

At a glance

INDUSTRIAL & WAREHOUSE MARKET REVIEW, POLAND

Q2 2014

MARKET SUMMARY

The industrial & warehouse market in Poland has been developing rapidly over the last quarters. It resulted from positive trends and forecasts of the Polish economy.

At the end of Q2 2014 the total supply of modern industrial & warehouse space in Poland reached 8.06 million sqm, of which 300,000 sqm were delivered over the course of the first six months of 2014. This represents a 50% increase compared to the corresponding period of last year. Developers, encouraged by positive trends, have again started speculative projects but are still cautious with regard to volumes planned for delivery.

As a result of increased occupier activity vacancy has dropped by 1.9 p.p. reaching 8.9% at the end of June 2014. This decreasing trend is expected to continue over the course of the next couple of quarters, supported by e-commerce as well as growing demand for logistics services from FMCG (Fast Moving Consumer Goods) and manufacturing sectors.

Rents for light industrial & warehouse space have remained flat across most of the regional markets, with some 5% growth recorded in Kraków and Tri-City regions. This trend is expected to continue over the short and mid-term horizon due to low vacancy rates recorded within these hubs.

As a result of the fact that industrial & logistics demand is primarily driven by domestic demand and exports to the EU countries, the market has not been yet affected by the current political turmoil in the Ukraine, coupled with an increasingly business-hostile approach from Russian authorities. Still, it can be expected that the uncertainty connected with the future of this region may cause a ripple effect of anxiety among retailers, manufacturers, and investors in neighbouring geographies.

Wojciech Gruszka, Sales Manager of DTA Sp. z o.o.: "The current situation in Russia and Ukraine has only boosted negative reactions among our current and potential customers regarding cooperation with Eastern markets (...). The contracts, which were previously agreed and planned for execution, have been put on hold or cancelled. Volatile currency exchange fluctuations and lack of security have negatively impacted our customers' approach towards conducting business with Eastern markets and are currently looking to establish new relations on the European and global scale. In some cases, decisions regarding renting logistics space is postponed until the situation is settled. There are already signs of a major slowdown in transport and customs clearance to Ukraine and Russia."

MAP OF INDUSTRIAL & LOGISTICS HUBS & TRANSPORTATION NETWORK

BNP Paribas Real Estate has divided the industrial & logistics market into the 7 primary and 4 secondary hubs as marked on the map.

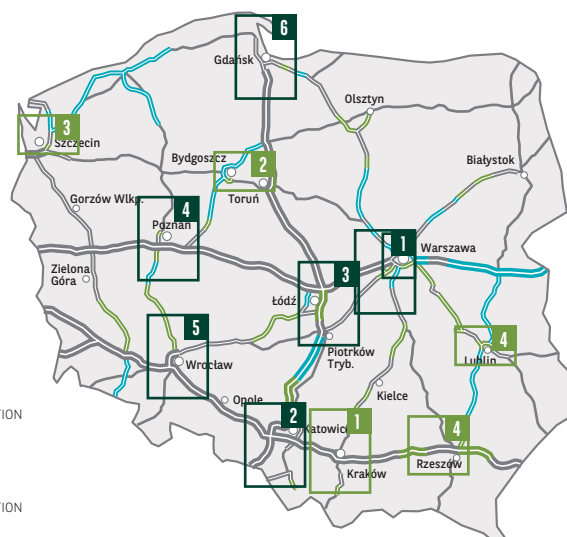
Primary Hubs:

1. Warsaw I & Warsaw II
2. Upper Silesia
3. Central Poland
4. Poznań
5. Wrocław
6. Tri-City

Secondary Hubs:

1. Kraków
2. Bydgoszcz-Toruń
3. Szczecin
4. Rzeszów-Lublin

MAJOR NATIONAL ROADS
HIGHWAYS:
— EXISTING
— UNDER CONSTRUCTION
— PLANNED
EXPRESS ROADS:
— EXISTING
— UNDER CONSTRUCTION
— PLANNED



