Warehouse market

Q3 2023

The comprehensive guide to the warehouse market in Lower Silesia

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Lower Silesia

WAREHOUSE MARKET

Lower Silesia

Q3 2023

Existing warehouse stock
3.5m sq m

Supply under construction
450,000 sq m

Vacancy rate
5.7%

New supply
(Q1-Q3 2023)
360,000 sq m

Take-up
(Q1-Q3 2023)
560,000 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 Q3 2023, the region's warehouse stock reached 3.5m sq m, accounting for 11% 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 in operation 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 the neighbouring Czech Republic and Germany. The attractiveness of this area is further enhanced by its location on the New Silk Road from China - since 2020 the cargo terminal in Kąty Wrocławskie has been in operation.

Q3 2023 data showed a significant slowdown in developer activity in the Lower Silesian market. At the end of September 2023, the total volume of modern warehouse space delivered to the market amounted to nearly 360,000 sq m, a drop of over 20% on the previous year's corresponding figure. In Q3 2023 alone, developers delivered only 41,500 sq m, a decrease both quarter-on-quarter and year-on-year.

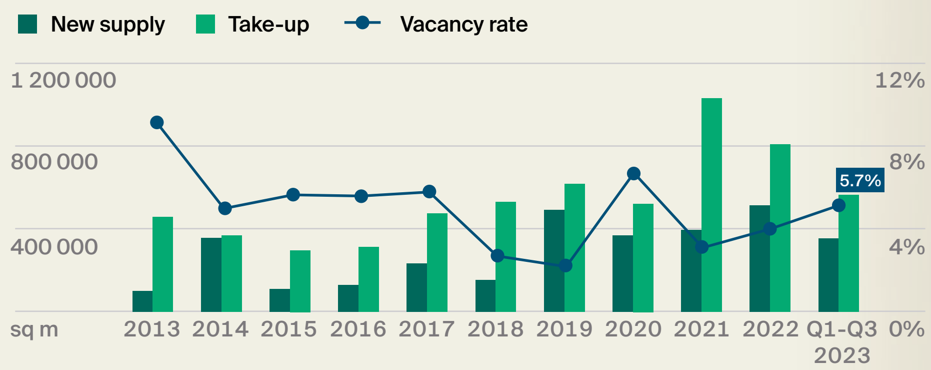
The largest projects to receive permits for use in the analysed period were: Panattoni Park Wrocław Logistics South Hub (125,000 sq m), Mountpark Wrocław (67,900 sq m), and Prologis Park Wrocław III (48,900 sq m). It is worth noting that Q3 2023's new supply consisted of facilities developed on a speculative basis, meaning that most of the space in these projects was available for immediate lease.

At the end of September 2023, more than 450,000 sq m of modern warehouse space remained under construction, of which the largest logistics facility was a hall being realised as part of Panattoni Park Wrocław Logistics South Hub (90,000 sq m). In Q3 2023, the construction of 235,000 sq m of space commenced, with the largest facility started between June and September being a hall under construction within the GLP Wrocław V Logistic Centre park (86,200 sq m).

Since the beginning of 2023, the volume of signed leases in Lower Silesia amounted to approximately 560,000 sq m, which was some 10% down on the same period of 2022. The take-up structure in Q1-Q3 2023 in the Lower Silesian warehouse concentration area was dominated by new contracts (58%). Renegotiations accounted for 22% of signed contracts, while expansions constituted the remaining 20%.

