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More than 2 million sqm delivered to the industrial market in first three quarters of 2019 in Poland

Warsaw, 5 December 2019 – According to the latest Cresa Poland report: „Occupier Insight Q1-3 2019”, the Polish warehouse and industrial market maintained its strong momentum in the first three quarters of 2019, with more than 2 million sqm delivered to the market, bringing Poland’s total stock up to 17.59 million sqm (up by 16% year-on-year). The largest completion in the first three quarters and in the history of the Polish market was Panattoni BTS Amazon Gliwice, whose total area is 210,000 sqm.

Warehouse and industrial take-up ranged between 930 000 sqm and 970 000 sqm in each of the first three quarters of 2019. Leasing activity in the year to date hit a total of 2.85 million sqm, down marginally by 4% on the same period last year.

New warehouse and industrial supply reached more than 2 million sqm in the first three quarters of 2019, up by 43% on the same period last year. Development activity shows no sign of abating with 1.81 million sqm of modern warehouse space under construction and scheduled for delivery by the end of 2020.

The vacancy rate has increased significantly to 6.3% since the beginning of the year, largely due to the record supply of warehouse and production space, most of which was delivered in the third quarter. The highest vacancy rates are in Świętokrzyskie (53.4%), Podlaskie (20.2%) and Pomerania (9.1%).

“Although the economic growth forecast for 2020 has been downgraded to 3.3%, the outlook for the warehouse market remains very positive. Developers are therefore increasingly committing to speculative construction, which is likely to result in more space becoming available upon completion. Due to a base effect, Poland’s vacancy rate is expected to remain unchanged at approximately 6%” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

The rising inflationary pressure (more than 2.5% in 2020) is expected to lead to further growth in construction costs, albeit at a slower rate than witnessed in the last two years. Despite this, tenants are likely to see rental rates edge up in some regions. Completed and leased warehouses continue to attract equity investors and remain second only to office buildings. As a result, prime industrial yields stand at 6.25%, down by 0.25 pp year-on-year. Cresa Poland experts expect investor confidence to remain strong throughout 2020.

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