Warehouse market

Q3 2023

The comprehensive guide to the warehouse market in Warsaw

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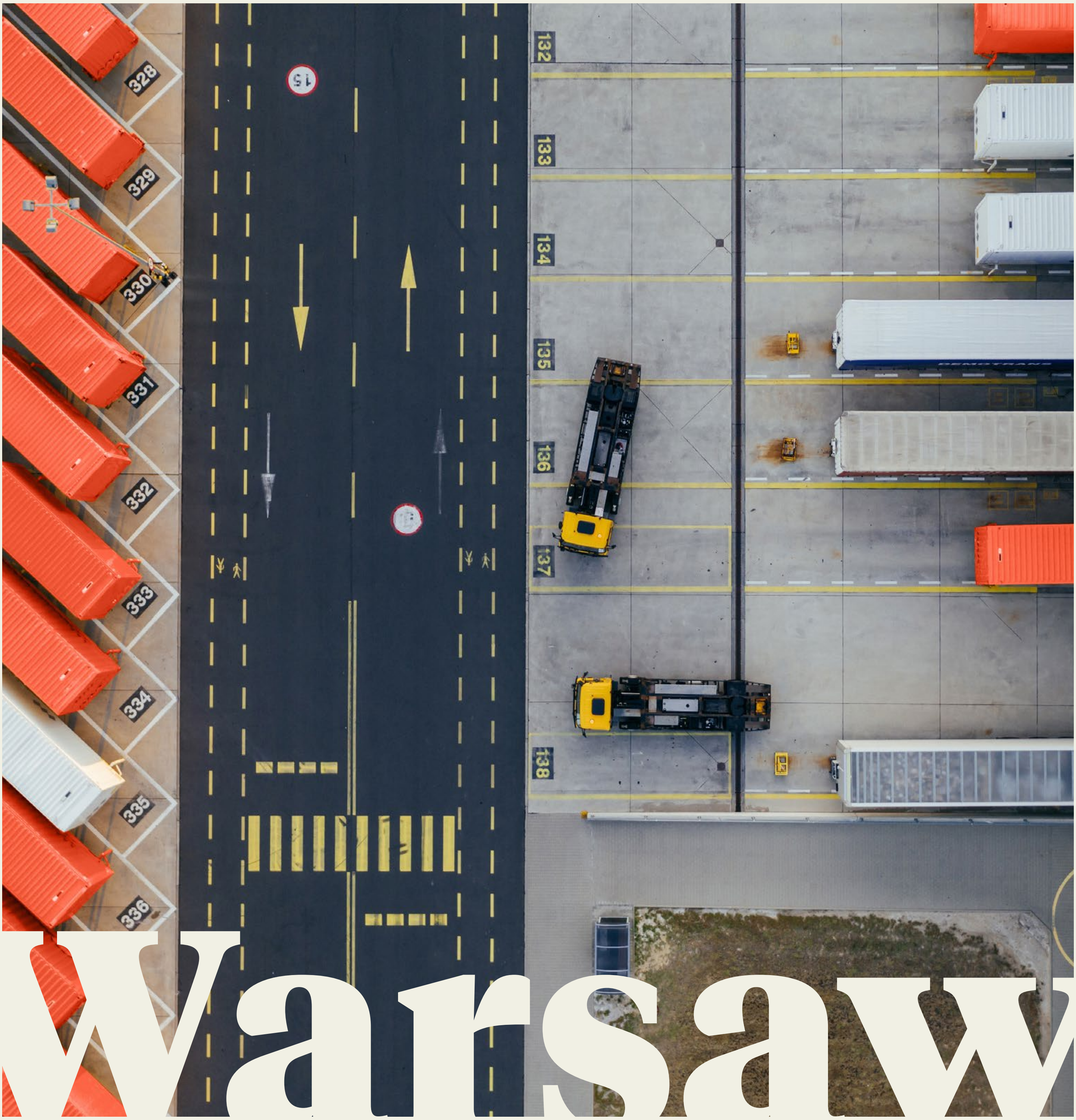


