

# AT A GLANCE

## Q3 2021

## REGIONAL OFFICE MARKETS IN POLAND Highlights

- Soaring utility costs are causing concern amongst owners and property managers
- Hybrid working and employees' return to offices remain hot discussion topics
- New contract and pre-lease activity share in the demand structure increases again (60% and 20%)
- ESG – concern for the environment is gaining momentum in the office sector.



**Over 5.96 M sqm**  
EXISTING OFFICE SPACE

**19,300 sqm**  
NEW SUPPLY

**13.5%**  
AVERAGE  
VACANCY RATE

**607,000 sqm**  
OFFICE SPACE UNDER  
CONSTRUCTION (2021-2022)

**105,000 sqm**  
ABSORPTION Y/Y

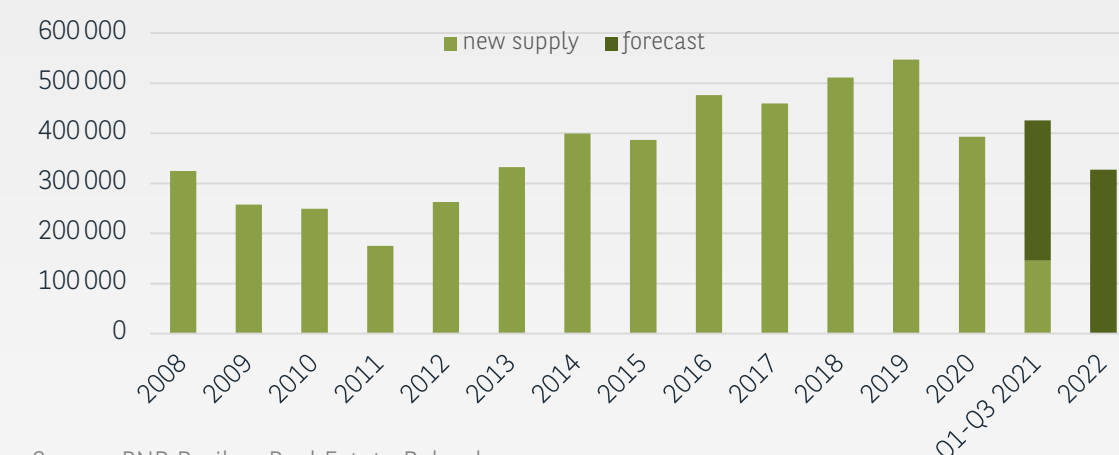
**113,100 sqm**  
GROSS TAKE-UP

**82,000 sqm**  
NET TAKE-UP

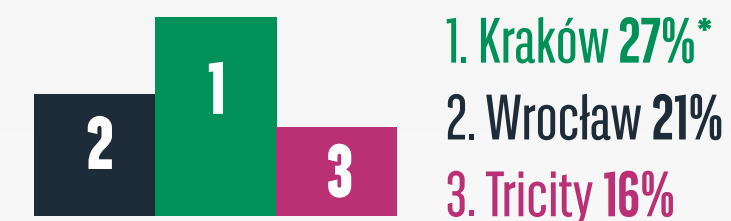
Source: BNP Paribas Real Estate Poland

At the end of Q3 2021, office space in eight major regional cities closes to the verge of 6.0 million sqm. In Q3, occupancy permits were granted to two office buildings in Katowice and one each in Kraków and Łódź. All deliveries increased the total supply of office space in the regions by 19,300 sqm. Currently, approximately 280,000 sqm is under construction in the regions, with a deadline for completion by the close of 2021. The majority of the new space planned for hand-over at the end of the year is located in Kraków and Wrocław. The greatest demand among regional cities in Q3 was noted in: Kraków (30,700 sqm), Wrocław (28,500 sqm) and the Tricity (20,900 sqm).

