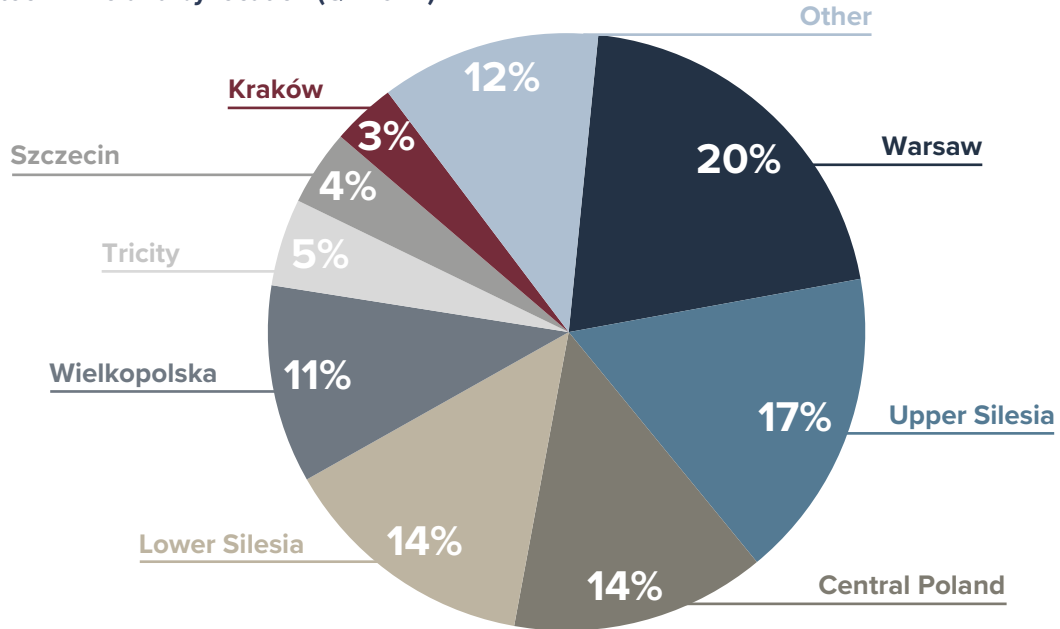




Warehouse market in Lower Silesia Q1 2024

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 Lower Silesia with 3.5 million sq m. Consequently, this positions Lower Silesia as the third-largest regional market in terms of supply, following Central Poland and Upper Silesia. The largest subregion within this area is Bielany Wrocławskie, which houses nearly one-third of the region's total warehouse stock.

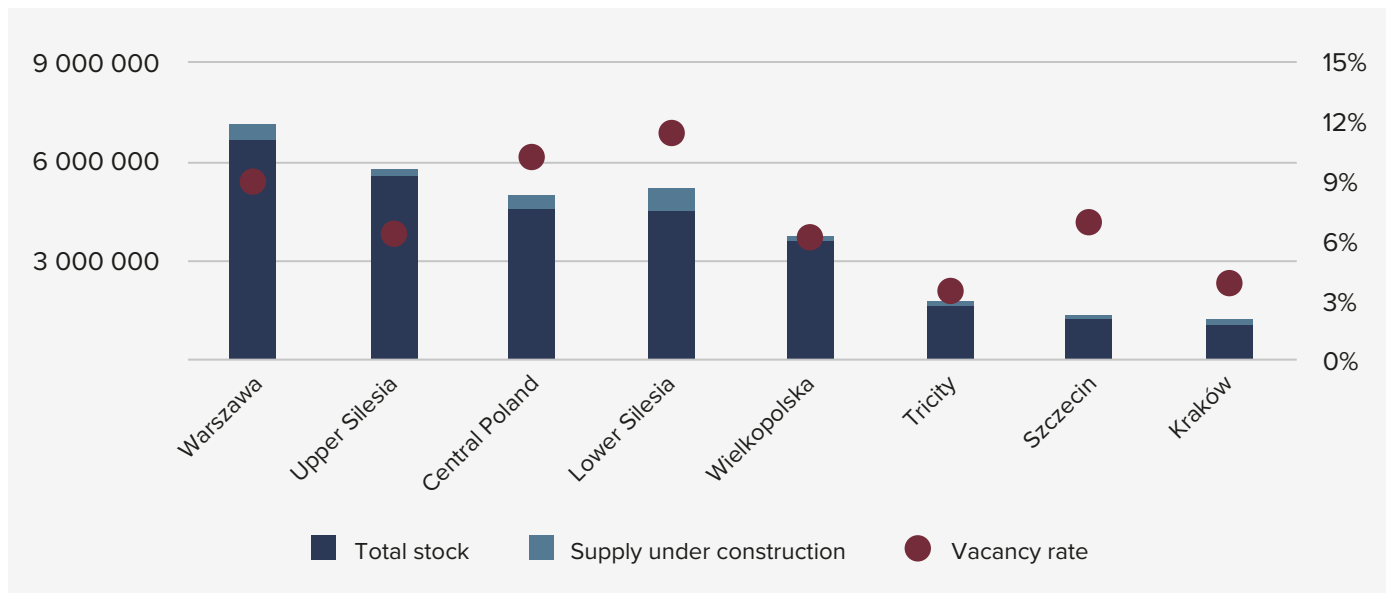
Warehouse stock in Poland by location (Q1 2024)



