

CONFIDENCE INDEX 2021

POLAND LOGISTICS & SUPPLY CHAIN



Table of contents

04

Introduction

14

Growth Opportunities

- 14 Anticipated Changes in Turnover
- 15 Anticipated Changes in Profitability
- 18 Forecasts of Capital Expenditure
- 19 Forecast Changes to Employment

06

Measuring Confidence

- 07 Respondents
- 09 How Confident is the Logistics and Supply Chain Sector in Poland?
- 12 Business Confidence Compared to 12 Months Previous
- 13 Business Confidence Forecast for Next 12 Months

20

Key Issues

- 20 Covid-19 Impact in 2020
- 22 Covid-19 Greatest Challenges
- 24 Covid-19 Adapting for the Future
- 28 Comparing Poland Internationally
- 32 Logistics Property
- 34 Regional Growth
- 36 E-commerce
- 38 New Business
- 39 Main company focus
- 40 Innovation
- 43 Supply Chain Automation
- 44 Sustainability
- 48 Most Important Issue

51

Key takeaways

53

About us

Introduction

The Poland Logistics and Supply Chain Confidence Index 2021 is the fourth edition of a market survey undertaken to assess confidence and expectations in the Polish logistics and supply chain sector. CBRE and Panattoni Europe, with strong support from the specialist sector research agency Analytiqa, have summarised the main performance indicators for businesses operating within the logistics and supply chain sector. The report corresponds with similar analysis carried out in other European countries.

50 decision makers representing both logistics companies, manufacturers and retailers have shared their opinions and insights to facilitate the industry research study. Respondents included CEOs, managing directors and senior management. Interviewees were asked about current business conditions in Poland, taking into account the Coronavirus pandemic, and forecasts for the future. In addition to the quantitative analysis, we are delighted to yet again present the comments of a selection of our research respondents, who have agreed to share their more detailed views on key topics.

Similar to last year, the survey reflects an uncertain outlook for the logistics and supply chain market, a view strengthened by the Covid-19 pandemic. The Poland Logistics and Supply Chain Confidence Index 2021 has been set at 46.4, which is a lower number than previous years (49.0 in the last edition). A number over 50.0 indicates an improvement, while below 50.0 suggests a decline. The further away from 50.0 the index is, the stronger the change over the period.

We hope you enjoy our fourth edition of the Poland Logistics and Supply Chain Confidence Index and find the information provided useful.

**The report
corresponds
with similar
analysis carried
out in other
European
countries.**



All figures and data relating to the Poland Logistics & Supply Chain Confidence Index within this report have been researched by Analytiqa. Analytiqa is a market analysis and business intelligence company providing published reports, custom research and strategic advisory for multinational clients across all sectors and industry verticals of the global supply chain.

Analytiqa delivers high quality, commercially relevant research to assist clients to grow and profit in challenging and competitive markets.



Measuring Confidence

In undertaking this survey, we have adopted the same methodology used across similar surveys conducted by Analytiqa for other jurisdictions. The report examines the key performance indicators for businesses operating within the logistics and supply chain sector. It provides insights from the perspective of both logistics buyers and service providers, thus giving us a 360 degree view of sentiment as well as the current issues and topics affecting the sector. In addition to sharing their views on the recent performance of the logistics sector, respondents also outlined their expectations for the sector over the near term.

This is the fourth recording of the Logistics and Supply Chain Confidence Index in Poland and the report was supported by CEOs, managing directors and senior decision makers from some of Poland’s most successful logistics providers, manufacturers and retailers including:



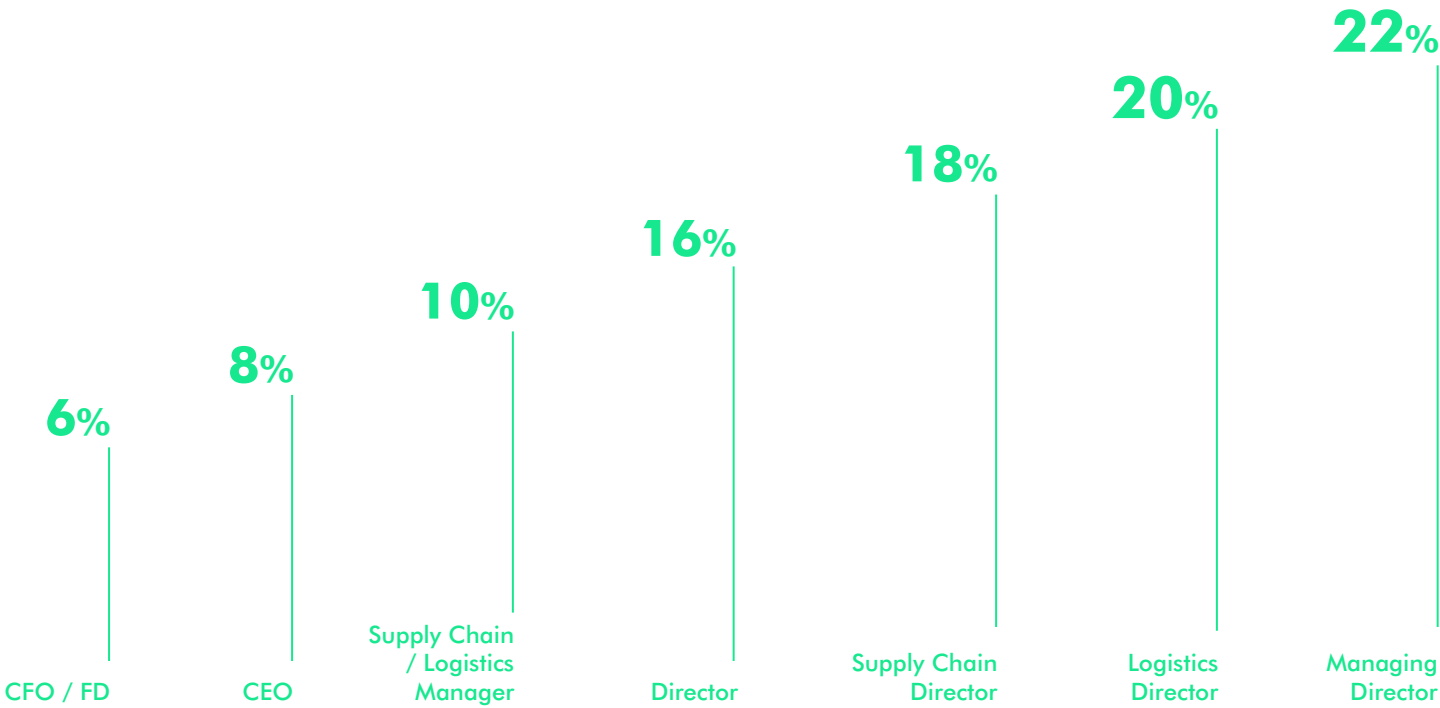
Respondents

There were a total of 50 respondents to our survey of which 25 were from logistics companies and 25 were manufacturers and retailers.

The group of the survey participants comprised predominantly Logistics Directors and Supply Chain Directors who altogether represented 38% of respondents, as well as Managing Directors and CEOs, who accounted for 30% of interviewees.

We are grateful to our loyal respondent base, as we publish this fourth edition of the report. 36 companies have taken part in either three, or all four, of our surveys, providing us with valuable consistency of responses, collected from senior industry leaders across Poland.

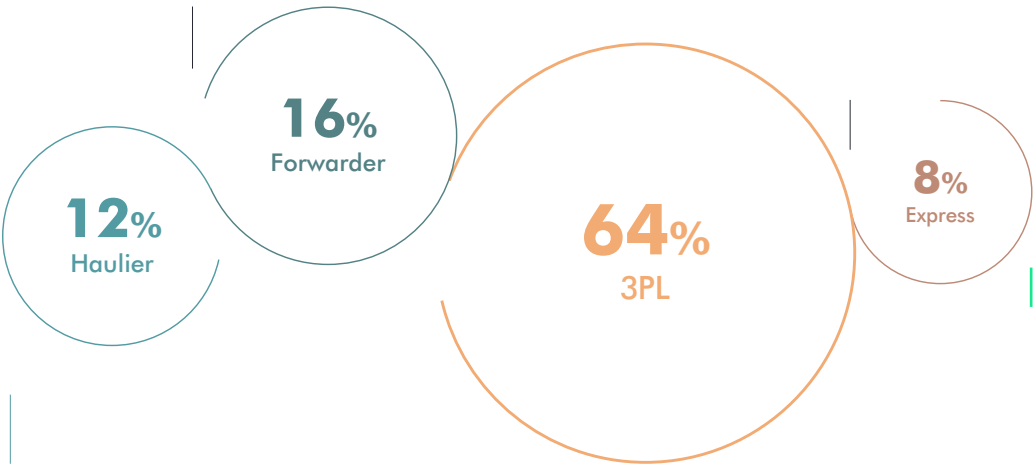
Overall job titles



The majority of the logistics firms which participated in the survey were categorised as 3PL companies and represented 64% of logistics respondents. 16% and 12% belonged to forward-

ing companies and hauliers respectively, with the remaining 8% being express firms.

Logistics company types



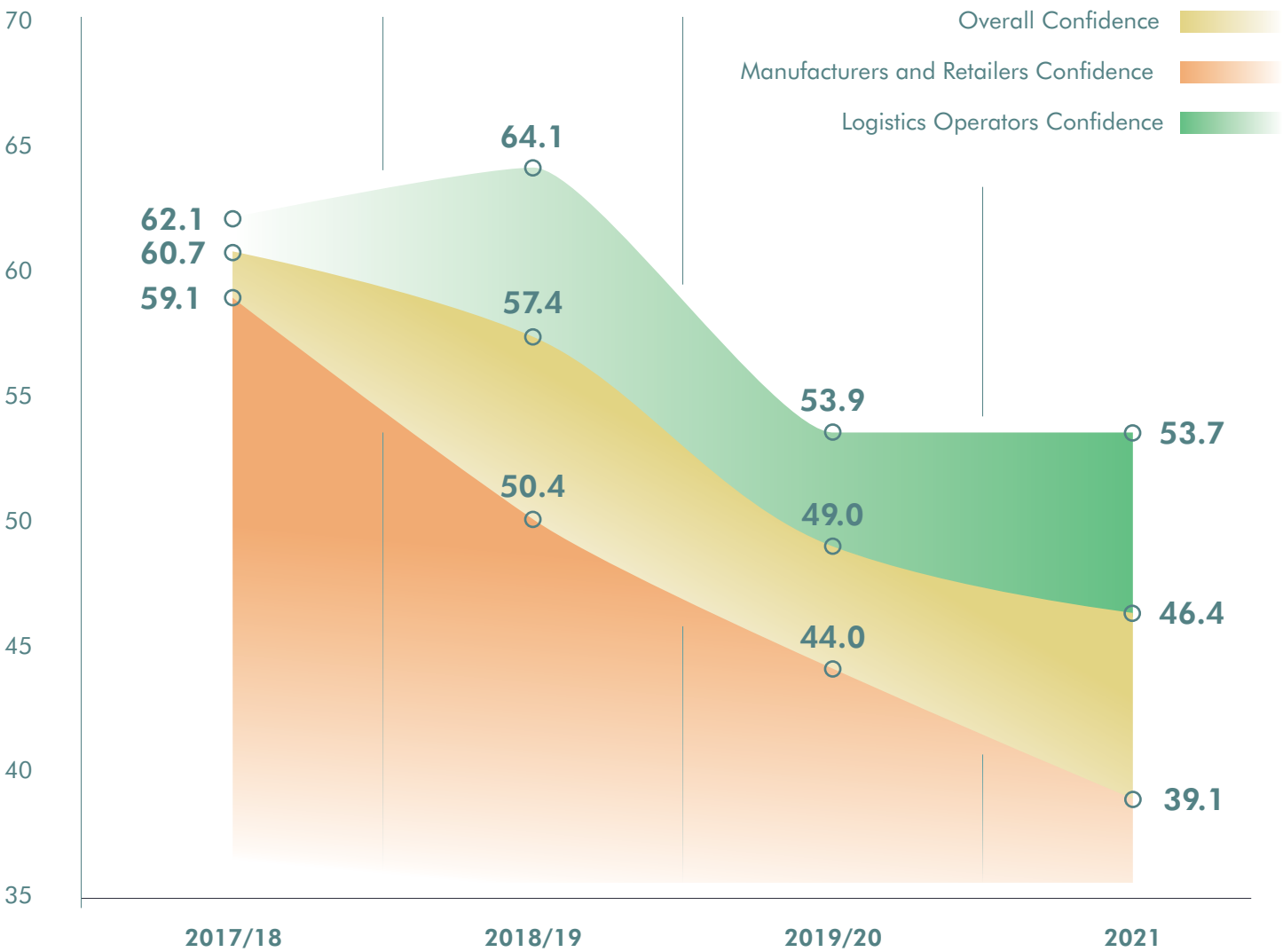
The manufacturers and retailers which responded to the survey were dominated by the food, drinks and consumer goods sector (48%). Industrial manufacturers accounted for 24% of respondents. The remaining answers were sourced from retail companies (16%) and the pharma/healthcare sectors (12%).

