POLAND INDUSTRIAL DESTINATIONS

2016

CBRE

CBRE Research

INTRODUCTION

Geographically, the market for modern industrial and logistics space in Poland is divided into the following three sectors:

- Warsaw I – individual schemes and warehouse business parks located within a radius of 15 km from Warsaw city centre;
- Warsaw II – industrial and logistics parks located within a radius of 15 to 80 km from Warsaw city centre, mainly along the main arterial roads;
- Regions – industrial and logistics parks located in the regions and major cities of Poland excluding Warsaw City and the Warsaw greater region: Silesia, Poznan, Wroclaw, Central Poland, Krakow, Tri-City, Szczecin, Lublin and Rzeszow (the East region), Bydgoszcz and Torun.

The total stock of modern industrial and logistics space in Poland amounted to ca. 10.29 million sq m at the end of Q1 2016. The last two years generated record-highs in terms of development activity. In 2014 and 2015 developers delivered around 1.1 million sq m and 930,000 sq m to the Polish market, respectively. 2016 has also started with very good results of 440,000 sq m completed in Q1. This positive trend seems likely to be continued in the coming months and years.

At the end of Q1 2016, almost 750,000 sq m of industrial and logistics space was under construction, out of which ca. 50% comprised of speculative development. We have observed the gradual growth of well-established locations such as: Warsaw, Silesia, Poznan, Wroclaw and Central Poland. Strong demand for warehouse space and low vacancy rates encourage developers to seek new development opportunities within fresh markets – the East region, Tri-City, Szczecin, Bydgoszcz, Torun and Krakow are now playing a more and more important role.

The last few years demonstrated a gradual decline in vacancy levels in all the Polish regions with historically low vacancy rates being observed during 2015. Q1 2016 ended with the average vacancy rate for Poland at 6.2%, indicating a slight increase when compared to the corresponding period last year (by 0.7 pp) and the last quarter (by 1.2 pp).

The good condition of the Polish market has also been confirmed by positive results on the demand side. Overall, 2015 resulted in almost 2.62 million sq m of leased industrial and logistics space, exceeding the record high outcomes from 2013 and 2014 – 2.15 million sq m and 2.58 million sq m respectively. Q1 2016 was the best start to any new year in the whole history of the Polish industrial and logistics market in terms of tenant activity. In total, almost 700,000 sq m of space was leased. Demand is generated mainly by companies from the logistics, automotive and FMCG sectors. Dynamic growth of e-commerce clients is also being observed.

CBRE

Warsaw I

Economic indicators

- Population of the Mazowieckie voivodship: **5,340,000**
- Population of Warsaw: **1,740,000**
- Unemployment rate in the Mazowieckie voivodship: **8.5%**
- Unemployment rate in Warsaw: **3.4%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	12.00	Medium
Sorter	11.00	Medium
Production engineer	14.00	Medium
Machine operator	15.00	Medium
Warehouse worker	14.00	Low
Forklift operator	17.00	Low
Warehouse manager	19.00	Low
Welder	20.00	Medium

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **680,000** sq m

UNDER CONSTRUCTION **8,000** sq m

COMPLETED IN 2015-Q1 2016 **10,000** sq m

VACANCY RATE: **9.4%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **90,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

4.00-5.50

EUR/ sq m/ month

Headline rent for industrial and logistics space

7.50-10.00

EUR/ sq m/ month

Office space rent

1.00-1.70

EUR/ sq m/ month

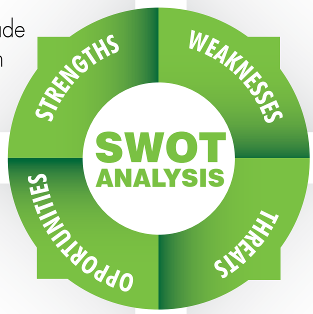
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- The largest consumer market in Poland, high purchasing power of Warsaw inhabitants
- Well-developed road infrastructure and public transport
- The biggest airport in Poland, still expanding – large cargo volume
- Status of a capital city – the natural destination for the allocation of funds by companies investing in Poland for the first time
- Relatively large supply of B-grade space – an alternative solution for tenants with non-standard requirements

- Limited access for trucks and heavy traffic, especially on the exit roads
- Limited number of new warehouse projects
- Relatively high land prices and high rental levels
- Comparably high labour costs

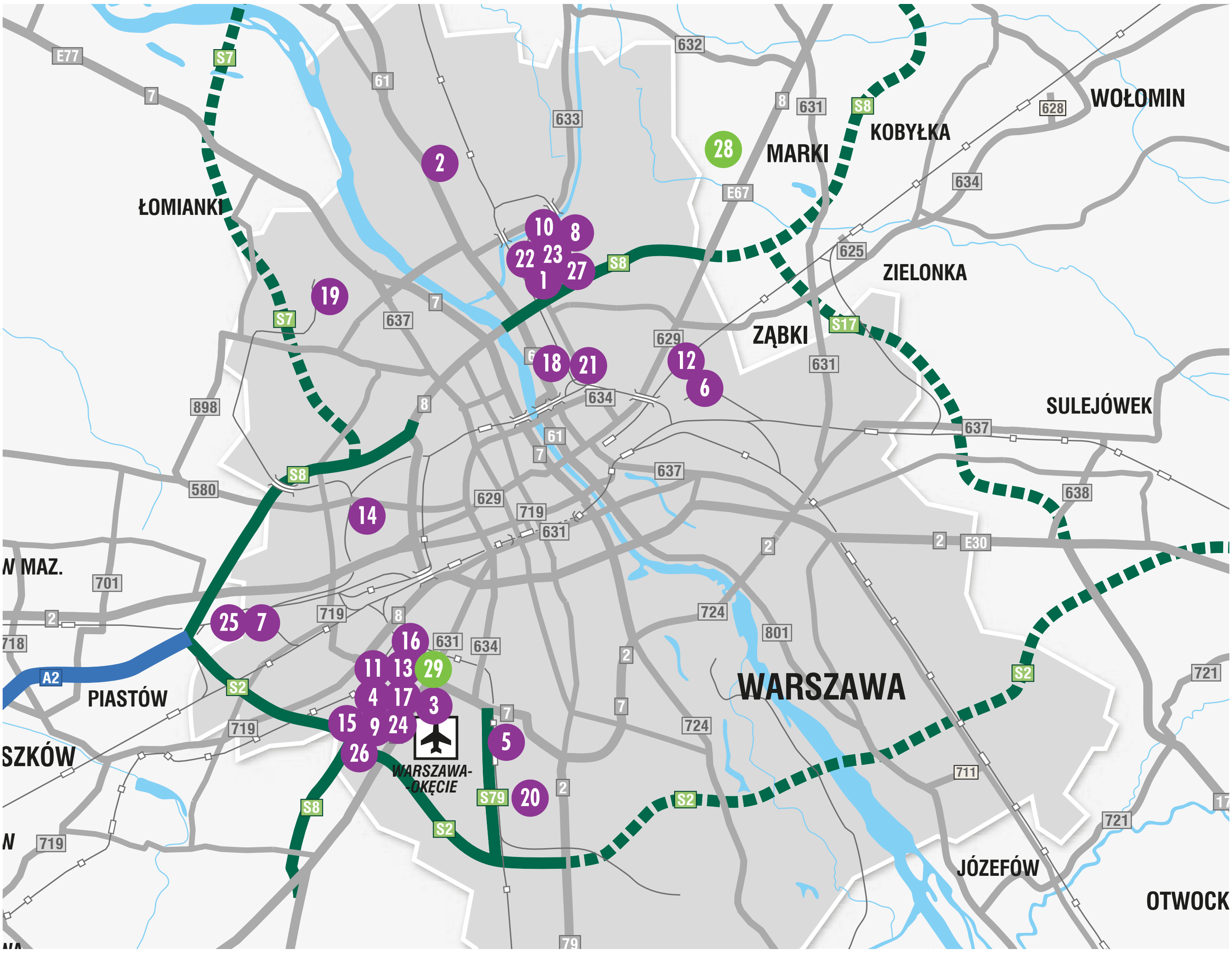


- Positive migration balance – high attractiveness of the city, significant growth potential
- Modernization of infrastructure, especially completion of the Warsaw Ring Road
- Development of small business units (500-1,000 sq m) with high-quality offices attached

- Strong competition from cheaper locations outside the city – outflow of tenants
- Alternative use of available investment land for services and retail projects – warehouse and production developments located outside the city

CBRE

1. Location map



1. Selected industrial and logistics parks in Warsaw I

Selected existing parks	
1.	Agmet Marywilska
2.	Agmet Stagiewna
3.	Airnet
4.	Airport House
5.	Bokserska Distribution Center
6.	City Point
7.	Diamond Business Park Ursus
8.	Distribution Park Annopol
9.	Distribution Park Okecie
10.	Distribution Park Zeran
11.	Gate One Business Park
12.	Hillwood Warszawa I
13.	Ideal Distribution Center
14.	Kolmet
15.	Krakowska Distribution Park
16.	Logicor Warszawa
17.	Manhattan Distribution Center
18.	Metropol Park Jagiellonska
19.	Norblin Industrial Park
20.	Platan Park I&II
21.	Prologis Park Warsaw II
22.	Prologis Park Warsaw-Zeran
23.	Segro Business Park Warsaw Zeran
24.	Space Distribution Center
25.	Ursus Logistic Center
26.	Warsaw Distribution Center
27.	Wenecka

Parks under construction & planned projects	
28.	Hillwood Marki
29.	Ideal Idea IV

Warsaw II

Economic indicators

- Population of the Mazowieckie voivodship: **5,340,000**
- Population of Warsaw: **1,740,000**
- Unemployment rate in the Mazowieckie voivodship: **8.5%**
- Unemployment rate in Warsaw: **3.4%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	12.00	Medium
Sorter	11.00	Medium
Production engineer	14.00	Medium
Machine operator	15.00	Medium
Warehouse worker	14.00	Low
Forklift operator	17.00	Low
Warehouse manager	19.00	Low
Welder	20.00	Medium

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **2,420,000** sq m

UNDER CONSTRUCTION **100,000** sq m

COMPLETED IN 2015-Q1 2016 **230,000** sq m

VACANCY RATE: **10.0%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **820,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

