SPOTLIGHT ON OFFICE MARKET IN KRAKÓW
H1 2017
## CONTENTS

Introduction .................................................................. 3  
Macro Snapshot and Business Climate .................. 4  
Office Market Review .............................................. 6  
  Focus on City Centre ........................................ 8  
  Focus on North-East ...................................... 9  
  Focus on North-West .................................. 10  
  Focus on South-East .................................. 11  
  Focus on South-West .................................. 12  
  Focus on Zabierzów ................................. 13  
Selected tables .................................................. 14  
About BNP Paribas Real Estate ......................... 15  

All rights reserved. The report was prepared by BNP Paribas Real Estate. All data provided in the publication have been carefully verified, however the authors of the report shall not be held liable for any damage or loss which may arise from the use of the data published. Reproducing, modifying or using any of the contents herein without the permission of the authors of the publication is prohibited under the provisions of the applicable law. It is permitted to quote the contents of the publication only when clearly stating the source.
I N T R O D U C T I O N

The Kraków office market has been booming over the last few years, recording unprecedented growth in terms of both supply and take-up, while maintaining a balanced level of vacancy and rents. It is the second city after Warsaw that breaks the 1 million sqm threshold. With limited clouds on the horizon, the future outlook for the city remains bright.

How has the market performed over the recent months? What are the key drivers behind the boom? Is it sustainable? How is the situation likely to evolve in the mid-term horizon? Spotlight on Office Market in Kraków, H1 2017 addresses these topics in a nutshell.

We cordially invite you to enjoy reading our report.

Anna Staniszewska
Head of Research & Consultancy
Central and Eastern Europe
BNP Paribas Real Estate

Tomasz Skrzypek
Senior Consultant, Transaction Management, Office Agency, Kraków
BNP Paribas Real Estate

Kazimierz Office Center, Kraków.
Building managed by BNP Paribas Real Estate.
Macroeconomic indicators in Kraków have been steadily improving over the last decade and the city has turned into one of the most vibrant business clusters in Poland.

THE SECOND LARGEST CITY IN POLAND

Macroeconomic Snapshot

- Over 10% population growth over a decade.
- 3.1% one of the lowest unemployment rates in Poland.
- PLN 5,051 (€1,175) average gross monthly salary.
- Diversified structure of entrepreneurship

Business Activities in Kraków

- Trade, maintenance and repair of motor vehicles: 22%
- Professional, scientific and technical activities: 14%
- Construction: 9%
- Industry: 7%
- Health and special care: 7%
- Other services: 6%
- Transport and warehousing: 6%
- ICT: 5%
- Administration: 3%
- Hospitality and catering: 3%
- Education: 3%
- Finance and insurance: 3%
- Entertainment, recreation and culture: 2%

Source: Urząd Statystyczny w Krakowie
BUSINESS CLIMATE

THE SECOND BIGGEST ACADEMIC CENTRE IN POLAND

23 higher education centres
(2 ranked in the Center for World University Rankings)

171,000
50,000

number of students, of which 25% attending technical schools

graduates per annum

LEADING POSITION ON THE INTERNATIONAL BPO/SSC/ICT/ R&D SCENE

The 2nd in Europe and the 8th in the world in Tholons Services Globalization City Index 2017

NUMBER OF BUSINESS ENTITIES WITH FOREIGN CAPITAL

134,514

Number of enterprises

The increasing number of companies with foreign capital

NUMBER OF BUSINESS ENTITIES WITH FOREIGN CAPITAL

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,037</td>
</tr>
<tr>
<td>2013</td>
<td>3,263</td>
</tr>
<tr>
<td>2014</td>
<td>3,583</td>
</tr>
<tr>
<td>2015</td>
<td>3,870</td>
</tr>
<tr>
<td>2016</td>
<td>4,590</td>
</tr>
</tbody>
</table>

(Źródło: GUS)

EXCELLENT TRANSPORTATION LINKS

A4 MOTORWAY, spanning Silesia and Germany to the west and Ukraine to the east

S7 EXPRESS ROAD running through Warsaw to Gdańsk to the north and Bielsko-Biała to the southern border

High-speed rail connection (Pendolino) to Warsaw and Tri-City

KRAKÓW-BALICE AIRPORT is the second largest airport in Poland servicing 5 million passengers per annum (2016) and recording 18% y/y growth.