Manufacturers and Retailers company types



How Confident is the Logistics and Supply Chain Sector in Poland?

Confidence Index in time series



There remains a divergence of confidence between the groups of manufacturers and retailers, and logistics operators, which widened in recent years. Continuing the trend, we see logistics operators being more confident and at a similar level as last year, with a score of 53.7 (down from 53.9). For manufactur-

ers and retailers, with a score of 39.1 (down from 44.0), this is the second time our Index has fallen below the 50 mark, indicating that, overall, manufacturers and retailers are now more pessimistic than optimistic about the state of the market.

Confidence Index in 2021



Our respondents face many challenges, now underlined by the difficult economic situation due to the Covid -19 pandemic. The logistics and supply chain sector is, however, still strong and resilient. As we will see in this report, logistics operators, manufacturers and retailers are continuing to invest in the future, allocating capital expenditure to fleet operations, warehouses, sustainability initiatives and innovative new technologies, despite the tougher conditions.

The index calculation is based on the proportion of respondents reporting either an improvement, no change or deterioration within the sector. Therefore, a number over 50.0 indicates an improvement, while below 50.0 suggests a decline. The further away from 50.0 the index is, the stronger the change over the period.

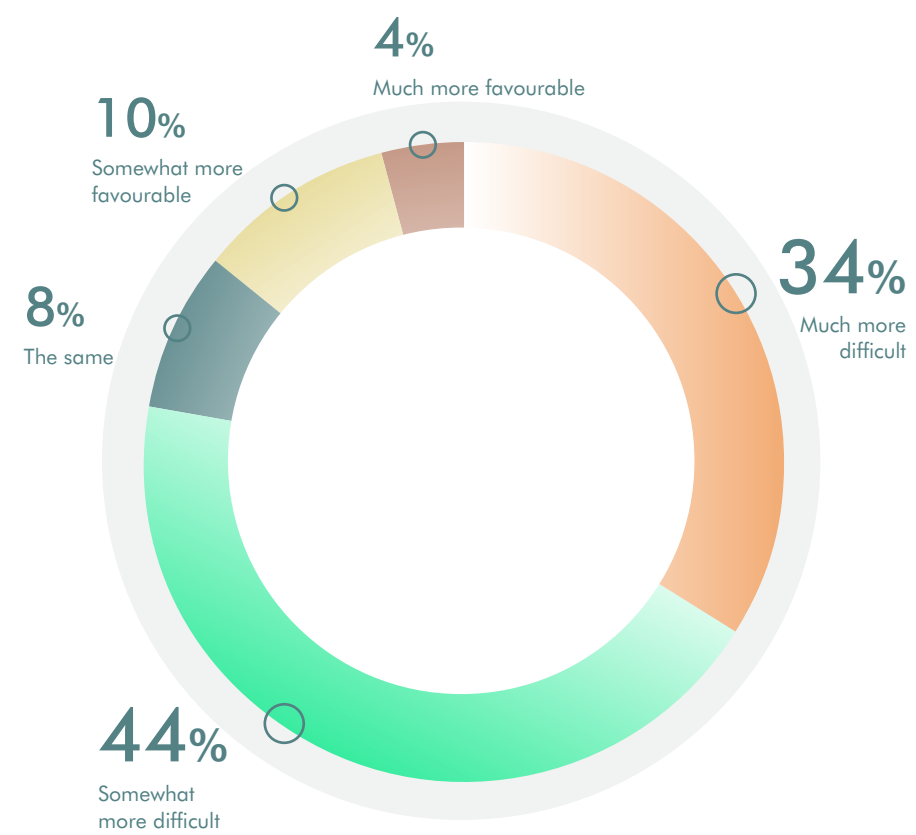
City Logistics Łódź II



Business Confidence Compared to 12 Months Previous

When comparing the current business conditions to the situation prevailing on the market one year ago, only 14% of respondents claimed they are more confident about the business environment than they were 12 months ago. However, vast majority of respondents (78%) evaluated the current business conditions as “more difficult” in comparison to last year.

How do you view current business conditions vs the last 12 months?

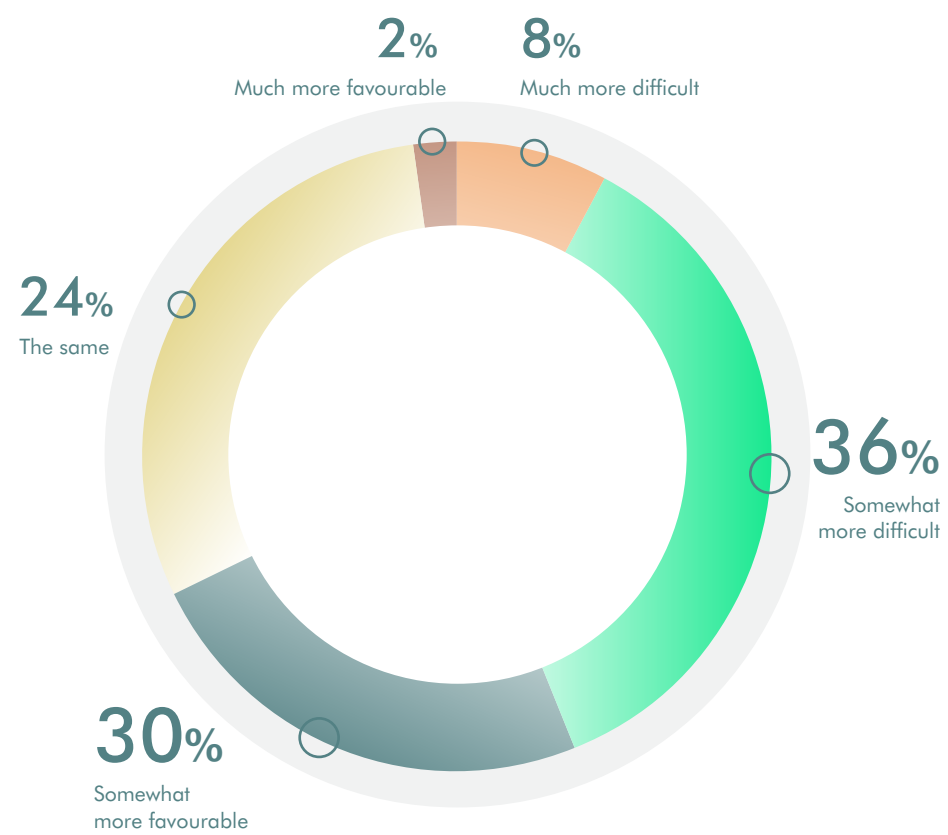


Respondents were pessimistic last year, although this year both groups are even more pessimistic. 88% of manufacturers and retailers regard current market conditions as more challenging than 12 months ago, compared to 68% of logistics operators who share the same view.

Business Confidence Forecast for Next 12 Months

When asked how confident the respondents feel about the coming 12 months, 32% were optimistic and perceived the future business environment as favourable (same last year), whilst over 44% predicted some external difficulties in running their business effectively (down from 74%). 24% expect business conditions to stay on the same level.

How do you foresee business conditions to be over the next 12 months?



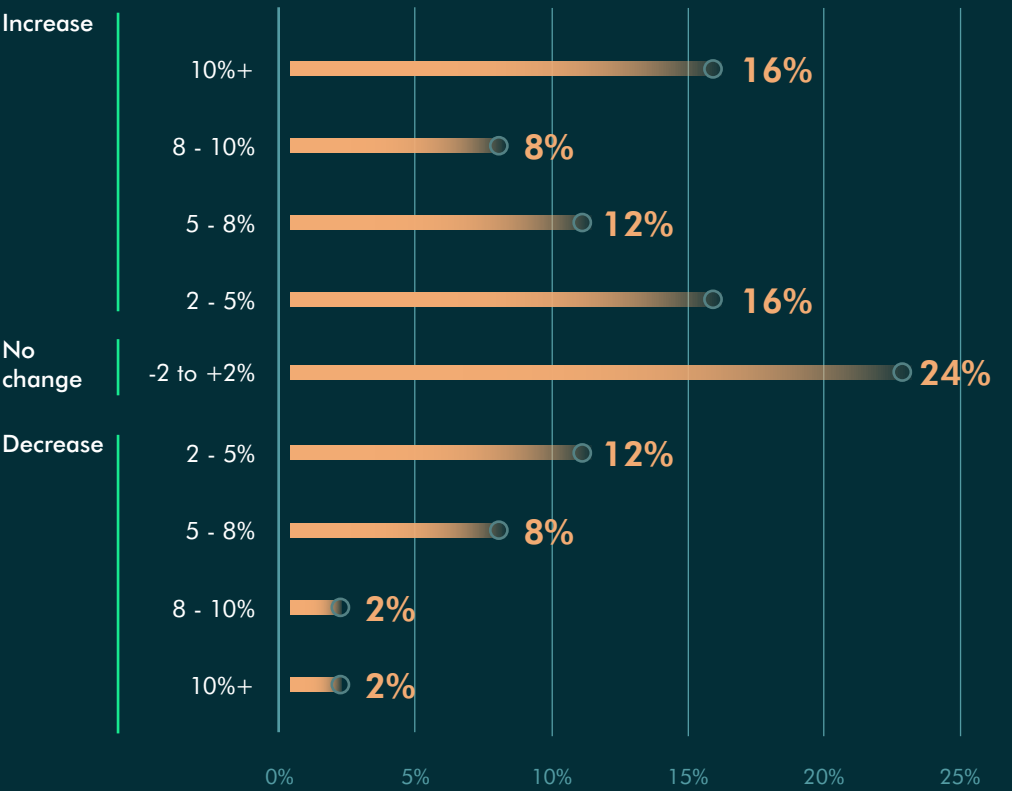
Surprisingly, the manufacturers and retailers seemed to be more optimistic about the future than logistics operators. 36% of them foresee business conditions as more favourable, while 28% of logistics companies share this view.

Growth Opportunities

Anticipated Changes in Turnover

It is encouraging to see that, when asked about the anticipated changes in turnover within the next year, the majority of respondents (52%) forecast an increase in turnover. The results differ between the groups of respondents. 92% of logistics companies believe that the turnover will increase or stay the same, while 60% of manufacturers and retailers are of the same opinion, with two fifths of them expecting the decrease of turnover.

Do you expect an increase or decrease in turnover over the next 12 months?



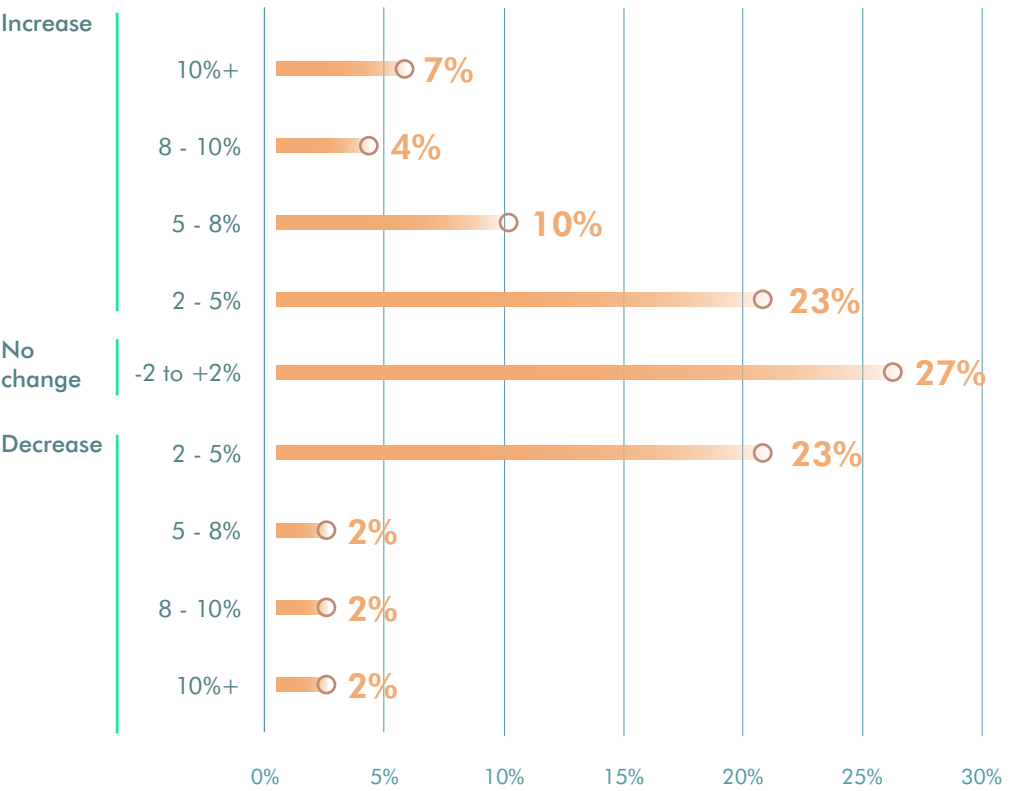
Optimism regarding turnover growth is in most cases followed by slightly less positive forecasts about business profitability.

