At a glance

INDUSTRIAL & LOGISTICS MARKET REVIEW, POLAND
Q3 2014

MARKET SUMMARY

After the stunning 2013, when gross take-up for modern warehouse space peaked at nearly 2.2 million sqm, the market maintains growth impetus with as much as 1.65 million leased over the first nine months of 2014. Considering positive forecasts for the Polish economy, including increases of industrial production, high levels of exports as well as strong domestic demand, the leasing activity in 2014 should close at the similar level as in previos year.

At the end of Q3 2014 the total stock of modern industrial & logistics space in Poland reached 8.5 million sqm, of which approx. 800,000 sqm were delivered since January 2014. Compared with the corresponding period of last year, the supply grew by nearly 50%. Developers continue to diverse their activity and split investments into speculative and built-to-suit.

As a result of steady and strong occupier activity, since the beginning of the year vacancy rate has dropped by 2.3 p.p. reaching 8.0%. BNP Paribas Real Estate expects this trend to continue over the course of the next couple of quarters.

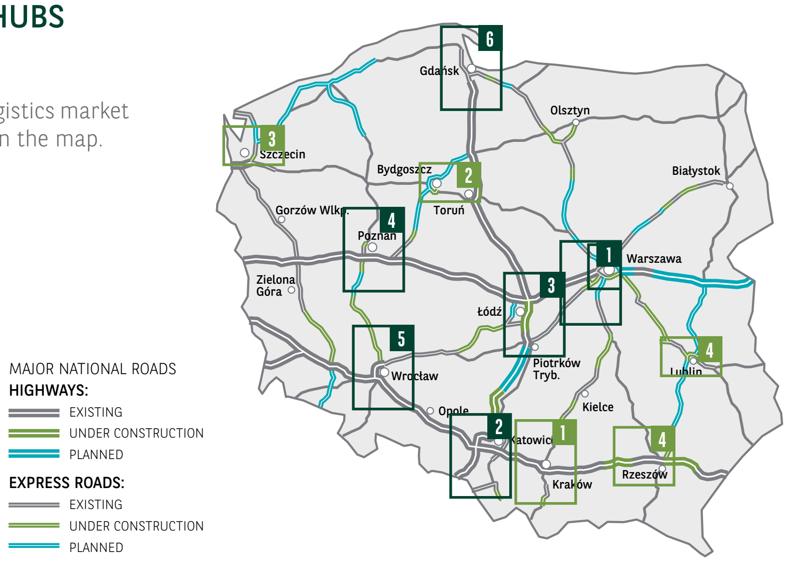
There have been no significant rent fluctuations recorded in most of the regions. However, in hotspots of Poznań, Kraków and Tri-City, due to low vacancy rate, landlords have raised their headline rent expectations by around 5% with lower incentive packages offered.

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



PRIMARY HUBS[1]

Warsaw I & Warsaw II

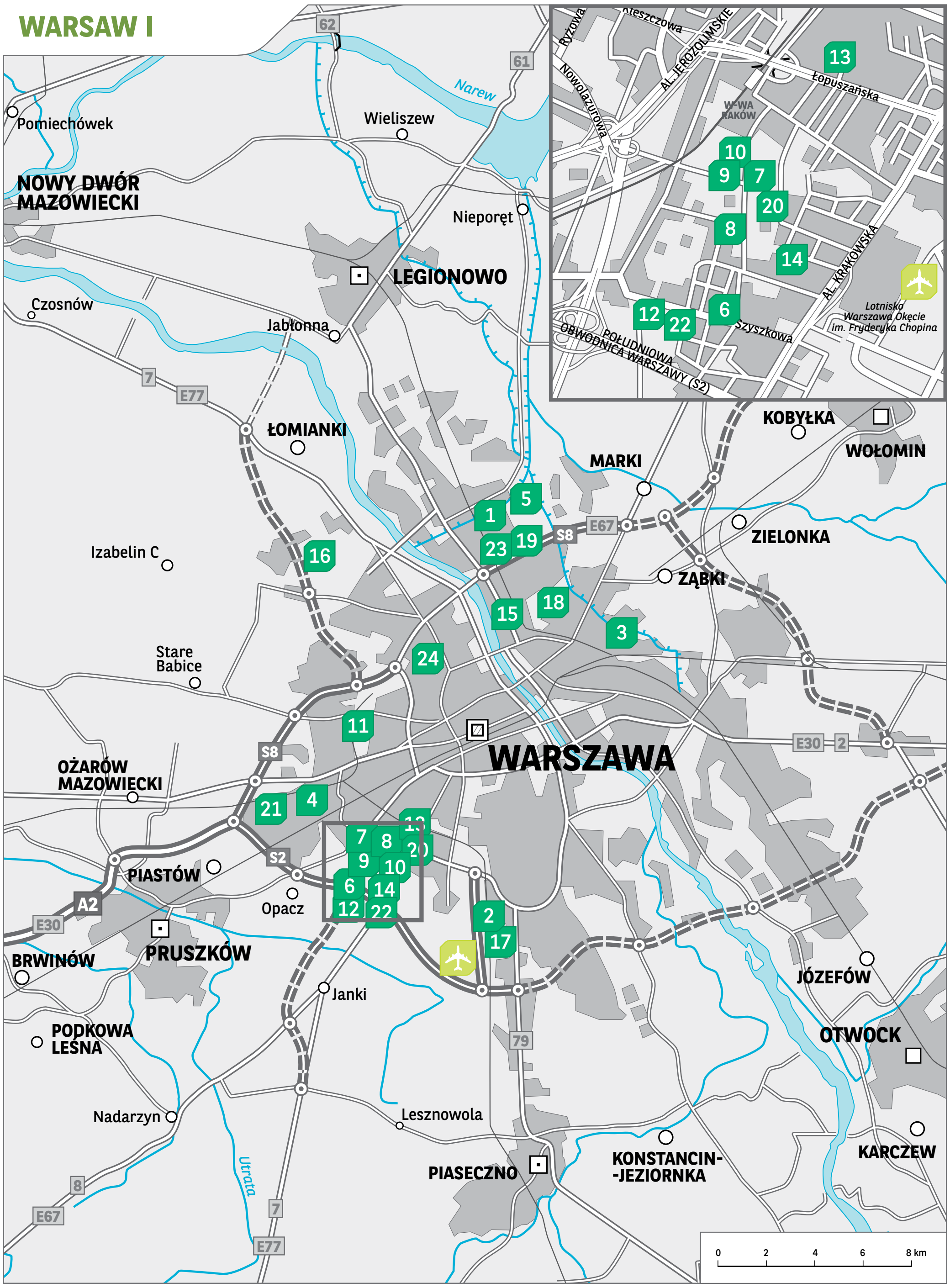
The largest market in Poland is split into two zones:

