MARKETBEAT

CENTRAL EUROPE

Industrial Q1 2022

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CUSHMAN & WAKEFIELD

MARKETBEAT

CENTRAL EUROPE

Economy Q1 2022

Post-Pandemic Development

After the pandemic-induced recession in 2020, GDP rebounded in 2021 across the CEE region, with the positive performance continuing during Q1 2022. According to Moody's Analytics, the CEE countries will continue their way to further recovery during 2022, albeit slower than expected.

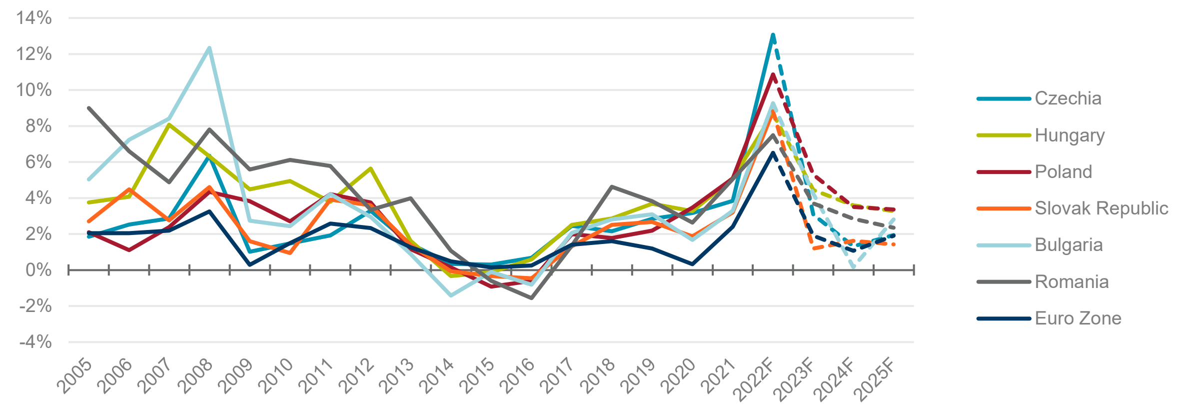
Russia's Invasion of Ukraine

However, Russia's invasion of Ukraine cast a cloud over the post-pandemic economic recovery in the CEE region, which has been highly exposed to the impact of ongoing Russia's war against Ukraine.

The soaring energy and other commodity prices, further increase in already elevated inflation, eroding real incomes of the population, and renewed supply chain disruptions and shortages of materials crucial for the manufacturing sector are among the key short-term risk factors to CEE economies.

GDP GROWTH IN CEE COUNTRIES (y/y change)

CONSUMER PRICE INDEX (y/y change)



Source: Moody's Analytics (April 2022 release)

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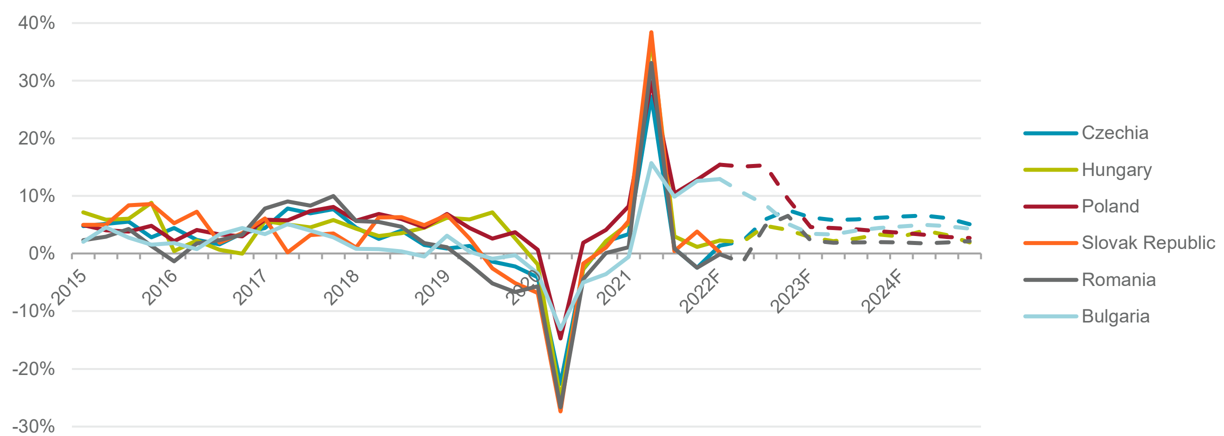
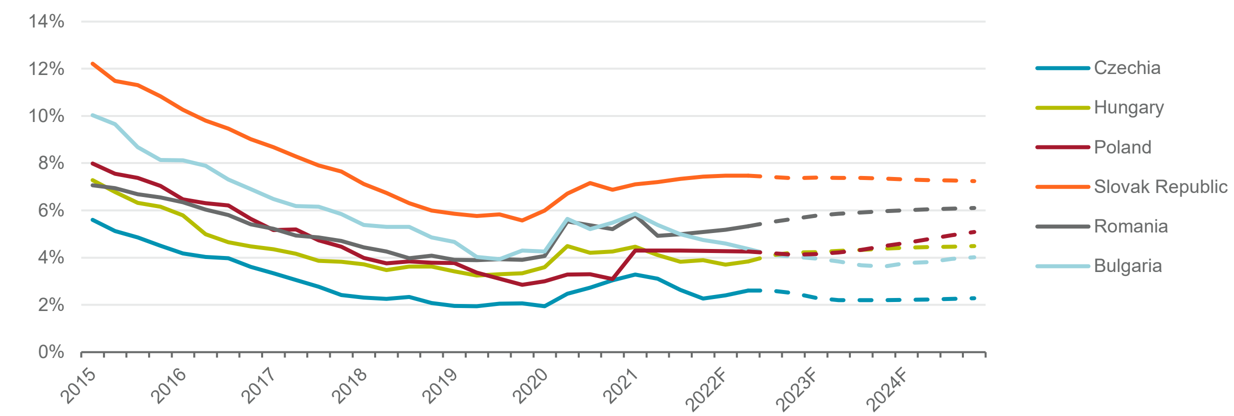
CENTRAL EUROPE

Economy Q1 2022

INDUSTRIAL PRODUCTION (y/y change)



UNEMPLOYMENT RATE (%)



Source: Moody's Analytics (April 2022 release)

Industrial Production

Industrial production slowed down or even declined in some CEE countries during Q1 2022 in view of the limitations imposed by continuing supply-chain issues, stemming from lockdowns in China and being further exacerbated by Russia's invasion of Ukraine.

Manufacturing has been suffering from the supply-side shock, particularly in energy-intensive industries. Automotive industry has been hit the hardest, with a particularly strong negative effect on real GDP growth dynamics in Czechia, Hungary and Slovakia.

Nevertheless, in the short term the firms in the industrial sector will further adjust to address the current challenges. Also, Central and Eastern Europe remains an attractive option for nearshoring and relocation of factories from Asia.

Labour Market

Labour market is tightening across CEE. In most countries in the region the unemployment rates are trending down, though still exceeding pre-COVID rates.

The influx of refugees from Ukraine presents longer-term upside potential for labour market in the CEE countries. Although refugees are primarily women, children and the elderly, addition of skilled workers from Ukraine may support employment growth in the region. The impact will however depend on the length of Russia's invasion in Ukraine, and how many of the present refugees decide to permanently settle in CEE.

Additionally, the pre-pandemic trend of emigration is expected to return in some countries in the region as labour mobility restrictions within the EU ease, worsening labour shortages and increasing the risk of a wage-price spiral.

