

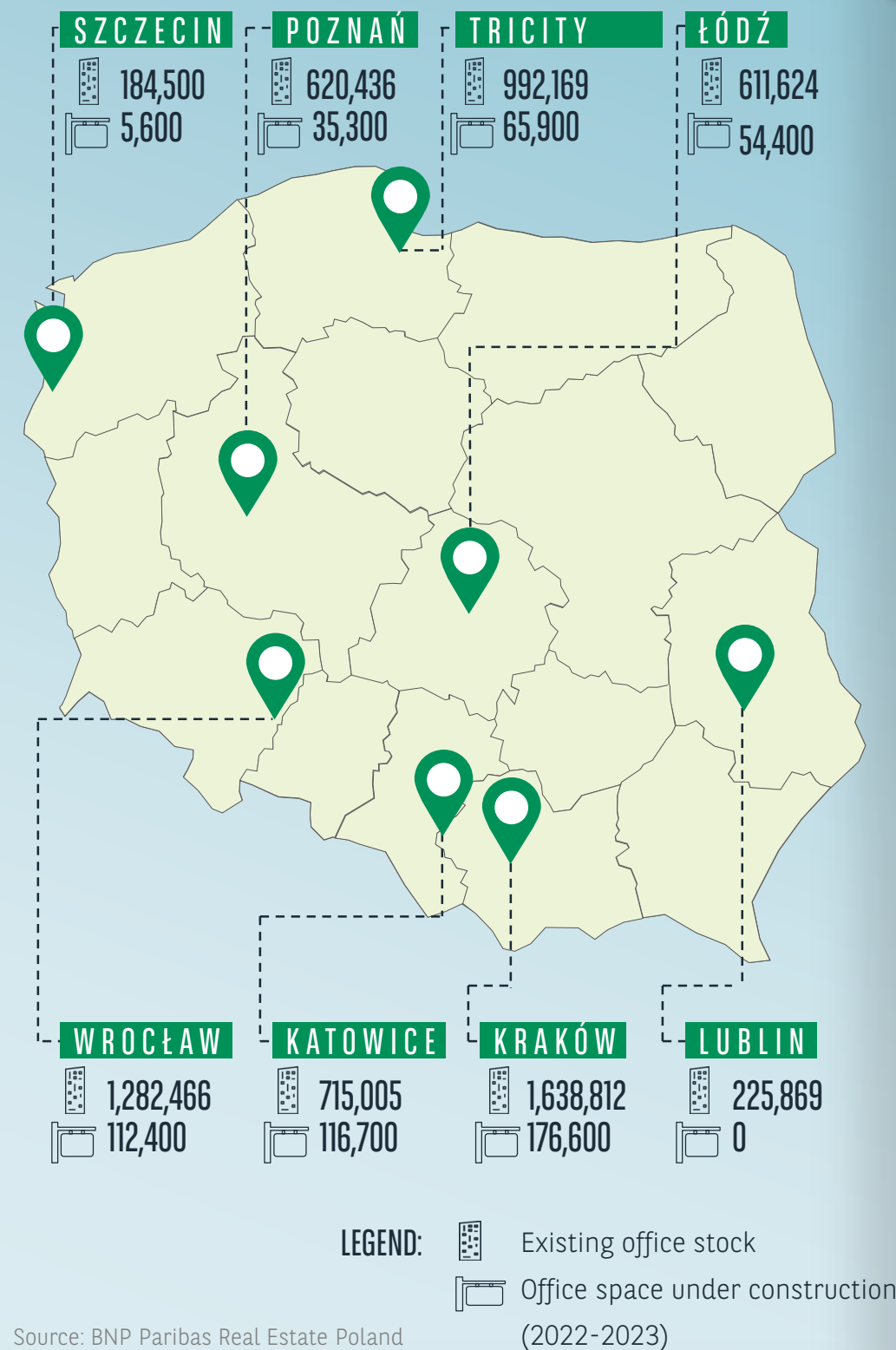
AT A GLANCE

Q1 2022

REGIONAL OFFICE MARKETS IN POLAND Highlights

- The office market in the regions faces the same challenges as Warsaw
- New supply comes in record numbers in Q1 2022 – over 243,500 sqm
- Over 57% take-up increase in comparison to Q1 2021
- The spectre of supply gap in the regions motivates tenants to sign lease contracts
- Rents, service charges and fit-out costs – all are on the rise

