

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

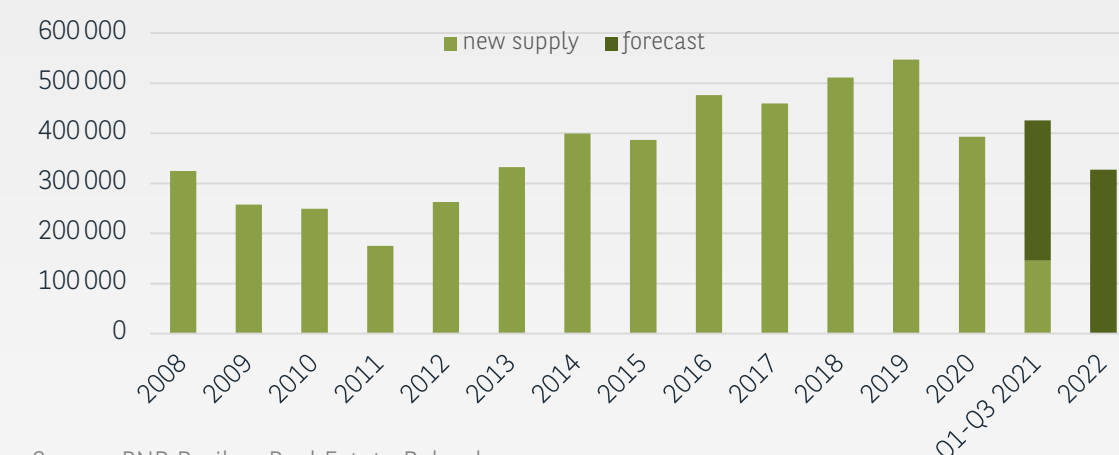
113,100 sqm
GROSS TAKE-UP

82,000 sqm
NET TAKE-UP

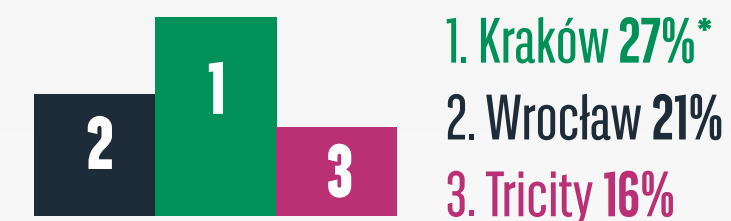
Source: BNP Paribas Real Estate Poland

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



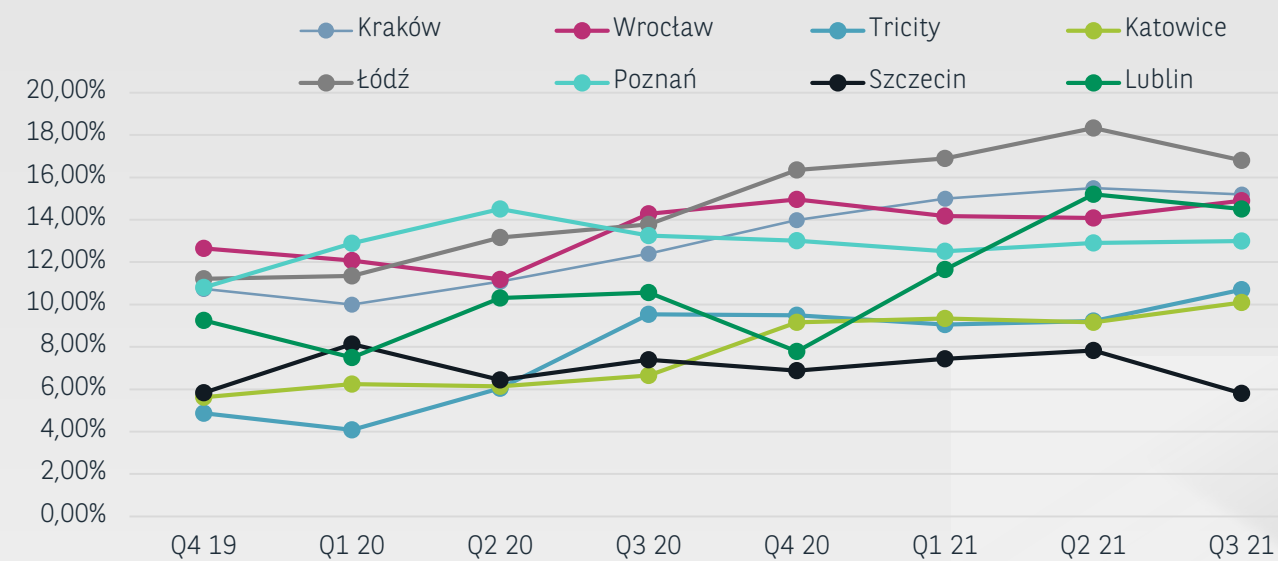
Source: BNP Paribas Real Estate Poland

”