Anticipated Changes in Profitability

Optimism regarding turnover growth is in most cases followed by slightly less positive forecasts about business profitability. This is a trend we see continuing in our fourth report. Whilst 52% of respondents forecast an increase in turnover, we see that 44% are anticipating higher levels of profitability (42% in the last edition of the report). A further 27% of respondents said they do not expect any change in profitability over the next 12 months, whilst 29% claimed their profits may fall (22% in the previous year).

A half of logistics companies anticipate higher profits in the year ahead, with 33% expecting to see a decline. 38% of manufacturers and retailers are forecasting higher profits over the next 12 months, whilst 25% anticipate a decline and 37% do not foresee any changes.

Do you expect an increase or decrease in profit over the next 12 months?



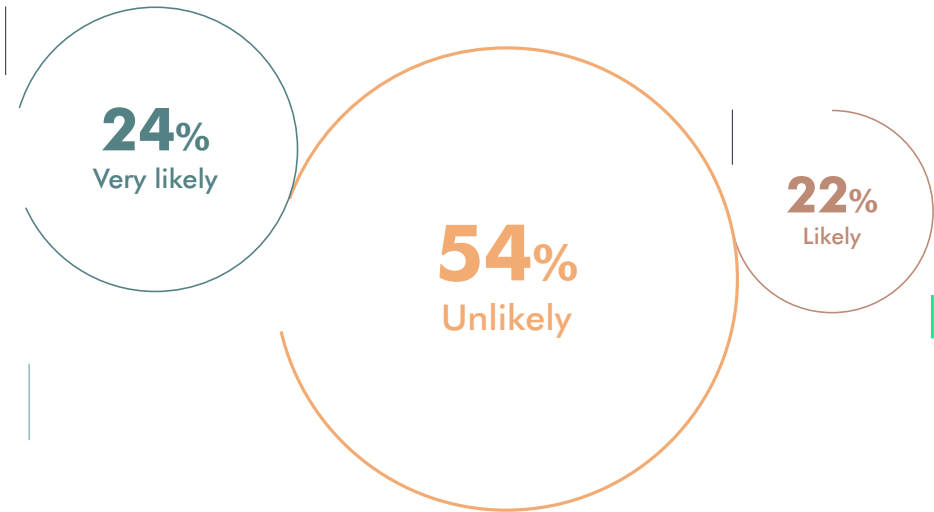


Forecasts of Capital Expenditure

When asked about the likelihood of making significant logistics and supply chain related capital expenditures in their companies over the next year, the responses were much less positive than in previous editions. Almost half (46%) of respondents are expecting to make capital expenditures in this areas, while in the previous report 74% were of the same opinion. 54% of respondents are not expecting to make significant capital expenditure.

Logistics operators are once again more positive with 60% being likely to invest and only 32% of manufacturers and retailers are prone to do so.

How likely is it that your company will make significant capital expenditure over the next 12 months?

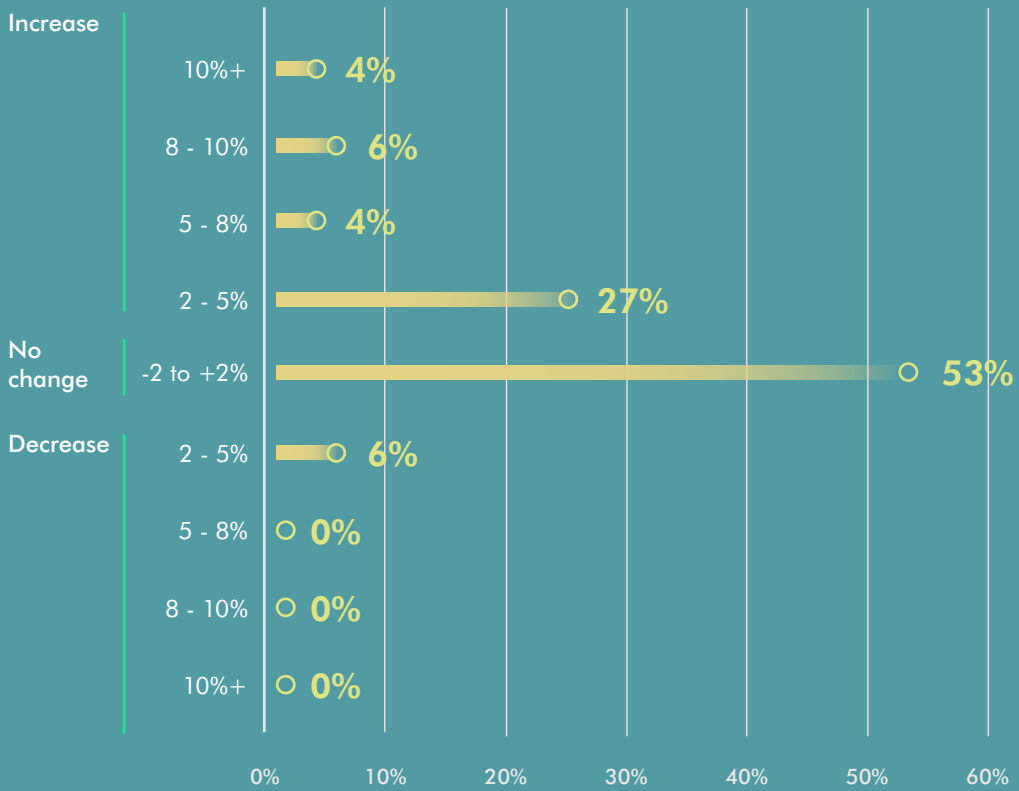


Forecast Changes to Employment

When asked if they plan to increase or decrease headcount over the next 12 months (excluding seasonality impacts), the majority of respondents don't plan any changes (53%). 41% anticipate growth in employment (similar to 44% last year). Only 6% predict a reduction of employment, which is the same level as last year.

Logistics companies mostly expect to see increases in employment (62%) and no reduction of employment is planned. Among manufacturers and retailers, the majority (68%) expect no change in employment, 20% an increase and 12% a minor decrease in employment.

Will you be increasing or decreasing headcount over the next 12 months (excluding seasonality impacts), and if so, by how much?



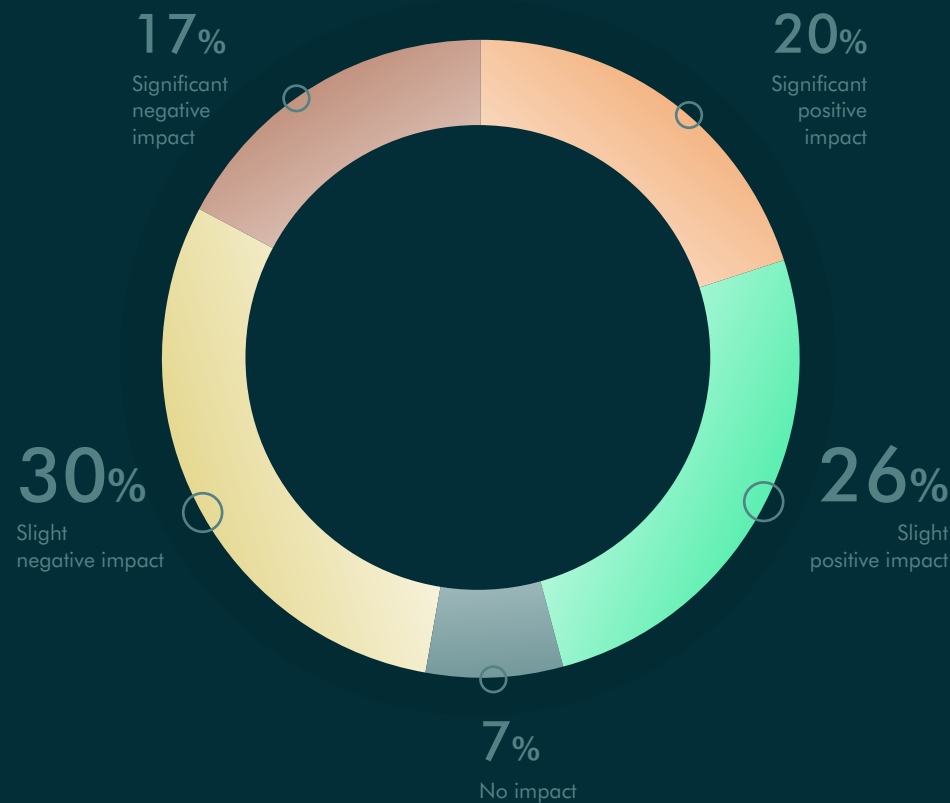
Key Issues

Covid-19 Impact in 2020

When asked about the general impact of Covid-19 on operation and performance in 2020, the answers were distributed quite similarly. 46% experienced a positive impact, while 47% faced negative effects of Covid-19. 7% of companies were not impacted.

This differed in industries – 64% of logistics operators were impacted positively, while only 29% of manufacturers and retailers shared the same experience. In case of negative effects 67% of manufacturers and retailers and 27% of logistics companies were negatively impacted by Covid-19 effects.

To what extent did Coronavirus / Covid-19 impact your company's performance in 2020?



46% experienced a positive impact, while 47% faced negative effects of Covid-19.



Poland Logistics & Supply Chain

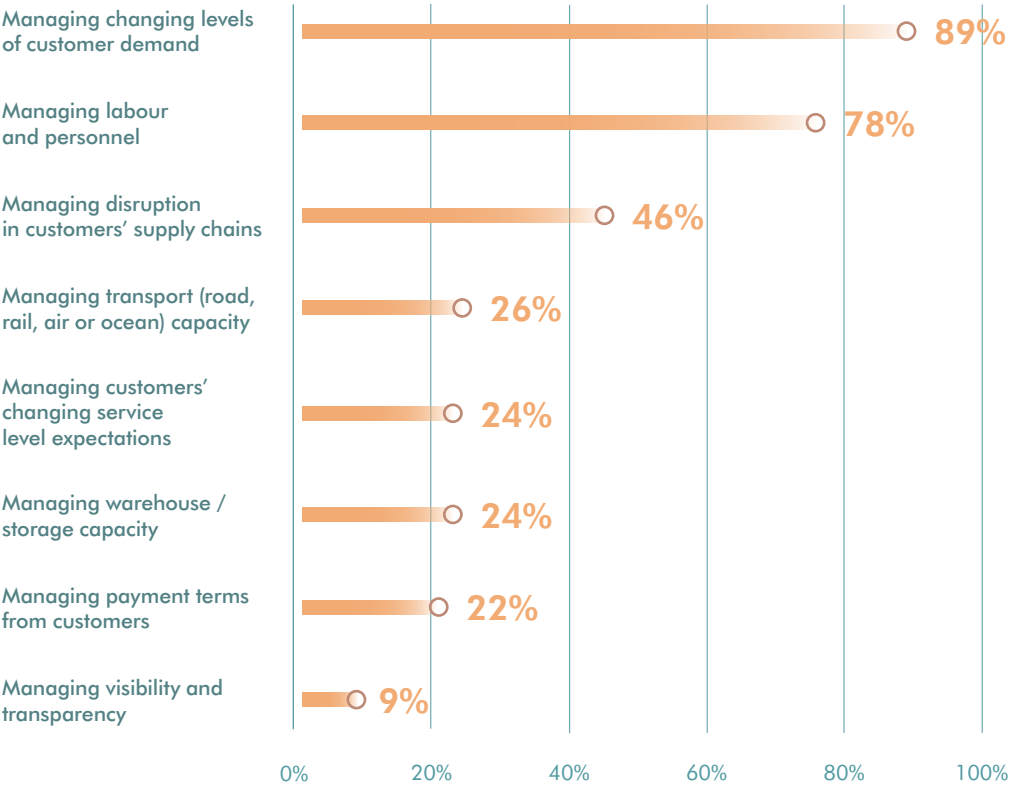
City Logistics Warsaw III

Covid-19 Greatest Challenges

When seeking to identify the greatest challenges posed by Covid-19 pandemic, respondents could select more than one answer. The most common challenge pointed out by 89% of respondents was managing changing levels of customer demand. The second one which was picked almost as often (78%) was managing labour and personnel and coming in third position, but chosen by many less respondents than the previous two answers, was managing disruption in customers’ supply chains (46%).

