Warehouse market in Wielkopolska Q1 2024

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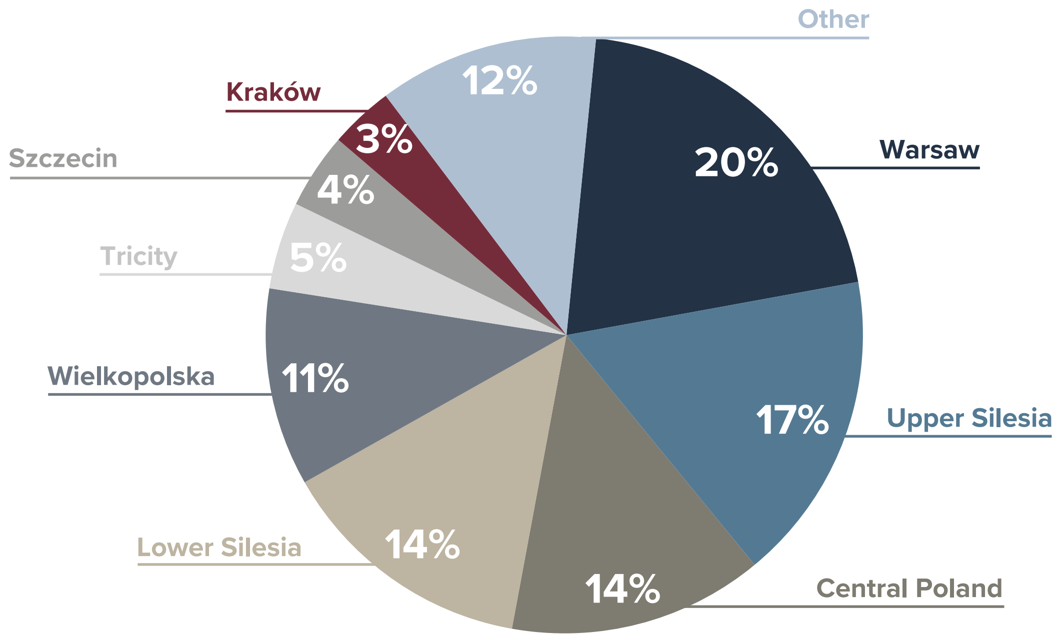
The total warehouse stock in Poland exceeded 32.7 million sq m at the end of Q1 2024. The vast majority of this supply concentrates in key developed markets, including Wielkopolska, with 3.3 million sq m. The well-developed road infrastructure and proximity to Berlin undoubtedly enhance the region's attractiveness for business investment. Consequently, Wielkopolska is the fourth largest regional market in terms of supply, following Lower Silesia, Central Poland, and Upper Silesia. The largest concentration of warehouses is in Poznań and Gądki.

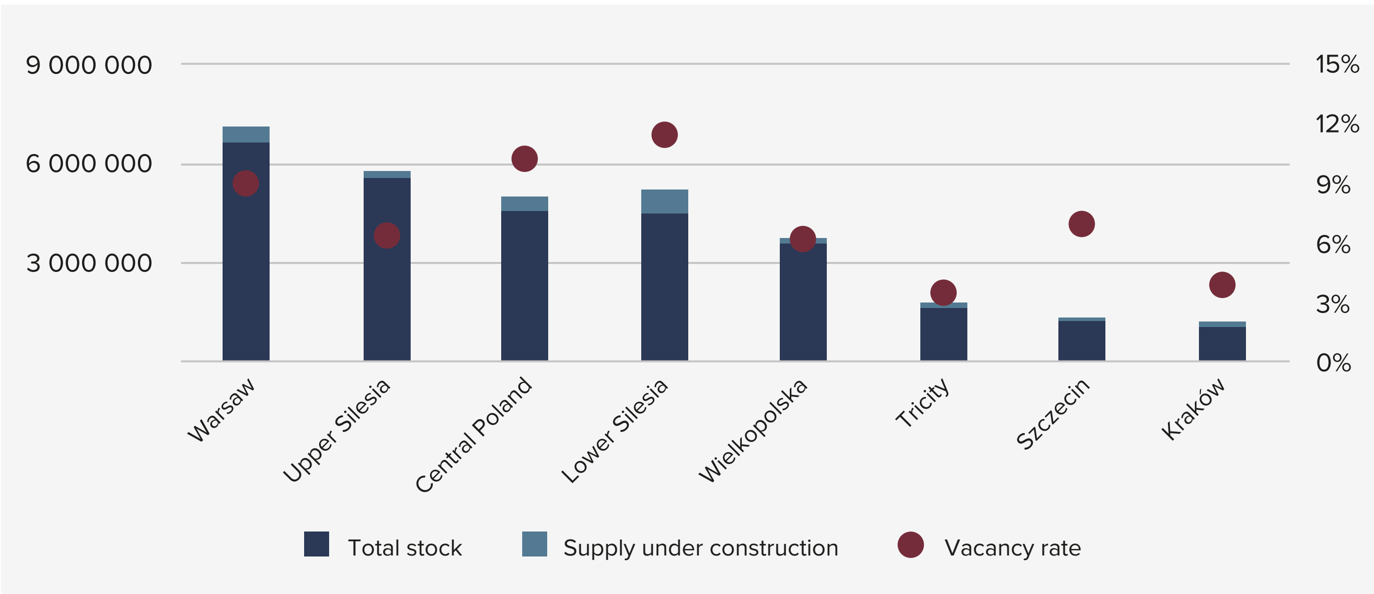
Warehouse stock in Poland by location (Q1 2024)



