

Contact: Luiza Jurgiel-Żyła, tel. +48 695 795 121, info.poland@cresa.com

Office tenants seek to tap into Katowice's labour market

Katowice, 24 February 2020 – According to Cresa Poland experts, strong demand in Katowice has led developers to commence construction of several new projects including the Cavatina Global Office Park, Nova Silesia (Vastint) and Moderna (GTC). The office market in Katowice is also gaining momentum in non-central locations, driven by the well-developed road and transport infrastructure and the need to tap into the labour pool of the entire Upper Silesian and Zagłębie Metropolis area.

At the end of December 2019, Katowice's office stock reached more than 528,000 sqm, representing an almost 2% increase on 2018, as revealed in Cresa's "Occupier Economics: Office Market in Katowice 2019."

"Katowice's office market attracts record levels of interest from top-end developers and tenants. Due to the limited availability of office space scheduled for delivery in 2020, tenants are increasingly opting for buildings that will be delivered to the market in 2021," says Elżbieta Golik, Advisor, Office Department, Cresa Poland.

Leasing activity amounted to more than 84,000 sqm in 2019, thereby gross take-up hit an all-time high and was up by more than 75% on the annual average for 2015-2019.

The largest office deals in 2019 in Katowice included the renegotiation of IBM's lease for 8,650 sqm in A4 Business Park I, the renegotiation of Unilever's lease for 7,300 sqm in Nowe Katowickie Centrum Biznesu and the Perform Group's 6,400 sqm lease in Face2Face Business Campus.

Katowice's vacancy rate stood at 5.6% at the end of Q4 2019, down by 3.2 pp year-on-year, its lowest since 2012, when it was 6.8%. Demand for office space continues to grow, with ever larger and renowned companies entering the market.

Nearly 10,000 sqm of office space was added to the office market in Katowice in 2019. Last year's office completions include Bracka 28 (2,320 sqm, Opal Maksimum), Bracka 28A (6,070 sqm, Opal Maksimum), and the fully refurbished Porcelanowa 60 (1,500 sqm).

2020 is set to be a much better year in terms of new supply, with a total of approx. 32,000 sqm scheduled for delivery in Face2Face A and DL Center Point II.

"In 2019, absorption hit just under 26,000 sqm, which represented more than a twofold decrease on 2018, but it was up by over 180% compared to the ten-year annual average. The market was driven largely by IT and business services companies," says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland. – A high-skilled labour pool is a strong magnet attracting tenants. The Katowice Conurbation has approximately 94,000 students, of which approximately 60% in Katowice alone. There are 20 higher education institutions in the region, including 11 in Katowice.

Rental rates range between EUR 13.50–14.50/sqm/month in Katowice's higher class office buildings, with lower class buildings commanding rents of EUR 10–12,5/sqm/month.

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