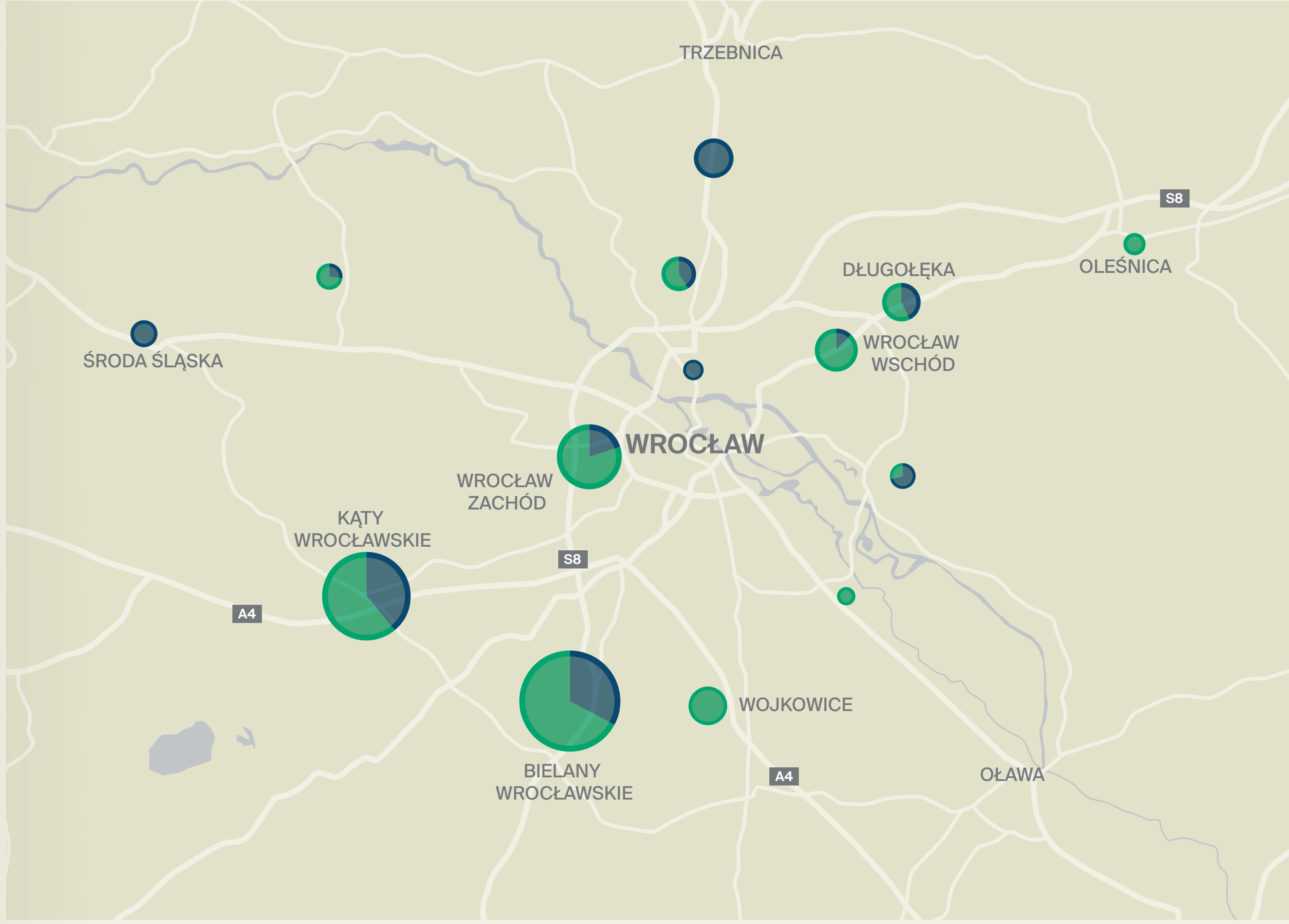
The vacancy rate in Lower Silesia at the end of Q3 2023 stood at 5.7%, an increase of 0.9 pp. on 2022's corresponding value. In Q3 2023, asking rents in Lower Silesia's warehouse concentration area remained relatively stable compared to the previous quarter.

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
1.32m sq m
2. Kąty Wrocławskie
770,000 sq m
3. Wrocław West
470,000 sq m
4. Wojkowice
220,000 sq m
5. Wrocław East
190,000 sq m

Dolnośląskie Voivodeship

Population
2.9m

Voivodeship area
19,947 sq km

ECONOMIC DATA
(09.2023, STATISTICS POLAND)

Unemployment rate
4.4%

Average monthly salary
(enterprise sector)
PLN **7,748** (gross)

Average monthly salary
(transportation and storage sector)
PLN **7,054** (gross)

HIGH-SPEED ROADS

Highways
220 km
A4, A8, A18

Expressways
220 km
S3, S5, S8

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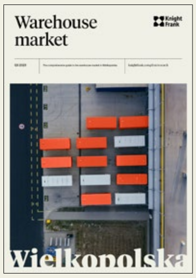

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