### Annual office supply in the regional markets (sqm)



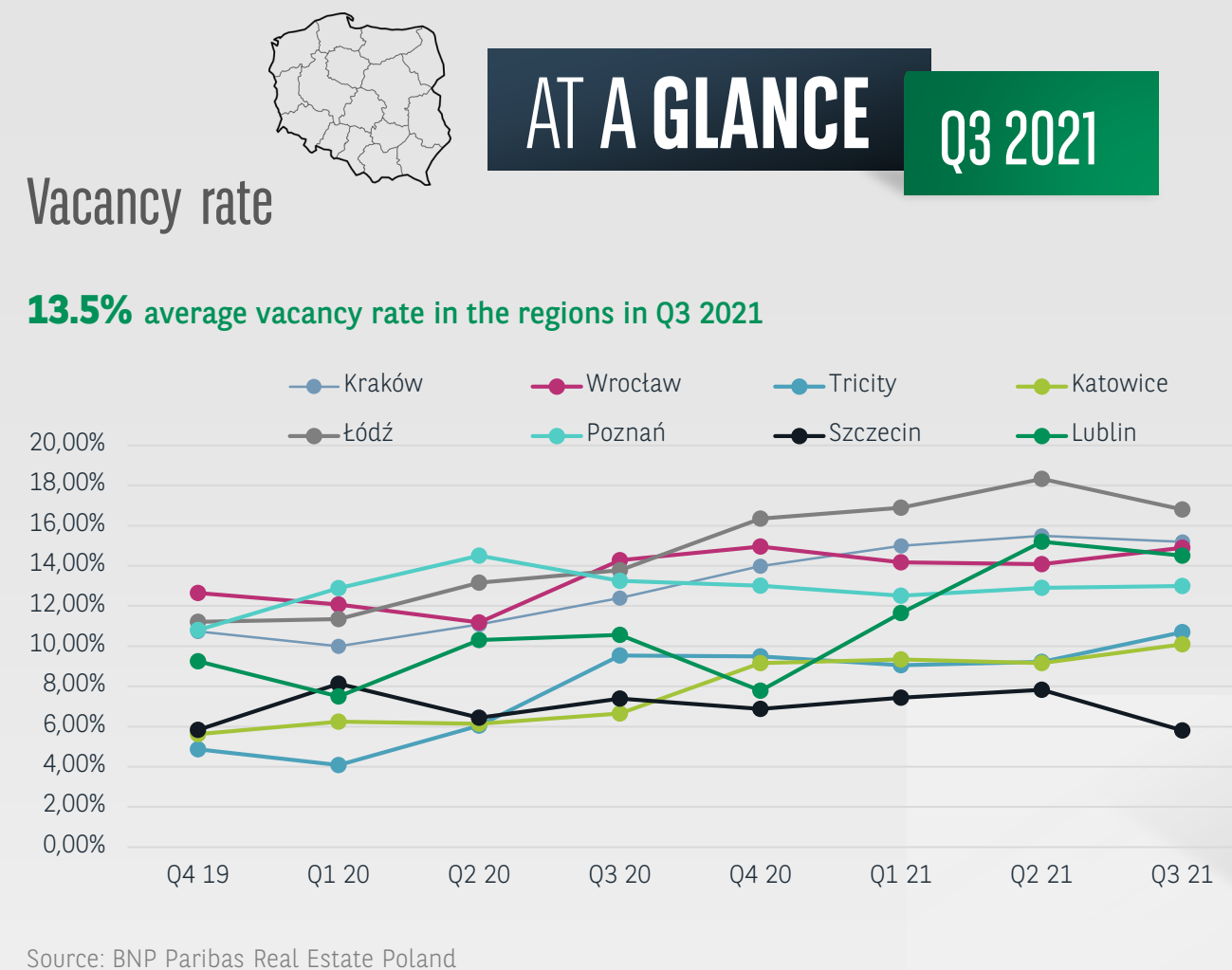
### Top 3 office markets in the regions



Source: BNP Paribas Real Estate Poland

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At the end of Q3 2021, the average vacancy rate estimated for the eight major regional markets reached 13.5%, which gives a total of 805,700 sqm of office space available for immediate lease. Compared to the previous quarter, this ratio rose by only 0.1 p.p., while in relation to year ago, it increased by 1.6 p.p. The highest vacancy rate was consistently noted in Łódź (16.8%). However, despite the release to market of the new Dowborczyków 30 office building with a GLA of 3,600 sqm, Łódź logged an overall drop in the vacancy rate quarter-on-quarter by 1.5 p.p. The lowest vacancy rate was again noted in Szczecin - 5.8% (10,600 sqm GLA available immediately). In comparison to Q2, this indicator in Szczecin fell by 2.0 p.p. thanks to approx. 4,000 sqm leased to tenants.

