

# Warehouse market in Poland



## Keeping the momentum

The warehouse and industrial market in Poland in H1 2019 kept the momentum. Market conditions remain relatively stable. New locations keep emerging, urban logistics is developing further. The overall positive outlook has been maintained.

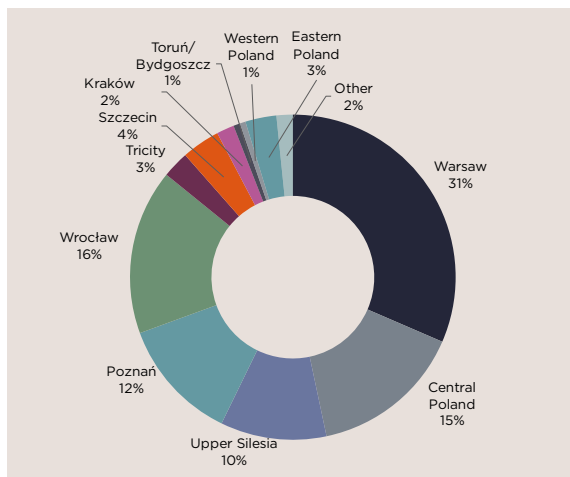
At the end of June 2019 modern stock of warehouse and industrial space amounted to 16.8 m sq m, having increased by almost 1.1 m sq m in H1 2019. Gross take-up reached over 1.8 m sq m. Space under construction remains above 2.2 m sq m. The market is growing at a fast, however sustainable pace. The sector remains at balance with stable and low vacancy rate at 5.1% and unchanged rents in the majority of the regions.

Warsaw (both zone I and II) maintains its position as the largest market with over 4.1 m sq m of stock at the end of H1 2019. Central Poland (2.73 m sq m) outran Upper Silesia (2.66 m sq m). Stock in Poznań amounts to 2.0 m sq m and to 1.8 m sq m in Wrocław. Supply of modern warehouse and industrial space in other regions is significantly lower. In Szczecin there is ca. 711,300 sq m of space, whilst stock in Tricity amounts to 614,600 sq m and in Kraków equals ca. 551,700 sq m.

In H1 2019 almost 1.1 m sq m of new space was added to the market, which is the highest ever value recorded in the first half of a year and 47% up y-o-y. The most of the space was delivered in Central Poland (246,500 sq m), the second largest volume was observed outside of the main markets. New supply there reached ca. 165,500 sq m located in three projects: BTS for Zalando in Olsztynek (120,600 sq m), 7R Park Kielce (22,700 sq m) and Panattoni Park Kielce (22,200 sq m). High volume of new supply was also observed in Warsaw (165,100 sq m), Tricity (119,600 sq m) and Wrocław (116,800 sq m).

Development activity in H1 2019 was very high at 2.25 m sq m, second only to level observed in H1 2018 (2.26 m sq m). Upper Silesia is the most active market with ca. 562,000 sq m of space

### Gross take-up by region, H1 2019



Source: Savills

under construction. Other markets with high activity are Warsaw, Central Poland and Wrocław with 398,600 sq m, 357,000 sq m and 325,300 sq m respectively.

Urban logistics is still on the rise. At the end of June 2019 there was ca. 52,100 sq m of under construction space located in such schemes. Demand for urban logistics warehouses remains high at ca. 31,000 sq m of net take-up in H1 2019 (stable y-o-y).

Gross demand in H1 2019 amounted to 1.8 m sq m, down by 16% y-o-y. The largest volume of take-up was noticed in Warsaw, where ca. 578,700 sq m was taken (47% more than a year before). Wrocław was second with 302,100 sq m leased. Central Poland was third on the podium with 279,000 sq m. Strong leasing activity was also observed in Poznań with 224,300 sq m of total take-up.

Net absorption during the first six months reached over 1.0 m sq m, up by 14% y-o-y. The most space was absorbed in Central Poland (200,300 sq m), the second highest volume was noted outside of the main markets, ca. 152,500 sq m, mainly due to completion of BTS project for Zalando in Olsztynek. High net absorption was also noted in Warsaw (145,300 sq m).