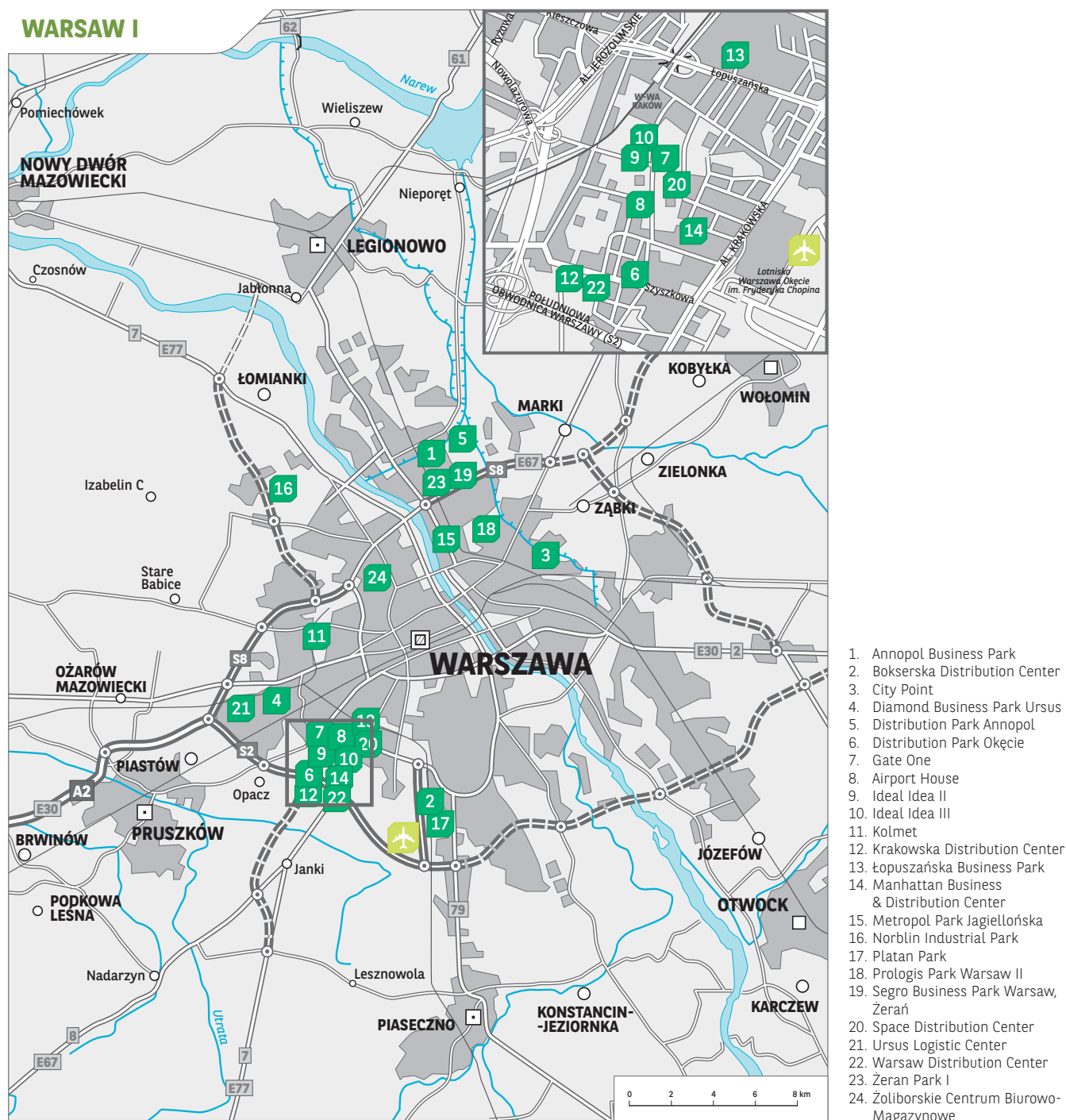
PRIMARY HUBS¹

Warsaw I & Warsaw II

The largest market in Poland is split into two zones:

- Warsaw I – within Warsaw administrative boundaries. Many schemes offer smaller lease modules. The market is very active in this hub, recording the highest rental levels.
- Warsaw II – covers the area within 50 km radius from the Warsaw city boundaries. Despite relatively high vacancy rate, there are few developments in the hub.

The hubs benefits from the critical mass of the Warsaw agglomeration, its central location in Poland and convenient transportation links with other parts of Poland as well as Europe.



