Warehouse market

Knight Frank

Q1 2024

The comprehensive guide to the warehouse market in Emerging Markets

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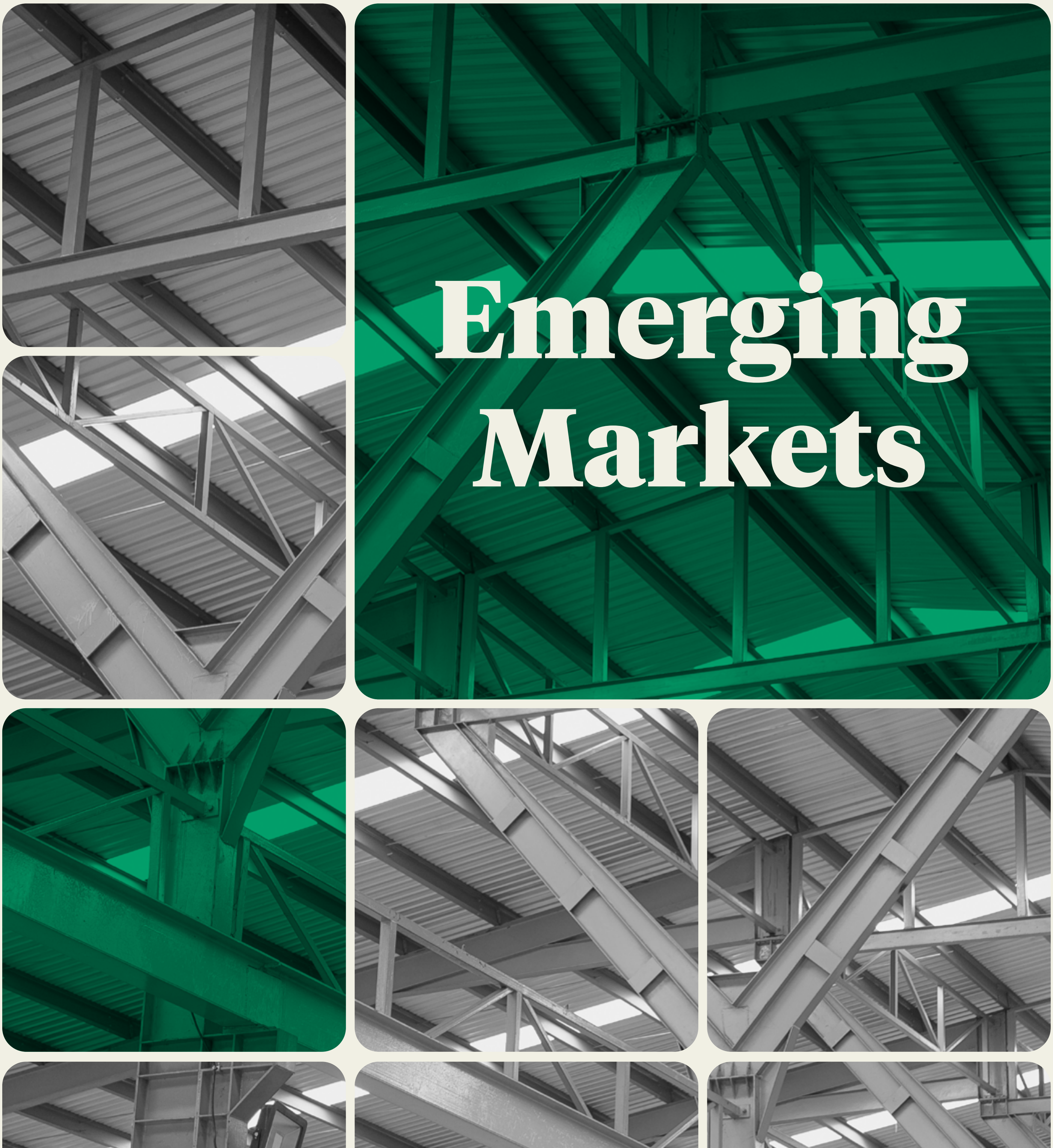


