

## Quick Stats

	Sector		
	1	2	3
Total Space	↑	↑	↑
Demand	↓	↓	↑
Vacancy Rate	↑	→	↑

## Hot Topics

- In 2008 take-up reached a record level of 1.4 million sq m leased in the whole country.
- Total modern stock, as of the end of 2008, amounted to over 4.8 million sq m with 10% vacancy rate.
- The number of new projects handed over still remains very high, however the amount of space under construction has decreased.
- Developers, expecting lower demand in the next few years, have limited the number of buildings planned speculatively and are looking to build-to-suit projects

## GENERAL OVERVIEW

Although the global economy has entered a steep downturn, the Polish economy is still better positioned than most European countries. The average GDP growth in 2008 is estimated at 5.4% with forecasts at 2-3% in 2009 and 2010. The Polish economy started to slowdown in the second half of 2008 when many banks tightened loan conditions and many exporters experienced a decreased demand from Western countries. The Polish currency has sharply weakened. Companies have been scaling back investments in response to falling orders. Many of them changed their expansion strategies, which had a negative impact on the real estate market.

Still the demand for modern warehouse space is still strong. In 2008 the total of leased space amounted to 1.4 million sq m for all of Poland. That is a 31% increase compared with 2007. An analysis of occupiers shows that the demand for warehouse space is generated by logistic and distribution companies, a result of the development of retail markets as well as special economic zones and industrial investments. The average deal size remains stable and oscillates around 6,000 - 7,000 sq m. The largest deals include Leroy Merlin in Panattoni Park

Panattoni Park Strykow (56,000 sq m), a confidential deal in ProLogis Park Blonie (51,000 sq m) and Athletic Group in Tulipan Park Nadarzyn (25,000 sq m).

The total stock of modern warehouse space, as of the end of 2008, amounted to 4.8 million sq m. The number of newly delivered projects still remains very high, although the amount of warehouse space currently under construction has diminished after record level reached in Q3 2008. In 2008 as a whole, developers delivered over 1 million sq m of new warehouse space with another million sq m currently under construction in 34 projects across the country.

The supply of new space had a minor impact on the vacancy rate, which as of the end of the year stood at 10%. The majority of new warehouse space has been pre-let during construction.

Rents are without doubt on the rise, particularly in the larger cities. The current financial crisis has impacted plans of developers. New construction is launched only as build-to-suit investments. We also expect that in 2009 the demand for warehouse space may drop and the market might experience a kind of stagnation.

Q4 2008	Sector 1	Sector 2	Sector 3
Total Stock (sq m)	838,000	1,173,000	2,733,000
Projects under construction (sq m)	90,000	253,500	621,500
Take-up 2008 (sq m)	130,000	268,000	994,000
Vacancy Rate	10%	12%	9%
Rents (EUR/sq m/month)	6.00 – 6.40	3.00 – 4.00	3.00 – 4.20

*The above sector segmentation is of CB Richard Ellis' authorship and detailed overleaf*

**SECTOR 1 – WAREHOUSES IN WARSAW**

These warehouses and warehouse type business parks (A and B Class only) are located within a radius of 20 km from the centre of Warsaw.

Total warehousing stock in this sector currently amounts to 837,850 sq m. Throughout 2008 130,000 sq m of modern warehouse space were delivered. Warehouse space currently under construction amounts to 120,000 sq m in seven new projects.

Since the beginning of the year, 130,000 sq m of warehouse space has been leased, with over 12,000 sq m transacted in Q4 alone. Despite increased competition from warehouse-logistic centres located in Sector 2, demand for warehouse space in Warsaw is still high among tenants. Average deal size in Sector 1 was 3,000 – 4,000 sq m.

The vacancy rate in Q4 increased slightly to 10% compared to Q3. Rents have reached EUR 6.00 - 6.40 /sq m/month and are the highest in comparison to other Sectors.

**SECTOR 2 – LOGISTICS PARKS AROUND WARSAW**

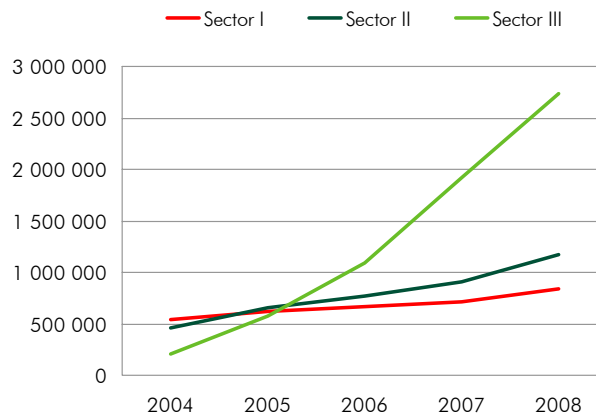
These logistic parks are located within the area from 20 to 80 km from the centre of Warsaw. As at the end of Q4, the total amount of warehouse space in logistics parks in Sector 2 exceeded 1,173,500 sq m including 262,000 sq m delivered in 2008 alone.

