



## **CTP GROUP LOOKS TO DOUBLE IN SIZE BY 2030 AS STRONG FUNDAMENTALS POWER GROWTH OF INDUSTRIAL AND LOGISTICS IN CENTRAL AND EASTERN EUROPE**

**Leading European industrial and logistics developer, owner and operator targets 20 million sqm portfolio by end of decade as research identifies five key drivers of growth in CEE**

**PRAGUE, 13 April, 2023**

CTP Group is aiming to double the size of its pan-European network of business parks to 20 million sqm of GLA by the end of the decade, amid forecasts of continued strong demand for industrial and logistics space across Central and Eastern Europe.

CTP's growth target supported by new research that shows demand for industrial and logistics real estate space in its Central and Eastern European markets will outperform Western and Southern Europe, as a powerful combination of five factors drives continued growth in the sector.

CTP is Europe's largest listed developer, owner and operator of industrial and logistics properties by GLA, with a current portfolio of 10.5 million sqm. It has assembled a development landbank of 20 million sqm across its core CEE markets, as well as in Germany, Austria and the Netherlands, where it aims to develop a further 10 million sqm of logistics space through to 2030, generating annual rental income of €1 billion across a 20 million sqm portfolio.

CTP is seeing strong demand for its development pipeline in new locations, alongside expansions at its longstanding CTParks, from existing and new tenants across CTP's CEE markets, which covers the Czech Republic, Slovakia, Romania, Hungary, Poland, Serbia and Bulgaria, and Western EU markets in Germany, Austria and the Netherlands.

The demand is being driven by a combination of factors, such as the rise of 'nearshoring' and 'friendshoring'; improved infrastructure, a diverse and expanding economy; the accelerating growth in e-commerce from a low base; as well as skilled workforce and strong labour market fundamentals.

CTP's new research report '*CEE: A Business-Smart Region*' analyses these diverse factors to identify five key drivers of growth, which will support continued outperformance in demand for industrial and logistics space in CEE to the end of the decade. These are:

1. Skilled human capital
2. Connected markets
3. Diversifying and expanding economies
4. Rising domestic consumption
5. Strong real estate fundamentals

**Remon Vos, CEO of CTP, said:** *“CTP has long been a believer in the potential of CEE and there is no doubt that a combination of strong economic fundamentals, emerging global mega trends - such as the rise in nearshoring - and key real estate market dynamics, mean the CEE region will continue to outperform Europe's more developed markets, driving further demand for logistics and industrial space. CTP is perfectly placed to meet this demand, with a significant development landbank across the region that will enable us to double our GLA by the end of the decade, developing and operating the highly sustainable, client-focused industrial and logistics space that modern occupiers demand.”*

**Bert Hesselink, Group Client Relationship Director at CTP, added:** *“The continued growth in demand for industrial and logistics space in Central and Eastern Europe is underpinned by a unique mix of drivers, with strong economic growth fuelling rising consumptions and continued growth in e-commerce, which has historically lagged behind Western Europe but is now catching up. Meanwhile, greatly improved infrastructure and connectivity, along with a skilled and competitive labour force, means the region is perfectly placed to capitalise on the rising demand. We anticipate that these fundamentals will drive continued growth in demand of industrial and logistics space through to the end of the decade.”*

## **FIVE KEY DRIVERS OF GROWTH IN INDUSTRIAL AND LOGISTICS**

### **1. Skilled human capital**

CEE markets offer skilled workforces at competitive rates, which for the transportation, storage and manufacturing sectors are on average less than one-third of those of Western Europe. The average number of weekly working hours in both the transportation & storage and manufacturing sectors in CEE is above the EU-27 average. Meanwhile, a 'reverse brain drain' is increasing the pool of skilled labour, as young professionals return from Western Europe, attracted in part by lower personal tax rates. The 2022 English Proficiency Index of all CEE countries (excluding Serbia) is higher than France, Italy and Spain.

### **2. Connected markets**

Significant infrastructure improvements since the 2000s have ensured the efficient flow of goods within the region and to and from Western Europe, particularly road infrastructure. Infrastructure investment in all the CEE countries, with the exception of Poland, exceeded the EU average from 2015-2020, as a share of GDP. Ongoing investment is improving air connectivity, while the CEE's major container ports are experiencing rising demand as alternatives to those in the “Hamburg-Le Havre Range”, particularly for routes from the Middle East and China. This improved connectivity is supporting the rise of 'nearshoring' and 'friendshoring' amid ongoing global geopolitical uncertainty and economic turbulence.

### **3. Diversifying and expanding economies**

The CEE region has shown strong economic resilience, with the real GDP growth outperforming Western European markets and the whole of Europe. CEE GDP growth is forecast to grow twice as fast as the eurozone average between 2023-2026. A strong manufacturing base coupled with growing knowledge and innovation sectors, as well as CEE's skilled labour market and proximity to Western Europe, means the region is fast becoming a 'nearshoring' hotspot, driving further demand for industrial and logistics space.

#### **4. Rising domestic consumption**

Fuelled by economic expansion, domestic consumption in CEE has grown by almost 50% since 2010, more than double the rate of the EU-27 average, with the rise in spending power driving growth in e-commerce, which has lagged behind Western Europe but is now catching up. Total CEE online sales are projected to expand by around €25 billion by 2026, equating to a growth in e-commerce warehouse space of 2.8 million sqm in GLA over the same period, almost equivalent to the total market stock of Budapest or Bucharest today.

#### **5. Strong real estate fundamentals**

Net absorption rates (change of occupied stock) in CEE have outperformed Western and Southern European countries and this is expected to continue over the next five years. Market vacancy is below the three-year average in all CEE countries (with the exception of Budapest, Hungary) and is expected to remain close to historic lows, contributing to rental growth. While the overall quality of stock in CEE is high, given the market only emerged in the 2000s, supply of Grade A stock is limited, creating structural demand and a strong driver for further development of logistics space.

**ENDS**

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#### **About CTP**

CTP Europe's largest listed owner, developer, and manager of logistics and industrial real estate by gross lettable area, owning 10.5 million sqm of GLA across 10 countries as at 31 December 2022. CTP certifies all new buildings to BREEAM Very good or better and earned a 'Low-Risk' ESG rating by Sustainalytics, underlining its commitment to being a sustainable business. For more information, visit CTP's corporate website: [www.ctp.eu](http://www.ctp.eu)