- Warsaw I – within Warsaw boundaries, holding 7.5% of the market share in terms of supply,
- Warsaw II – within 50 km radius from the city boundaries accounting for 25.9% of market share.

The hub 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.

Warsaw I Hub serves mainly the agglomeration, with some schemes providing services also to the regions. Many projects within this hub are let in smaller units when compared to typical out-of-town logistic parks. It is has experienced a lot of recent letting and reletting activity and records the highest rental rates across Poland.

In Q3 2014 one scheme was delivered in Zone 1 (Distribution Park Annopol 6,400 sqm). Over the next couple of months, the stock will increase by a further 8,500 sqm in Zone 1 and 26,200 sqm in Zone 2.



1. Annopol Business Park
2. Bokserska Distribution Center
3. City Point
4. Diamond Business Park Ursus
5. Distribution Park Annopol
6. Distribution Park Okęcie
7. Gate One
8. Airport House
9. Ideal Idea II
10. Ideal Idea III
11. Kolmet
12. Krakowska Distribution Center
13. Łopuszańska Business Park
14. Manhattan Business & Distribution Center
15. Metropol Park Jagiellońska
16. Norblin Industrial Park
17. Platan Park
18. Prologis Park Warsaw II
19. Segro Business Park Warsaw, Żerań
20. Space Distribution Center
21. Ursus Logistic Center
22. Warsaw Distribution Center
23. Żeran Park I
24. Żoliborskie Centrum Biurowo-Magazynowe

1. Supply of over 200,000 sqm

KEY INDICATORS	WARSAW I	WARSAW II
Total existing supply	636,300 sqm	2.2 million sqm
Under construction*	8,500 sqm	26,200 sqm
Vacancy rate	14.0%	7.9%
Rent range	€3.50-5.00 per sqm/month	€2.50-3.20 per sqm/month

* As of September 2014

WARSAW II

1. AB Logistyka
2. Atlantic
3. Altmaster Wola Mrokowska
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 Święcice
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. Reguły Logistic Park
38. Segro Business Park Warsaw, Ożarów
39. Stolica Business Center
40. Techniczna Industrial Park
41. Tulipan Park Warszawa
42. WAN Pruszków

Upper Silesia

The Upper Silesian Hub holds second position in terms of market share in the overall supply of industrial and logistics space in Poland (17.7%). In the last quarter the market expanded by a 8,000 sqm with Panattoni Park Glwiice II. A further 55,400 sqm is under construction.