2.50-3.40

EUR/ sq m/ month

Headline rent for industrial and logistics space

6.50-9.00

EUR/ sq m/ month

Office space rent

1.00-1.15

EUR/ sq m/ month

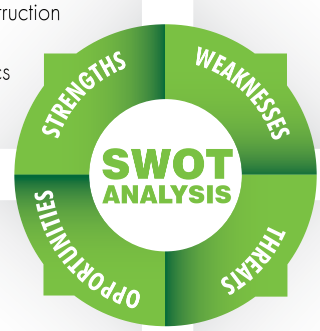
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- The largest industrial and logistics market in Poland (2.42 million sq m) – diversified offer of unit sizes (both big box and small business units), with all the major developers present in the region
- Significant number of new developments: ca. 100,000 sq m under construction
- Strong demand for logistics space
- Relatively low rental levels

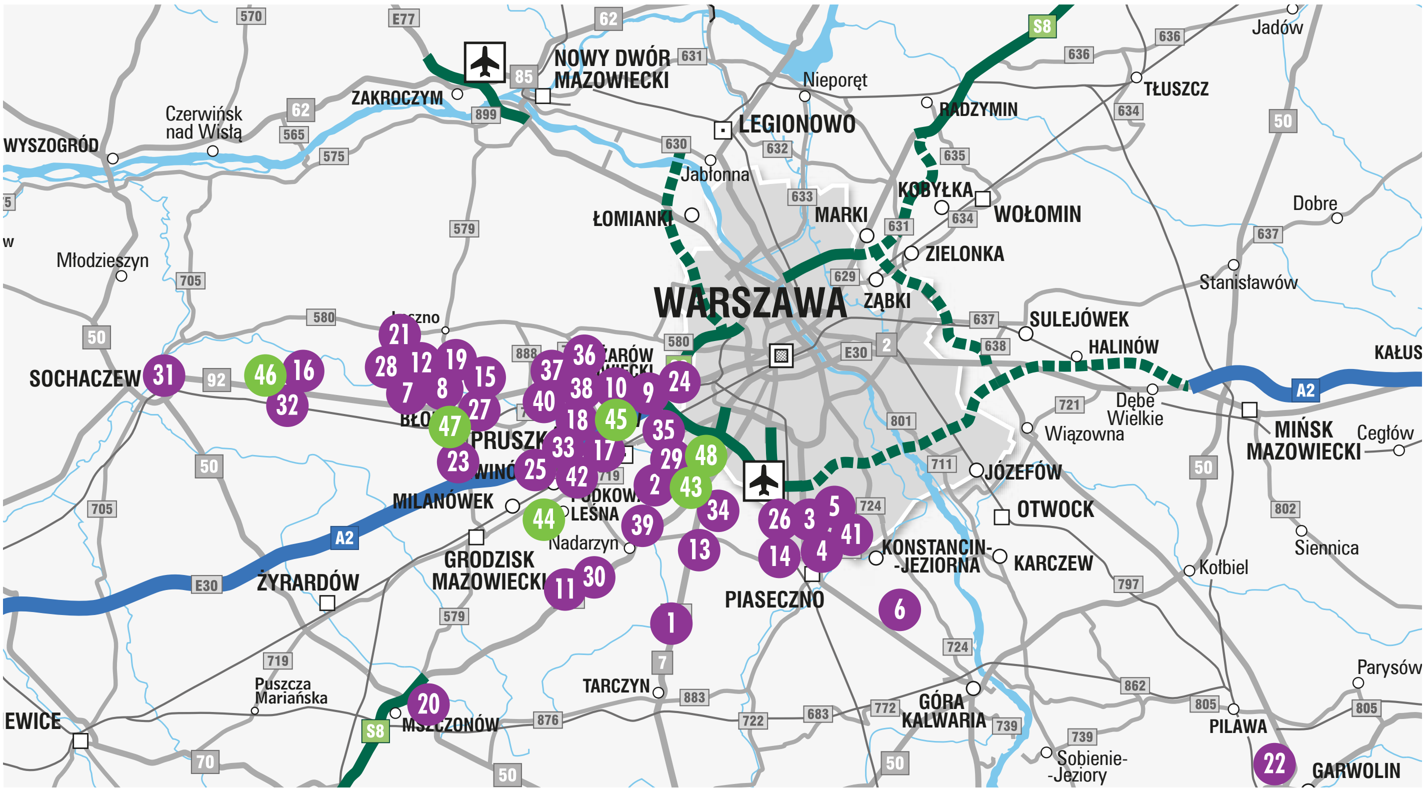
- Limited availability of space in non-standard schemes equipped with cranes and cold storage
- Some locations (eg. Blonie) are losing their position in favour of locations closer to the A2 motorway
- Limited availability of human resources observed in some locations



- Large supply of land secured by developers for further development ("land banks")
- Infrastructure investments improving connections with the centre of Warsaw
- Increasing number of inhabitants within the Warsaw metropolitan area – expanding consumer market

- Strong competition from Central Poland – Lodz, Strykow, Piotrkow Trybunalski
- Increasing labour costs

2. Location map



2. Selected industrial and logistics parks in Warsaw II

Selected existing parks

- **1.** Altmaster Grzedy
- **2.** Altmaster Pecice
- **3.** Altmaster Piaseczno I Julianowska
- **4.** Altmaster Piaseczno II Geodetow
- **5.** Celtic Park Piaseczno
- **6.** Good Point Pulawska I & II & III
- **7.** Hillwood Blonie I
- **8.** Hillwood Blonie II
- **9.** Hillwood Ozarow I
- **10.** Hillwood Ozarow II
- **11.** Lexar Distribution Park
- **12.** Logicor Blonie
- **13.** Logicor Lazy
- **14.** Logicor Piaseczno
- **15.** Logicor Swiecice I & II
- **16.** Logicor Teresin
- **17.** MLP Pruszkow I
- **18.** MLP Pruszkow II
- **19.** P3 Blonie
- **20.** P3 Mszczonow
- **21.** Panattoni BTS Delphi
- **22.** Panattoni Park Garwolin
- **23.** Panattoni Park Grodzisk
- **24.** Panattoni Park Konotopa
- **25.** Panattoni Park Pruszkow II
- **26.** Piaseczno Business Park
- **27.** Prologis Park Blonie I
- **28.** Prologis Park Blonie II
- **29.** Prologis Park Janki
- **30.** Prologis Park Nadarzyn
- **31.** Prologis Park Sochaczew
- **32.** Prologis Park Teresin
- **33.** Pruszkow Distribution Center
- **34.** Raszyn Business Park
- **35.** Reguly Logistic Park
- **36.** RREEF Ozarow
- **37.** RREEF Pruszkow
- **38.** Segro Business Park Warsaw Ozarow
- **39.** Segro Logistics Park Warsaw Nadarzyn
- **40.** Segro Logistics Park Warsaw Pruszkow
- **41.** Techniczna Industrial Park
- **42.** WAN Pruszkow

Parks under construction & planned projects

- **43.** Diamond Business Park Raszyn
- **44.** Goodman Warsaw Logistics Centre
- **45.** Hillwood Pruszkow
- **46.** MLP Teresin
- **47.** Panattoni Park Grodzisk II
- **48.** Panattoni Park Janki

Central Poland

Economic indicators

- Population of the Lodzkie voivodship: **2,500,000**
- Population of Lodz: **700,000**
- Unemployment rate in the Lodzkie voivodship: **10.5%**
- Unemployment rate in Lodz: **9.7%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	12.50	Medium
Sorter	12.00	Good
Production engineer	14.00	Medium
Machine operator	15.00	Low
Warehouse worker	13.00	Medium
Forklift operator	13.00	Medium
Warehouse manager	18.00	Medium
Welder	20.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **1,300,000 sq m**

UNDER CONSTRUCTION **100,000 sq m**

COMPLETED IN 2015-Q1 2016 **120,000 sq m**

VACANCY RATE: **5.3%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **570,000 sq m**

Source: CBRE Research, Q1 2016

Standard lease terms

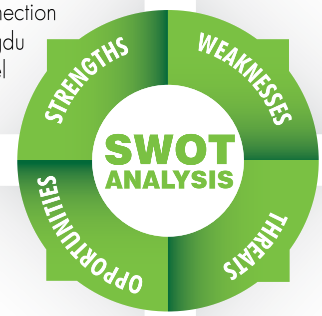
2.50-3.60
EUR/ sq m/ month
Headline rent for industrial and logistics space

7.00-9.00
EUR/ sq m/ month
Office space rent

0.90-1.10
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis



Strengths

- Significant supply of investment plots with Master Plans
- Very favourable location – the junction of two major Polish motorways, the A1 and A2, plus the S8 expressway
- Direct cargo railway connection between Lodz and Chengdu (China) – reducing the travel time to 2 weeks (compared to 4 weeks by sea)

Weaknesses

- Untapped potential of Lodz – slow development of the city
- Proximity to Warsaw resulting in the outflow of qualified human resources
- Significant disproportion in the availability of human resources observed on the regional level (limited availability of human resources in Strykow)