Those three most often selected challenges were of the same importance for both categories of respondents.

Where in your business have the greatest challenges been posed by Coronavirus / COVID-19?



Logistics: Top 4 Challenges

- 1 Managing changing levels of customer demand
- 2 Managing labour and personnel
- 3 Managing disruption in customers’ supply chains
- 4 Managing transport (road, rail, air or ocean) capacity

Manufacturers and Retailers: Top 4 Challenges

- 1 Managing changing levels of customer demand
- 2 Managing labour and personnel
- 3 Managing disruption in customers’ supply chains
- 4 Managing warehouse / storage capacity

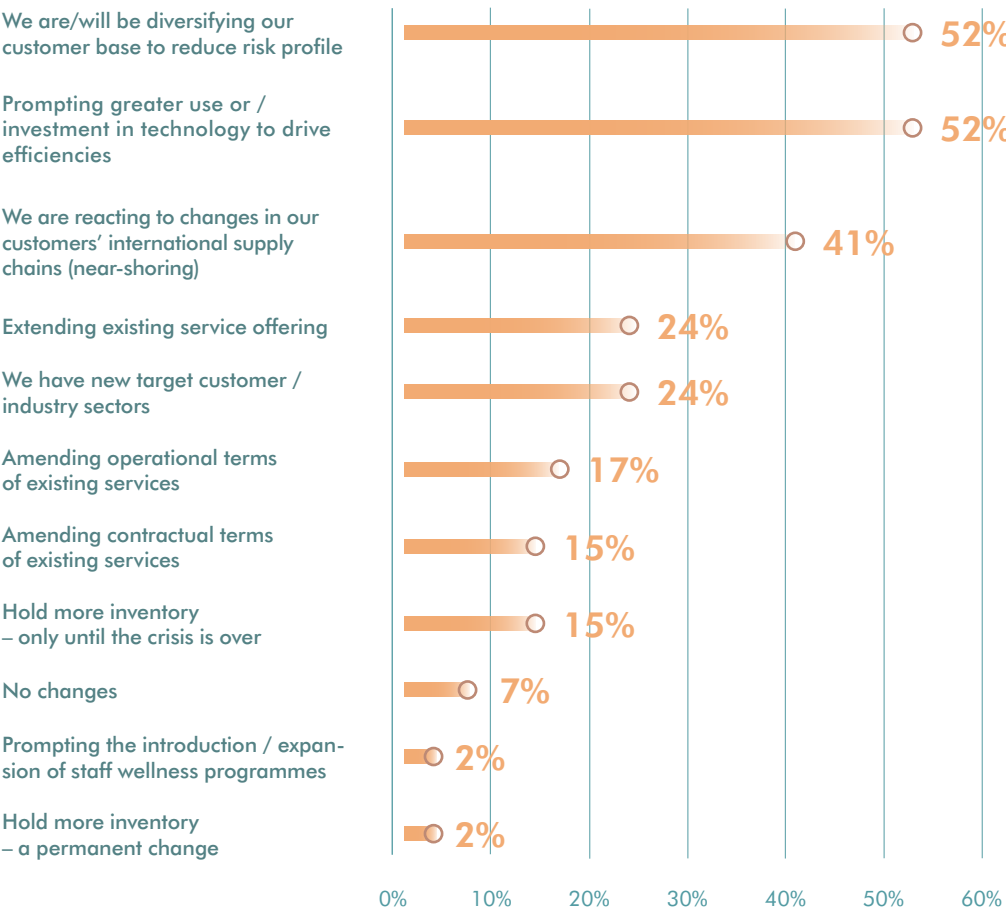


Covid-19 Adapting for the Future

When asked about the post Covid-19 future, respondents were also able to select more than one answer. The three most frequently selected ways of the business adapting to the post Coronavirus environment were: prompting greater use/investment in technology to drive efficiencies (52%), diversifying the customer base to reduce risk profile (52%) and reacting to changes in customers’ international supply chains - near-shoring (41%).

The top four answers selected by logistics operators and manufacturers and retailers slightly differed between groups of respondents and are presented below.

How will your business adapt to the post Coronavirus / Covid-19 environment?



Logistics: Top 4 Actions

- 1 Diversifying customer base
- 2 Greater use of technology
- 3 Responding to changing customers’ supply chains
- 4 Target new customers / sectors

Manufacturers and Retailers: Top 4 Actions

- 1 Greater use of technology
- 2 Diversifying customer base
- 3 Responding to changing customers’ supply chains
- 4= Extending existing service offering
- 4= Hold more inventory - only until the crisis is over



Panattoni Park Toruń II

Over 40% of our respondents’ state that customers are making ‘structural’ changes to their global supply chains as a result of the Covid-19 pandemic. What longer-term strategic changes are you experiencing in supply chains?



I assume we will see more investment in enterprise resource planning, together with a return to more decentralised stores and stock-keeping. Most probably companies will re-evaluate the strategic value of roles such as warehousing and distribution.

We will also see a decentralisation of manufacturing capacity, with companies looking to bring production home. Emergency planning and risk assessments will be based on a wider range of scenarios and include more emphasis on health and safety.

Bogdan Augustyniak,
Managing Director,
EV Cargo



It has been shown to us with the onset on the pandemic, that there’s too much reliance on single location sourcing and the level of dependency only becomes apparent when something goes wrong.

Supply from a single country – be that for equipment, active pharmaceutical ingredients or non-branded items - will be questioned and consideration will be given to expanding regional manufacturing, leading to a change in production methods and by default the distribution of goods. Every day, CEVA Logistics is advising and supporting customers in managing these complex changes.

Piotr Zaitz,
Contract Logistics
Director,
CEVA Logistics



Last year was indeed very interesting in terms of strategical approach to the supply chain setups. In my opinion it is quite hard to indicate one regular trend. Based on our spectrum of customers we do see various initiatives and also we are actively supporting customers to review their global flows using advanced methodologies to optimise and adjust to the new reality.

What I would indicate, as an emerging trend is the fact that the organisations are much more open to more versatility and multi-alternatives strategy approach. Our customers, together with us are preparing for any potential scenario. Whether it will be another peak in the e-commerce volumes or a slightly different structure of orders, we will be ready to accommodate their needs especially when all the symptoms are predicting huge growth of the economies and logistic needs in the coming months.

Maciej Walenda,
Executive Vice President,
DSV



The 2020 pandemic has influenced the supply chain logistics operators as well as their customer’s behaviours. Suddenly, certain means of transport as well as production plants located in some geographical areas stopped their deliveries from one day to the next.

It confirms that the cheapest solution does not mean the most reliable one, and that diversity in terms of production and distribution brings measurable benefits. I believe industry should proceed toward sustainable solutions and in long term it will be favourable for all stakeholders.

Piotr Ruszecki,
Finance Director,
Hellmann Worldwide Logistics

Comparing Poland Internationally

Respondents were asked to compare Poland with other European Union countries in terms of its logistics performance and ease of managing supply chain operations in order to identify the main advantages of the Polish market. They evaluated a few key issues such as speed of supply chain operations, cost of supply chain operations, legislation, ‘red-tape’ (excessive adherence to official rules and formalities) and bureaucratic decision-making, investment attractiveness, labour force skills and the planning permission process.

Interviewees were once again very optimistic specifically about the cost of running supply chain operations in Poland. 64% of respondents assessed Polish conditions as “better than average” (down from 71% in our survey last year).

Categories in which Poland is largely perceived as “average” by the respondents are the speed of supply chain operations (54%), labour force skills (51%), investment attractiveness (56%) and the planning permission process (61%).

Legislation, ‘red-tape’ and bureaucratic decision-making in Poland is also perceived as the ‘average’ with 50% of responses, while in previous research Poland was perceived as “worse than average” in this category by majority of respondents. Last year, investment attractiveness was assessed better, with 59% claiming that it was “better than average”

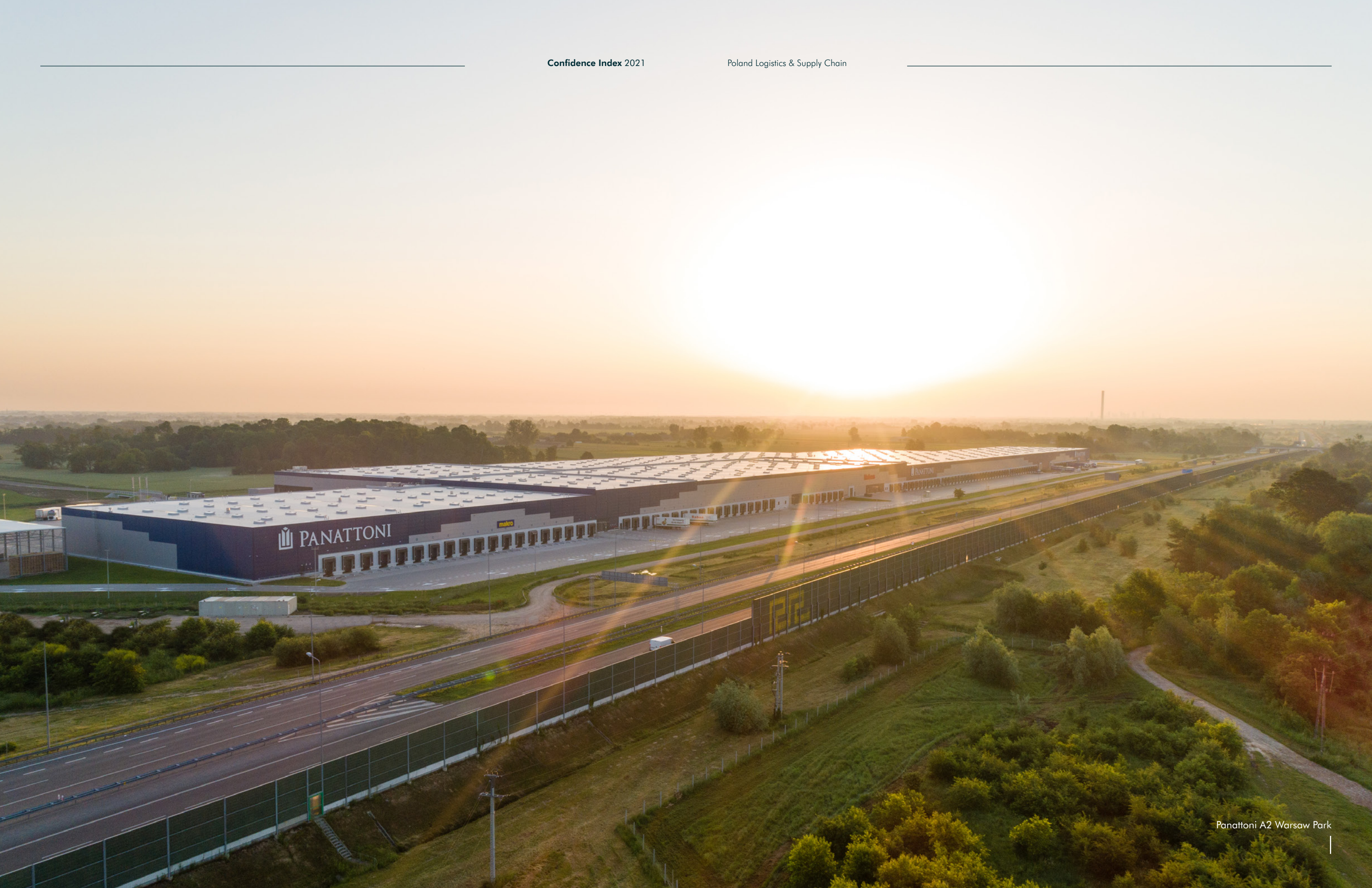
Interviewees were once again very optimistic specifically about the cost of running supply chain operations in Poland.



Panattoni Park Poznań X

How does Poland compare to other EU countries in terms of its logistics performance and / or ease of managing supply chain operations?