1. Supply of over 200,000 sqm

KEY INDICATORS	WARSAW I	WARSAW II
Total existing supply	635,100 sqm	2.2 million sqm
Under construction*	-	12,400 sqm
Vacancy rate	14.0%	11.5%
Rent range	€3.50-5.00 per sqm/month	€2.50-3.20 per sqm/month

* As of June 30, 2014



1. AB Logistyka
2. Atlantic
3. Altmaster Wola Mrokwowska
4. Altmaster Pęcice
5. Altmaster Piaseczno
6. Błonie Business Park
7. Diamond Business Park Raszyn
8. Diamond Business Park Piaseczno
9. Distribution Park Grodzisk Mazowiecki
10. Europolis Park Błonie
11. Good Point Puławska I
12. Good Point Puławska II, III
13. Goodman Warsaw Logistics Centre (planned)
14. Metropol Park Błonie
15. MLP Pruszków I
16. MLP Pruszków II
17. Ożarów Logistic Center
18. Panattoni Park Błonie
19. Panattoni Park Garwolin
20. Panattoni Park Ożarów I, II
21. Panattoni Park Pruszków
22. Panattoni Park Pruszków II (planned)
23. Panattoni Park Święcie
24. Panattoni Park Teresin
25. Piaseczno Business Park
26. Point of View Kawęczyn
27. Point of View Piaseczno
28. PointPark Mszczonów
29. Prologis Park Błonie
30. Prologis Park Błonie II
31. Prologis Park Janki
32. Prologis Park Nadarzyn
33. Prologis Park Sochaczew
34. Prologis Park Teresin
35. Pruszkowskie Centrum Dystrybucyjne
36. Raszyn Business Park
37. Reguty Logistic Park
38. Segro Business Park Warszawa, Ożarów
39. Stolica Business Center
40. Techniczna Industrial Park
41. Tulipan Park Warszawa
42. WAN Pruszków

Upper Silesia

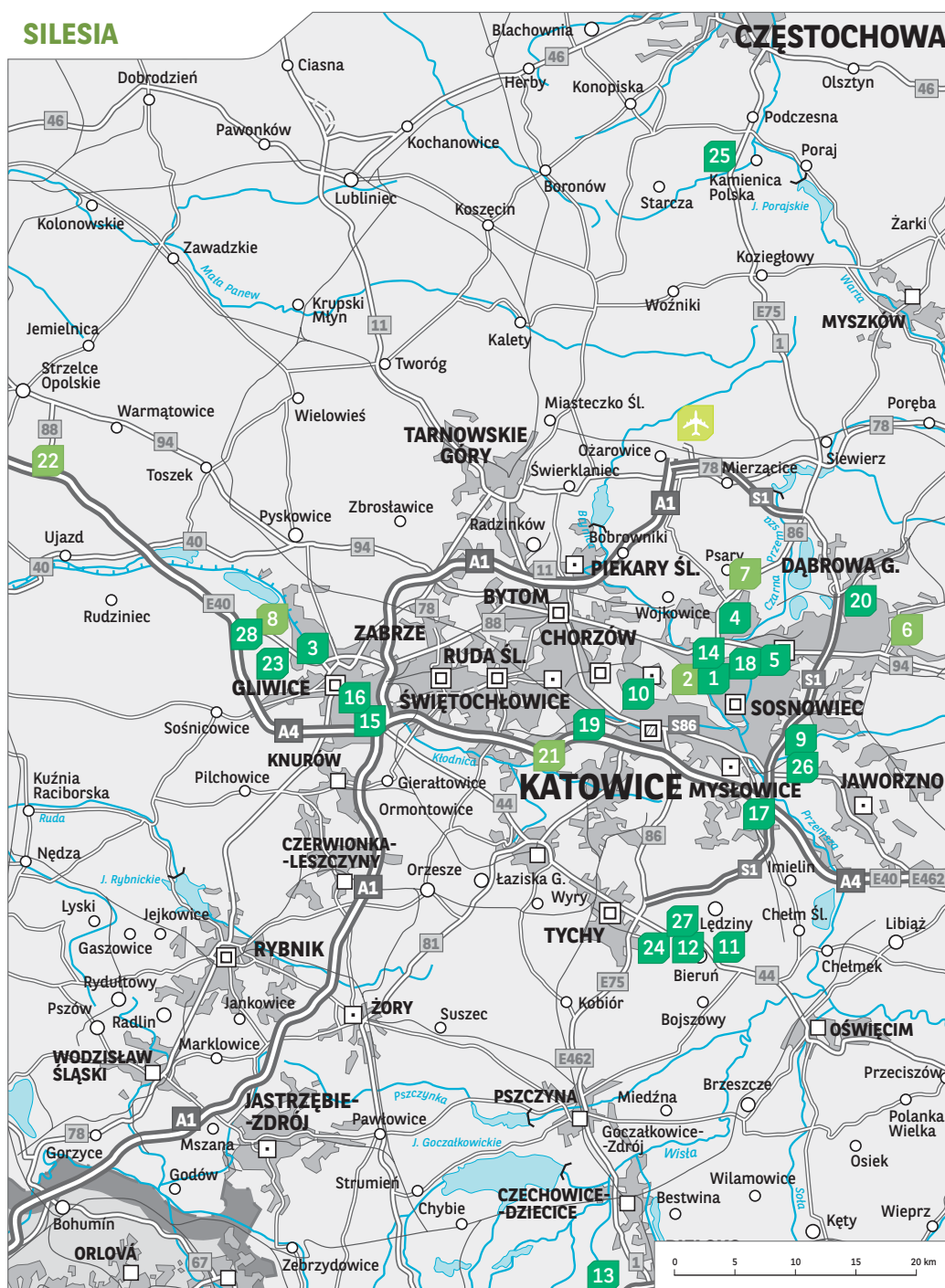
The Silesian Hub holds the second position in terms of market share in the overall supply of industrial & warehouse space in Poland. Benefiting from an excellent transportation network, including A4 and A1 motorways running across the region, proximity to Southern and Western borders of Poland, as well as substantial manufacturing base and large consumer market, the Hub has attracted key players, who have developed logistic parks along the main transport corridors.