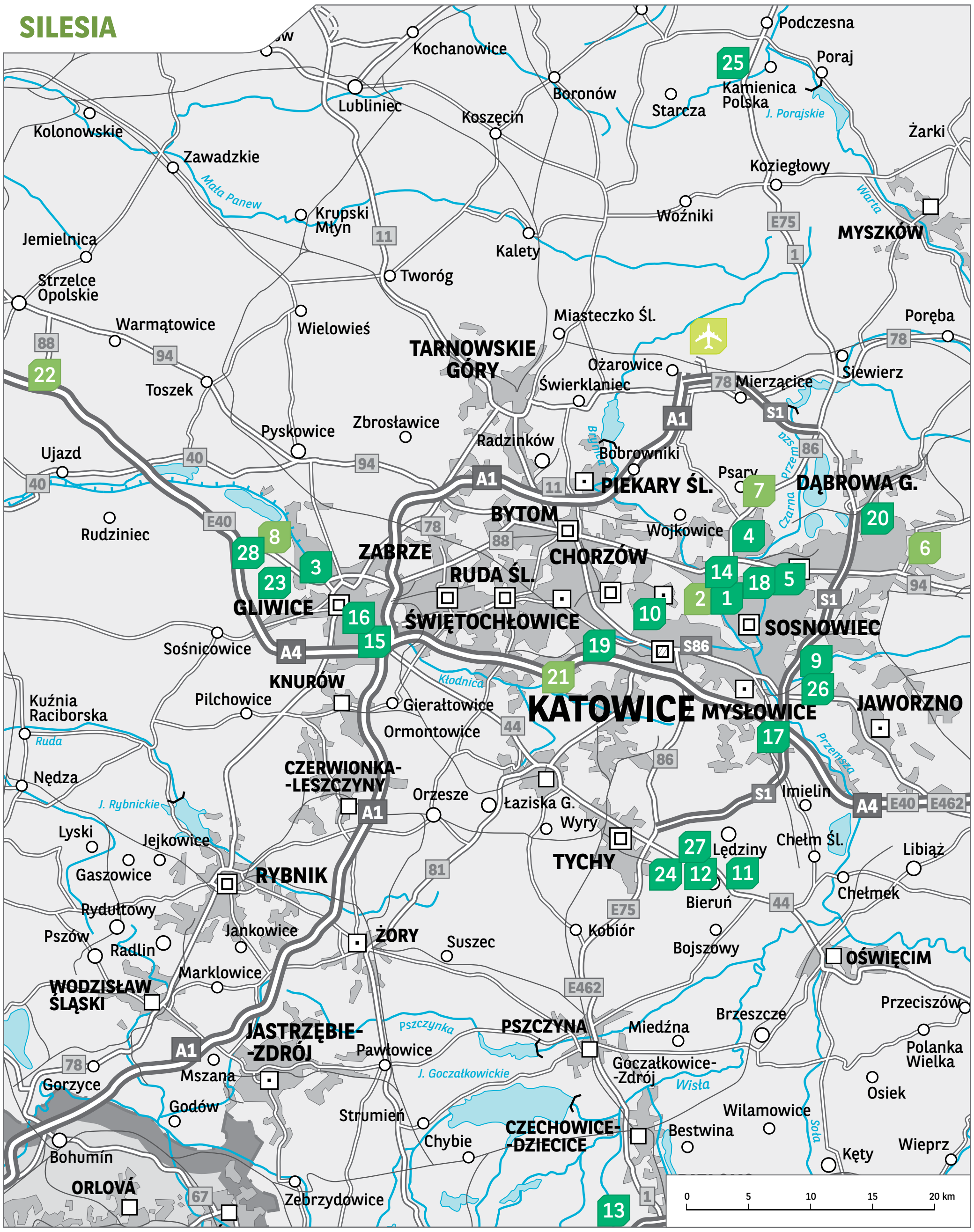
Benefiting from an excellent transportation network, including A4 and A1 motorways running across the region, proximity to Southern and Western borders of Poland, as well as substantial manufacturing base and large consumer market, the Hub has attracted key players, who have developed logistic parks 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	1.5 million sqm
Under construction*	55,400 sqm
Vacancy rate	8.3%
Rent range	€3.00-3.75 per sqm/month

* As of September 2014