For developers, this sector is attractive due to its close proximity to the Warsaw agglomeration and availability of large green field sites for large warehouse projects which nowadays are very hard to find in Warsaw. Currently there is around 253,000 sq m currently under construction in 6 parks.

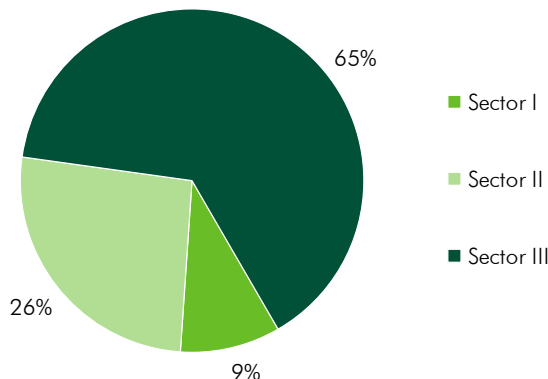
In Sector 2, take up of modern space is relatively constant, around 60,000 – 90,000 sq m quarterly. In total 2008 almost 268,000 sq m of warehouse space was leased in 34 lease transactions. The average size of a deal oscillated around 8,000 sq m, although the size of warehouse chosen by tenants the most often amounted to 4,500 sq m. One of the largest transactions to date in Poland, (51,000 sq m) took place in Blonie.

The vacancy rate in Q4 2008 increased slightly compared to the last year and now stands at 12.8%. Currently there is approximately 151,000 sq m of space offered for lease in Sector 2. Headline rental levels have remained relatively stable and currently are quoted at EUR 3.00 - 4.00 /sq m /month.

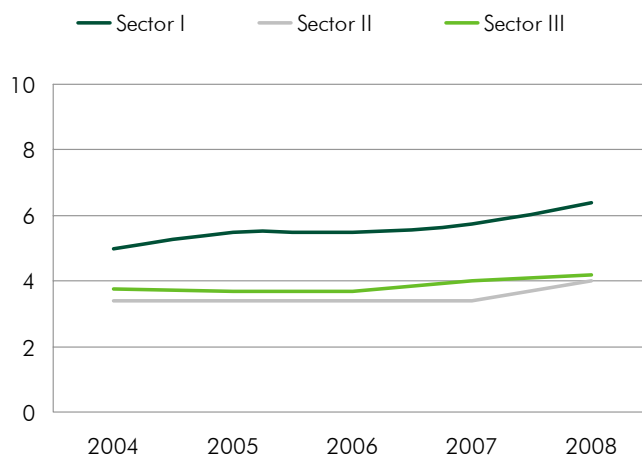
**WAREHOUSE STOCK IN POLAND DIVIDED BY SECTOR**



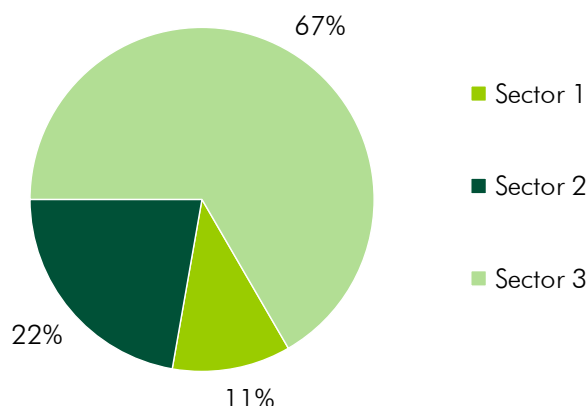
**STRUCTURE OF WAREHOUSE STOCK UNDER CONSTRUCTION IN Q4 2008 DIVIDED BY SECTOR**