	Speed of supply chain operations	Cost of supply chain operations	Legislation / red-tape / bureaucratic decision-making	Investment attractiveness	Labour force skills	Planning permission process
Overall						
Average	54%	36%	50%	56%	51%	61%
Better than average	40%	64%	6%	33%	46%	6%
Worse than average	6%	0%	44%	11%	3%	33%
Logistics						
Average	75%	60%	62%	70%	79%	69%
Better than average	25%	40%	0%	15%	21%	0%
Worse than average	0%	0%	38%	15%	0%	31%
Man-Ret.						
Average	44%	26%	44%	48%	35%	57%
Better than average	48%	74%	9%	44%	61%	9%
Worse than average	8%	0%	47%	8%	4%	35%



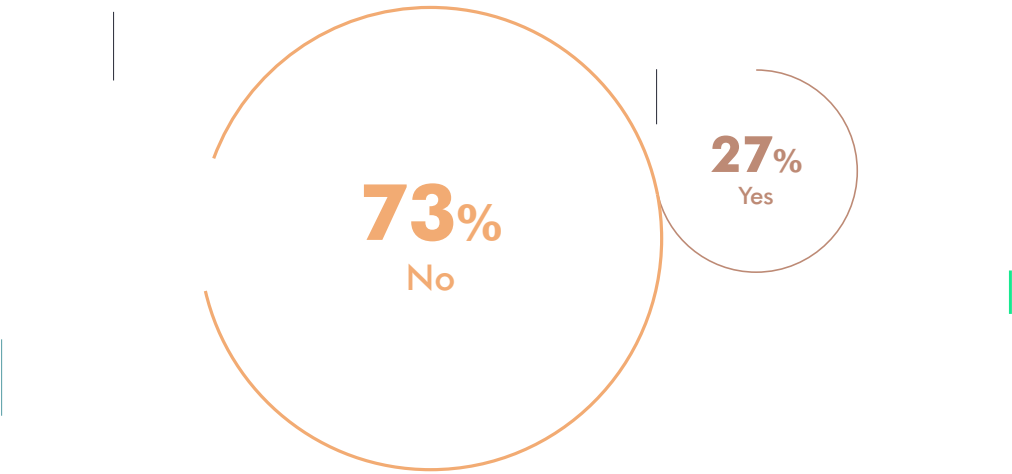
Panattoni A2 Warsaw Park

Logistics Property

We asked our respondents if they expected to require additional warehouse space in Poland in the next 12 months and, if so, what challenges they would face when trying to meet these requirements.

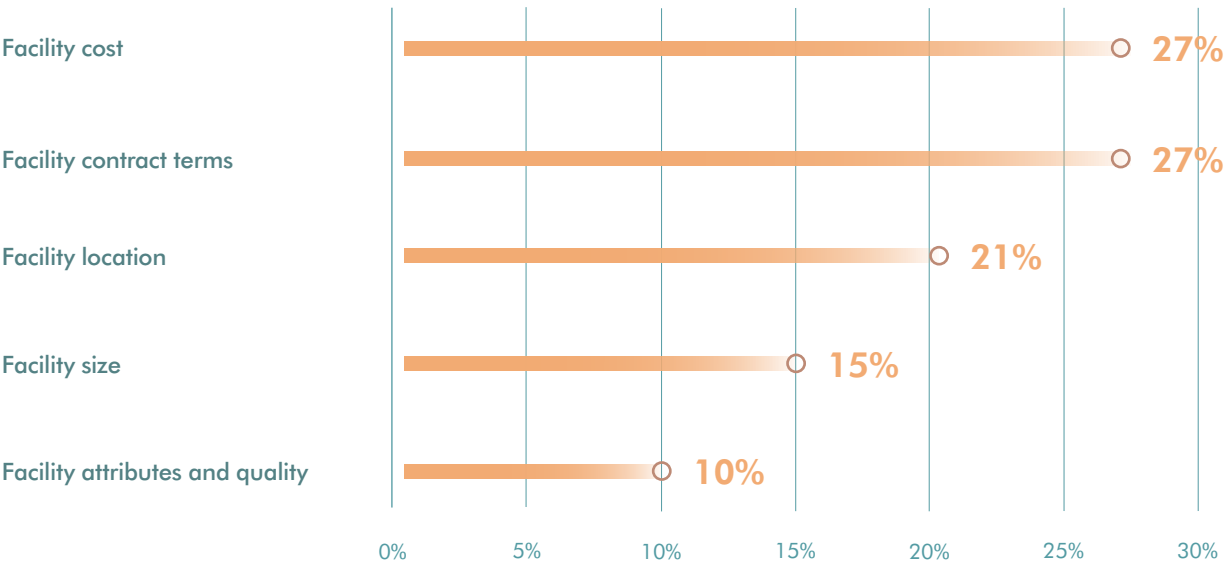
27% of respondents anticipate an increase in demand for logistics space in 2021, which is a significant decrease from almost half of respondents (47%) choosing the same answer last year. 41% of logistics operators expect growth of demand for warehouse space, while only 14% of manufacturers and retailers predict to be interested in leasing new space.

Does your company foresee an increase in demand for logistics property in 2021?



When asked what issues logistics operators and manufacturers and retailers foresee in relation to supply or securing additional warehouse space, our respondents’ concerns were similar to previous years. Cost of facility and being able to achieve satisfactory contract terms on their logistics facilities were equally important to our respondents (27% in both cases). However, when comparing answers from two categories of respondents they foresee slightly different issues regarding new logistics space.

Do you foresee any issues in supply / securing the additional warehouse accommodation?



Logistics operators

- 1 = Facility location (27%)
- 1 = Facility contract terms (27%)
- 3 Facility cost (23%)

Manufacturers and retailers

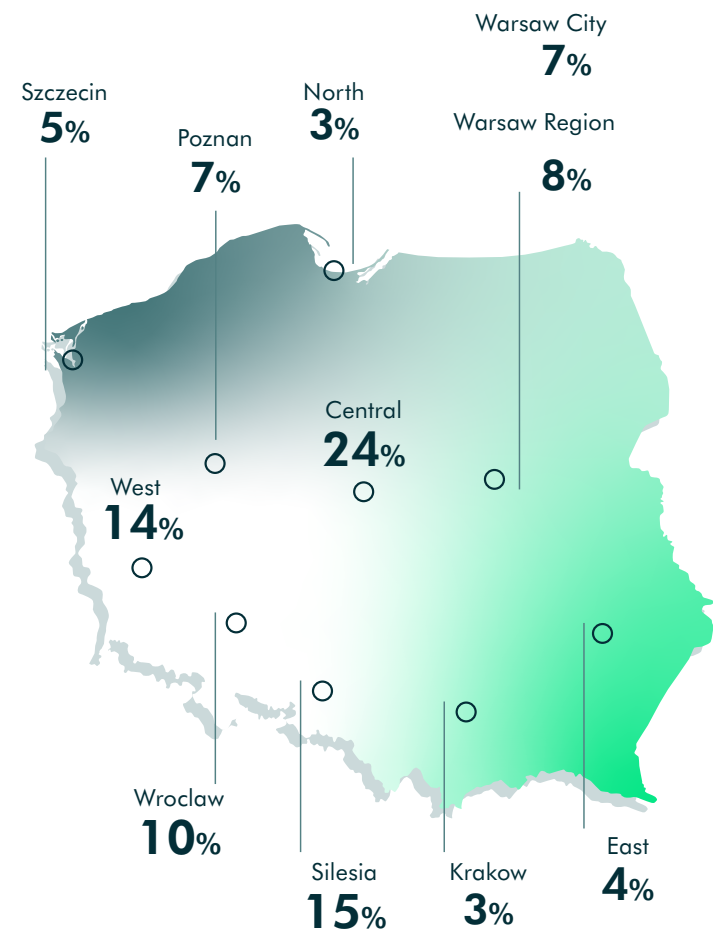
- 1 Facility cost (36%)
- 2 = Facility size (27%)
- 2 = Facility contract terms (27%)

Regional Growth

Taking into account all the logistics locations in Poland, we once again asked our respondents to identify the top three destinations that are expected to experience the strongest growth in demand for supply chain activity in 2021.

Central Poland was ranked highest, like previously, being identified by 24% of respondents and once again Silesia ranked second with a 15% share. Last year, Wroclaw, Poznan and the Warsaw region, were all together in third place, but this time, the West region followed the strongest Central Poland and Silesia with 14% of answers. Krakow and North are expected to have the weakest growth.

In which regions of Poland do you expect to see the strongest growth in demand for supply chain activity (distribution and warehousing) in 2021?



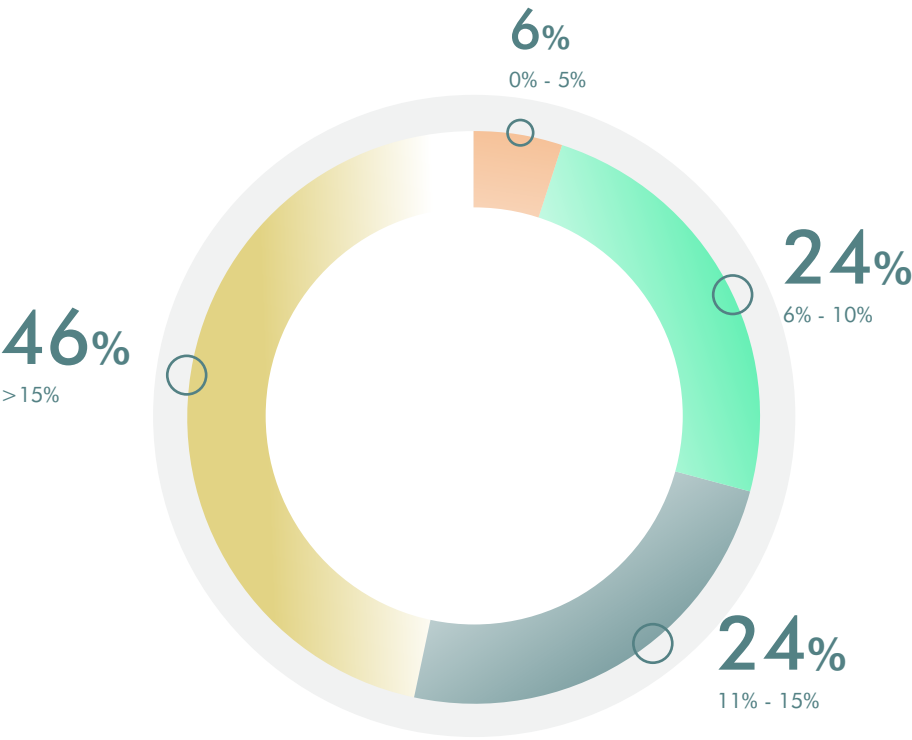
Panattoni Park Bydgoszcz II

E-commerce

The growth of e-commerce business in Poland continues apace and the country remains one of the fastest growing markets in Central Eastern Europe. This is reflected in the very positive opinions of our respondents on the performance of the market, when asked about predicted year on year e-commerce growth.

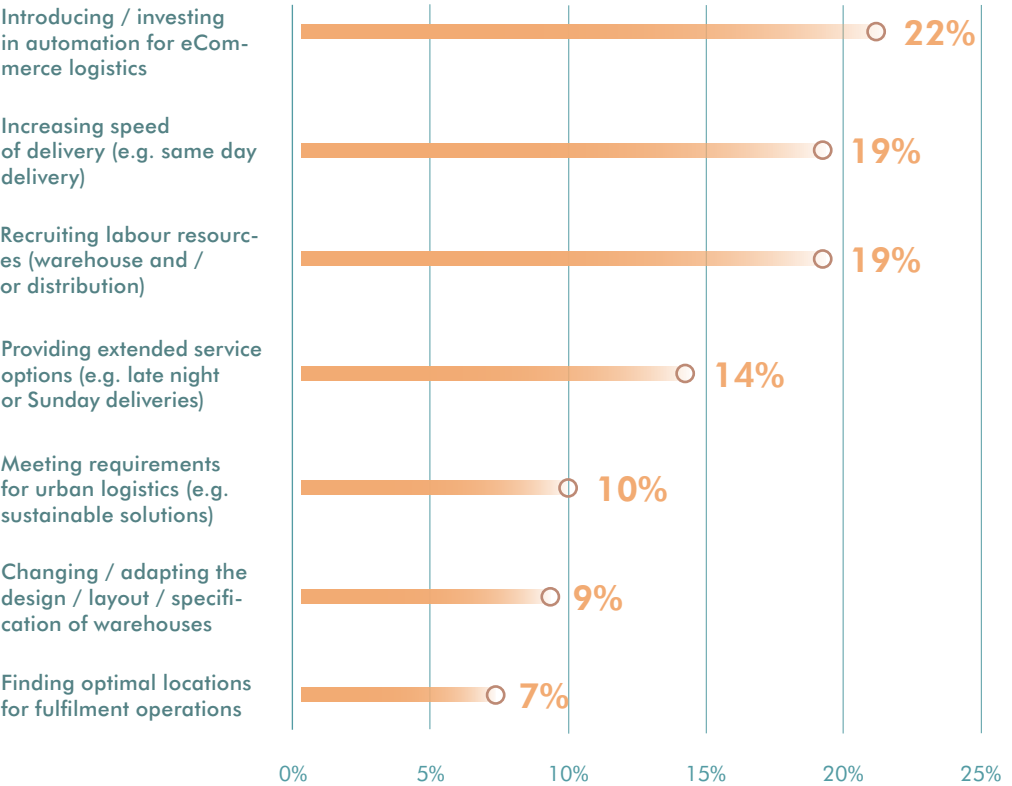
24% (down from 43% last year) estimate the growth rate for e-commerce in 2021 between 6% and 10%, 24% (down from 43% last year) selected the 11-15% of expected growth rate. However, this time we added a new range of more than 15% expected year on year e-commerce growth and this answer was chosen by 46%, among whom the majority (32%) believe that e-commerce in 2021 will grow 16-20% compared to last year.