Opportunities

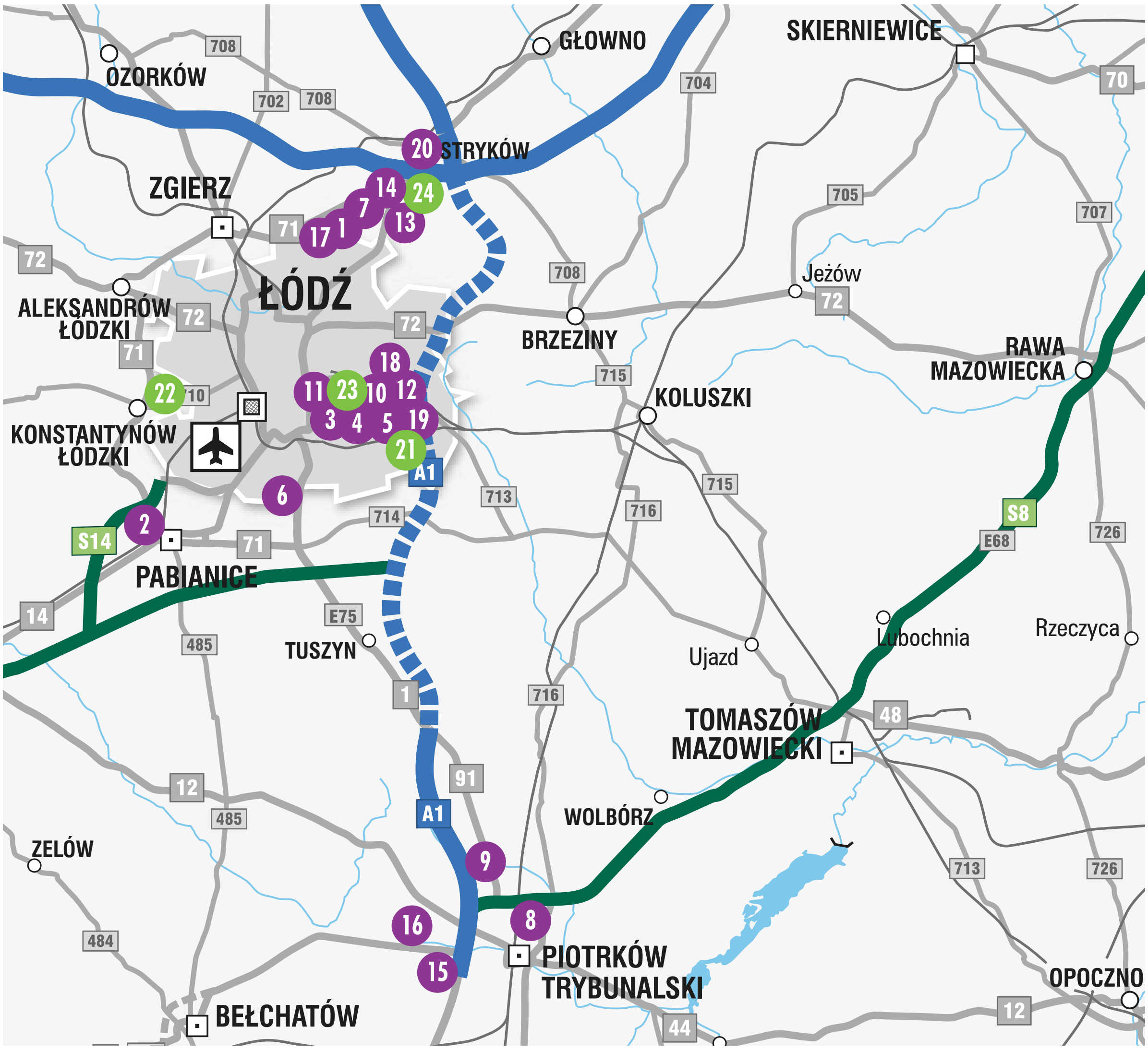
- Infrastructure investments – completion of the A1 motorway section between Tuszyn and Strykow, plus the planned S14 expressway
- Growth of new industrial and logistics locations in the region: Pabianice, Tuszyn, Konstantynow Lodzki, accelerated growth of Piotrkow Trybunalski
- Manufacturing potential of Lodz, especially in the eastern part of the city
- Significant labour potential of Lodz city due to the high unemployment rate

Threats

- Limited scope of activities in support of the integrated development of the whole region
- Very fragmented ownership structure of land in Lodz

CBRE

3. Location map



3. Selected industrial and logistics parks in Central Poland

Selected existing parks

1.	Diamond Business Park Strykow
2.	Goodman Lodz Logistics Centre
3.	Lodz Business Park
4.	Logicor Lodz I
5.	Logicor Lodz II
6.	Logicor Lodz III
7.	Logicor Strykow
8.	Logistic City Piotrkow Trybunalski
9.	P3 Piotrkow
10.	Panattoni Business Center Lodz I
11.	Panattoni Business Center Lodz II
12.	Panattoni Park Lodz East
13.	Panattoni Park Strykow II
14.	PRE Logistics Centrum Logistyczne
15.	Prologis Park Piotrkow I
16.	Prologis Park Piotrkow II
17.	Prologis Park Strykow II
18.	Segro Business Park Lodz
19.	Segro Logistics Park Lodz
20.	Segro Logistics Park Strykow

Parks under construction & planned projects

21.	MLP Lodz Wschod
22.	MLP Lodz Zachod
23.	Panattoni Business Center Lodz III
24.	Prologis Park Strykow

Silesia

Economic indicators

- Population of the Slaskie voivodship: **4,580,000**
- Population of Katowice: **300,000**
- Unemployment rate in the Slaskie voivodship: **8.2%**
- Unemployment rate in Katowice: **3.8%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	12.00	Medium
Sorter	11.20	Medium
Production engineer	14.00	Medium
Machine operator	12.00	Medium
Warehouse worker	12.00	Low
Forklift operator	14.00	Medium
Warehouse manager	19.00	Medium
Welder	19.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **1,810,000** sq m

UNDER CONSTRUCTION **80,000** sq m

COMPLETED IN 2015-Q1 2016 **220,000** sq m

VACANCY RATE: **4.4%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **600,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

2.50-3.50
EUR/ sq m/ month
Headline rent for industrial and logistics space

7.00-10.00
EUR/ sq m/ month
Office space rent

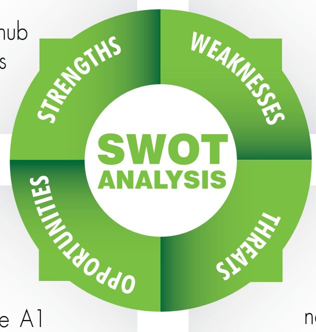
0.85-1.20
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- Significant supply of investment land
- Very well-developed road infrastructure – the junction of the A1 and A4 motorways – favourable connections with southern Poland, the Czech Republic, Slovakia and Germany
- Strong activity of the Special Economic Zones
- Viewed as the Polish automotive hub – the aggregation of companies manufacturing automotive parts

- Disproportionate development of regional cities
- Underinvestment in areas located outside of the cities

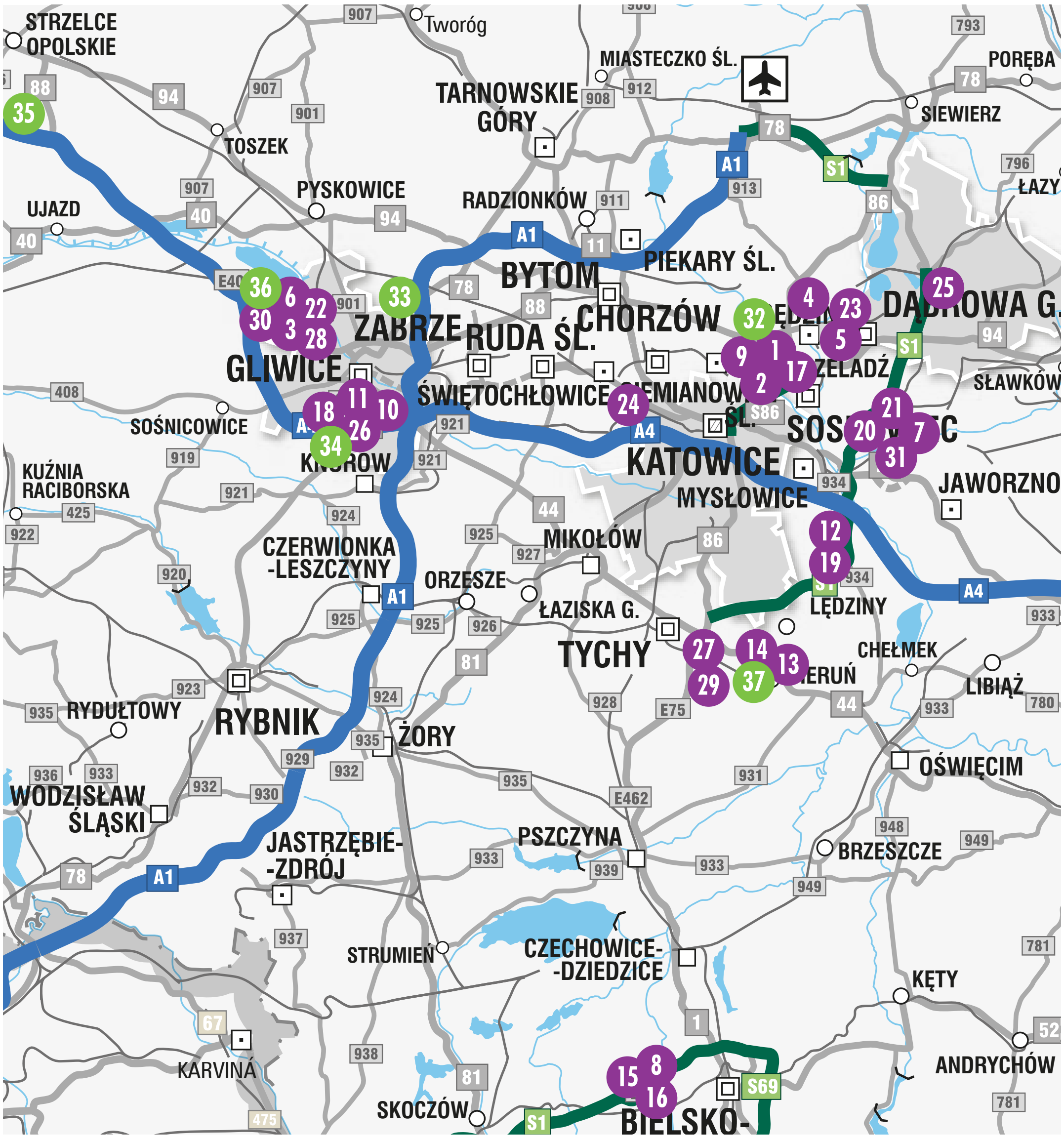


- Revitalization of post-mining areas focused on creating attractive investment plots
- Using investment plots along the A1 motorway, the S1 expressway and the road route connecting the Silesian urban area
- Growth of the airport in Pyrzowice – increase in cargo volume, creating an alternative option to the main airport in the capital

- Competition from the neighbouring countries (the Czech Republic, Slovakia) and neighbouring regions (Wroclaw, Krakow)
- Risks associated with unfavourable land conditions caused by mining damage
- Outflow of well-qualified employees to Western Europe

CBRE

4. Location map



4. Selected industrial and logistics parks in Silesia

Selected existing parks

1. Alliance Silesia Center Czeladz
2. Centrum Logistyczne Milowice
3. Diamond Business Park Gliwice
4. Distribution Park Bedzin
5. Distribution Park Sosnowiec
6. Goodman Gliwice Logistics Centre
7. Goodman Sosnowiec Logistics Centre
8. Hillwood Bielsko Biala I
9. Logicor Czeladz
10. Logicor Gliwice I
11. Logicor Gliwice II
12. Logicor Myslowice
13. MLP Bierun
14. MLP Tychy
15. Panattoni BTS Bielsko-Biala
16. Panattoni Park Bielsko-Biala II
17. Panattoni Park Czeladz III
18. Panattoni Park Gliwice II
19. Panattoni Park Myslowice
20. Panattoni Park Sosnowiec I
21. Panattoni Park Sosnowiec II
22. Portowa 74
23. Prologis Park Bedzin II
24. Prologis Park Chorzow
25. Prologis Park Dabrowa
26. Prologis Park Gliwice (BTS)
27. Promont Tychy
28 Segro Business Park Gliwice I
29. Segro Industrial Park Tychy 1
30. Segro Logistics Park Gliwice
31. Slaskie Centrum Logistyczne