Supply of modern office space in 8 largest regional cities in the first quarter 2022 amounted to 6.27 million sqm. The record quarterly number of office space was delivered – over 243,500 sqm (for comparison, in the entire 2021, 226,300 sqm of new offices were delivered for use in the regions). *Katowice* benefitted from the largest number of new space through the Global Office Park A1 & A2 complex (55,200 sqm) and .KTW II (39,900 sqm). More than 567,000 sqm are currently under construction, of which more than 265,000 sqm are planned to be completed by the end of 2022. However, the broken supply chains caused, among other factors, by the situation beyond our eastern border, the outflow of Ukrainian workers and the rising prices of construction materials may revise these plans and bring delays in buildings completions. An opportunity for our regional markets is the ongoing emigration of IT specialists, e.g. from Russia (it is estimated that approx. 300,000 can leave the country in the coming months), and they can enrich the talent pool in cities where the development of office markets is dominated by the IT sector.



6.27 M sqm
EXISTING OFFICE SPACE

243,500 sqm
NEW SUPPLY Q1

15.5%
AVERAGE
VACANCY RATE

567,000 sqm
OFFICE SPACE UNDER
CONSTRUCTION (2022-2023)

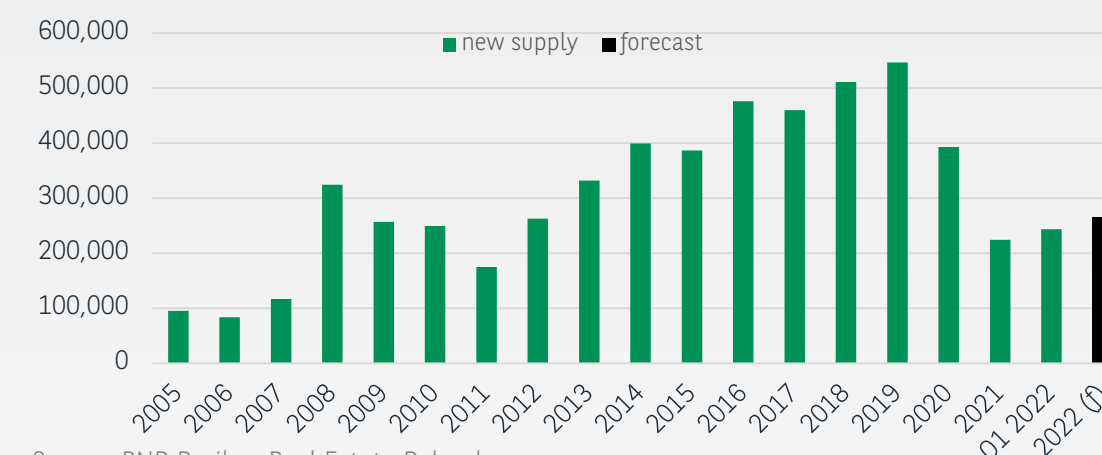
208,500 sqm
ABSORPTION Y/Y

153,500 sqm
GROSS TAKE-UP

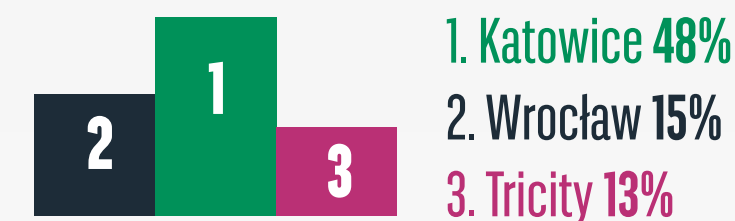
119,500 sqm
NET TAKE-UP

Source: BNP Paribas Real Estate Poland

Annual office supply in the regional markets (sqm)



Top 3 cities with the highest supply in Q1 2022



Source: BNP Paribas Real Estate Poland

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Q1 2022 brought a further increase in the average vacancy rate in eight main regional markets to 15.5%, which means that more than 970,000 sqm of office space is available for immediate lease. With respect to the previous quarter, the ratio increased by 1.4 p.p., while compared to the first quarter of the previous year, we are talking about an increase by 2.9 p.p. Katowice recorded the highest increase q/q (by 9.3 p.p.), which results from the fact that in the period from January to March 2022 office resources in Katowice increased by as much as 6 new buildings, with a total area of more than 116,000 sqm. Katowice is also a city with the highest currently unleased space. This is mainly due to the fact that new contracts concluded do not apply to newcomers and relocations to new buildings generate vacancies on existing buildings that will have to be relet.