**WAREHOUSE PRIME RENTS (EUR/sq m/month)**



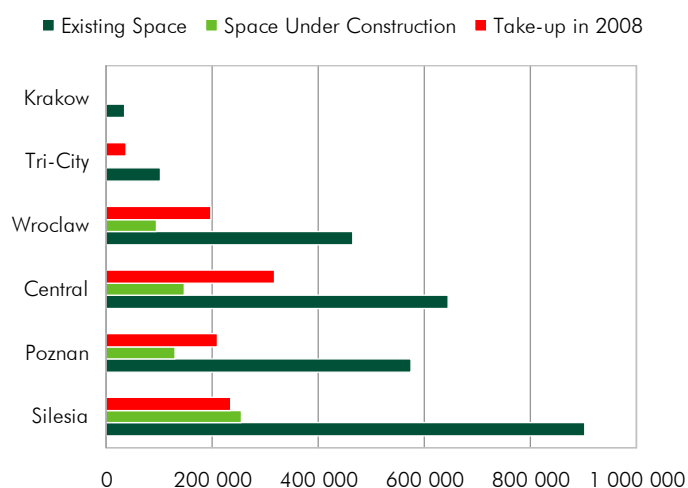
### WAREHOUSE SPACE NEW SUPPLY IN 2008 BY SECTOR



### WAREHOUSE TAKE UP BY SECTORS



### KEY INDICATORS BY REGIONS IN 4Q 2008 (sq m)



### SECTOR 3 - LOGISTICS PARKS IN POLAND

These logistic parks are located in the regions and major cities of Poland excluding the Warsaw region. Sector 3 is the most active and dynamically expanding warehouse and logistic market in Poland. It is currently incorporating six key regions with new locations already emerged on the Polish warehouse map. At the end of the quarter, total stock amounted to 2,733,000 sq m. Currently, there is 621,500 sq m of warehouse space under construction.

In Q4 2008, take up amounted to 218,000 sq m with almost 1,000,000 sq m leased since the start of the year. That means a growth of over 20% in comparison to the previous year.

The vacancy rate witnessed a slight increase compared to last quarter and currently stands at 8.6%. In total around 660,000 sq m of warehouse space is available here both in existing buildings and those under construction. Rental levels currently stand at EUR 3 – 4.20 /sq m/month.

**Silesia Region** (Katowice Conurbation) is the largest warehouse market in this Sector with 902,000 sq m of modern space and a further 255,500 sq m currently under construction. So far this year approximately 234,000 sq m of modern stock has been leased. The vacancy rate currently stands at a level of 5%.

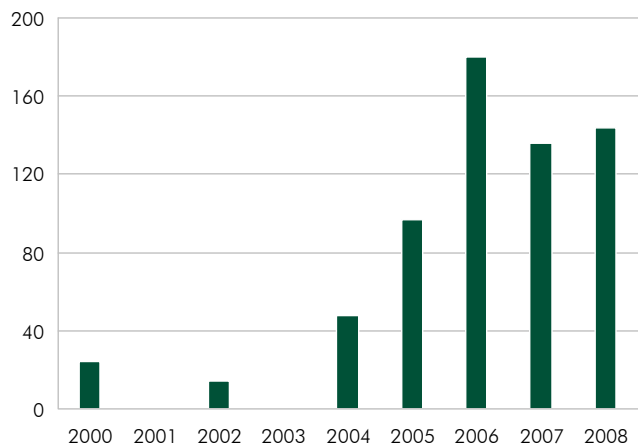
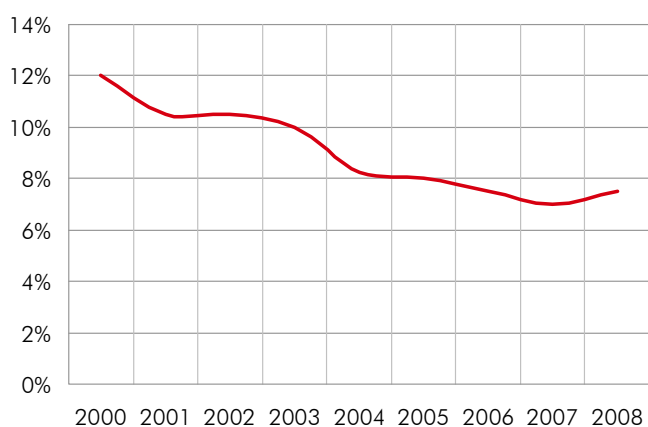
**Poznan Region** houses 575,500 sq m of modern warehouse space with a further 130,000 sq m currently under construction. Over the last year, 209,500 sq m of warehouse space has been leased. The vacancy rate currently stands at 5%.