Emerging Markets

Q1 2024

- **Existing warehouse stock** **5.0m sq m**
- **Supply under construction** **265,000 sq m**
- **Vacancy rate** **10.2%**
- **New supply** (Q1 2024) **60,000 sq m**
- **Take-up** (Q1 2024) **50,000 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**

Alongside Poland's primary logistics hubs, the warehouse sector is experiencing steady growth in emerging markets such as the Toruń and Bydgoszcz regions, the vicinity of Rzeszów, Eastern Poland (including Białystok, Lublin, Olsztyn), Kielce, Zielona Góra, Legnica, and the well-connected regions bordering Germany. The warehouse stock in these areas at the end of Q1 2024 was estimated at nearly 5.0m sq m, constituting 15% of Poland's total existing stock. These emerging markets are witnessing dynamic development, fuelled by increasing tenant interest in new locations that offer enhanced communication infrastructure and access to a suitably skilled workforce. With very low unemployment rates and challenges in finding sufficient labour in the main logistics hubs, manufacturing and logistics companies are exploring alternative locations. The integration of the Via Baltica and Via Carpatia international routes into the transport network is set to further enhance the accessibility of regions in Eastern Poland.

In Q1 2024, the emerging markets witnessed a notable slowdown across all metrics. The total warehouse space delivered to the market amounted to no more than 60,000 sq m. The new supply comprised two warehouse facilities: Panattoni Park Piła (38,000 sq m), and MLP Gorzów Wielkopolski (21,500 sq m). In Q1 2024, the new supply was some 90% down on the previous year's corresponding period.

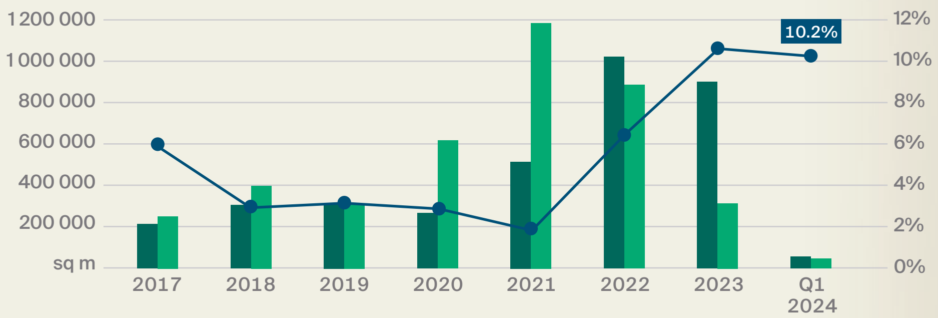
At the end of March 2024, 265,000 sq m remained under construction, with the largest facility being Panattoni Park Bolesławiec, covering 49,500 sq m. It is visible that developers are holding back on starting new investments, as evidenced by the commencement of construction in only two facilities between January and March 2024: 7R Park Przylesie (12,600 sq m), and Fortress Logistic Park Bydgoszcz (6,500 sq m), both already secured by lease contracts.

In emerging markets, there has been a noticeable decline in tenant interest, with leasing activity amounting to only 50,000 sq m in Q1 2024. The quarterly take-up of warehouse space also exhibited a negative trend. Major transactions in the period between January and March 2024 included GLP Toruń Logistics Centre (15,500 sq m), 7R Park Przylesie (12,600 sq m), and Fortress Logistic Park Bydgoszcz (6,600 sq m).

The reduced demand led to an increase in the vacancy rate, which by the end of Q1 2024 had reached 10.2%, reflecting a 2.5 pp increase on the previous year.