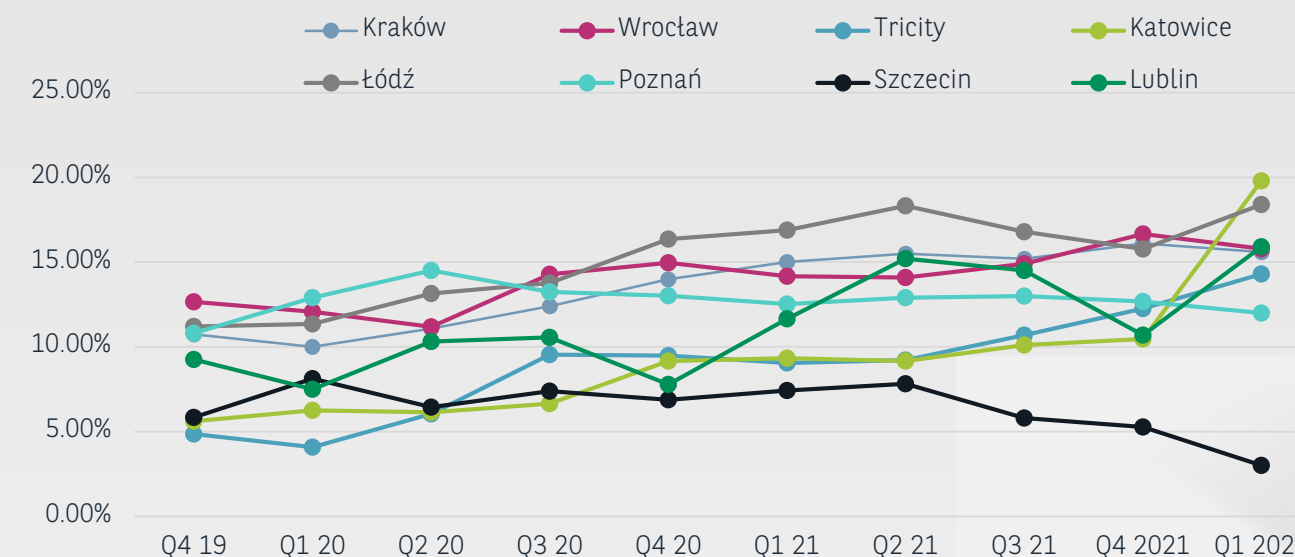


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Q1 2022

Vacancy rate

15.5% average vacancy rate in the regions in Q1 2022



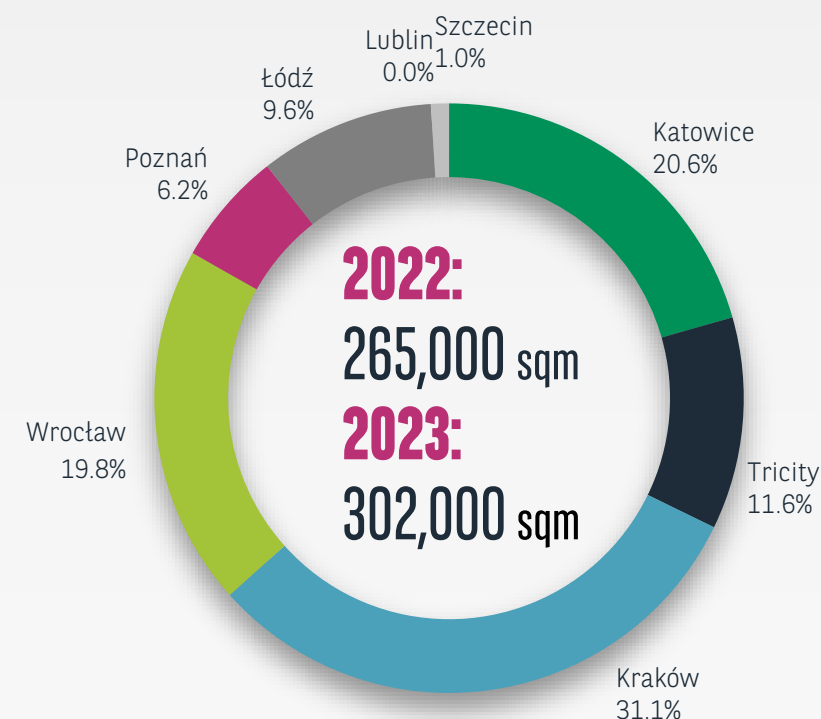
Source: BNP Paribas Real Estate Poland

Office buildings completed in Q1 2022

	PROJECT	CITY	OFFICE AREA (sqm)	DEVELOPER
1	Global Office Park A1&A2	Katowice	55,200	Cavatina
2	.KTW II	Katowice	39,900	TDJ Estate
3	Midpoint71	Wrocław	36,000	Echo Inv.
4	Format	Tricity	16,000	Torus
5	CZ Office Park D	Lublin	15,000	Centrum Zana

Source: BNP Paribas Real Estate Poland

Office space under construction 2022-2023



Source: BNP Paribas Real Estate Poland

The largest office schemes under construction with delivery date 2022

	PROJECT	CITY	OFFICE AREA (sqm)	DEVELOPER	PLANNED OPENING
1	Centrum Południe II	Wrocław	21,500	Skanska	Q4 2022
2	Ocean Office Park B	Kraków	19,000	Cavatina	Q4 2022
3	Infinity	Wrocław	18,700	Avestus RE	Q4 2022
4	MK 29	Kraków	18,500	Caishen Capital Group	Q3 2022
5	Quorum Office Park D	Wrocław	16,000	Cavatina	Q3 2022

Source: BNP Paribas Real Estate Poland

Expert comment



Michał Baranowski

Consultant, Office Agency
BNP Paribas Real Estate Poland

Flex offices are also developing in the regions

