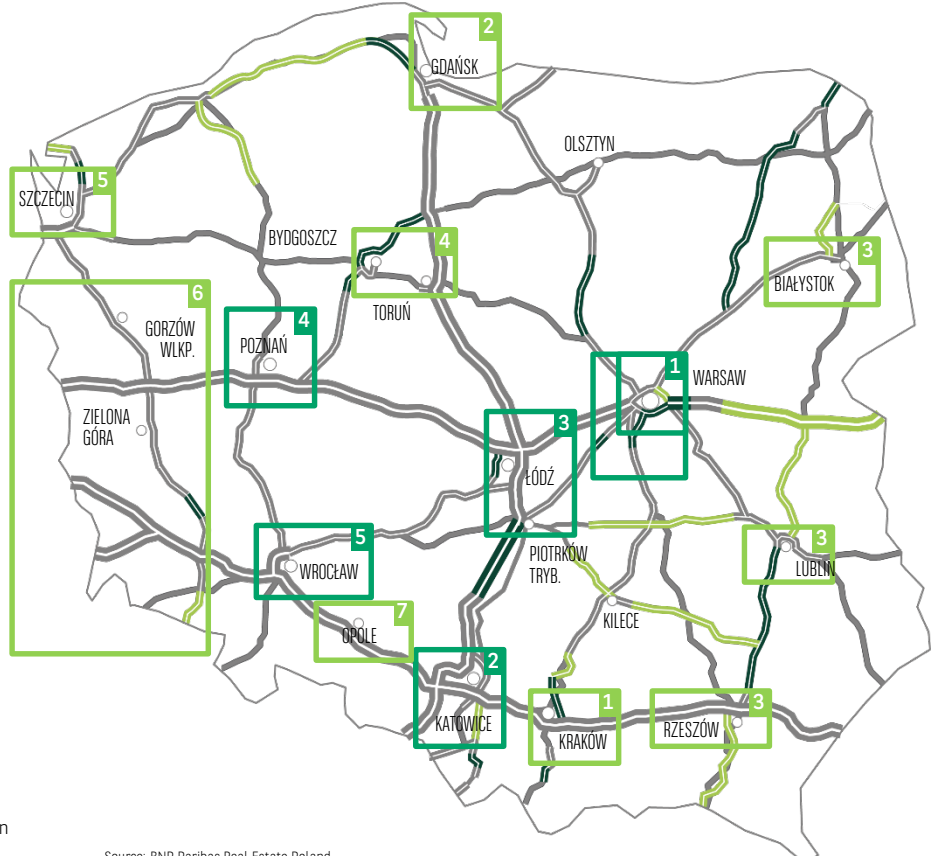
**SHARE OF LOGISTICS AND WAREHOUSING REGIONS IN THE MARKET**



Source: BNP Paribas Real Estate Poland

**MAP OF INDUSTRIAL AND WAREHOUSE CLUSTERS AND THE TRANSPORT NETWORK**

BNP Paribas Real Estate Poland has divided the industrial & logistics market into five primary hubs (over 1 million sqm) and seven secondary markets as shown on the map.



**PRIMARY HUBS:**

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

**SECONDARY HUBS:**

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

**MAJOR NATIONAL ROADS:**

- Existing
- Under construction
- Planned

**EXPRESSWAYS:**

- Existing
- Under construction
- Planned

Source: BNP Paribas Real Estate Poland

## SELECTED SCHEMES DELIVERED, H1 2020

SCHEME	HUB	DEVELOPER	AREA (sqm)
A2 Warsaw Park	Warsaw II	Panattoni	103,700
P3 Mszczonów (part)	Warsaw II	P3	58,500
Hillwood Wrocław Wschód II	Lower Silesia	Hillwood	52,400
Prologis Park Ruda Śląska	Upper Silesia	Prologis	51,200
Prologis Park Janki	Warsaw II	Prologis	50,300

Source: BNP Paribas Real Estate Poland

## SELECTED SCHEMES UNDER CONSTRUCTION (as of end of June 2020)

SCHEME	HUB	DEVELOPER	AREA (sqm)
Panattoni BTS Świebodzin	West	Panattoni	203,500
Prologis Park Janki	Warsaw II	Prologis	73,400
Panattoni Park Gdańsk Airport	Tri-City	Panattoni	68,500
Panattoni BTS Czeladź	Upper Silesia	Panattoni	67,000
7R Beskid Park II	Upper Silesia	7R	54,000

Source: BNP Paribas Real Estate Poland

## SELECTED, LARGEST LEASE TRANSACTIONS, H1 2020

TENANT	SCHEME	HUB	AREA LEASED (sqm)	TYPE OF LEASE
confidential (e-commerce)	Panattoni BTS Świebodzin	West	200,500	new
confidential (retail)	Prologis Park Janki	Warsaw II	73,400	extension
Amazon	Hillwood Łódź Górna	Central Poland	73,000	new
confidential (retail)	Panattoni BTS Czeladź	Upper Silesia	67 000	new
confidential	Panattoni Park Tricity East IV	Tri-City	52,000	new

Source: BNP Paribas Real Estate Poland

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