Demand remains strong within the area with occupiers recruiting mainly from 3PL, manufacturing and FMCG companies.

Due to balanced vacancy rate, rents have remained flat over the course of the last few quarters and the situation is unlikely to change in the mid-term horizon.

KEY INDICATORS	UPPER SILESIA
Total existing supply	1.49 million sqm
Under construction*	56,600 sqm
Vacancy rate	8.0%
Rent range	€2.50-4.00 per sqm/month

* As of June 30, 2014



1. Alliance Silesia Logistics Center
2. Centrum logistyczne Miłowice (planned)
3. Diamond Business Park Gliwice
4. Distribution Park Będzin
5. Distribution Park Sosnowiec
6. DL Invest Park Dąbrowa Górnicza (planned)
7. DL Invest Park Psary/Czeladź (planned)
8. Goodman Gliwice Logistics Centre (planned)
9. Goodman Sosnowiec Logistics Centre
10. Górnośląski Park Przemysłowy
11. MLP Bieruń
12. MLP Tychy
13. Panattoni Park Bielsko-Biała
14. Panattoni Park Czeladź
15. Panattoni Park Gliwice I
16. Panattoni Park Gliwice II
17. Panattoni Park Mysłowice
18. Prologis Park Będzin II
19. Prologis Park Chorzów
20. Prologis Park Dąbrowa
21. Prologis Park Ruda (planned)
22. Prologis Park Ujazd (planned)
23. Segro Business Park Gliwice
24. Segro Industrial Park Tychy
25. Silesia Logistic Park
26. Śląskie Centrum Logistyczne
27. Terminal Logistyczny Promont Tychy
28. Tulipan Park Gliwice

