Warehouse market

Q4 2023

The comprehensive guide to the warehouse market in Lower Silesia

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Lower Silesia

Lower Silesia

Q4 2023

- Existing warehouse stock **3.6m sq m**
- Supply under construction **730,000 sq m**
- Vacancy rate **5.4%**
- New supply (2023) **390,000 sq m**
- Take-up (2023) **1.0m 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 ranks as the fourth largest warehouse concentration area in Poland. By the conclusion of Q4 2023, the region's warehouse stock had reached 3.6m sq m, constituting 11% of the existing stock nationwide. The majority of warehouse facilities in Lower Silesia are situated around cities such as Wrocław, Bielany Wrocławskie, Kąty Wrocławskie, Nowa Wieś Wrocławska, Polkowice, and Pietrzykowice. Currently, two intermodal terminals are in operation in the Wrocław region: one in Kąty Wrocławskie and the other in Brzeg Dolny. The region's favourable conditions for the development of manufacturing and distribution companies are supported by a well-developed road infrastructure, providing convenient connections with the neighbouring Czech Republic and Germany. Moreover, the area's attractiveness is further bolstered by its location on the New Silk Road from China, with the cargo terminal in Kąty Wrocławskie operational since 2020.

Lower Silesia has been steadily increasing its warehouse space stock, showing a 12% increase over the year. Approximately 390,000 sq m of modern warehouse space were completed in 2023. The new supply in 2023 was lower than the annual average of the last 5 years. Notably, Q4 2023 experienced significant declines in new supply, both compared to the previous quarter of 2023 and the same quarter the previous year. The largest projects that received occupancy permits are 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).

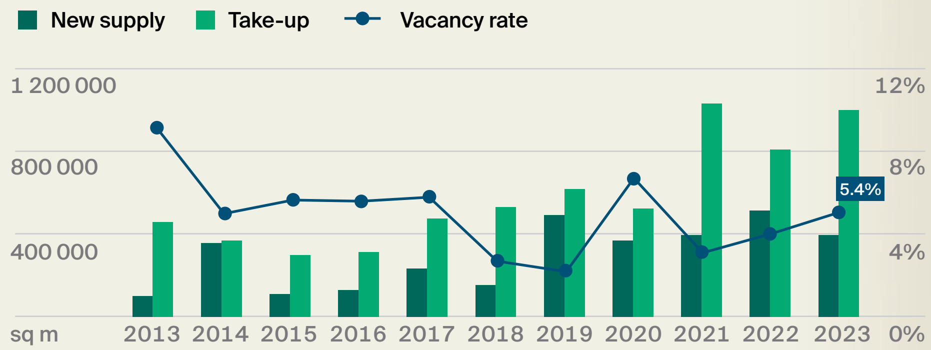
At the end of December 2023, 730,000 sq m under construction were identified, with the largest complex consisting of 3 halls in P3 Wrocław, totaling 265,000 sq m. The starting of this major development led to a significant increase in the total volume of supply under construction compared to the previous quarter and the same period a year earlier. In Q4 2023, construction commenced on nearly 310,000 sq m of warehouse space, with 60% of the total supply under construction in the Lower Silesia region secured by leases.

In the Lower Silesia region, the total volume of signed contracts amounted to just under 1m sq m, marking the second-largest volume of transactions in concentration areas in 2023 after Warsaw. The space contracted by tenants witnessed an increase of nearly 24% compared to the previous year, surpassing the average annual take-up over the previous five years. Noteworthy deals in 2023 include two new contracts at Park P3 Wrocław totalling 131,000 sq m and 92,000 sq m, as well as an 86,000 sq m expansion of logistics space at GLP Wrocław V Logistics Centre. The contract structure in 2023 in Lower Silesia comprises 65% new contracts, 25% renewals of existing contracts, and 10% expansions among all signed contracts.

At the close of Q4 2023, the vacancy rate in Lower Silesia stood at 5.4%, marking a 1.4 pp increase compared to the previous year.

