• 2019 – a year of record breaking volume of new supply

• Kraków strengthens its position as the leading regional market

• Katowice in the lead in terms of space under construction

NEW SUPPLY – THE REGIONS SUSTAIN THEIR DYNAMIC PACE OF GROWTH

The record-breaking volume of new office space delivered to the market in 2019 led to the eight key regional markets exceeding the threshold of 5.6 million sqm at the end of December – a result putting them ahead of Warsaw in this respect for the first time ever.

In 2019 Kraków itself saw the completion and delivery of the same volume of office space as the market in the capital. Additionally, the volume of new supply on the Wrocław market was only marginally lower than the result recorded in the capital.

In turn, the nearest future will be marked by the dynamic growth of two smaller markets, i.e. Katowice and the Tricity, where construction of numerous new schemes was commenced in 2019. The average vacancy rate increased in 2019 to reach 9.6% at the end of Q4. This increase was largely due to the record-breaking volume of new office supply.

The volume of net take-up recorded in 2019 in the regions was similar to the result achieved in the previous year. Nearly half of the volume was accounted for by space leased in buildings still under construction (pre-let agreements).

OFFICE MARKET IN FIGURES

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Stock</td>
<td>5.6 mln m²</td>
</tr>
<tr>
<td>NEW SUPPLY, 2019</td>
<td>546,900 m²</td>
</tr>
<tr>
<td>Space Under Construction</td>
<td>771,800 m²</td>
</tr>
<tr>
<td>Average Vacancy Rate</td>
<td>9.6%</td>
</tr>
<tr>
<td>Increase in Office Space (y-o-y)</td>
<td>11.2%</td>
</tr>
</tbody>
</table>
SUPPLY

In 2019 a record-breaking total of 547,000 sqm of modern office space was completed and delivered on the eight key regional markets, of which more than half was supplied in the two leading regions, i.e. Kraków and Wrocław. The fourth quarter only saw the completion of 238,000 sqm of new space.

Since the beginning of the year Kraków’s market increased by 159,100 sqm of office space, which is a volume lower by only 3,100 sqm than that recorded on the four-times-bigger market in Warsaw. The largest schemes completed in Kraków include Tischnera Office (32,800 sqm), the first two phases of the Fabryczna Office Park complex (29,100 sqm) and the V.Offices office building (21,700 sqm). The volume of new supply delivered to the market in Wrocław reached a similar figure (147,300 sqm), which came largely in the shape of one scheme: six buildings delivered to the market under the second phase (76,800 sqm) of the Business Garden Wrocław complex.

The Poznań office market is also worthy of a mention with its nearly 18% of growth as compared to the end of 2018, and thus becoming Poland’s fastest growing regional market. Approximately 86,000 sqm of office space were delivered there through, amongst others, Business Garden Poznań (46,100 sqm) and two phases of the Nowy Rynek complex (30,700 sqm). Other significant schemes completed in 2019 include: another phase of Gdańsk’s Alchemia – Neon (33,700 sqm) and the first phase of the Brama Miasta complex in Łódź (25,500 sqm).

DEMAND

Net take-up in the regions in 2019 reached 462,900 sqm, which is a result similar to that recorded in the previous year. Without doubt, Kraków was the city to have attracted the most interest from tenants, generating 39% of the total net demand recorded. In the regions, six lease agreements for office space in excess of 10,000 sqm each were concluded, of which four in Kraków. The largest lease was executed in the Fabryczna Office Park (Kraków) complex with UBS leasing 19,300 sqm there.

Approximately 46% of the net demand recorded in 2019 was generated by space leased in buildings still under construction (pre-let agreements).

SCHEMES UNDER CONSTRUCTION

There were 772,000 sqm of office space under construction on the eight regional markets at the end of Q4 2019, with delivery of 426,000 sqm planned for 2020. The highest level of developer activity is recorded in Katowice and the Tricity, which account for more than 42% of all space currently under construction. The largest schemes being developed include the Face2Face complex (45,000 sqm in two buildings) and KTW II (42,000 sqm) in Katowice and 3T Office Park (38,500 sqm) in Gdynia (Tricity).
**VACANCY RATES**

The delivery of a large volume of new office space to the market resulted in an increase in the vacancy rate at the end of 2019 to 9.6%, i.e. by 1.2 p.p. as compared to the corresponding period in the previous year. The highest vacancy rate was recorded in Wrocław (12.7%), while the lowest in the Tricity (4.9%). The highest increase in the vacancy rate in 2019 was recorded in Poznań and Wrocław, which is the consequence of delivery of a large volume of new office space to the markets there. The absence of new supply in 2019 enabled absorption of a considerable volume of available space in Lublin where the vacancy rate dropped gradually during the year to 9.3% at the end of December, which is a result by 6.1 p.p. lower than that recorded last year.

