Warehouse market

Q3 2023

The comprehensive guide to the warehouse market in Emerging Markets

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Emerging Markets

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Q3 2023

Existing warehouse stock
4.7m sq m

Supply under construction
170,000 sq m

Vacancy rate
11.0%

New supply
(Q1-Q3 2023)
820,000 sq m

Take-up
(Q1-Q3 2023)
260,000 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

Along with Poland's main logistics hubs, the regions where the warehouse sector is growing steadily include emerging markets such as the Toruń and Bydgoszcz regions, the area around Rzeszów, the Eastern Poland region (including Białystok, Lublin, Olsztyn), Kielce, Zielona Góra, Legnica and the well-connected regions near Poland's border with Germany. At the end of Q3 2023, the warehouse stock in these cities was estimated at almost 4.7m sq m, making up 15% of Poland's total existing stock. Emerging markets are currently developing dynamically as tenants are showing increasing interest in new locations offering improving communication infrastructure and access to an appropriately qualified and skilled workforce. Manufacturing and logistics companies are increasingly looking for alternative locations due to the very low unemployment rates and difficulties in finding adequate numbers of workers in the main logistics hubs. The integration of the Via Baltica and Via Carpatia international routes into the transport network will further increase the accessibility of areas in Eastern Poland.

Between January and the end of September 2023, developers delivered more than 820,000 sq m of modern warehouse space to emerging markets. The total volume of completed warehouse space in the period under review was more than 13% up on the previous year's corresponding period. Over 170,000 sq m of warehouse space was completed in Q3 2023, with the largest facility delivered to the market coming in the form of a warehouse hall at the CTPark Sulechów logistics park (81,500 sq m).

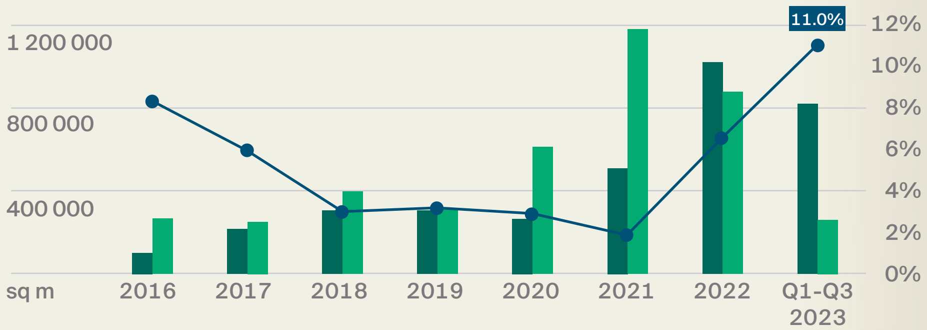
At the end of September 2023, more than 170,000 sq m of space was identified as being at the construction phase. The volume of supply under construction was down both in relation to the previous quarter and to Q3 2022. In the emerging markets area, only 24,300 sq m of space was under construction in Q3 2023, with Panattoni Park Piła (38,800 sq m) being the largest such project. The significant decline in the volume of space under construction was due principally to the result of high construction costs and high investment financing costs.

From January to the end of September 2023, total take-up amounted to nearly 260,000 sq m, down by over 60% on 2022's corresponding period. On a quarterly basis, the volume of leased space also showed a downward trend, with the third quarter figure standing at almost half of that for the previous quarter. In Q1-Q3 2023, the largest amount of leased warehouse space was to be found in emerging market areas in the eastern part of Poland.

The vacancy rate in the developing areas at the end of Q3 2023 hovered around 11.0%, an increase of 5.4 pp. on 2022's corresponding figure. Weaker take-up for warehouse space and the amount of new supply delivered in Q3 2023 (of which some 50% remained vacant) resulted in a marked increase in the vacancy rate. In Q3 2023, asking rents in the emerging markets area remained at the same level compared to the previous quarter.