**Central Poland Region** (Lodz, Piotrkow Trybunalski and Strykow) has 645,500 sq m of existing modern stock with a further 140,000 sq m currently under construction. Over the course of 2008, a total of 316,500 sq m of warehouse space has been leased. The vacancy rate currently stands at 13%.

**Wroclaw Region** houses 466,000 sq m of modern warehouse space with a further 96,000 sq m currently under construction. Leasing activity in 2008 totalled 198,500 sq m. The vacancy rate in the Wroclaw region currently stands at 5%.

**Tri-City Region** (Gdansk and Gdynia) is one of the newest markets in the Sector 3. Total stock amounts to 101,000 sq m and since the start of the year only 37,700 sq m has been let. Vacant space available here for lease does not exceed 6,000 sq m.

**Krakow Region** is the newest inclusion to the Sector 3 market. Total stock amounts to 35,900 sq m.

**WAREHOUSE INVESTMENT VOLUME (EUR MILLION)****WAREHOUSE PRIME YIELDS (%)****SELECTED INDUSTRIAL TRANSACTIONS IN 2008 IN POLAND**

Project	Location	Purchaser	Vendor	Estimated Yield	Value (million)
Europa Park	Mszczonow	Pinacle Real Estate	EDC	n/a	EUR 41
Raben Logistic Centres	Poznan & Grodzisk Maz.	TMW	Raben Group	c. 7.0 – 7.5%	EUR 40
Good Point Pulawska	Warsaw II	IXIS	Real Management	7.0%	EUR 27.5
Pruszcz Gdanski Logistics Center	TriCity	Guardian Asset Managers	BIK	7.5%	EUR 7.2
Ideal Idea Park	Warsaw	Tritax	n/a	c. 7.0%	n/a

**INDUSTRIAL INVESTMENT MARKET**

Industrial investment market in Poland is quite undeveloped. In comparison to other sectors, the number of warehouse transactions taking place is low, mostly due to the lack of quality products offered for sale. There are investors looking for products in the warehouse market, however the majority of new stock is owned by ProLogis and Panattoni, the leading developers. So far they were rarely interested in sale. This may change, however, as some developers in a light of global economic downturn, may decide to improve their financial status by disposing some of their assets.

Nevertheless, between 2004 and 2008 we registered a certain number transactions with total value of EUR 144 million in 2008. This means an 8% increase in comparison to the previous year. The largest ever registered transaction was a ProLogis take-over of the Parkridge portfolio in 2007 (not included in the official investment volume). The largest transaction that took place last year, was the sale of Europa Distribution Park located in Mszczonow, near Warsaw to Pinnacle Real Estate company for around EUR 41 million.

In general, industrial property sector is considered by investment funds as an attractive option to diversify their portfolio. Warehouses become more popular particularly in the light of UEFA CUP in 2012 with new highways to be developed in major cities thorough Poland.

Logistic yields have decompressed in the last year to around 7.5% - 7.75% at the moment for prime products. The key factors for investors are location, technical specification and lease length of the valid lease agreements. There is not much difference in yields between best schemes in the secondary cities and Warsaw. Majority of top class logistic parks are currently being developed in the regions, rarely in the Warsaw area.

## SECTOR 3 in Q4 2008

	Silesia	Poznan	Central Poland	Wroclaw	Tri-City	Krakow
Total Stock (sq m)	902,000	575,500	645,400	466,000	101,000	35,900
Under Construction (sq m)	255,464	130,200	140,056	95,724	0	0
Take Up Q4 2008 (sq m)	42,100	33,900	69,000	58,000	5,600	2,700
Take Up 2008 (sq m)	234,000	209,400	320,500	198,500	37,700	2,700
Vacancy Rate	5%	5%	13%	5%	6%	30%

For More information regarding the Poland Industrial Market, please contact:

