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Very good results on Łódź office market in Q1

Łódź, 26 May 2020 – According to the latest “Occupier Economics: Office Market in Łódź in Q1 2020” report prepared by Cresa Poland, Łódź’s office market continues to grow at a steady pace. The large share of new leases in the total leasing volume is confirmation of the robust occupier interest in Łódź. In the first three quarters of 2020 more than 60% of the annual average for 2015-2019 volume was leased.

“The trend of growing is expected to continue with a new wave of BPO/SSC companies opening up in Poland. The excellent geographical location, convenient access to Warsaw and a business friendly environment are just some advantages of Łódź that make it attractive to companies from this sector,” says Martyna Balcer, Senior Advisor, Transaction Coordinator, Office Department, Cresa Poland.

At the end of Q1 2020, Łódź’s total office stock stood at 528,300 sqm, up by 12.1% year-on-year. More developments are being planned for post-industrial sites in Łódź. These include Fuzja, Echo Investment’s mixed-use project that will see an old power station revitalised. Its two first office buildings which will be delivered in 2022 will be occupied by Fujitsu.

Office take-up hit 37,700 sqm in January-March, driven by new leases that made up 71% of all deals, of which 45% were pre-lets. Next in line were renegotiations and expansions which accounted for 15% and 14% of the leasing volume, respectively.

The largest lease agreement in Q1 2020 was a pre-lease of 16,300 sqm in Fuzja signed by Fujitsu Technology Solutions, followed by a pre-lease agreement at Brama Miasta B (6,500 sqm, confidential tenant), and a renegotiation with expansion at Sterlinga Business Centre (5,700 sqm, confidential tenant).

“Office absorption was in the negative territory in Q1 2020 (-770 sqm), which was due to the lack of new office supply in Q1 2020, although this number is within the margin of error. The absorption rate is expected to turn positive in the coming quarters, confirming the growth trend of the Łódź office market,” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

The city’s vacancy rate reached 11.4%, representing a 0.2 pp increase on the previous quarter. It remains one of the highest in Poland, after Poznań and Wrocław.

Asking rents stand at EUR 10-12/sqm/month in Łódź’s lower class office buildings and at EUR 12.5–14/sqm/month in higher grade buildings.

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