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.

Vacancy rate

13.5% average vacancy rate in the regions in Q3 2021



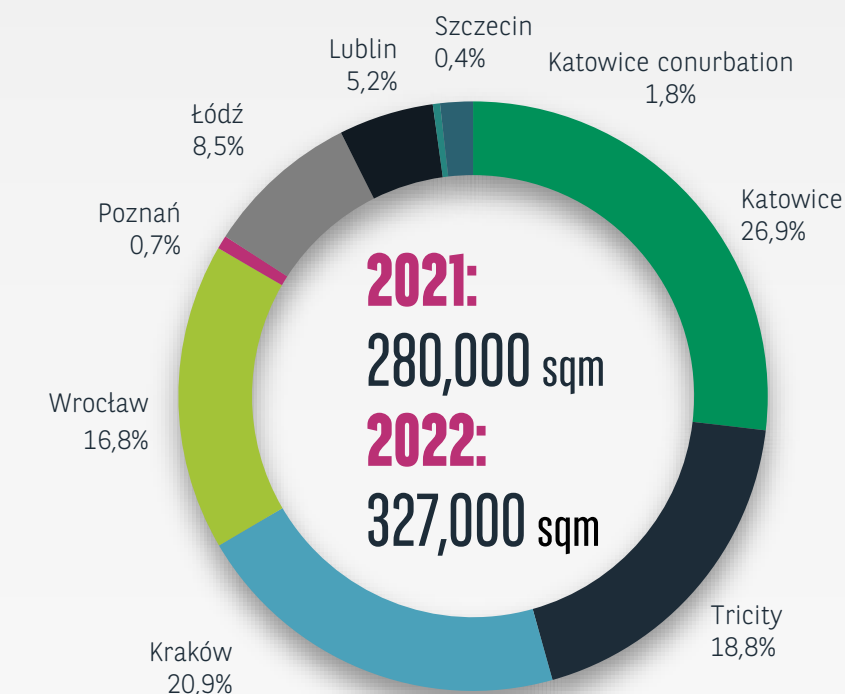
Source: BNP Paribas Real Estate Poland

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



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 | 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