Already in September developer Torus will open a new concept of flex-collab offices in Format office building in Gdańsk. This segment of the office market is still under development. There is much talk about saturation in the context of Warsaw, perhaps Kraków, but the rest of the cities are still very receptive to such services. Developers have been creating their own coworking brands for a long time, e.g. Echo Investment (Cityspace) and Skanska (Business Link) have more than 40,000 sqm of flexible space in Warsaw, Kraków and Wrocław. By doing so, developers and property owners liquidate existing vacancies, create incubators for the development of start-ups and give their tenants an opportunity to develop projects requiring flexibility.

Expert comment



Małgorzata Fibakiewicz
Head of Business Intelligence Hub & Consultancy
BNP Paribas Real Estate Poland

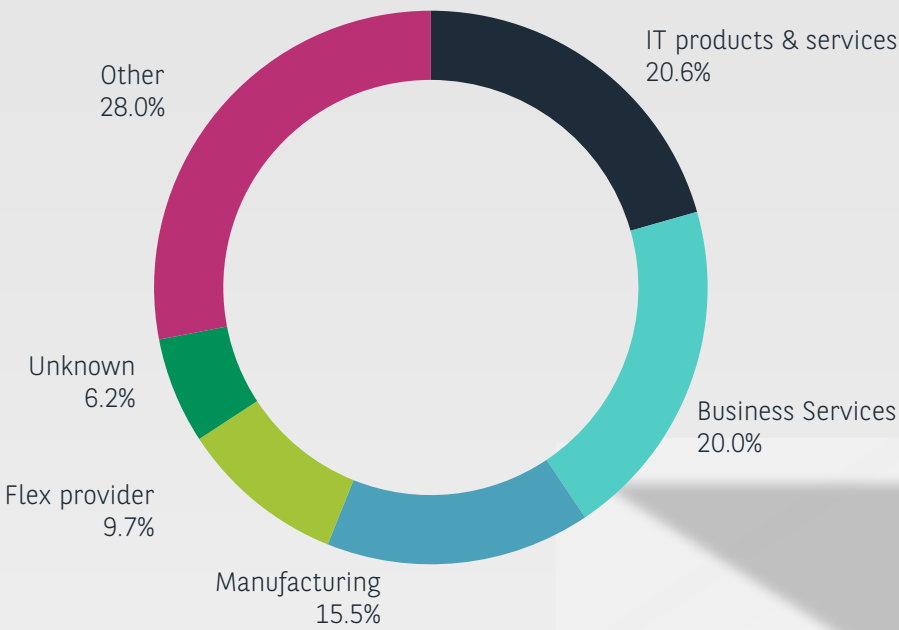
In the first quarter of 2022, the gross office space demand in eight largest regional cities amounted to more than 153,000 sqm. It means an increase of over 57% compared to the result recorded in the Q1 2021. In Katowice, the largest transaction of the quarter was concluded, as a result of which PWC will move in to nearly 13,000 sqm in the .KWTII building. New contracts dominated the demand structure between January and March 2022 (68%), tenants concerned about rising rents chose to secure office space for the future. Three industries dominated the demand, generating a total of 54% – IT & Services (Katowice was the most popular choice), Manufacturing and Business Services.