1. Alliance Silesia Logistics Center
2. Centrum logistyczne Milowice (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

Central Poland

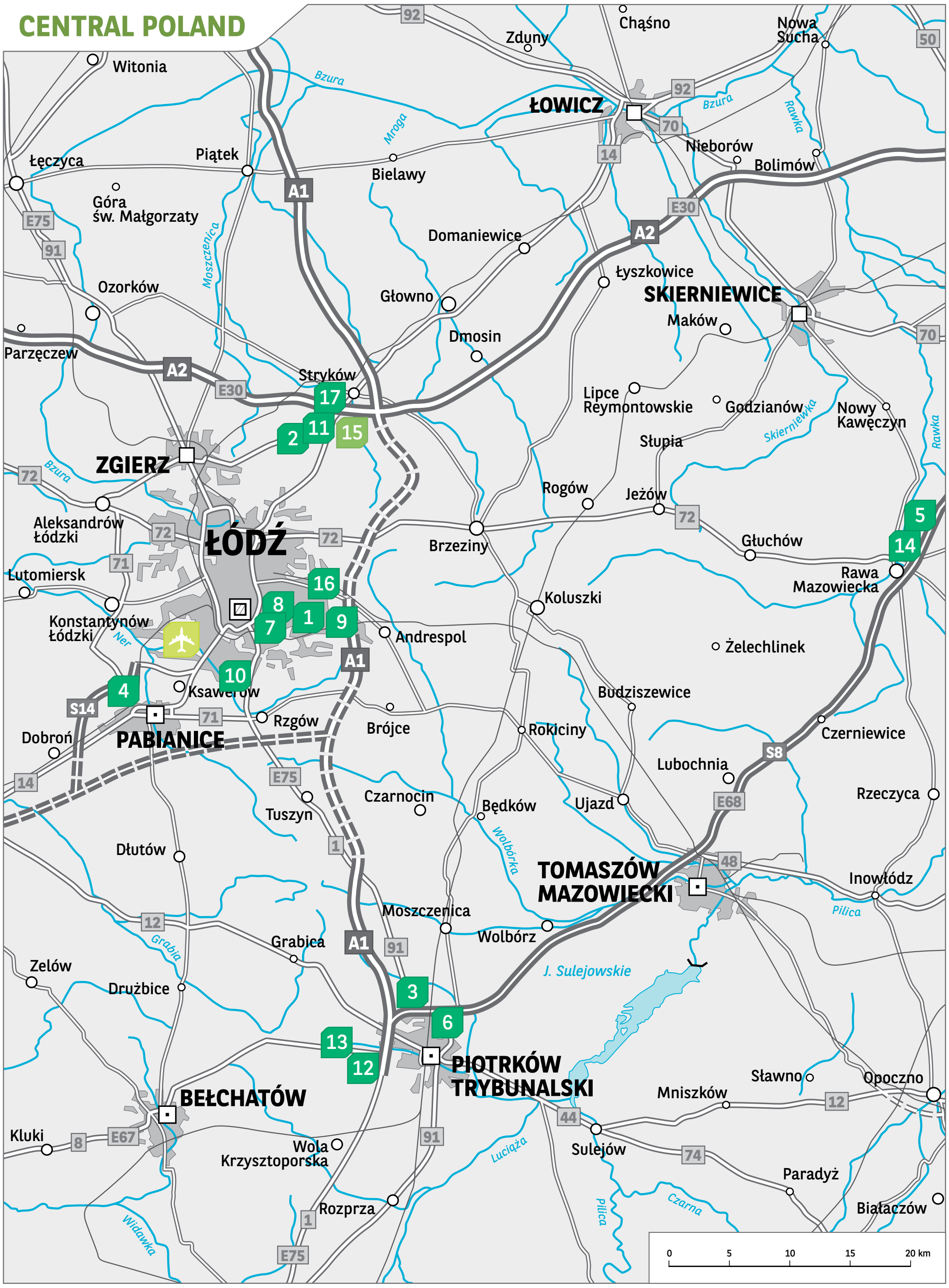
The Central Poland Hub is the third largest industrial and logistics hub in Poland with 13.4% of the market share, which will be further expanded by 38,000 sqm currenly under construction. Being located close to A2 and A1 motorway junctions is the key advantage of the Hub, attracting both developers as well as occupiers.