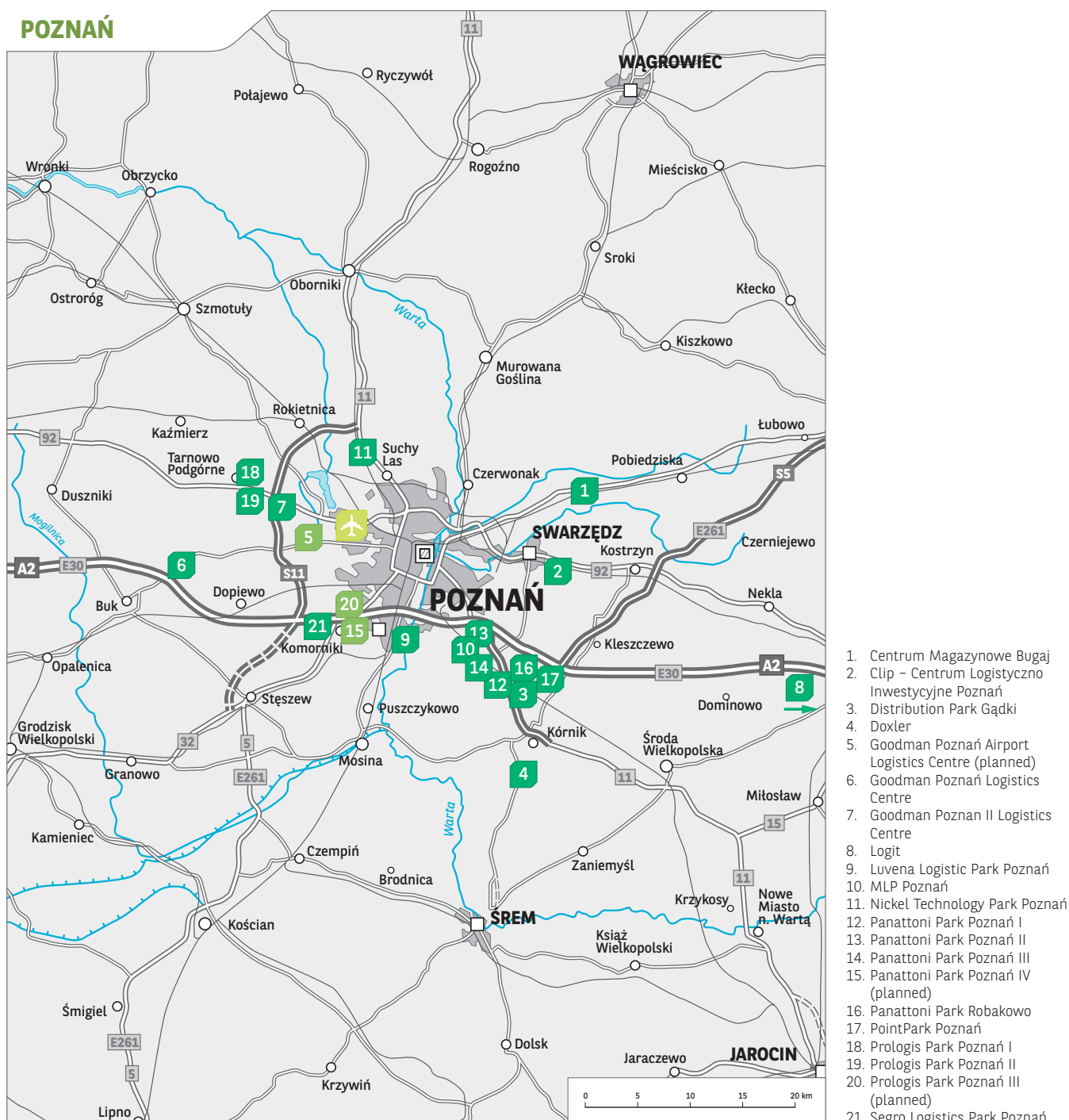
Poznań

Supply of modern industrial and logistics space in the Poznań Hub increased by 83,500 sqm in H1 2014, bringing total stock to the level of 986,000 sqm. This is the second most active region with regard to construction activity, which amounts to 278,100 sqm.

With vacancy at the level of 2.2% at the end of June 2014, rents have gone up, and should continue to increase in the mid-term horizon.

KEY INDICATORS	POZNAŃ
Total existing supply	986,000 sqm
Under construction*	278,100 sqm
Vacancy rate	2.2%
Rent range	€2.60-3.50 per sqm/month