Parks under construction & planned projects

32. MLP Czeladz
33. MLP Gliwice
34. Panattoni Park Gliwice III
35. Prologis Park Ujazd
36. Segro Business Park Gliwice II
37. Segro Industrial Park Tychy 2

Wroclaw

Economic indicators

- Population of the Dolnoslaskie voivodship: **2,910,000**
- Population of Wroclaw: **630,000**
- Unemployment rate in the Dolnoslaskie voivodship: **8.9%**
- Unemployment rate in Wroclaw: **3.5%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	15.50	Medium
Sorter	14.50	Medium
Production engineer	15.50	Medium
Machine operator	15.50	Medium
Warehouse worker	14.50	Medium
Forklift operator	16.00	Low
Warehouse manager	20.00	Medium
Welder	20.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING	1,360,000 sq m	COMPLETED IN 2015-Q1 2016	130,000 sq m	TOTAL LEASING ACTIVITY IN 2015-Q1 2016:	310,000 sq m
UNDER CONSTRUCTION	100,000 sq m	VACANCY RATE:	5.8%		

Source: CBRE Research, Q1 2016

Standard lease terms

2.90-3.90
EUR/ sq m/ month
Headline rent for industrial and logistics space

8.50-9.50
EUR/ sq m/ month
Office space rent

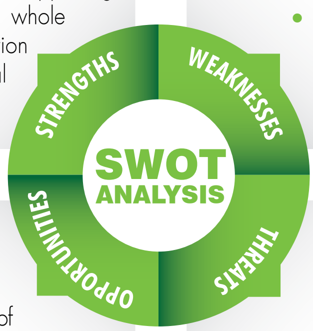
0.80-1.30
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- Well-developed road infrastructure – the A4 and A8 motorways and the S8 expressway
- Proximity to the German and Czech borders – favourable location for 3PL companies
- Large volume of Foreign Direct Investments – dominance of Wroclaw on the country level
- Wide scope of activities supporting integrated development of the whole region – institutional cooperation between investors, Special Economic Zones and local authority

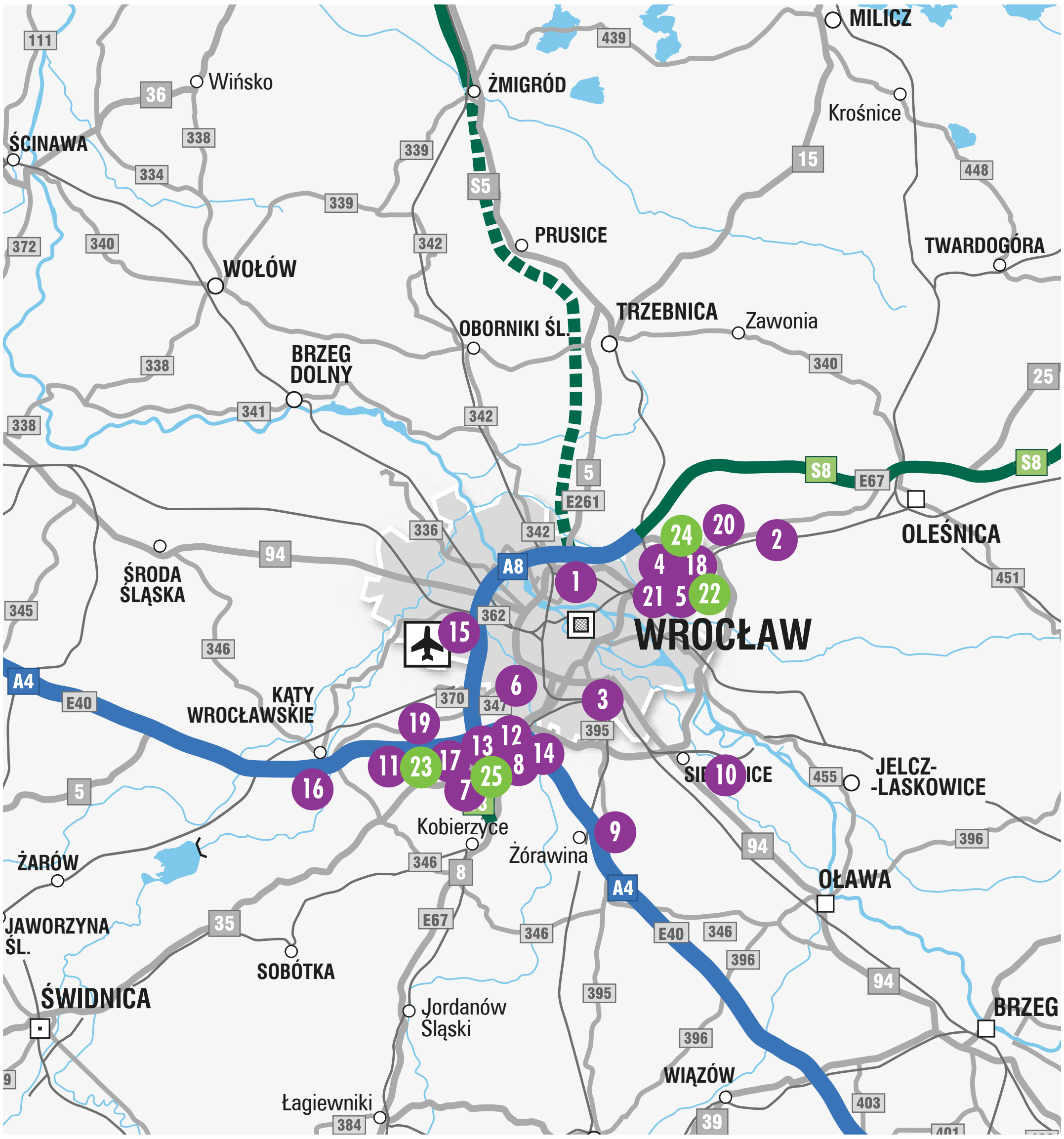
- Lack of fast road connections with Poznan, northern Poland and the Czech Republic
- Relatively large share of properties in Wroclaw which are the subject of a perpetual usufruct
- Limited number of schemes of a cross-dock type which are suited to courier services
- Low unemployment rate - limited availability of human resources observed in some locations



- The S3 and S5 expressways which will connect Wroclaw with other Polish regions, the completion of Eastern Bypass of Wroclaw and the bypass of Lesnica
- Creation of Lower Silesian Economic Activity Zone in Jawor
- Continuation of the trend to resettle manufacturing from Western Europe to Poland
- Simplification of the procedures for obtaining work permits by foreigners

- Delays in the completion of major infrastructural projects
- Competition from the Czech Republic in attracting investors from the manufacturing and logistics sectors
- Increasing labour costs which may result in the relocation of manufacturing plants to other cheaper locations

5. Location map



5. Selected industrial and logistics parks in Wroclaw

Selected existing parks

1.	Distribution Park Wroclaw
2.	Eurologis Centrum Logistyczne
3.	Gazowa Industrial Park
4.	Goodman Wroclaw I Logistics Centre
5.	Goodman Wroclaw East Logistics Centre
6.	Goodman Wroclaw IV Logistics Centre
7.	Goodman Wroclaw South Logistics Centre
8.	Hillwood Wroclaw I
9.	Hillwood Wroclaw II
10.	Hillwood Wroclaw III
11.	Panattoni Park Wroclaw II
12.	Panattoni Park Wroclaw III
13.	Panattoni BTS Amazon Wroclaw
14.	Prologis Park Wroclaw I
15.	Prologis Park Wroclaw III
16.	Prologis Park Wroclaw IV
17.	Prologis Park Wroclaw V
18.	Segro Industrial Park Wroclaw
19.	Tiner Logistics Park
20.	VATT Invest Wroclaw
21.	Wroclaw Business Park

Parks under construction & planned projects

22.	MLP Wroclaw
23.	Panattoni Park Wroclaw IV
24.	Panattoni Park Wroclaw V
25.	Panattoni Park Wroclaw VII

Poznan

Economic indicators

- Population of the Wielkopolskie voivodship: **3,470,000**
- Population of Poznan: **540,000**
- Unemployment rate in the Wielkopolskie voivodship: **6.3%**
- Unemployment rate in Poznan: **2.5%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	15.00	Medium
Sorter	14.00	Medium
Production engineer	22.00	Low
Machine operator	16.00	Medium
Warehouse worker	15.00	Medium
Forklift operator	17.00	Low
Warehouse manager	30.00	Medium
Welder	21.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **1,510,000** sq m

UNDER CONSTRUCTION **180,000** sq m

COMPLETED IN 2015-Q1 2016 **280,000** sq m

VACANCY RATE: **3.4%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **350,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

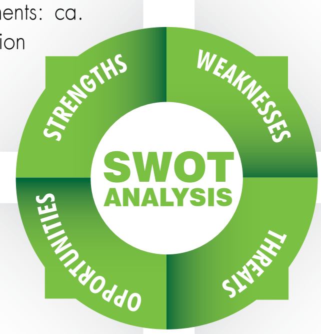
2.80-3.50
EUR/ sq m/ month
Headline rent for industrial and logistics space