Although in Q1 2022 increase in employment in the warehouse-using industries was in the growth mode in all CEE countries except for Romania, it will most likely slow down or reverse in the coming quarters.

MARKETBEAT

CENTRAL EUROPE

Industrial Q1 2022

The industrial property market continues actively developing across CEE. This is fuelled by robust occupier demand for warehouse space, mainly stemming from retail transformation and rapidly growing e-commerce, and the investors' confidence in this asset class.

At the end of Q1 2022, **total stock** of modern industrial and warehouse space in CEE reached almost 50 million sq m; about half of that (51%) located in Poland.

Development activity in the sector is high. **New supply** exceeded 1.9 million sq m in Q1 2022, while since the start of 2020, over 6.9 million sq m of modern warehousing and industrial space was delivered in CEE.

More than 7.8 million sq m is presently **under construction** in the region, the dominant share of which (61%) is again ongoing in Poland. Notably, about 40% of such pipeline stock in CEE is built on a speculative basis, further emphasizing the positive outlook for the market.

The **occupier's activity** remained robust in Q1 2022. Although the aggregate gross take-up was 23% lower compared to the historic record-high figure of Q4 2021, it increased by 4% y/y, while the 12-month rolling average shows a clear upward trend, which has accelerated since Q3 2020.

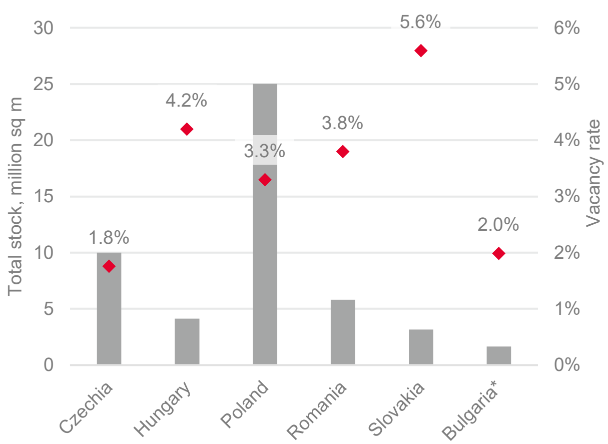
Despite significant development activity in the industrial property sector and slight increase in vacancy on some CEE markets, the overall **vacancy rates** in each of the markets stood below 6%.

On a quarterly basis, **prime rents** increased in all the CEE markets, except for Slovakia. Over the past 12 months the steepest rental growth was observed in the Czech Republic (+33% y/y) and Poland (+13% y/y), while in Budapest – the major property market in Hungary, - prime rent remained slightly below the Q1 2021 level (-3%).

The industrial segment accounted for only 13% of total **investment volumes** recorded in CEE in Q1 2022, as the availability of stock for sale remained the real challenge. The key investment transactions completed during the period include acquisitions of CPI Industrial Portfolio by Hines and Cromwell Warsaw Portfolio by Partners Group & Peakside in Poland, as well as the purchases of Airport City Logistics Park by WING and CTPark Budapest North by CTP Group in Hungary.

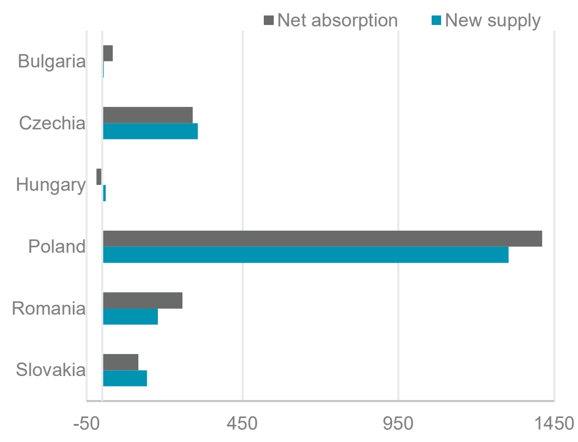
During Q1 2022, **prime industrial yields** further compressed in Hungary by 4 pp and Poland by 2 pp, remaining stable in other countries of the region. Over the past 12 months, prime yield compression was registered on all the CEE markets, - from a minimal decrease by 9% y/y in Bulgaria and Romania to a maximal shrinkage by 19% y/y in Hungary, confirming the perceived high investment attractiveness of the sector.

TOTAL STOCK AND VACANCY, Q1 2022

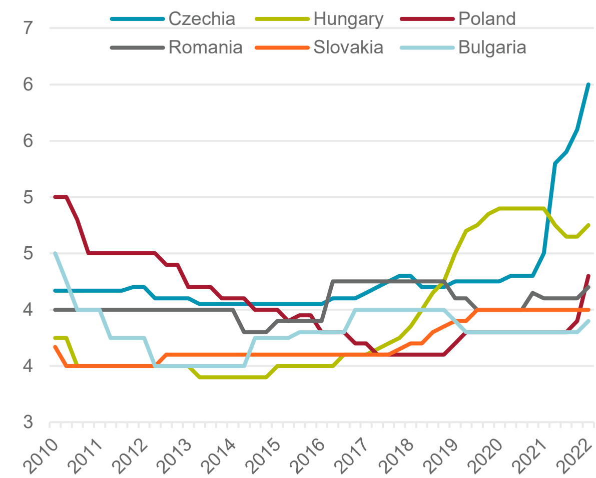


** The data for Bulgaria covers Sofia only*

NEW SUPPLY AND DEMAND, Q1 2022



PRIME RENTS (€/sq m/month)



** The data for Bulgaria and Hungary is provided for capital cities*

MARKETBEAT

CENTRAL EUROPE

Industrial Q1 2022

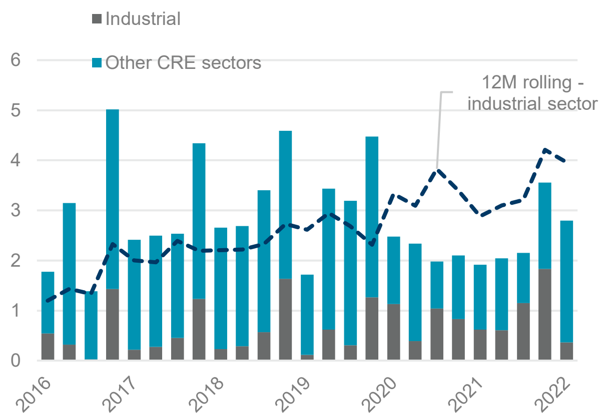
€ 0.37 B
Investment Volume Q1 2022

- 40%
Change y/y

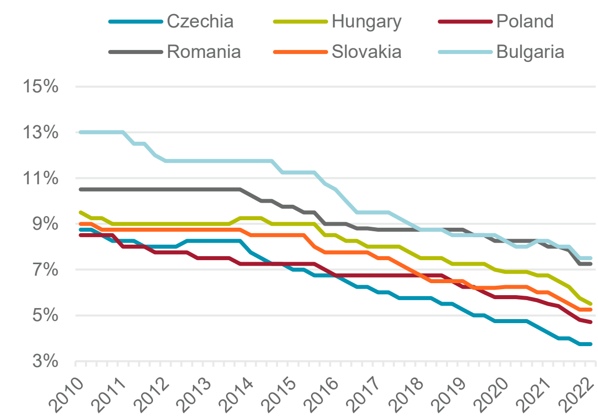
€ 0.62 B
Investment Volume Q1 2021

Data includes transactions of office properties (excluding deals of less than €1 million total value) in Czechia, Hungary, Poland, Romania and Slovakia.