AT A GLANCE

Q1 2022

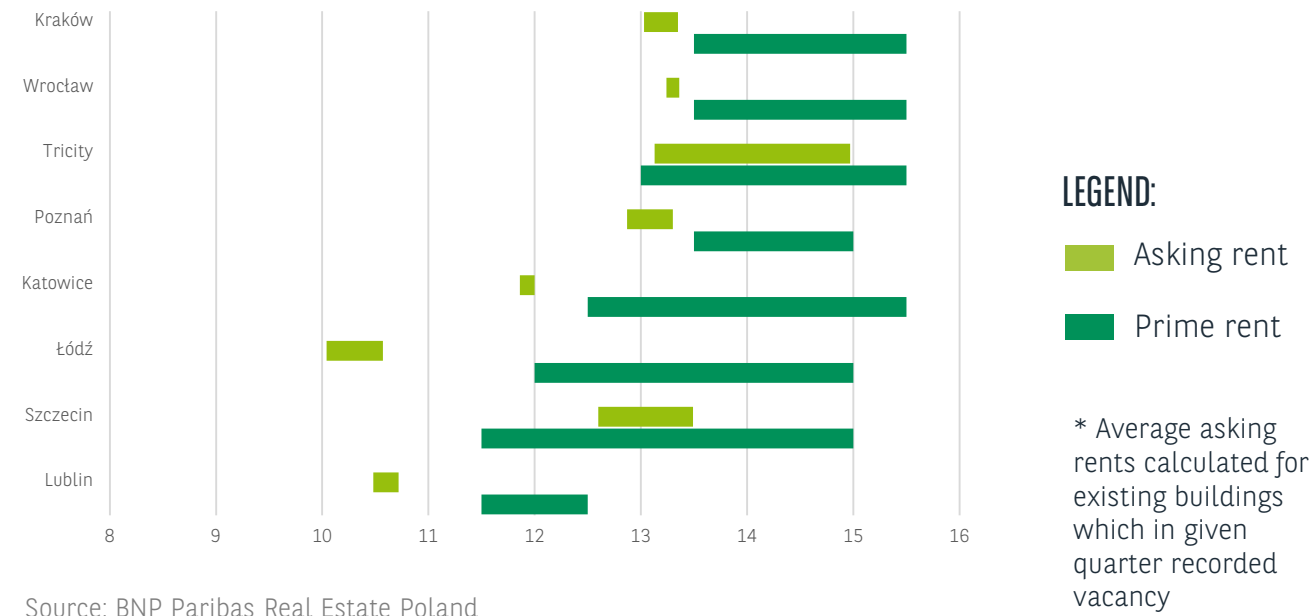


Gross take-up by sectors Q1



Source: BNP Paribas Real Estate Poland

Average* asking rents vs „prime” rent (EUR/sqm/mth)



Source: BNP Paribas Real Estate Poland

Throughout 2021, the starting rents for prime facilities remained stable. The first quarter 2022 brought about a change in the form of increased rates rents and service charges, which are mainly due to increased inflation, increasing costs of real estate maintenance and expensive currency, in which rents are paid.

Annual gross take-up by regions

(Q2 2021 – Q1 2022)



