Q1-Q3 2024

SPOTLIGHT
Savills Research

Warehouse and industrial market in Poland

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2024 HIGHLIGHTS

NEW SUPPLY

2024 new supply is expected to be reduced by approx. 30%-35% y-o-y due to a lower volume of speculative developments and prolonged time of securing tenants for new locations.

LEASE RENEWALS

Elevated portion of lease renewals has affected net take-up, as occupiers tend to keep locations in light of increased occupational costs and tight regional labour markets.

VACANCY RATES

After peaking in H1 2024, vacancy rates have stabilised and a steady downward trend is expected in quarters to come.

NEARSHORING

Against the backdrop of expected trade tensions between the U.S., the EU and China, the trend of nearshoring could intensify and translate into increased activity of manufacturing companies in search of alternative locations.

Q1-Q3 2024 – key data

33.95 million sq m
Stock of modern warehouse & industrial space in Poland

1.95 million sq m
Under construction
(down by 22% y-o-y)

3.81 million sq m
Gross take-up
(up by 3% y-o-y)

2.1 million sq m
New supply
(down by 33% y-o-y)

7.8%
Vacancy rate
(up by 20 bps y-o-y)

2.34 million sq m
Net take-up
(down by 3% y-o-y)

Has the reshaped trajectory of vacancies flagged the market upswing?

Economic brief

In 2023, Poland's economy stagnated, and GDP experienced a marginal uptick of 0.1%. Since the beginning of 2024, the economy has rebounded hence real GDP showed increases y-o-y in Q1 (2.0%), Q2 (3.2%) and Q3 (2.7%), according to estimates by Statistics Poland. Oxford Economics in their prognosis from September 2024, expects Poland's GDP to develop by 3.3% in 2024 and by 3.6% in 2025.

In 2023, retail sales weakened considerably in response to strong inflationary pressure and economic stagnation, contracting by 2.7% y-o-y. Since the beginning of the current year, retail sales have been recovering, growing by 2.6% y-o-y in the course of January – September 2024. The share of online sales oscillated between 7.7% and 11.7% in 2023, depending on the month, with the average at 8.7%. In September 2024, online sales reached 8.5%, and the year-to-date monthly average figure was 8.5% as well, slightly higher than in the corresponding period of the past year.

In 2023, the average annual inflation climbed to 11.4%, while during the three quarters of 2024 it softened to 3.3% on average. According to Statistics Poland, inflation in October 2024 reached 5.0%, and is expected to weaken to 3.9% for the whole year.

In 2023, annual industrial production in Poland dwindled by 1.5% y-o-y and continued to contract – by 0.4% – in Q1 2024, then in Q2 2024 it bounced back by 1.8%, and again dropped by 0.2% in Q3 of the current year.

Stock and new supply

At the end of Q3 2024, modern warehouse and industrial stock across Poland reached 33.95 million sq m. One-fifth of the operating space is concentrated in Warsaw and its greater area and a further 53% is located in the following four major markets – Upper Silesia, Central Poland, Wrocław, and Poznań. Among secondary markets, Western Poland stood at 2.33 million sq and has grown by as much as 63% in the past 2 years. Four other secondary warehouse hubs have crossed the 1 million sq m threshold: Tricity, Szczecin, Kraków, and Eastern Poland.

In Q1-Q3 2024, approx. 2.1 million sq m of new industrial space was added to the market which is a sharp fall of 33% once compared to the corresponding period of 2023. While in H1 2024 new supply reached 1.64 million sq m, the volume of new deliveries in Q3 contracted to 454,400 sq m. In 2024 to date, the occupancy rate in new deliveries averaged 57% at completion.

The largest volumes of new space were delivered in Wrocław (373,200 sq m), Warsaw zones I&II (310,900 sq m of which 68% in Warsaw II), and Central Poland (292,900 sq m). Among the largest projects delivered in 2024 so far are CTPark Gdańsk Port (119,400 sq m), Panattoni Park Wrocław Logistics South Hub (90,000 sq m), GLP Wrocław V Logistics Centre (86,200 sq m), and Hillwood Zgierz II (77,900 sq m).

Developer activity

At the end of September, around 1.95 million sq m of new industrial and logistics space was under construction which reflected a 22% drop y-o-y, and stabilised q-o-q. In 2024 to date, construction of 1.22 million sq m of new space commenced, 49% lower than in the same period last year.

Hubs with the highest volumes of space under construction are Wrocław (521,900 sq m), Warsaw I&II zones (333,300 sq m, with 92% being developed in

the greater area of the city) and Upper Silesia (295,000 sq m).

Among the largest projects under way are P3 Wrocław (265,100 sq m) – a BTS project for a global e-commerce operator, CTPark Warsaw West (110,400 sq m) – BTS for Raben Logistics, and ECE Kąty Wrocławskie (79,000 sq m).

At the end of Q3 2024, the pre-let ratio averaged 53% – higher by 6 pp y-o-y.

Demand

In Q1-Q3 2024, the gross take-up totalled 3.81 million sq m, and noted an uptick (by 3%) compared to the corresponding period of 2023. After a marked revival in Q2 2024, the summer season tapered demand for space.

In 2024 to date, net take-up (new leases and expansions of space) cumulated to 2.34 million sq m and was lower by 3% compared to the same period a year earlier.

Major lease contracts include a new commitment of 126,000 sq m by a global e-commerce platform in Panattoni Park Wrocław Logistics South Hub, a new contract of 104,000 sq m in Bydgoszcz Białe Błota Logistics Centre by a leading Polish fashion retailer (LPP), and a 98,000 sq m renewal + expansion deal by LX Pantos in Prime Logistics Wrocław.