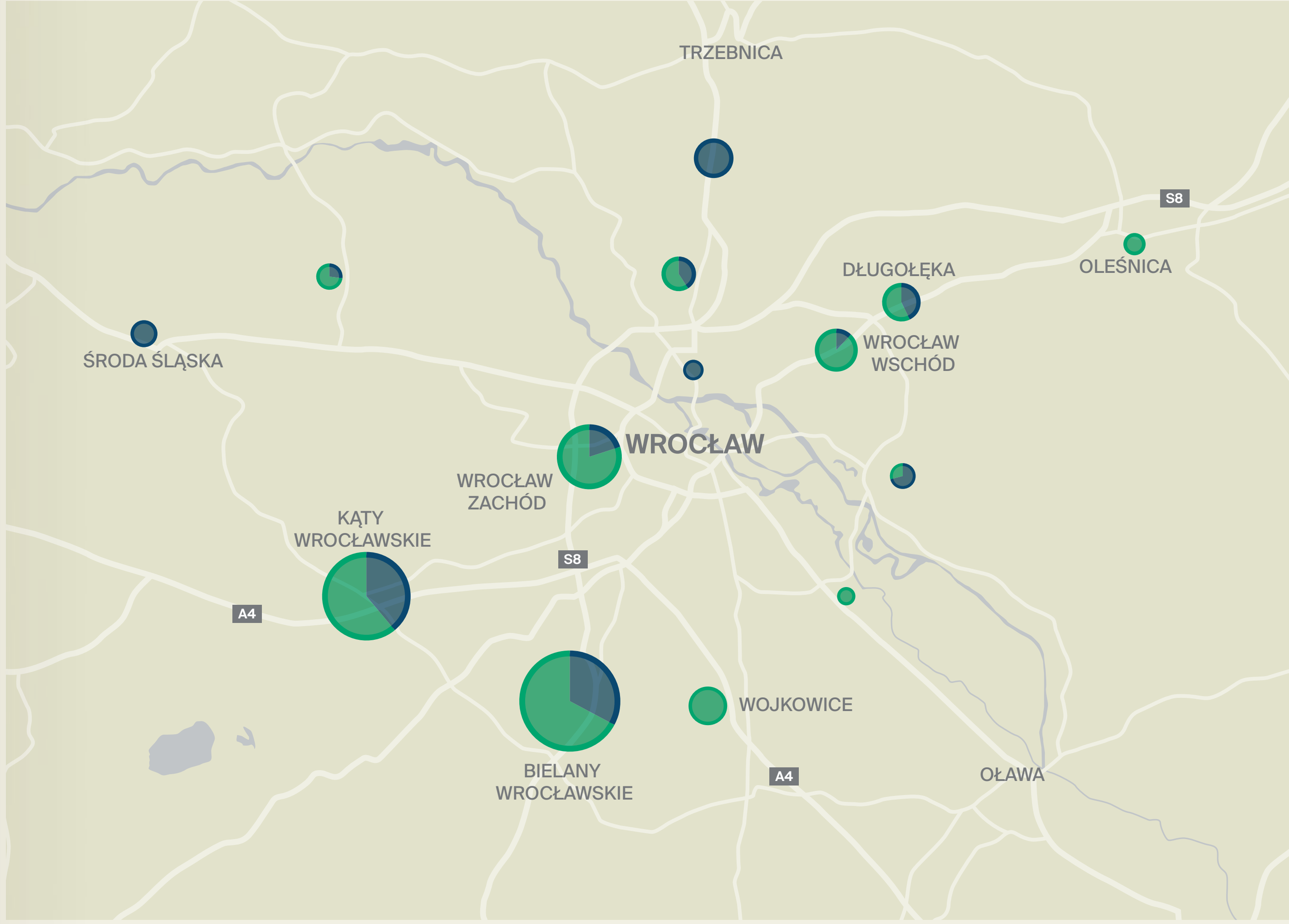
Meanwhile, in Q4 2023, asking rents in the warehouse sector in the region of Lower Silesia remained unchanged from the previous quarter.

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 **1.32m sq m**
2. Kąty Wrocławskie **780,000 sq m**
3. Wrocław West **480,000 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
(12.2023, STATISTICS POLAND)

Unemployment rate **4.4%**

Average monthly salary (enterprise sector) **PLN 8,680** (gross)

Average monthly salary (transportation and storage sector) **PLN 7,360** (gross)

HIGH-SPEED ROADS

Highways **220 km**
A4, A8, A18

Expressways **220 km**
S3, S5, S8

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