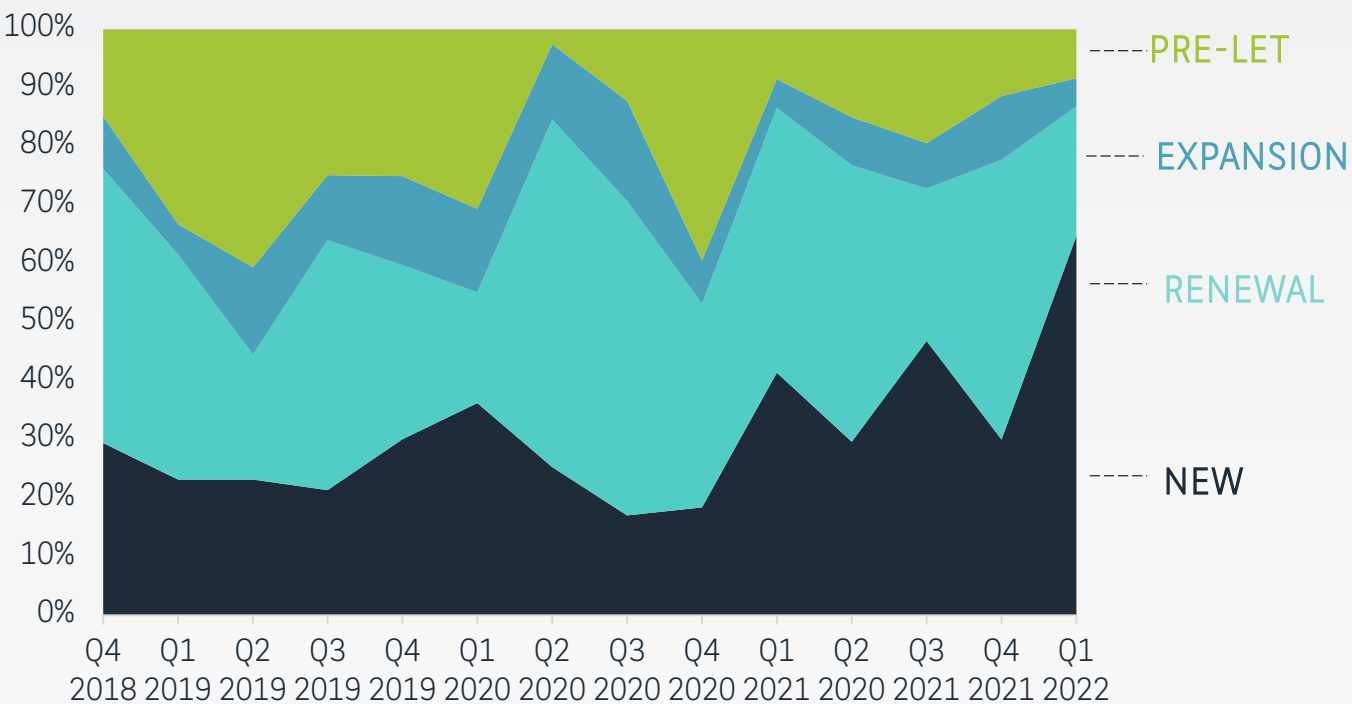
Kraków, Wrocław and Tricity, i.e. the three largest regional markets, account for 63% of the total registered demand in the last 4 quarters. On the opposite pole, in turn, there are the three smallest regional markets (Łódź, Szczecin and Lublin), which together account for 14% of gross demand.

Top 5 lease transactions

	TENANT	PROJECT	CITY	OFFICE AREA (sqm)	TYPE OF LEASE
1	PWC	.KWT II	Katowice	12,877	new
2	Keywords Studios	Global Office Park A	Katowice	9,299	new
3	Ericsson	Olimpia Software Pool	Łódź	7,678	renewal
4	MPEC	Aleja Pokoju 81	Kraków	6,929	owner occupier
5	Confidential Client	Olivia Star	Gdańsk	5,400	renewal

Source: BNP Paribas Real Estate Poland

Gross take-up structure in the regions Q1



Source: BNP Paribas Real Estate Poland



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Q1 2022

AUTHOR

Klaudia Okoń

Consultant
Business Intelligence Hub & Consultancy
klaudia.okon@realestate.bnpparibas

Małgorzata Fibakiewicz, MRICS

Head of Business Intelligence Hub
& Consultancy
malgorzata.fibakiewicz@realestate.bnpparibas

CONTACTS

Mikołaj Laskowski

Head of Office Agency
mikolaj.laskowski@realestate.bnpparibas

Erik Drukker

President of the Board
erik.drukker@realestate.bnpparibas

Michał Pszkit

Head of Property Management
Member of the Board
michal.pszkit@realestate.bnpparibas

Izabela Mucha, MRICS

Head of Valuation
izabela.mucha@realestate.bnpparibas

Mateusz Skubiszewski, MRICS

Head of Capital Markets Poland
mateusz.skubiszewski@realestate.bnpparibas

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**BNP Paribas Real Estate
Poland Sp. z o.o.**

ul. Grzybowska 78,
00-844 Warsaw
Tel. +48 22 653 44 00
www.realestate.bnpparibas.pl



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