**POZNAŃ**

- **Stock**: 564,800
- **Gross Demand (SQM)**: 40,700
- **Prime asking rent**: 13.5 – 15 €

**TRICITY**

- **Stock**: 838,600
- **Gross Demand (SQM)**: 101,000
- **Prime asking rent**: 13 – 15 €

**ŁÓDŹ**

- **Stock**: 528,300
- **Gross Demand (SQM)**: 53,500
- **Prime asking rent**: 11 – 14.5 €

**SZCZECIN**

- **Stock**: 180,800
- **Gross Demand (SQM)**: 8,900
- **Prime asking rent**: 11.5 – 13.5 €

**WROCLAW**

- **Stock**: 1,188,400
- **Gross Demand (SQM)**: 123,500
- **Prime asking rent**: 13 – 15 €

**LUBLIN**

- **Stock**: 191,200
- **Gross Demand (SQM)**: 8,900
- **Prime asking rent**: 11.5 – 13.5 €

**KATOWICE**

- **Stock**: 528,400
- **Gross Demand (SQM)**: 84,800
- **Prime asking rent**: 13 – 15 €

**KRAKÓW**

- **Stock**: 1,416,700
- **Gross Demand (SQM)**: 266,700
- **Prime asking rent**: 13.5 – 15.5 €

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1. Data as at the end of December 2019
2. Source: BNP Paribas Real Estate
LARGEST OFFICE SCHEMES COMPLETED AND DELIVERED TO THE MARKET IN THE LAST 12 MONTHS

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>OFFICE AREA (SQM)</th>
<th>CITY</th>
<th>OPENING DATE</th>
<th>DEVELOPER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Garden Wrocław II</td>
<td>76,800</td>
<td>Wrocław</td>
<td>Q4 2019</td>
<td>Vastint</td>
</tr>
<tr>
<td>Business Garden Poznań</td>
<td>46,100</td>
<td>Poznań</td>
<td>Q1 2019</td>
<td>Vastint</td>
</tr>
<tr>
<td>Alchemia IV – Neon</td>
<td>33,700</td>
<td>Gdańsk</td>
<td>Q4 2019</td>
<td>Torus</td>
</tr>
<tr>
<td>Tischnera Office</td>
<td>32,800</td>
<td>Kraków</td>
<td>Q4 2019</td>
<td>Cavatina</td>
</tr>
<tr>
<td>Nowy Rynek A, B</td>
<td>30,700</td>
<td>Poznań</td>
<td>Q2, Q4 2019</td>
<td>Inter-bud</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

LARGEST OFFICE SCHEMES UNDER DEVELOPMENT

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>OFFICE AREA (SQM)</th>
<th>CITY</th>
<th>DEVELOPER</th>
<th>PLANNED OPENING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face 2 Face</td>
<td>44,800</td>
<td>Katowice</td>
<td>Echo Investment</td>
<td>2020</td>
</tr>
<tr>
<td>.KTW II</td>
<td>42,000</td>
<td>Katowice</td>
<td>TDI Estate</td>
<td>2022</td>
</tr>
<tr>
<td>3T Office Park</td>
<td>38,500</td>
<td>Gdynia</td>
<td>3T Office Park</td>
<td>2021</td>
</tr>
<tr>
<td>Mid Point 71</td>
<td>36,900</td>
<td>Wrocław</td>
<td>Echo Investment</td>
<td>2021</td>
</tr>
<tr>
<td>Nowy Rynek D</td>
<td>35,800</td>
<td>Poznań</td>
<td>Skanska</td>
<td>2021</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

LARGEST LEASE TRANSACTIONS, 2019

<table>
<thead>
<tr>
<th>TENANT</th>
<th>BUILDING</th>
<th>CITY</th>
<th>AREA LEASED (SQM)</th>
<th>TYPE OF LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBS</td>
<td>Fabryczna Office Park</td>
<td>Kraków</td>
<td>19,300</td>
<td>pre-let</td>
</tr>
<tr>
<td>Motorola</td>
<td>Green Office</td>
<td>Kraków</td>
<td>17,100</td>
<td>renewal</td>
</tr>
<tr>
<td>Sabre</td>
<td>Tischnera Office</td>
<td>Kraków</td>
<td>16,000</td>
<td>pre-let</td>
</tr>
<tr>
<td>Akamai1</td>
<td>Vinci Office Building</td>
<td>Kraków</td>
<td>15,000</td>
<td>renewal + expansion</td>
</tr>
<tr>
<td>Google</td>
<td>Quatro Business Park</td>
<td>Kraków</td>
<td>12,700</td>
<td>renewal + expansion</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

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