Warehouse market

Knight Frank

Q3 2023

The comprehensive guide to the warehouse market in Upper Silesia

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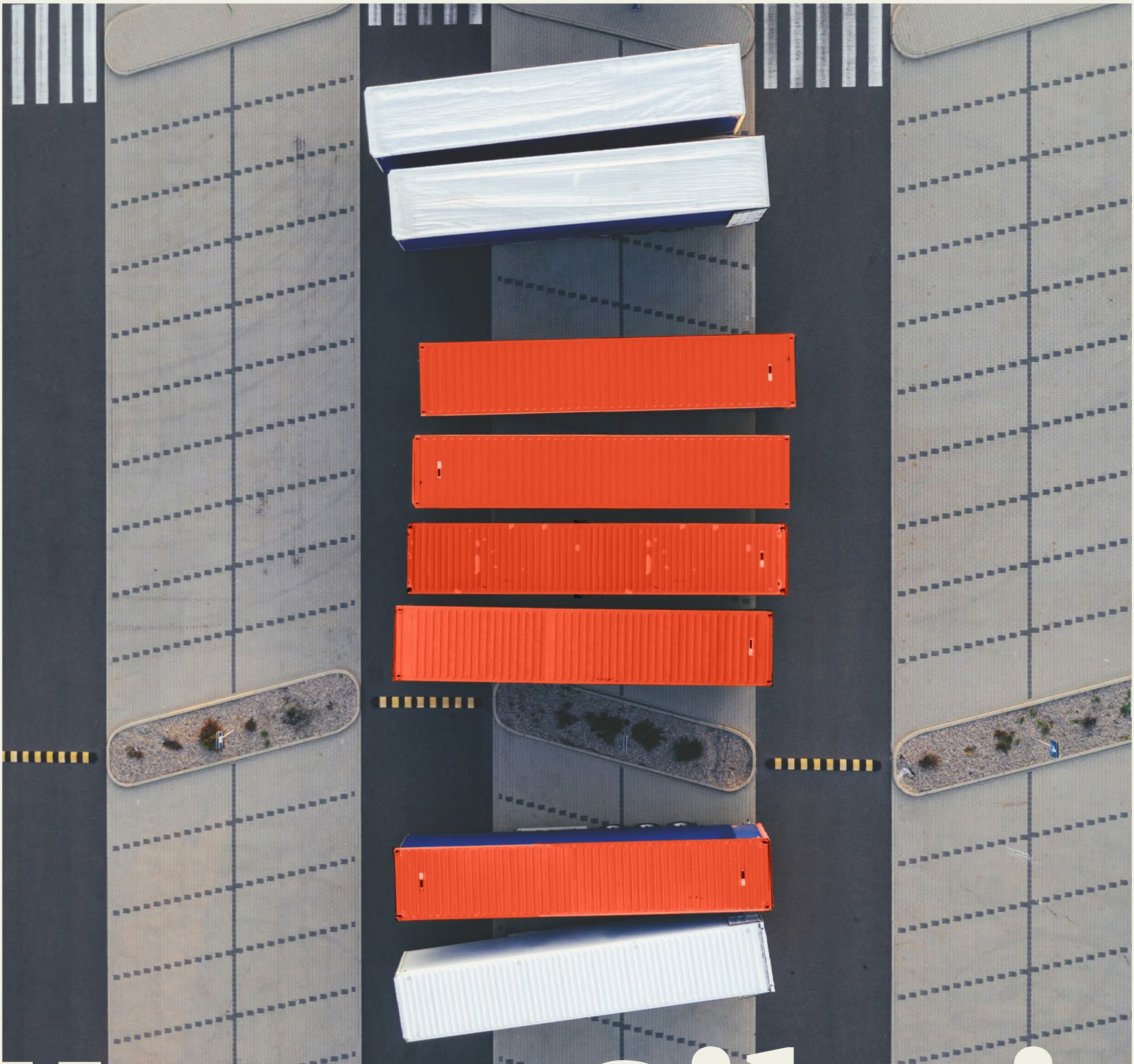


