Warehouse market

Knight Frank

Q1 2023

The comprehensive guide to the warehouse market in Lower Silesia

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Lower Silesia

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Q1 2023

Existing warehouse stock
3.4m sq m

Supply under construction
175,000 sq m

Vacancy rate
4.8%

New supply
240,000 sq m

Take-up
140,000 sq m

Standard lease terms in warehouse buildings

Asking rents for warehouse space
EUR/sq m/month
3.50-4.50

Asking rents for office space
EUR/sq m/month
10.00-11.50

Service charge
PLN/sq m/month
4.00-7.00

Rent-free period
1-1.5 month

The Lower Silesia region is the fourth largest warehouse concentration area in Poland. At the end of Q1 2023, the region's warehouse stock reached 3.4m sq m, accounting for 11.5% of existing stock nationally. Most of the warehouse facilities in Lower Silesia are located around such cities as Wrocław, Bielany Wrocławskie, Kąty Wrocławskie, Nowa Wieś Wrocławska, Polkowice, and Pietrzykowice. Currently, there are two intermodal terminals operating in the Wrocław region: the first is located in Kąty Wrocławskie; the second in Brzeg Dolny. Favourable conditions for the development of manufacturing and distribution companies are supported by a well-developed road infrastructure, giving convenient connections with neighbouring countries, the Czech Republic and Germany. The attractiveness of this area is further enhanced by its location on the New Silk Road route from China - since 2020 the cargo terminal in Kąty Wrocławskie has been in operation.

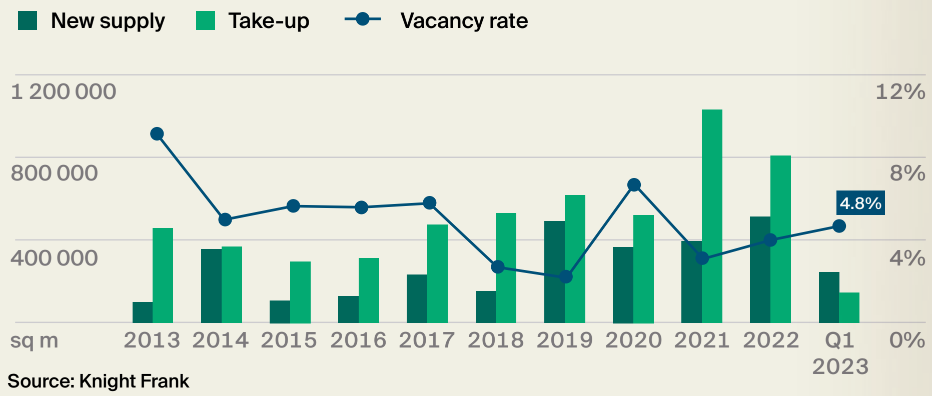
In Q1 2023, developers delivered around 240,000 sq m of modern warehouse space in the Lower Silesia region – a record quarterly result in the history of the local market. Permits for use were granted to, among others: Panattoni Park Wrocław Logistics South Hub (125,000 sq m), Mountpark Wrocław (67,850 sq m), and Segro Logistics Park Wrocław (34,100 sq m). At the end of March 2023, 175,000 sq m of warehouse space was under construction, of which the largest projects were Hillwood Rawicz (53,700 sq m), Prologis Park Wrocław III (48,900 sq m), Hillwood Syców (25,500 sq m), and P3 Wrocław City (18,500 sq m). Almost 40% of the space under construction in Lower Silesia is already secured by lease agreements.

In Q1 2023, lease agreements for around 140,000 sq m of space have been signed in the region, meaning the region recorded a clear year on year increase. It should be noted, however, that compared to successive quarters of the previous year, Q1 2023's volume is clearly lower. The largest lease transactions in Lower Silesia included the agreement for Panattoni Park Wrocław Logistics South Hub (55,000 sq m), and two much smaller transactions in Prologis Park Wrocław III (9,800 sq m and 7,900 sq m).

The vacancy rate in Lower Silesia stood at 4.8% at the end of Q1 2023, an increase of 1 pp. on Q1 2022. Despite the record new supply recorded in Q1 2023, a modest increase of 0.8 pp. q-o-q was observed.