Take-up of space in the Central Poland Hub has increased over the last quarters, pushing the vacancy down to 11.1% in September 2014.

Rents have been relatively stable over the course of the last quarters and the trend is likely to continue.

KEY INDICATORS	CENTRAL POLAND
Total existing supply	1.14 million sqm
Under construction*	38,000 sqm
Vacancy rate	11.1%
Rent range	€2.40-3.00 per sqm/month

* As of June 2014



1. Diamond Business Park Łódź
2. Diamond Business Park Stryków
3. Europolis Park Poland Central
4. Goodman Łódź Logistics Centre
5. Logis
6. Logistic City – Piotrków Distribution Centre
7. Łódź Business Park
8. Panattoni Park Business Center Łódź
9. Panattoni Park Łódź East
10. Panattoni Park Łódź South
11. Panattoni Park Stryków
12. Prologis Park Piotrków I
13. Prologis Park Piotrków II
14. Prologis Park Rawa
15. Prologis Park Stryków (planned)
16. Segro Business Park Łódź
17. Segro Logistics Park Stryków

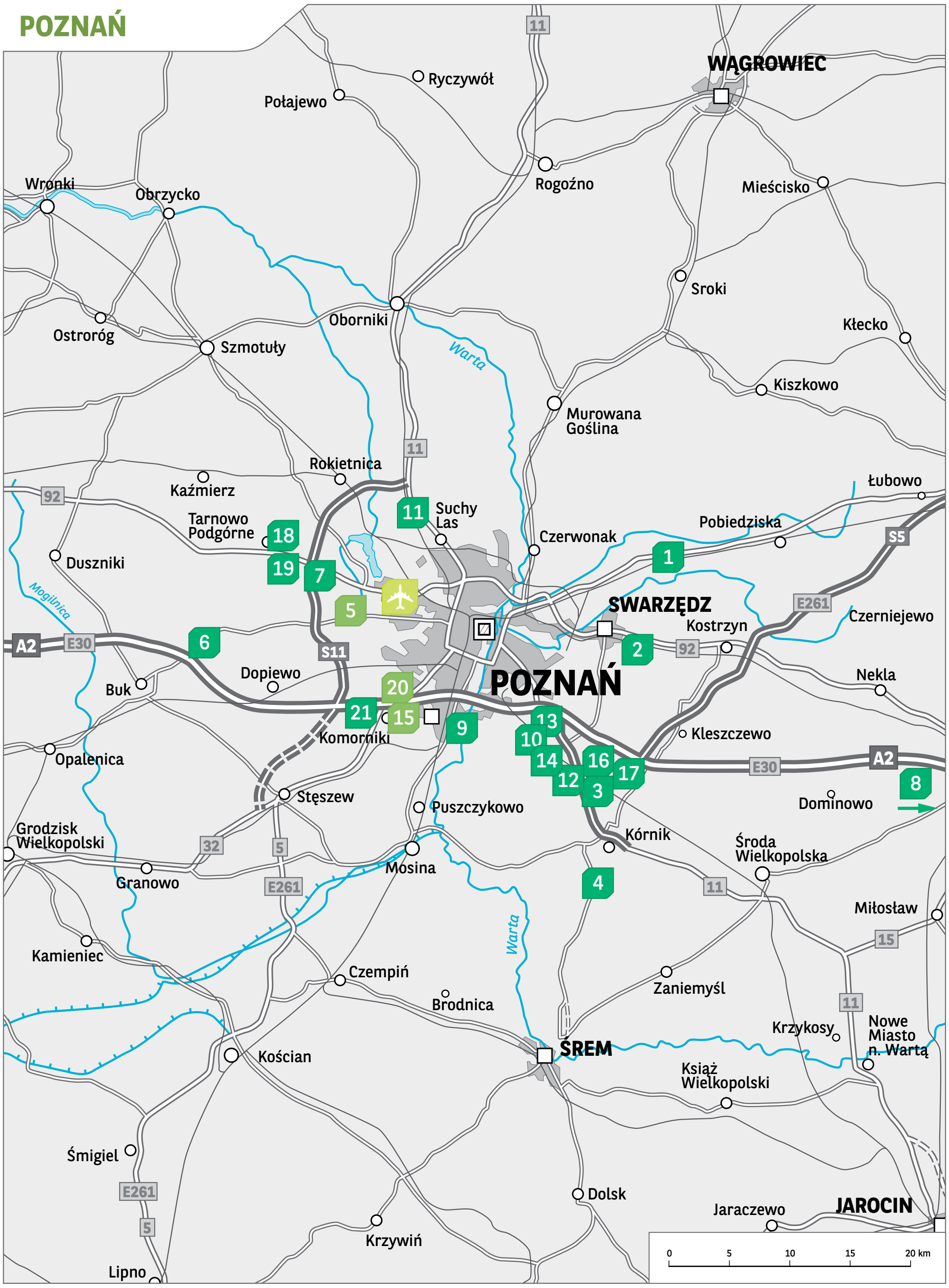
Poznań

Poznań Hub remains to be the most active region in terms of development. Since the beginning of 2014 as much as 196,000 sqm was delivered, which brought the volume of stock to exceed 1.12 million. A further 242,000 sqm are under construction.

Despite the sharp increase in supply, at the end of Q3 2014, vacancy moved up only 1 p.p. compared to the previous quarter. Prime headline rents increased by 7% to €3.75 per sqm/month.

KEY INDICATORS	POZNAŃ
Total existing supply	1.12 million sqm
Under construction*	242,000 sqm
Vacancy rate	3.9%
Rent range	€2.40-3.75 per sqm/month

* As of September 2014



1. Centrum Magazynowe Bugaj
2. Clip – Centrum Logistyczno Inwestycyjne Poznań
3. Distribution Park Gądki
4. Doxler
5. Goodman Poznań Airport Logistics Centre (planned)
6. Goodman Poznań Logistics Centre
7. Goodman Poznan II Logistics Centre
8. Logit
9. Luvena Logistic Park Poznań
10. MLP Poznań
11. Nickel Technology Park Poznań
12. Panattoni Park Poznań I
13. Panattoni Park Poznań II
14. Panattoni Park Poznań III
15. Panattoni Park Poznań IV (planned)
16. Panattoni Park Robakowo
17. PointPark Poznań
18. Prologis Park Poznań I
19. Prologis Park Poznań II
20. Prologis Park Poznań III (planned)
21. Segro Logistics Park Poznań