Warsaw

Warsaw

Q3 2023

Existing warehouse stock
6.3m sq m

Supply under construction
510,000 sq m

Vacancy rate
7.2%

New supply (Q1-Q3 2023)
570,000 sq m

Take-up (Q1-Q3 2023)
870,000 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 Q3 2023, the warehouse stock in this region amounted to 6.3m 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 Q1-Q3 2023, developers brought more than 570,000 sq m of modern warehouse space to the Warsaw market, exceeding the annual result achieved for the whole of 2022. This result was the highest among the main warehouse development concentration areas. The largest facilities to receive occupancy permits were: CTPark Warsaw South (77,600 sq m), CTPark Warsaw North (64,000 sq m), and CTPark Warsaw West (61,400 sq m). It is worth noting that over 88% of the new supply came in the Zone II district. Q3's new supply consisted of warehouse facilities developed both on a speculative and BTS basis. At the end of September 2023, more than 510,000 sq m of warehouse space remained under construction – a lower level compared to 2022's corresponding figure. This visible decline can be explained by a combination of high construction costs and increased financing costs.

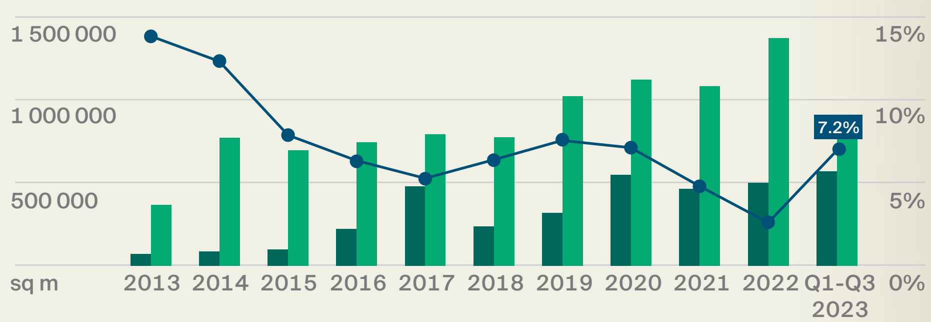
The largest warehouse developments under construction at the end of September 2023 are the two halls commenced in Q3 2023, namely, CTPark Warsaw West (62,000 sq m and 48,000 sq m) and P3 Warsaw I in Lesznowola (52,000 sq m). In Q3 2023, construction of more than 130,000 sq m commenced in the Warsaw concentration area.

Between January and September 2023, more than 870,000 sq m of space was leased in the Warsaw warehouse concentration area. Projects located in zone II were by far the most popular with tenants – with some 85% of the warehouse space in the Warsaw agglomeration being leased there.

The largest contracts signed in the analysed period were: a new agreement concluded at CTPark Warsaw West (110,000 sq m) by Raben, a tenant from the logistics sector, along with extensions of existing contracts at the P3 Błonie (33,000 sq m) and Panattoni Park Janki II (26,000 sq m) logistics parks. The structure of signed contracts in Q1-Q3 2023 was dominated by renegotiations (53%). New agreements accounted for 41%, with expansions making up the remaining 6% of leased space.