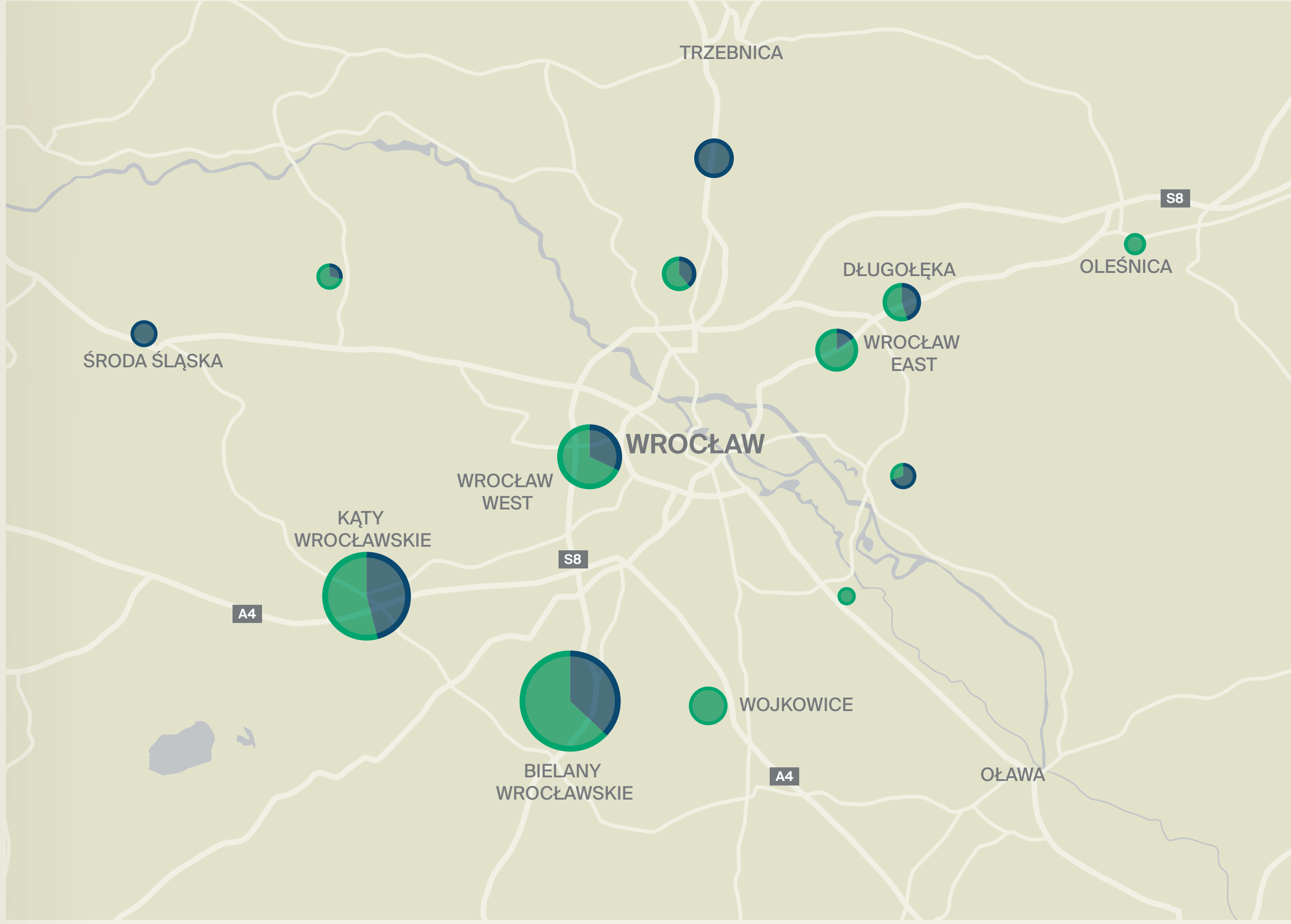
Following the increase in asking rents seen in the warehouse sector in H2 2022, due to higher financing costs for new projects and high construction costs, asking rents stabilised in Q1 2023.

New warehouse supply, annual take-up, vacancy rate in Lower Silesia



Source: Knight Frank

Location of warehouse projects in the region



Source: Knight Frank

Existing, under construction and planned warehouse space
% share of existing stock
% share of under construction and planned supply

TOP 5 warehouse destinations in the region
(by existing stock)

1. **Bielany Wrocławskie** 1.3m sq m
2. **Kąty Wrocławskie** 760,000 sq m
3. **Wrocław West** 430,000 sq m
4. **Wojkowice** 210,000 sq m
5. **Wrocław East** 190,000 sq m

Dolnośląskie Voivodeship

Population
2.89m

Voivodeship area
19,947 sq km

ECONOMIC DATA

Unemployment rate
4.7%

Average monthly salary
(enterprise sector)
PLN 7,628 (gross)

Average monthly salary
(transportation and storage sector)
PLN 6,389 (gross)

HIGH-SPEED ROADS

Highways
220 km
A4, A8, A18

Expressways
220 km
S3, S5, S8

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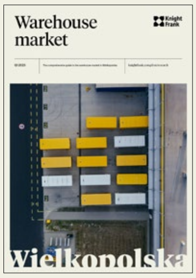

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