TOURIST HUB

One of the key tourist hubs in the CEE – numerous historical sites and monuments, including three on UNESCO’s Heritage List

Ever increasing number of tourists – 12.15 million tourists visited Kraków in 2016 (20% y/y growth)

Strong accommodation base – 149 hotels, offering 18,053 beds

Important congress, sport and cultural centre – numerous events organized per annum

2. As of July 2017
3. Including 2 branches of non-Kraków universities
Kraków office market has been thriving over the last few years, supported by the influx and growth of companies operating in the BPO, SSC, ICT and R&D sectors.

With a forecast 20% increase in employment, prospects for the office market development remain positive. Given low unemployment, the only concern remains the availability of labor and its costs.

**OFFICE CLUSTERS**

**OFFICE MARKET REVIEW**

**KEY FIGURES AND TRENDS (12 MONTHS)**

- **267,800 m²** ➔ Total pipeline supply\(^1\)
- **95,000 m²** ➔ 5-yr average take-up
- **185,000 m²** ➔ Take-up in 2016
- **38.1%** ➔ Pre-let
- **10.2%** ➔ Vacancy rate in H1 2017
- **€12.00-16.00** ➔ Range of asking rent of modern office space (m²/month)

---

1. Buildings under construction or with valid building permit
It is the most prestigious office cluster in the city, achieving the highest rental values and recording the lowest vacancy rate of 4.9%.

The office hub enjoys excellent accessibility by public transport.

The city centre is particularly well developed to the east of the Market Square and Mogilskie Roundabout, as well as to the south-east of Grzegórzeckie Roundabout, Kazimierz district and Vistula River.

The City Centre is highly diversified in terms of type, age and quality of stock, with a substantial share of restored tenement houses. Until recently, with the exception of a few buildings, the provision of modern office space in the City Centre was scarce. With projects such as High5ive, Unity Center, Browar Lubicz, Axis and Kotlarska 11, the situation is gradually changing.

Occupiers represent a wide plethora of sectors including: banking & insurance, business consultancies, R&D and ICT.

**Vacancy rate**

4.9%

**Rental range per sqm/month**

€13.50-16.00

**Stock**

182,000 m²

**Pipeline supply**

128,100 m²

**Focus on City Centre**

- 2003 m²

---

1. Under construction or with valid building permit.
ul. Lubicz
City Centre
The North-West cluster was once one of the top business locations in Kraków. Currently, the district’s importance has slightly diminished due to the emergence of new hotspots, particularly to the north-east and south-east.

There is a limited new supply under construction or planned.

The key axis runs from Armii Krajowej street to the Korona complex, passing by Avatar and Principio office buildings. It reaches Jasnągórska street, where Euro-market and Bronowice Business Center schemes are located. To the right on Opolska street there is CB Vinci and O3 Campus.

As a result of high competition and a vacancy rate higher than in other office clusters, North-West rental rates are lower.

Tenants recruit mostly from BPO/SSC and banking and finance sectors. Their size varies significantly.

**Stock**

<table>
<thead>
<tr>
<th>Stock Pipeline supply*</th>
</tr>
</thead>
<tbody>
<tr>
<td>162,000 m²</td>
</tr>
</tbody>
</table>

**Vacancy rate**

9.6%

**Rental range per sqm/month**

€12.50-14.00

UC - under construction, P - planned.

*Under construction or with valid building permit.
Nearly one third of the office stock in Kraków is located in the North-East cluster and this is still developing at a high pace.

It has four hotspots: Polsad Roudabout (Rondo BP, Quattro, Tertium, Astris), Pilotów street (Pilot Tower, Benaco, Etiuda), Jana Pawła II street (Krakowski Park Technologiczny, Avia, Podium BP), and the axis of Mogilska street and Pokoju Avenue (Aleja Pokoju 5, CB Azbud, Fabryczna Office Park (under construction)).

Despite a relatively low vacancy rate at 7.4%, rents vary from €12.50-14.25 per sqm/month.

Occupiers represent ICT, medical, financial and insurance as well as BPO/SSC sectors.

**Stock**

<table>
<thead>
<tr>
<th>Stock Pipeline supply*</th>
<th>Vacancy rate</th>
<th>Rental range per sqm/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>276,800 m²</td>
<td>7.4%</td>
<td>€12.50-14.25</td>
</tr>
</tbody>
</table>

UC - under construction, P - planned

*Under construction or with valid building permit.
FOCUS ON SOUTH-EAST

This is a relatively new cluster on the Kraków office map, consisting mainly of business parks.