8.50-9.50
EUR/ sq m/ month
Office space rent

0.90-1.10
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis



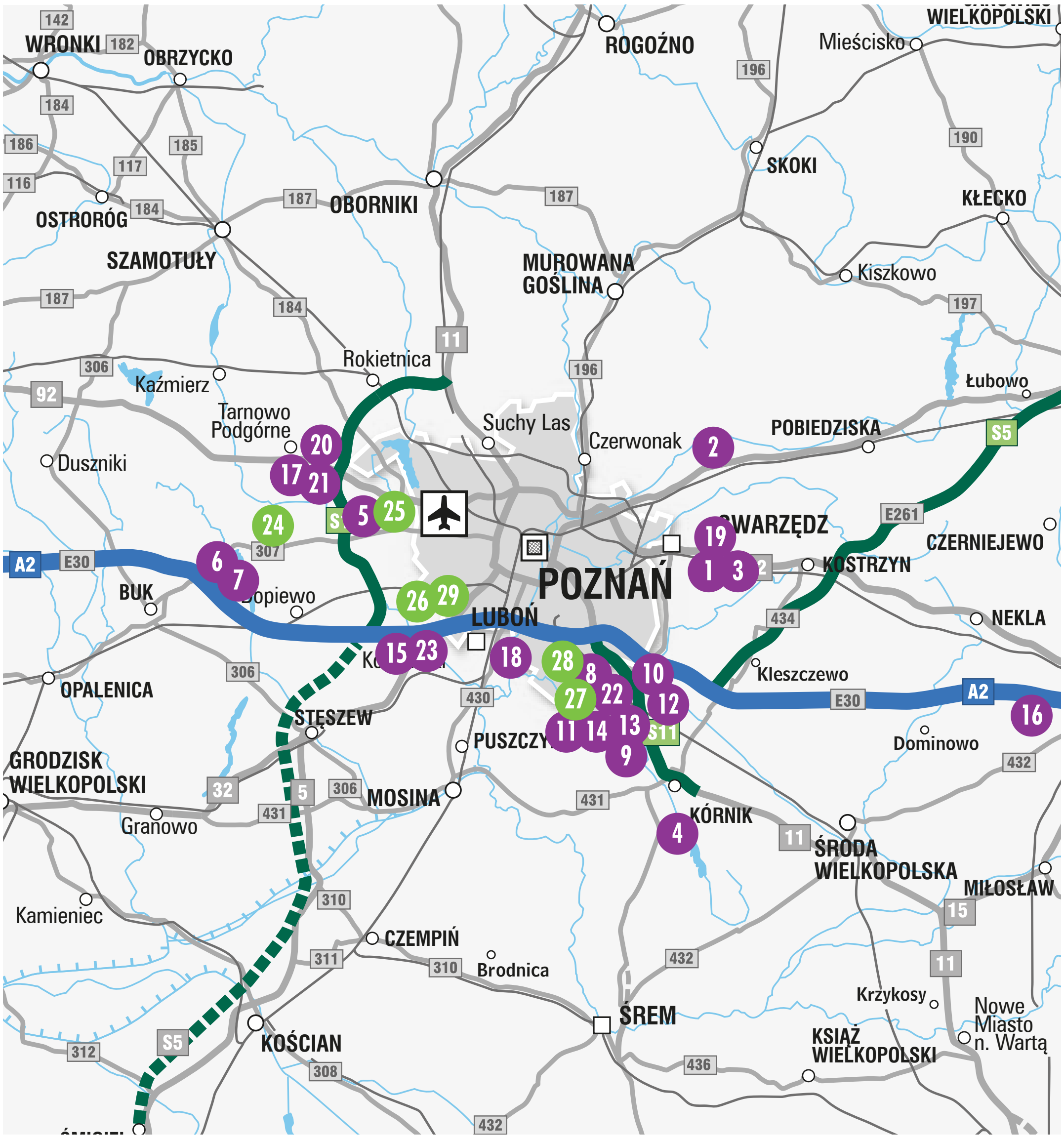
- Large supply of modern industrial and logistics space: 1.51 million sq m
- Favourable location at the A2 motorway, halfway between Berlin and Warsaw – an advantageous location for companies distributing products to the markets of Western Europe
- Large share of new developments: ca. 180,000 sq m under construction

- Limited availability of vacant industrial and logistics space – low vacancy rates
- Low quality public transport on the regional level
- Low unemployment rate – limited availability of human resources observed in some locations
- Limited scope of activities in support of the integrated development of the whole region

- Development of Poznan as an academic and cultural centre of western Poland
- The S5 expressway which will connect Poznan with Wroclaw and Bydgoszcz
- Growth of the airport in Poznan-Lawica – increase in cargo volumes
- Simplification of the procedures for obtaining work permits by foreigners

- Wroclaw as a main competitor – similar location however offering a more flexible approach to investors
- Outflow of inhabitants from the city of Poznan to the outskirts causing congestion of the transportation system

6. Location map



6. Selected industrial and logistics parks in Poznan

Selected existing parks

1.	Centrum Logistyczne Swarzedz
2.	Centrum Magazynowe Bugaj
3.	Clip Poznan
4.	Doxler Business Park
5.	Goodman Poznan Airport Logistics Centre
6.	Goodman Poznan Logistics Centre
7.	Goodman Poznan II Logistics Centre
8.	Logicor Poznan I
9.	Logicor Poznan II
10.	Logicor Poznan III
11.	MLP Poznan
12.	P3 Poznan
13.	Panattoni Park Poznan I
14.	Panattoni Park Poznan III
15.	Panattoni Park Poznan IV
16.	Panattoni Park Wrzesnia
17.	Panattoni BTS Amazon Poznan
18.	Park Przemyslowy Lubon
19.	Poznan Distribution Center
20.	Prologis Park Poznan I
21.	Prologis Park Poznan II
22.	Segro Logistics Park Poznan Gadki
23.	Segro Logistics Park Poznan Komorniki

Parks under construction & planned projects

24.	MLP Poznan Zachod
25.	Panattoni Park Poznan Airport
26.	Panattoni Park Poznan V
27.	Panattoni Park Poznan VI
28.	Panattoni Park Poznan VII
29.	Prologis Park Poznan III

Tri-City

Economic indicators

- Population of the Pomorskie voivodship: **2,300,000**
- Population of Tri-city: **750,000**
- Unemployment rate in the Pomorskie voivodship: **9.1%**
- Unemployment rate in Tri-city: **4.4%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	11.50	Medium
Sorter	14.00	Medium
Production engineer	14.00	Medium
Machine operator	13.00	Medium
Warehouse worker	13.00	Medium
Forklift operator	13.00	Medium
Warehouse manager	17.00	Medium
Welder	17.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **330,000** sq m

UNDER CONSTRUCTION **40,000** sq m

COMPLETED IN 2015-Q1 2016 **90,000** sq m

VACANCY RATE: **7.2%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **120,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

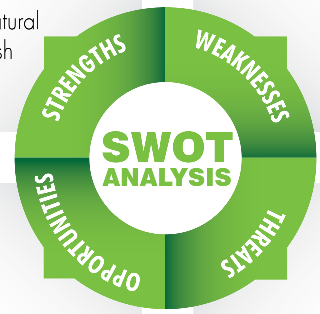
2.55-3.30
EUR/ sq m/ month
Headline rent for industrial and logistics space

8.50-9.50
EUR/ sq m/ month
Office space rent

0.90-1.20
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis



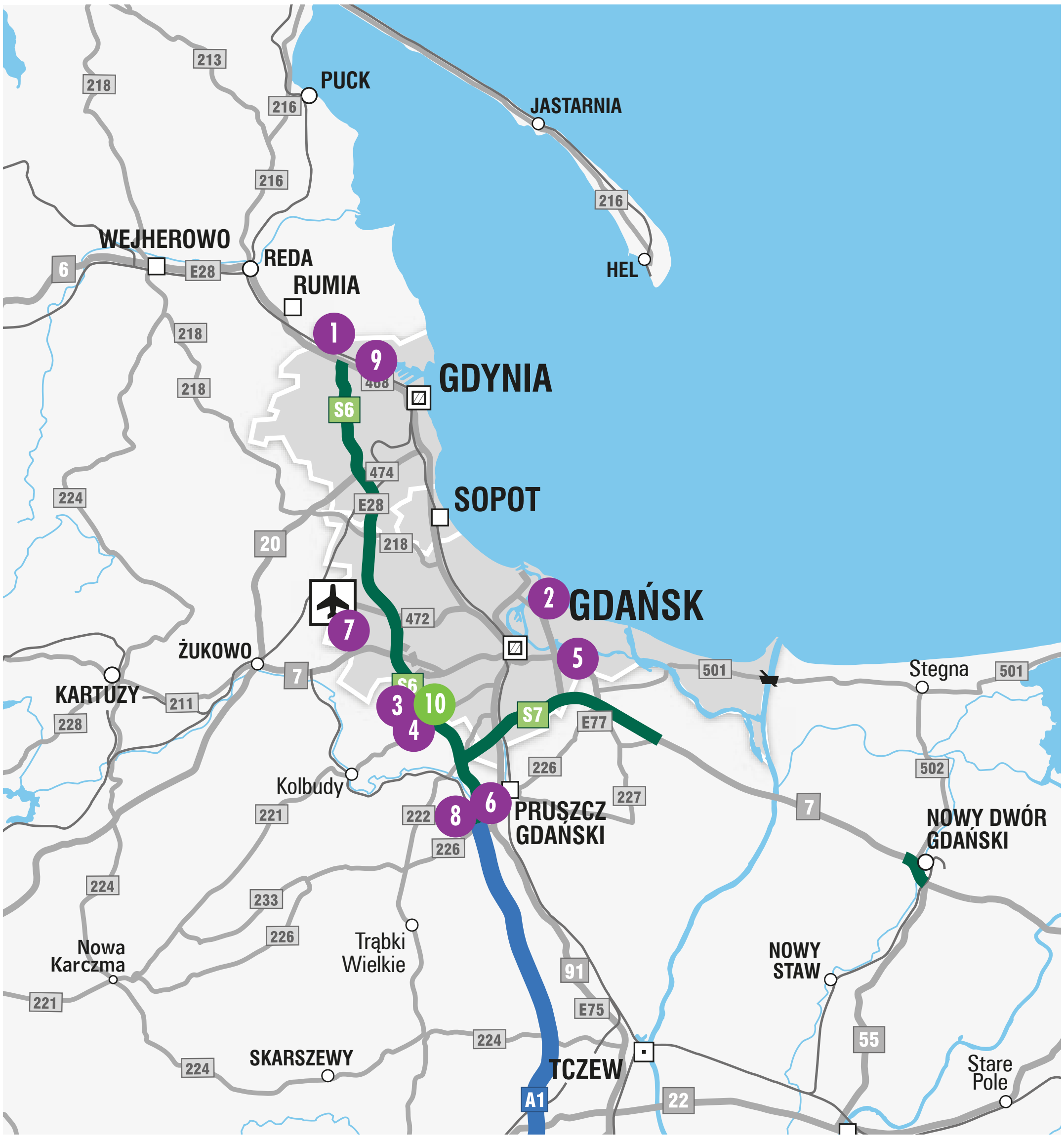
- The A1 motorway providing a fast connection with Central Poland
- Extensive supply of investment plots with Master Plans
- Large domestic consumer market
- The highest quality of natural environment among Polish metropolitan areas, significant quality of life

- Small supply of modern industrial and logistics space: 330,000 sq m
- Location is distant from other Polish metropolitan areas
- Limited cooperation between Gdansk, Gdynia and Sopot

- The S6 expressway which will connect Tri-City with northern Poland and Germany
- Modernization of the port and harbourside infrastructure
- Increased handling capacity of Tri-City terminals: DCT, BCT, GTC
- Proximity to the Baltic States and Kaliningrad Oblast – the chance for Tri-City to become the logistics hub on a macro regional scale
- Relatively significant number of new developments: ca. 40,000 sq m under construction

- Risks associated with unfavourable land conditions: wetland and floodplain areas
- Focus on the Tri-City domestic market in isolation may limit the growth potential of the region – local impact, not national