At the end of June 2019 vacancy rate remained low at 5.1%, up by 1.1 pp y-o-y, however down by 0.4 pp q-o-q. The lowest rate (excluding Western Poland and Szczecin where no space was available) was recorded in Wrocław and Eastern Poland and stood at 2.1% in both regions, low rate was also seen in Tricity (2.3%). On the other hand, the highest rate was observed in Upper Silesia (7.6%) and Poznań (7.5%).

In H1 2019, rents were rather stable. Some rental growth was only noticed in Warsaw II and in Wrocław. Headline rents range between EUR 2.70 m sq/month and EUR 4.20 m sq/month for BIG BOX units and up to EUR 5.35 m sq/month for SBU. Effective rents range between EUR 2.00 m sq/month and EUR 3.60 m sq/month for BIG BOX units and up to EUR 4.80 m sq/month for SBU.

We expect the market to keep momentum. Total new supply at the end of 2019, taking into consideration developers' plans, is to be record breaking at ca. 2.5 m sq m. Share of leased space in under construction remains relatively high at ca. 60%, ensuring stability of vacancy rate in the future. However, some macroeconomic risks appear. Slowdown in the manufacturing sector in Germany could impact industrial production and related sectors in Poland. On the other hand, private consumption is to remain high, among others due to pre-election fiscal stimulus, ensuring demand from retail, e-commerce and 3pl sectors. Taking into consideration these risks, a mild decline in total volume of leasing activity at the end of 2019 compared to two previous years is projected. As easing of demand is expected there is no space for rental growth within the next six months.