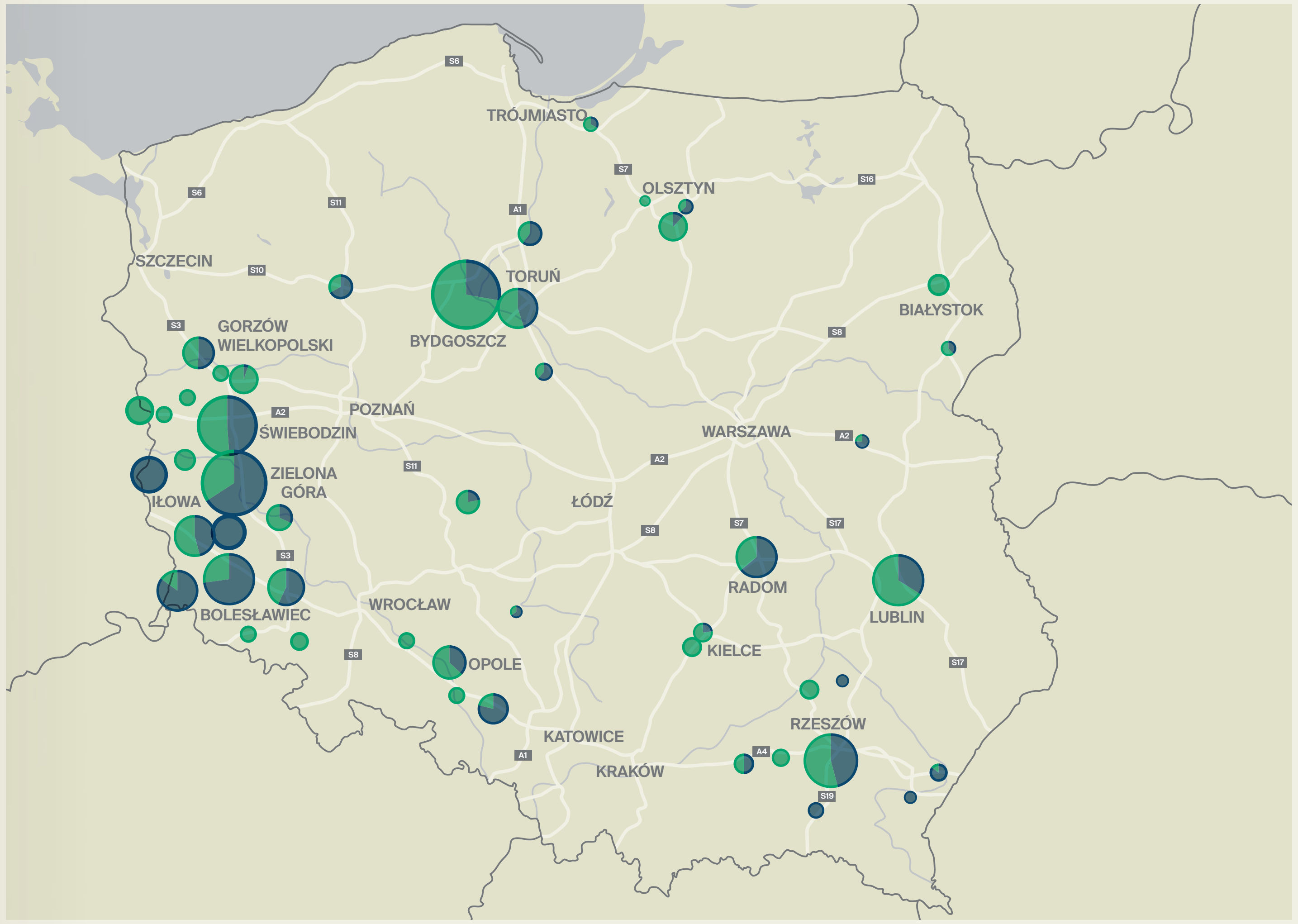
New warehouse supply, annual take-up, vacancy rate in Emerging Markets

New supply | Take-up | Vacancy rate



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. **Bydgoszcz** 710,000 sq m
2. **Świebodzin** 370,000 sq m
3. **Lublin** 370,000 sq m
4. **Rzeszów** 360,000 sq m
5. **Zielona Góra** 290,000 sq m

Poland

Population
37.8m

Area
312,720 sq km

ECONOMIC DATA
(09.2023, STATISTICS POLAND)

Unemployment rate
5.0%

Average monthly salary
(enterprise sector)
PLN 7,379 (gross)

Average monthly salary
(transportation and storage sector)
PLN 7,260 (gross)

HIGH-SPEED ROADS

Highways
- Kujawsko-pomorskie
  170 km | A1
- Opolskie
  90 km | A2
- Lubuskie
  90 km | A2

Expressways
- Lubelskie
  90 km | S12
- Podlaskie
  90 km | S61

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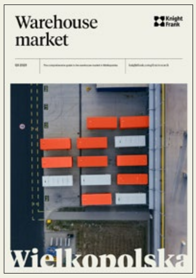

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