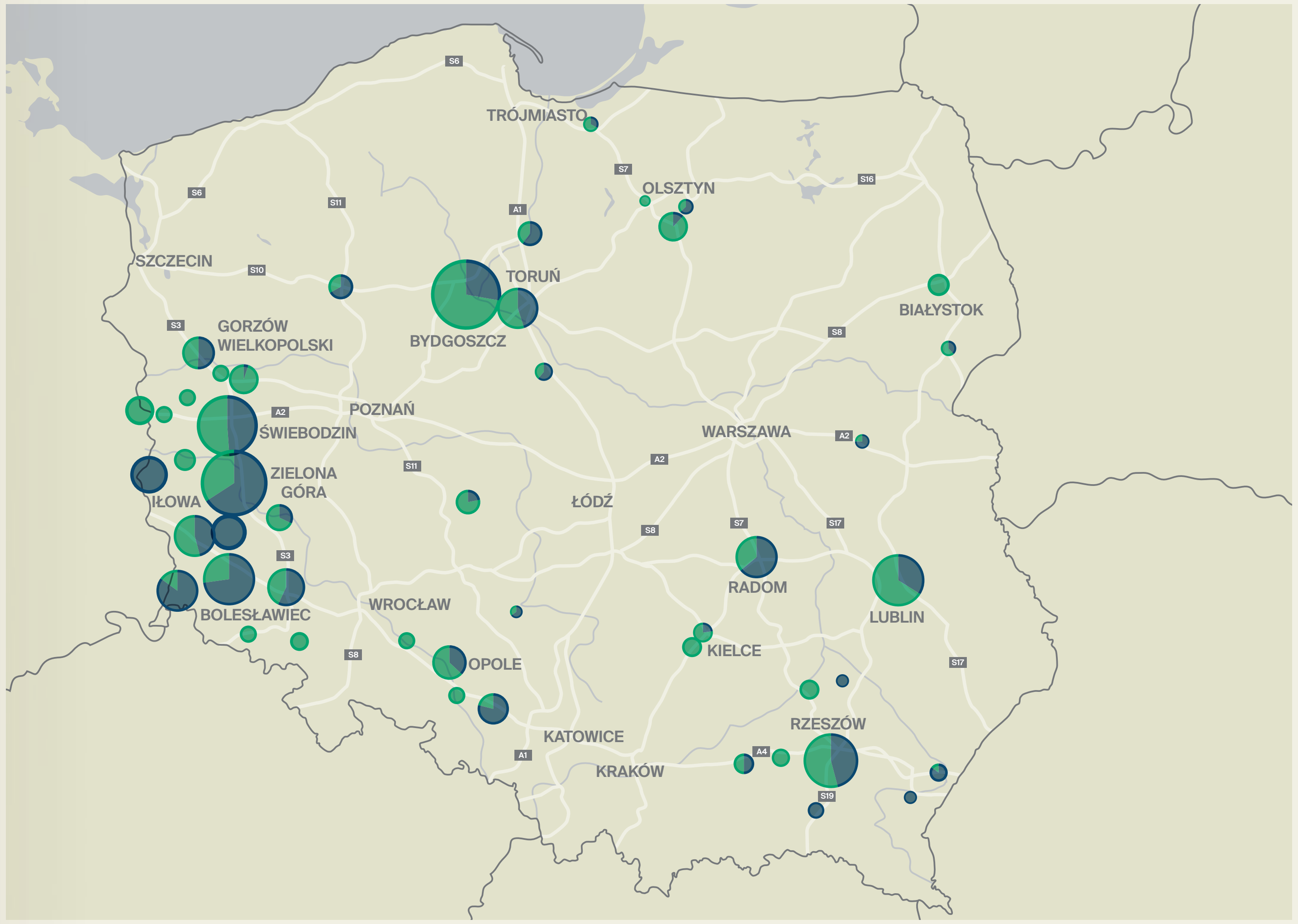
In Q1 2024, asking rents in the warehouse sector in the Emerging Markets remained unchanged from the previous quarter.

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



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** 680,000 sq m
2. **Lublin** 420,000 sq m
3. **Rzeszów** 405,000 sq m
4. **Świebodzin** 370,000 sq m
5. **Zielona Góra** 270,000 sq m

Poland

- **Population** **37.8m**
- **Area** **313,930 sq km**

ECONOMIC DATA
(03.2024, STATISTICS POLAND)

- **Unemployment rate** **5.3%**
- **Average monthly salary** (enterprise sector) **PLN 8,100** (gross)
- **Average monthly salary** (transportation and storage sector) **PLN 7,600** (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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