**16.8 million sq m**  
Modern warehouse and industrial stock in Poland



**2.2 million sq m**  
Under construction  
(stable y-o-y)



**5.1%**  
Vacancy rate  
(up by 1.1 pp y-o-y)



**1.8 million sq m**  
Gross take-up  
(down by 16% y-o-y)



**1.0 million sq m**  
Net absorption  
(up by 14% y-o-y)

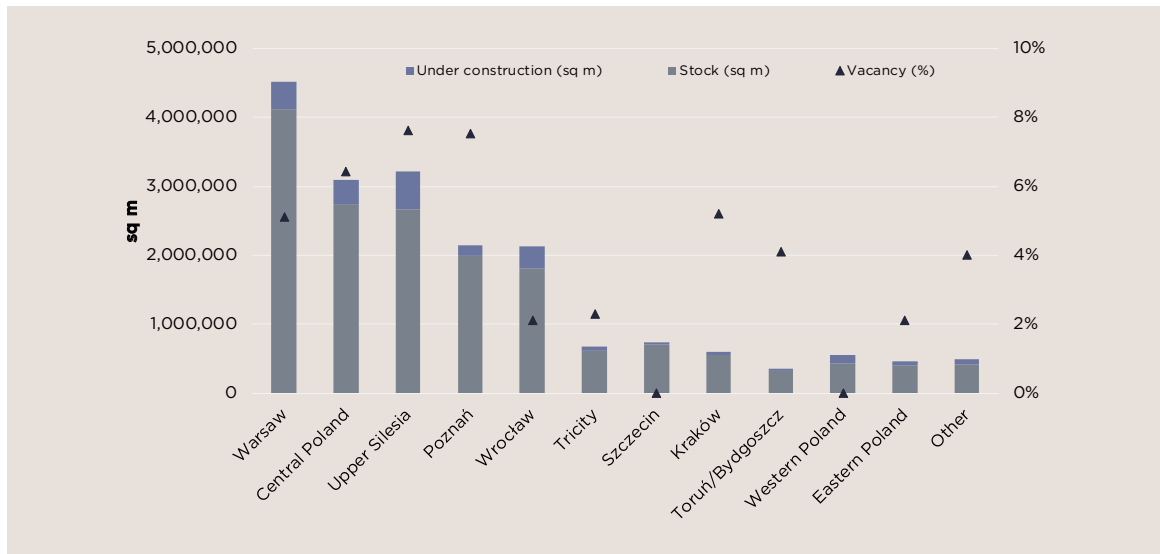


**4.3%**  
GDP 2019  
(down by 0.9 pp y-o-y)

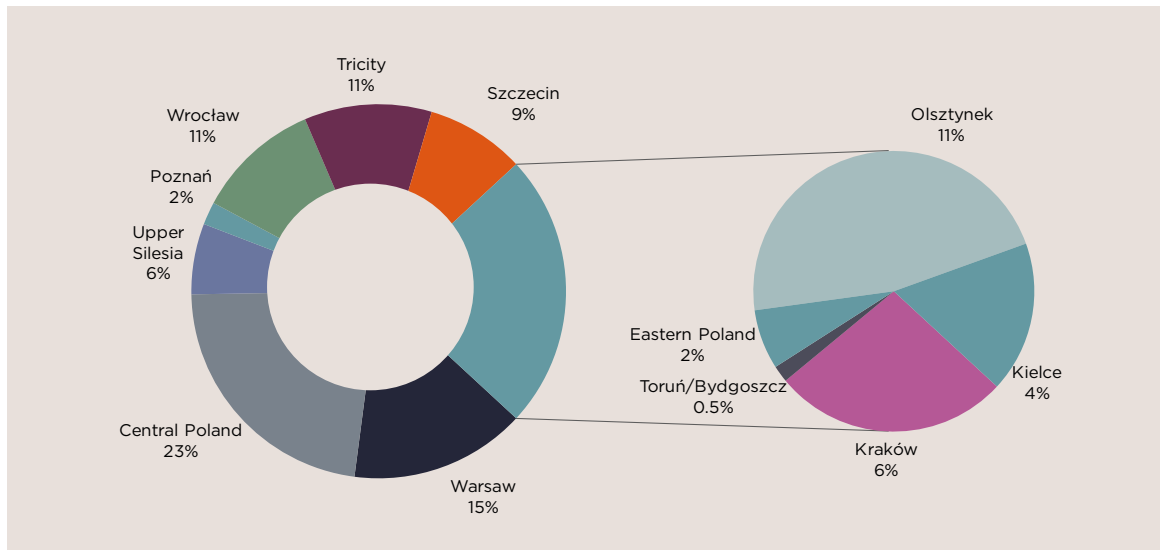


**5.6%**  
Industrial production 2019  
(down by 0.2 pp y-o-y)

## Stock, under construction and vacancy, H1 2019



## New supply by region, H1 2019



Source: Savills

TOP 5 DEVELOPMENT COMPLETED	TOP 5 LEASE SIGNED	TOP 5 UNDER CONSTRUCTION PROJECTS
<b>Hillwood Olsztynek (BTS Zalando)</b> 120,500 sq m Hillwood, Other (Olsztynek)	<b>Jysk</b> 60,000 sq m Logistic City Piotrków Trybunalski, Central Poland	<b>Panattoni BTS Gliwice</b> 210,000 sq m Panattoni, Upper Silesia
<b>P3 Piotrków</b> 59,600 sq m P3, Central Poland	<b>Pantos Logistics</b> 59,200 sq m Panattoni Park Wrocław XI, Wrocław	<b>Central European Logistics Hub</b> 112,000 sq m Panattoni, Central Poland
<b>Panattoni Park Gdańsk III</b> 56,800 sq m Panattoni, Tricity	<b>PepsiCo</b> 58,500 sq m P3 Mszczonów, Warsaw II	<b>A2 Warsaw Park</b> 103,700 sq m Panattoni, Warsaw II
<b>Panattoni BTS Castorama</b> 51,700 sq m Panattoni, Central Poland	<b>PF Logo</b> 49,700 sq m P3 Poznań, Poznań	<b>Panattoni Park Wrocław XI</b> 97,500 sq m Panattoni, Wrocław
<b>Panattoni Park Wrocław IX</b> 45,800 sq m Panattoni, Wrocław	<b>Gefco</b> 32,500 sq m S5 Wrocław North Gate (X), Wrocław	<b>Panattoni Park Sosnowiec II</b> 80,000 sq m Panattoni, Upper Silesia

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