Warehouse market

Knight Frank

H1 2023

The comprehensive guide to the warehouse market in Lower Silesia

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Lower Silesia

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H1 2023

- **Existing warehouse stock** **3.5m** sq m
- **Supply under construction** **250,000** sq m
- **Vacancy rate** **5.1%**
- **New supply** **320,000** sq m
- **Take-up** **275,000** 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 Q2 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.

Approximately 320,000 sq m of modern warehouse space was delivered in H1 2023, which was comparable to the result from the same period in 2022. This is the third largest result among the major warehouse concentration areas (after Warsaw and Upper Silesia). Nevertheless, the figures for Q2 2023 show a clear decrease in developer activity, with only 70,000 sq m being completed. Projects that were granted occupancy permits during this period included: Panattoni Park Wrocław Logistics South Hub (125,000 sq m), Mountpark Wrocław (68,000 sq m) and Prologis Park Wrocław III (49,000 sq m).

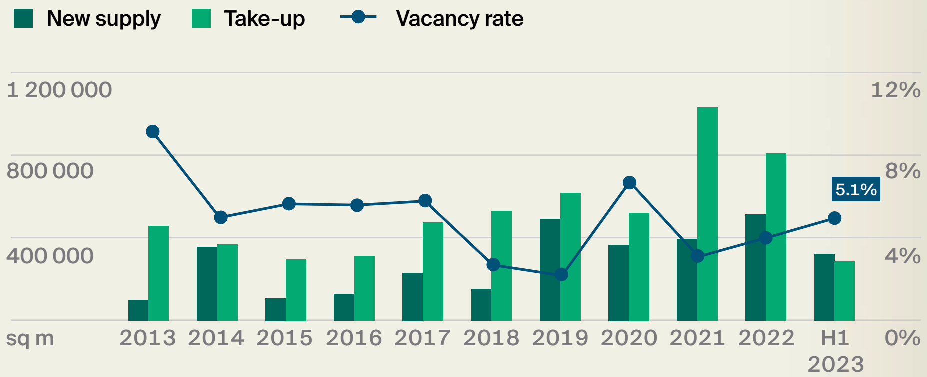
The Lower Silesia region is one of the few regions that haven't yet experienced significant declines in the amount of logistics space under construction. At the end of Q2 2023, more than 250,000 sq m of space under construction was identified in the region, with the most significant project being the 90,000 sq m Panattoni Park Wrocław Logistics South Hub. Construction of an additional 140,000 sq m started in Q2 2023.

Demand for warehouse space in the Lower Silesia region remained stable and did not show a significant decline on the previous quarter. Since the beginning of 2023, leases have been signed for 275,000 sq m in Lower Silesia – a figure lower than for H1 2022. In H1 2023, the demand structure in the area was dominated by new agreements, which accounted for 70% of leased space. Renewals accounted for 25%, with the remaining 5% coming in expansions. The largest contract signed in Lower Silesia was for 55,000 sq m at the Panattoni Park Wrocław Logistics South Hub.

At the end of Q2 2023, Lower Silesia recorded a vacancy rate hovering around the 5.1% mark, an increase of 0.9 pp. on the previous year's result. The vacancy rate remained comparable to the previous quarter's value.