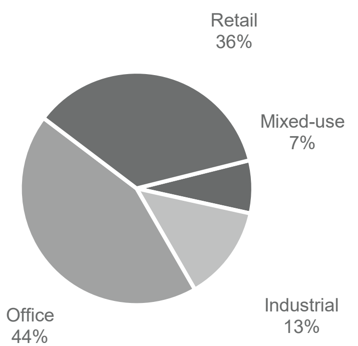
INVESTMENT VOLUMES IN CEE (€ billion)



PRIME INDUSTRIAL YIELD (%)



INVESTMENT VOLUMES IN CEE, Q1 2022



PRIME RENTS & YIELDS IN OFFICES, Q1 2022

City / COUNTRY	INDUSTRIAL ASSETS	
	Prime rent, €/sqm/month	Prime yield, %
Bratislava (SK)	€4.00	5.25%
Bucharest (RO)	€4.20	7.25%
Budapest (HU)	€4.75	5.50%
Prague (CZ)	€6.00	3.75%
Sofia (BG)	€3.90	7.50%
Warsaw (PL)	€4.30	4.70%

Shade showing y-o-y trend: red – negative, green – positive, white – no change.

CENTRAL EUROPE

Industrial Q1 2022

	Supply	Demand	Vacancy rate	Rents
Bulgaria (Sofia)	New supply was comprised of the owner-occupied by DHL logistics centre of ca.5,000 sq m in the airport area of Sofia. Over 420,000 sq m of industrial and logistics space is presently under construction, mainly comprised of ongoing extensions of owner-occupied production & storage facilities, as well as new phases of speculatively developed Elin Pelin and Bozhurishte industrial areas.	A relatively high leasing activity with take-up of 34,204 sq m, mainly driven by expansions of retailers, logistics and distribution companies. The most popular for occupation were mid-size warehousing units in the ring road and emerging industrial zones in Sofia's suburbs, as well as urban logistics facilities within the city boundaries for last mile logistics.	The modest new supply combined with a robust occupier demand resulted in a sharp decrease of vacancy rate to 2%.	Prime logistics rent in Sofia slightly increased to €4.4/sq m /month for mid-size units, and €4/sq m /month for premises of area over 10,000 sq m.
Czech Republic	Total modern industrial stock almost reached 10 million sq m, with over 306,000 sq m newly completed within 20 industrial parks in Q1 2022. The record high pipeline stock in excess of 1.13 million sq m is currently under construction, out of which 74% of space is already pre-let .	Gross take-up was 724,400 sq m, but lease renegotiations accounted for almost its half. Net take-up was dominated by pre-leases (47% share), followed by new leases (43% share). Logistics companies were the key driver of occupational demand.	Despite its slight increase during Q1 2022, vacancy in the sector remained below 2%. Together with robust occupier demand, this led to rental growth on the industrial property market in all the regions across the country.	For 10,000 sq m warehouse units in Prague prime headline rent was €6.00/sq m /month (+33% y/y). In the regional cities headline rents were lower: €5.00/sq m/month in Brno, and almost €5.00/sq m/month in Pilsen and Ostrava. In the short term, further rental growth is expected.
Hungary (Budapest)	Although only one new industrial property of 11,455 sq m was delivered in the Greater Budapest area, total pipeline stock scheduled for delivery by the end of 2022 totals to 407,800 sq m.	Leasing activity further accelerated, - gross take-up in the Greater Budapest area estimated at 125,265 sq m (+53% y/y). Net take-up was 102,415 sq m, and pre-leases accounted for 43% of total take-up. Despite high leasing activity, net absorption turned negative value.	Vacancy rate increased to 4.2% compared to 3.2% in the previous quarter and 2.5% in Q1 2021.	Prime rent increased by 2.2% q/q to €4.75/sq m /month in the Greater Budapest Area, and upward rental dynamics was also evident in many regional locations across Hungary. In view of ongoing cost inflation, headline rents are projected to increase further in the BTS industrial properties.

MARKETBEAT

CENTRAL EUROPE

Industrial Q1 2022

	Supply	Demand	Vacancy rate	Rents
Poland	New supply was record high in Q1 2022 with around 1.27 million sq m of warehouse space delivered within 45 projects. Over the past 12 months ca. 3.6 million sq m were added to the market (+57% y/y). In Q1 2022, developers commenced construction of almost 1.5 million sq m of warehouse space, bringing the total pipeline to 4.8 million sq m. Out of that total, approximately 50% was pre-let. If all pending projects come to fruition within the scheduled timeframe, the total warehouse stock will increase by over 20% over the next 12 months.	Total take-up in Poland reached around 1.56 million sq m (-5% y/y), but +50% on Q1 average for 2018-2020. New leases and expansions continued to dominate, accounting for 74% of the total leasing volume. Net absorption hit an all-time high of 1.41 million sq m (+85% y/y). Robust demand is being driven by the need to diversify logistics chains covering both key conurbations and smaller regional markets as well as borderland areas, and to maintain seamless and cost-effective goods distribution.	The overall vacancy rate decreased by additional 0.5 pp q/q and 3.3 pp y/y, falling to 3.3% at the end of Q1 2022, its lowest since records began. The largest downward y/y movements in vacancy were registered in Pomerania (1.6%; -5.0 pp), Greater Poland (0.5%; -4.5 pp), Łódzkie (2.5%; -3.8 pp), Lower Silesia (3.2%; -3.5 pp.), Silesia (5.7%; -3.6 pp), Lesser Poland (0.5%, -3.1 pp) and Mazovia (4.8%; -2.7 pp.).	Warehouse rents were subject to strong upward pressure, largely due to soaring construction costs. Prime headline rents rose on majority of the regional markets, with the highest y/y growth reported in Krakow and Gdańsk (+16%). At the end of Q1 2022, headline rents stood at €3.00-4.30/sq m/month for big-box warehouses and at €4.30-5.50/sq m/month for City Logistics and Small Business Units (SBUs). High inflation is likely to lead to further upward correction of rents in the coming months.
Romania	New supply was 178,000 sq m, representing a significant year-on-year growth. Over 500,000 sq m of space is presently under construction, out of which over 50% is already pre-let. Half of pipeline stock is located around Bucharest, a significant development activity is seen in Timisoara, Brasov, Arad and Sibiu.	The occupier demand remained strong with gross take-up in excess of 300,000 sq m (+50% y/y), dominated by net take-up and mainly driven by the companies in retail and ecommerce (35% share), logistics & distribution (15%) and automotive industry (10%).	At the end of Q1 2022, the vacancy rate was 4.7% in Bucharest and 3.8% on average across Romania.	Prime rent slightly increased and reached €4.2/sq m/month, compared to €4.1/sq m/month in Q4 2021.
Slovak Republic	Four industrial parks of cumulative area 116,000 sq m were delivered to the market, all in Western Slovakia. The construction of 21 properties totaling to over 408,000 sq m GLA is ongoing, out of which 15 projects are situated Western Slovakia.	The record high take-up and net absorption figures registered in the sector. Occupier demand has been mainly driven by e-commerce and automotive industry.	Vacancy decreased to 5.6%, the lowest rate since 2020. Downward dynamics can still be reverted in the near future, since most of the pipeline stock scheduled for the next 12 months is being developed on a speculative basis.	Prime rent remained at €4/sq m/month. It is however projected to increase to €4.10/sq m/month over the next quarter, with the prospect of further rental growth in H2 2022.