In 2021, what will be the growth rate (year on year) for e-commerce (B2B and B2C) across Poland?



When asked about the biggest challenge in facing e-commerce growth 22% of respondents said that investing in automation for e-commerce is the most pressing topic. Increasing speed of delivery (selected by 19%) and recruiting labour resources in warehouse or in distribution (selected by 19%) followed.

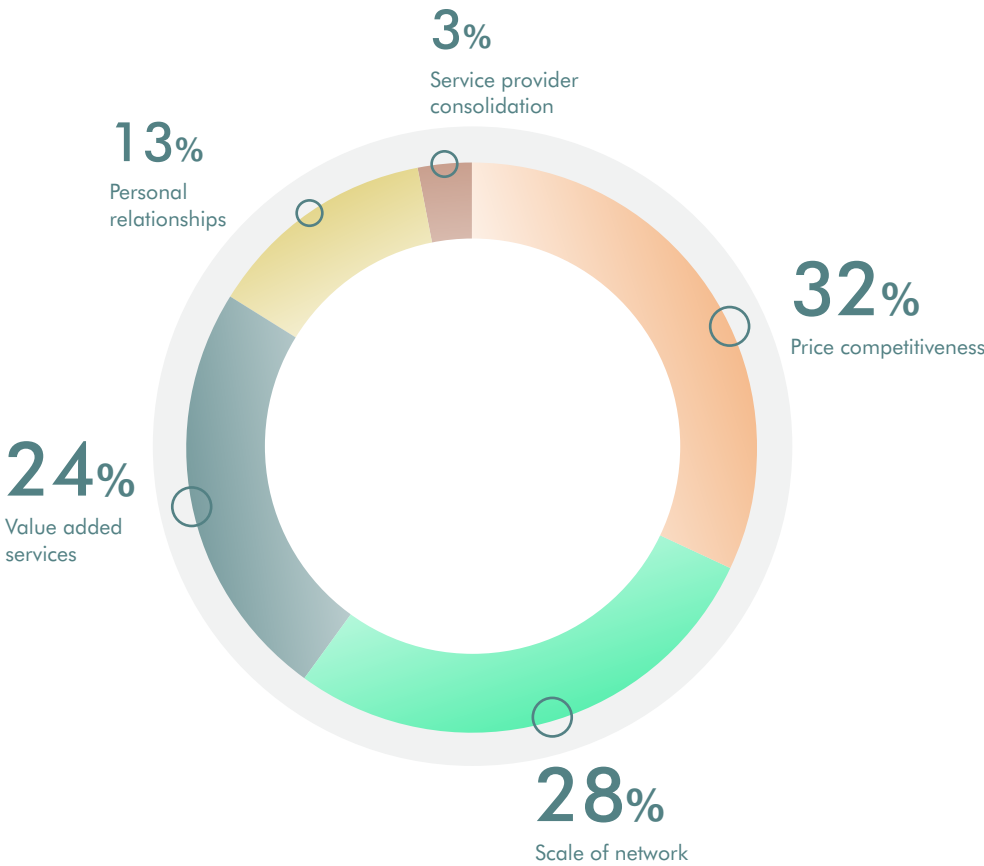
What will be the biggest challenges you face in managing growth in e-commerce (B2B and / or B2C) in 2021?



New Business

When asked to identify the key drivers behind contract wins from customers or, for manufacturers and retailers, contract awards to service providers in the last 12 months, price competitiveness once again ranked as the most important factor. However, less respondents selected this option this time, as it was 32%, down from 41% last year. Scale of network was almost as important, selected by 28% of respondents.

In the last 12 months, what were the key drivers behind contract wins from customers / awards to service providers?



Main company focus

Respondents were asked to list the business areas which they plan to focus on over the next 12 months in order to achieve their growth plans. In the coming year, logistics operators will focus on winning new contracts, when in 2019 and 2018 they concentrated on cost control and the commercial dynamics of their business.

For manufacturers and retailers, the main focus for the year ahead is to control costs, which is a first-time result in our series of reports, as in the last 3 editions they consistently chose to optimise operational efficiency and speed (this year at the second position).

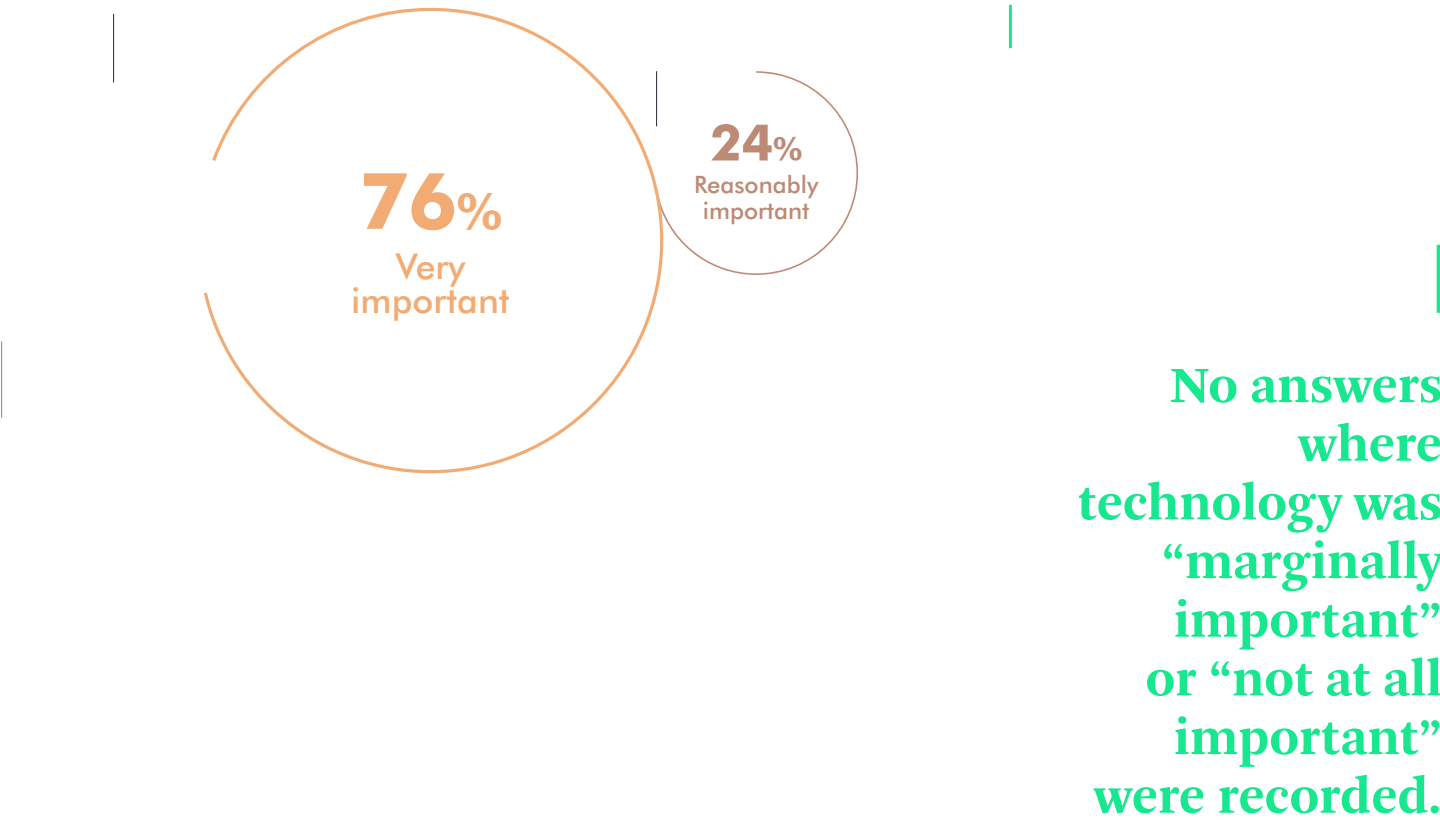
Logistics Ranking	2021	2019/2020	2018/2019	2017/2018
Winning new contracts	1	2	2	1
Cost control	2	1	1	2
Contract Margin improvement	3	3	2	3
Maintaining existing customer base	4	3	4	3
Offering more services	5	5	5	5
Expanding geographical markets	6	5	7	7
Entering new vertical sectors	7	5	8	8
Enhancing supply chain footprint	8	8	5	6

Manufacturers and Retailers Ranking	2021	2019/2020	2018/2019	2017/2018
Cost control	1	2	2	2
Optimising operational efficiency	2	1	1	1
Investment in resources (fleet, materials management, etc.)	3	6	5	5
Securing the supply of materials	3	5	2	4
Technology	5	3	5	3
Strengthen outbound delivery operations	6	4	4	8
Strengthen inbound delivery operations	7	6	8	5
Strengthening supply chain footprint	8	6	7	5

Innovation

The increasingly vital role of technology in logistics and supply chain operations has been noted in all editions of this report. This year, it was emphasised by 76% of our respondents that stated that the use of technology is ‘very important’ in helping their business achieve a competitive advantage, although this figure is down from 88% last year. 77% of logistics respondents and 74% of manufacturers and retailers said that the use of technology is very important to help their business. No answers where technology was “marginally important” or “not at all important” were recorded.

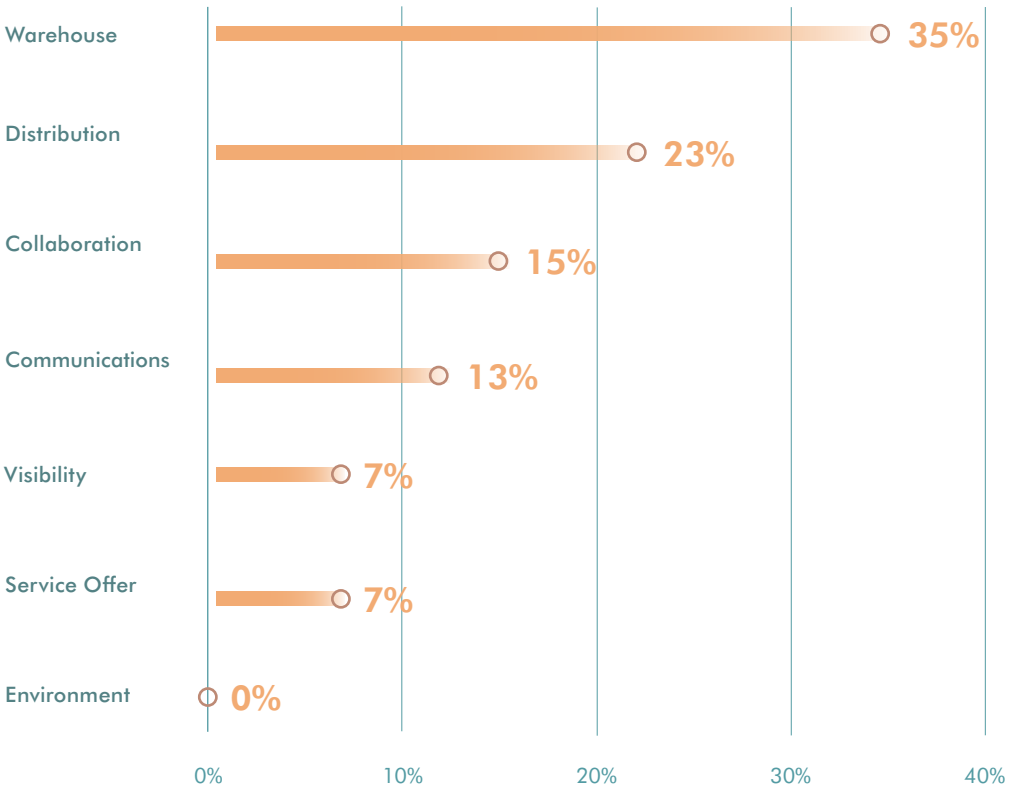
Importance of technology



Benefits of Technology Applications

Our research identifies that this year, technology’s most important role is in the warehouse. Our respondents were asked to identify the elements of their company where technology is most benefitting their business and more efficient warehouse operations (35%) and more efficient distribution operations (23%) were rated as the most important areas.