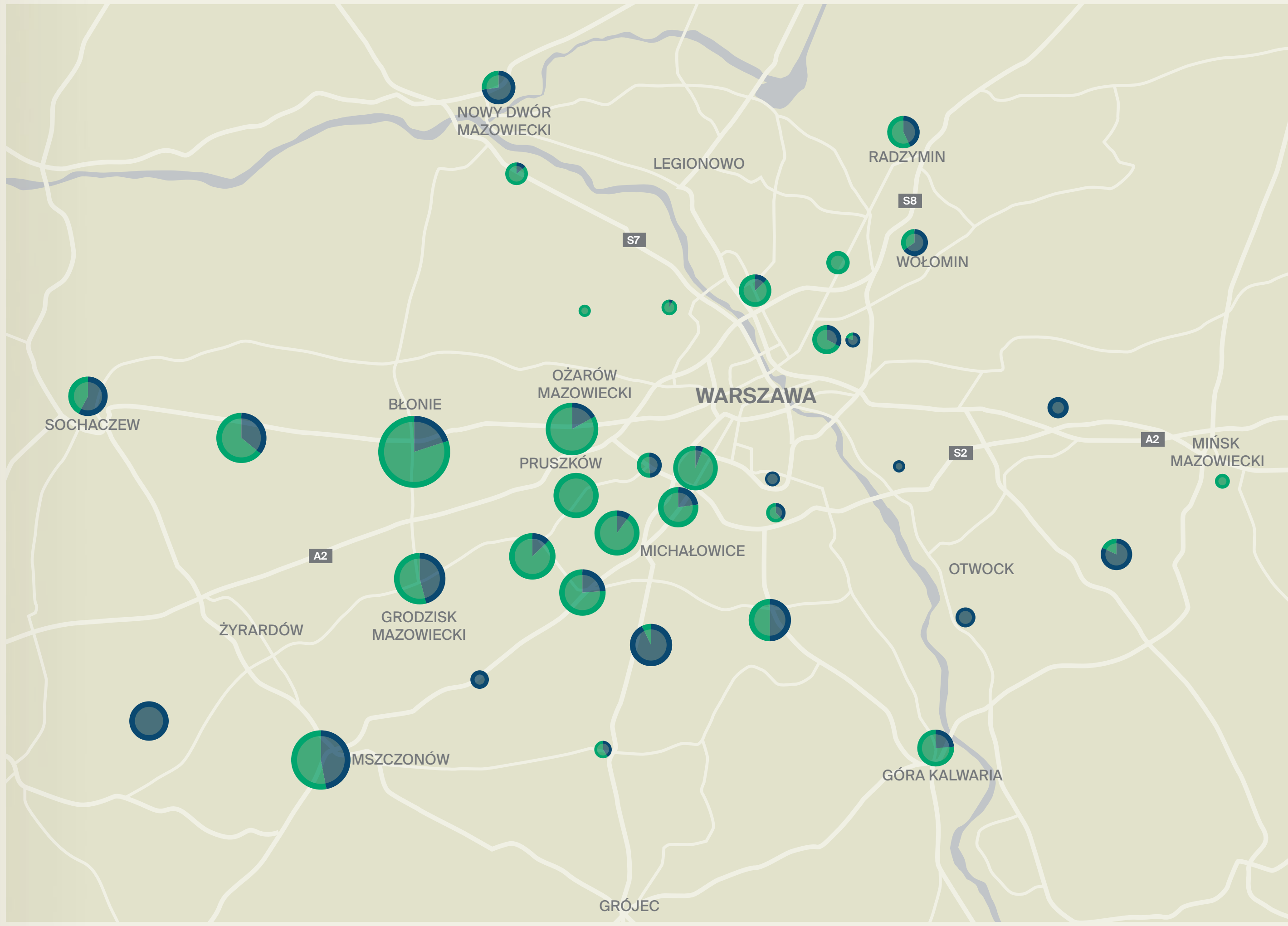
The vacancy rate at the end of Q3 2023 stood at 7.2%, an increase of 4.3 pp. on 2022's corresponding period. The increase was driven by the exceptionally high new supply, along with reduced tenant interest compared to the preceding year. In Q3 2023, asking rents in the warehouse sector in the Warsaw region remained at the same level as in the previous quarter.

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
400,000 sq m
5. Brwinów
380,000 sq m

Mazowieckie Voivodeship

Population
5.5m

Voivodeship area
35,559 sq km

ECONOMIC DATA
(09.2023, STATISTICS POLAND)

Unemployment rate
4.1%

Average monthly salary
(enterprise sector)
PLN **8,379** (gross)

Average monthly salary
(transportation and storage sector)
PLN **7,260** (gross)

HIGH-SPEED ROADS

Highways
80 km
A2

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

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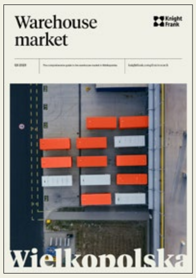

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