

## The office market in Krakow remains stable

**According to the latest “Occupier Economics: Office market in Krakow H1 2020” report prepared by Cresa Poland, transaction volume reached nearly 52,600 sqm on the Krakow office market in the second quarter of 2020. Renegotiations accounted for 76% of the leasing volume, while new leases and expansions made up 15% and 9% of all deals, respectively.**

The H1 2020 largest transactions included: a renegotiation of 20,000 sqm by ABB in Axis office building, a 14,500 sqm lease in Tertium Business Park II (prelet, confidential tenant), a prelet lease of 8,300 sqm by Lufthansa Global Business Services in Wadowicka 3 (building B) and a renegotiation of 8,000 sqm by Ericsson in DOT Office E.

“Q2 2020 saw an increase in vacancy rates in Krakow and a decrease in new leases. However, the amount of office space under construction indicates that developers are not afraid of lower occupier demand. Moreover, the rental rates remained unchanged. Despite the growing popularity of remote working, the future of many companies will be built on workplaces located in modern office buildings. In this respect, the capital of Małopolska already has an established position as the strongest outsourcing center in Poland and it systematically attracts many new foreign investors,” says Karolina Słysz, Advisor, Business Development Coordinator, Office Department, Cresa Poland.

At the end of H1 2020, Krakow’s total office stock amounted to 1.49 million sqm, up by nearly 14% year-on-year. Krakow saw three office completions in the second quarter of 2020: Tertium Business Park II (13,300 sqm, Buma), Wadowicka 3 building B (10,200 sqm, Buma) and LPP HQ at Bagrowa Street (9,000 sqm). The developments under construction include Ocean (Cavatina), High Five 3 (Skanska), and MK29 (Caishen Capital Group). The construction of The Park (White Star), a large complex at Saska Street, has also broken ground.

“In January-June 2020, office absorption reached 53,900 sqm. Unoccupied office space amounted to more than 164,400 sqm at the end of June,” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

At the end of Q2 2020, the vacancy rate stood at 11.1%, up by 1 pp on H1 2019. Asking rents are stable and range between EUR 13.5–15.5 sqm/month in Krakow’s upper class office buildings, with lower class buildings commanding rents of EUR 10.5–13.0/sqm/month.

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