The two hotspots include Zabłocie district with schemes such as Enterprise Park, Orange, Diamante Plaza and Zabłocie Business Park, and the area of Mateczne Roundabout, featuring projects such as Bonarka 4 Business, Buma Square, and Wadowicka 3 - the latter under construction.

The South-East office zone is popular among BPO/SSC, ICT and R&D tenants, who require cost efficient space on relatively large floor plates.

<table>
<thead>
<tr>
<th>Stock</th>
<th>224,500 m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline supply</td>
<td>46,800 m²</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>7.8%</td>
</tr>
<tr>
<td>Rental range per sqm/month</td>
<td>€12.00-14.50</td>
</tr>
</tbody>
</table>

UC - under construction, P - planned
*Under construction or with valid building permit.
South-West is a newly emerged office cluster. It is concentrated in two areas: Bobrzyński street with office complexes such as Green Office and Dot Office and the axis of Kapelanka and Zielińskiego streets (Kapelanka 42, Porto Office and a new development by Ghelamco, currently under construction).

One of the factors that has spurred creation of this hub is the presence of the Jagiellonian University Campus.

Due to the structure of stock, dominated by business parks, as well as attractive price-to-quality ratio, the demand in the district is driven by BPO/SSC, ICT and R&D. A few spectacular lease transactions were concluded in the area, such as Shell occupying 20,000 sqm in DOT Office.

*Under construction or with valid building permit.

**FOCUS ON SOUTH-WEST**

Stock

125,000 m²

Pipeline supply*

17,200 m²

Vacancy rate

0.6%

Rental range per sqm/month

€13.00-16.00

---

**Stock Pipeline supply**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Pipeline supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>125,000 m²</td>
<td>17,200 m²</td>
</tr>
</tbody>
</table>

---

**Vacancy rate**

<table>
<thead>
<tr>
<th>Vacancy rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6%</td>
</tr>
</tbody>
</table>

---

**Rental range per sqm/month**

<table>
<thead>
<tr>
<th>Rental range per sqm/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>€13.00-16.00</td>
</tr>
</tbody>
</table>

---

**UC - under construction, P - planned**

**FOCUS ON SOUTH-WEST**

---

*Under construction or with valid building permit.*
FOCUS ON ZABIERZÓW

This is a uniquely located business park, created in a village near Kraków and supported by a direct suburban train connection.

Kraków Business Park, the core of this subzone, is a nicely landscaped complex with good quality office space.

Its initial success was due to an under-supply of office space within the city’s boundaries at the time of its development.

As a result of a substantial increase in supply in other locations and occupiers’ preferences to locate operations within Kraków’s boundaries, the cluster is gradually deteriorating. It records a very high vacancy rate of nearly 30% and the lowest rental rates range from €12.00-13.50 per sqm/month.

<table>
<thead>
<tr>
<th>Stock</th>
<th>60,000 m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline supply*</td>
<td>0 m²</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>30.8%</td>
</tr>
<tr>
<td>Rental range per sqm/month</td>
<td>€12.00-13.50</td>
</tr>
</tbody>
</table>

*Under construction or with valid building permit.
## SELECTED TABLES

### THE LARGEST TRANSACTIONS, H1 2016-H1 2017

<table>
<thead>
<tr>
<th>TENANT</th>
<th>SECTOR</th>
<th>AREA (SQM)</th>
<th>BUILDING</th>
<th>LOCATION</th>
<th>LEASE TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB</td>
<td>Manufacturing</td>
<td>20,000</td>
<td>Axis</td>
<td>City Centre</td>
<td>expansion + new</td>
</tr>
<tr>
<td>AON Hewitt</td>
<td>BS</td>
<td>10,700</td>
<td>Enterprise Park E</td>
<td>South-East</td>
<td>pre-let</td>
</tr>
<tr>
<td>Euroclear Bank</td>
<td>FIRE</td>
<td>10,000</td>
<td>Bonarka for Business G</td>
<td>South-East</td>
<td>pre-let</td>
</tr>
<tr>
<td>Ericsson</td>
<td>ICT</td>
<td>8,000</td>
<td>DOT Office</td>
<td>South-West</td>
<td>new</td>
</tr>
<tr>
<td>Delphi Poland</td>
<td>Manufacturing</td>
<td>6,300</td>
<td>Enterprise Park</td>
<td>South-East</td>
<td>pre-let</td>
</tr>
<tr>
<td>EPAM</td>
<td>ICT</td>
<td>3,500</td>
<td>O3 Business Campus</td>
<td>North-East</td>
<td>pre-let</td>
</tr>
<tr>
<td>Ocado Technology</td>
<td>ICT</td>
<td>3,400</td>
<td>High5ive</td>
<td>City Centre</td>
<td>pre-let</td>
</tr>
<tr>
<td>Deutsche Bank</td>
<td>FIRE</td>
<td>3,150</td>
<td>Centrum Biurowe Lubicz</td>
<td>City Centre</td>
<td>renegotiation</td>
</tr>
<tr>
<td>Sii</td>
<td>ICT</td>
<td>2,020</td>
<td>Equal Business Park</td>
<td>South-East</td>
<td>pre-let</td>
</tr>
<tr>
<td>KPMG</td>
<td>BS</td>
<td>1,700</td>
<td>O3 Business Campus</td>
<td>North-East</td>
<td>pre-let</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

