Warehouse market

H1 2023

The comprehensive guide to the warehouse market in Warsaw

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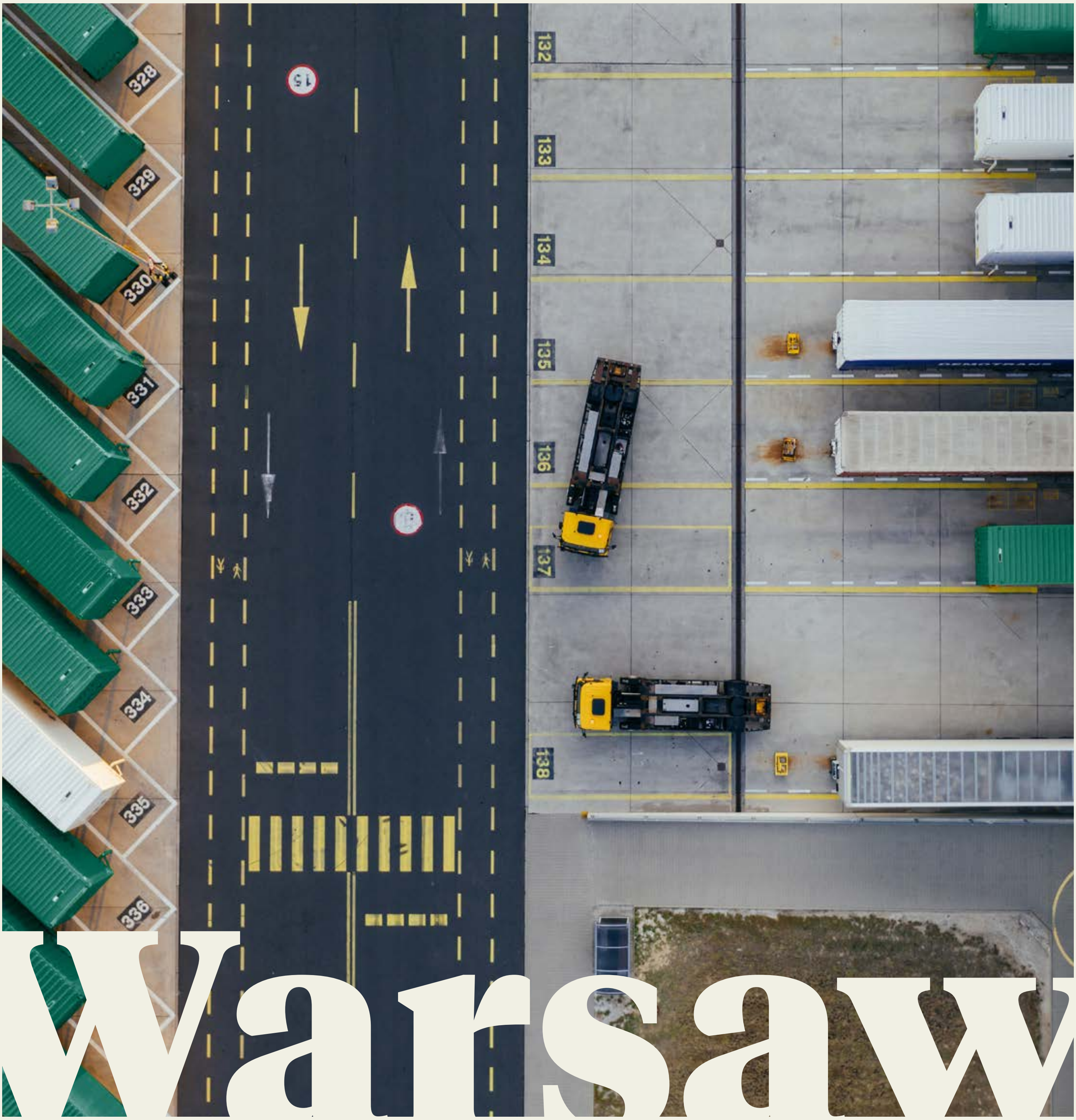


Warsaw

Warsaw

H1 2023

Existing warehouse stock
6.2m sq m

Supply under construction
450,000 sq m

Vacancy rate
5.7%

New supply
500,000 sq m

Take-up
490,000 sq m

Standard lease terms in warehouse buildings

Asking rents for warehouse space
EUR/sq m/month
3.50-7.50

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

Warsaw and its surroundings remains the largest warehouse concentration area in Poland. By the end of Q2 2023, the warehouse stock in this region amounted to 6.2m sq m, accounting for 20% of the country's total warehouse stock. The area's existing logistics facilities are characterised by a marked diversity in terms of specification, equipment quality, and a location in one of the two following concentration zones within the agglomeration:

- **Zone I** – a zone that comprises some 15% of the existing warehouse stock in the Warsaw agglomeration, taking in an area of radius 12 km radiating out from the city centre. The zone mainly consists of areas like Okęcie, Służewiec Przemysłowy, Targówek, and Żerań. There are two intermodal terminals located in this zone, both situated at its northern extremities.
- **Zone II** – an area between 12 and 50 km from the centre of Warsaw, primarily including areas to the southwest of the city, along the A2, S8, and S7 national routes (leading, respectively, to Poznań, Wrocław, and Kraków), and including such towns as Błonie, Ożarów Mazowiecki, Piaseczno, Nadarzyn, Pruszków, Mszczonów, Teresin, Grodzisk Mazowiecki, and Sochaczew. Approximately 85% of the total stock in the Warsaw region is located in Zone II. It is mainly dedicated to large logistics parks offering the possibility of expansion, depending on tenant requirements. There is one intermodal terminal located in Zone II, in Pruszków.

In H1 2023, almost 0.5m sq m of modern warehouse space was delivered to the local market, surpassing the result for the whole of 2022. This is a record for major concentration areas and the best six-month result in the history of the market. More than 70% of this space was delivered in Q1 2023. The largest schemes that received occupancy permits were: CTPark Warsaw South (78,000 sq m), CTPark Warsaw North (64,000 sq m) and Panattoni BTS Action (53,000 sq m). It is worth noting that nearly 90% of the new supply came in Zone II. In Q2 2023, new warehouses were completed both on a speculative basis and in the BTS formula.

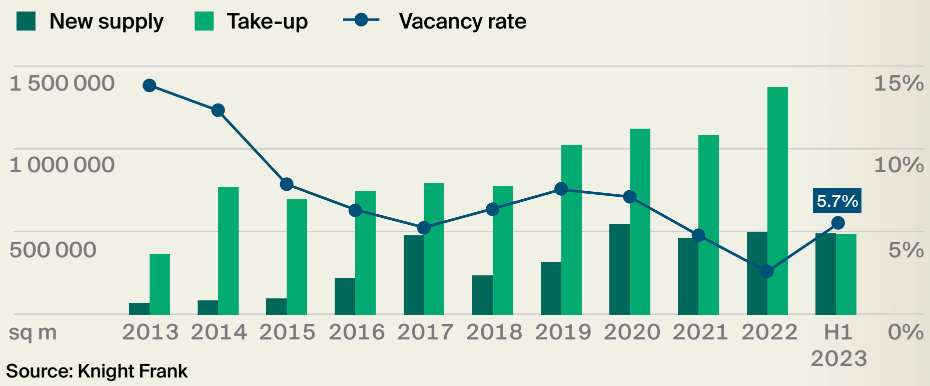
At the end of Q2 2023, 450,000 sq m of space was under construction, of which the largest schemes were CTPark Warsaw West (61,000 sq m) located in Wiskitki, P3 Warsaw I in Lesznowola (52,000 sq m), and Hillwood Łazy (47,500 sq m). It should be noted that the supply under construction was the lowest in two years. This marked decline in developer activity may be due to high construction costs and the cost of financing new projects. During Q2 2023, construction of new facilities with a combined area of more than 190,000 sq m were started in the Warsaw area.

Since the beginning of 2023, demand for warehouse space in the Warsaw agglomeration has reached approximately 490,000 sq m, a decline of more than 30% on H1 2022. The low demand in Q1 2023 - just over 200,000 sq m - was the lowest quarterly result for four years. Projects in Zone II were the most preferred among tenants, attracting around 80% of demand. The structure of contracts signed in H1 2023 was dominated by renewals (65%). New contracts accounted for 30% and expansions the remaining 5% of leased space.

At the end of Q2 2023, the vacancy rate stood at 5.7%, an increase of 2.3pp. on the same period of 2022. An exceptionally high new supply, along with reduced tenant interest, contributed to the increase.