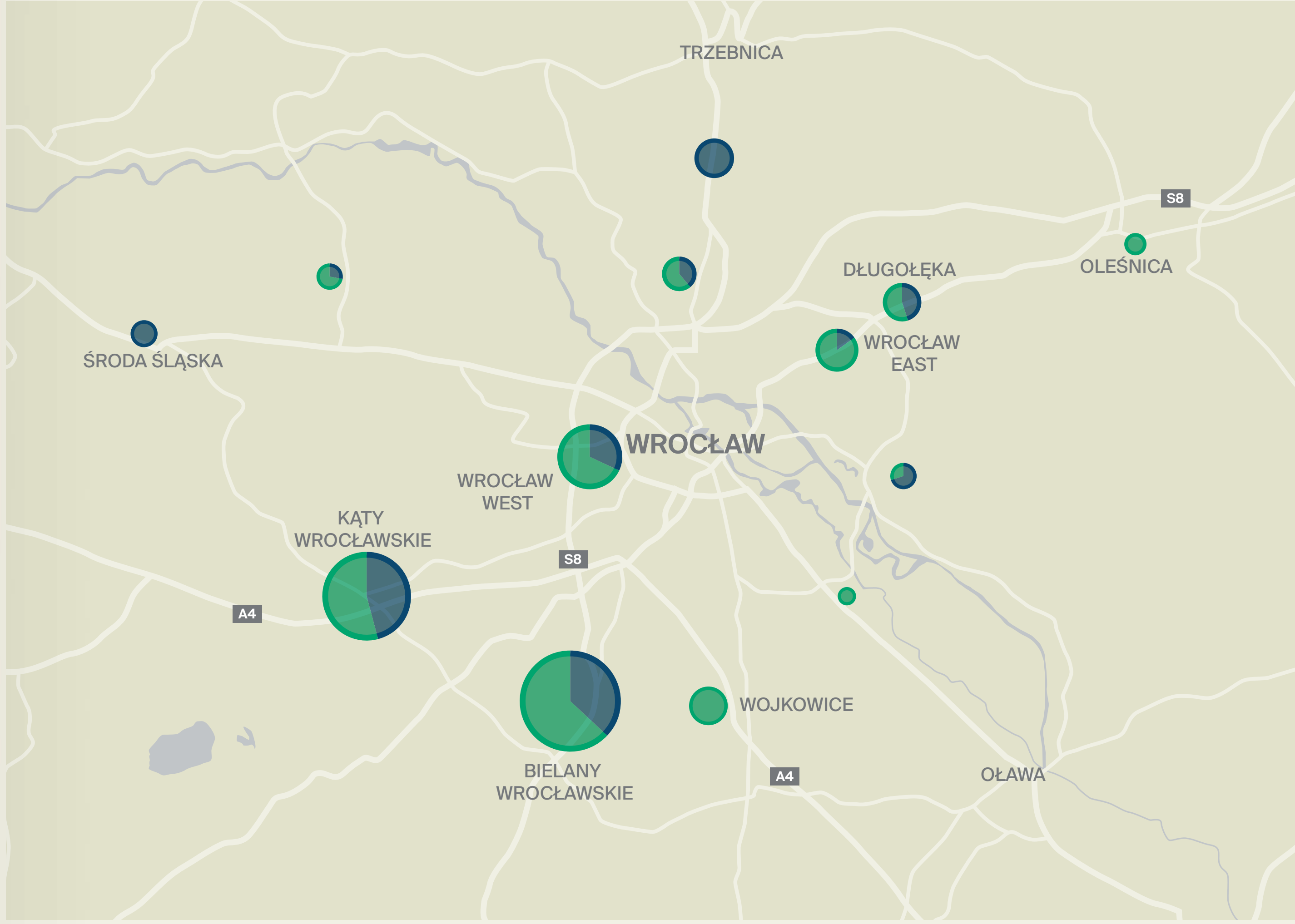
The cost of financing new projects and high construction costs are affecting leasing conditions for warehouse space. In Q2 2023, asking rents in the warehouse sector remained stable, but high.

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** 1.3m sq m
2. **Kąty Wrocławskie** 770,000 sq m
3. **Wrocław West** 460,000 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

- **Unemployment rate** **4.4%**
- **Average monthly salary** (enterprise sector) PLN **7,754** (gross)
- **Average monthly salary** (transportation and storage sector) PLN **6,790** (gross)

HIGH-SPEED ROADS

- **Highways** **220** km — A4, A8, A18
- **Expressways** **220** km — S3, S5, S8

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