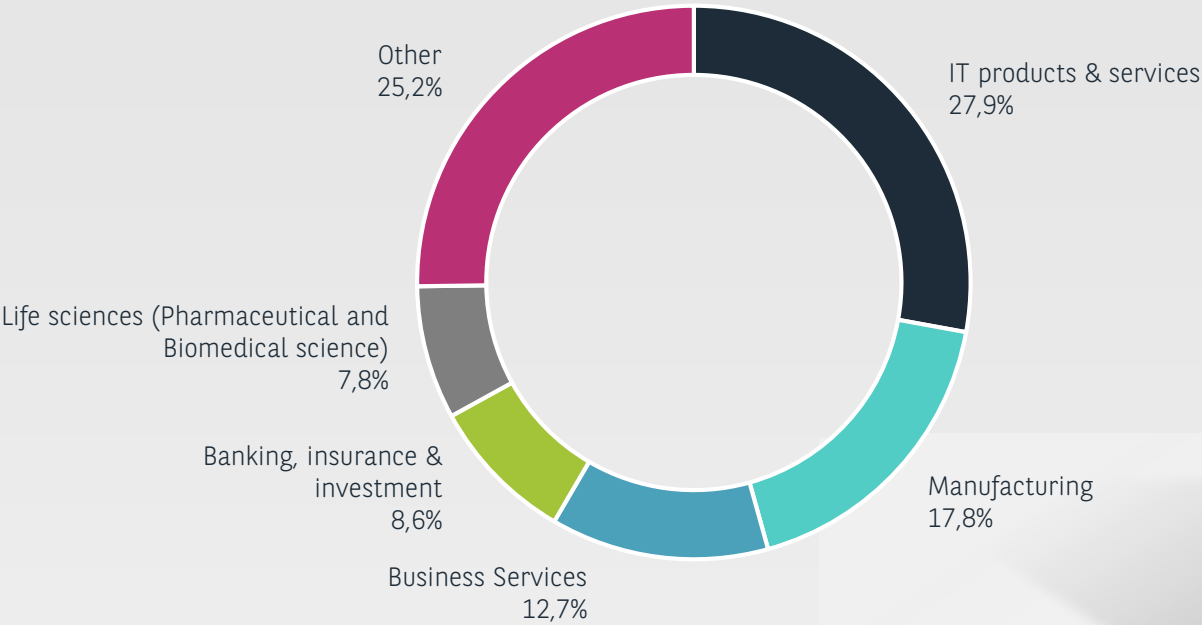
Klaudia Okoń
Consultant Business Intelligence Hub & Consultancy
BNP Paribas Real Estate Poland

