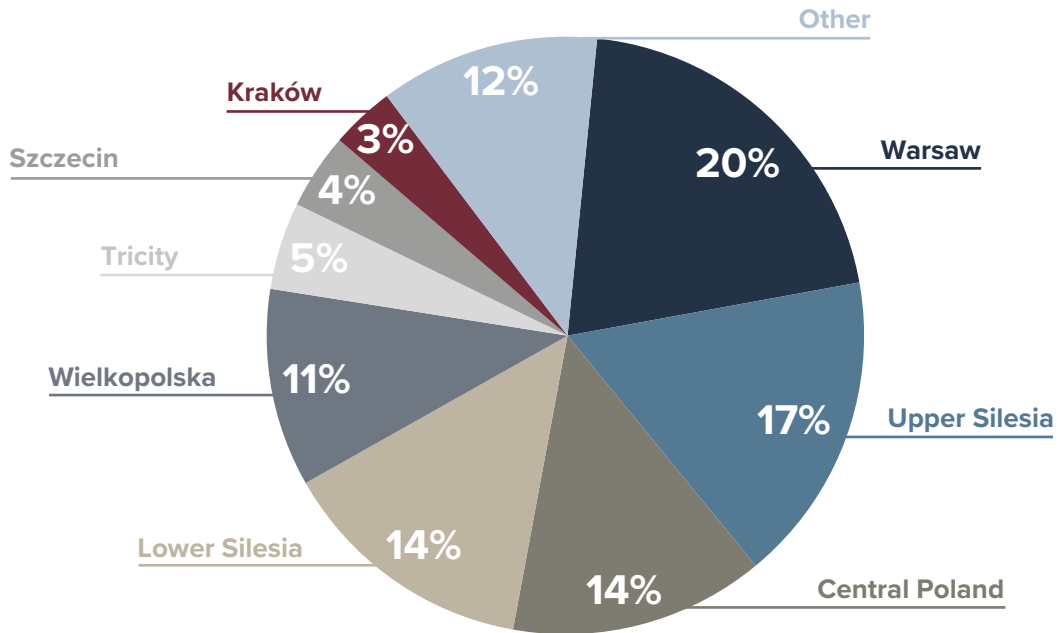




Warehouse market in Kraków Q1 2024

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 areas, including Kraków, with nearly 1 million sq m. Consequently, this is the smallest major market in terms of warehouse stock.

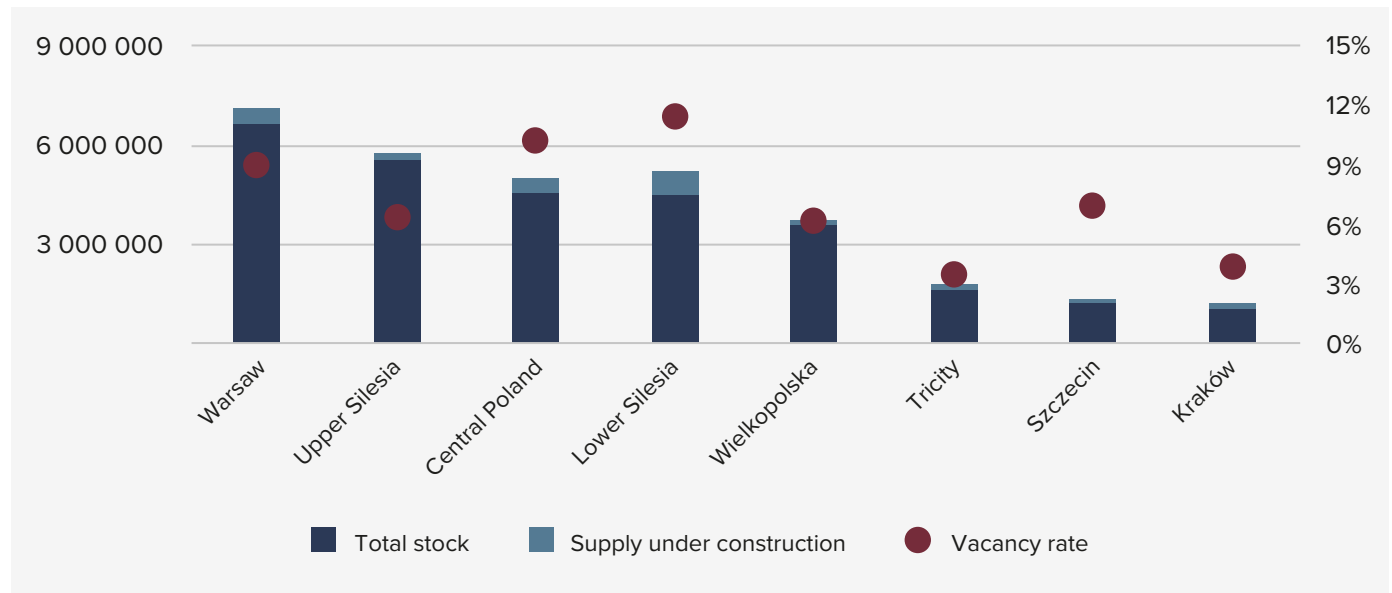
Warehouse stock in Poland by location (Q1 2024)