BULGARIA (SOFIA)

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BULGARIA (SOFIA)

Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
2.0% Sofia Vacancy Rate	▼	—
€4.40 Prime Rent, Sq m/month	▲	—
7.50% Prime Yield	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
3.5% GDP*	▲	▼
4.6% Unemployment Rate	▼	▼
13.0% Industrial Production*	▲	▼
9.3% CPI*	▲	▼

**Annual growth estimates*
Source: Moody's Analytics

ECONOMY: Moderate growth

The GDP growth in Bulgaria surpassed the forecasts, reaching 4.2% in 2021. The positive trend was underpinned by higher-than-expected increase in consumption and improving business activity. The war in Ukraine changed economic prospects for 2022, due to supply chain disruptions and energy prices uncertainty. The negative impact on private consumption, investments and exports have dampened the economic growth expectations for 2022. According to the Spring forecast of the Ministry of Finance, GDP will increase by 2.6% in 2022 and by 2.8% in 2023. Inflation, that rose by 12.4% y/y in March, will continue to accelerate and is expected to exceed 10% on average.

SUPPLY AND DEMAND: Vacancy dropped as a result of robust demand and limited new delivery

The logistics property market in Sofia registered relatively high leasing activity, with take-up of 34,204 sq m in Q1 2022. The occupier demand in the sector was mainly driven by expansions of retailers, logistics and distribution companies. Most occupier requests are for mid-size logistics units in the ring road area or in the emerging industrial zones on the outskirts of Sofia. The facilities within the city boundaries are in demand for last-mile logistics operations.

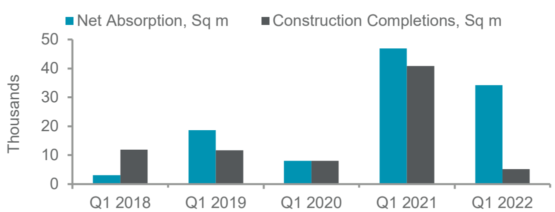
The only new completion during the first quarter of 2022 was the new owner-occupied logistics center in the airport area. The modest new supply, together with relatively high leasing activity resulted in a sharp decrease in space availability in Sofia. The market vacancy rate in the first quarter dropped to 2%, which is by over 2 percentage points down from the figure at the end of 2021.

As of the beginning of 2022, more than 420,000 sqm of industrial and logistics space is under construction in Sofia. The larger part are expansions of owner-occupied production and storage space. New phases of large speculative projects in Elin Pelin and Bozhurishte industrial areas are another source of new supply in the short term.

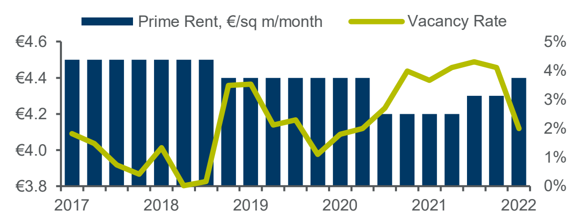
PRICING: Slight increase in prime rent

Increasing operating costs and active demand resulted in slight rent increase in the first quarter of 2022. Prime logistics rent in Sofia reached EUR 4.4 per sq m for mid-size units, while premises of over 10,000 sq m were available for EUR 4 per sq m per month. Prime yield was stable at 7.5% and is expected to remain around that level in the coming quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

BULGARIA (SOFIA)

Industrial Q1 2022

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)	PRIME YIELD
Sofia	1,637,957	32,620	2.0%	34,204	34,204	422,909	€4.4	7.50%
TOTAL	**1,637,957**	**32,620**	**2.0%**	**34,204**	**34,204**	**422,909**	**€4.4**	**7.50%**

KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
DHL Logistics	Sofia	DHL	5,144	Owner-occupied property

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CZECH REPUBLIC

MARKETBEAT

CZECH REPUBLIC

Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
1.8% Vacancy Rate	▼	▬
€6.00 Prime Rent, Sq m/month	▲	▲
3.80% Prime Yield	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
4.0% GDP*	▲	▼
2.4% Unemployment Rate	▼	▼
1.4% Industrial Production*	▼	▲
11.1% CPI*	▲	▼

**Annual growth estimates*
Source: Moody's Analytics

ECONOMY: The Czech economy faces new challenges amidst the war in Ukraine

The Czech economy is tightly connected to the auto industry, experiencing a slowdown in production due to global supply shortages and logistics issues. Similar challenges apply to other industrial sectors important for the Czech economy. Russia's invasion of Ukraine has put businesses in a difficult position again – increasing inflation, interest rates, and overall uncertainty. In 2022, GDP growth in the Czech Republic is expected to reach 2.6%, the lowest rate in the CEE region, while inflation could exceed historical levels at 13.1%. However, according to the latest forecasts, the negative trends should not continue in 2023. Moreover, the unprecedented situation, together with the severe economic sanctions, can lead to opportunities in the CEE markets, including the creation of new jobs, additional labour and consumers.

SUPPLY AND DEMAND: Total modern industrial stock will soon exceed the 10 million sq m mark

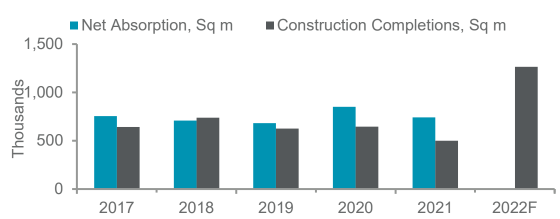
In Q1 2022, over 306,000 sq m of warehouse space was newly completed within twenty industrial parks, with more than 1.4 million sq m planned to be finished by the end of 2022. The total modern industrial stock has almost reached 10 million sq m. Over 1.13 million sq m (74% of which is already pre-leased) is currently under construction, which is once again a new record for the Czech industrial market.

Gross take-up in Q1 2022 reached 724,400 sq m, although almost half of the signed leases were renegotiations. The share of pre-leases in net take-up is around 47%, which is still slightly higher than new leases, representing 43% of net take-up deals. Out of non-confidential net take-up deals, logistics companies accounted for the largest share of 42%.

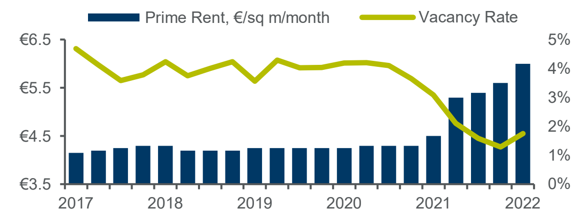
PRICING: Rental growth is expected to continue throughout the year

Vacancy rate is still very low, standing at 1.8% in Q1 2022, which combined with a robust occupier demand causes rental growth in all the regions. Prime headline rent for warehouse units of 10,000 sq m increased further, up to €6.00/sq m/month in Prague, representing 33% y-o-y growth. Slightly lower headline rents can be seen in Brno (€5.00/sq m/month), Pilsen and Ostrava (slightly below €5.00/sq m/month). Further rental growth is expected on the industrial property market across the Czech Republic.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