Developer activity in Wielkopolska was lower in 2023 compared to 2022, with over 350,000 sq m delivered to the market (nearly 200,000 sq m less y-o-y). However, it is important to note that the last two years were record-breaking for the Wielkopolska market.

Approximately 140,000 sq m of warehouse space was under construction at the end of Q1 2024, a 120,000 sq m reduction year-on-year. This drop results from decisions made shortly after the outbreak of the pandemic and the significant increases in construction and financing costs for new investments. Developers put their investment decisions on hold due to these factors.

Total warehouse stock, supply under construction (sq m) and vacancy rate (Q1 2024)

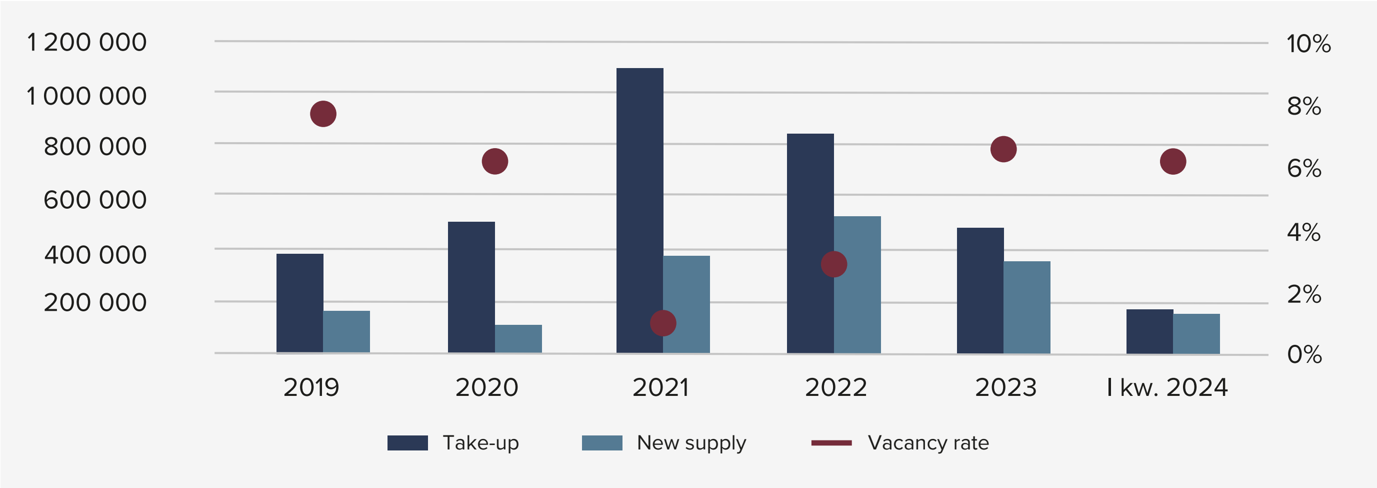


Demand for warehouse space in Poland indicates a decline in tenant activity in 2023 and Q1 2024, reflecting the situation across Europe. The total volume of lease agreements signed in the first three months of 2024 was 870,000 sq m, a 25% year-on-year decrease. In 2023, the total take-up was approximately 5.5 million sq m, a 15% decline year-on-year. Most transactions were recorded in the major markets, including Upper Silesia, Central Poland, and Wielkopolska.

The decline in warehouse space demand in Wielkopolska in 2023 was significant, with nearly 500,000 sq m leased. This reflects a drop of over 40% compared to the previous year and more than half of the record level in 2021. The largest transaction involved the Muszkieterowie Group leasing over 80,000 sq m at the GLP Poznań II Logistics Centre, while the next largest deals were half this size. In Q1 2024, the take-up volume amounted to 165,000 sq m, marking the third-highest volume in Poland.

The weakening demand in 2023, combined with the completion of a relatively high volume of half-leased space, increased the vacancy rate, which stood at 6.5% at the end of 2023 (3.5 pp. increase y-o-y). This growth trend has persisted since 2021, when a record-high level of new supply was seen. However, the vacancy rate slightly declined to 6.2% at the end of Q1 2024.

Take-up volume, new warehouse supply (sq m) and vacancy rate in Wielkopolska



The financing and high construction costs for new projects have also impacted the conditions for leasing warehouse space. These levels have remained relatively stable after significant increases in asking rents for warehouse leases recorded in 2023. At the end of Q1 2024, asking rents in the Wielkopolska market remained in the EUR 3.7 to EUR 5 per sq m per month range.