7. Location map



7. Selected industrial and logistics parks in Tri-City

Selected existing parks	
1.	Centrum Magazynowe Hutnicza
2.	Goodman Pomeranian Logistics Centre
3.	Kowale 1 & 2 & 3
4.	Kowale 4
5.	Panattoni Park Gdansk
6.	Panattoni Park Gdansk II
7.	Prologis Park Gdansk-Airport
8.	Segro Logistics Park Gdansk
9.	Zarzad Morskiego Portu Gdynia

Parks under construction & planned projects	
10.	Kowale 5 & 6

Bydgoszcz & Torun

Economic indicators

- Population of the Kujawsko-pomorskie voivodship: **2,090,000**
- Population of Bydgoszcz: **360,000**
- Unemployment rate in the Kujawsko-pomorskie voivodship: **13.6%**
- Unemployment rate in Bydgoszcz: **5.6%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	13.50	Medium
Sorter	13.00	Medium
Production engineer	14.00	Low
Machine operator	14.00	Low
Warehouse worker	14.00	Medium
Forklift operator	15.00	Medium
Warehouse manager	17.00	Medium
Welder	25.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **150,000** sq m

UNDER CONSTRUCTION **20,000** sq m

Source: CBRE Research, Q1 2016

COMPLETED IN 2015-Q1 2016 **0** sq m

VACANCY RATE: **1.1.%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **120,000** sq m

Standard lease terms

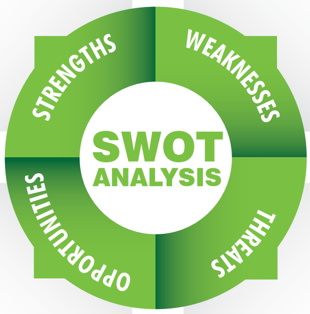
2.70-3.20
EUR/ sq m/ month
Headline rent for industrial and logistics space

8.00-9.00
EUR/ sq m/ month
Office space rent

0.90-1.10
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis



Strengths

- Good road connections with Tri-City and Central Poland thanks to the A1 motorway
- Relatively cheap and well-qualified human resources
- New logistics developments in the Bydgoszcz area

Weaknesses

- Small supply of modern industrial and logistics space: 150,000 sq m
- Modest domestic consumer market
- Poor recognition of the city on an international level

Opportunities

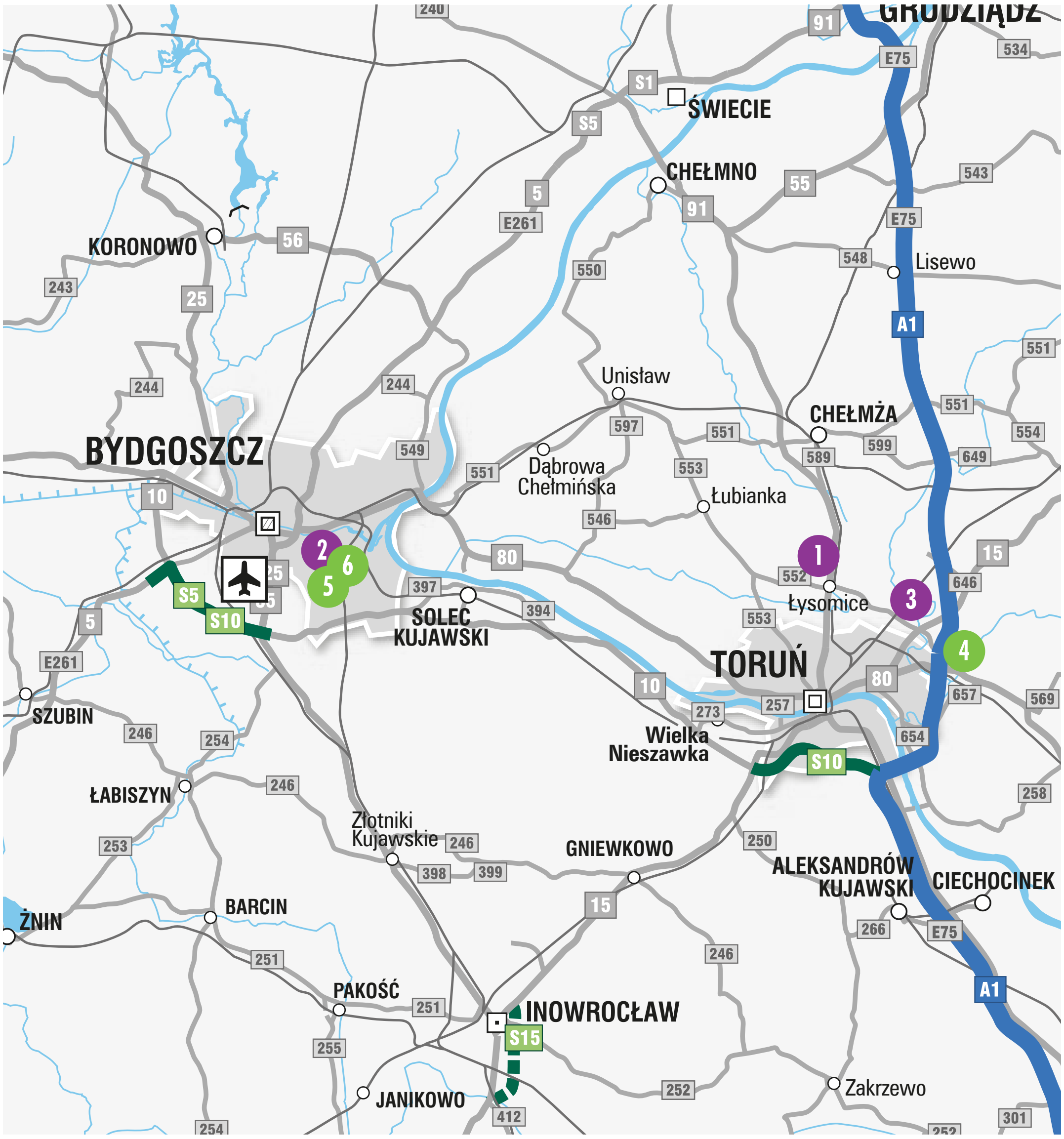
- The S5 expressway which will connect Bydgoszcz and Torun with Poznan and improve connections with Germany
- Improving cooperation between Torun and Bydgoszcz

Threats

- Location between two much larger markets: Tri-City and Lodz
- Delays in the completion of major infrastructural projects
- Focus on the domestic market in isolation may limit the growth potential of the region – local impact, not national

CBRE

8. Location map



8. Selected industrial and logistics parks in Bydgoszcz & Torun

Selected existing parks	
1.	Goodman Torun Logistics Centre
2.	Logistic & Business Park
3.	Panattoni BTS Nestle

Parks under construction & planned projects	
4.	Diamond Business Park Torun
5.	Panattoni Park Bydgoszcz
6.	Waimea Logistic Park Bydgoszcz

Krakow

Economic indicators

- Population of the Malopolskie voivodship: **3,370,000**
- Population of Krakow: **760,000**
- Unemployment rate in the Malopolskie voivodship: **8.5%**
- Unemployment rate in Krakow: **4.5%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	12.00	Medium
Sorter	12.00	Medium
Production engineer	14.00	Medium
Machine operator	15.00	Medium
Warehouse worker	13.00	Low
Forklift operator	16.00	Medium
Warehouse manager	18.00	Medium
Welder	18.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **250,000** sq m

UNDER CONSTRUCTION **60,000** sq m

Source: CBRE Research, Q1 2016

COMPLETED IN 2015-Q1 2016 **40,000** sq m

VACANCY RATE: **1.5%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **100,000** sq m

Standard lease terms

3.50-4.90
EUR/ sq m/ month
Headline rent for industrial and logistics space

9.00-10.00
EUR/ sq m/ month
Office space rent

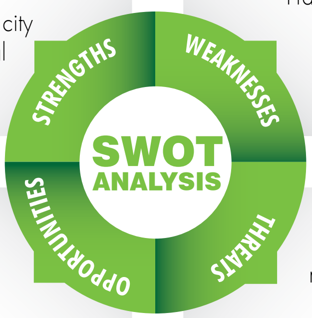
0.90-1.10
EUR/ sq m/ month
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- Large domestic consumer market
- Proximity to the Czech and Slovakian markets
- Well-developed road infrastructure – the A4 motorway providing fast connections with Silesia, Germany and the Ukraine
- International airport in Krakow-Balice
- Recognizable brand of the city of Krakow attracting international investors and highly qualified human resources

- Small supply of modern industrial and logistics space (250,000 sq m)
- Limited availability of vacant industrial and logistics space – low vacancy rates
- Small supply of investment plots dedicated to the industrial sector, small share of areas with Master Plans
- Fragmented ownership structure of land influencing the problems associated with aggregating plots and determining their high prices

