Warehouse market

Q3 2023

The comprehensive guide to the warehouse market in Central Poland

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Central Poland

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Q3 2023

- Existing warehouse stock **4.4m sq m**
- Supply under construction **360,000 sq m**
- Vacancy rate **11.7%**
- New supply (Q1-Q3 2023) **330,000 sq m**
- Take-up (Q1-Q3 2023) **370,000 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 4.4m sq m in Q3 2023, accounting for nearly 14% 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.

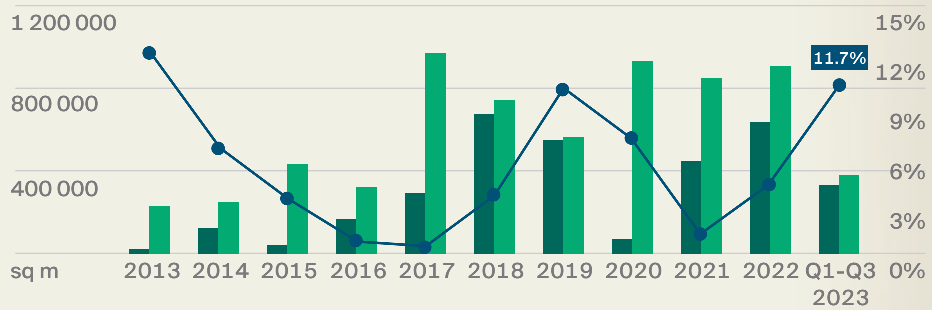
In Q1-Q3 2023, developers delivered a total of almost 330,000 sq m of modern warehouse space to the Central Poland market. The total volume of new supply in the analysed period was 25% down on the previous year's corresponding period. That said, the new supply delivered in Q3 2023 was nearly 50% up on the figure for the preceding quarter. The most important projects to receive occupancy permits in the period under review were: Hillwood Łódź II (97,100 sq m), 7R Park Łódź East (46,700 sq m), and Panattoni Park Łódź West (39,600 sq m). The new supply, delivered in Q3 2023, was completed on a speculative basis, meaning that most of the space was available for rent immediately.

The reduced number of completed projects reflected a reduction in developer activity. At the end of Q3 2023, 360,000 sq m of space was identified as being under construction, down almost 34% on the same period in 2022. Some 90,000 sq m of warehouse space was under construction in Q3 2023 - the largest project being a warehouse hall in the Hillwood Zgierz II logistics park (50,150 sq m).

Take-up of warehouse space saw a marked decline in the first nine months of 2023. The total volume of contracts signed (370,000 sq m) in the Central Poland concentration area was down almost 43% on the previous year's corresponding period. The structure of contracts concluded in the Q1-Q3 period of 2023 was dominated by renewals of existing contracts (56%). New contracts accounted for 30% of the share, while expansions represented the remaining 14%.