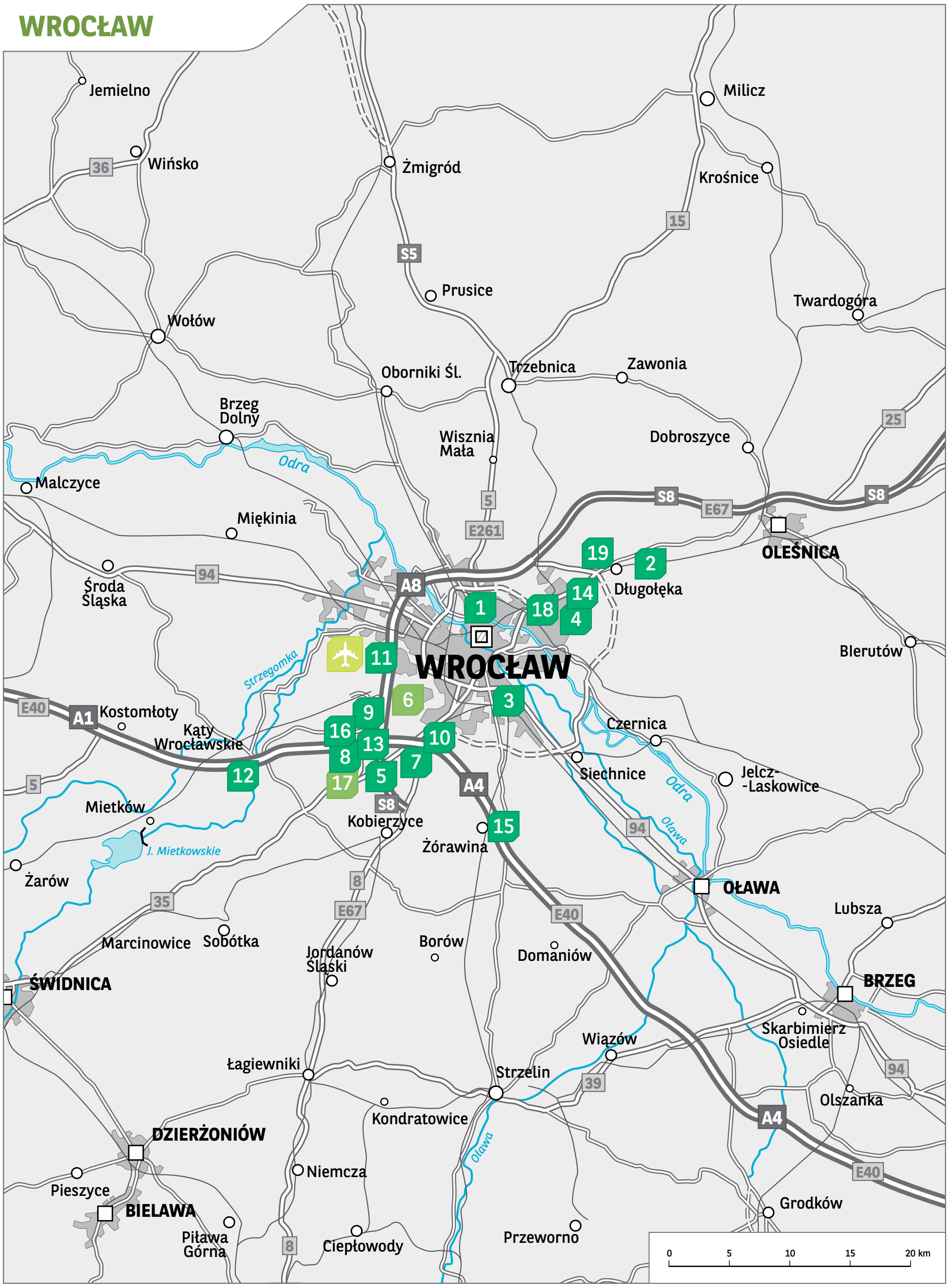
Wrocław

Wrocław Hub, which due to the proximity of A4 motorway has excellent links with Germany, has been very dynamic both in terms of supply as well as demand. Despite a substantial increase of supply at over 195,000 sqm, the vacancy rate has not grown extensively.

The region records the second highest level of development activity with 100,600 sqm currently under construction, still rents have maintained at the similar level.

KEY INDICATORS	WROCŁAW
Total existing supply	1.08 million sqm
Under construction*	100,600 sqm
Vacancy rate	5.1%
Rent range	€2.90-3.30 per sqm/month

* As of September 2014



1. Distribution Park Wrocław
2. Eurologis
3. Gazowa Industrial Park
4. Goodman Wrocław East Logistics Centre
5. Goodman Wrocław South Logistics Centre
6. Panattoni Industrial Park Wrocław (planned)
7. Panattoni Park Wrocław I
8. Panattoni Park Wrocław II
9. Panattoni Park Wrocław III
10. Prologis Park Wrocław I
11. Prologis Park Wrocław III
12. Prologis Park Wrocław IV
13. Prologis Park Wrocław V
14. Segro Industrial Park Wrocław
15. Skalski Logisitic Park
16. Tiner Logistic Park
17. Wrocław Bielany Business Park (planned)
18. Wrocław Business Park
19. VATT Invest Wrocław

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 and logistics hub in the Tri-City area. The current supply in the Region is estimated at around 227,600 sqm with a further 44,500 sqm under construction, which in relation to its current stock, is relatively high.

Vacancy rate has grown from 5.1% at Q2 2014 to 6.4% at Q3 2014, mainly due to delivery of 17,000 sqm Gdańsk Kowale III.

KEY INDICATORS	TRI-CITY
Total existing supply	227,600 sqm
Under construction*	44,500 sqm
Vacancy rate	6.4%
Rent range	€2.80-3.50 per sqm/month

* As of September 2014

1. Centrum Logistyczne Gdańsk Kowale I
2. Centrum Logistyczne Gdańsk Kowale II
3. Centrum Magazynowe Hutnicza
4. Diamond Business Park Gdańsk (planned)
5. Goodman Pomeranian Logistics Centre
6. Logistic Center Pruszcz Gdański
7. Panattoni Park Gdańsk
8. Prologis Park Gdańsk
9. Segro Logistics Park Gdańsk

SECONDARY HUBS[2]

Kraków

Despite high demand for logistics 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 belong to 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*	22,800 sqm
Vacancy rate	2.9%
Rent range	€ 3.25-4.00 per sqm/month

* As of September 2014

KRAKÓW

1. Centrum Logistyczne Kraków I (planned)
2. Centrum Logistyczne Kraków II
3. Centrum Logistyczne Kraków III
4. Centrum Logistyczne Olkusz (planned)
5. Goodman Kraków Airport Logistics Centre
6. MARR Business Park
7. MK Logistic
8. Panattoni Park Kraków
9. Witek AirPort Logistic Centre

