Warehouse market

Q4 2023

The comprehensive guide to the warehouse market in Upper Silesia

knightfrank.com.pl/en/research

Upper Silesia

WAREHOUSE MARKET

Upper Silesia

Q4 2023

- Existing warehouse stock **5.5m sq m**
- Supply under construction **280,000 sq m**
- Vacancy rate **6.1%**
- New supply (2023) **600,000 sq m**
- Take-up (2023) **910,000 sq m**

Standard lease terms in warehouse buildings

- Asking rents for warehouse space EUR/sq m/month **3.50-6.00**
- 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 Upper Silesia region is the second largest in terms of warehouse stock in Poland. It offers favourable development conditions for manufacturing and distribution companies, supported by a well-developed road infrastructure that provides excellent connections with neighbouring countries such as the Czech Republic, Germany, and Slovakia. Additionally, the region is home to 5 intermodal terminals situated in Gliwice, Sosnowiec, Dąbrowa Górnicza, and Sławków. These strategic factors contribute to making the Upper Silesia region an increasingly attractive location for warehouse concentration in both Poland and Central Europe. As of the end of Q4 2023, the existing warehouse stock in this region was estimated at over 5.5m sq m, accounting for 17% of Poland's total warehouse stock.

In Upper Silesia, warehouse space increased by 13% over the year, with approximately 600,000 sq m of modern warehouse space being completed since the beginning of 2023, marking an 8% increase over 2022. The new warehouse supply, both annually and quarterly, displayed a significant rise, and the cumulative supply since the beginning of the year surpassed the average annual supply of the past 5 years. Notable projects that obtained occupancy permits include DL Invest Psary (120,000 sq m), Panattoni BTS Gorzyczki (82,000 sq m), and Panattoni BTS Carrefour Będzin (50,000 sq m).

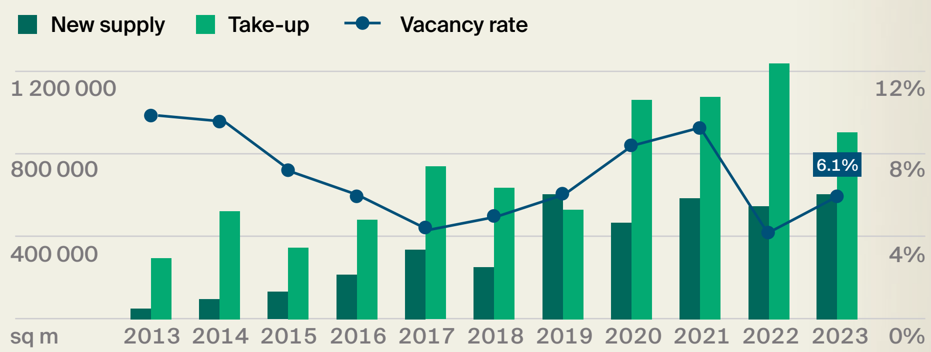
By the end of December 2023, the Upper Silesia region boasted a total of 280,000 sq m of modern warehouse space, with the largest facility under construction being the Panattoni Park Ruda Śląska V, covering an area of 44,000 sq m. Notably, the volume of space under construction showed a significant decrease compared to the previous quarter and the corresponding period a year earlier, with only half as much space under construction. In Q4 2023, construction commenced on approximately 80,000 sq m of logistics space, more than half of which was already secured by leases.

From January to December 2023, approximately 910,000 sq m of modern warehouse space were leased in Upper Silesia, marking a 27% decrease from 2022. The total volume of contracts signed was lower than the average annual take-up over the previous five years. Notable deals in the region included DL Invest Psary (120,000 sq m), Logicor Będzin (45,000 sq m), and Hillwood Sosnowiec Zagłębie (40,500 sq m). New agreements accounted for 60% of the leased space, renewals for 30%, and expansions for 10%.

The vacancy rate in Upper Silesia at the end of Q4 2023 hovered around the 6.1% mark, reflecting a 1.9 percentage point increase compared to the previous year. This rise in the vacancy rate can be attributed mainly to a decrease in tenant activity with continued high developer's activity.