* As of June 30, 2014



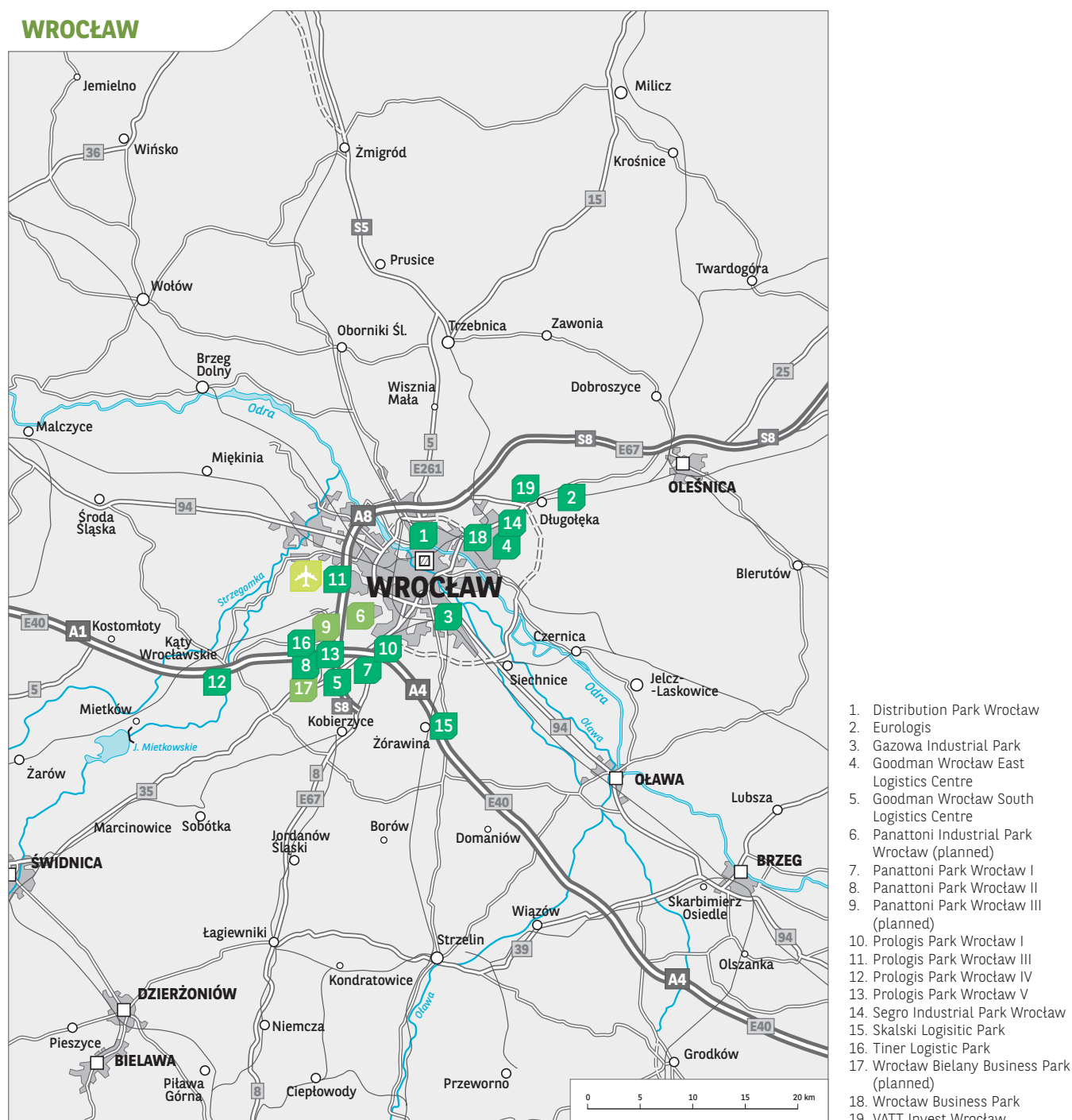
Wrocław

Wrocław has been very dynamic both in terms of supply as well as demand, benefiting from the proximity of the A4 motorway and excellent links with Germany. With the highest level of space currently under construction (almost 300,000 sqm), the region proves its attractiveness for developers and popularity among the occupiers.

As a result of pent-up pipeline, rents are very competitive and this trend is likely to continue.

KEY INDICATORS	WROCLAW
Total existing supply	894,900 sqm
Under construction*	295,900 sqm
Vacancy rate	4.8%
Rent range	€2.50-3.30 per sqm/month

* As of June 30, 2014



Tri-City

Location close to the sea (Deep Container Terminal in Gdańsk) and A1 motorway connection with south of the country, provides a good ground for development of this industrial & warehouse hub in the Tri-City area. Relative to its current stock, which is the lowest out of the primary Hubs analysed, construction activity is intense as approx. 44,500 sqm will be developed there by the end of the year.

Growing take-up has pushed the vacancy down to 5.1% at the end of June 2014, which resulted in some upward movement of rents. Further rental growth can be expected, despite an increase of new supply.

KEY INDICATORS	TRI-CITY
Total existing supply	210,600 sqm
Under construction*	44,500 sqm
Vacancy rate	5.1%
Rent range	€2.80-3.50 per sqm/month

* As of June 30, 2014



SECONDARY HUBS²

Kraków

Despite high demand for industrial & warehouse space for the Kraków Hub, which has been confirmed by continuous low level of vacancy rates, the market has not been developing fast and lags behind the Primary Hub league.

As a result of lack of balance between supply and demand, rents in Kraków Hub account for the highest rates in Poland with the tendency to grow. The situation will continue in the mid-term horizon.

KEY INDICATORS	KRAKÓW
Total existing supply	189,000 sqm
Under construction*	11,000 sqm
Vacancy rate	1.6%
Rent range	€ 3.75-4.50 per sqm/month

* As of June 30, 2014



2. Supply up to 200,000 sqm

Rzeszów-Lublin

Rzeszów-Lublin Hub has been gaining on importance due to the fact that these are the last industrial and warehouse spots at the EU border. The majority of the stock is built-to-suit.