### SELECTED COMPLETIONS, H1 2016-H1 2017

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>LOCATION</th>
<th>OFFICE AREA (SQM)</th>
<th>DEVELOPER</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOT Office B, C, D</td>
<td>South-West</td>
<td>25,900</td>
<td>Grupa Buma</td>
</tr>
<tr>
<td>Axis</td>
<td>City Centre</td>
<td>22,000</td>
<td>Skanska</td>
</tr>
<tr>
<td>CH2M Center</td>
<td>South-East</td>
<td>14,100</td>
<td>3On</td>
</tr>
<tr>
<td>Bronowice Business Center 9</td>
<td>North-West</td>
<td>12,600</td>
<td>MIX Biura</td>
</tr>
<tr>
<td>Astris</td>
<td>North-East</td>
<td>12,200</td>
<td>Astris</td>
</tr>
<tr>
<td>Orange Office Park III</td>
<td>North-East</td>
<td>8,200</td>
<td>East-West Development Office</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

### ELECTED SCHEMES UNDER CONSTRUCTION

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>LOCATION</th>
<th>OFFICE AREA (SQM)</th>
<th>DEVELOPER</th>
<th>PLANNED COMPLETION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unity Centre</td>
<td>City Centre</td>
<td>45,500</td>
<td>GDK Group</td>
<td>H1 2019</td>
</tr>
<tr>
<td>Tertium Business Park</td>
<td>North-East</td>
<td>37,500</td>
<td>Buma Group</td>
<td>H1 2018</td>
</tr>
<tr>
<td>Podium Business Park</td>
<td>North-East</td>
<td>16,900</td>
<td>Podium Investment</td>
<td>H1 2018</td>
</tr>
<tr>
<td>Principio</td>
<td>North-West</td>
<td>10,000</td>
<td>Acar Developer</td>
<td>H1 2018</td>
</tr>
<tr>
<td>Kotlarska 11</td>
<td>City Centre</td>
<td>9,000</td>
<td>UBM</td>
<td>H2 2017</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
BNP Paribas Real Estate

One of the leading international real estate providers, offers its clients a comprehensive range of services that cover the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. Our 3,900 team members, active in 36 countries, provide you with specialist knowledge of their markets and implement global real estate strategies using local solutions.

BNP Paribas Real Estate in CEE region provides the following services: Letting Advisory, Property Management, Capital Markets and Valuation for all commercial asset class whether logistic, office or retail. All departments are furthermore complemented by a Research Department providing clients with ad hoc reports and data, enabling suitable long-term business decisions.

For more information: www.realestate.bnpparibas.com and www.realestate.bnpparibas.pl.

CONTACTS

Patrick Delcol
Chief Executive Officer CEE
patrick.delcol@realestate.bnpparibas

Erik Drukker
Managing Director Agency & Valuation CEE
erik.drukker@realestate.bnpparibas

Małgorzata Fibakiewicz, MRICS
Head of Office Agency
malgorzata.fibakiewicz@realestate.bnpparibas

Anna Staniszewska
Head of Research & Consultancy CEE
anna.staniszewska@realestate.bnpparibas

Tomasz Skrzypek
Senior Consultant, Transaction Management Office Agency
tomasz.skrzypek@realestate.bnpparibas

Michael Richardson, MRICS
Head of Global Corporate Solutions CEE
michael.richardson@realestate.bnpparibas

Adrian Bojczuk
Associate Director, Landlord Representation, Office Agency
adrian.bojczuk@realestate.bnpparibas

Erik Drucker
Managing Director Agency & Valuation CEE
erik.drukker@realestate.bnpparibas

