

PRESS RELEASE

WAREHOUSE MARKET IN SEARCH FOR A NEW BALANCE

According to the latest report prepared by the BNP Paribas Real Estate Poland consulting company, the warehousing, logistic and industrial space market in Poland grew by approx. 1.15 million sqm in Q2. 4.3 million sqm was still under construction, with one third of which expected to enter the market by the end of this year. The authors of the study draw attention to visible signs of slowdown in the sector, supply gap risk, and high construction cost as well as incurring rent increases.

With the new supply recorded in Q2, the total volume of warehouse and logistic space in Poland exceeded 26 million sqm. Panattoni Park Ruda Śląska III in Upper Silesia (66,500 sqm of space) and Panattoni Park Pabianice (63,600 sqm) were the largest projects commissioned between April and June. The first one is fully let, the second holds approximately 30% of vacancy.

In Q2, approx. 4.3 million sqm of modern warehouse, logistic and industrial space was under construction in Poland. As announced by developers, one third of this volume should enter the market by the end of 2022. The authors of the report highlight a lower share of speculative projects as one of the effects of the search for a new market balance. In the analysed quarter, this was quite noticeable. The difference as compared to Q1 was about 20%.

Despite the difficult geopolitical situation, high inflation, stabilizing but still high construction and material costs, as well as general uncertainty in the market, the logistics industry proves to have strong foundations, which is confirmed by the exceptional gross demand recorded in Q2 – 2.2 million sqm. The largest transaction was the lease of a BTS facility to Globalway, one of the largest suppliers of products from the Far East. The company will grow at Panattoni Park Gdańsk East III, where it will occupy 103,000 sqm. Only a little less – 90,000 sqm – Panattoni leased to BestSecret, a German fashion platform. The owner of the platform has occupied the whole park, with a perspective to expand by another 40,000+ sqm at the Sulechów complex.

According to the report, the vacancy rate remained low in Q2 reaching 3.1%.

*- In the recent months, there has been a marked increase in rents. Comparing the two previous quarters, the headline rates grew on average by 9%, but there are zones – for example Warsaw II or Poznań – where rent rates have gone up by c.a. 20%. This is much more than the increase of construction cost, estimated today at approx. 10%. We anticipate this upward trend in the next quarter, it will also result from the low level of available warehouse space for lease throughout Poland, says **Robert Pawłowski**, Director from the Industrial and Logistics Agency, BNP Paribas Real Estate Poland.*

The biggest hikes of headline rents, in addition to Warsaw II and Poznań were recorded in Wrocław, Upper Silesia and Central Poland.



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One of two sector's growth drivers – with the other being the e commerce – is the shortening of supply chains called "friendshoring". At a time when, on the one hand, the conditions are dictated by global economic turbulence and Covid, and, on the other hand, by a regional military conflict with worldwide consequences, companies are trying to protect themselves even better against breaking business continuity. In addition to building up stocks and relocating investments from Asia to Europe, movements can be observed on the market to safeguard production and logistics within countries that are politically and economically stable and, in addition, protected by NATO security guarantees. Poland and other countries in the region may benefit from this "friendshoring".

E-commerce is and will continue to be an accelerator for the sector. Estimates indicate that the warehouses and logistic facilities where e commerce operations are carried out, account for nearly 30% of the total stock available on the market. Equally importantly, Poland is evolving into a centre of fashion e commerce. It is expected that by 2025, the online sales of fashion products will reach USD 365 billion, twice as much as in 2020.

- *The fashion e commerce is growing at fast pace and seems to be resilient to different turbulences. Poland, and particularly its western provinces, may become an important link for this growth. The location, good infrastructure, logistics resources and geographical proximity to Western Europe, are strong pros,* says **Michał Rdzanek**, Associate Director from the Industrial and Logistics Agency, BNP Paribas Real Estate Poland.

About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: Property Development, Transaction, Consulting, Valuation, Property Management and Investment Management. With 5,000 employees, BNP Paribas Real Estate as a one stop shop company, supports owners, leaseholders, investors and communities thanks to its local expertise across 30 countries (through its facilities and its Alliance network) in Europe, the Middle-East and Asia. BNP Paribas Real Estate is a part of the BNP Paribas Group, a global leader in financial services.

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