While developer activity in the warehouse market in Lower Silesia was notably weaker in 2023 compared to the previous year (historically high), the potential for growth remains robust. The new supply amounted to 390,000 sq m in 2023, aligning with the levels recorded in 2020-2021. This relatively high volume significantly influenced by the Panattoni Park Wrocław Logistics South Hub hall (125,000 sq m). Q1 2024 result indicates that Lower Silesia might achieve an impressive annual result. In the first three months of the year, 270,000 sq m was completed (one-third of the total quarterly result in Poland), partly driven by the next phase of Panattoni Park Wrocław Logistics South Hub (90,000 sq m).

The revival of developer activity was also evident in the supply under construction, with the volume significantly impacted by a single investment – P3 Wrocław (265,000 sq m). At the end of Q1 2024, approximately 700,000 sq m was under development, with the majority already secured by lease agreements.

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

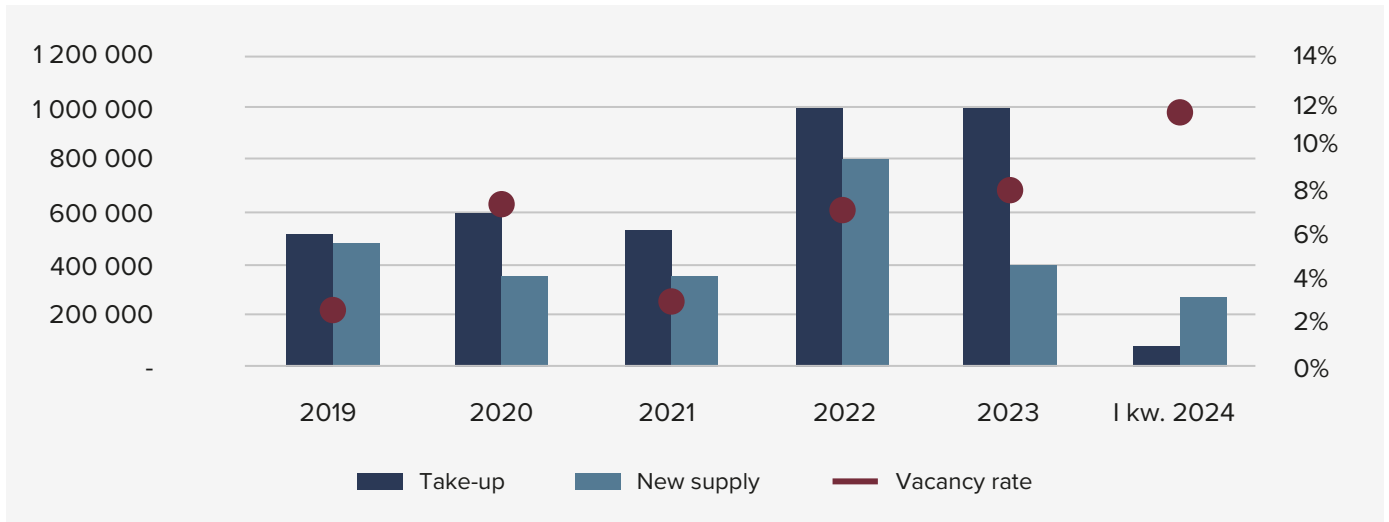


Demand for warehouse space in Poland indicates a decline in tenant activity in 2023 and Q1 2024, reflecting the situation across Europe. The total volume of lease agreements signed in the first three months of 2024 was 870,000 sq m, a 25% year-on-year decrease. In 2023, the total take-up was approximately 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.

In 2023, the demand for warehouse space in the Lower Silesia region reached the second-highest figure in the local market's history, amounting to 1 million sq m. This impressive performance was driven by a single lease agreement, where an e-commerce tenant signed 265,000 sq m in the P3 Wrocław project. Following this exceptionally successful year, the beginning of 2024 saw a significant drop in demand, with only 70,000 sq m of warehouse space leased.

Due to deficient tenant activity combined with high new supply, the vacancy rate in the Lower Silesia region stood at 11.5% at the end of Q1 2024. This represents an increase of 3.5 pp. q-o-q and 3.9 pp. increase y-o-y. This is currently the highest vacancy rate in Poland.

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



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. At the end of Q1 2024, asking rents in the Lower Silesia market remained within the range of EUR 3.5 – EUR 5 per sq m per month.