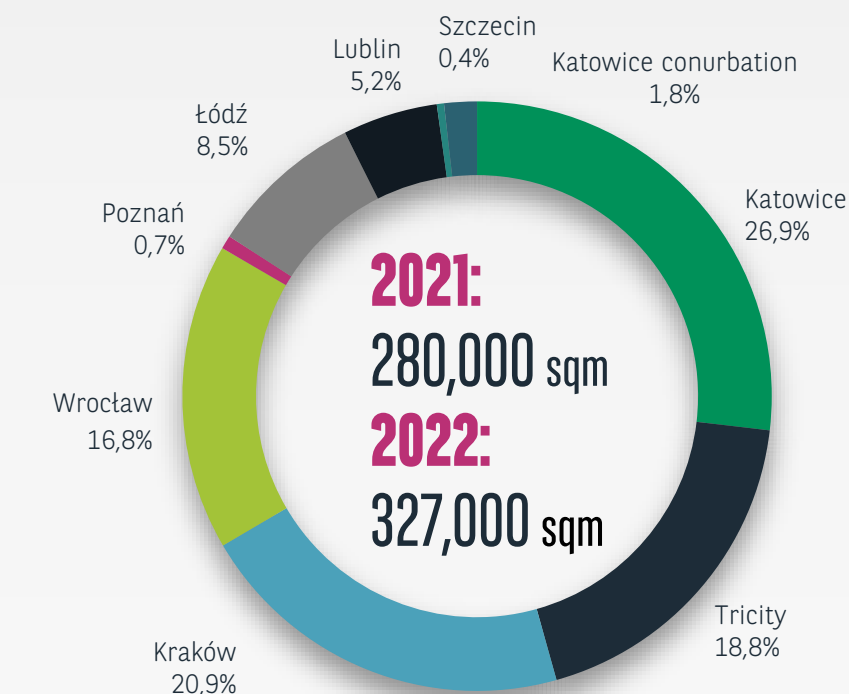


## Office buildings completed in Q3

	PROJECT	CITY	OFFICE AREA (sqm)	DEVELOPER
1	Kolońska Park	Katowice	7,900	Dzida-Jazgar
2	Ocean Office Park A2	Kraków	5,210	Cavatina
3	Dowborczyków 30/34	Łódź	3,600	Domena
4	Młyńska 6	Katowice	2,585	UBM Development

Source: BNP Paribas Real Estate Poland

## Office space under construction



## The largest office schemes under construction with delivery date 2022

	PROJECT	CITY	OFFICE AREA (sqm)	DEVELOPER	PLANNED OPENING
1	Global Office Park A1 & A2	Katowice	55,100	Cavatina	Q2 2022
2	.KTW II	Katowice	42,000	DJ Estate	Q1 2022
3	Brain Park Phase I	Kraków	30,000	Echo Investment	Q3 2022
4	Craft	Katowice	26,700	Ghelamco	Q4 2022
5	Fuzja I phase (C-D)	Łódź	19,000	Cavatina	Q1 2022

Source: BNP Paribas Real Estate Poland

## Expert comment



**Michał Karolkiewicz**

Consultant, Office Agency  
BNP Paribas Real Estate Poland

Over the past couple of years, we have been witnessing ESG's increasing role in the business world, i.e. an initiative established for the sake of the natural environment, society, and the maintenance of corporate governance, which are the fundamentals of sustainable development. A growing number of building owners and administrators are applying for green certifications, knowing that it increases the appeal of a property for future users, has a positive impact on the environment through the use of various eco-friendly solutions, positively impacts upon the building's prestige, and ultimately upon its value. Tenants continuously expect new office buildings to fit into the context of caring for the natural environment and the well-being of employees who, will use the new offices.

