Warehouse market

Q1 2023 | The comprehensive guide to the warehouse market in Central Poland | knightfrank.com.pl/en/research

Central Poland

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Q1 2023

- Existing warehouse stock **4.3m sq m**
- Supply under construction **340,000 sq m**
- Vacancy rate **7.1%**
- New supply **155,000 sq m**
- Take-up **195,000 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**

Central Poland is the third-largest warehouse market in Poland, only surpassed in terms of scale by Warsaw and Upper Silesia. The stock of warehouse space in the region reached 4.3m sq m in Q1 2023, accounting for nearly 14.2% of the total volume in Poland. Central Poland is an attractive location for logistics operators and retail chains, who choose to locate their central warehousing and distribution centres there to serve the entire country. Furthermore, the commencement of the railway connection to Chengdu in China has significantly increased the attractiveness of the region. There are currently 3 intermodal terminals operating in Central Poland, two of them located within the administrative boundaries of Łódź, and the third the transhipment terminal in Stryków. Recently, Konin and its surrounding area have also been gaining in attractiveness as a suitable location for the logistics sector. An expansion in warehouse supply there is expected due to its proximity to the A1 highway.

In Q1 2023, a significant 155,000 sq m of modern warehouse space was delivered in Central Poland. Among the largest facilities completed during this period were: Panattoni Park Łódź West (39,500 sq m), Hillwood Łyszkowice (39,100 sq m), and a facility in the Central European Logistics Hub complex (38,600 sq m).

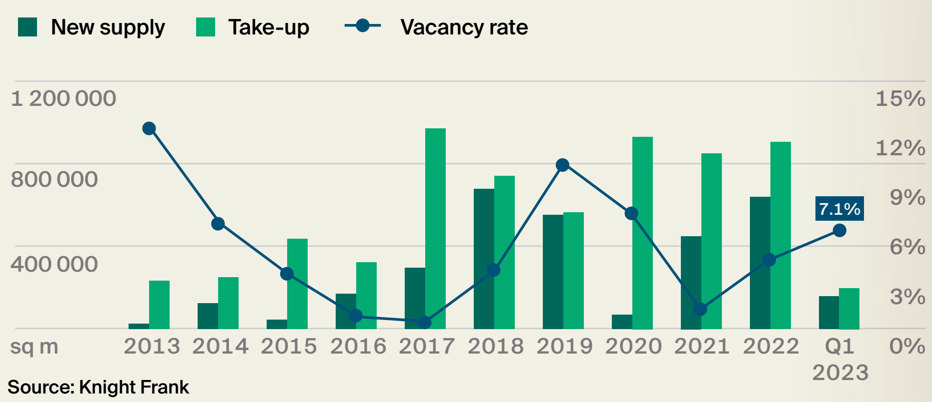
The total area under construction was estimated at an impressive 340,000 sq m at the end of Q1 2023. It's worth noting that this is one of the largest volumes of space under construction in Q1 2023 in Poland. The largest ongoing projects were: Hillwood Łódź II (97,100 sq m), Hillwood Rawa Mazowiecka (78,000 sq m), and Panattoni Park Łódź South II (57,200 sq m). Additionally, construction of the Hillwood Rawa Mazowiecka facility (78,000 sq m) got underway in Q1 2023.

The Central Poland region continues to be a draw for tenants although, as in other major concentration areas, lower activity was observed in Q1 2023 compared to recent years. From January to March 2023, a total of 195,000 sq m was leased, placing this concentration area second in terms of take-up volume among regions. It's worth noting that several significant lease agreements were concluded during this period, such as Prologis Park Łódź (23,700 sq m), Diamond Business Park Stryków (17,700 sq m), and Hillwood Rawa Mazowiecka (16,200 sq m).

Due to the high volume of new supply, the vacancy rate reached 7.1% at the end of March 2023, an increase of 4.7 pp. on 2022's corresponding period. It was the second highest result among the largest concentration areas in Poland.

