

Warehouse market

H1 2023

The comprehensive guide to the warehouse market in Central Poland

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Central Poland

H1 2023

- Existing warehouse stock
4.3m sq m
- Supply under construction
380,000 sq m
- Vacancy rate
7.5%
- New supply
230,000 sq m
- Take-up
290,000 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 4.3m sq m in Q2 2023, accounting for nearly 14.2% 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 transshipment 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 H1 2023, nearly 230,000 sq m of modern warehouse space was delivered in Central Poland within 8 projects. The new supply of warehouse stock in this region has experienced a slowdown, both in relation to the previous quarter and to 2022's corresponding period. The completed projects included both speculatively built warehouses (6 schemes) and two built-to-suit (BTS) warehouses. The largest projects to receive occupancy permits were: 7R Park Łódź East (47,000 sq m), Panattoni Park Łódź West (40,000 sq m), Hillwood Łowicz Południe (39,000 sq m).

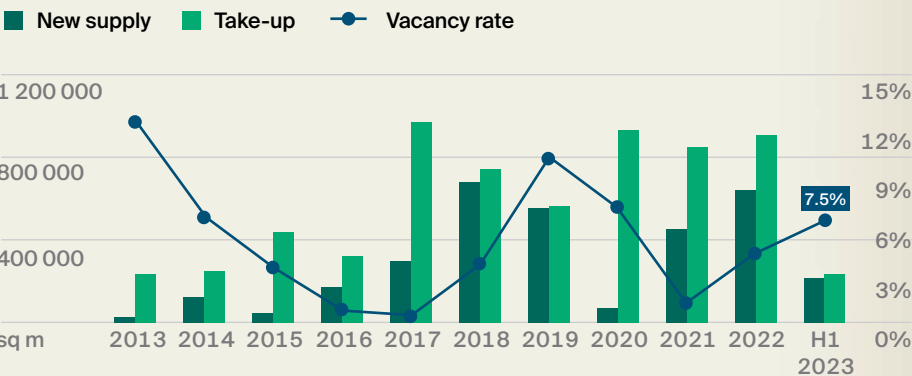
At the end of June 2023, 380,000 sq m of space was identified as being under construction, placing the Central Poland area second in terms of volume of projects under construction. In Q2 2023, construction started on some 94,000 sq m of new warehouse space. It is worth noting that the largest scheme under construction in the Central Poland area was MDC2 Park Łódź South (52,000 sq m).

H1 2023 saw a marked decline in tenant activity in the region. In the Central Poland area, the total volume of signed lease agreements accounted for only 290,000 sq m of space. The majority of transactions (50%) were renewals of existing agreements. 40% came in new agreements, with the remaining 10% in expansions. The largest transaction signed in this period was in the newly developed warehouse park MDC2 Park Łódź South, for an area of 28,500 sq m.

At the end of Q2 2023, the vacancy rate in Central Poland stood at around 7.5%, up 3.3 pp. on the previous year's result. The increase in the vacancy rate was the result of decreased demand among warehouse tenants.

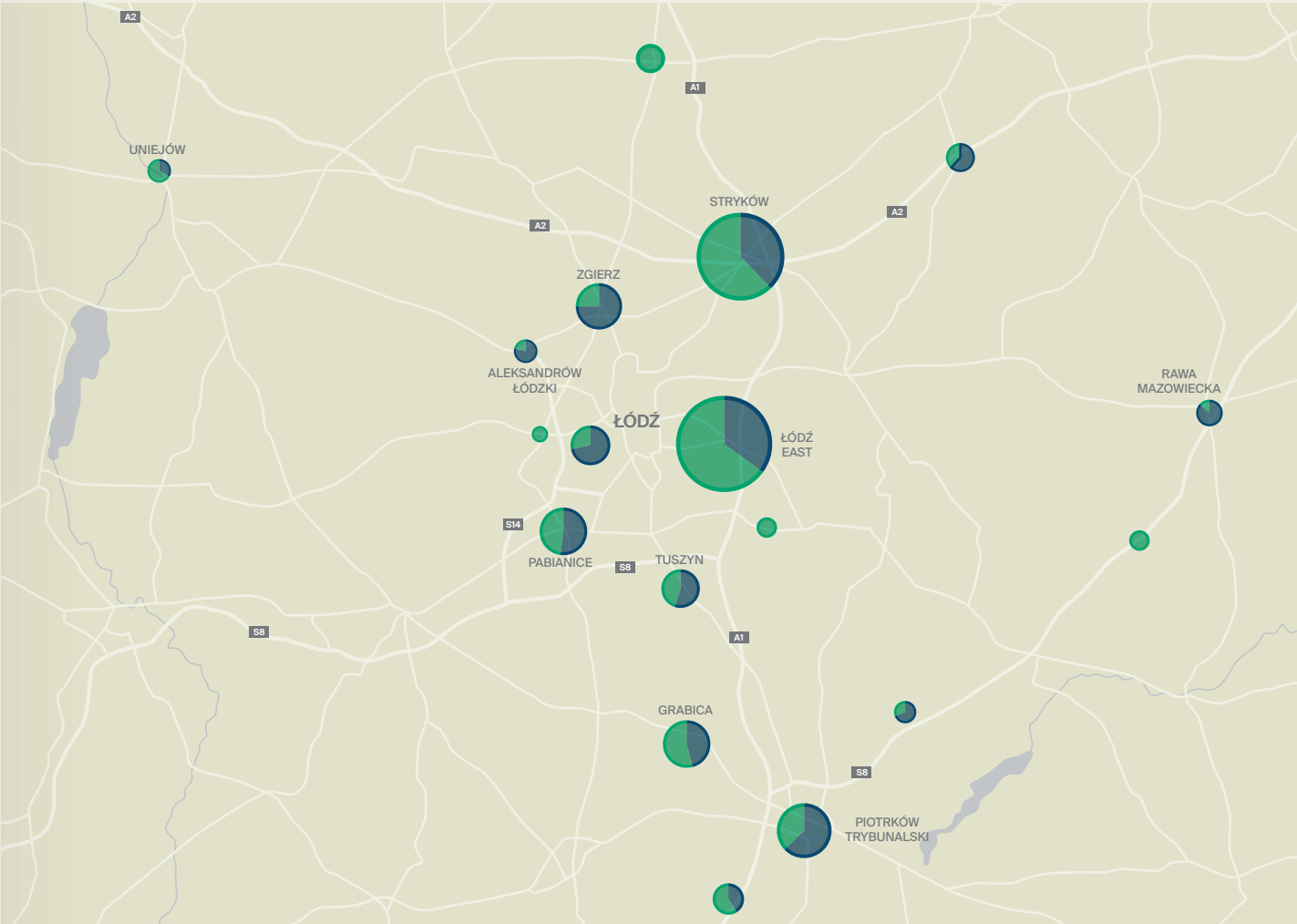
The cost of financing new projects, along with high construction costs, are affecting leasing conditions for warehouse space. In the Q2 2023, asking rents in the warehouse sector remained stable, although at a higher level than a year ago.

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)

- Łódź East
1.33m sq m
- Stryków
1.06m sq m
- Grabica
270,000 sq m
- Piotrków Trybunalski
210,000 sq m
- Tuszyn
130,000 sq m

Łódzkie Voivodeship

- Population
2.4m
- Voivodeship area
18,218 sq km
- ECONOMIC DATA
- Unemployment rate
5.5%
- Average monthly salary (enterprise sector)
PLN 6,682 (gross)
- Average monthly salary (transportation and storage sector)
PLN 7,186 (gross)

HIGH-SPEED ROADS

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

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