CZECH REPUBLIC

Industrial Q1 2022

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Prague	3,407,400	30,500	0.9%	323,100	323,100	45,200	50,600	€ 6.00
Pilsen	1,563,800	75,600	4.8%	127,000	127,000	47,600	125,300	€ 4.70
Brno (South Moravia)	1,237,100	9,900	0.8%	79,300	79,300	29,100	149,000	€ 5.00
Ostrava (Moravia-Silesia)	885,800	14,000	1.6%	55,200	55,200	75,100	153,000	€ 4.30
Central Bohemia	701,700	15,000	2.1%	11,100	11,100	31,200	103,600	
Ústí nad Labem	640,800	3,700	0.6%	34,200	34,200	5,300	78,200	
Liberec	317,100	0	0.0%	5,300	5,300	0	30,000	
Olomouc	327,000	22,300	6.8%	10,200	10,200	29,400	265,600	
Karlovy Vary	283,500	0	0.0%	0	0	34,300	81,300	
Pardubice	210,700	2,000	0.9%	37,300	37,300	0	2,500	
Hradec Králové	168,400	0	0.0%	0	0	0	42,500	
Jihlava (Vysočina)	162,200	0	0.0%	31,200	31,200	0	26,900	
České Budějovice (South Bohemia)	61,500	2,400	3.9%	0	0	9,400	13,000	
Zlín	18,400	0	0.0%	10,500	10,500	0	10,500	
CZECH REPUBLIC TOTAL	**9,985,400**	**175,400**	**1.8%**	**724,400**	**724,400**	**306,600**	**1,132,000**	**€ 6.00**

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Prologis Park Prague-Jirny	Prague	Globus	61,500	Renegotiation
CTPark Pardubice	Pardubice	Jusda Europe	37,300	Renegotiation
Panattoni Park Pilsen West II	Pilsen	Undisclosed	36,400	Pre-lease

KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Contera Park Ostrava D1	Ostrava (Moravia-Silesia)	Sportisimo	42,300	Contera
CTPark Cheb	Karlovy Vary	DHL	34,300	CTP Invest
CTPark Bor	Pilsen	Confidential	25,400	CTP Invest

Source: Industrial Research Forum

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HUNGARY

MARKETBEAT

HUNGARY

Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
4.2% Vacancy Rate	▲	▲
€4.75 Prime Rent, Sq m/month	▼	▲
5.50% Prime Yield	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
5.7% GDP*	▲	▼
3.7% Unemployment Rate	▼	▲
2.3% Industrial Production*	▼	▲
8.6% CPI*	▲	▼

**Annual growth estimates*
Source: Moody's Analytics

ECONOMY: Strong economic recovery registered in Q4

According to Moody's Analytics, Hungary will continue its way to recovery, performing above average its peer group in the CEE region. A slowdown in the coming quarters is however expected due to accelerating inflation and high energy prices. The recovery in global trade will boost net exports in the coming quarters, whilst supply chain disruptions, which are particularly painful for the automotive industry, will weigh on production. According to the Hungarian Central Statistical Office (HSCO), in February 2022 the volume of industrial production grew by 4.5% y/y, and the exports has also increased by 7.2% compared to the same period of 2021.

The GKI Business Sentiment Index has reached three-year peak in April 2022 as economic expectations strongly improved despite the geopolitical issues. Whereas only four investment transactions were registered with smaller lot sizes related to the sector in 2021, activity has increased. Since the start of 2022 secondary investment volumes have already doubled and, by the end of Q1 2022 exceeded EUR 110 million, dominated by the sale of Airport City and CTPark Budapest North logistics parks.

SUPPLY AND DEMAND: Continued record high demand with significant pipeline

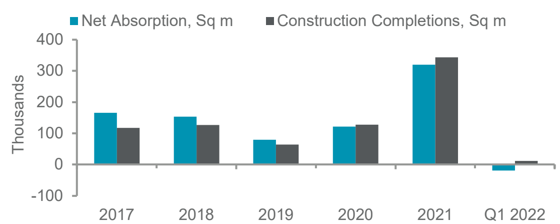
In Q1 2022, leasing activity further accelerated demonstrating continuous positive market sentiment in the industrial sector. During the first three months total demand in Budapest reached 125,265 sq m. This year-starting quarter has witnessed the highest leasing activity, with the increase by 53% y/y. Net take-up largely contributed to total take-up with 102,415 sq m while renewals amounted to 22,850 sq m. Pre-leases accounted for the largest share of total take-up with 43%, followed by new leases and expansions, which accounted for 29% and 10% respectively. At the same time, net absorption was negative, pushing vacancy rate up to 4.2%.

Only one new industrial property totalling to 11,455 sq m was delivered to the Greater Budapest Area during the first three months of 2022. Despite relatively insignificant new supply in Q1 2022, total pipeline stock scheduled for completion by the year-end amounts to 407,800 sq m of industrial space only in the capital city.

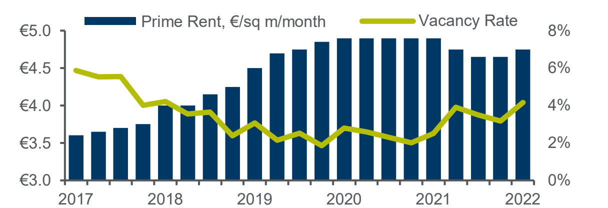
PRICING: Increasing construction costs drive rental growth

Prime rent increased by 2.2% q/q in Q1 2022, currently standing at EUR 4.75 per sq m per month in the Greater Budapest Area and many regional locations in Hungary. The cost of construction continues increasing drastically, following the upsurge by 16.7% y/y reported by HCSO in Q4 2021; therefore headline BTS rents are likely to grow further.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

HUNGARY

Industrial Q1 2022

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Budapest North	134,.600	6,120	4.5%	-	-	-	-	€ 4.75
Budapest South	1,357,075	61,030	4.5%	53,200	53,200	11,455	28,380	€ 4.75
Budapest East	778,330	13,945	1.8%	46,295	46,295	-	227,910	€ 4.75
Budapest West	542,510	36,090	6.7%	25,770	25,770	-	199,550	€ 4.75
BUDAPEST TOTAL	**2,812,515**	**117,185**	**4.2%**	**125,265**	**125,265**	**11,455**	**455,840**	€ 4.75
Central Hungary	32,800	1,220	3.7%	380	380	-	-	€ 4.75
Central Transdanubia	346,970	11,840	3.4%	13,290	13,290	6,470	37,700	€ 4.50
Northern Great Plain	245,600	7,790	3.2%	-	-	-	-	€ 4.65
Northern Hungary	136,335	13,650	10.0%	250	250	-	-	€ 4.65
Southern Great Plain	141,725	800	0.6%	-	-	-	37,050	€ 4.65
Southern Transdanubia	61,950	2,590	4.2%	-	-	-	-	€ 4.50
Western Transdanubia	334,520	12,865	3.8%	210	210	13,000	47,550	€ 4.80
COUNTRYSIDE TOTAL	**1,299,900**	**50,755**	**3.9%**	**14,130**	**14,130**	**19,470**	122,300	€ 4.75
TOTAL HUNGARY	**4,112,415**	**167,940**	**4.2%**	**139,395**	**139,395**	**30,925**	**578,140**	€ 4.75

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	PROPERTY TYPE	TENANT	SIZE (SQ M)	TYPE
HelloParks Fót	Logistics park	Confidential	19,300	pre-lease
CTPark Budapest West	Logistics park	Confidential	18,030	pre-lease
BILK	Logistics park	Confidential	13,825	renewal

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	Location	PROPERTY TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Prologis Park Budapest – Sziget II	Szigetszentmiklós	Logistics park	Silver Logisticsystem	11,455	Prologis
Inpark Tatabánya	Tatabánya	Logistics park	Magyar Posta	9,740	NIPÜF
VGP Park Győr	Győr	Logistics park	Raben	3,290	VGP

Source: Cushman & Wakefield Research, Budapest Research Forum

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POLAND

CUSHMAN & WAKEFIELD

MARKETBEAT

POLAND

Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
3.3% Vacancy Rate	▼	▼
€4.30 Prime Rent, Sq m/month	▲	▲
4.70% Prime Yield	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
6.7% GDP*	▲	▼
4.3% Unemployment Rate	▼	▼
15.4% Industrial Production*	▼	▲
10.5% CPI*	▲	▼

**Annual growth estimates*

Source: Moody's Analytics

ECONOMY: GDP growth and strong industrial production in a high inflation environment

In Q1 2022, Poland's economy expanded by over 8% year-on-year, while this year's average annual GDP growth is expected to hit approximately 4%, according to data from the National Bank of Poland. The Russian invasion of Ukraine is another factor following the pandemic that has contributed to market imbalances and disrupted global supply chains. Many global economies are currently struggling with shortages of many raw materials and manufacturing components, as well as high inflation, which is likely to result in an economic downturn.