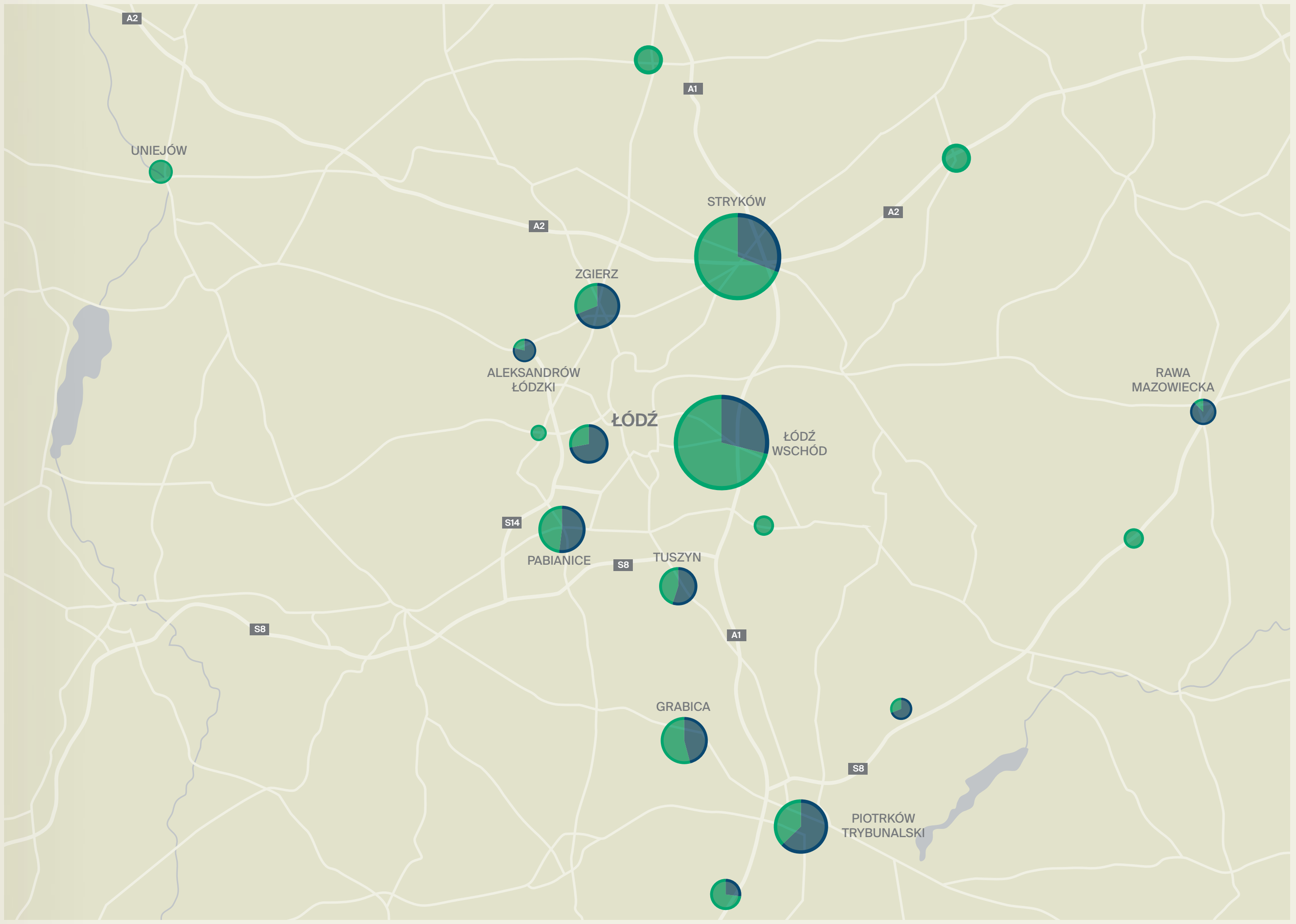
The vacancy rate for warehouse space in Central Poland at the end of Q3 2023 was approximately 11.7%, an increase of 6.5 pp. compared to 2022's corresponding result. This situation was directly attributable to a weakening in take-up among warehouse tenants in the area. In Q3 2023, asking rents in the Central Poland warehouse concentration area remained at the same level compared to the previous quarter.

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 **1.34m sq m**
2. Stryków **1.06m sq m**
3. Grabica **270,000 sq m**
4. Piotrków Trybunalski **210,000 sq m**
5. Łódź West **180,000 sq m**

Łódzkie Voivodeship

- Population **2.4m**
- Voivodeship area **18,218 sq km**

ECONOMIC DATA
(09.2023, STATISTICS POLAND)

- Unemployment rate **5.4%**
- Average monthly salary (enterprise sector) **PLN 6,936** (gross)
- Average monthly salary (transportation and storage sector) **PLN 7,161** (gross)

HIGH-SPEED ROADS

- Highways **250 km** A1, A2
- Expressways **230 km** S8, S14

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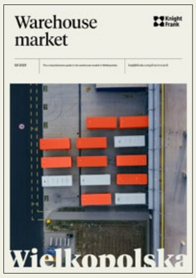

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