Which is the area where technology is most benefitting your business?



Over 50% of our respondents’ state that the Covid-19 pandemic has prompted them to invest in technology to make their operations more efficient. Is your – and your customers – timescales for technology investment changing – and in what parts of the supply chain?



Main impact of covid-19 pandemic we saw is indeed coming from the very strong development of e-commerce. To answer to the needs of our customers, we had thus to implement in a very short time e-commerce fulfilment centres, sometimes very big, in a “quick & dirty”, essentially manual, mode, with light technologies as voice-picking, man-up fork-lifts, simple conveyors and packing stations.

Regarding the continuous strong increase of demand, we are now upgrading these centres to make them more efficient with heavier technologies as picktowers, sorters or AGV, and are looking how to go on one step ahead with the robotisation of some processes.

Yann Belgy,
Managing Director,
ID Logistics



The Covid-19 pandemic has caused many changes in supply chains. Lack of or limited direct contact forced companies to turn to IT solutions. Fortunately, my company has been investing in digitisation for years and we were prepared to change the way we operated. We noticed, that customers started to appreciate our technological advancement more than before.

What has so far been treated as a curiosity has become a necessity, e.g. electronic documents, real time visibility, route optimisation, EDI connections. However, we do not intend to stop our electronic development and we want to continue looking for new solutions that will allow us to remain a technology leader.

Andrzej Szymanski,
Managing Director,
DARTOM

Supply Chain Automation

Using technology to replace Human Resource

Looking further into the future, we once again asked our respondents to make their predictions on what share of their operational-based workforce they expect to see replaced by technology, automation and robotics within 5 and 10 years.

The most frequent answer as regards expectations for five years’ time was between 10-19% which was selected by more than half of respondents (54%), whereas in the last edition the most common answer was the 0-9% range selected by 41% of respondents.

This shows that automation in logistics is an area that companies are willing to invest in.

Looking into the longer term, 38% of our respondents expect that within ten years, 20-29% of their warehouse staff will be replaced by technology. It is the most frequently chosen answer similar to the last edition, but this time chosen by a larger group of respondents (up from 29% in the last edition).

Across the next five and ten year periods, what share of your operational-based warehouse workforce (i.e. all types of warehouse staff) do you expect to see replaced by technology, automation and robotics?

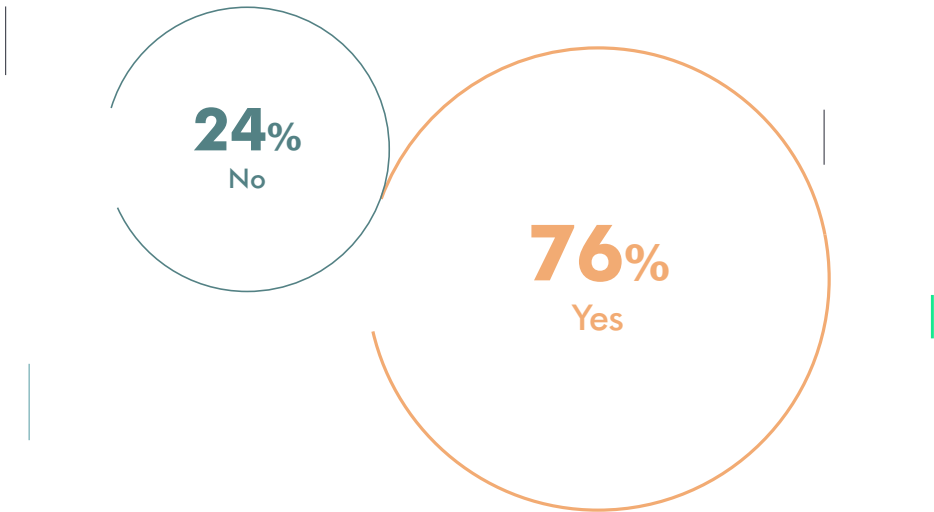
	Within Five Years	Within Ten Years
0%	0%	0%
0-9%	29%	0%
10-19%	54%	20%
20-29%	13%	38%
30-39%	0%	13%
40-49%	0%	13%
50-59%	2%	10%
60-69%	2%	2%
70-79%	0%	2%
80-89%	0%	2%
90-99%	0%	0%
100%	0%	0%

Sustainability

This is the second edition of our report in which we asked our respondents about developing sustainable / environmentally friendly / ‘green’ supply chains as it is an increasingly pressing issue.

It is very encouraging to see that the level of environmental awareness stays on the high level seen in the previous edition. 76% of respondents (75% previously) say that their company will be investing in a sustainable / environmental / ‘green’ supply chain project in the next 12 months. This view was shared by 71% of logistics operators and by 79% of manufacturers and retailers.

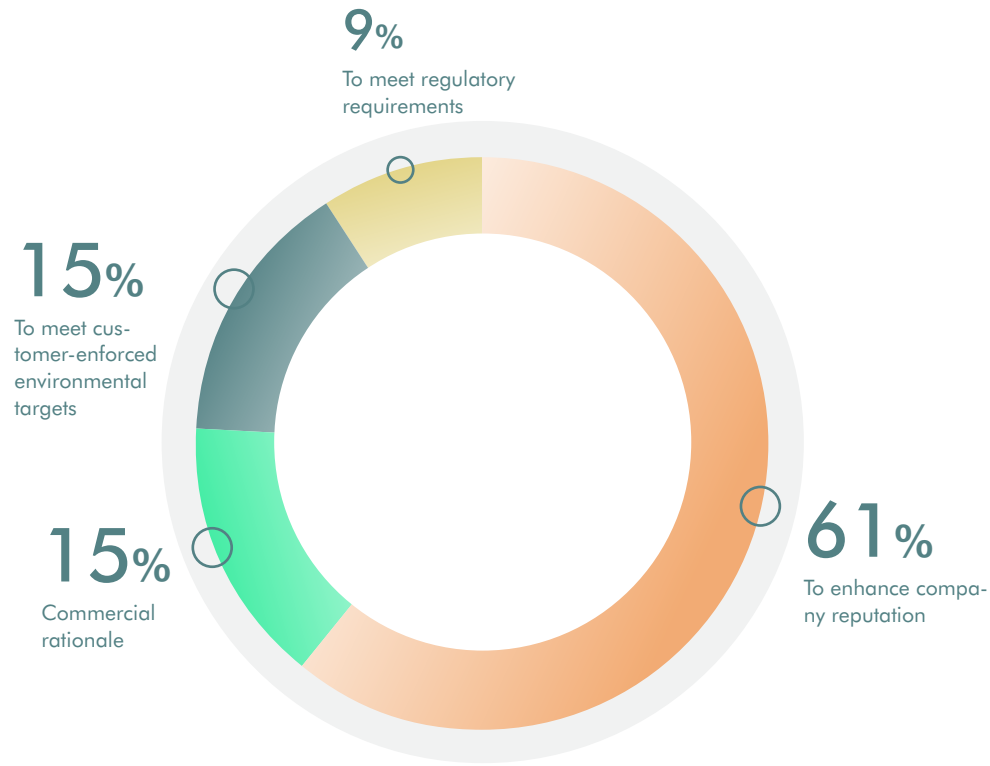
In the next 12 months will your company be investing in any sustainable / environmental / ‘green’ supply chain projects?



This view was shared by 71% of logistics operators and by 79% of manufacturers and retailers.

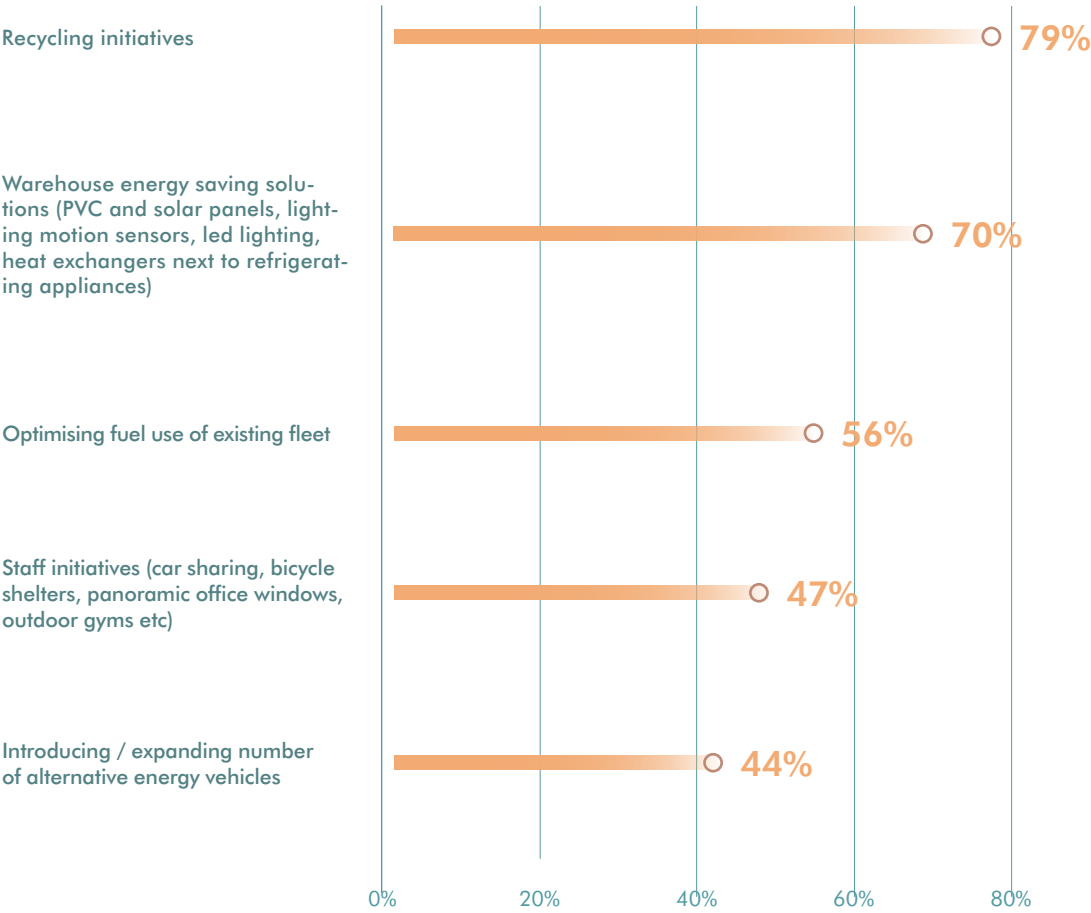
We then asked our respondents what they perceived to be the main reason why their company was investing in such projects. Almost two-thirds of respondents (61%) suggest that their company is investing in a sustainable / environmental / ‘green’ supply chain project to enhance its reputation, whilst 15% are being pushed to undertake such projects to meet customer-enforced environmental targets and also 15% are doing so because of commercial reasons.

If Yes, what is the main driver of this decision?