2. Supply up to 200,000 sqm

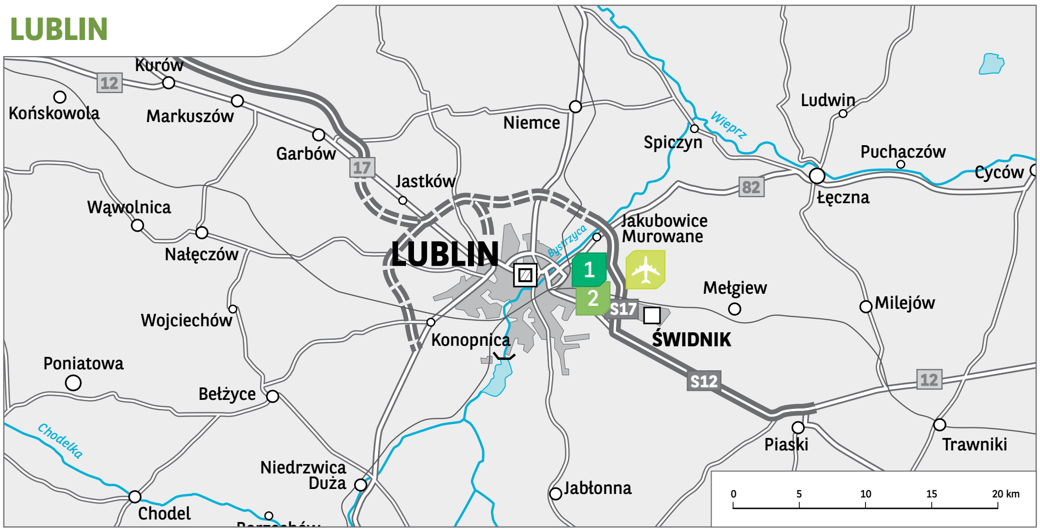
Rzeszów / Lublin

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

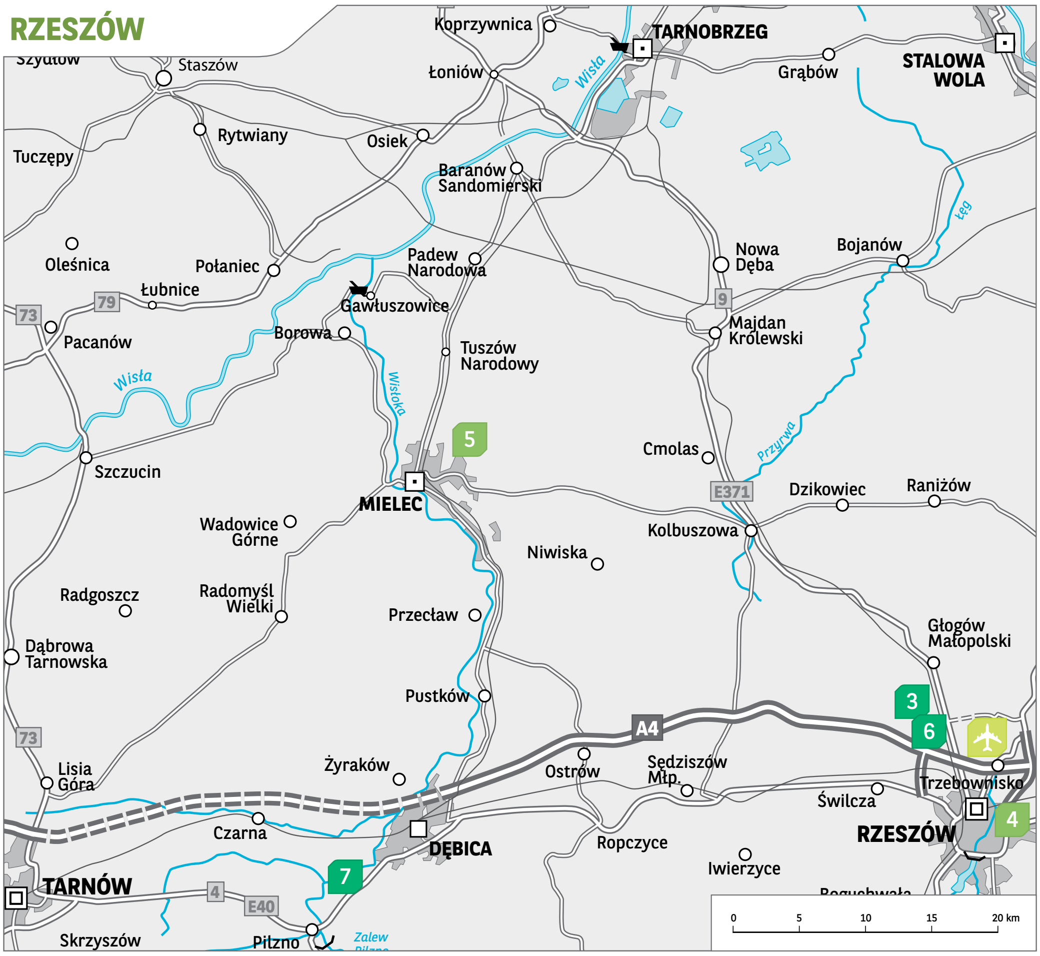
There is no rental movement within the region, which is unlikely to change over the next few quarters.