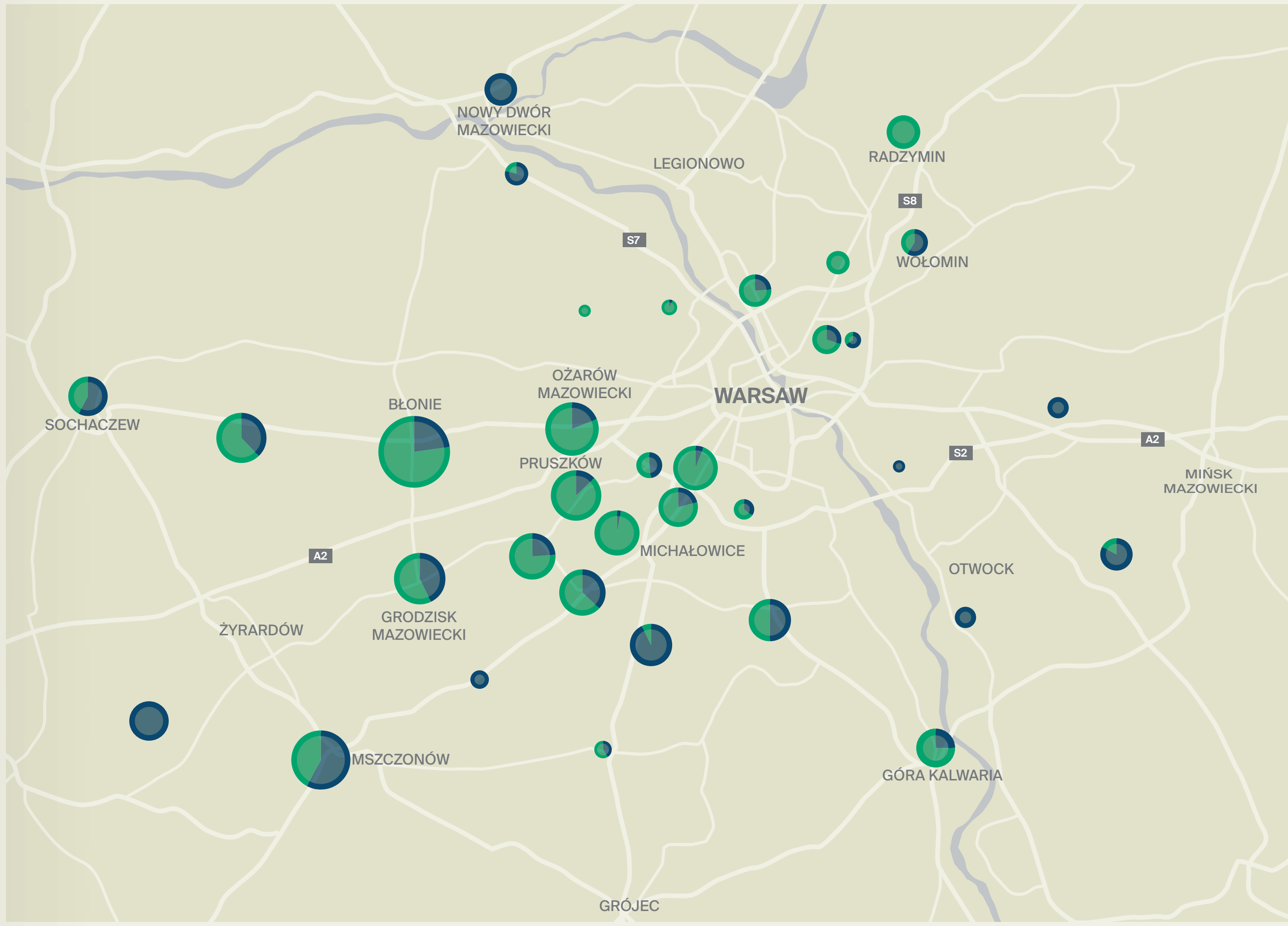
The cost of financing new projects, coupled with high construction costs, is affecting leasing conditions for warehouse space. In Q2 2023, asking rents in the warehouse sector in the Warsaw agglomeration recorded a slight increase.

New warehouse supply, annual take-up, vacancy rate in Warsaw



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. Błonie
800,000 sq m
2. Ożarów Mazowiecki
460,000 sq m
3. Pruszków
440,000 sq m
4. Michałowice/Janki
400,000 sq m
5. Mszczonów
380,000 sq m

Mazowieckie Voivodeship

Population
5.5m

Voivodeship area
35,559 sq km

ECONOMIC DATA

Unemployment rate
4.0%

Average monthly salary
(enterprise sector)
PLN **8,475** (gross)

Average monthly salary
(transportation and storage sector)
PLN **7,068** (gross)

HIGH-SPEED ROADS

Highways
80 km
A2

Expressways
400 km
S2, S7, S8, S17, S61

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