

## Mixed-use projects are in demand in Krakow

Krakow (2 September 2019) – Mixed-use projects are becoming increasingly popular with tenants in Krakow, say experts of Cresa Poland in their latest report “Occupier Economics: Office Market in Krakow in H1 2019”. Despite its rising vacancy rate, Krakow remains the leading regional office market in Poland.

At the end of June 2019, Krakow’s office stock amounted to 1.35 million sqm, posting an over 16% rise over the year. The average annual growth rate for the last five years hit 16%. Nearly 90,000 sqm was delivered to the market across 12 office projects in H1 2019. The new developments included V.Offices (21,650 sqm, AFI Europe), Mogilska Office (12,500 sqm, Warimpex) and DOT Office F1 (9,800 sqm, Buma).

In H1 2019, office take-up hit a record high of almost 135,000 sqm, nearly double the leasing volume posted a year ago.

– Krakow is seeing a growing occupier interest in mixed-use office complexes. The more multifunctional an office scheme is, that is if it combines office, retail and hospitality, the stronger demand it will experience. Tenants also expect office buildings to provide coworking spaces and serviced offices to be able to optimize office space to accommodate rapid employment growth or to flexibly plan employee recruitment, for instance, for a specific project delivery – says Karolina Słysz, Advisor in the Office Department at Cresa Poland.

The largest transaction in Q1 on the office market in Krakow was Sabre’s 16 000 sqm lease in the Vinci Office Center, the second one was Akamai Technologies’ renegotiations and expansion of 11,500 sqm at the Vinci Office Center, and the third place takes Ailleron’s lease of 8 600 sqm at Podium Park.

- The city’s vacancy rate stood at 10% at the end of H1 2019, up by 0.7 pp on the same period in 2018, exhibiting an upward trend in recent years, largely due to a healthy supply of office projects – says Bolesław Kołodziejczyk, PhD, Head of Research and Advisory Department at Cresa Poland. – On the other hand office absorption amounted to more than 60,000 sqm in H1 2019, representing a 4% increase on the same period a year earlier – expert added.

Rents remain flat at EUR 13-15.5 per sqm in the centre of Krakow and at EUR 10-14 per sqm in other locations.

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