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 September 2014



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



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

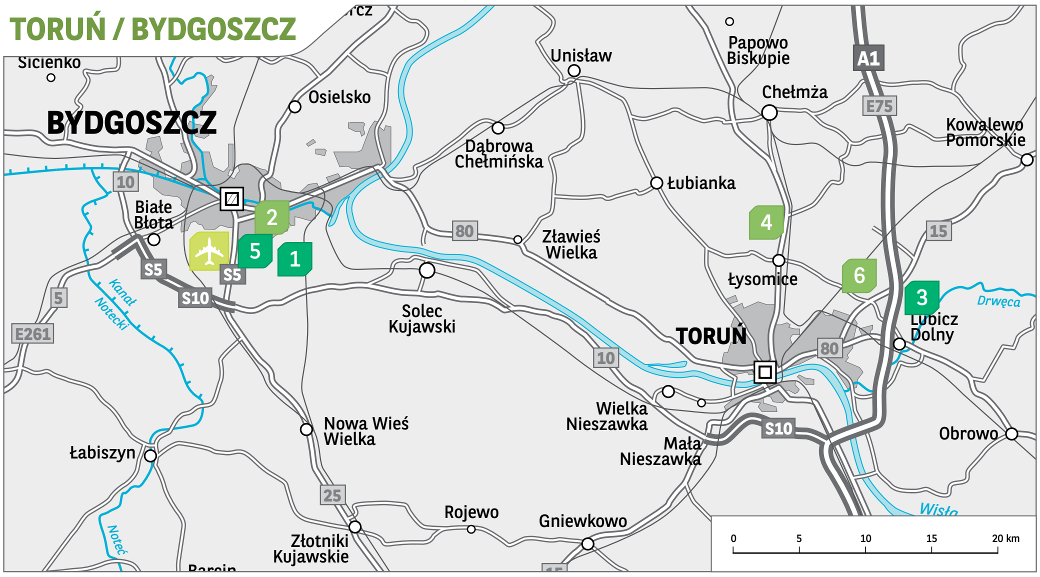
Toruń / Bydgoszcz

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

The region struggles with high vacancy at the level of 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	105,100 sqm
Under construction*	-
Vacancy rate	24.1%
Rent range	€ 2.40-2.80 per sqm/month

* As of September 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

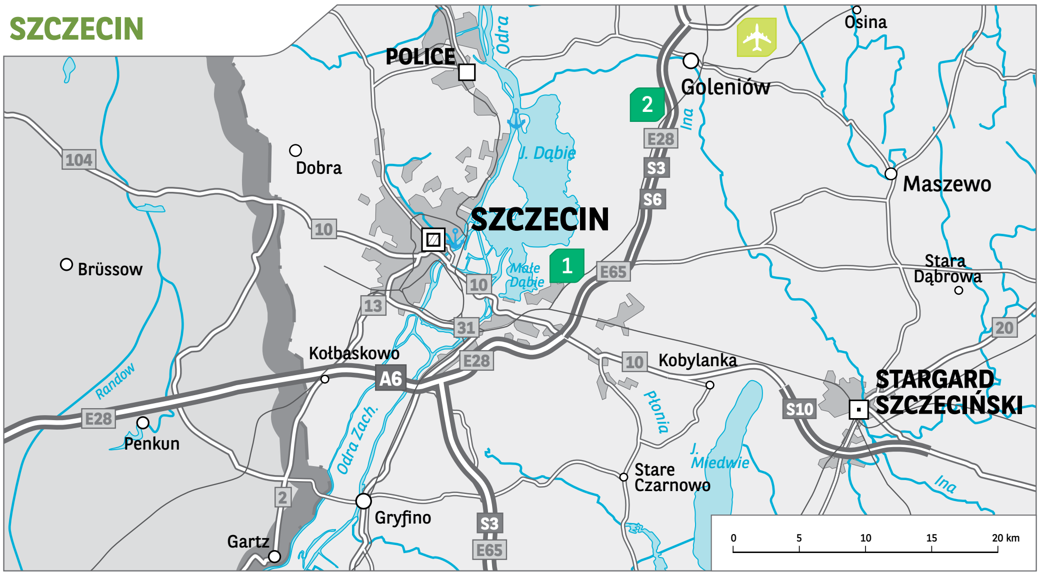
Szczecin Hub

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 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-Q3 2014

Tenant	Scheme	Hub	Area leased (sqm)	Type of lease
Carrefour	Distribution Park Będzin	Upper Silesia	45,800	Renegotiation
GE	BTS Bielsko-Biała	Upper Silesia	45,000	BTS
Merlin.pl	MLP Pruszków	Warsaw II	41,500	BTS
Polo Market	Goodman Konin	Poznań	39,700	BTS
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
Wilshire Holding	Europolis Park Błonie	Warsaw I	20,200	Renegotiation / Expansion
K-Flex	Łódź	Central Poland	16,000	BTS
UPS	Panattoni Park Stryków	Łódź	14,000	Renegotiation
CEVA Logistics	PointPark Poznań	Poznań	13,500	BTS

Source: BNP Paribas Real Estate

List of selected completions in Q3 2014

Project	Hub	Developer	Area (sqm)
BTS Amazon	Wrocław	Goodman	123,500
BTS Amazon	Poznań	Panattoni	100,650
Prologis Park Wrocław V	Wrocław	Prologis	27,000
BTS Home & You Gdańsk Kowale III	Tri-City	7R Logistic	20,700
Panattoni Park Wrocław	Wrocław	Panattoni	20,000
Prologis Park Wrocław	Wrocław	Prologis	18,300

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 transactons, 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.

CONTACTS

Anna Staniszewska Director, Research & Consultancy CEE, anna.staniszewska@bnpparibas.com
Katarzyna Pyś-Fabiańczyk Head of of Industrial & Logistics Department, katarzyna.pys-fabianczyk@bnpparibas.com
Martyna Kajka Junior Consultant, Industrial & Logistics Department, martyna.kajka@bnpparibas.com
Erik Drukker Managing Director, Agency & Valuations, erik.drukker@bnpparibas.com
John Palmer Director Industrial Investments & Valuations CEE, john.palmer@bnpparibas.com

BNP Paribas Real Estate Advisory and Property Management Poland Sp. z o.o.
Al. Jana Pawła II 25, 00-854 Warsaw
Tel. +48 22 653 44 00
Fax +48 22 653 44 01