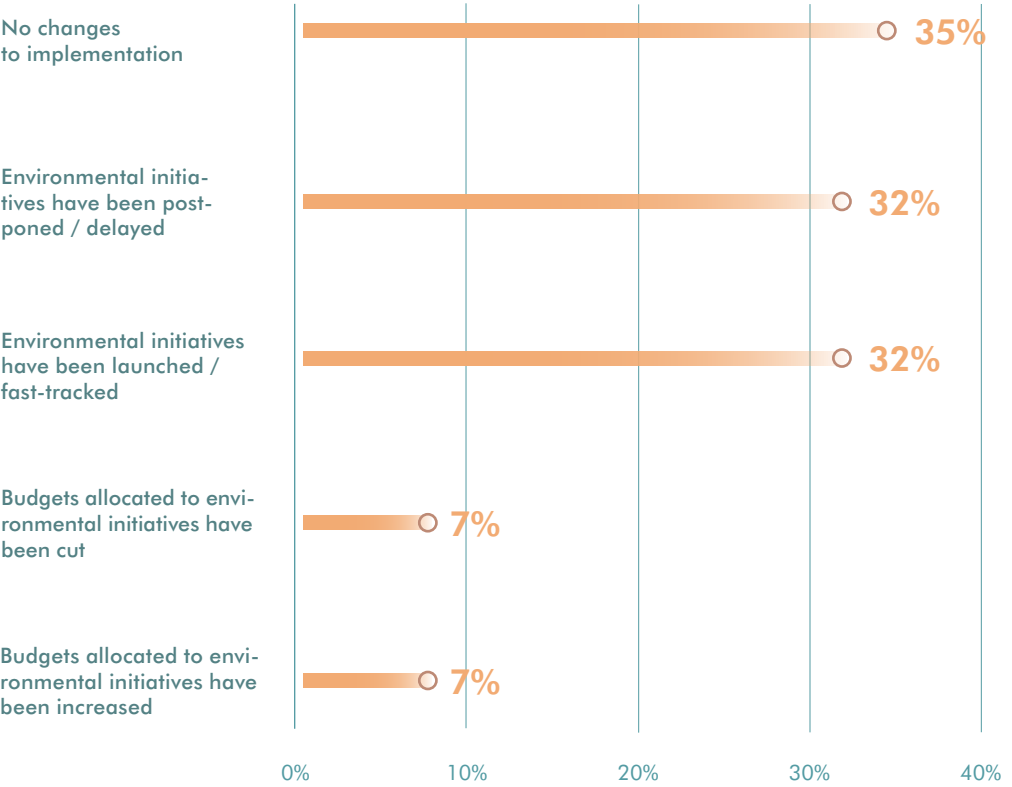
Our respondents also provided details of a range of projects that they are undertaking (multiple answers were possible). The most common are: recycling initiatives (undertaken by 79% of respondents), warehouse energy saving solutions (70%) and optimising fleet fuel use (56%).

If Yes, please describe the ‘green’ projects that your company will be investing in:



We asked the respondents whether due to Coronavirus the budget and focus allocated to environmental initiatives had to be changed. 35% of them responded that pandemic had no influence on this matter. For 32% of respondents the pandemic has meant postponing their environmental initiatives and for the same share it has fast-tracked or launched their environmental programmes. The distribution of answers was similar across both groups of respondents.

Has the impact of Coronavirus / Covid-19 changed your timing/focus/emphasis/budget around implementation of sustainability measures?

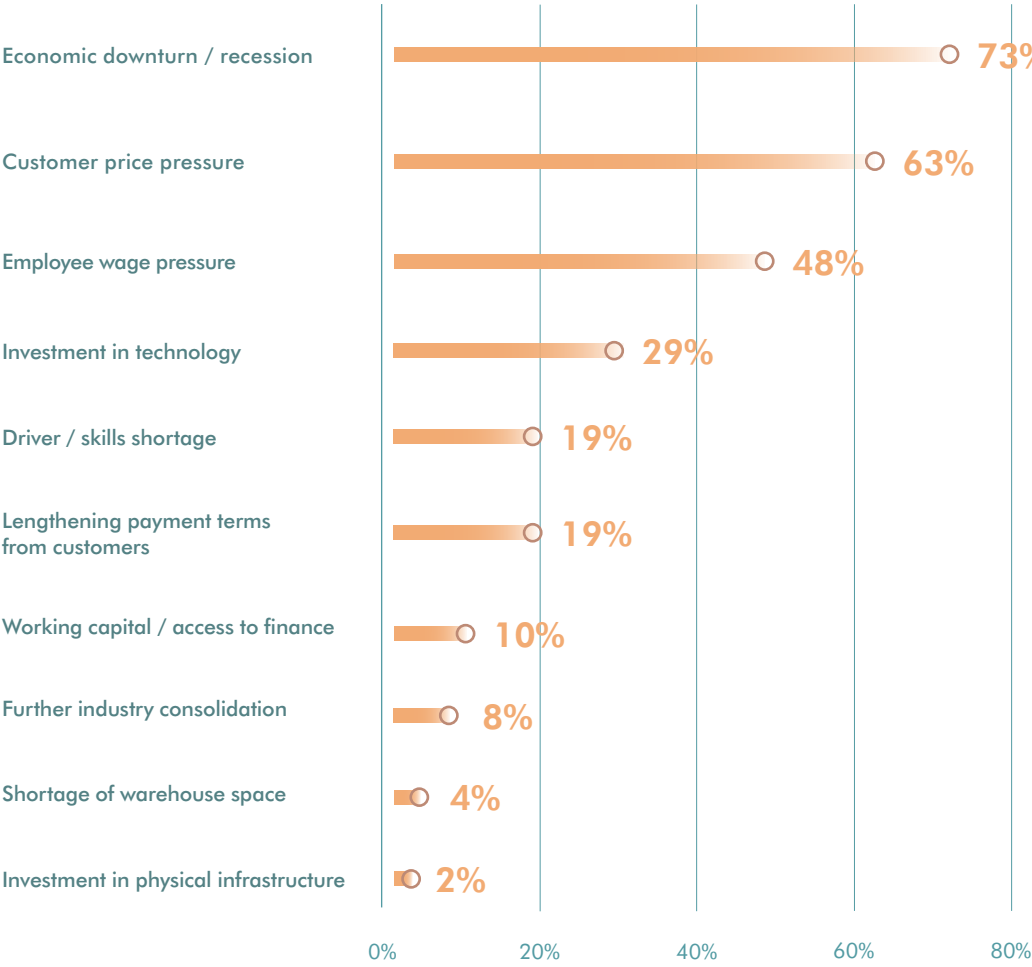


Most Important Issue

Finally, we asked our respondents what will be the most important issues they will be facing in the next 12 months, we asked them to select three. The vast majority - 73% of respondents pointed to the threat of an economic downturn/recession. Customer wage pressure is almost equally important, selected by 63% of respondents. Employee wage pressure was the issue important to 48% respondents.

The top three most important issues are the same for both categories of respondents, although with a slightly different emphasis. The fourth most important issue differed between the groups – logistics operators pointed towards a skills shortage, while manufacturers and retailers selected investment in technology.

What will be the three most important issues facing your business in the next 12 months?



Logistics Operators

- 1 Economic downturn/recession – 64%
- 2 Customer price pressure – 60%
- 3 Employee wage pressure – 48%
- 4 Driver/skills shortage – 32%

Manufacturers and Retailers

- 1 Economic downturn/recession – 83%
- 2 Customer price pressure – 65%
- 3 Employee wage pressure – 48%
- 4 Investment in technology – 44%



According to our respondents, companies are facing increasing price pressure in their markets, alongside the threat of an economic recession in the coming months.

What are your expectations for market performance in 2021 and 2022?



The upcoming months of 2021 do not promise an improvement in the economic situation - delayed lockdown effects, payment gridlocks and a decrease in demand should be expected. It will also be a difficult situation for banks, as the reduced profitability will put them in a situation of pressure to sell with reduced confidence in customer capabilities.

On the other hand, governments cannot afford to escalate social unrest. Therefore, the consolidation of markets in the hands of stronger players and a very gradual normalization of economic life should be taken into account, regardless of the progress in the fight against the pandemic.

Rafał Witowski,
Regional CFO,
Board Member,
Fiege



We observe the constant process of production movements to the CEE region and the same is for logistics. Cross borders and comprehensive logistics solutions are the most expected trends in supply chains. Therefore, Raben Group develops its own distribution networks and contract logistics in 13 countries.

Janusz Anioł,
General Director,
Raben

Key takeaways



In Poland, we have been observing a rapid growth of the warehouse market for several years, both in terms of supply and demand. In 2020 alone, the demand for warehouse space amounted to over 5 million sq m, which was an increase of 21% compared to the previous year. Logistics sector and e-commerce were the biggest contributors to this growth.

In the report, however, we observe that the optimism of companies in the logistics and supply chain sector is decreasing year by year. This year, the indicator amounted to 46.4, which means a slight pessimism (level 50 means expected lack of change, more than 50 - optimism, less than 50 - pessimism, and the further the index is from the average level, the stronger the expected optimism or pessimism). Interestingly, a large discrepancy can be seen between the two groups of respondents - logistics operators are moderately optimistic about the future, while retail and production companies are more on the pessimistic side. This year, such a large gap is quite understandable - during a pandemic, logistic companies, and in particular parcel companies, cannot complain about the lack of work, and manufacturers and retail companies had to face high uncertainty due to the interruption of supply chains, especially in the early stages of the

Covid-19 pandemic or constant closing and reopening of the shopping centers - restrictions posed by the government.

Due to the fact that the pandemic is still ongoing all over the world, it is hard to expect optimism from entrepreneurs - even though the warehouse market is in a good shape, companies do not plan large investments, increase in employment and do not expect high profits, and therefore the score is at such level. However, when we read the report and study the key indicators, I believe that we have quite a positive whole picture of this sector. Tenants plan to invest in technology, they are increasingly aware of the importance of sustainable solutions, and assess our country quite well compared to others in the European Union.

We see a great deal of interest in the warehouse sector and expect high demand for this space in the coming years. Undoubtedly, the main reason for this development will be the increase in e-commerce, which share of all trade in Poland will amount to 19% in 2025, according to Euromonitor forecasts.

Agata Czarnecka,
Director,
Research & Consultancy,
CBRE



The fourth survey in the series entitled “Confidence Index 2021 Poland Logistics & Supply Chain ” confirms many of the trends highlighted by the previous studies. However, what is most important about the latest report are the findings about the effects of COVID-19 on the market. Those surveyed confirmed what we had already noted: that the logistics market has proven remarkably resilient in the face of the crisis. As many as 64% of logistics operators saw a positive effect from the pandemic, whereas only 29% of producers and retailers shared the same experience. Of course, this wouldn’t have happened if it weren’t for new market trends that the survey respondents have also seen.

We have been reporting for a long time that the pandemic is altering international supply chains so as to bring them closer to the end customer and that Poland, due to its geographical location, is the beneficiary of these changes. Now the study has shown that the disruption to supply chains was one of the biggest challenges for those surveyed and nearshoring appeared at the top of the answers to the question about the future after COVID.

The survey showed what a huge effect the e-commerce boom had on the logistics market. In the question about the growth of internet trade over 2021 a new choice was added to the possible answers, which was even higher growth of over 15%. This answer was chosen by over 46% of those surveyed and the majority of these people (32%) believe that e-commerce will grow by 16-20% compared to last year. This clearly shows that the e-commerce sector in Poland is growing extraordinarily rapidly and that Poles have well and truly taken to online trade, which will remain a challenge for the logistics market for years to come.

Marek Dobrzycki,
Managing Director,
Panattoni



About us

CBRE

CBRE is the world’s largest commercial real estate services firm. The Company has approximately 70,000 employees in over 60 countries and serves real estate owners, investors and occupiers. CBRE offers strategic advice and execution for property sales and leasing, corporate services, property, facilities and project management, appraisal and valuation, development services, investment management, research and consulting.

CBRE Poland employs around 1,000 people in Warsaw, Gdansk, Krakow, Wroclaw, Poznan, Lodz and Katowice offering a full scope of real estate services and building value on each stage of commercial properties’ life cycle. For logistics and industrial investors we have created Integrated Industrial Platform, where tenants can find solutions to all their requests, from location and technical advisory, through transaction process support, up to full project and facilities management. We are an experienced team of the best advisors, negotiators, engineers, project managers, licenced architects, building and quantity surveyors, valuers as well as Breeam and Leeds assessors and auditors to build real advantage for your project.

Please visit our website:
www.industrialgo.pl or www.cbre.pl

PANATTONI

Panattoni Europe is part of the Panattoni Development Company, one of the largest industrial developers in the world, with 33 offices in North America and Europe. Panattoni has been present in Central Europe since 2005. To date, the developer has delivered more than 10 million sqm of modern industrial space altogether in Poland, the Czech Republic, Germany and UK.

Panattoni acts as consultants at each stage of the investment process. The company supports local business by providing multi-functional build-to-suit and warehouse facilities. For the purposes of developing our activity we buy land, securing the most strategic locations in the country.

Panattoni’s commitment to constructing sustainable and high-quality industrial assets has created significant brand loyalty amongst many tenants and build-to-suit clients. Panattoni’s client list includes more than 2500 international, national and regional companies, many of which have completed multiple assignments with Panattoni.

Among key tenants are companies such as Amazon, Arvato Services Polska, Coty Cosmetics, DSV, H&M, Intermarché, Leroy Merlin, ND Logistics, Still, Schenker, Selgros and Tesco. Apart from Poland, Panattoni has offices in the United Kingdom, Czech Republic, Luxembourg, Germany, Spain and the Netherlands.

www.panattonieurope.com

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