Anna Staniszewska
Head of Research & Consultancy CEE
anna.staniszewska@realestate.bnpparibas

Patrick Delcol
Chief Executive Officer CEE
patrick.delcol@realestate.bnpparibas

Michael Richardson, MRICS
Head of Global Corporate Solutions CEE
michael.richardson@realestate.bnpparibas

Adrian Bojczuk
Associate Director, Landlord Representation, Office Agency
adrian.bojczuk@realestate.bnpparibas

Tomasz Skrzypek
Senior Consultant, Transaction Management Office Agency
tomasz.skrzypek@realestate.bnpparibas

BNP Paribas Real Estate is part of the BNP Paribas Banking Group
KRS 0000123245 Sąd Rejonowy dla M. St. Warszawy, XII Wydział Gospodarczy KRS
Regon 011890235, NIP 527-11-37-593
Capital: 14,200,000 PLN

BNP Paribas Real Estate Poland Sp. z o.o.
Atrium Tower, al. Jana Pawła II 25
00-854 Warsaw, Poland
Tel.: +48 22 653 44 00
www.realestate.bnpparibas.pl

Cover: Kraków, Bonarka, fot. Piotr Głodzik
P3, 15: BNP Paribas Real Estate picture library
P4, 8: Fotolia
## 6 BUSINESS LINES in Europe

### A 360° vision

#### Main locations*

**EUROPE**

- **FRANCE**
  - Headquarters
  - 167, Quai de la Bataille de Stalingrad
  - 92867 Issy-les-Moulineaux
  - Tel.: +33 1 55 65 20 04

- **BELGIUM**
  - Avenue Louise 235
  - 1050 Brussels
  - Tel.: +32 2 290 59 59

- **CZECH REPUBLIC**
  - Poříční 620/3
  - 186 00 Prague 8
  - Tel.: +420 224 835 000

- **GERMANY**
  - Goetheplatz 4
  - 60311 Frankfurt
  - Tel.: +49 69 2 98 99 0

- **HUNGARY**
  - 117-119 Vaci ut.
  - A Building
  - 1123 Budapest
  - Tel.: +36 1 487 5501

- **IRELAND**
  - 20 Merrion Road,
  - Ballsbridge, Dublin 4
  - Tel.: +353 1 66 11 233

- **ITALY**
  - Piazza Lina Bo Bardi, 3
  - 20124 Milano
  - Tel.: +39 02 58 33 141

- **JERSEY**
  - 3 Floor, Dialogue House
  - 2 – 6 Avisley Street
  - St Helier, Jersey, JE4 8RD
  - Tel.: +44 (0)1 534 629 001

- **NETHERLANDS**
  - Antonio Vivaldistraat 54
  - 1083 HP Amsterdam
  - Tel.: +31 20 305 97 20

- **POLAND**
  - Al. Jana Pawła II 25
  - Atrium Tower
  - 00-854 Warsaw
  - Tel.: +48 22 653 44 00

- **ROMANIA**
  - Bulevardul Anton von Auffarth
  - Str. nr. 40-44
  - Bucharest 031165
  - Tel.: +40 21 312 7000

- **SPAIN**
  - C/ Génova 17
  - 28004 Madrid
  - Tel.: +34 91 454 96 00

- **UNITED KINGDOM**
  - 5 Aldersmanbury Square
  - London EC1V 7BP
  - Tel.: +44 20 7338 4000

#### Alliances*

- **ALGERIA**
- **AFRICA**
- **ANGOLA**
- **ARMENIA**
- **AUSTRALIA**
- **BANGLADESH**
- **BRAZIL**
- **BULGARIA**
- **CANADA**
- **CHILE**
- **CHINA**
- **COLOMBIA**
- **CRUZ**
- **DENMARK**
- **ESTONIA**
- **FINLAND**
- **GREECE**
- **HUNGARY**
- **IVORY COAST**
- **LATVIA**
- **LITHUANIA**
- **MOROCCO**
- **NORTHERN IRELAND**
- **PANAMA**
- **PERU**
- **PHILIPPINES**
- **PORTUGAL**
- **ROMANIA**
- **RUSSIA**
- **SINGAPORE**
- **SOUTH AFRICA**
- **SOUTH KOREA**
- **SWITZERLAND**
- **TUNISIA**
- **USA**

* March 2017

**Coverage In Transaction, Valuation & Consulting**

---

**www.realestate.bnpparibas.pl**

---

© BNP Paribas Real Estate 2017, R-17-4-O