In the period of January – September 2024, the key five markets attracted 79% of gross take-up, with Warsaw I&II (22%), Poland Central and Wrocław (17% each) leading among the most sought-after locations. In terms of new leases and expansions, the industrial market in the capital city's area captured 23% of transacted space, followed by Poland Central and Upper Silesia with 14% share each.

In Q1-Q3 2024, net absorption amounted to 1.72 million sq m, down by 8% y-o-y.

Availability of space

At the end of September 2024, around 2.66 million sq m of industrial space was available for immediate occupation, which is an equivalent of approx. 7.8% vacancy, up by 20 bps y-o-y, but down by 30 bps on the previous quarter. After a series of significant leaps in the vacancy rate noted over the previous couple of quarters, Q3 2024 was the first period that showed a reduction in vacancy.

The largest volumes of unoccupied space were reported in Poland Central and Western Poland – around 500,000 sq m each. The highest vacancy rates reported in Western Poland (21.2%, -60 bps q-o-q), Lublin (12.7%, +2.3 pp q-o-q), and Central Poland (11.0%, +30 bps q-o-q). The markets with the largest volumes of speculative development (newly developed or progressing) are seeing the highest rates of vacant space.

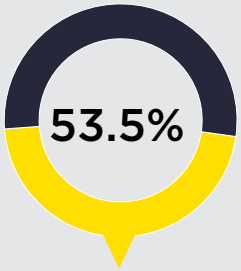
The lowest availability of space was noted in the two emerging sub-markets of Eastern Poland: Białystok (lack of available space) and Rzeszów (1.7%), and in Opole (2.5%). In the past 12 months, the sharpest decline in vacancies was reported in Szczecin – from 7.4% to 2.9% at the end of Q3 2024. On the other hand, the availability of space has steeply climbed in Tricity (to 7.3%) – the market with one of the lowest vacancy rates in the past.

Rents

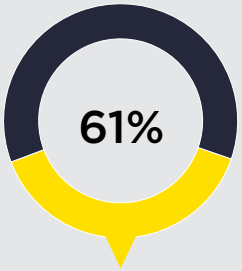
After steep surges in rental levels recorded over 2022 and H1 2023, since autumn 2023 the pace of growth has slowed down, and rental levels have stabilised on most of the markets.

In the course of Q1-Q3 of the current year, rents remained relatively unchanged, with minor upwards evident only for prime projects in the most sought-after locations. At the end of Q3 2024, headline rents for standard big box units ranged between €3.50 and €6.50/sq m/month. The highest rental levels are usually in Warsaw city (up to €6.50/sq m/month for a standard space), while Kraków (up to €5.90/sq m/month) and the Tricity (up to €5.50/sq m/month have followed trends seen in the capital. Small business units of less than 1,000 sq m are traded at higher rents.

More evident corrections have been noticed in effective rental levels as a result of the still elevated availability of space in selected locations, which implies stronger pressure on tenant incentives pool. At the end of Q3 2024, effective rents spanned €2.90-€5.80/per sq m/month for multi-tenant and big box type units and even higher for SBU. Rents for high technical specification assets (e.g. production facilities) or BTS schemes achieve higher levels and are dependent of the level of improvements applied.

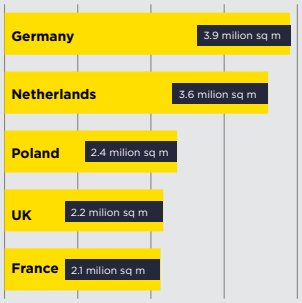


Pre-let ratio in under construction projects (Q3 2024)

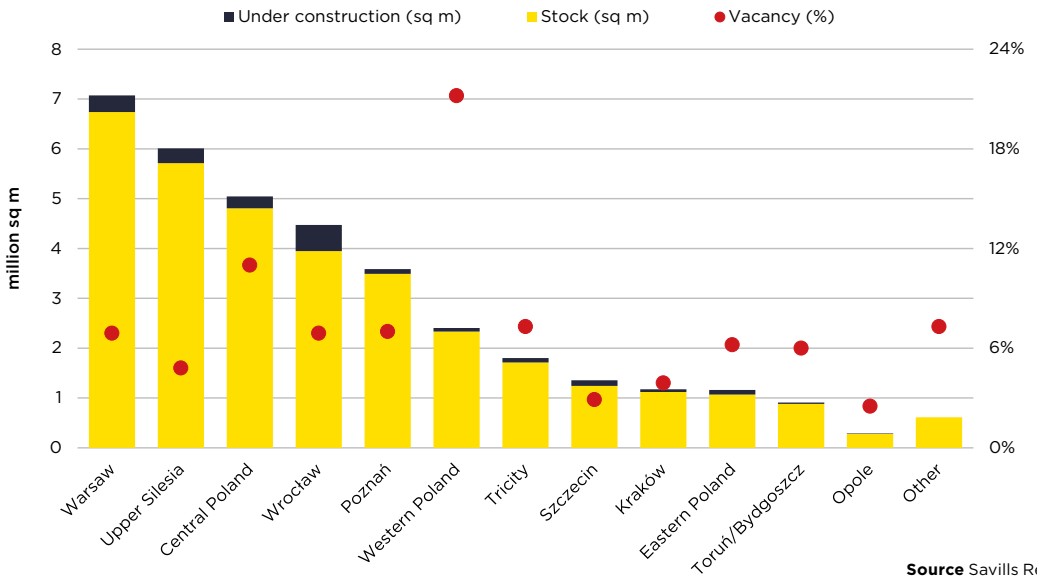


Share of net take-up (Q1-Q3 2024)

Q1-Q3 2024 take-up in Europe Top5 country markets



Stock, under construction and vacancy, Q3 2024



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