Upper Silesia

Upper Silesia

Q3 2023

Existing warehouse stock
5.3m sq m

Supply under construction
325,000 sq m

Vacancy rate
7.0%

New supply (Q1-Q3 2023)
470,000 sq m

Take-up (Q1-Q3 2023)
670,000 sq m

Standard lease terms in warehouse buildings

Asking rents for warehouse space
EUR/sq m/month
3.50-6.00

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 Upper Silesia region ranks second in terms of warehouse stock in Poland. Favourable development conditions for manufacturing and distribution companies are supported by a well developed road infrastructure, offering good connections with neighbouring countries such as the Czech Republic, Germany, and Slovakia. In the Upper Silesia area, there are 5 intermodal terminals, located in Gliwice, Sosnowiec, Dąbrowa Górnicza, and Sławków. All these factors serve to make the Upper Silesia region an increasingly attractive location as a warehouse concentration area in both Poland and Central Europe. At the end of Q3 2023, the existing warehouse stock in this region was estimated at over 5.3m sq m, accounting for 17% of Poland's total warehouse stock.

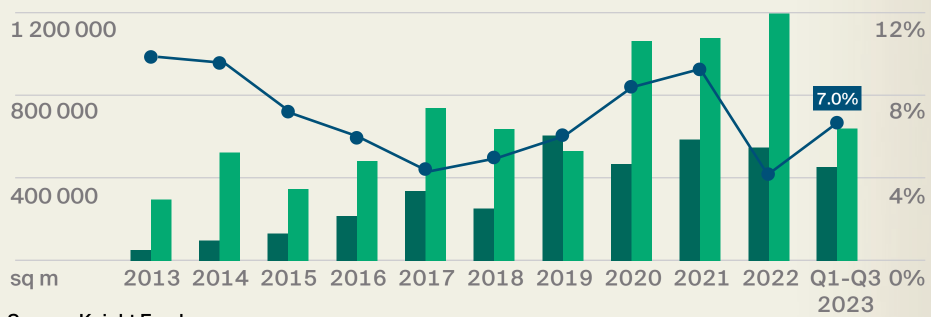
Since the beginning of this year, more than 470,000 sq m of modern warehouse space has been delivered to the market, an increase of 3% compared to the same period in 2022. The Q3 2023 results are, however, significantly down on the same quarter of 2022. It is worth noting that the new supply realised in the first three quarters of 2023 was very close to the average annual supply for the last five years. The largest projects to receive occupancy permits in Q1-Q3 2023 were: Panattoni BTS Gorzyczki (83,000 sq m), Panattoni BTS Carrefour Będzin (50,000 sq m), and Hillwood Częstochowa - City (43,000 sq m). The largest completed project in Q3 2023 was MDC2 Park Gliwice (57,400 sq m).

The high new supply at the end of Q3 2023 does not, however, mean the Upper Silesian market retained the popularity it had experienced among developers in previous years. At the end of September 2023, the local market had 325,000 sq m of space identified as under construction, one of the lower figures for the regions. Comparing supply volumes under construction to the previous year's corresponding period, space under construction had decreased by half. High construction costs, the financing of other new developments, and reduced tenant interest may have been contributing factors to this situation. In Q3 2023, a total of 255,000 sq m of new warehouse developments commenced in the Upper Silesian concentration area, with the largest investment under construction being the DL Invest warehouse park in Psary.

For the first nine months of 2023, the total volume of signed contracts in Upper Silesia amounted to some 670,000 sq m, of which nearly half were concluded in the third quarter. Take-up for warehouse space was noticeably higher than in the previous quarter, although it was over 30% lower than in the corresponding period of 2022. The majority of newly leased warehouse space came in the form of new contracts (71%). Renegotiations accounted for around 18%, with expansions making up the remaining 11%.