Poland's inflation rate continued its upward trend, climbing to 12.4% in April. The average annual price growth is expected to remain in double figures for the whole of 2022 and to reach 10.9%.

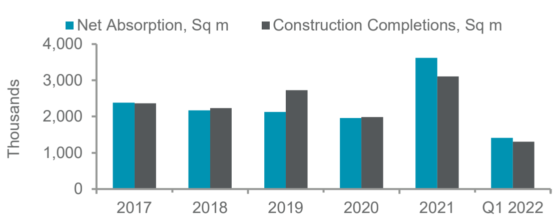
According to data from Poland Statistics (GUS), Poland's industrial production rose by 16.7% compared to 7.8% in Q1 2021. Year-on-year growth was recorded in March 2022 for all core categories, with the highest at 57.3% reported for production of goods related to energy.

TAKE-UP: Leasing activity tops 1.5 million sq m for the fifth consecutive quarter

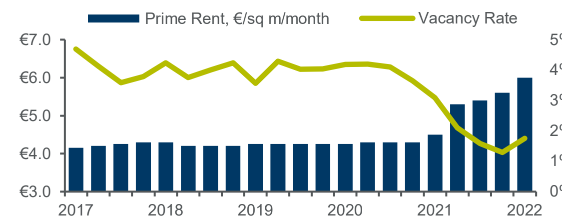
In January-March 2022, total warehouse take-up in Poland reached 1.56 million sq m, down by 5% compared to Q1 2021 (1.64 million sq m) but up by over 50% on the first quarter average for 2018-2020 (1.03 million sq m). New leases and expansions continued to dominate, accounting for 74% of the total leasing volume, while renewals made up the remaining 26%.

Robust demand for warehouse and industrial space in Poland is being driven by the need to diversify logistics chains covering both key conurbations and smaller regional markets as well as borderland areas, and to maintain seamless and cost-effective distribution in response to the strong momentum experienced by e-commerce and manufacturing. These trends are expected to carry into the months ahead, but occupier activity is rather unlikely to match last year's record-breaking figure of 7.5 million sq m due to the complicated and uncertain macroeconomic and geopolitical environment, high inflation and the very low availability of warehouse space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME ASKING RENT



MARKETBEAT

POLAND

Industrial Q1 2022

SUPPLY: Demand outstrips supply

A record-breaking 1.27 million sq m of warehouse space was delivered across 45 projects in Q1 2022, while 3.6 million sq m was added to the Polish market in the past 12 months (up by 57% year-on-year).

The meteoric demand, however, outstripped the growing supply as the overall vacancy rate edged down by another 0.5 pp quarter-on-quarter and 3.3 pp year-on-year, falling to 3.3% at the end of March 2022, its lowest since records began.

Net absorption hit an all-time high of 1.41 million sq m in Q1 2022, up by 85% year-on-year.

The largest downward year-on-year movements in vacancy rates were in Pomerania (1.6%; -5.0 pp), Greater Poland (0.5%; -4.5 pp), Łódzkie (2.5%; -3.8 pp), Lower Silesia (3.2%; -3.5 pp.), Silesia (5.7%; -3.6 pp), Lesser Poland (0.5%, -3.1 pp) and Mazovia (4.8%; -2.7 pp.).

In Q1 2022, developers commenced the construction of close to 1.5 million sq m of warehouse space, bringing the total development pipeline to 4.8 million sq m. Out of that total, approximately 50% was pre-let. If all pending projects come to fruition within the scheduled timeframe, the total warehouse stock, currently standing at over 25 million sq m, will increase by more than 20% over the next 12 months.

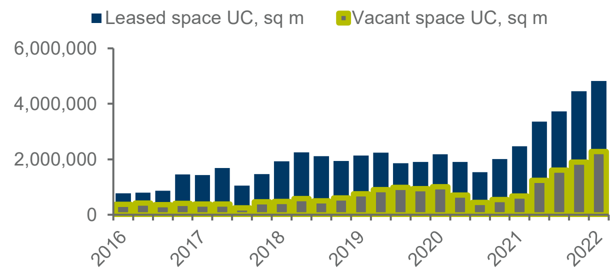
RENTS: Rental rates under upward pressure due to rising construction costs and shrinking warehouse availability

Warehouse rents came under strong upward pressure in Q1 2022, largely due to soaring construction costs. Prime headline rents rose on most regional markets, with the highest year-on-year growth reported in Krakow and Gdańsk (+16%). At the end of March 2022, headline rents overall stood at EUR 3.00–4.30/sq m/month for big-box warehouses and at EUR 4.30–5.50/sq m/month for City Logistics and Small Business Units (SBUs).

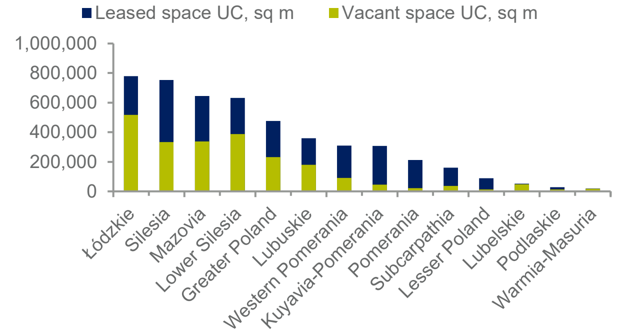
Financial incentives offered to tenants are being scaled down in the current market environment, pushing effective rents up. Effective rental rates range in between of EUR 2.40–3.50/sq m/month for big-box warehouses and EUR 3.60–4.80/sq m/month for City Logistics/SBUs, depending on location.

The strong inflationary pressure is likely to lead to further upward correction of rents in the coming months.