Expert comment



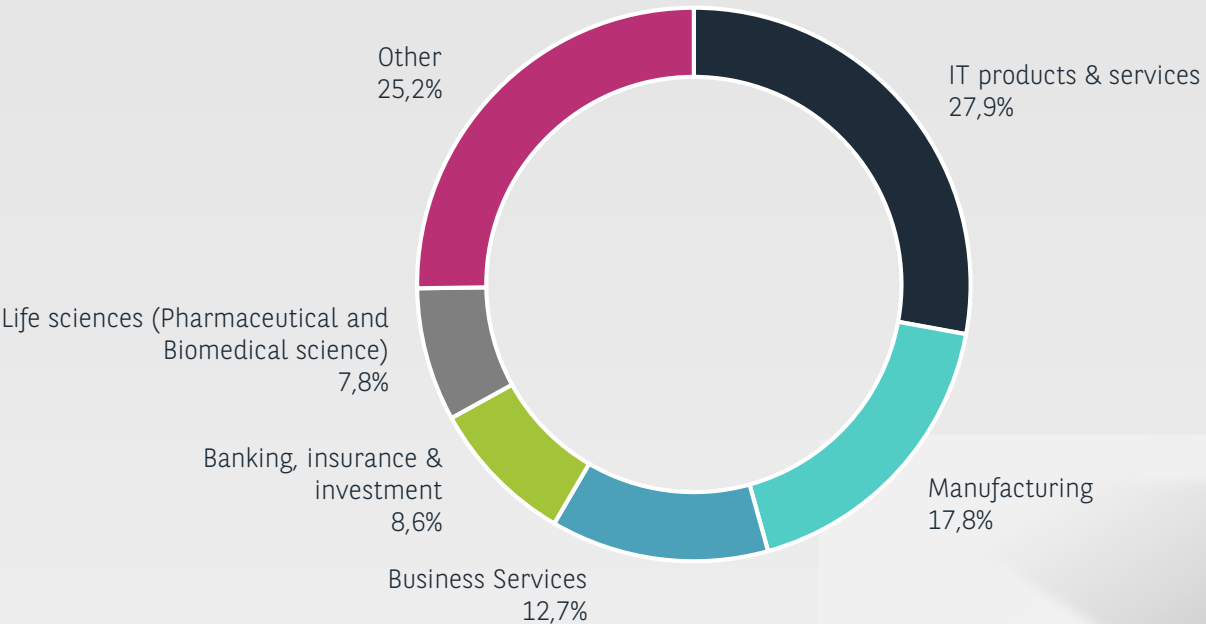
**Klaudia Okoń**  
Consultant Business Intelligence Hub & Consultancy  
BNP Paribas Real Estate Poland

**In Q3 of 2021, the demand for modern office space in eight major regional markets reached 113,100 sqm.** From the start of the year, the demand for offices outside of Warsaw amounted to almost 379,500 sqm, in Q3 alone it was 113,100 sqm. The highest share (66%) in the Q3 2021 demand segment, fell to new contracts, while share of renegotiations was 26%, and expansions accounted for only 8% of all transactions. Over half of the office space leased in regional cities in Q3 was located in the two largest regional office centres – Kraków and Wrocław. The biggest transaction of the quarter, was a successful contract renegotiation at Gdańsk’s Olivia Star complex by a confidential tenant from the financial sector.

AT A GLANCE **Q3 2021**

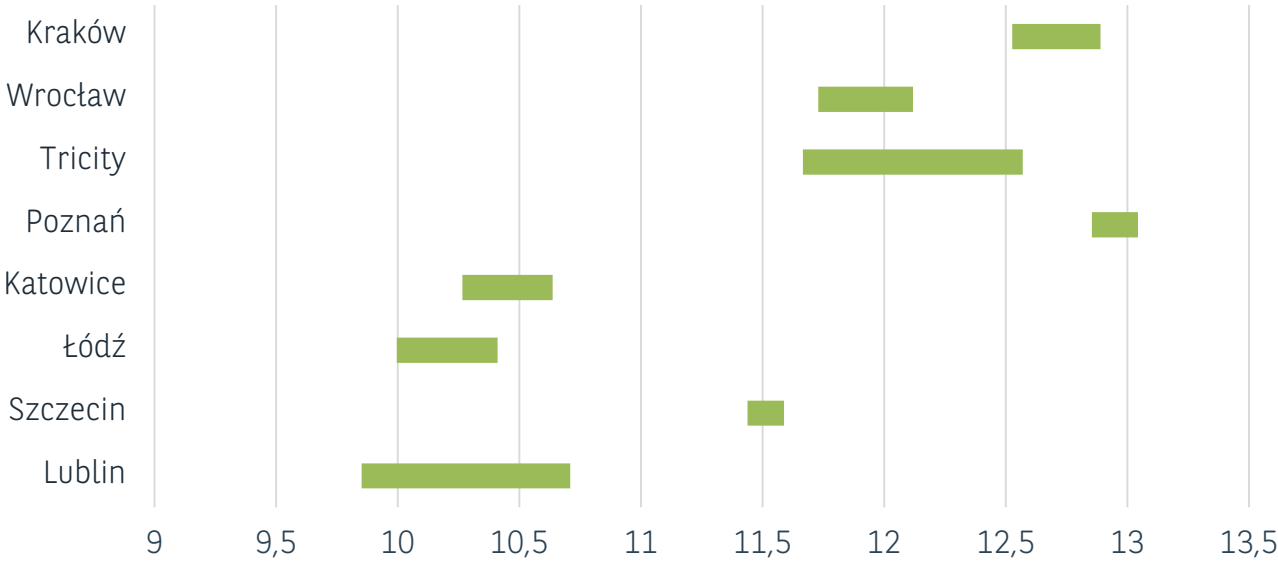


Gross take-up by sectors Q3



Source: BNP Paribas Real Estate Poland

Average\* asking rents (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

*In Q1-Q3 2021, prime asking rents in regional cities remained stable however, the tenant skewed market is increasing expectations regarding even more attractive incentive packages, which effectively reduce rents.*