## CBRE POLAND OFFICE

Charlie Wardroper

Managing Director,

CB Richard Ellis

Rondo ONZ 1,

00-124 Warszawa

tel: +48 22 544 80 00

e: charlie.wardroper@cbre.com

## CBRE INDUSTRIAL AGENCY

Tom Listowski

Associate Director,

Industrial Agency

CB Richard Ellis

Rondo ONZ 1,

00-124 Warszawa

tel: +48 22 544 80 49

e: tom.listowski@cbre.com

## CBRE Warsaw Research

Joanna Mroczek

Associate Director,

Research & Consultancy

CB Richard Ellis

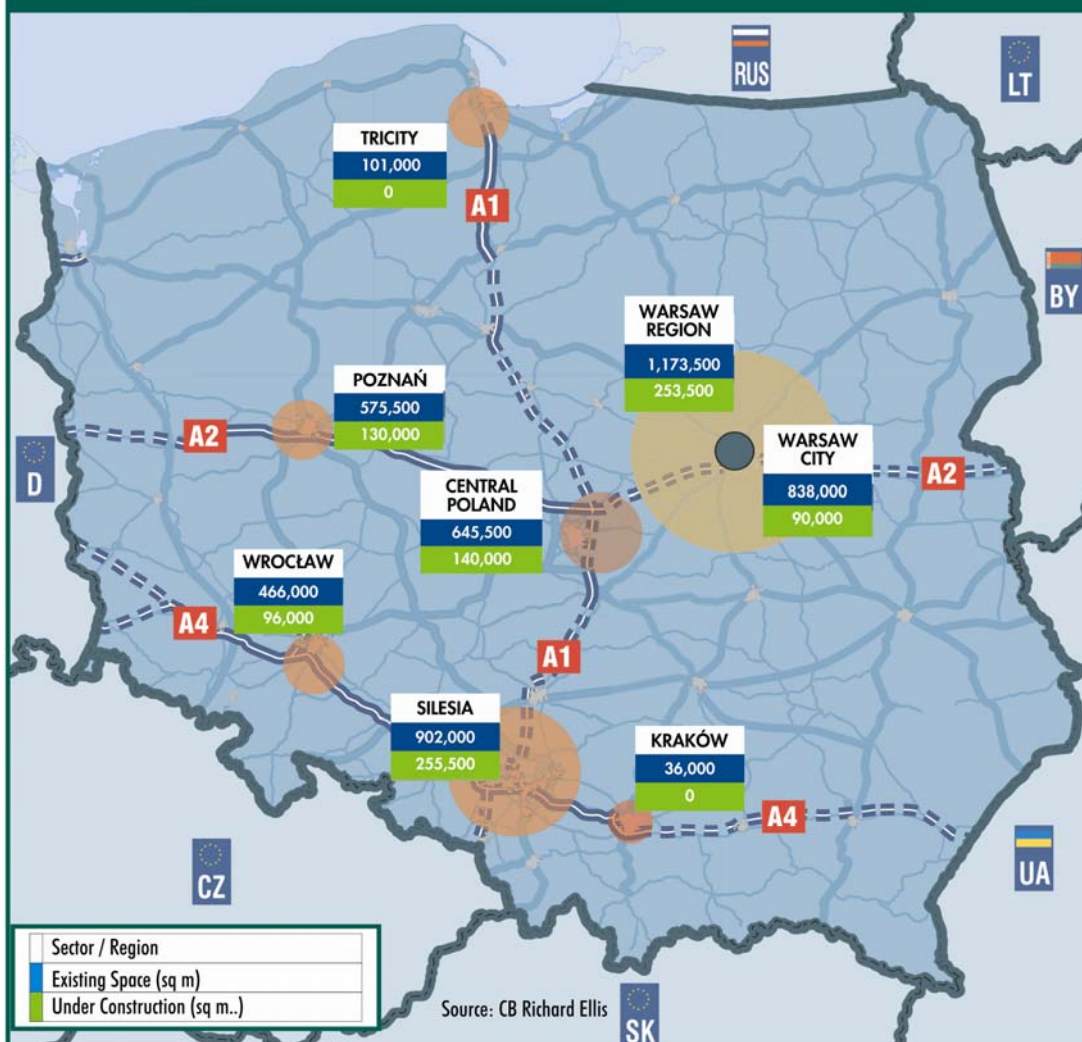
Rondo ONZ 1,

00-124 Warszawa

tel: +48 22 544 80 61

e: joanna.mroczek@cbre.com

## WAREHOUSE &amp; LOGISTIC SPACE IN POLAND



## Disclaimer 2008 CB Richard Ellis

Information herein has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by CB Richard Ellis clients, and cannot be reproduced without prior written permission of CB Richard Ellis. © Copyright 2008 CB Richard Ellis

CB Richard Ellis is the market leading commercial real estate adviser worldwide - an adviser strategically dedicated to providing cross-border advice to corporates and investment clients immediately and at the highest level. We have 400 offices in 58 countries across the globe, and employ 24,000 people worldwide. Our network of local expertise, combined with our international perspective, ensures that we are able to offer a consistently high standard of service across the world. For full list of CB Richard Ellis offices and details of services, visit [www.cbre.com](http://www.cbre.com)