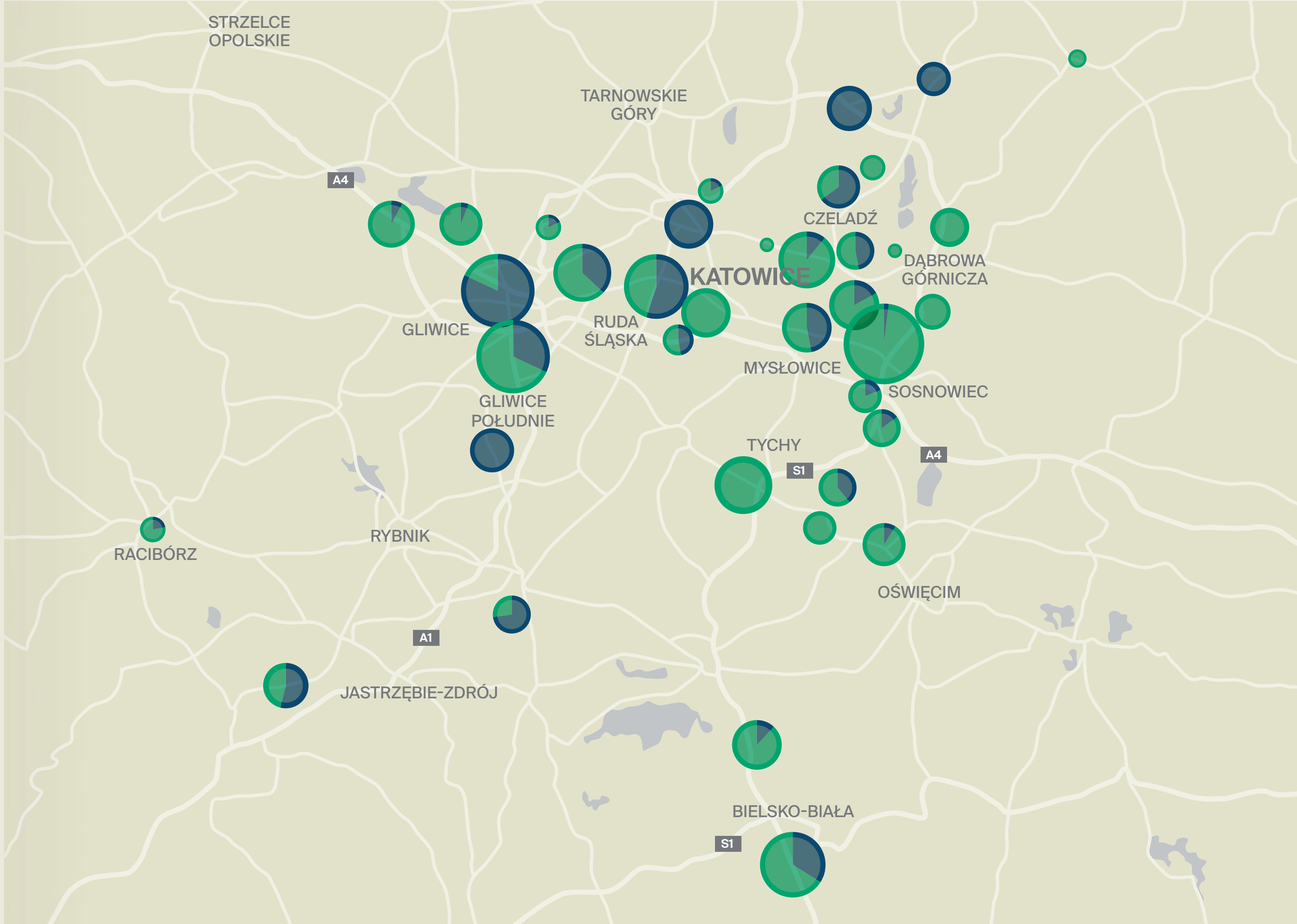
The high new supply delivered in the first three quarters of the year, yet to be fully leased, translated into a noticeable increase in the vacancy rate. The figure in Upper Silesia at the end of Q3 2023 stood at 7.0%, up 3.3 pp. on the value 12 months ago. In Q3 2023, asking rents in the warehouse sector in Upper Silesia remained at the same level as the previous quarter.

New warehouse supply, annual take-up, vacancy rate in Upper 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. Sosnowiec South
630,000 sq m
2. Gliwice South
470,000 sq m
3. Czeladź
310,000 sq m
4. Tychy
300,000 sq m
5. Gliwice
300,000 sq m

Śląskie Voivodeship

Population
4.3m

Voivodeship area
12,334 sq km

ECONOMIC DATA
(09.2023, STATISTICS POLAND)

Unemployment rate
3.7%

Average monthly salary
(enterprise sector)
PLN **7,487** (gross)

Average monthly salary
(transportation and storage sector)
PLN **7,579** (gross)

HIGH-SPEED ROADS

Highways
250 km
A1, A4

Expressways
130 km
S1, S52, S86

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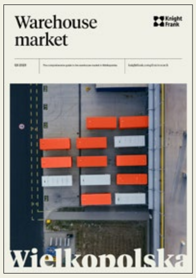

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