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**

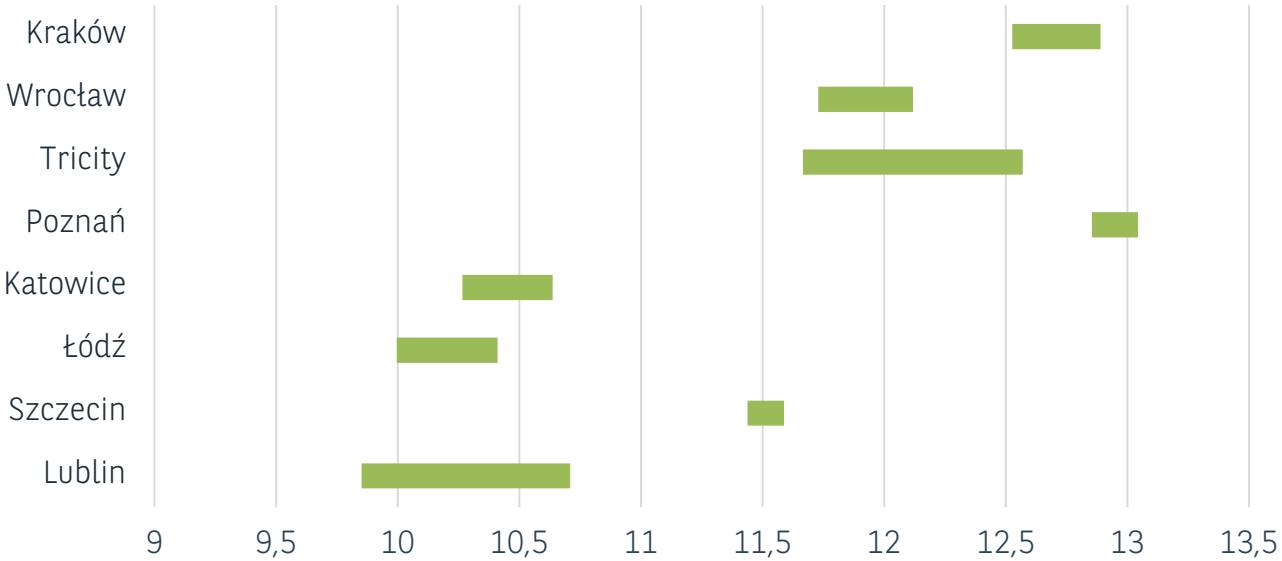


Gross take-up by sectors Q3



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 recorded vacancy

Gross take-up by regions



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

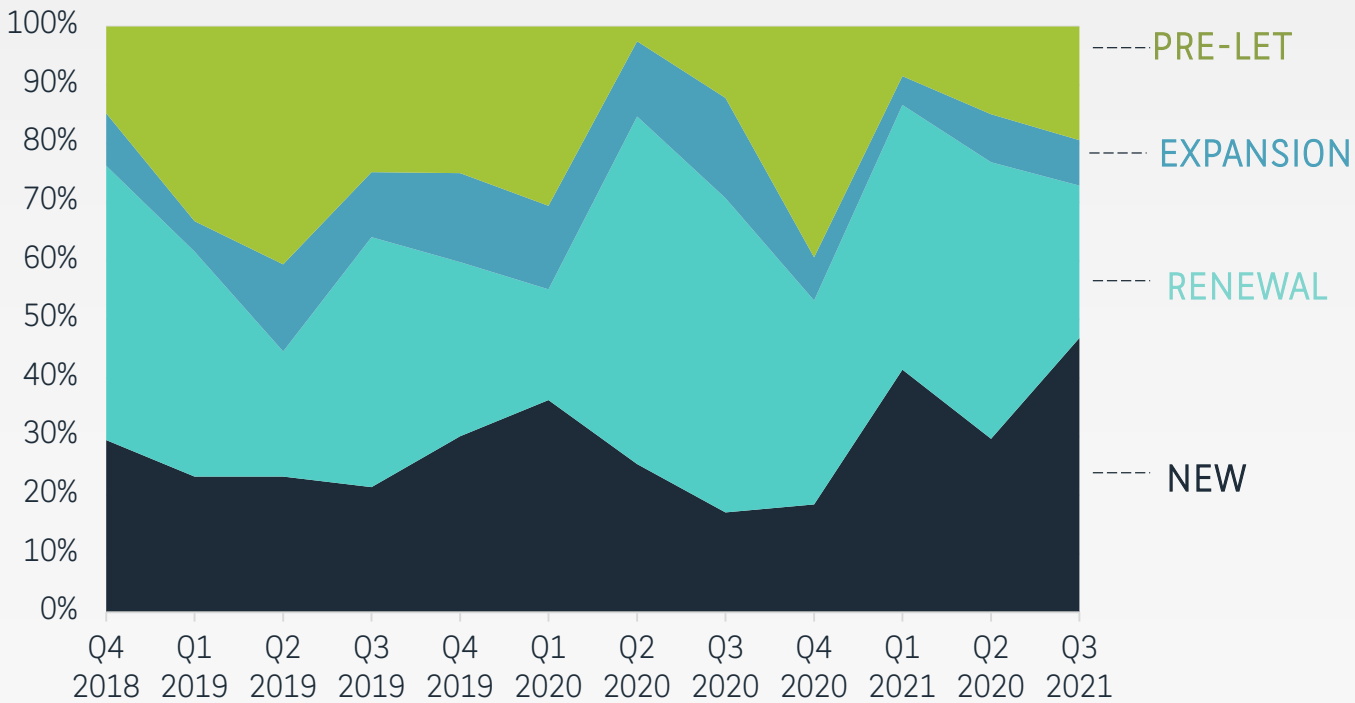
In Q3 of 2021, the demand for modern office space in regional areas was 34% lower than in the previous quarter. Compared to the same quarter in 2020, the difference is 10%.

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



AT A GLANCE

Q3 2021

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
Central and Eastern Europe
erik.drukker@realestate.bnpparibas

Michał Pszkit

Head of Property Management
Central and Eastern Europe
Member of the Board
michal.pszkit@realestate.bnpparibas

Izabela Mucha, MRICS

Head of Valuation
Central and Eastern Europe
izabela.mucha@realestate.bnpparibas

Mateusz Skubiszewski, MRICS

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

KEEP UP-TO-DATE WITH
BNP PARIBAS REAL ESTATE'S NEWS,
WHEREVER YOU ARE



www.realestate.bnpparibas.com
#BEYONDBUILDINGS



All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate.

**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