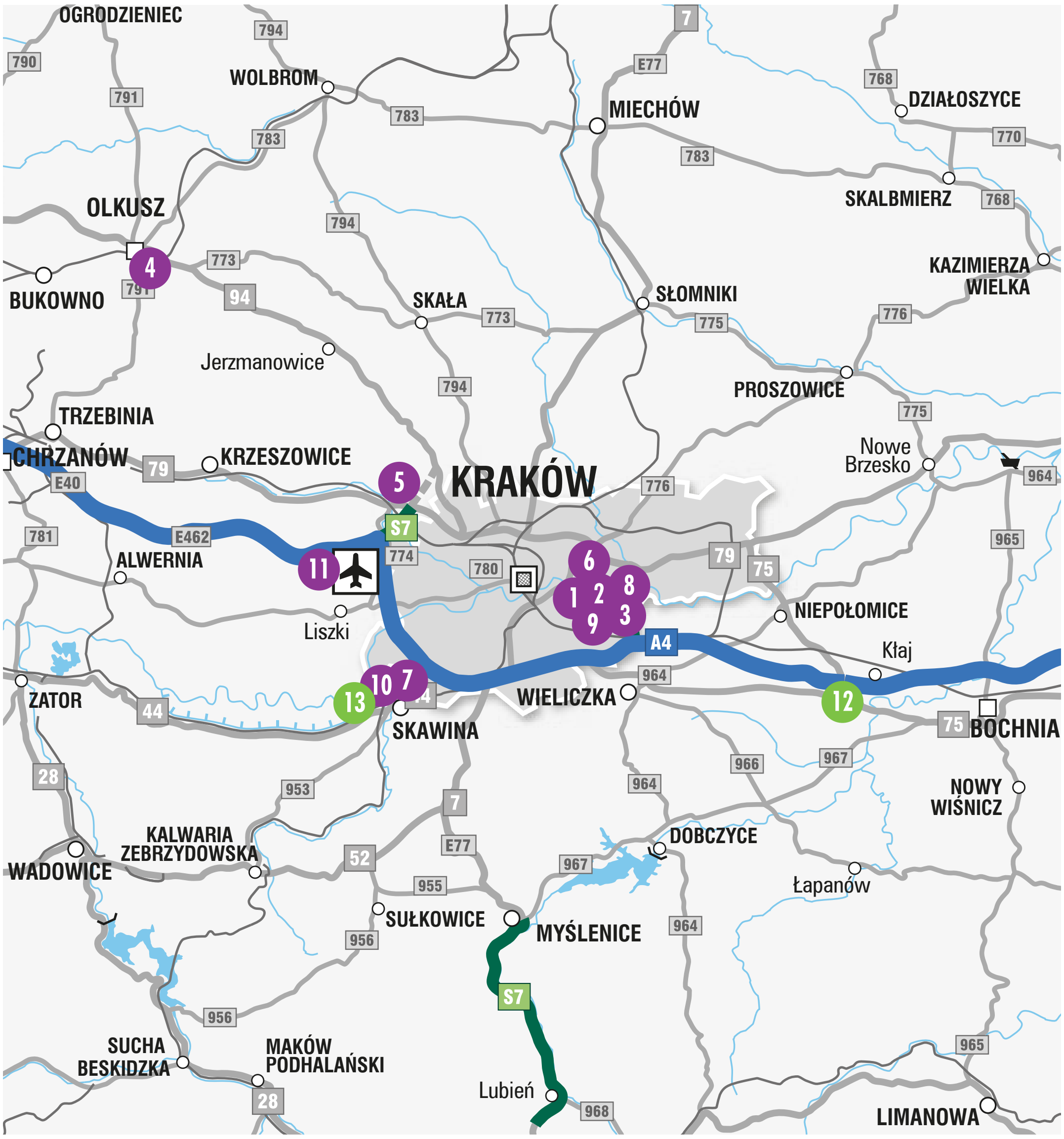


- Increase in demand for logistics services in the region
- Development of the high tech industries
- Completion of the A4 motorway to the east of Rzeszow
- Growth of the Rzeszow area which will strengthen the Krakow region

- Focus on the Krakow domestic market in isolation may limit the growth potential of the region
- Area of the Silesian region offering a greater choice of vacant space and lower rents

CBRE

9. Location map



9. Selected industrial and logistics parks in Krakow

Selected existing parks	
1.	BIK Centrum Logistyczne Krakow I
2.	BIK Centrum Logistyczne Krakow II
3.	Centrum Logistyczne Kokotow
4.	Centrum Logistyczne Olkusz
5.	Goodman Krakow Airport Logistics Centre
6.	Hala Magazynowa PBP Legprzem
7.	Logicor Krakow
8.	MARR Business Park
9.	MK Logistic Park
10.	Panattoni Park Krakow II
11.	Witek Airport Logistic Centre

Parks under construction & planned projects	
12.	BIK Centrum Logistyczne Krakow III
13.	Panattoni Park Krakow III

Szczecin

Economic indicators

- Population of the Zachoniopomorskie voivodship: **1,710,000**
- Population of Szczecin: **410,000**
- Unemployment rate in the Zachoniopomorskie voivodship: **13.3%**
- Unemployment rate in Szczecin: **6.7%**

Source: Central Statistical Office of Poland

Labour market

	Renumeration (PLN gross per hour)	Availability of human resources
Production worker	11.00	Medium
Sorter	12.00	Medium
Production engineer	30.00	Low
Machine operator	15.00	Low
Warehouse worker	12.00	Medium
Forklift operator	15.00	Low
Warehouse manager	18.00	Medium
Welder	24.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **160,000 sq m**

UNDER CONSTRUCTION **20,000 sq m**

Source: CBRE Research, Q1 2016

COMPLETED IN 2015-Q1 2016 **90,000 sq m**

VACANCY RATE: **0.3%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **120,000 sq m**

Standard lease terms

3.10-3.70

EUR/ sq m/ month

Headline rent for industrial and logistics space

8.50-9.50

EUR/ sq m/ month

Office space rent

0.90-1.10

EUR/ sq m/ month

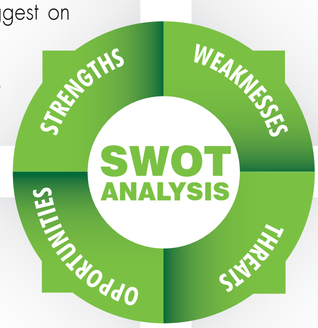
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- Proximity to the German border – direct motorway connection with Berlin
- Proximity to Scandinavian countries – ferry connections with Northern Europe
- The sole cross-border metropolitan area in the country
- Sea-river port – one of the biggest on the Baltic Sea
- Traditional home of the shipbuilding industry

- Small supply of modern industrial and logistics space: 160,000 sq m
- Location at some distance from other Polish metropolitan areas

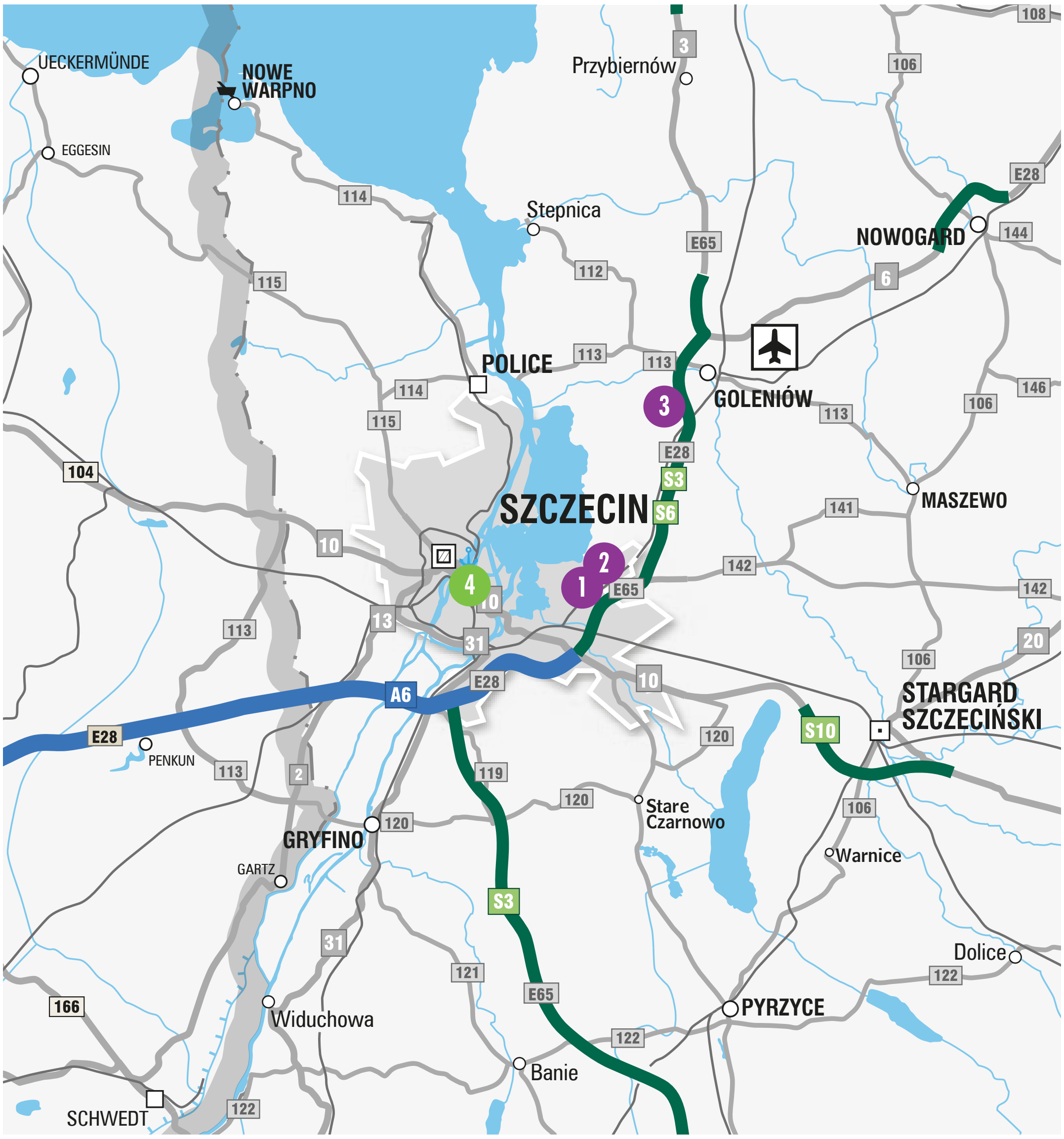


- The S3 expressway which will connect Szczecin with Wroclaw and the Czech Republic
- Utilizing the potential of the Odra river – rebuilding the fairway on the Odra river
- E-commerce growth – product distribution to Germany and Scandinavia
- Szczecin, as the biggest Polish border city, has the potential to become an international logistics hub

- Focus only on the Szczecin domestic market may limit the growth potential of the region – local impact, not national
- Outflow of well-qualified employees to other cities

CBRE

10. Location map



10. Selected industrial and logistics parks in Szczecin

Selected existing parks	
1.	North-West Logistics Park
2.	Panattoni Park Szczecin I
3.	Prologis Park Szczecin I

Parks under construction & planned projects	
4.	Waimea Logistic Park Port Morski Szczecin

East

Economic indicators

	Lubelskie	Podkarpackie
• Population of the voivodships:	2,140,000	2,130,000
• Unemployment rate in the voivodships:	11.9%	13.3%

	Lublin	Rzeszow
• Population of the cities:	340,000	190,000
• Unemployment rate in the cities:	8.2%	7.4%

Source: Central Statistical Office of Poland

Labour market

	Renumeration in Lublin (PLN gross per hour)	Availability of human resources in Lublin	Renumeration in Rzeszow (PLN gross per hour)	Availability of human resources in Rzeszow
Production worker	12.00	Medium	12.00	Medium
Sorter	12.00	Good	12.00	Medium
Production engineer	14.00	Medium	34.00	Medium
Machine operator	15.00	Medium	12.00	Medium
Warehouse worker	13.00	Good	14.00	Medium
Forklift operator	13.00	Medium	14.00	Low
Warehouse manager	17.00	Medium	32.00	Medium
Welder	25.00	Low	15.00	Low