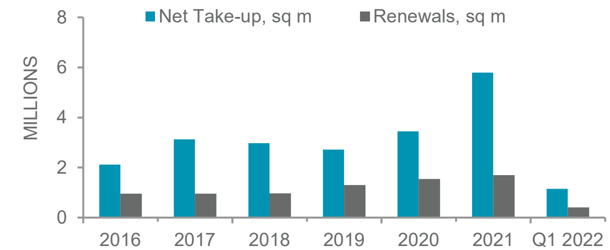
DEVELOPMENT ACTIVITY



INDUSTRIAL SPACE UNDER CONSTRUCTION, MARCH 2022



TAKE-UP



Source: Cushman & Wakefield

MARKETBEAT

POLAND

Industrial Q1 2022

CUSHMAN & WAKEFIELD

REGIONAL MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	CURRENT QTR NEW SUPPLY (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Mazovia	5,591,218	269,410	4.8%	274,549	158,547	645,198	€ 4.10
Silesia	4,366,573	250,621	5.7%	381,377	144,512	751,720	€ 3.95
Łódzkie	3,625,727	90,439	2.5%	233,676	143,727	778,237	€ 3.90
Lower Silesia	3,136,775	100,433	3.2%	74,854	216,947	631,767	€ 3.90
Greater Poland	2,895,943	13,757	0.5%	167,284	281,356	475,766	€ 3.80
Pomerania	1,102,179	17,588	1.6%	95,359	29,705	213,567	€ 4.20
Western Pomerania	957,701	22,312	2.3%	21,258	89,327	309,211	€ 3.90
Lesser Poland	828,264	2,300	0.3%	67,422	31,500	89,406	€ 4.30
Lubuskie	789,970	0	0.0%	153,608	0	359,654	€ 3.90
Kuyavia-Pomerania	525,337	12,500	2.4%	41,670	108,682	306,936	€ 3.90
Lubelskie	318,234	19,471	6.1%	7,000	0	52,670	€ 3.80
Subcarpathia	311,746	150	0.0%	30,663	11,300	160,784	€ 3.80
Other markets	568,468	15,523	2.7%	12,458	56,500	48,991	€ 3.60-3.85
POLAND TOTAL	**25,018,135**	**814,504**	**3.3%**	**1,561,178**	**1,272,103**	**4,823,907**	**€ 4.30 / BIG-BOX € 5.50 /SBU**

SELECTED LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Exeter Park Świebodzin	Lubuskie	Confidential	105,000	New lease
Hillwood Łowicz Południe	Łódzkie	Dealz	47,700	New lease
Panattoni BTS K-Flex	Łódzkie	K-Flex	32,890	New lease
Panattoni Park Piła	Greater Poland	Ceva Logistics	32,581	New lease
7R Park Mysłowice	Silesia	Confidential	27,708	New lease

SELECTED INVESTMENT SALE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER	BUYER	SIZE (SQ M)
Cromwell Warsaw portfolio	Warsaw (inner city and suburbs)	Cromwell	Partners Group & Peakside	180,000
7R Beskid Park II	Upper Silesia	7R Logistics	Savills IM	25,500

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ROMANIA
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MARKETBEAT
ROMANIA
Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
4.7% Bucharest Vacancy Rate	▼	▼
€4.20 Prime Rent, Sq m/month	▲	▲
7.00% Prime Yield	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
2.7% GDP*	▲	▲
5.2% Unemployment Rate	▼	▲
-0.1% Industrial Production*	▼	▲
8.6% CPI*	▲	▼

**Annual growth estimates*
Source: Moody's Analytics

Occupier demand dynamics remains consistent

The occupier demand for industrial and logistics space remained consistent in Q1 2022, with total take-up of over 300,000 sq m, reflecting an increase by 50% y/y, and following the positive trend observed during the last two years.

Renewals represent only 15% of the lease transactions volume, while the occupier demand has mainly been driven by new requests. The largest transactions signed in Q1 2022 include the 25,000 sq m expansion by Pirelli within WDP Park Slatina, Panduit's 11,200 sq m lease renewal and expansion in CTPark Arad, as well as the lease of 7,500 sq m by SLS Cargo in P3 Bucharest A1.

In Q1 2022, Bucharest accounted for 35% share of total take-up, being followed by Ploiesti (29% market share), Slatina (8.3%) and Arad (8%). The occupier demand was driven by various sectors but dominated by the companies in retail and ecommerce (35%), logistics and distribution (15% market share) and automotive industry (10%).

Mild winter encouraged development activity

The sustained demand for the industrial and logistics space encouraged developers to continue their investment plans. As a result, approximately 178,000 sq m of space was delivered to the market across Romania during Q1 2022, representing a significant year-on-year growth compared to new supply of only 30,000 sq m in Q1 2021. The most important deliveries include the 55,300 sq m extension to CTPark Bucharest North, the 25,000 sq m build-to-suit project developed by WDP in Calan (Deva) and Constanta Business Park totaling to 19,000 sq m.

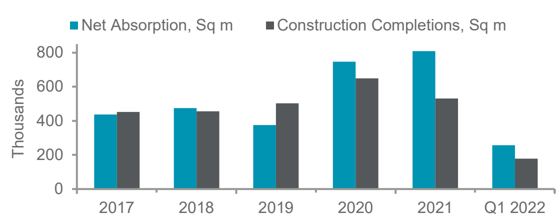
At the end of Q1 2022, the vacancy rate was 4.7% in Bucharest and 3.8% on average across Romania.

Robust pipeline

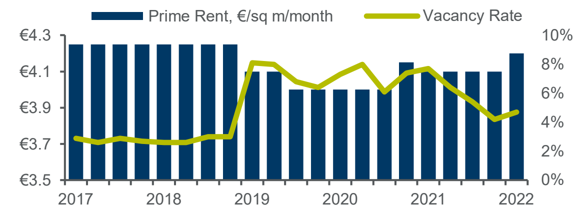
The development pipeline for the rest of the year is consistent, with over 500,000 sq m of space presently under construction across Romania. Bucharest remains the main hot spot, as 50% of the pipeline stock is located around the capital city, while Timisoara, Brasov, Arad and Sibiu are witnessing a significant development activity in the sector as well.

It should also be noted that the schemes, which are presently under construction, are already more than 50% pre-let, which additionally proves attractiveness of such space in the current economic context.

SPACE DEMAND / DELIVERIES



BUCHAREST OVERALL VACANCY & PRIME RENT



MARKETBEAT

ROMANIA

Industrial Q1 2022

CUSHMAN & WAKEFIELD | Echinox

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)
Bucharest	2,904,000	137,800	4.7%	107,027	107,027	97,200	271,100	€ 4.20
Timisoara	541,500	27,300	5%	24,869	24,869	-	118,800	€ 3.85
Ploiesti	370,000	4,500	1%	87,628	87,628	-	-	€ 3.85
Cluj - Napoca	412,900	6,500	2%	12,451	12,451	12,100	22,000	€ 4.10
Brasov	302,400	4,200	1%	6,683	6,683	-	74,100	€ 3.85
Pitesti	245,700	0	0%	-	-	6,700	-	€ 3.85
Sibiu	160,800	11,200	7%	1,000	1,000	-	16,500	€ 3.85
Other Cities	863,100	27,600	3.1%	65,900	65,900	62,000	40,700	€ 3.85
ROMANIA TOTAL	**5,800,400**	**219,100**	**3.8%**	**305,558**	**305,558**	**178,000**	**543,200**	**€ 4.20**

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
WDP Park Slatina	Slatina	Pirelli	25,000	Expansion
CTPark Arad	Arad	Panduit	11,200	Renewal + Expansion
P3 Bucharest A1	Bucharest	SLS Cargo	7,500	Expansion

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark Bucharest North BUN 4-5	Bucharest	Rohlik	55,300	CTP
WDP Park Calan	Calan (Deva)	Auchan	25,000	WDP
CTPark Bucharest 14	Bucharest	-	23,300	CTP
Constanta Business Park B	Constanta	Maracana	19,900	Globalworth - Global Vision

PIPELINE PROJECTS SCHEDULED FOR COMPLETION IN 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
WDP Park Timisoara	Timisoara	Profi	57,000	WDP
VGP Park Timisoara D	Timisoara	Fartud	30,400	VGP
VGP Park Brasov II	Brasov	-	28,700	VGP
Logicor Mogosoaia Phase IV	Bucharest	Rotis Lux	21,000	Logicor
Logicor Pantelimon Phase II	Bucharest	DPD	21,000	Logicor