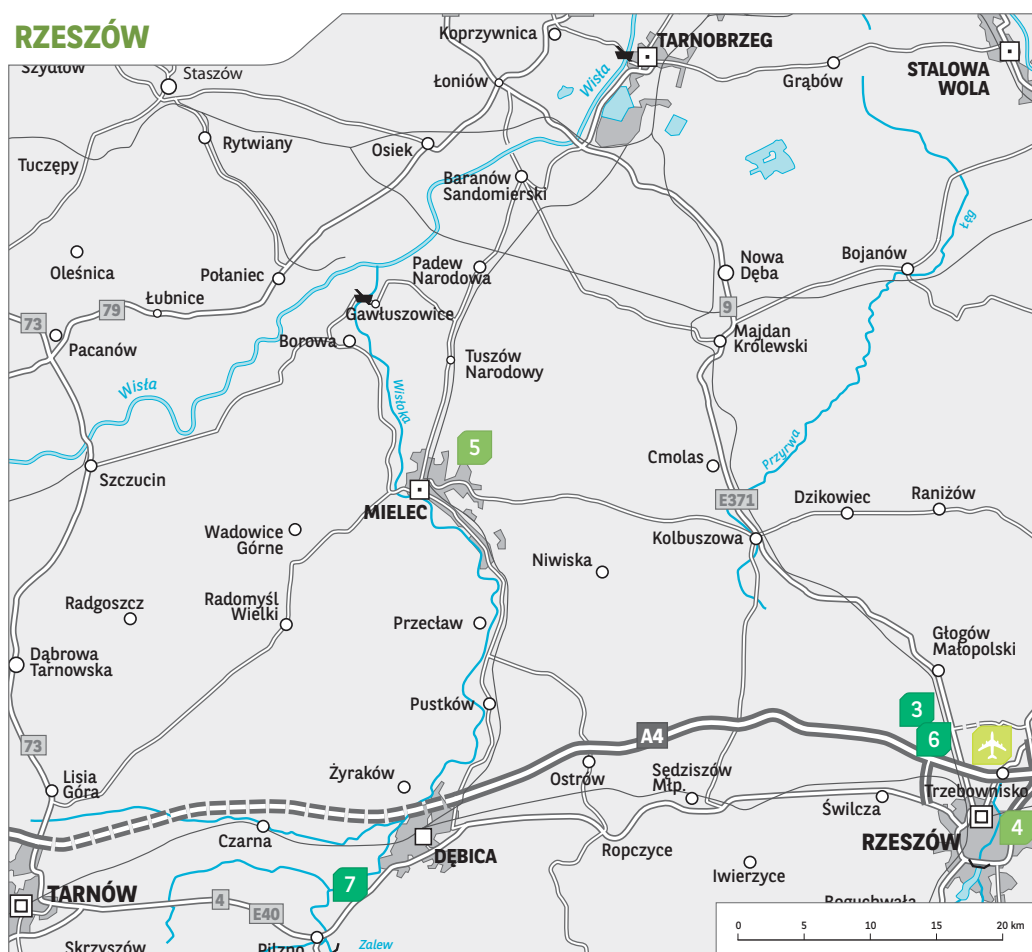
There is no rental movement within the region, which is unlikely to change over the next few quarters.

KEY INDICATORS	RZESZÓW-LUBLIN
Total existing supply	158,800 sqm
Under construction*	9,800 sqm
Vacancy rate	11.7%
Rent range	€2.80-3.50 per sqm/month

* As of June 30, 2014



1. Centrum Logistyczne Mełgiewska
2. MLP Lublin (planned)



3. Centrum Logistyczne Rogoźnica
4. Korczowa Logistic Park (planned)
5. Mieleckie Centrum Logistyczne (planned)
6. Panattoni Park Rzeszów
7. Skalski Logistic Park Podgródzie