\* Average asking rents calculated for existing buildings which in given quarter did not record vacancy

Gross take-up by regions



**1. Kraków 29%**  
**2. Katowice 21%**  
**3. Tricity 20,7%**

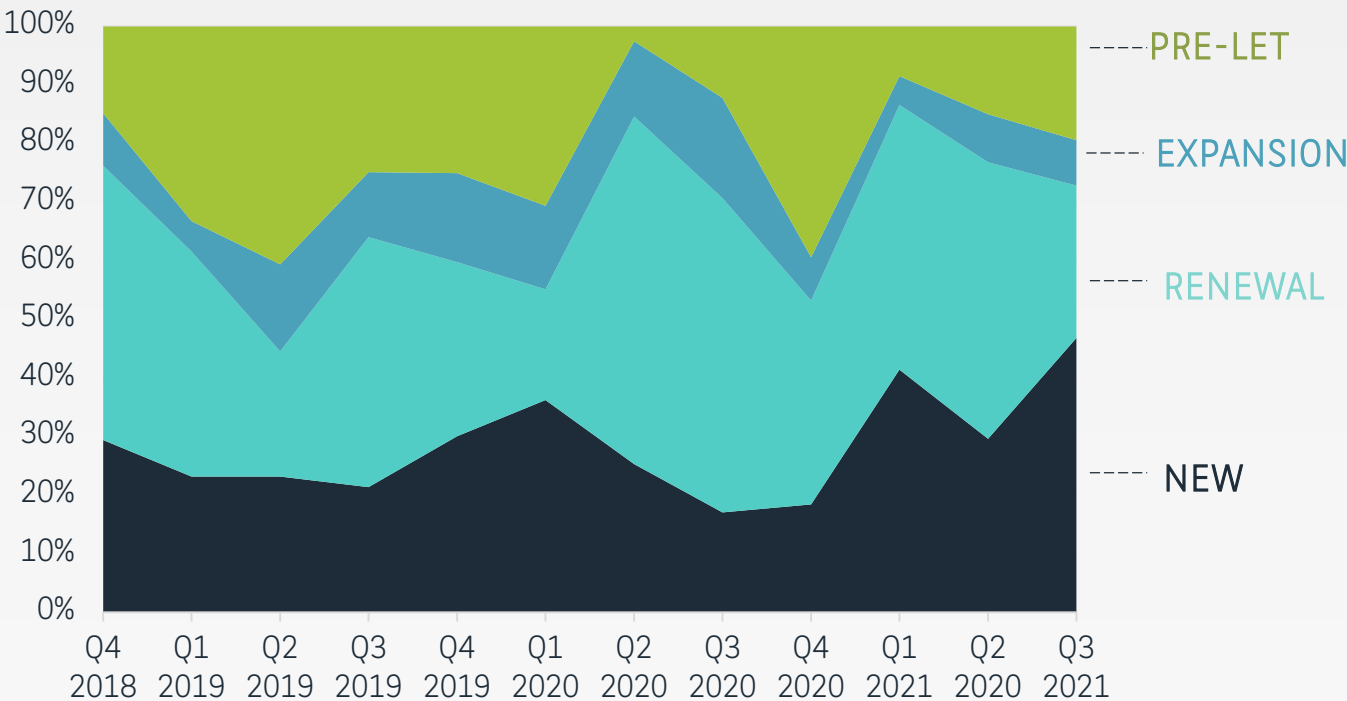
*In Q3 of 2021, the demand for modern office space in regional areas was 34% lower than in the previous quarter. Compared to the same quarter in 2020, the difference is 10%.*

Top 5 lease transactions

	TENANT	PROJECT	CITY	OFFICE AREA (sqm)	TYPE OF LEASE
1	Confidential	Olivia Star	Gdańsk	5,431	Renewal
2	Pepsico Global Business Services	Brain Park A	Kraków	5,300	Pre-let
3	Confidential	MK29	Kraków	5,066	Pre-let
4	Impel	Promenady Business Park	Wrocław	4,400	New
5	ENEA	Business Garden Poznań B8	Poznań	3,413	New

Source: BNP Paribas Real Estate Poland

Gross take-up structure in the regions



Source: BNP Paribas Real Estate Poland





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