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SLOVAKIA
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MARKETBEAT

SLOVAKIA

Industrial Q1 2022

	YoY Chg.	12-Mo. Forecast
5.60% Vacancy Rate	▼	▲
€4.00 Prime Rent, Sq m/month	—	▲
5.25% Prime Yield	▼	▼

(Class A stock only)

ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
3.3% GDP*	▲	▲
7.5% Unemployment Rate	▲	▼
0.2% Industrial Production*	▼	▲
9.4% CPI*	▲	▼

**Annual growth estimates*
Source: Moody's Analytics

ECONOMY: Russo-Ukrainian war further aggravates inflation and supply chain continuity

The beginning of the year was marked by the Russian invasion of Ukraine, which impacted the Slovak economy in different ways. It contributed to consumer price inflation, which reached 10.4% March 2022, and caused a double-digit price inflation for the three key items for the Slovak households – food, housing and energy. Construction costs have also increased due to the further disruption of supply chains combined with the shortage of skilled workers in the country. On the positive side, the arrival of over 340,000 refugees from Ukraine potentially brings some addition of workforce for the servicing and manufacturing sectors, as well as increases the consumer market for the retail sector. With the sanctions imposed on Russia, Slovakia as part of Central Europe presents attractive relocation opportunities for the companies. The National Bank of Slovakia projects that, in a more optimistic 'adverse scenario', envisaging that the war ends by summer, GDP will grow by 2-3% per annum in 2022-2024, while in the worse-case 'severe scenario' annual economic growth will be below 2% during the next several years.

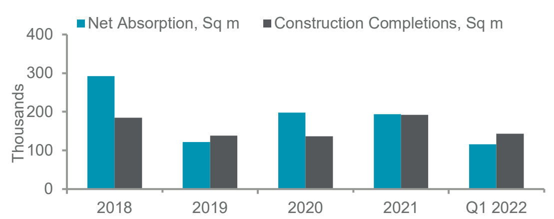
SUPPLY & DEMAND: A record quarter with substantial take-up and plunging vacancy

A new record high net take-up of 198,900 sq m, total take-up of 211,500 sq m being a five-year high with a 53% y/y growth and high net absorption of 143,100 sq m indicate a continuously growing demand for logistics and distribution space. Occupier demand has been mainly driven by the thriving e-commerce sector and automotive industry, the latter being one of the strongest in Slovakia. Total industrial stock increased by 7% y/y after the delivery of four industrial parks totaling to around 116,000 sq m, all located in Western Slovakia. The vacancy rate declined the fourth quarter in a row by more than 1 pp to 5.6%, the lowest since 2020. However, increase in vacancy in the near term is possible, since most of the pipeline stock for the next 12 months has been speculatively developed. Presently in the sector there is an ongoing construction of 21 buildings totaling to over 408,000 sq m GLA; notably, 15 properties under construction are situated in Western Slovakia.

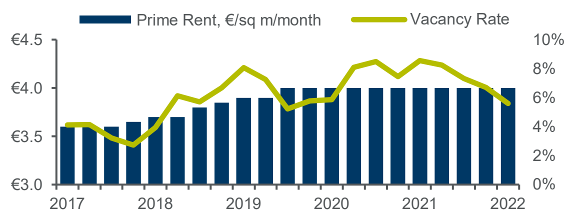
PRICING: Vast demand and rising construction costs should lead to increase in prime rent soon

Despite significant pipeline supply combined with a strong upward pressure on rents, in Q1 2022 prime rent remained stable at EUR 4 per sq m. We project that prime rent will increase to EUR 4.10 per sq m during the next quarter, with the prospect of further rental growth in the second half of the year. Prime yield remained stable at 5.25%. The situation in the automotive industry is still challenging and continues to be affected by external factors, including global pandemic and the war in Ukraine resulting in major supply chain disruptions. The lack of chips combined with the deficit of wire harnesses and other components manufactured in Ukraine leads to weekly forced shutdowns of major car manufacturers.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT

SLOVAKIA

Industrial Q1 2022

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT SPACE (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	UNDER CNSTR (SQ M)
Bratislava Region	1,514,500	85,200	5.6%	101,900	101,900	161,600
Western Slovakia	1,241,400	59,400	4.8%	78,300	78,300	160,100
Central Slovakia	252,600	25,900	10.3%	8,900	8,900	25,000
Eastern Slovakia	145,900	6,200	4.2%	22,500	22,500	60,700
SLOVAKIA TOTAL	3,154,300	176,700	5.6%	211,500	211,500	407,500

The data is based on class A, non-owner occupied leasable stock.

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	REGION	AREA (SM)	OWNER
VGP Park Bratislava E	Bratislava	57,000	VGP
SIHOŤ PARK SO2	Trenčín	31,000	SISBAN HOLDING
VGP Park Bratislava H	Bratislava	20,700	VGP
CTPark Trnava TRN14b	Trnava	7,200	CTP

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INDUSTRIAL MARKET DEFINITIONS

Stock (Total stock): Total Gross Lettable Area of completed space (occupied and vacant) in all types of buildings regardless of quality and age, excluding owner-occupied properties. The figure includes ancillary office and mezzanine space.

Note: In the Czech Republic, Poland and Slovakian Republic only class A logistics and industrial schemes are included.

Under construction: Total amount of logistics / industrial space that is current under construction at the end of a specified period. It includes new development, expansion of an existing scheme and comprehensive refurbishment.

(a) Speculative – space under construction that is available (or will be available upon completion) for lease on the open market.

(b) Pre-let – space under construction that has already been pre-committed with lease agreement and is not marketed as available on the open market.

Gross take-up: A figure representing the total floorspace known to have been let or pre-let (for pipeline properties), sold or pre-sold (for pipeline properties) to tenants or owner-occupiers in existing buildings and pipeline schemes to be included in 'Stock'. Data includes new leases, pre-leases, sub-leases, owner occupation and expansions, as well as lease renewals. Space is deemed to be 'taken-up' only when contracts are signed.

Note: Sub-leases are excluded from Gross take-up in Hungary and Poland.

Net take-up: A figure is distinct from gross take-up, as lease renewals and sub-leases are excluded.

Net absorption: Net change in physically occupied space over a given period of time, taking into consideration vacated and newly constructed space during definite time period.

Vacant space (Vacancy): Vacancy is deemed to be total Gross Lettable Area in an existing property, that is included in stock, which is actually vacant and being actively marketed at the time. Space available for future occupation is not included, as well as sub-lease space opportunities.

Vacancy rate: The amount of vacant space as a proportion of stock.

Prime rent: Consistently achievable headline rental rate that relates to a modern warehousing space unit of a minimum size of 1,000 sq m in a modern logistics scheme, which is located in a prime out-of-city location close to communication links. If not indicated otherwise, prime rent is given as a base rent, i.e. no service charge, utilities and tax is included. It is quoted for warehousing space within the scheme, i.e. it is not a 'blended rent', and rents for office and mezzanine components of the property not included.

The prime rent reflects the tone of the market at the top end, even if no new leases have been signed within the survey period. One-off deals that do not represent the market are disregarded.

Prime yield: The initial yield estimated to be consistently achievable as annual percentage income return for a property of highest quality and specification, in the best location, fully let long term to a strong covenant/s, and immediately income-producing on present market terms at the survey date.

It is an indicator of tone in the market and the associated level of risk attached to that investment.

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