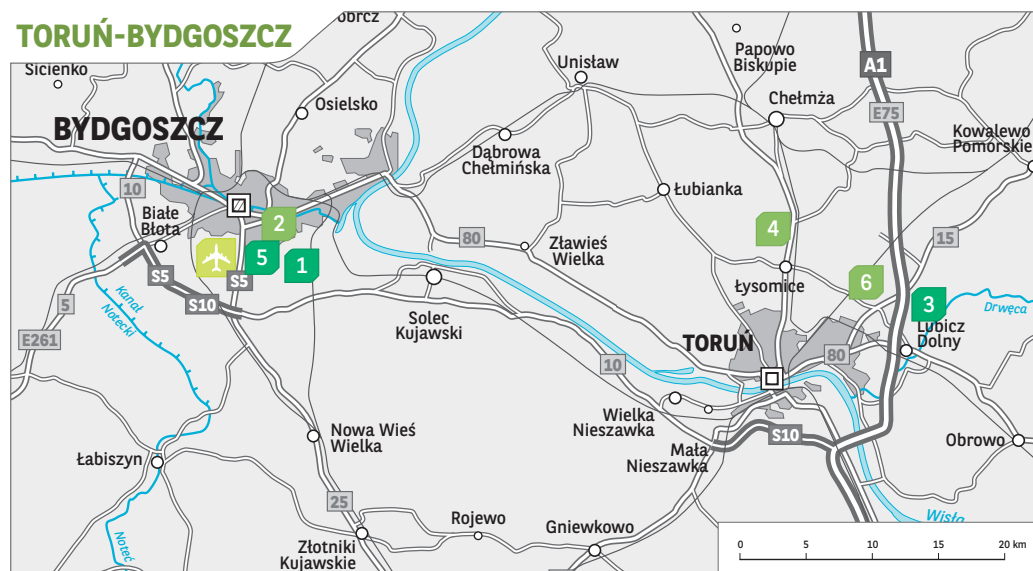
Toruń-Bydgoszcz

Panattoni and Goodman are the most active players within Toruń/Bydgoszcz Hub, which remains the second smallest industrial & warehouse market in Poland. The trend is likely to continue for the upcoming year.

The region struggles with high vacancy at 24.1%, which is also a reason for very competitive rental rates. In the foreseeable future, no significant change is expected.

KEY INDICATORS	TORUŃ/BYDGOSZCZ
Total existing supply	101,100 sqm
Under construction*	4,000 sqm
Vacancy rate	24.1%
Rent range	€ 2.40-2.80 per sqm/month

* As of June 30, 2014



1. Bydgoski Park Technologiczno-Przemysłowy
2. Logistic and Business Park Bydgoszcz
3. Diamond Business Park Toruń
4. Goodman Toruń Logistics Centre
5. Panattoni Park Bydgoszcz
6. Panattoni Park Toruń

Szczecin Hub

Szczecin Hub has been developing slowly, holding the smallest market share of all the industrial and logistics hubs across Poland. Recent activity was limited to completion of the next phase of North-West Logistic Park, which were successfully leased.

It should be noted that Szczecin Hub has no space available for immediate lease.

KEY INDICATORS	SZCZECIN
Total existing supply	62,100 sqm
Under construction*	25,200 sqm
Vacancy rate	0%
Rent range	€ 2.80-3.50 per sqm/month

* As of June 30, 2014



1. North-West Logistic Park
2. Prologis Park Szczecin

List of selected transactions in Q1-Q2 2014

Tenant	Scheme	Hub	Area leased (sqm)	Type of lease
Carrefour	Distribution Park Będzin	Upper Silesia	45,800	Renegotiation
Polo Market	Goodman Konin	Poznań	39,700	built-to-suit
Procter & Gamble	Prologis Park Sochaczew	Warsaw II	37,900	Renegotiation
Viva group	Prologis Park Teresin	Warsaw II	34,000	Renegotiation
Rhenus Contract Logistics	CLIP	Poznań	30,800	New
Geodis	Distribution Park Wrocław	Wrocław	22,200	New
Hi Logistic	Prologis Park Wrocław V	Wrocław	20,600	New
K-Flex	Łódź	Central Poland	16,000	built-to-suit

Source: BNP Paribas Real Estate

List of major pipeline projects scheduled for delivery over Q3-Q4 2014

Project	Hub	Developer	Area (sqm)
Goodman Wrocław South	Wrocław	Goodmann	123,500
BTS Amazon Poznań	Poznań	Panattoni	100,600
BTS Amazon Wrocław	Wrocław	Panattoni	100,600
BTS Castorama	Central Poland	Panattoni	50,000
Prologis Park Wrocław V	Wrocław	ProLogis	35,000
Segro Logistic Park Poznań	Poznań	Segro	32,000

Source: BNP Paribas Real Estate

Definitions

Industrial and logistics stock (sqm) – a term covering the following sub-types of existing space: Light Manufacturing and Warehousing (including Logistics), delivered to the market by professional developers.

Take-up (sqm) – transactions regarding industrial and logistics space including: pre-lets, built-to-suit, new transactions, renegotiations and sub-lease.

Vacancy rate (%) – ratio representing the percentage of physically vacant space in existing properties.

Rent range (in Euro per sqm) – Rental rates for a 2,000 sqm unit ranging from the top to average modern industrial and logistic schemes in a given hub.

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