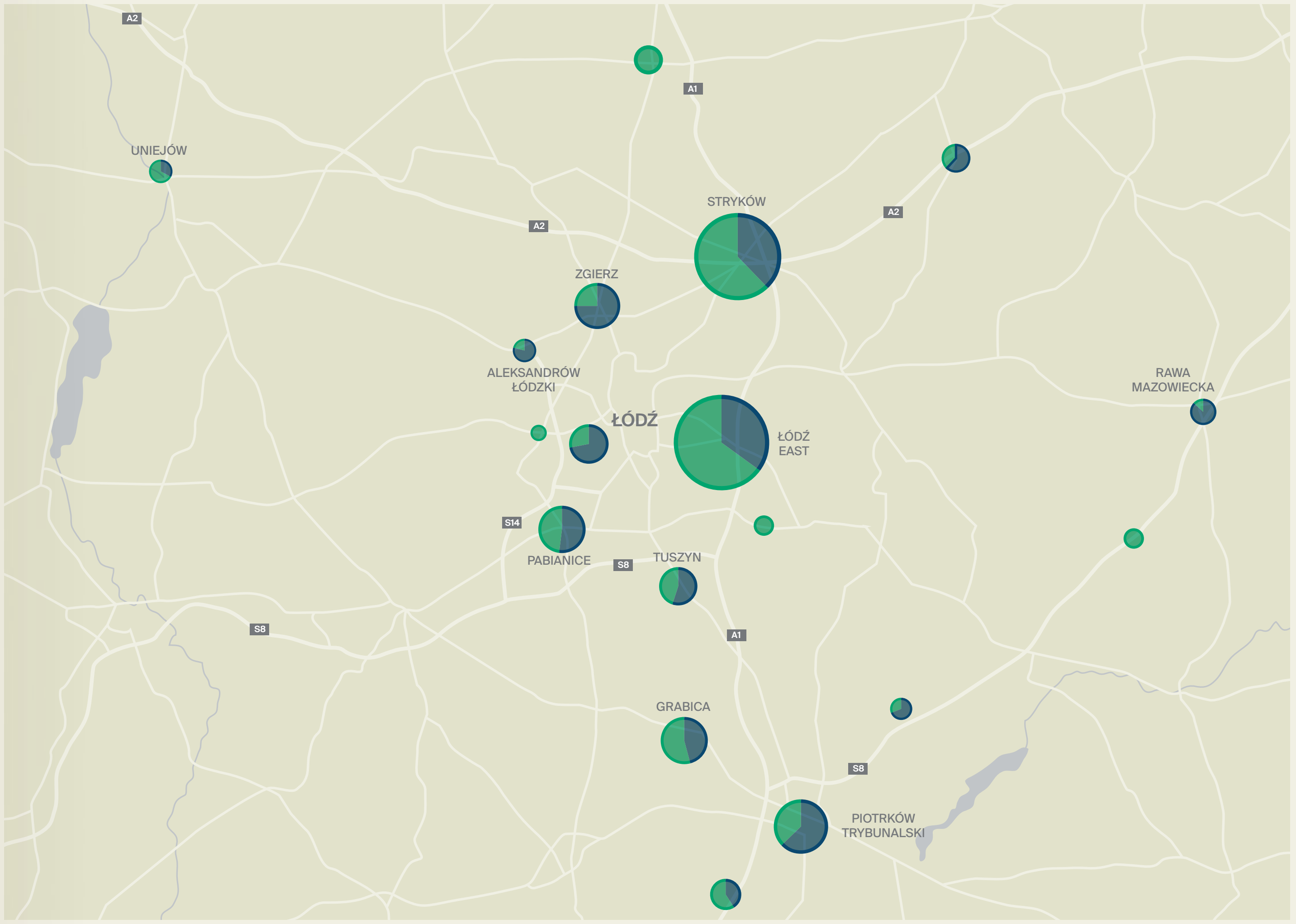
Following the increase in asking rents seen in the warehouse sector in H2 2022, due to higher financing costs for new projects and high construction costs, asking rent stabilised in Q1 2023.

New warehouse supply, annual take-up, vacancy rate in Central Poland



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. Łódź East 1.27m sq m
2. Stryków 1.06m sq m
3. Grabica 270,000 sq m
4. Piotrków Trybunalski 210,000 sq m
5. Tuszyn 130,000 sq m

Łódzkie Voivodeship

Population **2.39m**

Voivodeship area **18,218 sq km**

ECONOMIC DATA

Unemployment rate **5.7%**

Average monthly salary (enterprise sector) **PLN 6,762** (gross)

Average monthly salary (transportation and storage sector) **PLN 6,799** (gross)

HIGH-SPEED ROADS

Highways **250 km** A1, A2

Expressways **230 km** S8, S14

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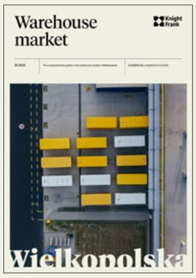

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