Source: Work Service, May 2016

Industrial and logistics market

EXISTING **330,000** sq m

UNDER CONSTRUCTION **40,000** sq m

COMPLETED IN 2015-Q1 2016 **170,000** sq m

VACANCY RATE: **8.2%**

TOTAL LEASING ACTIVITY IN 2015-Q1 2016: **150,000** sq m

Source: CBRE Research, Q1 2016

Standard lease terms

3.00-4.10

EUR/ sq m/ month

Headline rent for industrial and logistics space

8.50-10.00

EUR/ sq m/ month

Office space rent

0.85-1.10

EUR/ sq m/ month

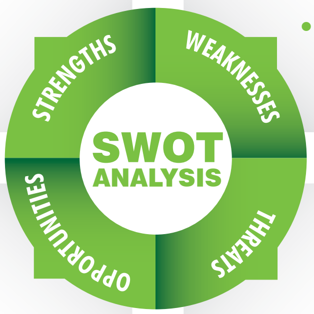
Service charge

Source: CBRE Research, Q1 2016

SWOT analysis

- Good road connections with Krakow, Silesia, Wroclaw and Germany thanks to the A4 motorway
- Proximity to the Ukrainian border
- Expanding airport in Rzeszow-Jasionka
- Tradition of links with the aviation industry – "Aviation Valley" concentrating companies from the aviation sector
- Relatively cheap and well-qualified human resources

- Small supply of modern industrial and logistics space: 330,000 sq m
- Poor road connections with central and northern parts of Poland
- Market unfamiliar to international investors
- Outflow of inhabitants to other cities

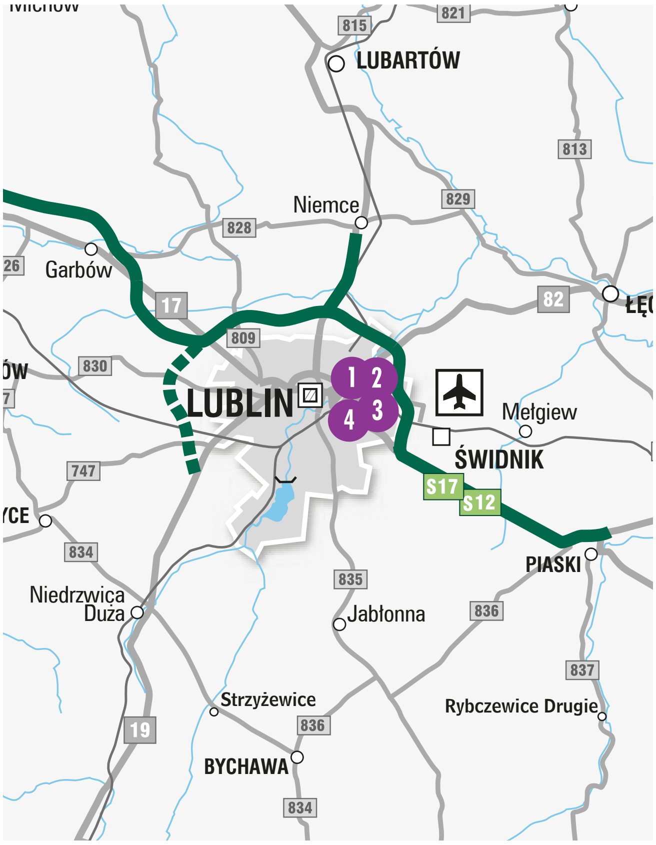


- Completion of the A4 motorway (section between Rzeszow and Jaroslaw) – improving connections with the Ukraine
- Completion of the S17 expressway – reducing travel time from Lublin to Warsaw
- Demand generated by local companies – relocation from older warehouses to A-grade space
- Faster development of the region thanks to the extra EU funding from the Operational Programme Development of Eastern Poland
- Ukraine in a free-trade area with the European Union

- Insufficient infrastructure development activity restricting the region's growth
- Limited economic links with Belarus, Ukraine and Russia, the political situation in the Ukraine is reducing the growth in the economic relationship

CBRE

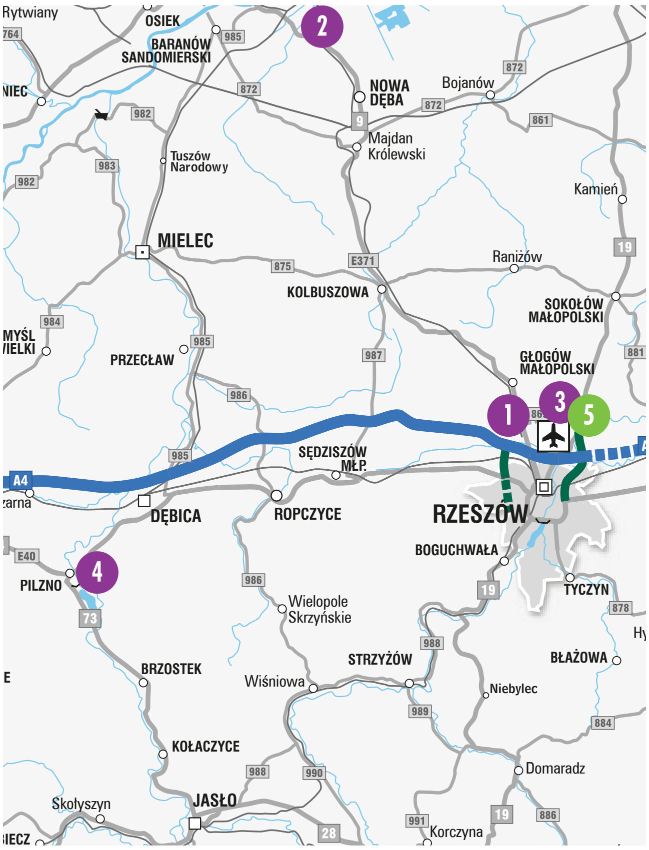
11. Location map



11. Selected industrial and logistics parks in Lublin

Selected existing parks	
1.	Centrum Logistyczne Melgiewska
2.	Goodman Lublin Logistics Centre
3.	MLP Lublin
4.	Panattoni Park Lublin

12. Location map



12. Selected industrial and logistics parks in Rzeszow

Selected existing parks	
1.	Logicor Rzeszow
2.	Panattoni BTS Pilkington
3.	Panattoni Park Rzeszow
4.	PPL Omega Pilzno

Parks under construction & planned projects	
5.	Waimea Cargo Terminal Rzeszow-Jasionka

MARKET PRACTICE

LEASE TERMS

- 3-7 years for standard lease agreements
- 5-10 years for both light industrial space and logistics space requiring considerable financial resources for adaptation

HEADLINE RENT

- Paid monthly in advance; quoted in EUR, paid in PLN
- Annual indexation linked to CPI indices (usually EU CPI Index)

EFFECTIVE RENT

- Average rent calculated over the entire lease period, including financial incentives provided to the tenant by the landlord (e.g. rent free periods, fit-out cash contribution)

SERVICE CHARGES

- Paid monthly in advance; quoted and paid in PLN
- Based on the 'open book principle', reconciled annually

SCOPE OF SERVICES INCLUDED IN SERVICE CHARGES

- Security of park - common areas
- Property taxes
- Property insurance (excluding tenant internal area)
- Property management
- Maintenance and repairs
- Landscaping/ site cleaning
- Snow removal
- On-site personnel

LEASE SECURITY

- Bank guarantee (common) or deposit (rare), equal to 3-6 months' rent + service charges + VAT
- Parent company guarantee (if the tenant is a newly established local entity)

INSURANCE

- Liability insurance, insurance for own installations and owned equipment – covered by tenant
- Building insurance and landlord liability insurance included in service charges

REPAIRS

- Internal – tenant
- Structural and common areas – landlord, recovered via service charges

TENANT INCENTIVES

- Rent-free periods
- Cash contribution
- Partial or complete fit-out according to tenant's specification and the required adaptation works

AGENT FEE – LEASE TRANSACTION

- 12-25% of the annual rent plus VAT, subject to lease length
- Fees are generally paid by the landlord

MODERN WAREHOUSE BUILDING STANDARD

- Clear internal height of 10 m
- Loading docks with hydraulic dock levellers, generally 1 loading dock per 700 – 1,000 sq m of warehouse space, with a possibility to increase the number of docks according to tenant's need
- Drive-in doors, generally 1 door per 5,000 sq m of warehouse space
- Floor loading capacity of min. 5t/ sq m
- Dust resistant floor
- Column grid: 12 x 24 m or 12 x 22.5 m
- Smoke vents and sky lights providing 2% natural light
- Lighting in warehouse space min. 200 Lux
- Gas/ oil heating or municipal network
- Building depth 60 - 80 m
- Building insulation ensuring min. 8°C temperature with outside temperature of -20°C
- Sprinkler system with ESFR heads
- Fire loading up to 4,000 MJ/ sq m

Office space (usually 5-10% of warehouse space) is offered with the following specification:

- Layout based on tenant's requirement subject to reasonable partitioning
- Heating and ventilation, air-conditioning subject to additional costs
- Lighting according to legal regulations
- Telecommunication system

Above Standard Tenant Improvements (ASTI) are subject to tenant's individual requirements and are to be priced in by the landlord.

CBRE

CONTACT

ADVISORY & TRANSACTION SERVICES
INDUSTRIAL & LOGISTICS
JÖRG KREINDL
E: joerg.kreindl@cbre.com
M:+48 515 030 050

PATRICK KUROWSKI
E: patrick.kurowski@cbre.com
M: +48 509 696 926

BUILDING CONSULTANCY
JONATHAN STEER
E: jonathan.steer@cbre.com
M: +48 608 652 173

LEONARD KUBANEK
E: leonard.kubanek@cbre.com
M: +48 694 448 071

RESEARCH AND CONSULTANCY
JOANNA MROCZEK
E: joanna.mroczek@cbre.com
M: +48 500 000 583

EMILIA FILIMONIUK
E: emilia.filimoniuk@cbre.com
M: +48 728 437 614

INVESTMENT PROPERTIES
SEAN DOYLE
E: sean.doyle@cbre.com
M: +48 500 070 744

ASSET SERVICES – INDUSTRIAL & LOGISTICS
SEBASTIAN BIEDRZYCKI
E: sebastian.biedrzycki@cbre.com
M: +48 608 662 515

VALUATION
MACIEJ WÓJCIKIEWICZ
E: maciej.wojcikiewicz@cbre.com
M: +48 501 746 503

FOLLOW US ON:

www.linkedin.com/company/cbre-poland
www.instagram.com/officego.pl
www.twitter.com/CBRE_Poland

officeGO.pl
industrialGO.pl

www.cbre.pl
www.officego.pl
www.industrialgo.pl
www.propertygo.pl