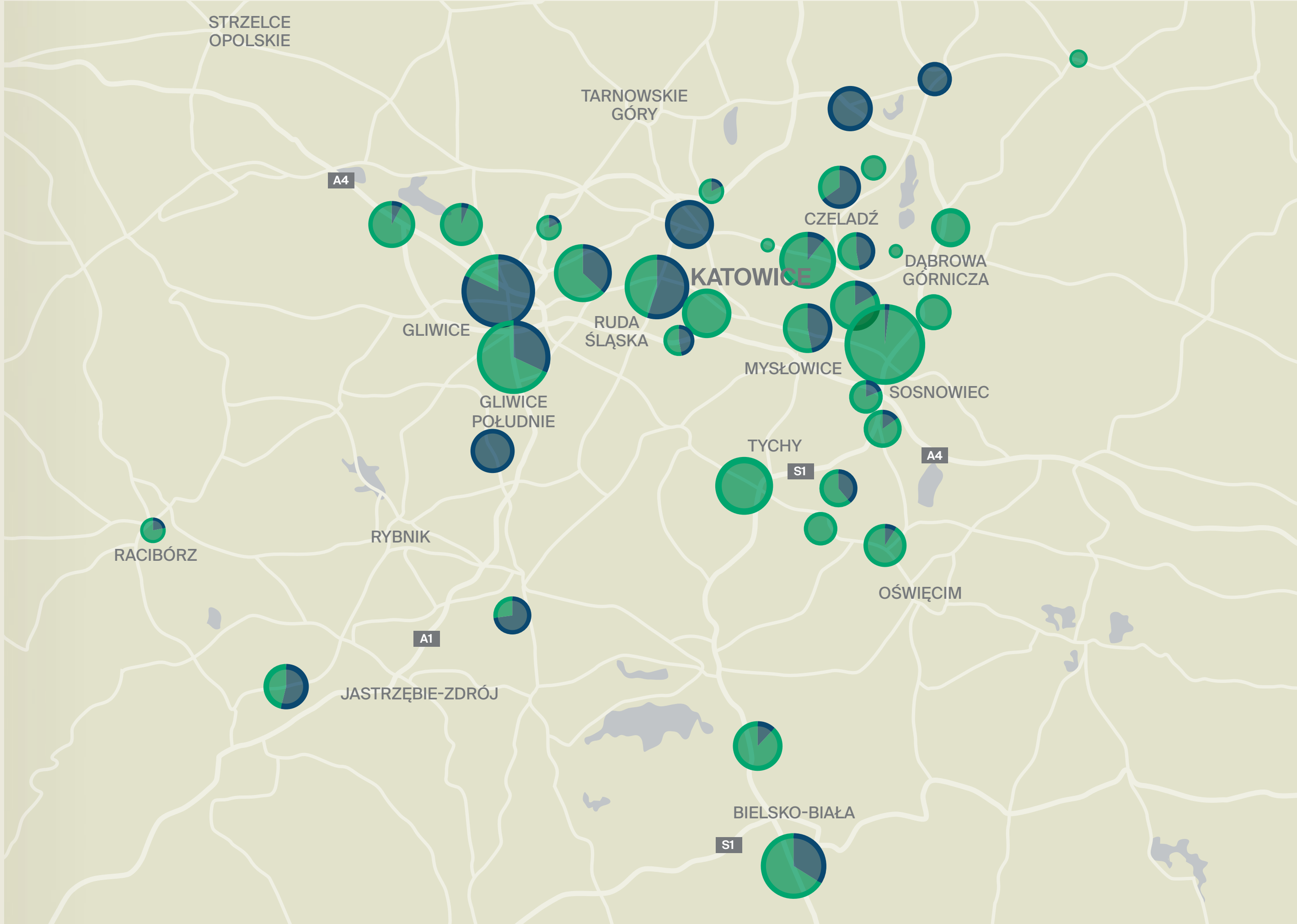
In Q4 2023, asking rents in the warehouse sector in Upper Silesia remained stable compared to the previous quarter.

New warehouse supply, annual take-up, vacancy rate in Upper 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. Sosnowiec South **630,000 sq m**
2. Gliwice South **470,000 sq m**
3. Czeladź **310,000 sq m**
4. Gliwice **300,000 sq m**
5. Tychy **300,000 sq m**

Śląskie Voivodeship

- Population **4.3m**
- Voivodeship area **12,334 sq km**

ECONOMIC DATA
(12.2023, STATISTICS POLAND)

- Unemployment rate **3.6%**
- Average monthly salary (enterprise sector) PLN **8,910** (gross)
- Average monthly salary (transportation and storage sector) PLN **7,830** (gross)

HIGH-SPEED ROADS

- Highways **250 km** A1, A4
- Expressways **130 km** S1, S52, S86

CONTACTS IN POLAND:
+48 22 596 50 50
www.KnightFrank.com.pl

RESEARCH
Dorota Lachowska
dorota.lachowska@pl.knightfrank.com

INDUSTRIAL AGENCY
Przemysław Jankowski
przemyslaw.jankowski@pl.knightfrank.com

CAPITAL MARKETS
Krzysztof Cipiur
krzysztof.cipiur@pl.knightfrank.com

VALUATION & ADVISORY
Małgorzata Krzystek
malgorzata.krzystek@pl.knightfrank.com

As one of the largest and most experienced research teams operating across Polish commercial real estate markets, Knight Frank Poland provides strategic advice, forecasting and consultancy services to a wide range of commercial clients including developers, investment funds, financial and corporate institutions as well as private individuals. We offer:

- strategic consulting, independent forecasts and analysis adapted to clients' specific requirements,
- market reports and analysis available to the public,
- tailored presentations and market reports for clients.

Reports are produced on a quarterly basis and cover all sectors of commercial market (office, retail, industrial, hotel) in major Polish cities and regions (Warsaw, Kraków, Łódź, Poznań, Silesia, Tricity, Wrocław, Lublin, Szczecin) and PRS sector in Poland. Long-term presence in major local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting real estate market in Poland.

OUR PUBLICATIONS:

Knight Frank Research Reports are available at www.knightfrank.com.pl/en/research/

Author: Szymon Sobiecki.