Developer activity in the Kraków warehouse market reached a record annual high in 2023, with 170,000 sq m of new space delivered, marking a 75% increase compared to the previous year. It is noteworthy that 2022 also saw a robust pace of space growth. The largest project completed during this period was MDC2 Park Kraków South, which added over 35,000 sq m and is located in Skawina, one of the largest concentration areas within the Kraków market. Following an active 2023, Q1 2024 was relatively weak regarding new supply, when approximately 22,000 sq m was delivered.

The robust developer activity observed in Kraków shows no signs of slowing down. At the end of Q1 2024, approximately 150,000 sq m of warehouse space was under construction. New warehouse projects are increasingly built with a focus on sustainability, respecting ESG principles and having or applying for certification, such as the 7R City Flex Kraków Airport I, completed in 2023.

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



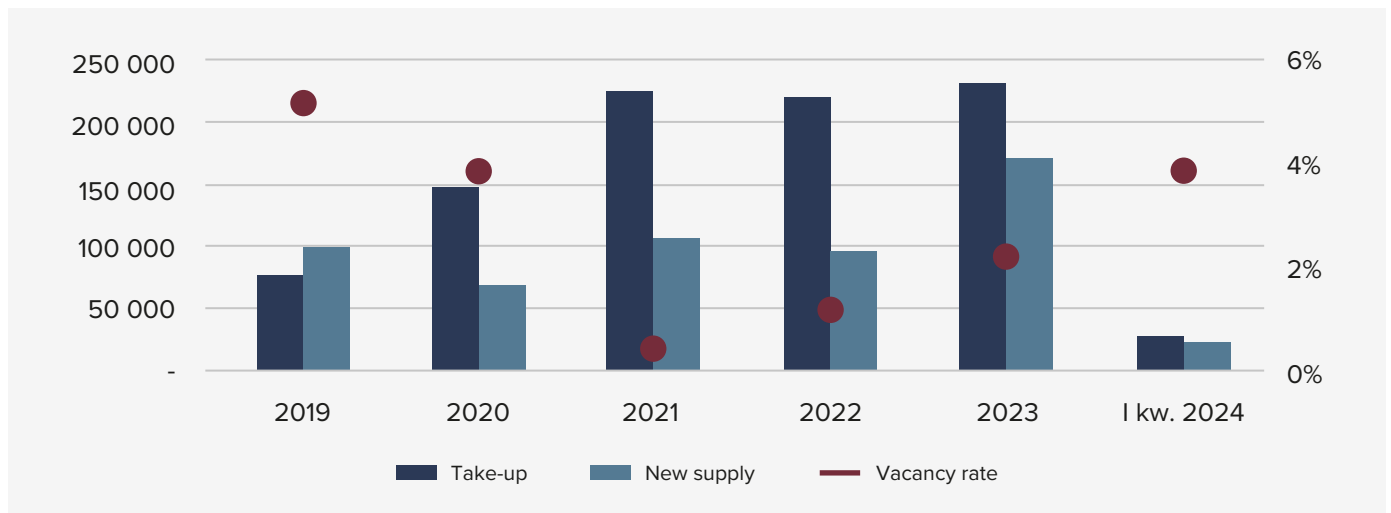
Demand for warehouse space in Poland indicates a decline in tenant activity in 2023 and Q1 2024, reflecting the situation across Europe. The total volume of lease agreements signed in the first three months of 2024 was 870,000 sq m, a 25% year-on-year decrease. In 2023, the total take-up was approximately 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. Despite these figures, the Kraków region, although generating only about 3-4% of the total warehouse demand, still managed to attract significant tenant interest, marking one of the record historical figures with over 230,000 sq m leased.

The two largest agreements each covered more than 35,000 sq m. However, the beginning of the year showed a significant decline in space absorption, with only 26,000 sq m leased.

At the end of Q1 2024, the availability of warehouse space for immediate lease in Kraków was relatively limited. The sustained high leasing activity, particularly in 2023, combined with a high level of commercialisation of new projects, resulted in a vacancy rate at 2.2% at the end of 2023. However, the deficient demand observed at the beginning of 2024 caused the vacancy rate to rise to 3.9%, the second-lowest after Tricity.



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



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. In Q1 2024, asking rents in the Kraków market were maintained at a high level, ranging from EUR 3.5 to 6 EUR per sq m per month, which positions Kraków as the most expensive regional warehouse market. Although the available warehouse space has increased compared to the previous year, developers are facing challenges in negotiating rates. This is primarily due to high inflation and elevated project financing costs, which are limiting their flexibility.